

**RAKETECH**

**Q2 | Interim Report**

**2020**

# Interim report JAN–JUN 2020

## SECOND QUARTER 2020

- Revenues totalled EUR 7.0 million (EUR 5.7 million) representing an increase of 24.1%
- NDCs (New Depositing Customers) amounted to 40,847 (24,974), representing an increase of 63.6%
- EBITDA amounted to EUR 2.8 million (EUR 2.9 million), corresponding to a margin of 40.2% (51.1%)
- Operating profit amounted to EUR 1.5 million (EUR 2.0 million), corresponding to a margin of 21.8% (35.1%)
- Profit for the period amounted to EUR 1.2 million (EUR 1.7 million)
- Earnings per share amounted to EUR 0.03 (EUR 0.04)

## FIRST SIX MONTHS 2020

- Revenues totalled EUR 13.6 million (EUR 12.1 million) representing an increase of 12.0%
- NDCs (New Depositing Customers) amounted to 73,125 (53,582), representing an increase of 36.5%
- EBITDA amounted to EUR 5.5 million (EUR 6.4 million), corresponding to a margin of 40.2% (52.7%)
- Operating profit amounted to EUR 2.9 million (EUR 4.8 million), corresponding to a margin of 21.4% (39.5%)
- Profit for the period amounted to EUR 2.3 million (EUR 6.4 million, adjusted EUR 4.1 million)
- Earnings per share amounted to EUR 0.06 (EUR 0.17)

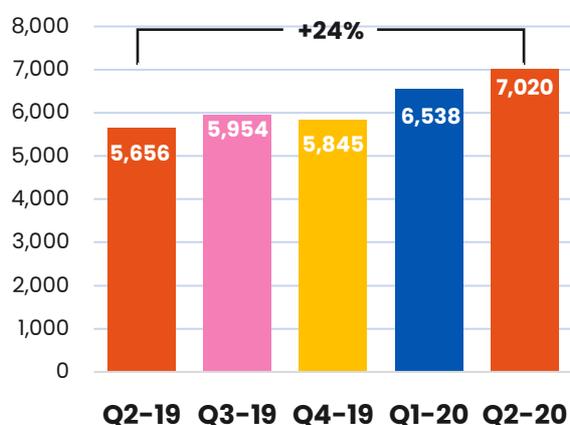
## EVENTS DURING SECOND QUARTER 2020

- No significant events during the second quarter

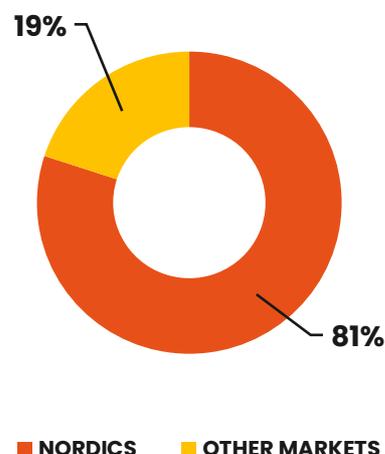
## SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

- Revenues of EUR 2.4 million in July 2020

## REVENUES, EUR thousands



## GEOGRAPHICAL SPLIT, Q2 2020



# Consolidated Key Data and Ratios

Some financial measures presented in this report, including key data and ratios are not defined by International Financial Reporting Standards (IFRS). These measures will not necessarily be comparable to similarly titled measures in the reports of other companies. Further definitions can be found on page 19 of this report. These non-IFRS measures may provide valuable additional information to investors and management although they should not be considered as substitutes for financial reporting measures prepared in accordance with IFRS.

EUR thousands	Apr-Jun 2020	Apr-Jun 2019	Change	Jan-Jun 2020	Jan-Jun 2019	Change	Jan-Dec 2019
<b>Financial Data</b>							
<b>Revenue (IFRS)</b>	<b>7,020</b>	<b>5,656</b>	<b>24.1%</b>	<b>13,558</b>	<b>12,107</b>	<b>12.0%</b>	<b>23,906</b>
<i>Organic growth</i>	(1.2%)	(8.8%)	7.6	(7.1%)	5.1%	(12.2)	(11.8%)
<i>Revenue share</i>	44.0%	45.5%	(1.5)	46.4%	42.3%	4.1	44.2%
<i>Upfront payment</i>	43.0%	34.7%	8.3	39.9%	39.5%	0.4	39.1%
<i>Flat fee</i>	13.0%	19.8%	(6.8)	13.7%	18.2%	(4.5)	16.7%
<i>Casino of total revenue</i>	89.0%	67.2%	21.8	83.8%	69.9%	13.9	68.4%
<i>Sport of total revenue</i>	8.0%	28.0%	(20.0)	12.1%	26.3%	(14.2)	27.0%
<i>Other of total revenue</i>	3.0%	4.8%	(1.8)	4.1%	3.8%	0.3	4.6%
<i>Revenue from the Nordics</i>	81.0%	96.8%	(15.8)	84.1%	95.8%	(11.7)	93.1%
<i>Revenue from other markets</i>	19.0%	3.2%	15.8	15.9%	4.2%	11.7	6.9%
<b>EBITDA</b>	<b>2,825</b>	<b>2,891</b>	<b>(2.3%)</b>	<b>5,453</b>	<b>6,381</b>	<b>(14.5%)</b>	<b>10,595</b>
EBITDA margin	40.2%	51.1%	(10.9)	40.2%	52.7%	(12.5)	44.3 %
<b>Adjusted EBITDA<sup>1</sup></b>	<b>2,825</b>	<b>2,891</b>	<b>(2.3%)</b>	<b>5,453</b>	<b>6,381</b>	<b>(14.5%)</b>	<b>10,994</b>
Adjusted EBITDA margin	40.2%	51.1%	(10.9)	40.2%	52.7%	(12.5)	46.0%
<b>Operating profit</b>	<b>1,532</b>	<b>1,984</b>	<b>(22.8%)</b>	<b>2,898</b>	<b>4,784</b>	<b>(39.4%)</b>	<b>6,082</b>
Operating margin	21.8%	35.1%	(13.3)	21.4%	39.5%	(18.1)	25.4%
<b>Adjusted Operating profit<sup>1</sup></b>	<b>1,532</b>	<b>1,984</b>	<b>(22.8%)</b>	<b>2,898</b>	<b>4,784</b>	<b>(39.4%)</b>	<b>6,482</b>
Adjusted Operating margin	21.8%	35.1%	(13.3)	21.4%	39.5%	(18.1)	27.1%
<b>Other Performance Measures</b>							
New depositing customers (NDC)	40,847	24,974	63.6%	73,125	53,582	36.5%	108,365
Full time employees	79	76	3.9%	79	76	3.9%	84
Net interest-bearing debt	(1,380)	(569)	(142.5%)	(1,380)	(569)	(142.5%)	(836)
Net debt-to-adjusted EBITDA LTM	(0.14)	(0.04)	250.0%	(0.14)	(0.04)	250.0%	(0.08)
Earnings per share before dilution (EUR) (IFRS)	0.03	0.04	(26.0%)	0.06	0.17	(63.5%)	0.19
Earnings per share after dilution (EUR) (IFRS)	0.03	0.04	(26.6%)	0.06	0.17	(63.9%)	0.19
Weighted average number of shares, before dilution	37,413,633	37,840,589	(1.1%)	37,413,633	37,870,445	(1.2%)	37,661,392
Weighted average number of shares, after dilution	38,228,273	38,293,921	(0.2%)	38,228,500	38,294,978	(0.2%)	38,272,023

