
# Q2

## INTERIM REPORT

APRIL – JUNE 2018

RAKETECH GROUP HOLDING P.L.C.

RAKETECH

# STRONG GROWTH IN ALL AREAS

## SECOND QUARTER 2018

- Revenues increased by 41.3% to EUR 6.0 million (EUR 4.3 million)
- Organic growth amounted to 24.5% (7.7%)
- Adjusted EBITDA increased by 25.4% to EUR 3.2 million (EUR 2.6 million), corresponding to a margin of 53.7% (60.5%).
- Adjusted operating profit amounted to EUR 2.9 million (EUR 2.4 million), corresponding to a margin of 48.3% (56.6%)
- Profit for the period amounted to EUR 0.2 million (EUR 1.5 million)
- Earnings per share amounted to EUR 0.02 (EUR 8.55) before dilution
- NDCs (New Depositing Customers) increased by 7.7% to 20,519 (19,054)

## FIRST SIX MONTHS OF 2018

- Revenues increased by 43.4% to EUR 10.9 million (EUR 7.6 million)
- Organic growth amounted to 18.1% (14.6%)
- Adjusted EBITDA increased by 20.1% to EUR 5.8 million (EUR 4.8 million), corresponding to a margin of 52.7% (62.9%)
- Adjusted operating profit amounted to EUR 5.2 million (EUR 4.5 million), corresponding to a margin of 48.0% (59.4%)
- Profit for the period amounted to EUR 1.1 million (EUR 3.4 million)
- Earnings per share amounted to EUR 0.19 (EUR 28.27) before dilution
- NDCs (New Depositing Customers) increased by 7.2% to 36,762 (34,292)

## EVENTS DURING Q2 2018

- On 3 May 2018, Raketech acquired the assets of Mediaclever Sverige AB – which operates high-profile casino affiliates
- On 6 June, the Group entered into a share transfer agreement with Upside Media Ltd, acquiring 51% of Shogun Media Limited
- The Annual General Meeting was held on 18 May 2018 in Stockholm, where Annika Billberg was elected as a new board member
- The planned listing on Nasdaq First North Premier took place on 29 June 2018
- The launch of two new sports guides – TVsportguide.com in the UK and TVsportguide.de in Germany
- A horse racing guide was launched on Tvmatchen.nu in cooperation with ATG

# CONSOLIDATED KEY DATA AND RATIOS

Some financial measures presented in this interim report, including some key data and ratios are not defined by International Financial Reporting Standards (IFRS). These measures, as defined on page 17 of this report, will not necessarily be comparable to similarly titled measures in the reports of other companies. These non-IFRS measures may provide valuable additional information to investors and management although they should not be considered as substitutes to financial reporting measures prepared in accordance with IFRS.

**Financial Data**

| EUR thousands | Apr - Jun 2018 | Apr - Jun 2017 | Change % | Jan - Jun 2018 | Jan - Jun 2017 | Change % | Jan - Dec 2017 |
|---|---|---|---|---|---|---|---|
| **Revenue** | **6,026** | **4,264** | **41.3%** | **10,927** | **7,620** | **43.4%** | **17,146** |
| - Organic growth | 24.5% | 7.7% | 16.8% | 18.1% | 14.6% | 3.5% | 16.6% |
| - Revenue share | 2,518 | 2,352 | 7.1% | 4,817 | 4,245 | 13.5% | 9,347 |
| - Upfront payment | 2,476 | 1,127 | 119.7% | 4,412 | 1,847 | 138.9% | 4,411 |
| - Flat fee | 1,032 | 785 | 31.5% | 1,698 | 1,528 | 11.1% | 3,388 |
| Casino of total revenue | 76.2% | 68.6% | 7.6% | 74.1% | 71.9% | 2.2% | 69.9% |
| Sport of total revenue | 21.4% | 25.8% | -4.4% | 23.5% | 21.3% | 2.2% | 25.1% |
| Other of total revenue | 2.4% | 5.6% | -3.2% | 2.5% | 6.7% | -4.2% | 5.0% |
| Revenue from the Nordics | 95.5% | 91.3% | 4.2% | 95.4% | 91.5% | 3.9% | 91.7% |
| Revenue from other markets | 4.5% | 8.7% | -4.2% | 4.6% | 8.5% | -3.9% | 8.3% |
| **EBITDA** | **1,860** | **2,542** | **-26.8%** | **4,257** | **4,758** | **-10.5%** | **9,481** |
| EBITDA margin | 30.9% | 59.6% | -28.7% | 39.0% | 62.4% | -23.5% | 55.3% |
| **Adjusted EBITDA** | **3,236** | **2,580** | **25.4%** | **5,760** | **4,796** | **20.1%** | **9,667** |
| Adjusted EBITDA margin | 53.7% | 60.5% | -6.8% | 52.7% | 62.9% | -10.2% | 56.4% |
| **Operating profit** | **1,534** | **2,377** | **-35.5%** | **3,738** | **4,489** | **-16.7%** | **8,813** |
| Operating margin | 25.5% | 55.7% | -30.3% | 34.2% | 58.9% | -24.7% | 51.4% |
| **Adjusted Operating profit** | **2,910** | **2,415** | **20.5%** | **5,241** | **4,527** | **15.8%** | **9,000** |
| Adjusted Operating margin | 48.3% | 56.6% | -8.3% | 48.0% | 59.4% | -11.4% | 52.5% |
| Average number of shares, before dilution | 11,460,327 | 175,325 | 6436.6% | 5,849,818 | 120,246 | 4764.9% | 148,842 |
| Average number of shares, after dilution | 11,951,444 | 175,325 | 6716.7% | 6,340,935 | 120,246 | 5173.3% | 148,842 |
| NDCs | 20,519 | 19,054 | 7.7% | 36,762 | 34,292 | 7.2% | 67,193 |
| Mobile vs total traffic (visitors) | 67.0% | 62.1% | 4.9% | 65.1% | 60.6% | 4.5% | 60.2% |

