



INVESTOR UPDATE | **2018**



# Looking back at 2018

We are looking back at 2018 with mixed feelings about market development and sentiment, as well as AGOF alone. Even though, AGOF has mostly developed in a direction which we are very pleased with but, as you all know, and I will come back later to this point, one of our cornerstone investments failed to go through, which consequently forced us to restructure in order to enable repayment to investors. This entire process turned out to be very time-consuming and value deteriorating diverting our focus from screening and identifying new investment opportunities.

Looking at the broader market, regulations are still a hot topic. During the year there has been a lot of speculation from the other side of the Atlantic. US has yet again started to open as a market of interest. As for 2018, it was estimated that only 3% of total gambling revenues were generated online and the market was estimated to be worth USD 3.2bn. Even though a rapid growth is expected over the next 5 years, where market is forecasted to almost double, the online penetration is still estimated to remain at level as low as 6% by 2023. This should be put in the perspective that globally online gambling is estimated to be 15% of the total gambling market.



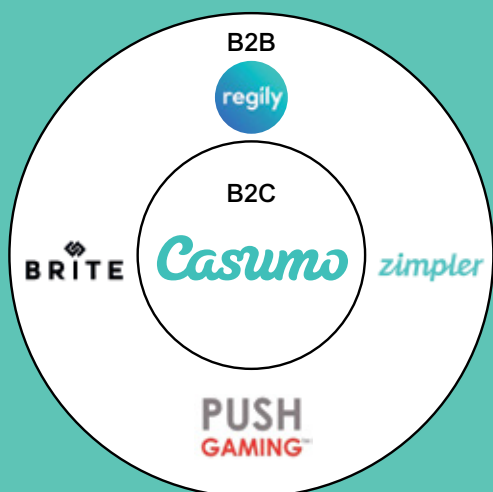
Latin America's market is on the pace of rapid development with Brazil leading in the front. Colombia has been a regulated market since 2016, but all eyes are on Brazil, which alone could turn into the world's biggest regulated market. Both North and South America are considered to be "Sports-Mad". South America has a fantastic potential as it is currently ranked ahead of US as the 3rd largest region when it comes to internet users. Level of mobile penetration is also on a high side. One of the biggest challenges in this region is the absence of reliable payment methods.

Even though the market is becoming regulated in an increasing manner and showcases a year-on-year growth of nearly 10%, investors sentiment for the industry has somewhat deteriorated during 2018. Both Handelsbanken Fonder and Carnegie Fonder have publicly declared that they will shift away from gambling stocks. It is certainly not the only one but nevertheless an important factor contributing into lower interest for publicly traded gambling stocks during 2018.

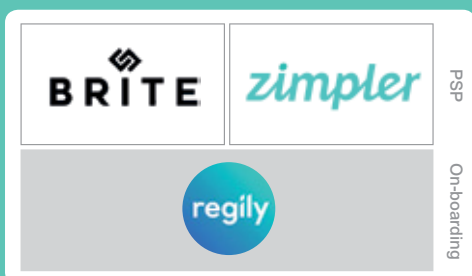
Regardless of involvement of institutional investors, the consolidation phase of the industry revealed itself with the public bids for both MrGreen and Cherry. AGOF is intended to follow events in the M&A market and to observe the rationales behind the transactions closely.

As mentioned in the beginning of this newsletter, it is with mixed feelings we look back at 2018. On one hand, the market is developing in a very favorable manner demonstrating high growth and becoming increasingly regulated at the same time. But on the other hand, investors' confidence and the multiples of the industry are declining.

From AGOF's perspective, the fact that we were not able to conclude the investment in PlaynGO is the cause of a significant disappointment. However, as communicated to you during the fall of 2018, we had no choice considering that AGOF was not provided with the guarantees and insights required in order to proceed with an investment of that size. All of us have invested hard-earned money into AGOF's structure and we would never jeopardise it if we recognize that a deal can not be executed in the right manner. Apart from this transaction and all the extra work that came along with it, we continued to follow our initial investment strategy during 2018. We always had and will continue to pursue strategy of investing in the B2B segment of the industry.



GRAPH 1



GRAPH 2

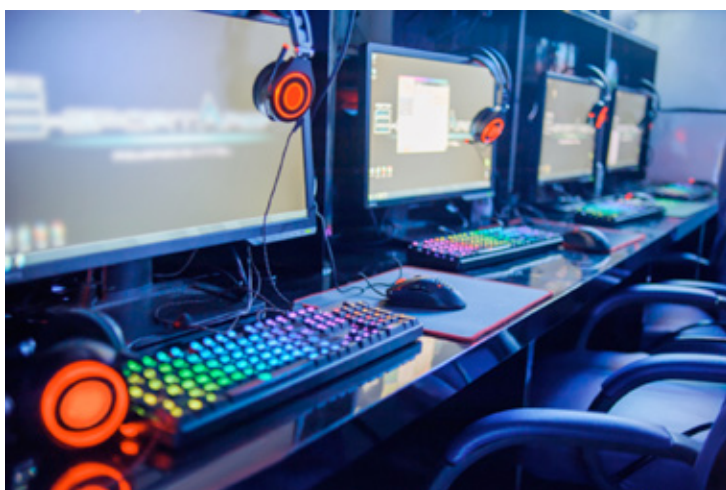
Besides Push Gaming which is a games development studio specialising in premium HTML5 games for the gambling industry, we have also concluded three investments in what we call "Gaming Service Providers" (see Graph 2).

