

RAKETECH

Q1 Interim Report

2023

Record first quarter supporting full year guidance

EUR thousands	Jan-Mar	Jan-Mar	Change
	2023	2022	
Revenue	15,787	12,694	24.4%
Organic growth	24.4%	6.8%	17.6pp
Reported EBITDA	6,105	5,084	20.1%
Operating profit	3,837	3,208	19.6%

Q1 2023 FINANCIAL HIGHLIGHTS

- Q1 of 2023 reached an all-time high in terms of revenues, totaling EUR 15.8 million (EUR 12.7 million) with an organic growth of 24.4% (6.8%).
 - The core portfolio of affiliation marketing increased to EUR 10.8 million (EUR 8.2 million), with exceptional results from Rest of World and a solid performance from flagship assets in the Nordics.
 - Additionally, the quarter showed significant growth from the expanding sub-affiliation offering, totaling EUR 3.6 million (EUR 2.5 million).
 - US revenues decreased to EUR 1.9 million (EUR 2.4 million), an effect of a somewhat unfavourable outcome in sport betting predictions related to the US focused subscription offering.
- EBITDA amounted to EUR 6.1 million (EUR 5.1 million), positively affected by a favorable market mix and immediate benefits of scale as a consequence of strong revenues.

SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

- Revenues in April 2023 amounted to EUR 5.9 million (EUR 3.8 million).

CEO Comment

2023 started on a strong note for Raketech, with revenues totaling EUR 15.8 million, which is a new all-time high for the group, corresponding to 24.4% organic growth. The strong result was mainly generated within our core, high margin segment, Affiliation Marketing. Based on the successful start of the year, we remain confident around our full year guidance.

During the first quarter, we continued to pursue our strategy for profitable growth, leveraging on our diversified portfolio within Affiliation marketing, Sub-affiliation and Betting Tips & Subscriptions.

Revenues from Affiliation Marketing, our core, high-margin business, grew by 32%, with exceptional results from Rest of World, with Casumba and OnlineCricketbetting leading the way. Additionally, our flagship assets in the Nordics continued to deliver according to plan, which is comforting considering that Casinofeber since March is being operated entirely by Raketechs' central team, post earn out.

EBITDA amounted to EUR 6.1 million in the quarter, corresponding to a 39% margin, positively affected by a favorable market mix and immediate benefits of scale on the back of strong revenue development.

Sub-affiliation also had a strong quarter with a revenue growth of 46%, setting another record for this business area. Affiliation Cloud, our affiliation infrastructure solutions as a service (Saas), continued to deliver progress according to expectations but the majority of the growth was attributed to strong results from Network sub-affiliation in first and foremost South America.

Revenues from our smallest business area, Betting Tips & Subscriptions were down with 31%, compared to the strong Q1 of last year, as an effect of lower results from our win-share component which is based on our sport betting predictions.

Efforts to accelerate affiliation in the US, where growth is expected to come by adding affiliation offerings to

existing Pickster assets is progressing well, but somewhat at a slower pace than anticipated. During Q1 we enforced the US team with an MD and are in the midst of launching several initiatives to increase speed of delivery. Effects from these initiatives are expected to be seen by the end of the year and come into full effect as of 2024.

All in all, our share of revenues originating from Rest of world increased, and the total share of non-Nordic revenues during Q1 increased to 64%, while revenues in the Nordics increased by 7%.

As a consequence of the strong performance in Casumba, contingent considerations related to the acquisition increased during the quarter. As previously communicated, the remaining part of the purchase price is based on performance up until July 2024 and will be settled as from 2024 up until 2026. Overall, we are very pleased with the return on the investment in Casumba, which is well above our expectations in terms of growth and projected post earn out cash flow contributions.

OUTLOOK

Considering the strong start of the year, we are confident reiterating our previously communicated revenue guidance for the full year, excluding acquisitions, of EUR 60-65 million in 2023 and an EBITDA of EUR 20-24 million. Free cash flow is, in line with the guidance, expected to increase substantially to around EUR 11-13 million.

April revenues amounted to EUR 5.9 million, mainly driven by continued strong growth in Sub-affiliation, a solid start to the new quarter, further supporting our full year guidance.