**FOR MORE INFORMATION, CONTACT:**
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# CEO COMMENTS

This is our first interim report in a public environment, and I would like to start by wishing a warm welcome to our new Raketech shareholders. We have embarked on a journey in which we continue to strengthen our leading position in innovative affiliate marketing by developing qualitative online services and mobile apps with content for sports and gaming enthusiasts. We have been doing this since the operations began in 2010, and today we include most of the largest online gaming companies among our customers.

Our growth model is based on three areas: Raketech Core (core operations maintained and further developed), Lab (new innovative services built in-house or via partnerships) and M&A (acquired growth).

## RESULTS

I am pleased to present a quarter with high activity levels and a continued good return from our operating model with growth within Core, Lab and M&A. Revenues for the second quarter amounted to EUR 6.0 million, an increase of 41.3%, of which 24.5% was organic, compared with 7.7% in the corresponding period last year. Adjusted EBITDA amounted to EUR 3.2 million, with an adjusted EBITDA margin of 53.7%.

## PRODUCT INNOVATION AND ORGANIC GROWTH

Organic growth was strong during the quarter, gaining additional support from a high level of activity associated with the football World Cup. We are generating organic growth within Raketech Core by optimising established and mature assets, and within Raketech Lab by developing innovative products and launching previously acquired and existing products into new markets. During the quarter, our flagship guide product, TVmatchen.nu, was launched in the UK (TVsportsguide.com) and Germany (TVsportguide.de). With these latest additions, we now offer sports guides in five markets and identify a potential to launch additional desktop and app versions. During the quarter, we also re-launched our key core brands Casinoguide.se, Bettingsidor.org and Casinobonusar.nu in Sweden, as well as Casinoer.com in Norway.

## ACQUIRED GROWTH

We continued to be active in M&A and acquired Mediaclever and Shogun Media during the quarter. The deals constitute clear examples of how we are strengthening our operations through acquisitions. With both acquisitions we have also acquired highly skilled entrepreneurs with leading products and capabilities. With these latest acquisitions, we have gained valuable SEO expertise focused on user conversion and cutting-edge expertise in Pay Per Click (PPC). We have experience and expert knowledge in M&A and will continue to drive growth in this area.

## REGULATION

The new Swedish gaming legislation will come into effect on 1 January 2019 and, since majority of our revenues derive from Sweden, we have been preparing for this for a long time. We have strong relationships with the largest operators in the Swedish market, including the historically regulated actors. In conjunction with the football World Cup, we broadened our cooperation with Svenska Spel to supply advertising packages on all of our Swedish sports websites. At the same time, together with ATG, we developed a horse racing section on TVmatchen.nu. We take a positive view on regulation, which sets-out clear guidelines for everyone involved, contributing to a long-term sustainable gaming market.

## IPO AND SUSTAINABILITY

In June, Raketech was listed on Nasdaq First North Premier. This was a very exciting process, in which we encountered great interest in our business model and strategy. As a public company, our operations are further professionalised, and we are already seeing positive effects in conversations with both business partners and potential acquisition candidates. From a stock market perspective, our focus is on generating long-term shareholder value by delivering on our strategy and financial objectives. For Raketech, sustainability is also high on the agenda, and we are a forerunner in the industry to provide transparency to serve the long-term interests of our partners – the gaming operators. Accordingly, listing the company was also logical from the perspective of sustainability, and provides us with the right platform on which to progress actively on our charted course. Here, our Corporate Responsibility Manager performs an important task, maintaining a close dialogue with the various organisations and companies in the gaming industry, and internally is responsible for flagging issues in line with the company's quality objectives.

## DEVELOPMENT IN THE THIRD QUARTER

Half of the third quarter has passed when this report is being published, and activity levels during the summer have progressed in line with our expectations. I have great faith in the continued development of Raketech's role in the value chain, and our capabilities to be a driving force within the gaming industry. Our agenda is busy in this regard and I look forward to an intensive remainder of 2018.