<sup>1</sup> Adjustments relate to exceptional costs of EUR 0.4 million in Q4 2019.

# CEO Comment

The strong operational development for Raketech continued during the second quarter of 2020 with several initiatives launched and improved, resulting in a stable product portfolio performance for the quarter. We managed to grow our total revenues with 24.1% year on year to 7.0m EUR compared to 5.7m EUR previous year. Organic growth was -1.2% which considering the challenging sports market conditions was made possible thanks to strong performance from our portfolio of casino assets, with Norway and Sweden leading the way. EBITDA margin amounted to 40.2% compared to 51.1% previous year as an expected effect of the Lead Republik revenues having slightly lower margin as well as our efforts within geographical expansion – in line with our strategic goals.

As expected, we witnessed a significant drop within our sports related products due to Covid-19 and we experienced decreased traffic to these assets as an effect of cancelled sport events. This is something we expect, and to some extent already are able to witness, will regain traction again once sports return back to normal. In addition, we could see that June slowed down even for our casino assets, mainly due to seasonality but also to some extent due to hesitance towards marketing investments from the operators, awaiting the new temporary Swedish regulations coming into force on July 2nd.

## **DELIVERY, DELIVERY, DELIVERY.**

Working remotely during Covid-19 has in contrast to what one might believe, proven to be very efficient for us and we have been able to notice improvements with regards to cooperation, communication as well as performance management. We have therefore decided to permanently move into a flexible working setup in which we replace the traditional office with a dynamic interaction hub combined with remote work. In addition to spending less on office related costs and administration the concept allows us to quickly scale up and down according to what is best at every given situation. It also allows us to attract unique top talents, sometimes only available from outside of Malta.

With that said I wish to mention a few examples of initiatives developed and delivered by the remote organization during the quarter: Howtobet.com – a full sports wiki for nerds and beginners, with global

potential in line with our strategic operational goals of adding Flagship products to our portfolio as well as to gradually increase our presence within other gambling verticals than casino – such as sports betting.

In addition to Howtobet.com we have also launched a completely new product line called “Extended Audience” which is an important milestone with regards to our strategic goal to diversify our offering. With the help of our unique iGaming user data we help operators target a very sought-after audience on external websites. This product lowers the operators external marketing cost at the same time as the marketing messages become more relevant to the user. And we are unique in our industry to be able to offer this. So far, we have sold the Extended Audience product to one of the major operators on the Swedish market, but we are in dialogue with several more. Currently we are running it in a trial phase, but we expect to roll it out as part of our core offering this year.

Another strategic goal is to ensure we have presence on several continents and in order to facilitate efficient roll outs of existing products to new markets we have implemented AI-top lists on a total of 30 sites as well as built a central content bank accessible to all our product owners from which they are able to quickly find the most relevant and best performing global content and have it translated and reused on other assets, on other markets. The recently acquired assets in India, Denmark and New Zealand mentioned in the previous report are now furthermore all migrated to our central platform, and even though its early days and small numbers, all are as a result showing increased growth.

We have furthermore secured our 3rd license in the US, in the state of Colorado. We have also received preliminary positive decisions from both Pennsylvania and West Virginia which we expect to receive the final approval from soon. We plan to initially target the US market in Q3 with our new HowToBet.com product, accompanied by a handful of new but smaller assets. In parallel we are working hard to be able to also launch our popular TV-Sportsguide to the American audience in Q4 this year as well as to expand other existing products already proven to be successful on other markets. All in line with our ambition to shift the US from a strategic target to a strategic market in 2020.

**OUTLOOK**

Revenues for July amount to 2.4m EUR, despite sports still trailing behind due to Covid-19. Activity was high, following the temporary re-regulations on the Swedish market, as many players sought to open new accounts following the 5,000 SEK per week deposit limit.

Despite us significantly increasing our revenues from outside the Nordics to close to 20%, the volatility on the Swedish market due to the re regulations makes it challenging to navigate. The unpredictability mentioned in the previous report is still very much present even though our dependency on this market is lower. And depending on the market development on our existing markets, it is worth mentioning that our US

organic investments could have a slightly negative effect on our margins in the short to midterm.

Although volatility might be high, I am excited by the combination of Raketech being both debt free and operationally stronger than ever. This allows us to continue our efforts to deliver on our strategic goals within product development and diversification as well as geographical expansion, organically and through M&A.

**Oskar Mühlbach**  
**CEO**

# Financial Performance during the Second Quarter of 2020

## REVENUES

Revenues totalled EUR 7.0 million (EUR 5.7 million) representing an increase of 24.1%, driven primarily by Casumba and the newly acquired Lead Republik.

## EXPENSES

Direct expenses increased to EUR 1.9 million (EUR 0.9 million) driven primarily by our new product offering through Lead Republik and white label casino, Rapidi, where paid media constitutes a large portion.

Employee benefit expenses amounted to EUR 1.4 million (EUR 1.2 million). The increase is driven by onboarding of senior management and other qualified employees. Full-time employees increased to 79 (76) at the end of the period.

Other expenses amounted to EUR 0.9 million (EUR 0.6 million), an increase driven by a higher cost base as an effect of the inclusion of Lead Republik and Casumba.

Depreciation and amortisation amounted to EUR 1.3 million (EUR 0.9 million). The increased amortisation was primarily attributable to the acquisition of Casumba Media Ltd and the upward adjustments to amounts committed on acquisition relating to CasinoFeber.