Oskar Mühlbach, Group CEO

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 20 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	Jan-Mar 2023	Jan-Mar 2022	Change	Jan-Dec 2022
Financial Data				
Revenue (IFRS)	15,787	12,694	24.4%	52,644
<i>Organic growth</i>	24.4%	6.8%	17.6	10.8%
<i>Revenue share</i>	34.7%	39.5%	(4.8)	38.9%
<i>Upfront payment</i>	41.4%	29.9%	11.5	34.4%
<i>Flat fee</i>	14.8%	14.2%	0.6	14.8%
<i>Betting tips and subscription income</i>	9.1%	16.4%	(7.3)	11.9%
Affiliation marketing	10,755	8,152	31.9%	35,204
<i>% of total revenue</i>	68.1%	64.2%	3.9	66.9%
Sub-affiliation	3,591	2,455	46.3%	11,154
<i>% of total revenue</i>	22.7%	19.3%	3.4	21.2%
Betting tips and subscription income	1,441	2,087	(30.9%)	6,286
<i>% of total revenue</i>	9.2%	16.5%	(7.3)	11.9%
Casino	12,010	8,319	44.4%	37,282
<i>% of total revenue</i>	76.1%	65.5%	10.5	70.8%
Sport	3,777	4,337	(12.9%)	15,250
<i>% of total revenue</i>	23.9%	34.2%	(10.2)	29.0%
Other	-	38	(100.0%)	112
<i>% of total revenue</i>	-	0.3%	(0.3)	0.2%
Revenue from the Nordics	5,755	5,382	6.9%	23,432
<i>% of total revenue</i>	36.5%	42.4%	(5.9)	44.5%
Revenue from Rest of Europe	568	669	(15.0%)	2,637
<i>% of total revenue</i>	3.6%	5.3%	(1.7)	5.0%
Revenue from US	1,918	2,449	(21.7%)	7,733
<i>% of total revenue</i>	12.1%	19.3%	(7.1)	14.7%
Revenue from Rest of World	7,546	4,194	79.9%	18,842
<i>% of total revenue</i>	47.8%	33.0%	14.8	35.8%
EBITDA	6,105	5,084	20.1%	20,009
<i>EBITDA margin</i>	38.7%	40.1%	(1.4)	38.0%
Adjusted EBITDA¹	6,105	5,084	20.1%	20,173
<i>Adjusted EBITDA margin¹</i>	38.7%	40.1%	(1.4)	38.3%
Operating profit	3,837	3,208	19.6%	12,356
<i>Operating margin</i>	24.3%	25.3%	(1.0)	23.5%
Adjusted Operating profit¹	3,837	3,208	19.6%	12,520
<i>Adjusted Operating margin¹</i>	24.3%	25.3%	(1.0)	23.8%
Profit for the period/year	2,822	2,248	25.5%	8,334
<i>Profit margin</i>	17.9%	17.7%	0.2	15.8%
Adjusted profit for the period/year²	2,822	2,248	25.5%	8,893
<i>Adjusted profit margin²</i>	17.9%	17.7%	0.2	16.9%

¹ In Q2 2022, redundancy costs of EUR 0.2 million incurred due to the organisational restructuring, were recognised as non-recurring costs.

² Changes to deferred taxation were reflected in 2022 in relation to prior years' temporary differences amounting to EUR 0.4 million.

EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Change	Jan-Dec 2022
Other Performance Measures				
New depositing customers (NDC)	54,846	35,523	54.4%	161,146
Full time employees	126	112	12.5%	113
Contractors	97	100	(3.0%)	90
Net interest-bearing debt	5,298	12,131	(56.3%)	6,732
Net debt-to-adjusted EBITDA LTM	0.25	0.66	(62.2%)	0.33
Earnings per share before dilution (EUR) (IFRS)	0.07	0.05	22.6%	0.20
Earnings per share after dilution (EUR) (IFRS)	0.06	0.05	19.7%	0.19
Adjusted earnings per share before dilution (EUR) (IFRS) ²	0.07	0.05	22.6%	0.21
Adjusted earnings per share after dilution (EUR) (IFRS) ²	0.06	0.05	19.7%	0.20
Weighted average number of shares, before dilution	42,319,110	41,295,601	2.5%	41,761,087
Weighted average number of shares, after dilution	44,708,028	42,661,186	4.8%	43,567,065

²Changes to deferred taxation were reflected in 2022 in relation to prior years' temporary differences amounting to EUR 0.4 million.

Financial Performance during the First Quarter of 2023

REVENUES

Revenues totalled EUR 15.8 million (EUR 12.7 million) representing an increase of 24.4%. Organic growth amounted to 24.4% (6.8%) and NDCs increased by 54.4%. The increase in revenues and NDCs is an effect of strong performance within sub-affiliation and affiliation marketing.

EXPENSES

Direct expenses increased to EUR 4.3 million (EUR 3.4 million) largely driven by increased activity for sub-affiliation.

Employee benefit expenses amounted to EUR 2.3 million (2.1 million) as full-time employees totalled 126 (112) at the end of the period.

Other expenses increased to EUR 2.8 million (EUR 2.1 million), representing primarily increased costs through operational costs within sub-affiliation, product investments and one-off consultancy fees. Contractors totalled 97 (100) at the end of the period.

Depreciation and amortisation amounted to EUR 2.3 million (EUR 1.9 million). The increase in amortisation was primarily attributable to the upward adjustments to amounts committed on acquisitions relating to Casumba.

PROFITABILITY

Reported EBITDA increased to EUR 6.1 million (EUR 5.1 million), with organic growth within the high margin portfolio of affiliation marketing assets.

The EBITDA margin amounted to 38.7% (40.1%) reflecting the current product mix of low versus high margin business areas and with increased investments into the US and AffiliationCloud.

The profit for the period amounted to EUR 2.8 million, (EUR 2.2 million).

CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash flow from operating activities increased to EUR 6.1 million (EUR 5.4 million), driven by growth.

Cash flow from investing activities amounted to EUR -4.4 million (EUR -5.7 million) primarily due to earn-out settlements made during the quarter.

