

EVERYSPORT MEDIA GROUP AB (publ.)  
(EVERY A)

Company number: 556739-8143

# Year-end report

2019

February 20th 2020



This is a translated version of the Swedish original, in case of deviations is the Swedish version considered to be the one to apply.

This information is such information that EverySport Media Group AB (publ.) is required to publish in accordance with the EU Market Abuse Regulation. The information was provided, through the agency of the above contact person, for publication on February 20th, 2020.

## Consumer revenue boosts earnings

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### Summary of the fourth quarter 2019

- Net sales: 22,6 mkr (23,7 mkr)
  - EBITDA: 2,8 mkr (2,6 mkr)
  - Profit after tax: -1,7 mkr (-1,1 mkr)
  - Earnings per share: -0,38 kr (0,01 kr)
  - Cashflow from operating activities: 3,1 (1,4 mkr)
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### Summary of the full year 2019

- Net sales: 90,2 mkr (89,6 mkr)
  - EBITDA: 9,2 mkr (8,9 mkr)
  - Profit after tax: -5,3 mkr (-4,7 mkr)
  - Earnings per share: -1,17 kr (-0,04 kr)
  - Cashflow from operating activities: 4,8 mkr (5,9 mkr)
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### CEO, Hannes Andersson, comments:

ESMG delivered a higher full-year result in 2019 than 2018, despite challenges in the Swedish advertising market. A record high EBITDA result of SEK 9.2 million (SEK 8.9 million) was achieved, and with net sales of SEK 90.2 million (SEK 89.6 million) we saw an EBITDA margin of 10.2%. The increase was primarily driven by growth in consumer revenue and strong international growth. We thus achieved our communicated financial goals for 2019, while we were able to maintain a high level of investment. During the year we also saw one-off payments of SEK 0.7 million attributable to changes of accounting standard (see below), which had a negative impact on earnings.

We ended 2019 in a strong way. During the fourth quarter, growth continued to be high within our primary focus areas, leading to the highest EBITDA result achieved during a quarter in the history of the company. We launched several new products and services, including a new premium service for FotbollDirekt and a product for shared betting in collaboration with Svenska Spel.

As we now move into 2020, we see several catalysts for ongoing growth. We continue to invest at a high rate in new products both in sports media and gaming information, where large efforts will be spent on launching additional products internationally. In North America, we now have seven employees and we plan to grow even further as our business grows. But we also turn to our neighboring countries in Scandinavia, and towards new markets in Europe. We have a scalable and successful model that we plan to over time apply to more markets.

As a step to increase comparability to other listed companies, we have made the decision to change accounting standard from K3 to IFRS in 2020. The effect of the transition becomes significant to our result, since goodwill will no longer be subject to linear depreciation but instead will be subject to quarterly impairment tests. In 2019, where K3 was still applied, write-downs of goodwill were made of close to SEK 12 million, which is reversed upon the transition to IFRS in 2020 and will lead to a highly improved operating profit and increased equity.

The digital advertising market in Sweden weakened in 2019, led by the decline of gaming companies' marketing spend. We now see small first signs of recovery, and the fact that we are now in a sports year, with both the European Championship in men's football and the Olympics in the making, makes us cautiously positive towards a more stable advertising market. Also, our growth is led by consumer-products, where we predict a sustained trend in continuing growth of subscription rates. We have just launched our biggest recruitment effort ever, when we during this spring plan to hire ten new employees and expand our presence with new offices in Gothenburg (Sweden) and Tampa (USA).

### Significant events during and after the end of the period

In November an aggregation of the company's class A shares (the "reverse share split" 1:25) were implemented. Due to the reverse share split, a recalculation of the subscription price for the company's warrants of series 2018/2020:1 and series 2018/2020:2 must be made in accordance with the terms of the warrants. The new subscription price is SEK 14,25 for both series of warrants.

In February 2020, it was announced that the company plans to change accounting principles from K3 to IFRS in 2020. The purpose of the change of accounting principles is to create better comparability with other listed companies and to increase transparency and understanding for international investors regarding the financial reports.



## Net Sales, earnings and financial position during the period

### Net Sales

Net sales for the full year 2019 amounted to SEK 90.2 million (SEK 89.4 million). An increase of 1% in comparison to the previous year.