## PROFITABILITY

Reported EBITDA amounted to EUR 2.8 million (EUR 2.9 million), corresponding to an EBITDA margin of 40.2% (51.1%). The decrease in EBITDA is driven by higher costs

through investments in product development, the addition of new product categories and geographical expansion.

The profit for the period amounted to EUR 1.2 million (EUR 1.7 million).

## CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 3.2 million (EUR 3.1 million), in line with the comparative quarter.

Cash flow from investing activities amounted to EUR -1.6 million (EUR -3.0 million) as a result of the settlement of earn-outs during the quarter.

Cash flow from financing activities amounted to EUR -1.6 million (EUR -0.7 million). The decline in the cash flow from financing activities is affected by the repayments on borrowings which took place during the second quarter of 2020. No repayments on borrowings were made during the comparative period.

Cash and cash equivalents at the end of the quarter amounted to EUR 3.3 million (EUR 3.4 million).

## THE PARENT COMPANY

Raketech Group Holding PLC is the parent company. Total operating costs amounted to EUR 0.2 million (EUR 0.1 million). Loss for the period was EUR 0.2 m (EUR 0.2 million).

# Financial Performance during the First Half of 2020

## REVENUES

Revenues totalled EUR 13.6 million (EUR 12.1 million) in the first six months, an increase of 12% compared to the equivalent period in 2019.

## EXPENSES

Direct expenses increased to EUR 3.5 million (EUR 1.9 million) due to increased efforts within paid media, primarily through Lead Republik and our white label casino, Rapidi.

Employee benefit expenses amounted to EUR 2.7 million (EUR 2.2 million). The increase is driven by onboarding of senior management and other qualified employees. Full-time employees increased to 79 (76) at the end of the period.

Other expenses amounted to EUR 1.8 million (EUR 1.3 million), driven primarily by a higher cost base as an effect of the inclusion of recent acquisition of Lead Republik and Casumba.

Loss allowance amounted to EUR 0.1 million (EUR 0.4 million).

Depreciation and amortisation amounted to EUR 2.6 million (EUR 1.6 million). The increased amortisation was primarily attributable to the acquisition of Casumba Media Ltd and the upward adjustments to amounts committed on acquisition relating to CasinoFeber.

## PROFITABILITY

Reported EBITDA amounted to EUR 5.5 million (EUR 6.4 million), corresponding to an EBITDA margin of 40.2% (52.7%). The decrease in EBITDA is driven by higher costs through investments in product development, the

addition of new product categories and geographical expansion.

The profit for the period amounted to EUR 2.3 million (EUR 6.4 million), affected by higher operating costs in the first half of 2020 and a non-recurring liability write-off of EUR 2.3 million in the comparative period.

## CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 5.8 million (EUR 6.4 million). The decrease in cash flow from operating activities is mainly caused by the decreased operating profit.

Cash flow from investing activities amounted to EUR -5.0 million (EUR -4.5 million), a slight increase from the comparative period.

Cash flow from financing activities amounted to EUR -1.7 million (EUR -6.0 million). The improvement in the cash flow from financing activities is affected by the repayments on borrowings of EUR 7.9 million which took place during the comparative period. Repayments on borrowings made during the current period amounted to EUR 1.5 million.

Cash and cash equivalents at the end of the quarter amounted to EUR 3.3 million (EUR 3.4 million).

## THE PARENT COMPANY

Raketech Group Holding PLC is the parent company. Total operating costs amounted to EUR 0.3 million (EUR 0.2 million). Loss for the period was EUR 0.5 m (EUR 0.3 million).

# Other

## RAKETECH IN BRIEF

Raketech is a performance marketing company that primarily operates within the iGaming and sports betting industry. Raketech's role is to link iGaming operators with iGaming players by providing fact-based and relevant content that supports players to make correct and informed decisions.

We started in 2010 as an online poker affiliate that focused on lead generation for the Scandinavian market. Today, we have evolved into a digital marketing specialist that delivers high-quality media products that serve our users globally. Our talented team operates products across multiple regions in the online casino, sports betting, TV sports, consumer finance and cryptocurrency industries, ensuring they are always in-line with the latest technology trends and optimised for the best user experience.

## STOCK MARKET

Raketech Group Holding PLC is listed on Nasdaq First North Premier Growth Market with the ticker RAKE. Raketech's shares commenced trading on 29 June 2018 and the outstanding number of shares is 37,413,633. The Raketech shares are traded under the ticker (RAKE) and ISIN code (MT0001390104).

## SIGNIFICANT RISKS AND UNCERTAINTIES

The remote gaming industry, where the Group has its main customers, continues to undergo regulation and is therefore subject to political and regulatory risk. The Group operates in the emerging online gaming industry. Although Raketech is an affiliate marketing company and not an iGaming operator, the legislation concerning online gambling could directly or indirectly affect Raketech's operations. Changes to existing regulations in various jurisdictions might impact the ability for the remote gaming operators to operate and accordingly, revenue streams from these customers may be adversely impacted. The Group may also be exposed to measures brought against customers by public authorities or others, which could be extended to any third-party having abetted the business of such remote gaming operators.

The Group monitors regulatory changes within the European market, and also changes in the North American, South American and the Asian markets. The Group's strategy to also operate in grey markets might increase exposure to regulatory risks. If any new regulatory regimes come into force, the Group will conform with such requirements by applying for the necessary licenses in the respective jurisdiction.

As the Group continues to embark on its growth strategy with the ambition to enhance the global footprint in both regulated and grey markets, the exposure to different regulatory frameworks continue to increase.

In addition to the above, the Board of Directors also consider the following risks to be relevant to the Group:

- Credit risk being the risk that customers do not pay for the services rendered.
- Market risk being the risk arising from an adverse movement in foreign exchange rates and interest rates.
- Operational risk which can arise in the SEO environment if search engines such as Google change their structure.
- Risk related to the reliance on third-party information, due to limited visibility of the traffic sent to Raketech's customers.

The uncertainties as a result of the Covid-19 outbreak have persisted throughout the second quarter. The effect of these developments on Raketech's financial performance is uncertain and could have an impact through further loss allowances, reduction in income or asset impairment. Full details on Raketech related risks are published in the Annual Report.

## SUPPLEMENTAL INFORMATION

This report has not been subject to an audit or review by the Group's auditors.