Cash flow from financing activities amounted to EUR -0.4 million (EUR -0.2 million), as a result of loan interest and lease payments during the period.

Cash and cash equivalents at the end of the quarter amounted to EUR 9.4 million (EUR 2.7 million).

THE PARENT COMPANY

Raketech Group Holding PLC is the Parent Company. Total operating costs amounted to EUR 0.4 million (EUR 0.2 million). Loss for the period was EUR 0.7 million (EUR 0.4 million).

Other

RAKETECH IN BRIEF

Raketech is a marketing tech company combining performance marketing and traditional performance-based affiliation by offering a wide portfolio of advertising space as well as data analysis tools to allow advertisers to maximise the value of their media spend. Our customers span from sports streaming providers and game studios to the largest segment, international betting and casino operators. Raketech's goal is to generate high quality leads and targeted advertisement space by providing relevant and engaging content to users interested in sports, casino and betting. Raketech also offers its services as a software (sub-affiliation) and provides tailored sports data insights, analytics and predictions directly to consumers.

STOCK MARKET

Raketech Group Holding PLC is listed on Nasdaq First North Premier Growth Market. Raketech's shares commenced trading on 29 June 2018 and the outstanding number of shares is 42,319,110. 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. Raketech operates in the emerging online gaming industry in both regulated and unregulated markets and is therefore subject to political and regulatory risk. Although Raketech is a performance marketing company and not an iGaming operator, the legislation concerning online gambling could 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 actively monitors regulatory changes and emerging topics within the European market, and also changes in the North American, South American and the Asian markets. If any new regulatory regimes come into force, the Group will conform with such marketing requirements. As the Group continues to embark on its growth strategy with the ambition to enhance the global footprint, 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:

- Operational risk which can arise in the SEO environment if search engines, such as Google, change their structure. Raketech monitors algorithm changes on an ongoing basis, controls content quality and ensures its websites are well-built, fast and up to date.
- Risk related to information security such as cyberattack or fraud as an effect of Raketech operating in the digital space. The Group conducts constant monitoring to detect any security issues. The Group has a dedicated IT security team tasked with protecting against data breaches and similar weaknesses, based on defined security management processes.

For the principal financial risks and exposures, refer to note 4 'Financial Risk Management' in the Annual Report that details the key risk factors including market risk, credit risk, liquidity risk and the Group's approach towards managing these risks.

SUPPLEMENTAL INFORMATION

This report has not been subject to an audit by the Group auditor's and is therefore considered to be unaudited.

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

Upcoming Dates

17 MAY	ANNUAL GENERAL MEETING 2023
17 AUG	INTERIM REPORT APR-JUN 2023
15 NOV	INTERIM REPORT JUL-SEP 2023

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

Condensed Consolidated Interim Income Statement

EUR thousands	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Total revenue	3	15,787	12,694	52,644
Direct costs relating to fixed fees and commission revenue		(4,333)	(3,402)	(14,705)
Employee benefit expense		(2,293)	(2,097)	(8,702)
Depreciation and amortisation		(2,268)	(1,876)	(7,653)
Movement in loss allowance on trade receivables		(250)	-	106
Bad debts written-off		27	-	(214)
Other operating expenses		(2,833)	(2,111)	(9,121)
Total operating expenses		(11,950)	(9,486)	(40,288)
Operating profit		3,837	3,208	12,356
Revaluation of financial liabilities at fair value through profit or loss		-	-	56
Loan finance costs		(315)	(252)	(1,042)
Other finance costs		(494)	(413)	(1,358)
Profit before tax		3,028	2,543	10,012
Current tax expense		(119)	(223)	(487)
Deferred tax expense		(87)	(72)	(1,191)
Profit for the period/year		2,822	2,248	8,334
Earnings per share attributable to the equity holders of the Parent during the period/year				
Earnings per share before dilution (in EUR)		0.07	0.05	0.20
Earnings per share after dilution (in EUR)		0.06	0.05	0.19
Adjusted earnings per share before dilution (in EUR)¹		0.07	0.05	0.21
Adjusted earnings per share after dilution (in EUR)¹		0.06	0.05	0.20

Condensed Consolidated Interim Statement of Comprehensive Income

EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Other comprehensive income			
Currency translation adjustments taken to equity	(258)	279	866
Total other comprehensive income/(loss) for the period/year	(258)	279	866
Total comprehensive income for the period/year	2,564	2,527	9,200

¹Changes to deferred taxation were reflected in 2022 in relation to prior years' temporary differences amounting to EUR 0.4 million.

