



INVESTOR UPDATE | **H1 2019**



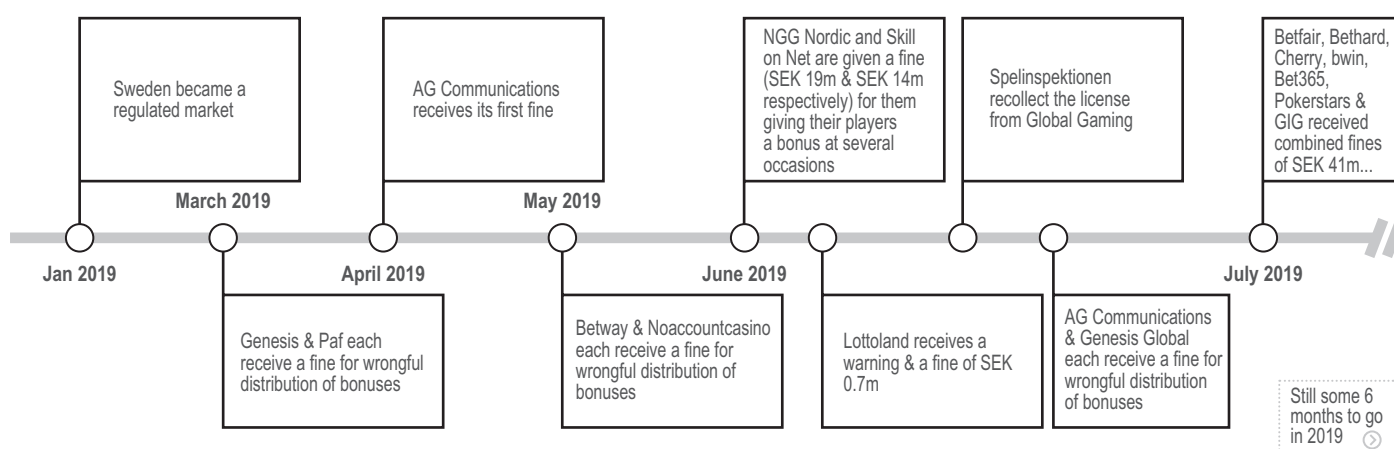
Last six months..

Six months have now passed since Sweden turned into a regulated market, and to say the least, it has been a couple of turbulent months. What a start from the regulatory body, Spelinspektionen!

Has Spelinspektionen's actions come as a surprise? Their actions have not surprised us, per se. However, we did expect the operators to have been given a bit longer grace period. Instead, Spelinspektionen has been coming down hard on the operators.

What AGOF thought would take at least 12-18 months to happen, is already happening. What can be concluded from this is that a regulated environment is not a game. To be a competitive player in this environment, it is necessary to stay ahead of the curve.

A brief summary of the actions made by Spelinspektionen so far:



Sweden is not unique in the way that the regulatory body is trying hard to make sure that the players in the market are living up to the regulatory framework. UKGC (UK Gambling Commission) has also become harder in their supervision, something which AGOF, via Casumo, got to experience during 2018. But we take one very positive thing from all of this, and that is that the gambling industry will clean up itself quite rapidly. The good and the talented will be separated from the bad and naive operators.

Regulated markets are the new reality for Europe when it comes to gambling. What we see happening in Sweden has already happened in the UK, and markets like the Netherlands will follow. The size of a company will matter, and consolidation will increase going forward. Even though the stock market's love for Gambling is gone for the moment, there still exists massive opportunities for exits when looking at trade-sale.

We understand that you might be concerned about the developments in Sweden. One should consider, though, that the gambling market is highly global. Sweden is just a small part of the whole market. What affects more broadly, and what is somewhat more concerning to us, is the investor sentiment towards the industry and the overall multiples in the stock market. At the same time, the public track is just but one track. As earlier commented, the activity in the trade-sale market is high and multiples are kept at very interesting levels. AGOF has already started to plan for exits outside the stock market.



AGOF's exposure to Sweden is limited. From our portfolio of companies, it is mainly Casumo and Push Gaming that has direct exposure to the Swedish market. Casumo has deliberately lowered its investments in Sweden and the Swedish market only constitute a few percents of Casumo's total revenues today. Push Gaming has a strong foothold among Nordic operators, but these operators have operations in a broad range of markets. Hence, Push Gaming's exposure to Sweden is well below 10%. All in all, AGOF has direct exposure of less than 5% of our total investments.

Do we still believe in Sweden? Absolutely. What's now happening in Sweden is exactly what AGOF took a bet on. Increased regulatory requirements put pressure on industry players. Real and professionally operated companies will stand a chance whereas "fortune seekers" will disappear. Of course, the taxes harm the margins. But as players dive under, the total market will increase for the operators that are still standing.

Casumo is AGOF's sole bet on the operator side. Casumo definitely has the size and, therefore, stands a chance to be a long-term player in the industry, and to challenge industry leaders. Casumo learned from the UK that it's not worth taking on the battle with authorities. When the business environment change, like what happened in the UK in 2018, or Sweden 2019, it's better to keep a low profile and observe the development from a distance. And later, when the market is predictable you start investing with full force again. So, let them fall, we will wait until the turmoil has settled then we will take Sweden by storm.

AGOF has shifted somewhat to becoming more of an active owner in the companies we invest in. We have realized that in order to be able to leverage AGOF and its network to the greatest extent, we need to take a more active role in managing our portfolio companies. In our more recent investments, we have taken this standpoint, and we believe some interesting results will materialize now under 2019.