Erik Penser Bank acts as the Group's certified advisor.

## Upcoming Dates

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The interim reports are drawn up in line with Nasdaq's guidance for interim management statements which the Group is obliged to make public according to the EU Market Abuse Regulation

# Condensed Consolidated Statement of Comprehensive Income

EUR thousands	Notes	Apr-Jun 2020	Apr-Jun 2019	Jan- Jun 2020	Jan- Jun 2019	Jan- Dec 2019
<b>Total Revenue</b>	3	<b>7,020</b>	5,656	<b>13,558</b>	12,107	23,906
Direct costs relating to fixed fees and commission revenue		<b>(1,888)</b>	(866)	<b>(3,473)</b>	(1,904)	(4,582)
Employee benefit expense		<b>(1,397)</b>	(1,184)	<b>(2,738)</b>	(2,171)	(5,201)
Depreciation, amortisation and impairment		<b>(1,292)</b>	(907)	<b>(2,553)</b>	(1,597)	(4,512)
Loss allowance on trade receivables		<b>(2)</b>	(143)	<b>(125)</b>	(368)	(890)
Other operating expenses		<b>(910)</b>	(572)	<b>(1,771)</b>	(1,283)	(2,639)
<b>Total operating expenses</b>		<b>(5,489)</b>	(3,672)	<b>(10,660)</b>	(7,323)	(17,824)
<b>Operating profit</b>		<b>1,532</b>	1,984	<b>2,898</b>	4,784	6,082
Other non-operating income	9	-	-	-	2,282	2,282
Finance costs		<b>(217)</b>	(209)	<b>(452)</b>	(495)	(958)
<b>Profit before tax</b>		<b>1,315</b>	1,775	<b>2,446</b>	6,571	7,406
Tax expense		<b>(82)</b>	(88)	<b>(157)</b>	(214)	(256)
<b>Profit for the period/ year - Total comprehensive income</b>		<b>1,233</b>	1,687	<b>2,289</b>	6,357	7,150
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Parent Company		<b>1,239</b>	1,733	<b>2,316</b>	6,451	7,237
Non-controlling interest		<b>(6)</b>	(46)	<b>(27)</b>	(94)	(87)
<b>Earnings per share attributable to the equity holders of the Parent during the period/year (expressed in Euro per share)</b>						
<b>Earnings per share before dilution</b>		<b>0.03</b>	0.04	<b>0.06</b>	0.17	0.19
<b>Earnings per share after dilution</b>		<b>0.03</b>	0.04	<b>0.06</b>	0.17	0.19

The notes on pages 12 to 15 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

EUR thousands	Notes	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>Assets</b>				
<b>Non-current Assets</b>				
Goodwill	4,5	286	344	-
Intangible assets	4,5	73,791	68,027	73,407
Right of use assets		231	474	318
Property, plant and equipment		78	185	134
<b>Total non-current assets</b>		<b>74,386</b>	69,030	73,859
<b>Current assets</b>				
Trade and other receivables		3,844	4,300	4,150
Cash and cash equivalents		3,284	3,433	4,191
<b>Total current assets</b>		<b>7,128</b>	7,733	8,341
<b>TOTAL ASSETS</b>		<b>81,514</b>	76,763	82,200
<b>Equity &amp; Liabilities</b>				
<b>Equity</b>				
Share capital	8	75	76	76
Share premium	8	38,558	39,387	39,387
Other reserves		1,335	666	428
Retained earnings		27,404	24,305	25,115
<b>Equity attributable to owners of the Company</b>		<b>67,372</b>	64,434	65,006
Non-controlling Interests		55	72	55
<b>TOTAL EQUITY</b>		<b>67,427</b>	64,506	65,061
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	6	1,904	2,864	3,354
Deferred tax liability		1,251	1,051	1,095
Lease liabilities		62	291	152
Amounts committed on acquisition	7	4,517	2,956	5,447
<b>Total non-current liabilities</b>		<b>7,734</b>	7,162	10,048
<b>Current liabilities</b>				
Amounts committed on acquisition	7	4,521	3,659	5,235
Lease liabilities		176	194	167
Trade and other payables		1,640	1,242	1,673
Current tax liabilities		16	-	16
<b>Total current liabilities</b>		<b>6,353</b>	5,095	7,091
<b>TOTAL LIABILITIES</b>		<b>14,087</b>	12,257	17,139
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>81,514</b>	76,763	82,200

The notes on pages 12 to 15 are an integral part of these condensed consolidated financial statements.

The condensed consolidated financial statements on pages 8 to 15 were approved for publication by the Board of Directors on 19 August 2020 and were signed on the Board of Directors' behalf by:

Erik Skarp, Board member

Johan Svensson, Board member

# Condensed Consolidated Statement of Changes in Equity

EUR thousands	Note	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total Equity attributable to Owners of the Company	NCI	Total Equity
Balance at 1 January 2020		76	39,387	428	25,115	65,006	55	65,061
<b>Comprehensive income</b>								
Profit for the period		-	-	-	2,316	2,316	(27)	2,289
<b>Transactions with owners</b>								
Equity-settled share-based payments		-	-	77	-	77	-	77
Cancellation of treasury shares		(1)	(829)	830	-	-	-	-
Other transactions with NCI		-	-	-	(27)	(27)	27	-
<b>Total transactions with owners</b>		<b>(1)</b>	<b>(829)</b>	<b>907</b>	<b>(27)</b>	<b>50</b>	<b>27</b>	<b>77</b>
<b>Balance at 30 June 2020</b>		<b>75</b>	<b>38,558</b>	<b>1,335</b>	<b>27,404</b>	<b>67,372</b>	<b>55</b>	<b>67,427</b>
Balance at 1 January 2019		76	39,387	1,254	17,948	58,665	67	58,732
<b>Comprehensive income</b>								
Profit for the period		-	-	-	6,451	6,451	(94)	6,357
<b>Transactions with owners</b>								
Equity-settled share-based payments		-	-	80	-	80	-	80
Shareholder's Contribution		-	-	5	-	5	5	10
Acquisition of treasury shares		-	-	(673)	-	(673)	-	(673)
Other transactions with NCI		-	-	-	(94)	(94)	94	-
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>(588)</b>	<b>(94)</b>	<b>(682)</b>	<b>99</b>	<b>(583)</b>
<b>Balance at 30 June 2019</b>		<b>76</b>	<b>39,387</b>	<b>666</b>	<b>24,305</b>	<b>64,434</b>	<b>72</b>	<b>64,506</b>
Balance at 1 January 2019		76	39,387	1,254	17,948	58,665	67	58,732
<b>Comprehensive income</b>								
Profit for the year		-	-	-	7,237	7,237	(87)	7,150
<b>Transactions with owners</b>								
Equity-settled share-based payments		-	-	189	-	189	-	189
Acquisition of treasury shares	8	-	-	(830)	-	(830)	-	(830)
Acquisition of NCI		-	-	(185)	-	(185)	5	(180)
Other transactions with NCI		-	-	-	(70)	(70)	70	-
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>(826)</b>	<b>(70)</b>	<b>(896)</b>	<b>75</b>	<b>(821)</b>
<b>Balance at 31 December 2019</b>		<b>76</b>	<b>39,387</b>	<b>428</b>	<b>25,115</b>	<b>65,006</b>	<b>55</b>	<b>65,061</b>