Despite the decline in the digital advertising market during the year, mainly linked to decreased advertising from gaming operators, net sales increased overall in 2019. Growth in new focus areas, such as consumer products and new markets during the year were strong and outweighed the negative development in the advertising market.

Net sales for the fourth quarter amounted to SEK 22.6 million (SEK 23.7 million). A decrease of -4.6% in comparison to the same quarter last year.

The decrease in the fourth quarter is linked to the reduced turnover from gaming operators in the digital advertising market. During the fourth quarter of last year, order bookings from gaming operators were high as they aimed to take a stronger position in the Swedish market prior to the re-regulation that was implemented on January 1st 2019. The decline in the advertising market is offset by growth in new products and markets during the fourth quarter, which follows the company's long-term strategy.

### EBITDA and EBIT

EBITDA for the full year 2019 amounted to SEK 9.2 million (SEK 8.9 million).

EBITDA for the fourth quarter amounted to SEK 2.8 million (SEK 2.6 million).

Although investments in new products and markets have led to increased personnel and other costs, EBITDA earnings have improved as a result of growth in new products with a higher margin. The investments are not only having a positive effect in the short term, but they are also strategically important from a long-term value-creating perspective. The variable operating costs have decreased as a result of the completion of a number of external sales assignments, which in the past led to high commission costs.

EBIT for the full year 2019 amounted to SEK -4.6 million (-3.4 million). EBIT result for the full year 2019 is affected by amortization of goodwill and development projects of SEK -13.8 million (-12.4 million).

EBIT for the fourth quarter was SEK -1.5 million (-0.5 million). EBIT result during the fourth quarter of 2019 is affected by amortization of goodwill and development projects of SEK -4.3 million (-3.2 million). In the fourth quarter of 2019, in addition to planned depreciation, an old obsolete platform of SEK 1.0 million was written down.

Amortization of goodwill will continue for as long as the company applies the K3 regulations and there is still balance of goodwill. Depreciation does not affect cash flow.

Activated work for own account for the full year 2019 amounted to SEK 3.0 million (SEK 2.0 million) and during the fourth quarter to SEK 0.6 million (SEK 1.1 million)

## Financial position

At the end of the period, Everysport Media Group AB (publ.) has equity of SEK 10,8 million (SEK 15,6 million) and an equity ratio of 27% (29%)

Cash and cash equivalents at the end of the period were SEK 3 million (SEK 3.9 million).

## Share and shareholders

As of the date on 31st of December, 2019, 4 542 496 shares were issued. All shares have equal rights to the company's profit and assets.

Decision has, through the extraordinary general meeting of 2018-01-16, been adopted to adopt an incentive program for the Board of Directors and an incentive program for the CEO and other senior executives and certain employees of Everysport Media Group (publ.). The incentive programs entail an issue of a maximum of 6,754,847 warrants. 25 warrants entitles the holder to convert for one new share in the company at a price of SEK 14,25 per share. The exercise of the warrants shall be possible during the period from January 13, 2020 to June 13, 2020.

The total number of shares at full future dilution amounts to 4 812 689.

At the end of the fourth quarter, Everysport Media Group AB (publ.) had 824 shareholders.

## Employees

The average number of full time equivalents during the the fourth quarter was 66.

## Accounting principles

The consolidated accounts for Everysport Media Group AB have been drawn up in accordance with the K3 regulatory framework.

## Dividends

The Board of Directors suggests no dividends for the financial year of 2019

## Audit

This report has not been reviewed by auditors.

## Further reporting dates

The Annual report will be released on the latest 3 week before the Annual General Meeting on the companies website as well as Spotlight's website. The Annual General Meeting will be held on the 26th of May 2020.

Interim Report Jan- March 2020:	26th of May 2020
Interim Report 2020:	23d of July 2020
Interim Report July - Sep 2020:	29th of October 2020
Year end report 2020:	18th of February 2021