/ Marcus Blom & Nicolai Chamizo

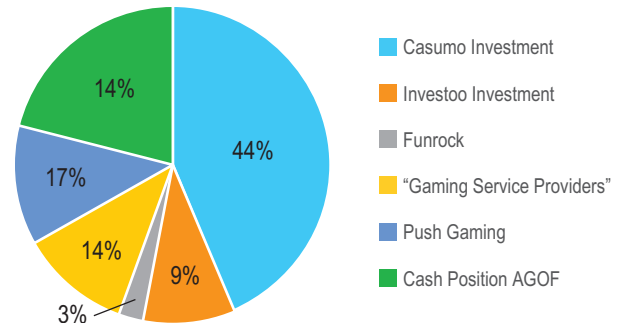
FINANCIAL OVERVIEW

As to date, AGOF has concluded all drawdowns and will not call for more money from investors. 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	%
Total commitments	193 757 000	100%
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 6	9 467 000	4.9%
Repayment	-65 710 000	-33.9%
Total drawdowns	193 757 000	100.0%
Undrawn capital	0	0.0%

As per the end of June 2019, AGOF still holds a solid cash position. The cash position has decreased slightly, from the beginning of the year, due to add-on investments in already existing portfolio companies – Push Gaming and Brite AB.



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 more than 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 shown growth but not at the high pace as we initially expected. 2018 was somewhat a challenging year for **Casumo**. The important UK market was under the lens of the regulatory body (UKGC). **Casumo** was also given a fine in the UK (which we communicated to you 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** has, 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 an IPO in 2021 with new management and professional board being the first step in their plan.

Operators in the industry are struggling a bit in Sweden, following the new regulations from January 2019. **Casumo's** exposure to Sweden is, however, lower than for Nordic listed peers.

***Casumo** will continue to focus 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 than **Casumo**, hence bringing great diversity to the business. **Casumo** has continued the diversification by adding sportsbook during 2019, and also by continuing to enter new markets. Denmark recently opened up for **Casumo**, and next in line of new markets are Spain and LATAM.*

*Overall, **Casumo** is performing a bit below our initial expectations. It is still developing nicely but has had a somewhat lost year during 2018. Looking ahead, we still believe the company to be able to reach its profitability targets for the end of 2020, and therefore being in a good position for an attractive exit. We are still determined to get a 2-4x multiple on our investment in **Casumo**, looking 2 years down the road.*

Time dedicated to this investment by the AGOF team: 5%.

investoo group

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

The company continues to grow via multi-channel marketing campaigns, the 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 the online casinos were 5 years ago. The finance vertical is more regulated and much harder to navigate than the casino vertical 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.

Overall, **Investoo** is performing in line with our expectations. There still exist attractive exit opportunities in the market. We are confident we will yield a nice return within a 2-year time frame.

Time dedicated to this investment by the AGOF team: 5%

PUSH GAMING™

Push Gaming was founded in 2010. It has 40 FTE and is a games development studio that specializes in creating premium, mobile-optimized 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 revenue has increased with a factor of 4.0x on a monthly basis. Game releases during the last 18-months have performed above expectations and have 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 its distribution. **Push** is on track with utilizing the capital that was injected. 2019 has started off good and many interesting things will happen in the company by the end of this year.

AGOF will continue working closely with **Push** to ensure that we unlock the full potential of the company within a 3-year period. The current trend of **Push** indicates a very attractive entry valuation for AGOF.

Push Gaming is developing way above our expectations and has become a much more professional organization since we invested. The company has invested a lot during the past 12 months, and **Push** is now in a position to grow at a very high pace going forward.

Time dedicated to this investment by the AGOF team: 40%

zimpler BRITE

“Gaming Service Providers”

AGOF has received valuable insight over the year of the services that are relevant to 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 (ICE), we have received very good indications from the operators, and 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 a 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 create a registration flow, which their customers love. The company makes the signup more likable by analyzing massive amounts of behavioral data, and as a result, delivers a faster, smarter and more enjoyable flow. **Regily** is broadly integrated with the iGaming sector and has delivered high value to its customers. By using **Regily**, operators can increase the conversion rate 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.

*Still too early in the investment period to have a strong opinion about the development. As a more general note, for some of these investments, AGOF's has a limited ownership stake. We will try to focus our time more towards investments where we have a more significant stake in the company. Out of these three investments, we see very good potential in yielding a fantastic return. But, at the same time, the risk is a bit higher in comparison to **Casumo**, **Push Gaming**, and **Investoo**.*

Time dedicated to this investment: 40%



FunRock is a mobile games company based in Stockholm, Sweden. **FunRock** employs people that love the complex science and art that is game development. The company is built around individuals with a long track record in the games industry, and 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 an 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.

*Overall, **FunRock** is performing way below our expectations. We took a bet on the company pushing the marketing end of last year. It turned out the game was not received in the way the initial KPI's showed. AGOF has taken two seats on the board and has an interesting take on how to turn this into a profitable company. Bear in mind, this investment constitutes roughly 3% of the portfolio. As mentioned, we took a bet here, and we also have an idea of how to make this into an OK investment for AGOF. But on that note, we will not put all our efforts here as we see that our time can be better spent on other investments.*

Time dedicated to this investment: 10%

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 on June 2020. According to the Joint Venture Agreement, we can reinvest funds from the exits within the investment period. As of now, we do not have any additional investments planned.

PRACTICAL INFORMATION

Next Investor Update will be distributed during January 2020 and will include a summary of the full year 2019.

In November we will have 2-3 of our portfolio companies in Marbella for Strategy Days. We could combine this with an Investor Day with you. But we would need you to reply to me or to Nicolai no later than the 15th of August so that we can arrange this.

Yours sincerely

Marcus Blom
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