***MICHAEL HOLMBERG***
***CEO***

# FINANCIAL PERFORMANCE DURING THE SECOND QUARTER OF 2018

***Revenue development of 41.3% in the second quarter of 2018, compared with the same quarter last year, was driven primarily by organic growth of 24.5%.***

## REVENUES

Revenues totalled EUR 6.0 million (EUR 4.3 million) in the second quarter, corresponding to an increase of 41.3%. Organic growth amounted to 24.5% compared with 7.7% in the corresponding quarter last year. Revenue growth was driven, among other things, by strong development in both casino and media platforms.

## EXPENSES

Direct expenses amounted to EUR 0.4 million (EUR 0.2 million) driven by increased external hosting and domain expenses in line with the continuously expanding domain network held by Raketech.

Personnel expenses amounted to EUR 1.4 million (EUR 0.8 million). The increase was driven by the increased average number of employees, which increased from 78 in 2017 to 92 in 2018, compared with the corresponding quarter last year.

Other expenses amounted to EUR 1.0 million (EUR 0.6 million) and were driven by the company's growing product portfolio and rapid growth.

Expenses attributable to the quarter's stock market listing on Nasdaq First North Premier amounted to EUR 1.4 million (EUR 0.0 million).

Depreciation and amortization amounted to EUR 0.3 million (EUR 0.2 million). The increase depreciation and amortization were primarily attributable to depreciation on player databases.

## PROFITABILITY

Adjusted EBITDA amounted to EUR 3.2 million (EUR 2.6 million), corresponding to an increase by 25.4%. The Adjusted EBITDA margin was 53.7% (60.5%). EBITDA, including IPO expenses, amounted to EUR 1.9 million (EUR 2.5 million).

Compared with last year, the profitability has been affected by Raketech's continued diversification of the product portfolio with an increased share of revenue from online forums, online guides and social media, which operate at a slightly lower margin than the SEO products.

Profit for the period amounted to EUR 0.2 million (EUR 1.5 million). Adjusted for expenses for the stock market listing, profit for the period amounted to EUR 1.6 million.

## CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 3.3 million (EUR 3.8 million). Cash flow from investing activities amounted to EUR -7.8 million (EUR -20.7 million). Cash flow from financing activities amounted to EUR 1.4 million (EUR 4.0 million). Cash and cash equivalents at the end of the quarter amounted to EUR 4.3 million (EUR 3.2 million).

# FINANCIAL PERFORMANCE DURING THE FIRST HALF OF 2018

## REVENUES

Revenues totalled EUR 10.9 million (EUR 7.6 million) in the first half of the year, corresponding to an increase of 43.4%. Organic growth amounted to 18.1% compared with 14.6% in the corresponding six months last year. Revenue growth was driven by strong underlying organic growth, but also by strong development from previously acquired assets, such as casino and media platforms.

## EXPENSES

Direct expenses amounted to EUR 0.6 million (EUR 0.4 million), consisting primarily of SEO, hosting and domain expenses.

Personnel expenses amounted to EUR 2.6 million (EUR 1.4 million), driven by the average number of employees rising compared with last year.

Other expenses amounted to EUR 2.0 million (EUR 1.1 million) and increased in line with the personnel force between the first half of 2018 compared with the same period last year.

Expenses attributable to the listing on Nasdaq First North Premier amounted to EUR 1.5 million (EUR 0.0 million).

Depreciation and amortization amounted to EUR 0.5 million (EUR 0.3 million).

## PROFITABILITY

Adjusted EBITDA amounted to EUR 5.8 million (EUR 4.8 million) representing an increase of 20.1%. The Adjusted EBITDA margin was 52.7% (62.9%). EBITDA, including expenses for the stock market listing, amounted to EUR 4.3 million (EUR 4.8 million).

Profit for the period amounted to EUR 1.1 million (EUR 3.4 million). Adjusted for expenses for the stock market listing, profit for the period amounted to EUR 2.6 million.

## CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 4.5 million (EUR 2.6 million). Cash flow from investing activities amounted to EUR -11.1 million (EUR -26.6 million). Cash flow from financing activities amounted to EUR 7.8 million (EUR 27.0 million). Cash and cash equivalents amounted to EUR 4.3 million (EUR 3.2 million).

# OTHER

### Stock market listing

On 29 June 2018, Raketech Group Holding P.L.C. was successfully listed on Nasdaq First North Premier with an increase of 13,333,333 shares, leading to a new outstanding amount of 37,900,633 shares as at 29 June 2018. The listing is deemed to promote the company's continued growth, contribute to an optimised capital structure, increase acquisition opportunities and strengthen the awareness of the company among customers and potential employees. The total expense of the stock market listing was EUR 3.9 million, including capitalised expenses.