Stockholm 2020-02-20

### **Hannes Andersson**

CEO

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CONSOLIDATED INCOME STATEMENT (kr)	OKT - DEC 2019	OKT - DEC 2018	JAN - DEC 2019	JAN - DEC 2018
Net sales	22 614 502	23 657 123	90 247 750	89 423 852
Own work capitalized	608 284	1 115 110	2 986 872	2 040 506
Other operating income	476 759	201 992	961 458	239 015
<b>Operating expenses</b>				
Variable operating costs	-1 625 014	-5 424 254	-8 758 141	-19 265 816
Other external expenses	-8 603 886	-7 730 889	-35 585 815	-28 991 443
Personnel costs	-10 681 880	-9 189 767	-40 606 175	-34 503 909
<b>EBITDA</b>	<b>2 788 765</b>	<b>2 629 315</b>	<b>9 245 949</b>	<b>8 942 205</b>
Depreciation and impairments	-4 316 608	-3 191 532	-13 831 750	-12 386 652
<b>EBIT</b>	<b>-1 527 843</b>	<b>-562 217</b>	<b>-4 585 801</b>	<b>-3 444 447</b>
<b>Financial income and expenses</b>				
Profit from participations in associated companies	-20 699	-65 263	-94 403	-65 263
Interest income and similar income	12 696	9 604	19 379	59 544
Interest expense and similar expenses	-135 256	-431 327	-584 914	-1 253 834
Profit from subsidiaries	47 979	0	47 979	0
Tax on years profit	-196 865	-102 550	-202 870	-102 550
Deffered tax	25 982	79 411	65 281	129 745
<b>Profit/loss for the period</b>	<b>-1 794 006</b>	<b>-1 072 342</b>	<b>-5 335 348</b>	<b>-4 676 805</b>
The Parent Company's share of profit for the year	-1 806 529	-1 020 128	-5 338 264	-4 665 004
Minority's share of profit for the year	12 523	-52 214	2 915	-11 801

<b>CONSOLIDATED BALANCE SHEET</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
Own work capitalized	5 442 070	4 303 393
Trademarks	458 945	600 159
Goodwill	16 562 470	28 155 245
Equipment, tools, fixtures and fittings	274 943	67 368
Shares in associated companies	139 205	233 608
Deffered tax asset	2 103 066	2 103 066
Other long-term receivables	5 688	4 442
<b>Total fixed assets</b>	<b>24 986 386</b>	<b>35 467 281</b>
<b>Current receivables</b>		
Trade and other receivables	6 899 493	9 195 171
Current tax assets	0	96 382
Other current receivables	1 529 743	1 429 814
Prepaid expenses and accrued income	4 236 976	4 104 730
<b>Total current receivables</b>	<b>12 666 212</b>	<b>14 826 097</b>
Cash and cash equivalent	2 976 807	3 938 647
<b>TOTAL ASSETS</b>	<b>40 629 405</b>	<b>54 232 025</b>
<b>Equity</b>		
Share capital	4 542 496	4 503 238
Other contributed capital	68 959 716	68 468 983
Reserves	-98 099	-94 758
Retained earnings, incl profit/loss for the period	-62 622 589	-57 284 875
<b>Shareholders' equity attributable to the parent company's equity</b>	<b>10 781 525</b>	<b>15 592 589</b>
Non controlling interest	50 295	47 380
<b>Total equity</b>	<b>10 831 820</b>	<b>15 639 970</b>
<b>Allocations</b>		
Deferred tax liabilities	112 002	177 283
<b>Total allocations</b>	<b>112 002</b>	<b>177 283</b>
<b>Long-term liabilities</b>		
Other liabilities to credit institutions	2 000 004	3 000 000
Other long-term liabilities	5 131 162	5 508 622
<b>Total long-term liabilities</b>	<b>7 131 166</b>	<b>8 508 622</b>
<b>Current liabilities</b>		
Checking account	0	986 413
Other liabilities to credit institutions	1 000 000	1 228 571
Trade and other payables	3 454 825	5 155 721
Current tax liabilities	93 281	236 367
Other current liabilities	3 279 833	5 566 104
Accrued expenses and prepaid income	14 726 478	16 732 975
<b>Total current liabilities</b>	<b>22 554 417</b>	<b>29 906 151</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40 629 405</b>	<b>54 232 025</b>



