

# 2018/Q3

January–September

**Interim Report for the period  
1 January – 30 September 2018**

## Third Quarter 1st Jul to 30th Sep 2018

- Net Sales was SEK 5.4 million (18.2 million)
- Cost of Sales decreased to SEK -3.8 (-17.3 million)
- Gross Profit increased to SEK 1.6 million (0.919 million)
- Administrative expenses decreased to SEK -7.5 million (-8 Million)
- Other Income SEK 15.9 million (0)
- Profit for the period increased to SEK 10.1 million (-7.1 million)
- Gross Gaming Revenue rate (GGR%) increased to 3.35% (3.13%)
- Net Gaming Revenue rate (NGR %) increased to 1.38% (1.28%)

## Highlights 1st Jan to 30th Sep 2018

- Net sales amounted to SEK 25.5 million (56 million)
- Cost of sales decreased to SEK -19.1 million (-45.7 million)
- Gross Profit amounted to SEK 6.4 million (10.6 million)
- Administrative expenses amounted to SEK -22.5 million (-22.4 Million)
- Other Income SEK 15.9 million (0)
- Profit for the period improved to SEK -0.1 million (-11.7 million)
- Gross Gaming Revenue rate (GGR%) increased to 3.34% (3.18%)
- Net Gaming Revenue rate (NGR %) increased to 1.54% (1.24%)

## Events during the Quarter

- New Terms & conditions for the Gaming brands have been applied.
- Other income of SEK 15.9 million due to deductions in player account balances
- Cost reductions of SEK 0.25 million monthly achieved
- Strong growth achieved in newly launched markets
- Revenue decreased in July and August due to payment solutions exiting the market
- Chinese speaking market stabilised in late August after the Group had experienced

sharp decline since March–2018.

- Launched two more payment solutions aimed at the Chinese speaking market.
- Established on the Indonesian speaking market in August-18
- Launched Sportsbook towards Japanese and Vietnamese speaking players in September-18
- Started preparations to launch towards Thai speaking customers

## Events after the Period

- The board of GoldBlue decided upon a rights issue of 14,2 MSEK. The rights issue is 100 percent guaranteed by a guarantee consortium and signed subscription notes from larger owners.
- Sportsbetting was launched in October towards Indonesian speaking customers.
- Thai speaking market was launched in early November.
- AnalysisGuiden published an analysis on Goldblue AB.
- Goldblue AB attended and did a presentation at Stora Aktiedagen in Gothenburg.

The "Company" or "GoldBlue" refers to GoldBlue AB with org no. 559078-0465. Data in brackets refers to the previous year.  
GoldBlue AB is an iGaming investment company with focus on Emerging markets.

## Message from CEO



**Andre Rodrigues**  
CEO, GoldBlue AB (publ)

***“Achieved strong growth on newly launched markets.”***

Dear Shareholders,

After a turbulent half year with disturbances around important payment solutions for Chinese speaking customers and a delayed integration of our Sportsbook which together made a very negative impact on our revenue, we have in the months between July to September delivered the following:

- Reduced costs by SEK 0.250 million monthly by restructuring operations and re-negotiating contracts with some of our suppliers.
- Achieved strong growth on newly launched markets.
- We integrated two payments gateways to service our Chinese speaking customers and have now managed to replace the payments we lost with other providers.
- New user interface was released towards our Vietnamese, Indonesian and Japanese speaking customers. Further work continues so we can release it towards our Chinese speaking customers and is expected to be terminated in Q1 2019.
- We launched towards the Indonesian speaking market.
- Sportsbetting was released in September towards Vietnamese and Japanese speaking customers and in October towards Indonesian speaking customers.
- Started preparations for launching towards Thai speaking market.
- We integrated two payment gateways towards Thai, Vietnamese and Indonesian speaking customers.

It was important for us to continue to move forward with our new market launch plan for 2018, as per information shared further in this interim report as well as in my monthly updates,

*“Reduced costs by SEK 0.250 million monthly by restructuring operations and re-negotiating contracts with some of our suppliers.”*

we are experiencing good month to month growth in our Vietnamese and Indonesian speaking markets.

Our Japanese operations remain stable through this period; however, we are not satisfied, and we want higher growth in this important market for the group. In order to achieve that growth, we have launched in September our new user interface and Sportsbetting towards that market. In the coming months we will release more slots and live casino content as well as new payment methods for the Japanese market which will help us accelerate growth. We will also strengthen the marketing.