The notes on pages 12 to 15 are an integral part of these condensed consolidated financial statements

# Condensed Consolidated Statement of Cash Flows

EUR thousands	Notes	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
<b>Cash flows from operating activities</b>						
Profit before tax		1,315	1,775	2,446	6,571	7,406
Adjustments for:						
Depreciation, amortisation and impairment		1,292	907	2,553	1,597	4,512
Loss allowance		2	143	125	368	890
Net finance cost		217	209	452	495	958
Equity-settled share-based payment transactions		19	40	77	80	189
Waiver of related party liability	9	-	-	-	(2,282)	(2,282)
Profit/loss on disposal of property, plant and equipment		(1)	1	(1)	3	3
		<b>2,844</b>	<b>3,075</b>	<b>5,652</b>	<b>6,832</b>	<b>11,676</b>
Changes in:						
Trade and other receivables		512	142	181	(344)	(573)
Trade and other payables		(131)	(127)	(34)	(77)	359
<b>Net cash generated from operating activities</b>		<b>3,225</b>	<b>3,090</b>	<b>5,799</b>	<b>6,411</b>	<b>11,462</b>
<b>Cash flows from investing activities</b>						
Acquisition of property, plant and equipment		(7)	9	(12)	(13)	(28)
Acquisition of intangible assets		(1,601)	(3,011)	(5,015)	(4,490)	(8,691)
Proceeds from sale of property, plant and equipment		-	1	1	2	3
<b>Net cash used in investing activities</b>		<b>(1,608)</b>	<b>(3,001)</b>	<b>(5,026)</b>	<b>(4,501)</b>	<b>(8,716)</b>
<b>Cash flows from financing activities</b>						
Repayments of borrowings		(1,500)	-	(1,500)	(7,880)	(7,880)
Proceeds from drawdowns on borrowing		-	-	-	2,799	3,299
Acquisition of treasury shares		-	(673)	-	(673)	(830)
Transactions with NCI		-	-	-	-	(180)
Capital Contribution		-	-	-	10	-
Lease payments		(45)	(37)	(90)	(90)	(172)
Interest paid		(35)	(23)	(90)	(169)	(318)
<b>Net cash used in financing activities</b>		<b>(1,580)</b>	<b>(733)</b>	<b>(1,680)</b>	<b>(6,003)</b>	<b>(6,081)</b>
Net movements in cash and cash equivalents		37	(644)	(907)	(4,093)	(3,335)
Cash and cash equivalents at the beginning of the period/year		3,247	4,077	4,191	7,526	7,526
<b>Cash and cash equivalents at the end of the period/year</b>		<b>3,284</b>	<b>3,433</b>	<b>3,284</b>	<b>3,433</b>	<b>4,191</b>

The notes on pages 12 to 15 are an integral part of these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

## 1 REPORTING ENTITY

Raketech Group Holding PLC is a public limited company incorporated in Malta, having company registration number C77421. The consolidated financial statements include the financial statements of Raketech Group Holding PLC and its subsidiaries, (together, the "Group").

Raketech Group Holding Limited was incorporated on 29 September 2016 under the terms of the Maltese Companies Act (Cap. 386). Subsequently, on 13 February 2018, the company changed its legal status from a private limited company to a public limited company, and as a result, changed its name to Raketech Group Holding PLC.

## 2 ACCOUNTING POLICIES

Raketech prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. These condensed financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, and under the historical expense convention, as modified by the fair valuation of financial liabilities measured at fair value through profit and loss. The principal accounting policies applied in the preparation of the Group's condensed consolidated financial statements are consistent with those presented in the Annual Report for the year ended 31 December 2019 which is publicly available. The Parent Company applies the same accounting principles as the Group.

Other than the earnings per share before and after dilution which are expressed in Euro (EUR), all other amounts are expressed in thousand Euro (EUR) or as otherwise indicated. Amounts or figures in parenthesis indicate comparative figures for the corresponding period last year. The 2019 annual report is available on Raketech's website.

### *2.1 New and amended standards adopted by the Group and changes in IFRS not yet applied*

The following new and amended standards issued by IASB were implemented by Raketech on 1 January 2020 but have not had any significant impact on Raketech's financial statements:

- Amendments to IFRS 3: Definition of business
- Amendments to IAS 1 and IAS 8: Definitions of material

Other amendments to IFRS are not assessed to have any significant impact on Raketech's financial statements.

### *2.2 Critical accounting estimates – impairment assessment*

IFRS requires management to undertake an annual test for impairment of intangible assets with an indefinite useful life. Impairment testing is an area involving management judgement. It requires assessments as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections that have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain estimates are required to be made in respect of highly uncertain matters, including management's expectation of growth in revenues. These estimates are considered to be critical particularly in light of current market circumstances and uncertainties in relation to Covid-19. The Group will continue to carry out regular impairment testing and does not consider that the intangible assets as at 30 June 2020 are impaired.

Further, IFRS 9 also requires impairment considerations to be performed for trade receivables on an ongoing basis. Judgement for these are highly subjective and need to be done in the light of the payment patterns and current market conditions. Continued assessments are being done by management of the adequacy of the provisions to assess the carrying amount of trade receivables.

More information on where critical judgements are generally applied and where estimation uncertainty exists can be found in the Annual Report 2019, Note 3.

### 3 REVENUES

The Group targets end-users and generates revenue by driving organic traffic through various channels to generate customer leads for its business partners. The Group also generates revenue through acquisitions. All revenue generated via acquisitions and through the different marketing methodologies is categorised as one revenue segment in line with internal management reporting.