The notes on pages 11 to 16 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

EUR thousands	Notes	Mar 2023	Mar 2022	Dec 2022
Assets				
Non-current assets				
Goodwill	5	1,210	1,262	1,214
Intangible assets	5	141,804	119,660	130,907
Right-of-use assets		194	309	229
Property, plant and equipment		139	135	144
Total non-current assets		143,347	121,366	132,494
Current assets				
Trade and other receivables		7,996	6,505	7,768
Cash and cash equivalents		9,419	2,703	8,061
Total current assets		17,415	9,208	15,829
TOTAL ASSETS		160,762	130,574	148,323
Equity & Liabilities				
Equity				
Share capital		85	83	85
Share premium		48,587	46,379	48,587
Currency translation reserve		581	48	839
Other reserves		980	783	921
Retained earnings		49,058	40,348	46,236
Equity attributable to owners of the Company		99,291	87,641	96,668
Non-controlling interests		-	1	-
TOTAL EQUITY		99,291	87,642	96,668
Liabilities				
Non-current liabilities				
Deferred tax liabilities		3,175	1,975	3,093
Amounts committed on acquisition	7	26,814	6,244	23,136
Lease liability		78	182	99
Total non-current liabilities		30,067	8,401	26,328
Current liabilities				
Borrowings	6	14,717	14,834	14,793
Amounts committed on acquisition	7	11,715	15,220	5,845
Trade and other payables		4,372	4,347	4,191
Current tax liabilities		476	-	360
Lease liability		124	130	138
Total current liabilities		31,404	34,531	25,327
TOTAL LIABILITIES		61,471	42,932	51,655
TOTAL EQUITY AND LIABILITIES		160,762	130,574	148,323

The notes on pages 11 to 16 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 7 to 18 were approved for publication by the Board of Directors on 11 May 2023 and were signed on the Board of Directors' behalf by:

Erik Skarp, Board member

Johan Svensson, Board member

Condensed Consolidated Interim Statement of Changes in Equity

EUR thousands	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total equity attributable to owners of the company	NCI	Total equity
Balance at 1 January 2023	85	48,587	839	921	46,236	96,668	-	96,668
Comprehensive income								
Profit for the period	-	-	-	-	2,822	2,822	-	2,822
Other comprehensive income								
Currency translation adjustments taken to equity	-	-	(258)	-	-	(258)	-	(258)
	-	-	(258)	-	2,822	2,564	-	2,564
Transactions with owners								
Equity-settled share-based payments	-	-	-	59	-	59	-	59
Total transactions with owners	-	-	-	59	-	59	-	59
Balance at 31 March 2023	85	48,587	581	980	49,058	99,291	-	99,291
Balance at 1 January 2022	83	46,379	(27)	734	37,896	85,065	1	85,066
Comprehensive income								
Profit for the period	-	-	-	-	2,248	2,248	-	2,248
Other comprehensive income								
Currency translation adjustments taken to equity	-	-	75	-	204	279	-	279
	-	-	75	-	2,452	2,527	-	2,527
Transactions with owners								
Equity-settled share-based payments	-	-	-	49	-	49	-	49
Total transactions with owners	-	-	-	49	-	49	-	49
Balance at 31 March 2022	83	46,379	48	783	40,348	87,641	1	87,642
Balance at 1 January 2022	83	46,379	(27)	734	37,896	85,065	1	85,066
Comprehensive income								
Profit for the year	-	-	-	-	8,334	8,334	-	8,334
Other comprehensive income								
Currency translation adjustments taken to equity	-	-	866	-	-	866	-	866
	-	-	866	-	8,334	9,200	-	9,200
Transactions with owners								
Issue of share capital	2	2,208	-	-	-	2,210	-	2,210
Equity-settled share-based payments	-	-	-	187	-	187	-	187
Liquidation of subsidiary	-	-	-	-	6	6	(1)	5
Total transactions with owners	2	2,208	-	187	6	2,403	(1)	2,402
Balance at 31 December 2022	85	48,587	839	921	46,236	96,668	-	96,668

The notes on pages 11 to 16 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

EUR thousands	Note	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Cash flows from operating activities				
Profit before tax		3,028	2,543	10,012
Adjustments for:				
Depreciation and amortisation		2,268	1,876	7,653
Loss allowance		250	-	(106)
Bad debts written-off		(27)	-	214
Net finance cost		809	665	2,400
Equity-settled share-based payment transactions		59	49	187
Revaluation of financial liabilities at fair value through profit or loss	7	-	-	(56)
Loss on disposal of shares		-	-	1
Liquidation of a subsidiary		-	-	5
Net exchange differences		55	5	139
		6,442	5,138	20,449
Net income taxes paid		(2)	-	(403)
Changes in:				
Trade and other receivables		(455)	(259)	(1,631)
Trade and other payables		151	560	409
Net cash generated from operating activities		6,136	5,439	18,824
Cash flows from investing activities				
Acquisition of property, plant and equipment		(14)	(40)	(98)
Acquisition of intangible assets		(4,226)	(5,699)	(12,213)
Payment of software development costs		(132)	-	(900)
Proceeds from sale of property, plant and equipment		2	-	1
Net cash used in investing activities		(4,370)	(5,739)	(13,210)
Cash flows from financing activities				
Lease payments		(34)	(32)	(136)
Interest paid		(344)	(170)	(625)
Net cash used in financing activities		(378)	(202)	(761)
Net movements in cash and cash equivalents		1,388	(502)	4,853
Cash and cash equivalents at the beginning of the period/year		8,061	3,205	3,205
Effects of exchange rate changes on cash and cash equivalents		(30)	-	3
Cash and cash equivalents at the end of the period/year		9,419	2,703	8,061

The notes on pages 11 to 16 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1 REPORTING ENTITY

Raketech Group Holding PLC is a public limited company incorporated in Malta, having company registration number C77421. The condensed consolidated interim 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 AND BASIS OF PREPARATION

Raketech prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. These condensed consolidated interim 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 interim financial statements are consistent with those presented in the Annual Report for the year ended 31 December 2022.