### Shareholder structure

Shareholders in Raketech Group Holding P.L.C.

| Shareholders* | Share capital in % |
|---|---|
| Swiss Life (Lichtenstein) AG | 11.6 % |
| Light Showdown Ltd. ** | 8.2 % |
| Akterbog Ltd. *** | 7.7 % |
| Chalex AB | 5.7 % |
| Netfactor AB | 3.7 % |
| Marcus Ingemansson | 2.6 % |
| Videnor Ltd | 2.6 % |
| TT International Ltd | 2.4 % |
| AD94 Holding AB | 2.2 % |
| Alcur Fonder AB | 2.2 % |
| Handelsbanken Fonder AB | 2.0 % |
| Berenberg Asset Management | 2.0 % |
| Petrus AS | 2.0 % |
| Duke Technologies Ltd | 1.8 % |
| Hibbe Venture Capital Ltd | 1.7 % |
| **Total 15 largest shareholders** | **58.4 %** |
| Other shareholders | 41.6 % |
| **Total** | **100.0 %** |

* *The shareholder list includes shareholders as per 29 June 2018, the first trading day on Nasdaq First North Premier*

** *Light Showdown Ltd. owned by Erik Skarp*

*** *Akterbog Ltd. owned by Johan Svensson*

## SIGNIFICANT RISKS AND UNCERTAINTIES

One of the most significant risks being faced by the Group is associated with acquisitions. As the different markets continue to mature, it may become more difficult to acquire new high-quality assets. Acquisitions may grow more expensive, and the market more consolidated.

The remote gaming industry continues to undergo regulation and is to some extent subject to political and regulatory risk. Changes to existing regulations in various jurisdictions might impact the ability of remote gaming operators, who are the Group's customers, to operate in such markets and accordingly revenue streams from such 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. Such events could have an adverse effect on the Group's business. The Group continues to focus on expanding its existing customer base geographically.

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. The Group is continuously monitoring any regulatory changes within the European market, and if any new regulatory enactment is required, the Group will conform with such requirements by applying for the necessary licenses in the respective jurisdictions. The Group is primarily exposed to the Nordic region, and a significant amount of revenue is generated from Sweden. Reviews of gaming taxation laws are taking place in a number of EU jurisdictions, including Sweden, the top market for the Group. The directors are of the view that the Group is prepared for the upcoming regulation in Sweden and favour to operate in regulated markets.

As the Group continues to embark on its significant growth strategy, the operational risks increase. Key personnel retention is considered to be a key risk, and the Group is doing its utmost to retain its existing personnel as well as recruiting highly talented new people. This is being done through continued investment in our Human Resources function, continuous training and skills development, offering work experience in a unique working environment and remunerating employees fairly and in line with their performance.

In addition to the above, the Board of Directors also considers 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.

### UPCOMING REPORTING DATES

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.

**Interim report January - September 2018:**

**22 November 2018**

**Year-end report 2018:**

**21 February 2019**

## REVIEW

This report has not been subject to review by the company's auditors. Erik Penser Bank acts as the company's certified advisor.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| EUR thousands | Notes | Apr-Jun 2018 | Apr-Jun 2017 | Jan-Jun 2018 | Jan-Jun 2017 | Jan-Dec 2017 |
|---|---|---|---|---|---|---|
| Total revenue | 3 | 6,026 | 4,264 | 10,927 | 7,620 | 17,146 |
| Direct costs relating to fixed fees and commission revenue | | (396) | (243) | (567) | (369) | (859) |
| Employee benefit expense | | (1,403) | (823) | (2,604) | (1,369) | (3,497) |
| Depreciation and amortisation | | (326) | (165) | (519) | (269) | (667) |
| IPO related costs | | (1,376) | (38) | (1,503) | (38) | (187) |
| Other operating expenses | | (991) | (618) | (1,996) | (1,086) | (3,123) |
| **Total operating expenses** | | (4,492) | (1,887) | (7,189) | (3,131) | (8,333) |
| **Operating profit** | | 1,534 | 2,377 | 3,738 | 4,489 | 8,813 |
| Finance costs | | (1,344) | (799) | (2,596) | (911) | (2,738) |
| **Profit before tax** | | 190 | 1,578 | 1,142 | 3,578 | 6,075 |
| Tax expense | | (11) | (79) | (57) | (179) | (307) |
| **Profit for the period/ year** | | 179 | 1,499 | 1,085 | 3,399 | 5,768 |
| **Profit attributable to:** | | | | | | |
| Equity holders of the Parent Company | | 181 | 1,499 | 1,087 | 3,399 | 5,768 |
| Non-controlling interest | | (2) | - | (2) | - | - |
| ***Earnings per share attributable to the equity holders of the parent during the period/year (expressed in Euro per share)**** | | | | | | |
| **Basic earnings per share** | | | | | | |
| From profit for the period/ year | | 0.02 | 8.55 | 0.19 | 28.27 | 38.75 |
| **Diluted earnings per share** | | | | | | |
| From profit for the period/ year | | 0.02 | 8.55 | 0.17 | 28.27 | 38.75 |