With regards to our Chinese speaking market, in our last interim report we showed a large decline in revenues and business activity due mainly to two factors, the exit from the market of important payment solutions we had partnered up with and the fact that our Sportsbook was delayed meaning we couldn't offer our customers Sportsbetting during the World Cup. We remain committed to this market, we believe there is now a positive turn happening in the market powered by new payment suppliers entering the market. We have taken advantage of the new entries and partnered up the new suppliers. We have integrated a number of those already and have started to see positive improvements within the Chinese speaking market and believe we will experience steady growth in the coming months, even more so with the release of Sportsbetting and new content before the end of 2018 which will further help the continued recovery of the market.

Our Vietnamese speaking market has enjoyed the most aggressive growth in Q3, benefiting from upgrading to the new UI in July and sports in early September this meant that in Q3 the following KPI's developed as:

- Registrations grew 15% per month in Q3.
- First time depositors' rate (FTD%) stable at 14% in Q3.
- Unique depositors growing on average 37% per month in

Q3.

- Deposit's growing 53% on average per month in Q3.

The launch of our Indonesian speaking market in August was also very positive, by comparison it outperformed in its first two months the launches of our Japanese and Vietnamese speaking markets.

Our growth in both markets is very promising, we expect that once we are able to start working with affiliates (expected within Q4), we will see more aggressive growth particularly as we go signing up partners to our affiliate program.

We believe our next six to nine months will be dedicated at reducing operational costs, continuing to focus on making our organisation efficient and slim, continuous improvement and automation within our platform which is key for scaling our business and most important of all by focusing on delivering growth on all markets which will be achieved by adding new products to our portfolio in our brands and by focusing on more efficient marketing and marketing spend so we can reach to and attract the maximum number of customers possible.

Our assessment, when we analyse our competitors, is that there is a shift in the market for a higher quality product, with more thinking on the customer journey and user satisfaction, better design and more power and recognition to branding and brands. In a way similar to what we see in western countries, where big name brands create customer awareness and recognition. With that in mind and taking into consideration that we were to enter new markets in 2018, the group initiated a project where a review of branding, customer processes and customer best practices were analysed.

From there and in time to the new market launches we reviewed, re-designed and re-branded "Happistar" with new logo, brand guide-lines and mission to its customers. In addition we reviewed our customer processes and updated

*“Our growth in both markets is very promising, we expect that once we are able to start working with affiliates (expected within Q4), we will see more aggressive growth particularly as we go signing up partners to our affiliate program.”*

*“We integrated two payments gateways to service our Chinese speaking customers and have now managed to replace the payments we lost with other providers.”*

our terms and conditions accordingly, bringing clearer more efficient processes and rules around such areas as multiple and duplicate accounts, bonuses offered to players, player inactive and dormant accounts, this change of terms and conditions, which is to be applied to all of the groups gaming brands, resulted in the company receiving an extraordinary income of SEK 15.9 million, which is accounted for under our Income Statement section for the period as “Other Income”.

For the past few weeks we have also prepared a rights issue where we aim to raise SEK 14.2 million. This funding is needed to strengthen our marketing budget for new and existing markets as well as for funding ongoing operations until we reach profitability.

First half of 2018 was a set back to our business particularly after a strong 2017, however in the end of the 3rd quarter we saw a strong combination of positive signs for recovery, such as high growth in our newly launched markets together with a return of Chinese payment solutions as well as customers returning back to our sites. These are strong positive signs for a growth fuelled 2019 and onwards.

Warm regards,



**Andre Rodrigues**  
CEO, GoldBlue AB (publ)

## Business Operations

GoldBlue AB is a Swedish listed iGaming holding company, with focus on the emerging markets. Founded by 3 pioneers from the gaming industry, among others Rune Löderup and Staffan Lindgren. Rune Löderup has 15 year's experience from the finance industry and more than 13 years of experience within the gaming industry. Staffan Lindgren has 20 years of experience from the gaming industry and is the cofounder of NYX Gaming, acquired by Scientific Games in 2017 for 631 million USD, the remainder of the board is composed by Jesper Jensen pioneer in the sportsbetting Igaming industry and Harmen Brenninkmeijer who has a long track record on building and driving value in land-based and online casinos.

iGaming in emerging markets has enormous growth potential. Southeast Asia, for instance, is today the second largest market in the world, and has rapidly progressed in the last years. The majority of the iGaming companies in the area are today operating on old technology. The market is several years behind the European iGaming market in terms of technology.

