

Q1 2020 | INTERIM
REPORT

INTERIM REPORT JAN-MAR 2020

FIRST QUARTER 2020

- Revenues increased by 1.4%, totalling EUR 6.5 million (EUR 6.5 million).
- NDCs (New Depositing Customers) increased by 12.8%, to 32,278 (28,607).
- EBITDA amounted to EUR 2.6 million (EUR 3.5 million), corresponding to a margin of 40.2% (54.1%).
- Operating profit amounted to EUR 1.4 million (EUR 2.8 million), corresponding to a margin of 20.9% (43.4%).
- Adjusted profit for the period amounted to EUR 1.1 million (EUR 2.4 million).
- Profit for the period amounted to EUR 1.1 million (EUR 4.7 million).
- Earnings per share amounted to EUR 0.03 (EUR 0.12).

EVENTS DURING FIRST QUARTER 2020

- On March 11, 2020 all assets of the performance marketing company Lead Republik Limited were acquired for the agreed purchase price of EUR 1.4 million with the possibility of additional earnouts based on certain performance measures. Lead Republic Limited is a Maltese registered media company with global revenues, with a particular focus on Canada, New Zealand and Germany.
- Raketech provided a trading update and announced information about the covid-19 impact for the business on March 27.

SUBSEQUENT EVENTS AFTER THE END OF THE PERIOD

- Revenues in April, 2020 of EUR 2.4 million (1.7 million).

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 17 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.

Financial Data				
EUR thousands	Jan-Mar 2020	Jan-Mar 2019	Change	Jan-Dec 2019
Revenue (IFRS)	6,538	6,451	1.4%	23,906
Organic growth	(10.7%)	21.5%		(11.8%)
Revenue share	49.2%	39.4%	9.8	44.2%
Upfront payment	36.4%	43.7%	(7.3)	39.1%
Flat fee	14.4%	16.9%	(2.5)	16.7%
Casino of total revenue	78.3%	72.7%	5.6	68.4%
Sport of total revenue	16.7%	24.8%	(8.1)	27.0%
Other of total revenue	5.0%	3.0%	2.0	4.6%
Revenue from the Nordics	85.8%	95.0%	(9.2)	93.1%
Revenue from other markets	14.2%	5.0%	9.2	6.9%
EBITDA	2,627	3,490	(24.7%)	10,595
EBITDA margin	40.2%	54.1%	(13.9)	44.3 %
Adjusted EBITDA¹	2,627	3,490	(24.7%)	10,994
Adjusted EBITDA margin	40.2%	54.1%	(13.9)	46.0%
Operating profit	1,367	2,800	(51.2%)	6,082
Operating margin	20.9%	43.4%	(22.5)	25.4%
Adjusted Operating profit¹	1,367	2,800	(51.2%)	6,482
Adjusted Operating margin	20.9%	43.4%	(22.5)	27.1%
Other Performance Measures				
New depositing customers (NDC)	32,278	28,607	12.8%	108,365
Full time employees	83	79	5.0%	84
Net interest-bearing debt	122	(1,256)	(109.7%)	(836)
Net debt-to-adjusted EBITDA LTM	0.01	(0.1)	(112.0%)	(0.08)
Earnings per share before dilution (EUR) (IFRS)	0.03	0.12	(76.7%)	0.19
Earnings per share after dilution (EUR) (IFRS)	0.03	0.12	(77.0%)	0.19
Weighted average number of shares, before dilution	37,413,633	37,900,633	(1.3%)	37,661,392
Weighted average number of shares, after dilution	38,228,727	38,296,047	(0.2%)	38,272,023

¹ Adjustments relate to exceptional costs of EUR 0.4 million in Q4 2019.

FOR MORE INFORMATION, CONTACT:

Oskar Mühlbach CEO, +356 99553888 | Måns Svalborn CFO, +356 99059725

CEO COMMENTS

The first quarter of 2020 can be summarised as a stable operational and financial quarter for Raketech. In general, our product portfolio performed as expected and we continued to deliver on our strategic operational goals. Q1 revenues amounted to EUR 6.5m and EBITDA to EUR 2.6m. Compared to the previous quarter this equals a growth in revenues of 11.9% and compared to last year revenues increased with 1.4%.

During the quarter we saw particularly strong performance in Norway and Sweden on our casino dominated comparison products. At the same time, our sports focused products such as our Danish communities, Finnish sports sites, Paid media and our Flagship product; TV-matchen experienced lowered revenues due to the cancelled sport events. The Covid-19 situation has furthermore made us to take measures to allow our entire organisation to work remotely, which so far is progressing good with no or little negative impact on business progress.