**Earnings per share has been calculated with the weighted average method over the period.*

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| EUR thousands | Notes | 30 June 2018 | 30 June 2017 | 31 Dec 2017 |
|---|---|---|---|---|
| **Assets** | | | | |
| Goodwill | 4 | 1,081 | - | - |
| Intangible assets | 5 | 58,369 | 48,964 | 46,393 |
| Property, plant and equipment | | 296 | 220 | 318 |
| Deferred tax assets | | 33 | 218 | 90 |
| **Total non-current assets** | | **59,779** | **49,402** | **46,801** |
| **Current assets** | | | | |
| Trade and other receivables | 6 | 42,330 | 2,116 | 2,610 |
| Cash and cash equivalents | | 4,301 | 3,178 | 3,100 |
| **Total current assets** | | **46,631** | **5,294** | **5,710** |
| **TOTAL ASSETS** | | **106,410** | **54,696** | **52,511** |
| **Equity & Liabilities** | | | | |
| **Capital and reserves** | | | | |
| Share capital | | 2,670 | 2 | 2 |
| Share premium | | 36,533 | - | 1,000 |
| Other reserves | | 1,239 | 1,204 | 1,204 |
| Retained earnings | | 14,531 | 11,091 | 13,460 |
| **Equity attributable to owners of the Company** | | **54,973** | **12,297** | **15,666** |
| **Non-Controlling Interests** | | **15** | **-** | **-** |
| **Total Equity** | | **54,988** | **12,297** | **15,666** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | 7 | 37,366 | 28,013 | 28,077 |
| Amounts committed on acquisition | 9 | 2,541 | 5,236 | 586 |
| **Total non-current liabilities** | | **39,907** | **33,249** | **28,663** |
| **Current liabilities** | | | | |
| Amounts committed on acquisition | 9 | 4,005 | 988 | 1,332 |
| Trade and other payables | 8 | 6,733 | 7,312 | 5,967 |
| Current tax liabilities | | 777 | 850 | 883 |
| **Total current liabilities** | | **11,515** | **9,150** | **8,182** |
| **Total liabilities** | | **51,422** | **42,399** | **36,845** |
| **TOTAL EQUITY AND LIABILITIES** | | **106,410** | **54,696** | **52,511** |

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

*The condensed consolidated interim financial statements on pages 8 to 11 were approved for publication by the Board of Directors on 22 August 2018 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

| *Consolidated Statement of Changes in Equity* | Share Capital | Share Premium | Other Reserves | Retained Earnings | Total | NCI | Total Equity |
|---|---|---|---|---|---|---|---|
| *EUR thousands* | | | | | | | |
| Balance at 1 January 2018 | 2 | 1,000 | 1,204 | 13,460 | 15,666 | - | 15,666 |
| **Total Comprehensive Income for the period** | | | | | | | |
| Profit for the period | - | - | - | 1,087 | 1,087 | (2) | 1,085 |
| **Transactions with owners of the Company** | | | | | | | |
| Issue of Share Capital | 1 | 2,149 | (1,000) | - | 1,150 | - | 1,150 |
| New share issue including cost | 2,667 | 33,384 | - | - | 36,051 | - | 36,051 |
| Equity-settled share-based payments | - | - | 106 | - | 106 | - | 106 |
| Shareholder's Contribution | - | - | 929 | - | 929 | - | 929 |
| **Total transactions with owners of the Company** | 2,668 | 35,533 | 35 | - | 38,236 | - | 38,236 |
| **Changes in ownership interest** | | | | | | | |
| Disposal of NCI without a change in control | - | - | - | (16) | (16) | 16 | - |
| Acquisition of subsidiary with NCI | - | - | - | - | - | 1 | 1 |
| | - | - | - | (16) | (16) | 17 | 1 |
| **Balance at 30 June 2018** | **2,670** | **36,533** | **1,239** | **14,531** | **54,973** | **15** | **54,988** |

| *Consolidated Statement of Changes in Equity* | Share Capital | Share Premium | Other Reserves | Retained Earnings | Total | NCI | Total Equity |
|---|---|---|---|---|---|---|---|
| *EUR thousands* | | | | | | | |
| Balance at 1 January 2017 | 2 | - | 1,204 | 7,692 | 8,898 | - | 8,898 |
| **Total comprehensive income for the period** | | | | | | | |
| Profit for the period | - | - | - | 3,399 | 3,399 | - | 3,399 |
| **Balance at 30 June 2017** | **2** | **-** | **1,204** | **11,091** | **12,297** | **-** | **12,297** |

| *Consolidated Statement of Changes in Equity* | Share Capital | Share Premium | Other Reserves | Retained Earnings | Total | NCI | Total Equity |
|---|---|---|---|---|---|---|---|
| *EUR thousands* | | | | | | | |
| Balance at 1 January 2017 | 2 | - | 1,204 | 7,692 | 8,898 | - | 8,898 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | 5,768 | 5,768 | - | 5,768 |
| **Transactions with owners of the Company** | | | | | | | |
| Issue of Share Capital | - | 1,000 | (1,000) | - | - | - | - |
| Equity-settled share-based payments | - | - | 1,000 | - | 1,000 | - | 1,000 |
| **Total transactions with owners of the Company** | - | 1,000 | - | - | 1,000 | - | 1,000 |
| **Balance at 31 December 2017** | **2** | **1,000** | **1,204** | **13,460** | **15,666** | **-** | **15,666** |