GoldBlue offers the player in emerging markets the newest iGaming amusements, operated on the latest technology; with modern mobile friendly interface. Our technology makes it possible for the player to enjoy our services despite poor mobile network connection..

Our strategy is to invest in these regions and grow with the market.

GoldBlue AB is listed on the Swedish stock exchange NGM Nordic MTF, which gives the stockholders a unique opportunity to invest on the emerging markets iGaming market through a Swedish listed company.

## Events during the period

- Goldblue started a cost reduction program, this resulted in a monthly saving of SEK 0.25 million by renegotiating contracts with partners and starting an internal re-structure of its business operations.
- During the period the new in-house developed user-interface was tested and released towards the groups Vietnamese, Indonesian and Japanese speaking customers.
- The group launched in August-18 towards Indonesian speaking customers making it the second successful launch of 2018.
- In late September the group launched Sportsbetting towards Japanese and Vietnamese speaking customers and continues to work on the release of the product towards its newly

launched Indonesian speaking markets as well as into the Chinese Speaking market.

- In September-18 preparations to launch the Thai speaking market have started with the expectation of launching in late Q4.
- Early in the third quarter the group worked tirelessly at sourcing new payments for its Chinese speaking business and finalising the integration of two new providers at the end of the third quarter, in an effort to bring back very important payments to service that market.

## Events after the period

- The board of GoldBlue decided upon a rights issue of 14,2 MSEK. The rights issue is 100 percent guaranteed by a guarantee consortium and signed subscription notes from larger owners.
- Sportsbetting was launched in October towards Indonesian speaking customers.
- Thai speaking market was launched in early November.
- AnalysisGuiden published an analysis on Goldblue AB.
- Goldblue AB attended and did a presentation at Stora Aktiedagen in Gothenburg.
- New Terms & conditions for the Gaming brands have been applied.

## General Information

### Sales & Results

Net sales for the 3rd quarter amounted to SEK 5.5 million (18.3 million). The reported profit for the period amounted to SEK 10.1 million (-7.1 million).

Net Sales year to date amounted to SEK 25.5 million (56.3 million). The reported profit for the period amounted to SEK -0,1 million (-11.7 million).

### Investments

GoldBlue's total investments during the period amounted to SEK 5.7 million (3.3 MSEK) and related intangible fixed assets amounted to SEK 5.5 million (2.4 million), the capitalized expenses for development of software and tangible fixed assets amounted to SEK 0.194 million (0.776 million), such as plant and equipment.

### Liquidity and financing

As per the end of the period, the company had SEK 6.5 million (14.6 million) in liquid funds and no utilized credits. GoldBlue AB currently has no long-term liabilities.

### Board of Directors' declaration

The board and CEO for Goldblue AB guarantee this Interim Report gives a true and fair view of the parent company and group's operations, financial position and results of operations, and states the significant risks and uncertainty factors facing the parent company and group companies.

Stockholm on 23 November 2018

Andre Rodrigues, CEO

Rune Löderup, Chairman

Staffan Lindgren, Board Member

Jesper Ramskov Jensen, Board Member

Harmen Brenninkmeijer, Board Member

## Equity, share capital & number of shares

As per June 30, 2018 GoldBlue's equity amounted to SEK 14.4 million (5.5 million)

GoldBlue's share capital is divided into 31,614,167 shares with a quota value of SEK 0.09 All shares consist of the same series and have the same right to vote and profit in the company.

## Listed

As of February 21, 2018, the GoldBlue share is traded on the Swedish stock exchange NGM Nordic MTF, under GOLDB MTF and ISIN-code SE0009895386. As per September 30, 2018 the company has approximately 3,163 shareholders.

## Owner structure

As per the 30th of September 2018 the three largest owners where Raging Bull Invest AB (Rune Löderup) with 14,3%, Watermill Ventures Lts with 7,9% and Chartus Holding Limited (Niels von Sweigbergk) with 7,1% of the capital and votes. The company had 3,163 shareholders per the 30th of September 2018.

## Warrant issue

At the annual general meeting held on June 20, 2018 it was resolved in accordance with the proposal of the principal owners to issue 2,400,000 warrants. The right to subscribe for shares shall accrue to the company's wholly owned subsidiary, GoldBlue Ltd. Each subscription option entitles the holder to subscribe for a new share in the company between 1 June and 31 December 2020 at a subscription price of SEK 5.00 per share.