STABLE OPERATIONAL PERFORMANCE AND DELIVERY ON OPERATIONAL GOALS

During the quarter we passed several important milestones, corresponding to our operational goals. Our NDC intake continues to grow while the player values seem to have stabilized somewhat, which we see as promising. Stability is something we currently long for as it allows us to make better decisions on investments and give our customers better value for their marketing spend. Furthermore, with the acquisition of Lead Republik, we added a new product category with substantial revenues from outside the Nordics. The integration is evolving according to plan and the team is so far performing as expected.

To accelerate our geographical expansion even further we have also taken many smaller initiatives such as the acquisition of Indian casino comparison assets that we intend to grow in our Lab. We have furthermore acquired additional assets from our Norwegian and Danish partners with the purpose of growing these to become multi-market products with

the help of our central operations. The purpose of me highlighting these smaller initiatives is to demonstrate how our new and improved central operations is well suited not only to maintain but also develop new products and to expand them to new geographies.

In addition to the above we secured yet another license in the US, this time in the state of Indiana as well as established a US entity to facilitate a more localised approach to our US expansion. Even though we at this point don't see any substantial revenues from our US operations in the near future, it is satisfying that we continue to make progress with the goal to transform USA to a strategic market rather than a strategic target.

In addition to the stable operational delivery and the milestones mentioned above I am particularly happy to announce that we during the quarter developed and implemented automatically distributed top lists from our central hub, based on Artificial Intelligence (machine learning). This in combination with granular and automated data analysis on everything from individual operator performance to specific campaigns now allows us to continuously optimise our products in a unique way, benefitting both Raketech as well as our customers, the operators. Our data driven approach to digital marketing is key in our transformation from "affiliation only" to becoming the iGaming performance marketing partner.

To ensure we keep a high and intense focus on these things I am also thrilled to announce that we during the quarter managed to secure Oscar Karlsten as our new COO. Having worked for companies such as Google and Toca Boca as well as being a member of the senior management team at Catena Media, Mr Karlsten will add tremendous value to Raketech and help us deliver on our long-term strategic goals.

COVID -19

To address the situation we issued an update on our view in March in which we stated that we at this point do not see any long term negative effects on our industry, but that we

expect volatility in the short to mid-term. This, as a consequence of sports events being cancelled, and sports betting therefore being reduced as a share of gambling.

Another noticeable effect, which however is positive for Raketech, is that players to some extent change from offline to online gambling. It is still early days and we cannot draw any certain conclusions, but we can however conclude that the volatility within the gambling market on a general level has not yet had any major overall effect on Raketech.

If the situation continues for a long time, we although expect to see a slightly negative impact on our sports revenues which might not be fully compensated for by an increase in casino.

OUTLOOK

April started approximately in the same way as March ended; with strong casino and weakened sports performance. Preliminary revenue numbers for April amounts to EUR 2.4m.

With the turbulence caused, not only by the Covid-19 but also by the suggestions on new, temporary gambling restrictions on the Swedish market we are experiencing a slightly more hesitant attitude from operators investing into, in particular the Swedish market.

To summarize, the market situation is currently volatile and unpredictable. We are and will therefore continue to be extra careful with guiding on the upcoming quarter or year in terms of expected revenues. What we do know is that our operational performance is more stable than ever and that we continue to deliver on our operational goals.



FINANCIAL PERFORMANCE DURING THE FIRST QUARTER OF 2020

REVENUES

Revenues totalled EUR 6.5 million (EUR 6.5 million) in line with the first quarter of 2019.

Revenues outside the Nordics in the first quarter increased to 14% compared to 5% last year, driven primarily by Casumba and the newly acquired Lead Republik.

EXPENSES

Direct expenses increased to EUR 1.6 million (EUR 1.0 million) due to the acquisition of Lead Republik, the addition of new product categories, increased efforts within paid media and increased investments in our product portfolio.

Employee benefit expenses amounted to EUR 1.3 million (EUR 1.0 million). The increase is driven by onboarding of senior management and other qualified employees. Full-time employees increased to 83 (79) at the end of the period.

Other expenses amounted to EUR 0.9 million (EUR 0.7 million), a slight increase when compared to the equivalent period in 2019.

The loss allowance amounted to EUR 0.1 million (EUR 0.2 million), a decrease as the process of monitoring trade receivables has improved.

Depreciation and amortisation amounted to EUR 1.3 million (EUR 0.7 million). The increased depreciation 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 2.6 million (EUR 3.5 million), corresponding to an EBITDA margin of 40.2% (54.1%). The decrease in EBITDA is driven by higher costs through investments in our

organisation and product mix as well as an effect of the addition of new product categories.

