

2018/Q4

January–December

**2018 End of Year Report
1 January – 31 December**

2018 END OF YEAR REPORT

1 January – 31 December 2018

Fourth Quarter 1st October – 31st December 2018

- Net Sales was 4,0 Mkr (13,9)
- Cost of Sales decreased to -6,1 Mkr (-11,8)
- Gross Profit decreased to -2,0 Mkr (2,1)
- Administrative expenses increased to -9,5 Mkr (-8,8)
- Profit for the period increased to -11,5 Mkr (-16,4)
- Gross Gaming Revenue rate (GGR) increased to 3,22% (2,86%)
- Net Gaming Revenue rate (NGR) stable at 1,03% (1,03%)

1st January to 31st December 2018

- Net sales amounted to 29,6 Mkr (70,3)
- Cost of sales decreased to -25,2 Mkr (-57,5)
- Gross Profit amounted to 4,5 Mkr (12,7)
- Administrative expenses amounted to -32,0 Mkr (-31,2)
- Administrative expenses without Goldblue AB -28,6 Mkr (-31,2)
- Result before other income SEK -28,9 Mkr (-18,5 million)
- Other income amounted to 16,0 Mkr (0)
- Profit for the period improved to -11,6 Mkr (-28,1)
- Gross Gaming Revenue rate (GGR) increased to 3,32% (3,11%)
- Net Gaming Revenue rate (NGR) increased to 1,45% (1,20%)

Events during the Quarter

- Sportsbook was launched towards Indonesian speaking customers in October-18.
- Android native App launched towards Japanese, Vietnamese, Indonesian & Thai speaking customers.
- Launched towards the Thai speaking market in November-18.
- Sportsbook was launched towards Chinese speaking customers in December-18 only on desktop.
- AnalysGuiden published analysis on Goldblue AB.
- Right's issue of 14,2 Mkr was initiated.

Events after the Quarter

- Goldblue AB completed and registered a right issue of 31 614 167 shares, at a price per share of 0,45 sek totalling 14,2 Mkr of which 3 Mkr was to offset debt.
- Bridge loan of 2,4 Mkr was repaid.
- Signed agreement with Zuströ Play for new live casino content.
- Cost reduction program continues to be implemented across subsidiaries.

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)

“Our customer focus was to offer a full entertainment platform to our users with the focus being around user experience while on our platforms with high levels of excitement and enjoyment”

Getting Back on track!

By the end of 2018, our performance and results have been highly unsatisfactory. 2018 was a disappointing year for the company and our subsidiaries. At the start of 2018 we set the following target; to maintain the growth as we experienced in our two core markets in 2017, while launching towards new markets in South East Asia and prepare the company for some potential B2B partnerships.

Additionally, our customer focus was to offer a full entertainment platform to our users with the focus being around user experience while on our platforms with high levels of excitement and enjoyment.

To achieve these objectives, we knew that there wouldn't be one easy quick solution, instead these would demand to consistently and systematically improve and develop our platform and user interface, and by focusing on new technologies to conquer the market. In 2018 we spent most of the time and resources within our subsidiaries making these improvements on our platform and user-interface, adding scalability and reliability. We also prepared the launch in three new markets and started to streamline our newly developed tech across all our brands, which will be completed in 2019. These changes will increase reliability, decrease maintenance times and knowledge required so we can roll-out much faster in the near future.

Upon the start of 2018 our key payment suppliers in our core market had to adapt to newly implemented local regulations, this created a massive and unforeseen disruption with commonly used suppliers in the Chinese speaking market. The effect was a substantial decrease of revenues. The instability continued to affect our operations especially in Q2 and until

“As our technology team delivered key improvements to our platform which improved efficiency and allowed us to start cutting costs, hence why now at the end of 2018 and despite entering into 3 extra new markets we still have the same number of employees.”

Q4 2018 with the payment space having experienced stability recently however there is still lack of options around mobile friendly solutions which are key for us.

That factor of course had a major impact in the development of our subsidiaries in 2018, the impact was a severe decline in revenues after a very positive 2017, which caused us to burn faster through our cash reserves than originally expected at the start of the year, this was due to a strong thought out investment in our technology and a decline in revenues. To counter measure the revenue decline during 2018 and as our technology team delivered key improvements to our platform which improved efficiency and allowed us to start cutting costs, hence why now at the end of 2018 and despite entering into 3 extra new markets we still have the same number of employees. We have become more efficient in our day to day operations, we did not just apply this technique to operations similar was achieved with suppliers, while they were key partners in previous years with new upgrades delivered by the technology team that relationship had a status change. This allowed us to reduce our monthly burn while keep investment where we most need it.