CONSOLIDATED CASH FLOW STATEMENT	OKT - DEC 2019	JAN - DEC 2019	JAN - DEC 2018
<b>Cash flow from operating activities</b>			
Profit/loss before financial items	-1 699 452	-5 197 760	-4 704 000
Adjustments for items not effecting cashflow	4 760 526	14 037 314	12 451 915
Income tax paid	12 857	-270 687	-800 356
<b>Cash flow from operating activities before change in working capital</b>	<b>3 073 931</b>	<b>8 568 868</b>	<b>6 947 559</b>
<b>Cash flow before changes in working capital</b>			
Increase (-)/Decrease (+) in inventory	0	0	0
Increase (-)/Decrease (+) of short-term receivables	4 263 328	2 195 454	-1 795 887
Increase (-)/Decrease (+) of short-term liabilities	-4 244 141	-6 000 151	701 313
<b>Cash flow from operating activities</b>	<b>3 093 118</b>	<b>4 764 170</b>	<b>5 852 985</b>
<b>Cash flow from investing activities</b>			
Acquisition of intangible fixed assets	-606 847	-2 990 547	-2 785 924
Acquisition of tangible fixed assets	0	-297 484	0
Acquisition of subsidiary, after deduction of cash and cash equivalent	0	0	-139 404
Divestment of subsidiaries/associated companies	42 400	42 400	13 033
<b>Cash flow from investing activities</b>	<b>-564 447</b>	<b>-3 245 631</b>	<b>-2 912 295</b>
<b>Cash flow from financing activities</b>			
Warrants	0	529 990	492 605
New loans	0	0	4 000 000
Amortized loans	-2 286 381	-3 010 368	-5 426 576
<b>Cash flow from financing activities</b>	<b>-2 286 381</b>	<b>-2 480 379</b>	<b>-933 971</b>
<b>Cash flow for the period</b>	<b>242 290</b>	<b>-961 840</b>	<b>2 006 719</b>
<b>Opening cash and cash equivalents</b>	<b>2 734 517</b>	<b>3 938 647</b>	<b>1 931 928</b>
<b>Closing cash and cash equivalents</b>	<b>2 976 807</b>	<b>2 976 807</b>	<b>3 938 647</b>

KEY FIGURES	OKT - DEC 2019	JAN - DEC 2019	JAN - DEC 2018
Profit margin %	-7 %	-7 %	-5 %
Equity ratio	27 %	27 %	29 %
Cash liquidity %	69 %	69 %	63 %
Number of shares	4 542 496	4 542 496	112 580 948
Earnings per share	-0,38	-1,17	-0,04
Number of shares at full future dilution	4 812 689	4 812 689	125 035 791
Earnings per share at full future dilution	-0,38	-1,17	-0,04
EBITDA	2 788 765	9 245 949	8 942 205
EBIT	-1 527 843	-4 585 801	-3 444 445

**Definition key figures:**

**Profit Margit**

Operating profit after financial income and expenses in relation to net sales.

**Equity ratio**

Equity in % of total of balance sheet.

**Cash liquidity**

Current assets in % of current liabilities

**Earnings per share**

Profit for the period divided by the number of outstanding shares

**Earnings per share at full future dilution**

Profit for the period divided by the number of shares at future full dilution

**EBITDA**

Earning before Interest, taxes, depreciation and amortization

**EBIT**

Earnings before interest and taxes

<b>PARENT COMPANY'S INCOME STATEMENT</b>	<b>OKT - DEC 2019</b>	<b>OKT - DEC 2018</b>	<b>JAN - DEC 2019</b>	<b>JAN - DEC 2018</b>
Net sales	2 412 258	2 181 083	15 075 708	9 553 303
Other operating income	189	-1 670	550	0
<b>Operating expenses</b>				
Variable operating costs	-908 710	-210 548	-2 595 708	-1 481 307
Other external expenses	-2 201 261	-1 580 686	-8 198 458	-6 216 807
Personnel costs	-1 973 452	-1 711 357	-7 780 865	-6 039 681
<b>EBITDA</b>	<b>-2 670 976</b>	<b>-1 323 178</b>	<b>-3 498 773</b>	<b>-4 184 492</b>
Depreciation and impairments	-4 413	-1 128	-14 367	-4 512
<b>EBIT</b>	<b>-2 675 389</b>	<b>-1 324 306</b>	<b>-3 513 140</b>	<b>-4 189 004</b>
<b>Financial income and expenses</b>				
Profit from participations in associated companies	-20 699	-65 263	-94 403	-65 263
Other interest income and similar	268 241	3 857	305 766	95 736
Other interest expenses and similar	-649 025	-225 670	-758 798	-946 799
Profit from subsidiaries	42 400	0	42 400	0
Group contributions	7 996 914	11 487 727	7 996 914	11 487 727
Tax on years profit	0	-513 484	0	-513 484
Deffered tax	0	0	0	0
<b>Profit/loss for the period</b>	<b>4 962 442</b>	<b>9 362 861</b>	<b>3 978 738</b>	<b>5 868 913</b>