## Financial Data

### Income Statement

Amount in SEK	THE GROUP				
	01/07/2018 30/09/2018	01/07/2017 30/09/2017	01/01/2018 30/09/2018	01/01/2017 30/09/2017	01/01/2017 31/12/2017
Net sales	5,477,178	18,287,735	25,582,252	56,377,263	70,258,088
Cost of sales <sup>1</sup>	-3,816,670	-17,368,144	-19,110,641	-45,733,243	-57,522,111
<b>Gross profit</b>	<b>1,660,508</b>	<b>919,591</b>	<b>6,471,611</b>	<b>10,644,019</b>	<b>12,735,977</b>
Administrative expenses	-7,529,092	-8,043,991	-22,566,165	-22,417,946	-31,211,939
Other income <sup>2</sup>	15,976,213	0	15,976,213	0	0
Other costs	0	0	0	0	-9,650,561
<b>Profit before tax</b>	<b>10,107,629</b>	<b>-7,124,400</b>	<b>-118,341</b>	<b>-11,773,926</b>	<b>-28,126,523</b>
<b>Profit for the period</b>	<b>10,107,629</b>	<b>-7,124,400</b>	<b>-118,341</b>	<b>-11,773,926</b>	<b>-28,126,523</b>
<b>TOTAL PROFIT FOR THE PERIOD</b>	<b>10,107,629</b>	<b>-7,124,400</b>	<b>-118,341</b>	<b>-11,773,926</b>	<b>-28,126,523</b>

#### Applicable to

Parent company shareholders	10,107,629	-7,124,400	-118,341	-11,773,926	-28,126,523
Non-controlling interest	0	0	0	0	
	<b>10,107,629</b>	<b>-7,124,400</b>	<b>-118,341</b>	<b>-11,773,926</b>	<b>-28,126,523</b>

#### Note 1

Cost of sales consists of:

Marketing cost - inc. bonuses	13,801,613
Gaming providers cost	2,476,117
Affiliate commission	2,832,911
	<b>19,110,641</b>

#### Note 2

Other income comes to reference of the write-down of player debt. Player debt was being accumulated since 2015 and was reconciled based against the internal data-bases at the end of Q3 in 2018. Player debt as per 2018/09/30 is correct as per database reconciliation.

We are currently investigating how it should be accounted if over Income Statement or Changes in Equity.

In line with the above description and current regulations, it is our best assessment that the change in Players Debt is treated as Other Income, however this position can change until the next reporting date.

## Balance Sheet

Amount in SEK	THE GROUP		
	30/09/2018	30/09/2017	31/12/2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Balanced development cost	10,563,080	4,011,834	6,872,341
	<b>10,563,080</b>	<b>4,011,834</b>	<b>6,872,341</b>
<b>Tangible fixed assets</b>			
Improvement leasehold	437,011	505,046	493,578
Equipment	333,784	271,154	280,953
	<b>770,795</b>	<b>776,200</b>	<b>774,531</b>
<b>Total assets</b>	<b>11,333,874</b>	<b>4,788,033</b>	<b>7,646,872</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Accounts receivables	555,265	-258,543	2,257,786
Pre-payments & accrued income	899,640	409,808	21,246
	<b>1,454,904</b>	<b>151,265</b>	<b>2,279,032</b>
<b>Cash &amp; Bank balance</b>	<b>6,588,053</b>	<b>14,524,093</b>	<b>23,940,037</b>
<b>Total current assets</b>	<b>8,042,957</b>	<b>14,675,358</b>	<b>26,219,069</b>
<b>TOTAL ASSETS</b>	<b>19,376,832</b>	<b>19,463,391</b>	<b>33,865,941</b>

	<b>THE GROUP</b>		
Amount in SEK	<b>30/09/2018</b>	<b>30/09/2017</b>	<b>31/12/2017</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	2,845,275	684,179	2,852,010
Other contributed capital	78,136,944	52,823,025	80,963,884
Other equity	-66,509,611	-36,207,053	-39,634,212
Profit for the year	-118,341	-11,758,072	-28,126,524
Shareholders equity attributable to the parent company's shareholders	<b>14,354,268</b>	<b>5,542,080</b>	<b>16,055,159</b>
<b>Total equity</b>	<b>14,354,268</b>	<b>5,542,080</b>	<b>16,055,159</b>
<b>Current Liabilities</b>			
Accounts payable	224,327	201,536	1,957,204
Other liabilities	4,206,668	13,314,277	15,107,173
Accrued expenses & prepaid income	591,570	405,499	746,405
<b>Total short-term liabilities</b>	<b>5,022,564</b>	<b>13,921,312</b>	<b>17,810,782</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>19,376,832</b>	<b>19,463,391</b>	<b>33,865,941</b>