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 comparative figures for the Direct costs and Other operating expenses disclosed in the main components of these condensed consolidated interim financial statements have been reclassified to conform with the current year's presentation for the purpose of fairer presentation. The 2022 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 new and amended standards issued by IASB effective from 2023, were not deemed to have a 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. The Group will continue to carry out regular impairment testing and does not consider that the intangible assets as of 31 March 2023 are impaired. Further, IFRS 9 also requires impairment considerations to be performed for trade receivables on an ongoing basis. Judgement in relation to this assessment is subjective. Continued assessments are being made by management on the adequacy of the loss allowance provision relating to 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 2022, Note 3.

2.3 Critical accounting estimates – amounts committed on acquisition

Amounts committed on acquisition consist of contractual obligations resulting from the purchase 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 and amounted to EUR 38.5 million (EUR 18.3 million) as at 31 March 2023. The fair value is calculated on the expected cash outflow for each purchase agreement. Estimates of future cash flow relating to these contingent considerations are inherently uncertain and are

made by management for each asset acquisition based on their knowledge of the industry historical performance and taking into account the economic environment at the time. Refer to changes during the year (Note 7).

2.4 Critical accounting estimates – taxation

As the Group operates in different jurisdictions, tax compliance becomes more complex, and applicable tax regulations may be interpreted differently by the respective authorities. Management reviews its intra-group charging mechanisms on a regular basis, and the need for updated transfer pricing assessments is considered as the Group’s cross-border activity continues to evolve. Changes to deferred taxation were reflected in 2022 in relation to prior years’ temporary differences amounting to EUR 0.4 million.

2.5 Working capital deficiency

During the year, Raketech has operated with a positive operating cash inflow. As at 31 March 2023, the Group is in a net current liability position of EUR 14.0 million (EUR 25.3 million). During 2023, the Group continued to honour all of its existing obligations (including the settlement of earn-outs) and no amounts were deferred beyond the payment terms. Further, the Group expects to remedy this position by way of its projected quarterly positive cash generation, in combination with considering re-financing options (including the possibility of extending the existing facility by another twelve-month term beyond March 2024). During March 2023, discussions with Avida Finance AB were concluded and the Group’s revolving credit facility of EUR 15.0 million (Note 6) was extended up until March 2024. The Group has complied with the financial covenants of its credit facility during the reporting period. The credit facility includes an extension option and can thus be renewed annually subject to certain conditions.

3 REVENUES

The Group targets end-users and generates revenue by driving traffic through various channels to generate customer leads for its business partners. 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 2023 and 2022 is further analysed as follows:

EUR thousands	Jan-Mar 2023	Jan-Mar 2022	Change	Jan-Dec 2022
Revenue	15,787	12,694	24.4%	52,644
Commissions	12,012	8,810	36.3%	38,563
Flat fees	2,334	1,797	29.9%	7,795
Betting tips and subscription income	1,441	2,087	-30.9%	6,286

4 BUSINESS COMBINATION

On July 7, 2021, the Group entered into a share purchase agreement with QM Media AB (the sellers), an unrelated party. Raketech acquired all shares in P&P Vegas Group Inc for an upfront payment of EUR 3.9 million in cash and 3,881,968 new shares (having a nominal value of EUR 0.002 per share and issued at a premium of EUR 1.80 per share in Raketech Group Holding P.L.C.) for the amount of EUR 7.0 million. P&P Vegas Group Inc. is registered in the US and provides users with betting tips, with revenue predominantly from US. The acquisition supports the Group's existing strategy for global expansion.

During the third quarter of 2022, the provisional amounts for the business combination were adjusted. Customer liabilities taken over by the Group have been recognized within 'Other Payables'. During the measurement period, an adjustment of EUR 0.1 million to 'Other Payables' resulted in a further increase in goodwill.

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

Purchase consideration	Provisional Amounts	Measurement Period Adjustments	Revised Fair Value
EUR in thousand			
Cash paid	3,934	-	3,934
Ordinary shares issued (at a premium)	7,000	-	7,000
Total purchase consideration	10,934	-	10,934

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

EUR in thousand	Provisional Amounts	Measurement Period Adjustments	Revised Fair Value
Websites and domains (Note 5)	9,707	-	9,707
Players database (Note 5)	710	-	710
Cash	76	-	76
Other receivables	66	-	66
Other payables	(87)	(115)	(202)
Loan liability	(133)	-	(133)
Fair value of net identifiable assets acquired	10,339	(115)	10,224
Goodwill (Note 5)	595	115	710
Net assets acquired	10,934	-	10,934

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

On November 8, 2021, the Group entered into an asset purchase agreement with A.T.S. Consultants Inc., Global Opportunities Network LLC and Sports Data Capital Fund LLC (the sellers), all unrelated parties. The agreement was completed on December 9, 2021. Raketech acquired assets held by the sellers for an upfront payment of EUR 10.6 million in cash, a deferred consideration of EUR 0.9 million, an amount of contingent consideration committed on acquisition estimated at EUR 7.6 million and 1,023,509 new shares (having a nominal value of EUR 0.002 per share and a premium of EUR 2.16 per share in Raketech Group Holding P.L.C.) for the amount of EUR 2.2 million which were issued in July 2022. The acquired business provides users, predominantly in the US with betting tips. The acquisition supports the Group's existing strategy for global expansion.