<b>PARENT COMPANY'S BALANCE SHEET</b>	<b>2019-12-31</b>	<b>2018-12-31</b>
Equipment, tolls. Fixtures and fittings	61 486	10 153
Shares in Group compnaies	65 091 605	59 741 605
Shares in associated companies	139 205	233 608
Deferred tax asset	914 716	914 716
Other long term receivables	4 442	4 442
<b>Total fixed assets</b>	<b>66 211 453</b>	<b>60 904 524</b>
<b>Current receivables</b>		
Trade and other receivables	138 731	128 361
Receivables with Group companies	19 148 806	6 527 161
Current tax assets	0	0
Other current receivables	45	0
Prepaid expenses and accrued income	1 043 247	844 595
<b>Total current receivables</b>	<b>20 330 828</b>	<b>7 500 117</b>
Cash and cash equivalent	206 812	697 722
<b>TOTAL ASSETS</b>	<b>86 749 093</b>	<b>69 102 363</b>
<b>Equity</b>		
Share capital	4 542 496	4 503 238
Other contributed capital	68 959 716	68 468 983
Retained earnings, incl profit/loss for the period	-18 023 521	-22 002 259
<b>Shareholders' equity attributable to the parent company's equity</b>	<b>55 478 691</b>	<b>50 969 962</b>
Non controlling interest	0	0
<b>Total equity</b>	<b>55 478 691</b>	<b>50 969 962</b>
<b>Long-term liabilities</b>		
Other liabilities to credit institutions	2 000 004	4 000 000
<b>Total long-term liabilities</b>	<b>2 000 004</b>	<b>4 000 000</b>
<b>Current liabilities</b>		
Checking account	0	0
Other liabilities to credit institutions	1 000 000	228 571
Trade and other payables	1 327 888	1 210 303
Debt to other group companies	25 750 552	10 507 416
Current tax liabilities	-108 965	-48 745
Other current liabilities	-92 168	158 920
Accrued expenses and prepaid income	1 393 092	2 075 936
<b>Total current liabilities</b>	<b>29 270 399</b>	<b>14 132 401</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86 749 093</b>	<b>69 102 363</b>

CONSOLIDATED CASH FLOW STATEMENT	JAN - DEC 2019	JAN - DEC 2018
<b>Cash flow from operating activities</b>		
Profit/loss before financial items	-4 018 176	-5 114 211
Adjustments for items not effecting cashflow	94 404	69 775
Income tax paid	-108 966	-94 421
<b>Cash flow from operating activities before change in working capital</b>	<b>-4 032 738</b>	<b>-5 138 857</b>
<b>Cash flow before changes in working capital</b>		
Increase (-)/Decrease (+) in inventory	0	0
Increase (-)/Decrease (+) of short-term receivables	-4 785 051	-3 050 668
Increase (-)/Decrease (+) of short-term liabilities	9 034 389	9 126 594
<b>Cash flow from operating activities</b>	<b>216 600</b>	<b>937 069</b>
<b>Cash flow from investing activities</b>		
Acquisition of intangible fixed assets	0	0
Acquisition of tangible fixed assets	-51 333	0
Acquisition of subsidiary, after deduction of cash and cash equivalent	0	-139 404
Divestment of subsidiaries/associated companies	42 400	13 033
<b>Cash flow from investing activities</b>	<b>-8 933</b>	<b>-126 371</b>
<b>Cash flow from financing activities</b>		
Warrants	529 990	492 605
New loans	0	4 000 000
Amortized loans	-1 228 567	-4 615 471
<b>Cash flow from financing activities</b>	<b>-698 577</b>	<b>-122 866</b>
<b>Cash flow for the period</b>	<b>-490 910</b>	<b>687 832</b>
<b>Opening cash and cash equivalents</b>	<b>697 722</b>	<b>1 931 928</b>
<b>Closing cash and cash equivalents</b>	<b>206 812</b>	<b>697 722</b>