The revenue for Raketech in the respective periods in 2020 and 2019, is further analysed as follows:

EUR thousands	Apr-Jun 2020	Apr-Jun 2019	Change	Jan-Jun 2020	Jan-Jun 2019	Change	Jan-Dec 2019
<b>Revenue</b>	<b>7,020</b>	5,656	24.1%	<b>13,558</b>	12,107	12.0%	23,906
- Commissions <sup>1</sup>	<b>6,202</b>	4,534	36.8%	<b>11,801</b>	9,897	19.2%	19,916
- Flat fees	<b>818</b>	1,122	(27.1%)	<b>1,757</b>	2,210	(20.5%)	3,990

<sup>1</sup> In the total amount for commissions there is included the revenues from Rapid, which are classified as revenue share.

### 4 BUSINESS COMBINATION

On March 11, 2020, the Group entered an asset transfer agreement with Lead Republik Ltd (the sellers), an unrelated party. Raketech acquired all the assets, including all employees, of Lead Republik Ltd for an upfront payment of EUR 1.4 million, with the possibility of additional earnout payments based on certain performance measures. Lead Republik is a performance marketing company, registered in Malta, with global revenues, predominantly from Canada and Germany. The acquisition accompanies the Group's existing strategy for global expansion.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	On acquisition EUR in thousand
Purchase consideration	
Cash paid	1,400
Contingent consideration	372
<b>Total purchase consideration</b>	<b>1,772</b>

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value EUR in thousand
Player databases (note 5)	424
Technical platform (note 5)	1,062
<b>Fair value net identifiable assets acquired</b>	<b>1,486</b>
Goodwill	286
<b>Net assets acquired</b>	<b>1,772</b>

The goodwill is predominantly attributable to future revenue synergies, which are based on the opportunity to reach new players through access to know-how and human capital. Goodwill will not be deductible for tax purposes.

The acquired business contributed revenue of EUR 1.3 million for the Group for the period from 11 March to 30 June 2020.

### 5 INTANGIBLE ASSETS

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ('CGUs'). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use, is based on the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Management has concluded that the acquired assets are a single cash-generating unit for the purposes of IAS 36. This conclusion is based on the fact that the Group monitors and manages its operations as one business unit. For further description, please refer to the Annual Report.

EUR thousands	<b>Domains and websites</b>	<b>Player databases</b>	<b>Other intellectual property</b>	<b>Technical platform</b>	<b>Software</b>	<b>Goodwill</b>	<b>Total</b>
Cost at 1 January 2020	63,984	5,337	9,653	-	562	-	79,536
Additions	552	606	562	1,062	-	286	3,068
<b>Cost as at 30 June 2020</b>	<b>64,536</b>	<b>5,943</b>	<b>10,215</b>	<b>1,062</b>	<b>562</b>	<b>286</b>	<b>82,604</b>
Accumulated amortisation and impairment 1 January 2020	-	(3,058)	(2,725)	-	(345)	-	(6,128)
Amortisation charge	-	(632)	(1,677)	(15)	(55)	-	(2,379)
Impairment charge	(20)	-	-	-	-	-	(20)
<b>Amortisation and impairment as at 30 June 2020</b>	<b>(20)</b>	<b>(3,690)</b>	<b>(4,402)</b>	<b>(15)</b>	<b>(400)</b>	<b>-</b>	<b>(8,527)</b>
<b>Carrying amount as at 30 June 2020</b>	<b>64,516</b>	<b>2,253</b>	<b>5,813</b>	<b>1,047</b>	<b>162</b>	<b>286</b>	<b>74,077</b>
Carrying amount as at 30 June 2019	61,485	1,757	4,482	-	303	344	68,371

As already disclosed in Note 2, the Group's conclusion is that the recoverable amount is in excess of the intangible assets' carrying amount. The assessment includes cash flows projections reflecting actual income over current period, expected cash flows going forward, growth rate and a pre-tax discount rate, which is based on the Group's pre-tax weighted average cost of capital. The directors are satisfied that the judgments made are appropriate to the circumstances relevant to these assets and their cash-generation.

## 6 BORROWINGS

In December 2018, Raketech entered into an agreement with Swedbank for a revolving credit facility of EUR 10 million. Following a loan repayment of EUR 1.5 million during the second quarter of 2020, the utilised credit as at 30 June 2020 amounts to EUR 2.0 million (EUR 3.0 million) before the capitalised transaction costs of EUR 0.2 million (EUR 0.2 million).

On 4 March 2019, Raketech repaid the outstanding debt of EUR 8.0 million (including accrued interest) from its previous loan facility with Ares Management.

For the period January to June 2020, finance costs, in relation to borrowings, have decreased to EUR 0.1 million in comparison to the same period last year (EUR 0.2 million) due to the lower outstanding loan amount.

## 7 AMOUNTS COMMITTED ON ACQUISITION

Amounts committed on acquisitions consist of contractual obligations resulting from acquisitions of intangible assets from third parties. Some of the obligations have a predetermined value, while others include future payments of performance-based amounts. The latter are further referred to as contingent consideration. This contingent consideration is measured at fair value and is included in Level 3 of the fair value hierarchy. The fair value is determined on the date of purchase and subsequently, at each reporting date, by calculating the expected cash outflow on each purchase agreement.

EUR thousands	<b>Apr-Jun 2020</b>	<b>Apr-Jun 2019</b>	<b>Jan-Jun 2020</b>	<b>Jan-Jun 2019</b>	<b>Jan-Dec 2019</b>
Opening balance	<b>9,633</b>	5,906	<b>10,682</b>	7,085	<b>7,085</b>
Acquisitions during the period/year	-	315	<b>372</b>	315	<b>3,676</b>
Settlements/setoffs	<b>(1,556)</b>	(1,393)	<b>(3,570)</b>	(2,679)	<b>(5,127)</b>
Notional interest charge	<b>143</b>	123	<b>303</b>	232	<b>545</b>
Adjustments arising as a result of a change in estimates	<b>818</b>	1,664	<b>1,251</b>	1,662	<b>4,503</b>
<b>Closing balance</b>	<b>9,038</b>	<b>6,615</b>	<b>9,038</b>	<b>6,615</b>	<b>10,682</b>

The additional amounts committed on acquisition relate to the acquisition of the asset of performance marketing company Lead Republik Ltd. The earn-out condition is partly capped up to a maximum of EUR 0.3 million up until 28 February 2021, and part of the earnout is uncapped, based on future performance up until 28 February 2022. Management's best estimate of the total contingent consideration for these assets amounted to EUR 0.4 million as at 30 June 2020.