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

| EUR thousands | Apr - Jun 2018 | Apr - Jun 2017 | Jan - Jun 2018 | Jan- Jun 2017 | Jan - Dec 2017 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit before tax | 190 | 1,578 | 1,142 | 3,578 | 6,075 |
| Adjustments for: | | | | | |
| - Depreciation and amortization | 326 | 165 | 519 | 269 | 667 |
| - Net Finance Costs | 1,344 | 799 | 2,596 | 911 | 2,738 |
| - Equity-Settled share based payment transactions | 106 | - | 106 | - | - |
| - Loss on sale of property, plant and equipment | 1 | - | 1 | - | - |
| | **1,967** | **2,542** | 4,364 | **4,758** | 9,480 |
| Income taxes paid | - | - | (106) | - | (26) |
| *Changes in:* | | | | | |
| - Trade and other receivables | (852) | (252) | (1,453) | (1,176) | (1,562) |
| - Trade and other payables | 2,228 | 1,466 | 1,694 | (986) | (3,160) |
| **Net cash from/(used in) operating activities** | **3,343** | **3,756** | **4,499** | **2,596** | **4,732** |
| **Cash flows from investing activities** | | | | | |
| - Acquistion of property, plant and equipment | 10 | (188) | (30) | (207) | (332) |
| - Acquistion of intangible assets | (5,597) | (20,507) | (8,897) | (26,370) | (27,475) |
| - Proceeds from sale of property, plant and equipment | 0 | - | 0 | - | - |
| - Transaction costs on issue of share capital | (2,216) | - | (2,216) | - | - |
| **Net cash from/(used in) investing activities** | **(7,803)** | **(20,695)** | **(11,143)** | **(26,577)** | **(27,807)** |
| **Cash flows from financing activities** | | | | | |
| - Proceeds from drawdowns on borrowings | 445 | 4,796 | 8,646 | 27,876 | 27,894 |
| - Proceeds from issue of share capital | 1,151 | - | 1,151 | - | - |
| - Acquistion of NCI | 1 | - | 1 | - | - |
| - Interest Paid | (229) | (775) | (1953) | (774) | (1776) |
| **Net cash from/(used in) financing activities** | **1,368** | **4,021** | **7,845** | **27,012** | **26,118** |
| Net increase/(decrease) in cash and cash equivalents | (3,092) | (12,918) | 1,201 | 3,121 | 3,043 |
| Cash and cash equivalents at the beginning of the year/period | 7,393 | 16,096 | 3,100 | 57 | 57 |
| **Cash and cash equivalents at the end of the year/period** | **4,301** | **3,178** | **4,301** | **3,178** | **3,100** |

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Raketech Group Holding P.L.C. is a public limited company and is incorporated in Malta, having company registration number C77421. 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 P.L.C. The company is referred to as Raketech Group Holding P.L.C. throughout these financial statements.

## 2. ACCOUNTING POLICIES

Raketech prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting. These interim financial statements have been prepared under the historical expense convention, as modified by the fair valuation of financial liabilities measured at fair value through profit and loss. Except as described below, the principal accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those presented in the Annual Report for full-year 2017. Other than the basic earnings per share and diluted earnings per share which are expressed in Euro (EUR), all other amounts are expressed in thousands of Euro (EUR) or as otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year. IFRS 9, 'Financial instruments', which the Group adopted on its mandatory effective date of 1 January 2018, addresses the classification, measurement and recognition of financial assets and financial liabilities. Amongst others, it replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. It largely retains the IAS 39 requirements in respect of the recognition and measurement of financial liabilities. The basis of classification of investments in debt instruments under IFRS 9 depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The Group's investments in debt instruments, which comprise trade and other receivables which are subject to credit terms that are consistent with normal trading conventions as well as cash and cash equivalents, were classified under IAS 39 as 'Loans and receivables' and measured at amortised cost.

The Group's management has determined that:

- the Group's objective for holding these portfolios of assets is to collect the contractual cash flows, and accordingly, they meet the criteria for a business model under which the assets are held in order to collect the contractual cash flows
- the instruments, which comprise cash balances held with banks and trade receivables, have cash flow characteristics that are consistent with what IFRS 9 terms as payments of solely principal and interest.

Accordingly, while these financial assets have been reclassified from 'Loans and receivables' to 'Financial assets measured at amortised cost', their measurement at amortised cost under IFRS 9 is consistent with the Group's previous practice under IAS 39, and the adoption of IFRS 9 has not resulted in any change in their gross carrying amount. IFRS 9 also introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. This amendment requires the Group to recognise impairment allowances on the basis of expectations of possible losses, even if there is no objective evidence of a loss having already taken place.