During the third quarter of 2022, the provisional amounts for the business combination were adjusted. Revenues worth EUR 0.9 million were determined to relate to future performance obligations and were adjusted as a contract liability upon acquisition. Updated information provided in relation to revenue patterns on an earned basis led to a revision in amounts committed on acquisition and ultimately resulted in a reduction in the valuation of websites and domains by EUR 2.9 million and goodwill by EUR 2.8 million.

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

Purchase consideration	Provisional	Measurement	Revised Fair
EUR in thousand	Amounts	Period	Value
		Adjustments	
Cash paid	10,595	-	10,595
Ordinary shares issued (at a premium) (issued in 2022)	2,207	-	2,207
Deferred consideration	883	-	883
Amounts committed on acquisition – contingent consideration	7,554	(6,568)	986
Total purchase consideration	21,239	(6,568)	14,671

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

EUR in thousand	Provisional	Measurement	Revised Fair
	Amounts	Period	Value
		Adjustments	
Websites and domains (Note 5)	17,140	(2,851)	14,289
Players database (Note 5)	1,047	-	1,047
Computer equipment	49	-	49
Office furniture	5	-	5
Deferred income	-	(926)	(926)
Fair value of net identifiable assets acquired	18,241	(3,777)	14,464
Goodwill (Note 5)	2,998	(2,791)	207
Net assets acquired	21,239	(6,568)	14,671

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

5 INTANGIBLE ASSETS

Assets that have been identified as having a definite lifetime value are amortised between 3–5 years. 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 detail, please refer to the Annual Report Note 14.

EUR thousands	Domains and websites	Player databases	Other intellectual property	Technical platform	Software	Goodwill	Total
Cost at 1 January 2023	113,443	14,425	26,034	1,962	562	1,558	157,984
Additions (including adjustments arising as a result of a change in estimates – Note 7)	3,817	2,810	6,660	1	-	-	13,288
Capitalised expenditure	-	-	-	131	-	-	131
Exchange differences	(291)	(21)	-	-	-	(4)	(316)
Cost as at 31 March 2023	116,969	17,214	32,694	2,094	562	1,554	171,087

Accumulated amortisation and impairment 1 January 2023	(40)	(8,732)	(15,499)	(686)	(562)	(344)	(25,863)
Amortisation charge	-	(745)	(1,371)	(102)	-	-	(2,218)
Exchange differences	-	8	-	-	-	-	8
Amortisation and impairment as at 31 March 2023	(40)	(9,469)	(16,870)	(788)	(562)	(344)	(28,073)

Carrying amount as at 31 March 2023	116,929	7,745	15,824	1,306	-	1,210	143,014
Carrying amount as at 31 March 2022 (restated)	108,348	4,196	6,284	812	20	1,262	120,922

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 July 2021, Raketech entered into an agreement with Avida Finans AB for a one-year revolving credit facility of EUR 15.0 million. The credit facility includes an extension option and can thus be renewed annually subject to certain conditions. During March 2023, discussions with Avida Finance AB were concluded and the Group's revolving credit facility of EUR 15.0 million was extended up until March 2024.

As of 31 March 2023, the utilised credit amounts to EUR 15.0 million (EUR 15.0 million). The contractual terms of the revolving credit facility with Avida Finans AB required Raketech Holding PLC to pledge its entire shareholding in Raketech Group Limited to the lender as collateral.

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. As at 31 March 2023, amounts committed on acquisition included contingent consideration of EUR 38.5 million (EUR 18.3 million), nil (EUR 1.0 million) fixed consideration and nil (EUR 2.2 million) pending a share issuance. 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	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Opening balance	28,981	26,355	26,355
Settlements/setoffs	(4,226)	(5,485)	(14,390)
Notional interest charge	492	408	1,309
Adjustments arising as a result of a change in fair value	13,282	186	15,706
Closing balance	38,529	21,464	28,981

The earn-out condition related to Infinileads S.L. is capped up to a maximum of EUR 4.0 million up until 31 July 2023. Management's best estimate of the total contingent consideration for these assets amounted to EUR 0.4 million (EUR 1.7

million) as of 31 March 2023. The deferred consideration for Infinileads S.L. amounting to EUR 2.2 million was settled during the first quarter of 2022.

The earn-out related to A.T.S. Consultants Inc's assets, which is denominated in USD, is capped up to a maximum of USD 15.0 million up until 31 December 2024. Management's best estimate of the total contingent consideration for these assets, amounted to EUR 0.4 million (EUR 1.3 million) net of payments amounting to EUR 0.7 million as of 31 March 2023. During June 2022 the deferred consideration of EUR 1.0 million was settled. The pending issuance of shares valued at EUR 2.2 million, previously included in amounts committed on acquisition was issued in July 2022.