It is important to understand, that the markets we work with, for the users in our platform the most important factors are that the payments are localised, convenient fast and secure, our brands are accessible at all times and perform very fast and our service is top quality and this must be part of our commitment to the market in order to remain competitive and be able to achieve any type of success.

With that in mind, 2019 will be a year where we will push and consolidate our technology even further across the business and open up new revenue streams such as B2B services, we will continue focusing on the development of our markets particularly with our newly launched markets where we are starting our affiliate program in Q1 2019 as well as “staying ahead of the curve” when it comes to changes and trends

With regards to B2B services, the group will start strong in 2019. We are negotiating with potential customers as our ambition is to be able to offer both software and managed services to potential clients.

in these markets. A continuous focus on efficiency, product, customer satisfaction and customer journey will remain as key areas of focus for us particularly as our subsidiaries will focus on building strong brands and establishing it-self within its targeted markets.

With regards to B2B services, the group will start strong in 2019. We are negotiating with potential customers as our ambition is to be able to offer both software and managed services to potential clients. This means that we will be able to setup third party brands under their own name using our platform for technology and using our service subsidiaries for operations from support, marketing to the technological management. We feel we have a unique position to sell this service to clients looking to enter markets in South East Asia whereby our subsidiaries will act as a technology & services providers facilitating a fully-fledged platform and incubate potential clients to build their business in a sustainable compliant manner.

We are optimistic about the future we look forward to delivering our objectives during 2019.



Andre Rodrigues
CEO, GoldBlue AB (publ)

Business Operations

GoldBlue AB is a Swedish listed iGaming holding company, with focus on the emerging markets. 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.

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

In October-18 Goldblue's subsidiary launched a sportsbook towards Indonesian speaking customers for both segments' desktop & mobile. In December our subsidiary launched its sportsbook product towards Chinese speaking customers however only on the mobile media.

Also, in October-18 Goldblue's subsidiary launched its first native mobile app towards Android devices. Initially launched toward, Japanese, Thai, Indonesian and Vietnamese players the app supports all products available in the platform and will also at a later phase support deposits and withdraws. It's planned release towards the Chinese speaking market will be in early 2019. Important development for the company because it gives our subsidiaries a direct channel into our players devices.

AnalysGuiden published in October-18 their analysis on Goldblue AB.

In early November-18 and after just two month of preparations a Goldblue subsidiary launched towards Thai speaking players, offering localised content & payments as well as a full product offering with Slots, Live Casino, Sportsbook & Virtual Sports. Since its launch the Thai speaking market has grown at considerable pace with active players growing at an average of 100% per month.

Events after the Period

Goldblue AB completed and registered a right issue of 31 614 167 shares, at a price per share of 0,45 sek totalling 14,2 Mkr of which 3 Mkr was to offset debt.

Bridge loan of 2,4 Mkr was repaid.

With the effort to continue to improve and localise the product offering in our platform Goldblue's subsidiary has signed a content agreement with Zustro Play who will provide Live casino content in our platform. Zustro Play product is a developed and aimed towards the South East Asian market more particularly for Thai, Indonesian, Malaysian and Vietnamese speaking markets.

Goldblue Ab continued its cost reduction program initiated in Q2 2018 with all its subsidiaries. The company continues to reduce Administrative costs based on technology improvements allowing it to reduce personnel needs and outsourced suppliers without putting business operations into jeopardy.

General Information

Sales & Results

Net sales for the 4th quarter amounted to SEK 4,0 Mkr (13,9 Mkr). The reported profit for the period amounted to -11,5 Mkr (-16,4 Mkr).

Investments

GoldBlue's total investments during the period amounted to 1,7 Mkr (0,0 Mkr) and related intangible fixed assets amounted to 1,6 Mkr (0,0 Mkr), the capitalized expenses for development of software and tangible fixed assets amounted to 0,1 Mkr (0,0 Mkr), such as plant and equipment.

Liquidity and Financing

As per the end of the period, the company had 5,7 Mkr (23,9 Mkr) 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 22 February 2019

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 December 31, 2018 GoldBlue's equity amounted to SEK 16,8 Mkr (16,1 Mkr)

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.

Ownership Structure

As of December 31, 2018, the three largest owners were, Raging Bull Invest AB (Rune Löderup), with 14,68%, Watermill Ventures Ltd (Allen Yan) with 7,99% and Chartus Holding Limited (Niels von Schweigbergk) with 7,08%. The company had a total of approximately 749 owners as of December 31, 2018.