All four investments shown in the Graph 1 belong to the B2B segment of the iGaming industry. All AGOF's B2B investments are to some extent integrated to our main bet within the B2C segment - Casumo. In addition to the above mentioned investments, we have also concluded the investment in the traditional gaming company - FunRock.

FunRock is a mobile games company based in Stockholm that creates strategy mobile games with long life time and high engagement. The main reason of our eagerness to get involved in the more traditional gaming market is increasing conversion between this industry with our main focus industry for investments. We will further elaborate on each of the above-mentioned investments in this document.

2018 has not been an easy year for us. While we are extremely happy and confident with the investments, we have executed during the year but, at the same time, we are definitely disconcerted with the missed investment. Now, with 2019's arrival, we are looking forward to a new interesting year which will be mainly devoted to developing our portfolio of companies in the best possible manner.

/ Marcus Blom & Nicolai Chamizo



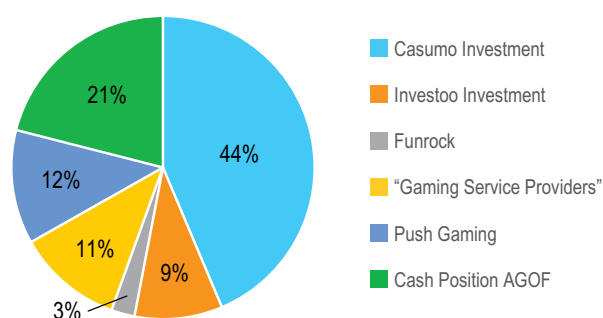
# FINANCIAL OVERVIEW

To date, AGOF has concluded all drawdowns and will not call for more money from investors. After the restructuring that took place during the fall of 2018, when funds were partially repaid, all committed capital is now activated in AGOF.

AGOF's investment period lasts 3 years from inception, i.e. until June 2020.

AGOF - CAPITAL OVERVIEW		
	SEK	%
<b>Total commitments</b>	<b>193 757 000</b>	<b>100%</b>
No of shareholders (#)	82	100%
Drawdown 1	3 000 000	1.5%
Drawdown 2	23 450 000	12.1%
Drawdown 3	18 000 000	9.3%
Drawdown 4	64 400 000	33.2%
Drawdown 5	141 150 000	72.8%
Drawdown 5	9 467 000	4.9%
Repayment	-65 710 000	-33.9%
<b>Total drawdowns</b>	<b>193 757 000</b>	<b>100.0%</b>
<b>Undrawn capital</b>	<b>0</b>	<b>0.0%</b>

As per end of January 2019, AGOF still holds a solid cash position. This cash is not intended for any new investments as from now we will shift to focus to existing portfolio of companies. However, we may increase our stake in certain companies from our portfolio if they develop according to our expectations.



# AGOF'S PORTFOLIO

## Casumo

**Casumo** as a company, is a technology startup formed in 2012. Casumo, as a product, is a recognized and award-winning online casino. Casumo has managed to establish a strong position in regulated markets.

Veralda Investments, Anders Ström's investment company, holds a 10% stake of Casumo. AGOF holds a little over 4.0% of all outstanding shares in Casumo which makes us one of the top 10 shareholders in the company.

Since AGOF investment, Casumo has showed growth but not in the high pace as we initially expected. 2018 was somewhat a challenging year for Casumo. The important UK market was under the loop by the regulated body (UKGC). Casumo also received a fine in the UK (which we communicated to you during last year). But every negative aspect always brings something positive.

The operational challenges in the UK market have forced Casumo to act internally to improve operating procedures, technology and management. The founders of Casumo have up until last year been highly involved in the day to day business but has now decided to take a step back and recruit a professional management team. Currently the company has its strategy set on IPO in 2021 where new management and professional board are the first step in this plan.

General take-away from ICE in London is that the operators in the industry are struggling a bit in Sweden following the new regulations from January 2019. Casumo's exposure to Sweden is lower than for Nordic listed peers and Casumo has actually had a positive start in Swedish market.

Casumo will continue focusing on regulated markets as well as increasing its product offering. During 2018 Casumo incorporated Dunder Casino which is a high growth casino focusing on slightly different markets compared to Casumo, hence bringing a great diversity to the business. Casumo will continue the diversification by adding sports book during 2019 and continuing entering new markets. Next in line of the new markets are Denmark and later during the year Spain.

## investoo group

**Investoo** as a company has officially launched in December 2016. Business model is based on assisting customers looking to trade through either educating them with premium content or referring them to a broker that provides the products needed, receiving a financial commission in return.