The earn-out for Lead Republik Ltd. amounting to EUR 0.1 million as at 31 December 2021 was fully settled during the second quarter of 2022.

The earn-out condition relating to Casumba 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 37.7 million (EUR 10.1 million) net of payments amounting to EUR 2.6 million (EUR 2.0 million) as of 31 March 2023. On 21 February 2023, the Group entered into an addendum to the Share Purchase Agreement executed on 30th August 2019 concerning the acquisition of Casumba Media Ltd. The timing of settlement was changed, so that part of the payment is no longer due on 15th October 2024, but it is payable in instalments of up to EUR 15.0 million during 2024 and any remaining amount can be deferred up until 16 September 2026. Part of the remaining earnout can be settled in shares.

The contingent consideration related to Casinofeber of EUR 1.0 million was fully settled in March 2023.

During 2022, the increase in the contingent consideration for Lead Republik amounting to EUR 0.01 million and the decrease in the A.T.S. Consultants earn-out amounting to EUR 0.1 million were recognised in the condensed consolidated interim statement of comprehensive income as Revaluation of financial liabilities at fair value through profit or loss. The remaining adjustments to contingent consideration have been recognised in the condensed consolidated interim 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, Casumba and Infinileads.

The adjustment to reflect the total impact of discounting in the condensed consolidated interim statement of financial position, amounted to EUR 0.5 million (EUR 0.4 million) by the end of the period. Of the amounts recognised in the condensed consolidated interim statement of financial position at 31 March 2023, EUR 11.7 million (EUR 15.2 million) is considered to fall due for payment within less than 12 months from the end of the reporting year. The current debt will be mainly settled through expected cash generation during 2023.

8 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	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Revenue	80	225	661
Expenses			
Compensation (including salaries, consultancy fees and recharges by a related entity) including fees to executive management and directors	373	459	1,630
Amounts owed to related parties (including accruals)	49	74	20
Amounts owed by related parties	57	66	65

In April 2023 Raketech terminated its agreement with Together Gaming Solutions p.l.c. and stopped operating its online casino product Rapidi.com. The termination has no material financial impact for the Group.

Condensed Interim Statement of Comprehensive Income – Parent Company

EUR thousands	<i>Jan-Mar</i> 2023	<i>Jan-Mar</i> 2022	<i>Jan-Dec</i> 2022
Dividend income	-	-	6,300
Other income	-	-	488
Total revenue	-	-	6,788
Employee benefit expense	(153)	(128)	(542)
Other operating expenses	(242)	(43)	(482)
Total operating expenses	(395)	(171)	(1,024)
Operating (loss)/income	(395)	(171)	5,764
Finance income	-	-	638
Finance costs	(315)	(252)	(1,042)
(Loss)/profit before tax	(710)	(423)	5,360
Tax credit	36	-	103
(Loss)/profit for the period/year - total comprehensive expense	(674)	(423)	5,463

Condensed Interim Statement of Financial Position – Parent Company

EUR thousands	Mar 2023	Mar 2022	Dec 2022
Assets			
Non - current assets			
Investment in subsidiaries	12,363	12,363	12,363
Trade and other receivables	36,451	37,707	37,225
Loan receivable from a subsidiary	15,000	15,000	15,000
Deferred tax asset	139	-	103
Total non-current assets	63,953	65,070	64,691
Current assets			
Trade and other receivables	6,305	1	6,300
Cash and cash equivalents	63	68	65
Total current assets	6,368	69	6,365
TOTAL ASSETS	70,321	65,139	71,056
Equity & Liabilities			
Equity			
Share capital	85	83	85
Share premium	50,803	48,595	50,803
Other reserves	41	(155)	(17)
Retained earnings/(accumulated losses)	4,339	(870)	5,015
TOTAL EQUITY	55,268	47,653	55,886
Liabilities			
Current liabilities			
Borrowings	14,717	14,834	14,793
Amounts committed on acquisition	-	2,210	-
Trade and other payables	336	442	377
Total current liabilities	15,053	17,486	15,170
TOTAL LIABILITIES	15,053	17,486	15,170
TOTAL EQUITY AND LIABILITIES	70,321	65,139	71,056

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, 11 May 2023

OSKAR MÜHLBACH

CEO

ULRIK BENGTTSSON

Chairman of the Board

JOHAN SVENSSON

Board member

MAGNUS GOTTÅS

Board member

CLARE BOYNTON

Board member

ERIK SKARP

Board member

PIERRE CADENA

Board member

Presentation for investors, analysts and the media

CEO Oskar Mühlbach and CFO Måns Svalborn will present the report and answer questions at 09.00 a.m. CET on 11 May 2023. The presentation will be held in English.

In order to participate via webcast please use the link below. Via the webcast you are able to ask written questions.