## Cash Flow

Amount in SEK	THE GROUP				
	01/01/2018 30/09/2018	01/01/2017 30/09/2017	01/01/2018 30/06/2018	01/01/2017 30/06/2017	01/01/2017 31/12/2017
<b>The on-going business</b>					
Operating profit	-118,341	-11,773,926	-10,225,970	-4,649,526	-28,126,523
Adjustments for items not included in cash flow					
Exchange rate differences	315,184	76,624	-287,665	-135,199	376,236
Depreciation of fixed assets	2,044,354	346,642	1,165,815	552,353	871,731
Write offs	0	0	0	0	9,650,561
Extraordinary income	-15,976,213	0	0	0	0
<b>Cash flow from current operations before changes in working capital</b>	<b>-13,735,017</b>	<b>-11,350,661</b>	<b>-9,347,821</b>	<b>-4,232,372</b>	<b>-17,227,995</b>
<b>Cash flow from changes in working capital</b>					
Reduction(+)/increase(-) of operating receivables	824,128	3,140,176	-2,201,481	2,830,518	12,111,848
Reduction(+)/increase(-) of operating liabilities	3,281,185	3,157,332	4,167,996	3,271,424	-14,082,663
<b>Cash flow from current operations</b>	<b>-9,629,703</b>	<b>-5,053,153</b>	<b>-7,381,306</b>	<b>1,869,570</b>	<b>-19,198,809</b>
<b>Investment</b>					
Acquisition of intangible fixed assets	-5,544,001	-2,473,889	-4,017,000	-2,548,904	-2,334,397
Acquisition of property, plant & equipment	-194,827	-776,200	-222,020	-707,591	-882,669
<b>Cash flow from investing activities</b>	<b>-5,738,828</b>	<b>-3,250,089</b>	<b>-4,239,020</b>	<b>-3,256,495</b>	<b>-3,217,066</b>
<b>Financing activities</b>					
Right issue	0	12,143,006	0	11,607,178	38,891,990
Increase/repayment of current liabilities	0	3,427,159	0	3,432,328	0
Increase/decrease warranty cost	-2,240,926	0	-2,138,926	0	0
<b>Cash flow from financing activities</b>	<b>-2,240,926</b>	<b>15,570,165</b>	<b>-2,138,926</b>	<b>15,039,506</b>	<b>38,891,990</b>
<b>The year's cash flow</b>	<b>-17,609,458</b>	<b>7,266,923</b>	<b>-13,759,252</b>	<b>13,652,581</b>	<b>16,476,114</b>
Cash & cash equivalent at the beginning of the year	23,940,037	7,463,923	23,940,037	7,463,923	7,463,923
Exchange rate cash	257,474	-55,488			
<b>LIQUID FUNDS AT YEAR-END</b>	<b>6,588,053</b>	<b>14,675,358</b>	<b>10,180,785</b>	<b>21,116,504</b>	<b>23,940,037</b>

## Change in Equity

<b>The Group</b>	<b>Share Capital</b>	<b>Other Contributed Capital</b>	<b>Other Reserves</b>	<b>Retained Earnings inc. Profit of the year</b>	<b>Total Capital</b>
Amount in SEK					
<b>Amount at the beginning of the period 2018-01-01</b>	2,845,575	78,980,774	0	-65,771,189	16,055,160
Translation differences		1,397,097		-738,722	658,375
Right issue cost		-2,240,926			-2,240,926
Profit of the year				-118,341	-118,341
<b>AMOUNT AT THE END OF THE PERIOD 2018-09-30</b>	<b>2,845,575</b>	<b>78,136,945</b>	<b>0</b>	<b>-66,628,252</b>	<b>14,354,268</b>

## Additional Information

### Accounting principles and valuation principles

The interim report has been prepared in accordance with the Annual Accounts Act. No changes have been made to accounting policies since the last annual accounts.

The group's auditor has not reviewed this report.

### Reporting currency

Swedish kronor have been used in the annual accounts and amounts are given in SEK unless otherwise stated.

### MAR

This information is a translation of “**Delårsrapport För Perioden 1 Januari till 30 September 2018**” that GoldBlue AB (publ) submitted for publication at 08:45 CET on 23rd November 2018.

## Upcoming Reports

**22 February 2019** – Year-end Report 2018

## Contact

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