Warrant Issue

In connection with the issue carried out in November 2017, a total of 4 418 325 warrants of series TO1 were issued. The terms of the warrants for series 1 are that three (3) warrants of series TO1 entitles the holder to subscribe for one new share for 7,90 SEK during the period of 1-28 of February 2019.

At the Annual General Meeting on June 20, 2018, an employee share option agreement totalling 2 400 000 warrants was established. The right to subscribe for the shares shall be added to the company's wholly-owned subsidiaries of GoldBlue Ltd. Each warrant gives the right to subscribe for one new share in the company during the period June 1-December 31, 2020 at a subscription price of 5,00 SEK per share.

In connection with the offer made during December 2018 and registered in January 2019, up to 31 614 167 warrants are issued by series TO2. The terms for the warrants of series 2 are that three (3) warrants of series TO2 entitle the holder to subscribe for one during the period 1-28 February 2020 new share for SEK 1,20. The subscription warrants of series 2 ("TO2") are intended to be admitted to trading on NGM Nordic MTF when the rights issue has been registered with

the Swedish Companies Registration Office. Full terms and conditions regarding the warrants of series TO2 can be found on the Company's website: www.goldblue.eu.

Related Parties

Rune Löderup who is the operating chairman invoices through his company Raging Bull Invest AB for consultancy work with Goldblue AB which is not related to board activities. Total invoices during 2018 amount to 1 073 952 SEK, of which 577 531 SEK were offset as shares in the rights issued that ended in December 2018.

Rune Löderup through company Raging Bull Invest AB took part in the bridge loan in October 2018 where Raging Bull lent 1 200 000 SEK to Goldblue AB. This loan was offset with shares in the right issues from December 2018 and the interest for this loan was at the same terms as other external borrowers in the bridge loan at 15 percent per year.

Rune Löderup privately lent 1 200 000 SEK to Goldblue AB as a bridge loan in November 2018, this loan was fully repaid after the December 2018 rights issue and the interest for the loan was at the same terms as other external borrowers at 15 percent per year.

Board member and co-founder Staffan Lindgren invoiced 37 600 SEK through the company Nexium AB for consultancy work outside of board related activities. Invoiced fees for 2018 were offset against shares in the company's December 2018 rights issue.

Financial Data

Income Statement

Amount in SEK	THE GROUP			
	01/10/2018 31/12/2018	01/10/2017 31/12/2017	01/01/2018 31/12/2018	01/01/2017 31/12/2017
Net sales	4,047,818	13,880,825	29,630,070	70,258,088
Cost of sales ¹	-6,061,180	-11,788,868	-25,171,822	-57,522,111
Gross profit	-2,013,362	2,091,958	4,458,249	12,735,977
Administrative expenses	-9,437,284	-8,793,993	-32,003,449	-31,211,939
Other income ²	0	0	15,976,213	0
Other costs	0	-9,650,561	0	-9,650,561
Profit before tax	-11,450,646	-16,352,596	-11,568,987	-28,126,523
Profit for the period	-11,450,646	-16,352,596	-11,568,987	-28,126,523
TOTAL PROFIT FOR THE PERIOD	-11,450,646	-16,352,596	-11,568,987	-28,126,523
Applicable to				
Parent company shareholders	-11,450,646	-16,352,596	-11,568,987	-28,126,523
Non-controlling interest	0	0	0	0
	-11,450,646	-16,352,596	-11,568,987	-28,126,523

Note 1

Cost of sales consists of:

Marketing cost - inc. bonuses	18,914,683
Gaming providers cost	3,513,246
Affiliate commission	2,743,893
	25,171,822

Note 2

During the third and fourth quarter, the company carried out an internal audit of its player liabilities from both an accounting policy perspective as well as from its platform point of view. From this assessment it was decided there was a need to adopt new methods and tools to determine players cash and bonus liabilities. Also new accounting policies and terms and conditions around player bonuses have been introduced in all of the company's subsidiaries brands in order to limit future exposure by the company this includes amended internal criteria for how bonus liabilities are to be calculated and partly changed external terms towards the company's customers. Overall, the review and update policies, terms and tools mean that the total reported debt to the players has decreased significantly. The reduction in debt has also been reported as other income in the third quarter.