The earn-out condition relating to Casumba is partly capped to a maximum of EUR 1.6 million until 31 December 2021, and part of the earnout is uncapped, based on future performance up until 31 July 2024. Management's best estimate of the total contingent consideration for these assets amounted to EUR 3.6 million as at 30 June 2020.

The contingent consideration related to Casinofeber is uncapped, based on future performance up until 28 February 2023. Management's best estimate of the total contingent consideration for these assets amounted to EUR 5.0 million as at 30 June 2020.

All contingent considerations for the assets have been recognised in the consolidated statement of financial position according to management's best estimate. The change in estimates according to the table above is related to contingent consideration for Casinofeber and Casumba.

The adjustment to reflect the total impact of discounting in the condensed consolidated statement of financial position, amounted to EUR 0.3 million (EUR 0.2 million) in the second quarter of 2020. Of the amounts recognised in the condensed consolidated statement of financial position as per 30 June 2020, EUR 4.5 million is considered to fall due for payment within less than 12 months from the end of the reporting period.

## 8 TREASURY SHARES

The programme to buy-back shares, initiated by the Board of directors after the authorisation at the Annual General Meeting held on 8 May 2019, is terminated until further notice after the decision taken by the Board of Directors during the fourth quarter of 2019. The total price for the repurchased shares under the programme amounts to SEK 8.8 million. The purpose of the buy-back was to decrease Raketech's capital and a total of 487,000 shares, equivalent to 1.3% of the total number of shares and votes in the company, were repurchased as part of the buy-back programme.

On 23 June 2020, all 487,000 shares were cancelled.

The buy-back programme, authorised at the AGM of 2019, was carried out in accordance with the Market Abuse Regulation (EU) 596/2014 ("MAR") and the Commission Delegated Regulation (EU) 2016/1052 ("Safe Harbour Regulation"). The total number of shares issued by Raketech now amounts to 37,413,633.

## 9 RELATED PARTY TRANSACTIONS

In view of its shareholding structure, the Group has no ultimate controlling party. All companies forming part of the Group and other entities under common control are considered by the directors to be related parties.

The following transactions were carried out with related parties during the respective periods:

EUR thousands	<b>Apr-Jun 2020</b>	<b>Apr-Jun 2019</b>	<b>Jan-Jun 2020</b>	<b>Jan-Jun 2019</b>	<b>Jan-Dec 2019</b>
<b>Revenue</b>	<b>549</b>	191	<b>1,045</b>	458	<b>1,615</b>
<b>Expenses</b>					
Compensation (including salaries, consultancy fees and recharges by a related entity) including fees to executive management and directors	<b>653</b>	507	<b>1,317</b>	923	<b>2,427</b>
<b>Amounts owed to related parties<sup>1</sup></b>	<b>201</b>	106	<b>201</b>	106	<b>109</b>
<b>Amounts owed by related parties</b>	<b>342</b>	-	<b>342</b>	-	<b>171</b>

<sup>1</sup>During Q1 2019, an agreement with a related party was reached, to waive the amount of EUR 2,281,714. The amount was recognised as other non-operating income in the condensed consolidated statement of comprehensive income.

# Condensed Statement of Comprehensive Income – Parent Company

EUR thousands	<i>Apr-Jun</i> <b>2020</b>	<i>Apr-Jun</i> <b>2019</b>	<i>Jan-Jun</i> <b>2020</b>	<i>Jan-Jun</i> <b>2019</b>	<i>Jan-Dec</i> <b>2019</b>
Employee benefit expense	<b>(142)</b>	(124)	<b>(284)</b>	(248)	(860)
Other operating expenses	<b>(13)</b>	19	<b>(53)</b>	10	(16)
Realised gain on exchange	-	1	-	1	1
<b>Total operating expenses</b>	<b>(155)</b>	(104)	<b>(337)</b>	(237)	(875)
<b>Operating loss</b>	<b>(155)</b>	(104)	<b>(337)</b>	(237)	(875)
Finance costs	<b>(71)</b>	(67)	<b>(141)</b>	(89)	(227)
<b>Loss for the period/year – total comprehensive income</b>	<b>(226)</b>	(171)	<b>(478)</b>	(326)	(1,102)

# Condensed Statement of Financial Position – Parent Company

EUR thousands	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>Assets</b>			
<b>Non - current assets</b>			
Investment in subsidiaries	3,152	3,152	3,152
<b>Total non-current assets</b>	<b>3,152</b>	<b>3,152</b>	<b>3,152</b>
<b>Current assets</b>			
Trade and other receivables	40,243	42,135	42,007
Cash and cash equivalents	69	335	189
<b>Total current assets</b>	<b>40,312</b>	<b>42,470</b>	<b>42,196</b>
<b>TOTAL ASSETS</b>	<b>43,464</b>	<b>45,622</b>	<b>45,348</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Share capital	75	76	76
Share premium	40,774	41,603	41,603
Other reserves	386	(473)	(520)
Retained earnings	246	1,500	724
<b>Total Equity</b>	<b>41,481</b>	<b>42,706</b>	<b>41,883</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	1,904	2,864	3,354
<b>Total non-current liabilities</b>	<b>1,904</b>	<b>2,864</b>	<b>3,354</b>
<b>Current liabilities</b>			
Trade and other payables	79	52	111
<b>Total current liabilities</b>	<b>79</b>	<b>52</b>	<b>111</b>
<b>Total liabilities</b>	<b>1,983</b>	<b>2,916</b>	<b>3,465</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>43,464</b>	<b>45,622</b>	<b>45,348</b>

# Assurance

The Board of Directors and the CEO affirm that this report provides an accurate overview of the operations, financial position and performance of the Group and the Parent Company, and describes the significant risks and uncertainties faced by the Group.

Malta, 19 August 2020

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**OSKAR MÜHLBACH**

*CEO*

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**CHRISTIAN LUNDBERG**

*Chairman of the Board*

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**JOHAN SVENSSON**

*Board member*

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**PATRIK BLOCH**

*Board member*

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**FREDRIK SVEDERMAN**

*Board member*

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**ERIK SKARP**

*Board member*

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**ANNIKA BILLBERG**

*Board member*

Presentation for investors, analysts and the media: CEO Oskar Mühlbach and CFO Måns Svalborn will present the report and answer questions at 10.00 a.m. CET on 19 August 2020.