As the Group's cash balances are held at a financial institution with a high credit rating, and its trade receivables are short-term, and provisions have already been recognised under IAS 39 based on credit assessments of each debtor, the adoption of IFRS 9 has not had a material impact on the Group's impairment provisions. The adoption of IFRS 9 has not had any impact on the Group's recognition and measurement of financial liabilities. With effect from 1 January 2018 the Group also adopted IFRS 15, 'Revenue from contracts with customers', which deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service (a 'performance obligation' in terms of IFRS 15) and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Group earns

# NOTES TO THE FINANCIAL STATEMENTS

revenue by attracting potential players to its domains or website content and then referring the potential players to operators in the iGaming sector. The Group only earns commission from affiliate marketing agreements once players deposit money or place bets with the operators. The Group also generates revenues by charging a fixed fee for listing and critically reviewing and/or advertising iGaming operators on the Group's websites The Group's affiliate marketing agreements give rise to variable consideration. Under IFRS 15, variable compensation is recognised in accordance with the company's estimate of the amount of compensation to which it expects to be entitled in accordance with the contract. A constraint is however included in IFRS 15 to ensure that variable compensation is not recognised as income until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group's management has determined that

- its affiliate marketing agreements comprise a series of distinct performance obligations. In respect of variable compensation linked to this series of distinct performance obligations, the Group recognises this income in the month in which its contractual right to invoice the iGaming operators is established; and
- each agreement to list and critically review and/or advertise iGaming operators on the Group's websites contains a single performance obligation that is satisfied over time, and revenue is accordingly recognised as income over the period of the agreement on a time proportion basis. The Group has accordingly not been significantly impacted by the adoption of IFRS 15.

## 3. REVENUES

The Group attracts end-users and generates revenue by generating organic traffic through search engine optimisation, and through acquisitions. All revenue generated from the various acquisitions and through the different marketing methodologies is being treated as one revenue segment in line with internal management reporting.

The revenue for Raketech for the second quarter and first six months of 2018, and the second quarter and first six months 2017, is further analysed as follows:

| EUR thousands | Apr- Jun 2018 | Apr- Jun 2017 | Change % | Jan-Jun 2018 | Jan-Jun 2017 | Change % | Jan - Dec 2017 |
|---|---|---|---|---|---|---|---|
| **Revenue** | **6,026** | **4,264** | 41.3% | **10,927** | **7,620** | 43.4% | **17,146** |
| - Revenue share | 2,518 | 2,352 | 7.1% | 4,817 | 4,245 | 13.5% | 9,347 |
| - Upfront payment | 2,476 | 1,127 | 119.7% | 4,412 | 1,847 | 138.9% | 4,411 |
| - Flat fee | 1,032 | 785 | 31.5% | 1,698 | 1,528 | 11.1% | 3,388 |

# NOTES TO THE FINANCIAL STATEMENTS

## 4. GOODWILL

Goodwill is calculated as the aggregate consideration transferred, including the amount of any non-controlling interest, and the fair value of any previous equity interests, less the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss statement. From the acquisition date, goodwill from business combinations is allocated to the cash-generating unit within the Group that is expected to benefit economically from the synergies expected to arise through the acquisition. Goodwill is tested for impairment annually and when there are indications of impairment.

On 6 June 2018, the Group entered into a share transfer agreement with Upside Media Ltd (the "Sellers"), not a related party, amounting to 51% of Shogun Media Ltd.'s shares. Raketech gained control and consolidated the acquired operations on 6 June 2018 and the total purchase consideration for 51% of the shares amounted to EUR 0.7 million. In connection with the acquisition, Raketech also undertook to provide a cash contribution of EUR 0.4 million to Shogun Media Ltd.

Goodwill is attributable to future revenue synergies, which are based on the opportunity to reach new players through access to the human capital that the founders of Shogun Media have. The surplus is attributed fully to goodwill, which is predominantly attributable to human capital. As per 30 June 2018, goodwill totalled EUR 1.1 million.

## 5. INTANGIBLE ASSETS

Management has concluded that the acquired websites and domains 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. During 2018, a number of websites, domains and player databases were acquired. New acquisitions during the second quarter of 2018 amounted to EUR 5.6 million (EUR 20.5 million), of which EUR 0.4 million was allocated to player databases that are amortised over a period of three years. The impact of discounting of the contingent consideration is disclosed in note 7.

## 6. TRADE AND OTHER RECEIVABLES

Raketech was listed on Stockholm Nasdaq First North Premier on 29 June 2018. The new share issue amounted to SEK 400 million. As per 30 June 2018, no proceeds had been received relating to the newly issued shares, resulting in the issue proceeds being classified under the item Trade and other receivables. As per 30 June 2018, out of the total balance of EUR 42.3 million (EUR 2.1 million) for Trade and other receivables, EUR 38.3 million (EUR 0 million) related to issue proceeds that had not been received.