The adjusted profit for the period amounted to EUR 1.1 million (EUR 2.4 million), affected by higher operating costs in the first quarter of 2020.

CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 2.6 million (EUR 3.3 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 -3.4 million (EUR -1.5 million) as a result of the settlement of earn-outs which crystallised during the quarter and the acquisition of Lead Republik in the first quarter of 2020.

Cash flow from financing activities amounted to EUR -0.1 million (EUR -5.3 million). The improvement in the cash flow from financing activities is affected by the repayments on borrowings which took place during the comparative period. No repayments on borrowings were made during the current period.

Cash and cash equivalents at the end of the quarter amounted to EUR 3.2 million (EUR 4.0 million).

THE PARENT COMPANY

Raketech Group Holding PLC is the parent company. Total costs amounted to EUR 0.2 million (EUR 0.1 million). Loss for the period was EUR 0.3 m (EUR 0.2 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.

Raketech started in 2010 as an online poker affiliate that focused on lead generation for the Scandinavian market. Today, the company 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 37,900,633. 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.

UPCOMING DATES

15 May

Annual General Meeting

19 August

Interim report Apr-Jun 2020

11 November

Interim report Jul-Sep 2020

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.

During the first quarter of 2020, the Covid-19 outbreak spread globally. The effect of these developments on Raketech's financial performance, if the situation persists, is uncertain and could have an impact through further loss allowances or reduction in income. 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.

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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Total Revenue	3	6,538	6,451	23,906
Direct costs relating to fixed fees and commission revenue		(1,585)	(1,038)	(4,582)
Employee benefit expense		(1,341)	(987)	(5,201)
Depreciation, amortisation and impairment		(1,261)	(690)	(4,512)
Loss allowance on trade receivables		(123)	(225)	(890)
Other operating expenses		(861)	(711)	(2,639)
Total operating expenses		(5,171)	(3,651)	(17,824)
Operating profit		1,367	2,800	6,082
Other non-operating income	9	-	2,282	2,282
Finance costs		(235)	(286)	(958)
Profit before tax		1,132	4,796	7,406
Tax expense		(75)	(126)	(256)
Profit for the period/ year - Total comprehensive income		1,057	4,670	7,150
Total comprehensive income attributable to:				
Equity holders of the Parent Company		1,077	4,718	7,237
Non-controlling interest		(20)	(48)	(87)
Earnings per share attributable to the equity holders of the Parent during the period/year (expressed in Euro per share)				
Earnings per share before dilution		0.03	0.12	0.19
Earnings per share after dilution		0.03	0.12	0.19

The notes on pages 11 to 13 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousands	Notes	31 Mar 2020	31 Mar 2019	31 Dec 2019
Assets				
Non-current Assets				
Goodwill	5	286	344	-
Intangible assets	5	74,142	65,264	73,407
Right of use assets		275	525	318
Property, plant and equipment		104	220	134
Total non-current assets		74,807	66,353	73,859
Current assets				
Trade and other receivables		4,357	4,584	4,150
Cash and cash equivalents		3,247	4,077	4,191
Total current assets		7,604	8,661	8,341
TOTAL ASSETS		82,411	75,014	82,200
Equity & Liabilities				
Equity				
Share capital		76	76	76
Share premium		39,387	39,387	39,387
Other reserves		486	1,304	428
Retained earnings		26,172	22,618	25,115
Equity attributable to owners of the Company		66,121	63,385	65,006
Non-controlling Interests		55	67	55
Total equity		66,176	63,452	65,061
Liabilities				
Non-current liabilities				
Borrowings	6	3,369	2,821	3,354
Deferred tax liability		1,169	962	1,095
Lease liabilities		122	342	152
Amounts committed on acquisition	7	5,369	4,220	5,447
Total non-current liabilities		10,029	8,345	10,048
Current liabilities				
Amounts committed on acquisition	7	4,264	1,686	5,235
Lease liabilities		156	189	167
Trade and other payables		1,770	1,342	1,673
Current tax liabilities		16	-	16
Total current liabilities		6,206	3,217	7,091
Total liabilities		16,235	11,562	17,139
TOTAL EQUITY AND LIABILITIES		82,411	75,014	82,200

The notes on pages 11 to 13 are an integral part of these condensed consolidated financial statements.