It continues to grow via multi-channel marketing campaigns, launch of innovative high-quality products and an aggressive acquisition strategy.

Investoo has taken a professional approach to a vertical that still is immature. According to Investoo's CEO, the finance vertical is in the stage where casino was 5 years ago. The finance vertical is more regulated and much harder to navigate than casino has ever been. This creates natural barriers to enter and sets higher requirements for the organization.

AGOF is pleased with what Investoo is show-casing and we have confidence that Investoo will be a market leader within the finance vertical and challenge giants like Investing.com.

# PUSH GAMING™

**Push Gaming** was founded in 2010, has 40 FTE and is a games development studio which specializes in creating premium, mobile-optimised HTML5 games. Push holds licenses in the UK, Malta and Alderney and has its games certified in Denmark, Estonia, Gibraltar, Isle of Man, Latvia and Sweden. Push has a strong Nordic footprint with interesting growth opportunities in new markets.

AGOF invested in connection with Push raising GBP 2.0m in new capital in May 2018. Since our investment in the company the revenues have increased with a factor of 3.0x on a quarterly basis (Q1 2018 vs Q4 2018). Game releases during last year performed above expectations and it has put Push on the radar of most operators. The capital injected in the company was earmarked for increasing the pace and the quality of game releases and to ensure independency when it comes to distribution. Push is on track with utilizing the capital that was injected. 2019 looks really interesting and ICE in London was a big success for the company.

AGOF will continue working close with Push to ensure that we unlock the full potential of the company in a 3-year period. Current trend of Push indicates a very attractive entry valuation for AGOF.

## zimpler BRITE

### “Gaming Service Providers”

AGOF has received valuable insight over the year of the services that are relevant to the operators. As many of you might know, Trustly has managed to create a sort of monopoly position when it comes to pay-and-play solutions in the market. We have identified two interesting up-and-coming companies, Zimpler and Brite, that could challenge this “monopoly”. After the conference in London we have received very good indications from the operators that they are looking for a supplement to Trustly.

Even though it might seem that we have invested in two similar companies, they are actually working as complement to each other. Zimpler is a broader solution via e-wallet whereas Brite is more focused on instant banking. AGOF has a great opportunity to leverage these investments through its existing relationships in the industry.



**Regily** helps great brands to get a registration flow customers love. The company makes the signup more likeable by analyzing massive amounts of behavioral data and as result, delivers a faster, smarter and more enjoyable flow. Regily is broadly integrated in the iGaming sector and has delivered high value to its customers. By using Regily operators can increase the conversion on their landing pages.

For all three investments listed above Casumo is an end-client. Besides Casumo, all of them have good traction with several other gaming operators. As AGOF has conducted throughout research about the development in the industry over the last year, we were very pleased to close all three investments during the beginning of 2019. AGOF will have an active role in these investments.



**FunRock** is a mobile games company based in Stockholm, Sweden. FunRock employs people that love the complex science and art of the game development. The company is built around individuals with a long track-record in the games industry that share the excitement for high-quality mobile entertainment.

AGOF looks individually at each investment, even though it is natural for us to create synergies between our group companies. FunRock as investment is a “flirt” with the traditional gaming industry. FunRock’s knowledge and expertise within the mobile gaming sector is something we will try to capitalize on to benefit our other investments.

Stand-alone we are supporting the company in its growth plans. Within the AGOF network we have good expertise in operating business models like FunRocks’. We have also brought new knowledge from the gambling industry to FunRock related to customer acquisition and retention and CRM management. We will continue to operate hands-on with the company, pursuing especially active role in exploring potential M&A opportunities.

# PIPELINE AND FUTURE DRAWDOWNS

We will continue investing but will not require additional funds from investors. AGOF's investment period lasts 3 years after inception, hence, it will conclude in June 2020. According to the Joint Venture Agreement, we can reinvest funds from the exits within the investment period (please check to make sure I understood the meaning correctly). As of now, we do not have any additional investments planned, besides smaller add-on investments in existing portfolio of the companies.

# PRACTICAL INFORMATION

As you all know by now, AGOF concluded a restructuring during the end of 2018. This restructuring was carried out to meet the obligations under the Joint Venture Agreement and for AGOF to be able to repay funds to investors in the most tax favorable manner. What does the restructuring mean for you as investor then? Nothing! You still own the same number of shares and the Joint Venture Agreement is still in full force. The only change that might be noticeable is that from now on AGOF will operate under a new company registration number. Following requirements to restructure, we have also prepared the optimal structure for future exits. This structure fits the upcoming stage for AGOF perfectly well, where focus will be on developing our existing portfolio and working towards exit of our portfolio of the companies.

We would also like to take this opportunity to check the interest for an investor meeting in Marbella at the end of May beginning of June this year? We have started to plan for a weekend in Marbella where we would invite companies from our portfolio to make a shore presentation. This would also provide a great opportunity to further explore the network of AGOF. Please get back to undersigned or Nicolai Chamizo as soon as possible if you have an interest in attending an event like this.

Yours sincerely

*Marcus Blom*  
Marcus Blom