## 7. BORROWINGS

During 2018, the Group utilised loans from third parties with a nominal value of EUR 8.2 million. As per 30 June 2018, the utilised amounts totalled EUR 38.2 million (EUR 30.0 million at 30 June 2017). As per 30 June 2018, the carrying amount for the loans was EUR 37.4 million (EUR 28.0 million at 30 June 2017) after taking the effect of capitalised transaction expenses into account. Transaction expenses have been recognised as a reduction of the borrowings in accordance with the Group's accounting policy. All borrowings bear interest at variable rates and mature three years after each tranche is utilised. The total loan facility, which became available on 27 February 2017, is divided into two tranches: Tranche 1 of EUR 40 million and Tranche 2 of EUR 30 million. As per 30 June 2018, the Tranche 1 and Tranche 2 unutilised by the Group amounted to EUR 31.8 million. Collateral for the loan consists of the underlying acquired assets. The loans bear a floating rate coupon of Euribor 1m + 9.25%. Euribor 1m is subject to a floor of 1%.

The contractual terms of this loan require Raketech Group Holding P.L.C. to pledge its entire shareholding in Raketech Group Limited to the lenders as collateral. The documentation confirming the pledge was filed by the Group with the Registry of Companies in Malta on 27 February 2017 and remains in place as per the date on which these financial statements were approved for publication.

# NOTES TO THE FINANCIAL STATEMENTS

## 8. TRADE AND OTHER PAYABLES

Included within trade and other payables as per 30 June 2018 were amounts due to related parties amounting to EUR 2.3 million (EUR 5.2 million at 30 June 2017) which mature without interest, have no fixed repayment date and fall due for repayment on demand. As per 30 June 2018, the amounts due to related parties were payable to two separate parties.

## 9. 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.

The maximum potential amount that the Group may be required to settle under such contingent consideration arrangements as per 30 June 2018 was EUR 20.9 million (EUR 4.8 million), of which EUR 5.9 million (EUR 4.8 million), has been recognised in the condensed consolidated interim statement of financial position, while the remaining amount has not been recognised based on management's best estimate. The adjustment to reflect the impact of discounting amounted to EUR 0.5 million (EUR 0.0 million) in the second quarter of 2018. Of the amounts recognised in the condensed consolidated interim statement of financial position as per 30 June 2018, EUR 4.0 million is considered to fall due for payment within less than 12 months from the end of the reporting period.

## 10. 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 these related parties during the respective periods:

| EUR thousands | Apr - Jun 2018 | Apr - Jun 2017 | Jan - Jun 2018 | Jan - Jun 2017 | Jan - Dec 2017 |
|---|---|---|---|---|---|
| **Revenue** | 396 | 132 | 609 | 317 | 802 |
| **Expenses** | | | | | |
| Compensation (including salaries, consultancy fees and recharges from a related entity) including fees to executive management and directors | 396 | 270 | 748 | 473 | 1,148 |
| **Amounts owed to related parties** | 2,345 | 5,167 | 2,345 | 5,167 | 4,500 |
| **Amounts owed by related parties** | 165 | 45 | 191 | 45 | 191 |

All amounts due to related parties are unconditional, interest-free and have no fixed repayment date.
The amounts due to related parties as per 30 June 2018 are payable to two separate parties.

## 11. EVENTS AFTER THE REPORTING PERIOD:

- Interest-bearing liabilities of EUR 15 million were repaid to Ares Management as of 6 July 2018.
- Additional consideration of EUR 0.6 million has been paid each to Lukas Brisman AB and Daniel Stensiö AB regarding the acquisition of assets including Casinofeber.se.

# ASSURANCE

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

Malta, 22 August 2018

**MICHAEL HOLMBERG**

CEO

Authorised for publication by the Board of Directors on 22 August 2018 and signed on behalf of the Board of Directors by:

**CHRISTIAN LUNDBERG**

Chairman of the Board

**ERIK SKARP**

Board member

**JOHAN SVENSSON**

Board member

**ANNIKA BILLBERG**

Board member

**FREDRIK SVEDERMAN**

Board member

Presentation for investors, analysts and the media

CEO Michael Holmberg and CFO Andreas Kovacs will present the report and answer questions at 9.00 a.m. CET on 23 August at Helio T-House, Engelbrektsplan 1, Stockholm, Sweden. The presentation will be held in English and can also be followed online via https://tv.streamfabriken.com/raketech-q2-2018.

This information is such that Raketech Group Holding P.L.C. 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 23 August 2018.

# DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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

## KEY RATIOS

**ADJUSTED EBITDA** – EBITDA adjusted for IPO expenses.

**ADJUSTED EBITDA MARGIN** – Adjusted EBITDA as a percentage of total revenue.

**ADJUSTED OPERATING MARGIN** – Operating margin adjusted for IPO expenses.

**ADJUSTED OPERATING PROFIT** – Operating profit adjusted for IPO expenses.

**EBITDA** – Operating profit before depreciation, amortisation and impairment.

**EBITDA MARGIN** – EBITDA as a percentage of revenue.

**OPERATING PROFIT** – Profit before financial items and taxes.

**OPERATING MARGIN** – Operating profit as a percentage of revenue.

## ALTERNATIVE KEY RATIOS

**NDC (NEW DEPOSITING CUSTOMER)** - A new customer placing a first deposit on a client's website..

**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 as a percentage of revenue in the previous accounting period.

**TRAFFIC** - Relates to the number of visitors/users of Raketech's assets.

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