The condensed consolidated financial statements on pages 7 to 13 were approved for publication by the Board of Directors on 13 May 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
Comprehensive income								
Profit for the period		-	-	-	1,077	1,077	(20)	1,057
Transactions with owners								
Equity-settled share-based payments		-	-	58	-	58	-	58
Other transactions with NCI		-	-	-	(20)	(20)	20	-
Total transactions with owners		-	-	58	(20)	38	20	58
Balance at 31 March 2020		76	39,387	486	26,172	66,121	55	66,176
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 2019		76	39,387	1,254	17,948	58,665	67	58,732
Comprehensive income								
Profit for the period		-	-	-	4,718	4,718	(48)	4,670
Transactions with owners								
Equity-settled share-based payments		-	-	40	-	40	-	40
Shareholder's Contribution		-	-	10	-	10	-	10
Other transactions with NCI		-	-	-	(48)	(48)	48	-
Total transactions with owners		-	-	50	(48)	2	48	50
Balance at 31 March 2019		76	39,387	1,304	22,618	63,385	67	63,452
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 2019		76	39,387	1,254	17,948	58,665	67	58,732
Comprehensive income								
Profit for the year		-	-	-	7,237	7,237	(87)	7,150
Transactions with owners								
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	-
Total transactions with owners		-	-	(826)	(70)	(896)	75	(821)
Balance at 31 December 2019		76	39,387	428	25,115	65,006	55	65,061

The notes on pages 11 to 13 are an integral part of these condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousands	Notes	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Cash flows from operating activities				
Profit before tax		1,132	4,796	7,406
Adjustments for:				
Depreciation, amortisation and impairment		1,261	690	4,512
Loss allowance		123	225	890
Net finance cost		235	286	958
Equity-settled share-based payment transactions		58	40	189
Waiver of related party liability	9	-	(2,282)	(2,282)
Loss on disposal of property, plant and equipment		-	2	3
		2,809	3,757	11,676
Changes in:				
Trade and other receivables		(331)	(486)	(573)
Trade and other payables		97	50	359
Net cash generated from operating activities		2,575	3,321	11,462
Cash flows from investing activities				
Acquisition of property, plant and equipment		(5)	(22)	(28)
Acquisition of intangible assets		(3,414)	(1,479)	(8,691)
Proceeds from sale of property, plant and equipment		1	1	3
Net cash used in investing activities		(3,418)	(1,500)	(8,716)
Cash flows from financing activities				
Repayments of borrowings		-	(7,880)	(7,880)
Proceeds from drawdowns on borrowing		-	2,799	3,299
Acquisition of treasury shares		-	-	(830)
Transactions with NCI		-	-	(180)
Capital Contribution		-	10	-
Lease payments		(45)	(53)	(172)
Interest paid		(56)	(146)	(318)
Net cash used in financing activities		(101)	(5,270)	(6,081)
Net movements in cash and cash equivalents		(944)	(3,449)	(3,335)
Cash and cash equivalents at the beginning of the period/year		4,191	7,526	7,526
Cash and cash equivalents at the end of the period/year		3,247	4,077	4,191

The notes on pages 11 to 13 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.

In relation to treasury shares that are disclosed in note 8, where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) are deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

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 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 31 March 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	Jan-Mar 2020	Jan-Mar 2019	Change	Jan-Dec 2019
Revenue	6,538	6,451	1.4%	23,906
- Commissions ¹	5,599	5,363	4.4%	19,916
- Flat fees	939	1,088	(13.7%)	3,990

¹ In the total amount for commissions there is included the revenues from Rapidi, 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 New Zealand, Canada and Germany. The acquisition accompanies the Group's existing strategy for global expansion, as Raketech's revenues outside the Nordics are expected to reach approximately 20 percent of the group's total revenues, due to the acquisition.

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
Total purchase consideration	1,772

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
Fair value net identifiable assets acquired	1,486
Goodwill	286
Net assets acquired	1,772

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 0.3 million for the Group for the period from 11 March to 31 March 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	<i>Domains and websites</i>	<i>Player databases</i>	<i>Other intellectual property</i>	<i>Technical platform</i>	<i>Software</i>	<i>Goodwill</i>	<i>Total</i>
Cost at 1 January 2020	63,984	5,336	9,653	-	562	-	79,535
Additions	234	454	169	1,062	-	286	2,205
Cost as at 31 March 2020	64,218	5,790	9,822	1,062	562	286	81,740
Accumulated amortisation 1 January 2020	-	(3,058)	(2,725)	-	(345)	-	(6,128)
Amortisation charge	-	(308)	(831)	(4)	(31)	-	(1,174)
Impairment charge	(10)	-	-	-	-	-	(10)
Amortisation and impairment as at 31 March 2020	(10)	(3,366)	(3,556)	(4)	(376)	-	(7,312)
Carrying amount as at 31 March 2020	64,208	2,424	6,266	1,058	186	286	74,428
Carrying amount as at 31 March 2019	60,260	1,806	2,958	-	240	344	65,608

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. As at 31 March 2020 the utilised credit amounts to EUR 3.5 million (3.0 million) before the capitalised transaction costs of EUR 0.2 million (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 March 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 and interest rate.