Balance Sheet

Amount in SEK	THE GROUP	
	31/12/2018	31/12/2017
ASSETS		
Fixed assets		
Intangible assets		
Balanced development cost	11,256,950	6,872,341
	11,256,950	6,872,341
Tangible fixed assets		
Improvement leasehold	408,735	493,578
Equipment	311,505	280,953
	720,241	774,531
Total assets	11,977,191	7,646,872
CURRENT ASSETS		
Receivables		
Accounts receivables	8,052,966	2,257,786
Pre-payments & accrued income	398,376	21,246
	8,451,342	2,279,032
Cash & Bank balance	5,692,135	23,940,037
Total current assets	14,143,477	26,219,069
TOTAL ASSETS	26,120,667	33,865,941

	THE GROUP	
Amount in SEK	31/12/2018	31/12/2017
EQUITY & LIABILITIES		
Equity		
Share capital	2,845,275	2,852,010
Other contributed capital	91,871,827	80,963,884
Other equity	-66,384,871	-39,634,212
Profit for the year	-11,568,987	-28,126,523
Shareholders equity attributable to the parent company's shareholders	16,763,244	16,055,159
Total equity	16,763,244	16,055,159
Current Liabilities		
Accounts payable	782,171	1,957,204
Other liabilities	7,264,211	15,107,173
Accrued expenses & prepaid income	1,311,040	746,405
Total short-term liabilities	9,357,423	17,810,782
TOTAL EQUITY & LIABILITIES	26,120,667	33,865,941

Cash Flow

Amount in SEK	THE GROUP			
	01/10/2018 31/12/2018	01/10/2017 31/12/2017	01/01/2018 31/12/2018	01/01/2017 31/12/2017
The on-going business				
Operating profit	-11,450,646	-16,352,596	-11,568,987	-28,126,523
Adjustments for items not included in cash flow				
Exchange rate differences	1,057,390	299,612	1,372,574	376,236
Depreciation of fixed assets	1,009,408	525,090	3,053,761	871,731
Write offs	0	9,650,561	0	9,650,561
Extraordinary income	0	0	-15,976,213	0
Cash flow from current operations before changes in working capital	-9,383,844	-5,877,334	-23,118,866	-17,227,995
Cash flow from changes in working capital				
Reduction(+)/increase(-) of operating receivables	104,733	8,971,672	928,861	12,111,848
Reduction(+)/increase(-) of operating liabilities	5,615,448	-17,239,994	7,522,854	-14,082,663
Cash flow from current operations	-5,037,447	-14,145,657	-14,667,150	-19,198,809
Investment				
Acquisition of intangible fixed assets	-1,649,750	139,493	-7,193,751	-2,334,397
Acquisition of property, plant & equipment	-104,081	-106,469	-298,908	-882,669
Cash flow from investing activities	-1,753,831	33,023	-7,492,659	-3,217,066
Financing activities				
Right issue	7,125,205	26,748,983	7,125,205	38,891,990
Increase/repayment of current liabilities	0	-3,427,159	0	0
Increase/decrease warranty cost	-1,080,651	0	-3,321,577	0
Cash flow from financing activities	6,044,553	23,321,824	3,803,627	38,891,990
The year's cash flow	-746,725	9,209,191	-18,356,182	16,476,114
Cash & cash equivalent at the beginning of the year	6,588,053	14,675,358	23,940,037	7,463,923
Exchange rate cash	-149,194	55,488	108,280	0
LIQUID FUNDS AT YEAR-END	5,692,135	23,940,037	5,692,135	23,940,037

Change in Equity

The Group	Share Capital	Other Contributed Capital	Retained Earnings inc. Profit of the year	Total Capital
Amount in SEK				
Amount at the beginning of the period 2018-01-01	2,845,275	78,980,774	-65,771,189	16,054,860
Translation differences		1,986,256	-613,682	1,372,574
Unregistered share capital		2,845,275		2,845,275
Right issue		11,381,100		11,381,100
Right issue cost		-3,321,577		-3,321,577
Profit of the year			-11,568,987	-11,568,987
AMOUNT AT THE END OF THE PERIOD 2018-12-31	2,845,275	91,871,827	-77,953,858	16,763,244

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 has been used in the annual accounts and amounts are given in SEK unless otherwise stated.

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This information is a translation of “**Bokslutskommuniké 1 januari till 31 december 2018**” that GoldBlue AB (publ) submitted for publication at 09:30 CET on 22nd February 2019.

Upcoming Reports

16 MAY 2019 – Interim Report Q1

23 AUG 2019 – Half Year Report H1

23 NOV 2019 – Interim Report Q3

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General questions

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