<https://ir.financialhearings.com/raketech-q1-2023>

In order to participate via teleconference please register via the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

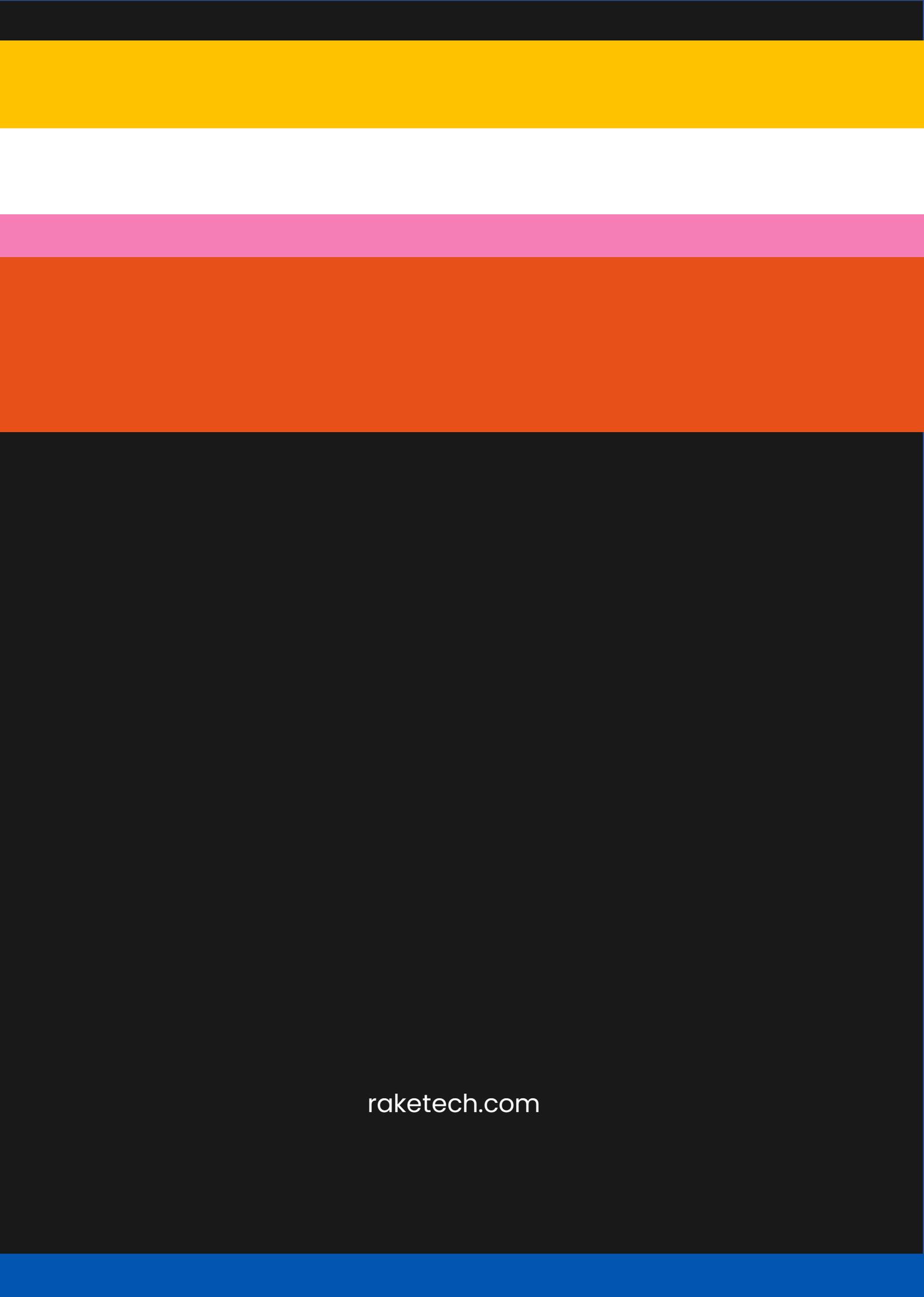
<https://conference.financialhearings.com/teleconference/?id=200750>

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 11 May 2023.

Definitions of Alternative Performance Measures

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

ADJUSTED EBITDA	EBITDA adjusted for non-recurring costs
ADJUSTED EBITDA MARGIN	Adjusted EBITDA as a percentage of total revenue for the period/year
ADJUSTED OPERATING MARGIN	Operating margin adjusted for non-recurring costs
ADJUSTED OPERATING PROFIT	Operating profit adjusted for non-recurring costs
EBITDA	Operating profit before depreciation, amortisation and impairment
EBITDA MARGIN	EBITDA as a percentage of revenue for the period/year
FREE CASH FLOW	Cash generated from operating activities, net of earnouts, lease and interest payments
LTM	Last twelve months
NDC (NEW DEPOSITING CUSTOMER)	A new customer placing a first deposit on a partners' website
NET DEBT-TO-ADJUSTED EBITDA	Net interest-bearing debt at the end of the period/year in relation to adjusted LTM EBITDA
NET INTEREST-BEARING DEBT	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
OPERATING MARGIN	Operating profit as a percentage of revenue for the period/year
OPERATING PROFIT	Profit before financial items and taxes
ORGANIC GROWTH	Revenue growth rate excluding portfolios and products that have been acquired in the past 12 months. Organic growth includes the growth in existing portfolios and products.
REVENUE GROWTH	Increase in revenue compared to the previous accounting period/year as a percentage of revenue in the previous accounting period/year
TRAFFIC	Relates to the number of visitors/users of Raketech's assets



raketech.com