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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Opening balance	10,682	7,085	7,085
Acquisitions during the period/year	372	-	3,676
Settlements/setoffs	(2,014)	(1,286)	(5,127)
Notional interest charge	160	108	545
Adjustments arising as a result of a change in estimates	433	(1)	4,503
Closing balance	9,633	5,906	10,682

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 31 March 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 2.9 million as at 31 March 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 6.3 million as at 31 March 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 linked to Casinofeber. The adjustment to reflect the total impact of discounting in the condensed consolidated statement of financial position, amounted to EUR 0.2 million (EUR 0.1 million) in the first quarter of 2020. Of the amounts recognised in the condensed consolidated statement of financial position as per 31 December 2020, EUR 4.3 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, was terminated until further notice after the decision taken by the Board of Directors during the fourth quarter of 2019. 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.

The total price for the repurchased shares under the programme amounts to SEK 8.8 million.

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 amounts to 37,900,633, out of which Raketech held no own shares at the date of the AGM 2019.

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	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Revenue	496	212	1,615
Expenses			
Compensation (including salaries, consultancy fees and recharges by a related entity) including fees to executive management and directors	664	115	2,427
Amounts owed to related parties¹	126	9	109
Amounts owed by related parties	235	5	171

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

EUR thousands	<i>Jan-Mar 2020</i>	<i>Jan-Mar 2019</i>	<i>Jan-Dec 2019</i>
Employee benefit expense	(142)	(124)	(860)
Other operating expenses	(40)	(9)	(16)
Realised gain on exchange	-	-	1
Total operating expenses	(182)	(133)	(875)
Operating loss	(182)	(133)	(875)
Finance costs	(70)	(22)	(227)
Loss for the period/year – total comprehensive income	(252)	(155)	(1,102)

CONDENSED STATEMENT OF FINANCIAL POSITION – PARENT COMPANY

EUR thousands	31 March 2020	31 March 2019	31 Dec 2019
Assets			
Non - current assets			
Investment in subsidiaries	3,152	3,152	3,152
Total non-current assets	3,152	3,152	3,152
Current assets			
Trade and other receivables	41,794	42,979	42,007
Cash and cash equivalents	178	292	189
Total current assets	41,972	43,271	42,196
TOTAL ASSETS	45,124	46,423	45,348
Equity & Liabilities			
Equity			
Share capital	76	76	76
Share premium	41,603	41,603	41,603
Other reserves	(462)	161	(520)
Retained earnings	472	1,690	724
Total Equity	41,689	43,530	41,883
Liabilities			
Non-current liabilities			
Borrowings	3,369	2,821	3,354
Total non-current liabilities	3,369	2,821	3,354
Current liabilities			
Trade and other payables	66	72	111
Total current liabilities	66	72	111
Total liabilities	3,435	2,893	3,465
TOTAL EQUITY AND LIABILITIES	45,124	46,423	45,348

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, 13 May 2020

OSKAR MÜHLBACH

CEO

CHRISTIAN LUNDBERG

Chairman of the Board

JOHAN SVENSSON

Board member

FREDRIK SVEDERMAN

Board member

ERIK SKARP

Board member

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 9.00 a.m. CET on 13 May 2020.

The presentation will be held in English and can be followed online via: <https://tv.streamfabriken.com/raketech-q1-2020>

To participate in the call, please dial:

+46 8 505 583 69(SE)

+44 333 300 9035(UK)

+18 335 268 382(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 13 May 2020.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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

ADJUSTED EBITDA	EBITDA adjusted for exceptional items
ADJUSTED EBITDA MARGIN	Adjusted EBITDA as a percentage of total revenue for the period/year
ADJUSTED OPERATING MARGIN	Operating margin adjusted for exceptional items
ADJUSTED OPERATING PROFIT	Operating profit adjusted for exceptional items
EBITDA	Operating profit before depreciation, amortisation and impairment
EBITDA MARGIN	EBITDA as a percentage of revenue for the period/year
EARNINGS PER SHARE	Profit for the period/year in relation to weighted average number of shares
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 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
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