The presentation will be held in English and can be followed online via: <https://tv.streamfabriken.com/raketech-q2-2020>

To participate in the call, please dial:

+46 850 558 357 (SE)

+44 333 300 9263 (UK)

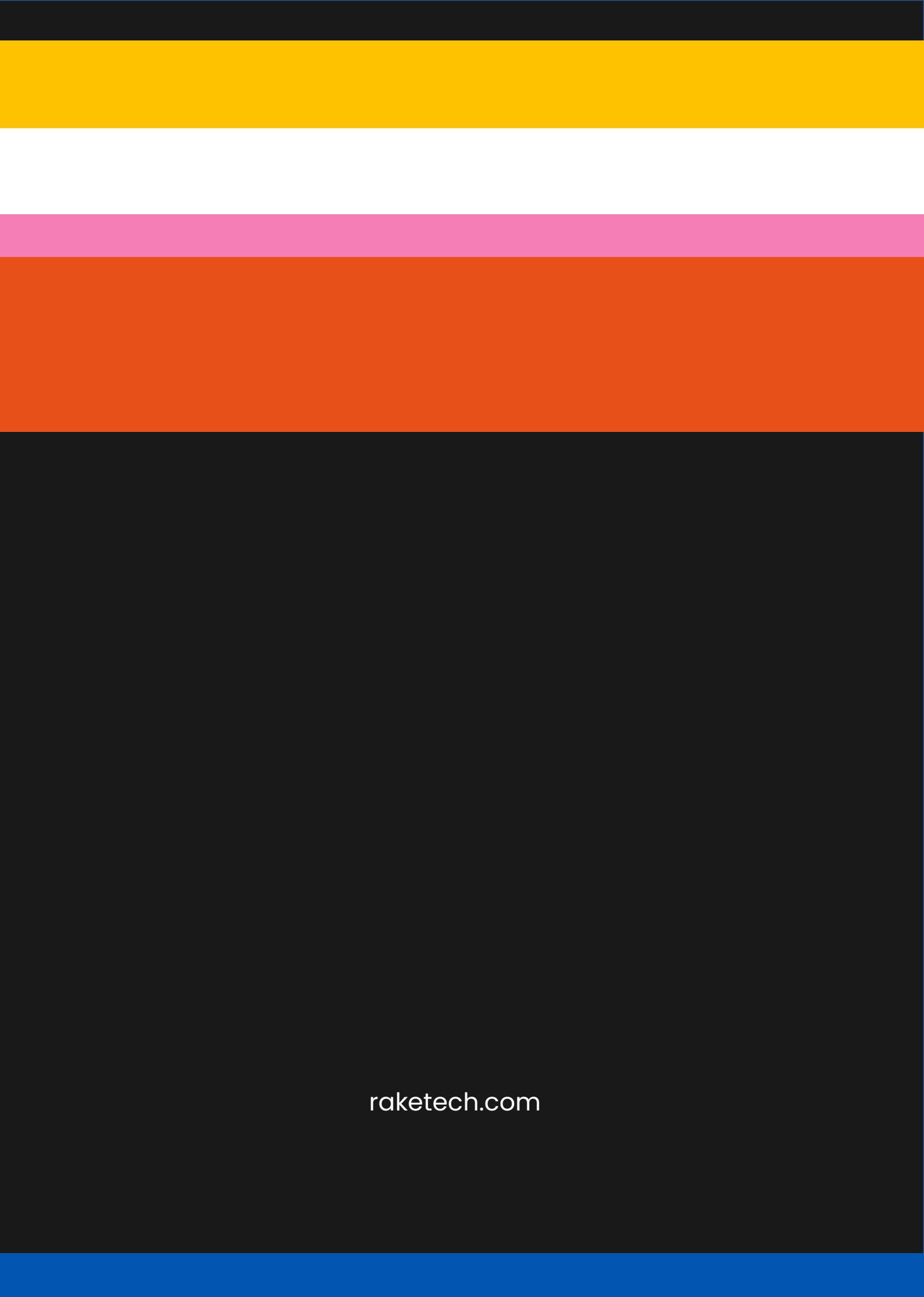
+1 833 526 8380 (US)

This information is such that Raketech Group Holding PLC is required to publish under the EU Market Abuse Regulation. The information was submitted under the auspices of the above contact person for publication at 8.00 a.m. CET on 19 August 2020.

# Definitions of Alternative Performance Measures

Unless defined otherwise in this report, the terms below have the following definitions

<b>ADJUSTED EBITDA</b>	EBITDA adjusted for exceptional costs
<b>ADJUSTED EBITDA MARGIN</b>	Adjusted EBITDA as a percentage of total revenue for the period/year
<b>ADJUSTED OPERATING MARGIN</b>	Operating margin adjusted for exceptional costs
<b>ADJUSTED OPERATING PROFIT</b>	Operating profit adjusted for exceptional costs
<b>EBITDA</b>	Operating profit before depreciation, amortisation and impairment
<b>EBITDA MARGIN</b>	EBITDA as a percentage of revenue for the period/year
<b>EARNINGS PER SHARE</b>	Profit for the period/year in relation to weighted average number of shares
<b>LTM</b>	Last twelve months
<b>NDC (NEW DEPOSITING CUSTOMER)</b>	A new customer placing a first deposit on a partners' website
<b>NET DEBT-TO-ADJUSTED EBITDA</b>	Net interest-bearing debt at the end of the period/year in relation to adjusted LTM EBITDA
<b>NET INTEREST-BEARING DEBT</b>	Interest-bearing debt at the end of the period/year, excluding earn-outs from acquisitions, minus cash and cash equivalents at the end of the period/year
<b>OPERATING MARGIN</b>	Operating profit as a percentage of revenue for the period/year
<b>OPERATING PROFIT</b>	Profit before financial items and taxes
<b>ORGANIC GROWTH</b>	Revenue growth rate adjusted for acquired portfolios and products. Organic growth includes the growth in existing products and the revenue growth related to acquired portfolios and products post acquisition
<b>REVENUE GROWTH</b>	Increase in revenue compared to the previous accounting period/year as a percentage of revenue in the previous accounting period/year
<b>TRAFFIC</b>	Relates to the number of visitors/users of Raketech's assets



[raketech.com](http://raketech.com)

