

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

Company number: 556739-8143

QUARTERLY REPORT

April – June 2019

July 18th 2019



This is an 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 July 18th, 2019.

Continued growth in North America

Summary of the second quarter 2019

- Net sales: 23,0 mkr (25,2 mkr)
 - EBITDA: 2,0 mkr (2,6 mkr)
 - Profit after tax: -1,3 mkr (-0,6 mkr)
 - Earnings per share: -0,01 kr (-0,01 kr)
 - Cashflow from operating activities: 1,5 mkr (0,9 mkr)
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Summary of the first six months 2019

- Net sales: 46,7 mkr (45,2 mkr)
 - EBITDA: 3,8 mkr (4,0 mkr)
 - Profit after tax: -2,8 mkr (-2,6 mkr)
 - Earnings per share: -0,02 kr (-0,02 kr)
 - Cashflow from operating activities: 2,2 mkr (5,3 mkr)
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CEO, Hannes Andersson, comments:

The first half of the year was eventful for ESMG, with focus on development of new products and services. Some have already been launched, such as our new solutions for video content, and some are just about to reach the market.

During the summer months, we look forward to a number of new product launches. Through our media platform EverySport Media Platform (EMP) new versions of Hockeysverige and Fotbolldirekt will be launched, SvenskaFans is re-launched by a new native app and a number of new functions on Eliteprospects will become available.

A central part of our strategy for creating future value is our business in North America. There, growth is still strong and in the second quarter our largest site Eliteprospects reached another record, when 1.2 million unique visitors visited the site during a week. We have recruited staff within both sales and editorial production to our office in the US, and the workforce is expected to grow further during the fall.

In Sweden, we have seen a change in advertising revenues from iGaming companies. Here, the volume has decreased somewhat, but has been replaced by revenue from content production and other relationship-building marketing. It is a market development we believe will continue during the fall. But as demand for high quality content increases, ESMG continues to be a key partner for licensed iGaming operators in the Swedish market.

Net sales during the first half of the year amounted to SEK 46.7 million (SEK 45.2 million) and with an EBITDA result of SEK 3.8 million (SEK 4.0 million), the company again delivers two strong quarters with growth in products with good margin.

During the second quarter, we have seen that investments previously made are starting to pay off. This has led to an EBITDA result that is close to the 2018 level for the quarter, despite the fact that revenues during Q2 2018 were positively affected by the World Cup for men and a large amount of advertising from iGaming companies. In the second quarter of 2019, we also saw non-recurring costs of SEK 0.3 million, which had a negative impact on earnings.

Although we are facing an ad market in transition in Sweden, we are positive when looking ahead to the second half of 2019, when customer revenues and revenues from both new product areas and markets are growing steadily.

Forward-looking statement

We will continue to invest in existing and new products and strengthen our positions both in Sweden and internationally. Investments will increase the group's mass of costs in the short run and it can take a few quarters until revenues match the costs associated with these investments. That being said, our assessment is that the group on a full-year basis in 2019 will increase sales compared to 2018 and achieve an EBITDA result higher than 2018 on a full year basis.

Significant events during and after the end of the period

The Annual General Meeting was held on 15 May. In accordance with the Nomination Committee's proposal, existing members of the Board Michael Hansen, Johan Ejermark, Göran of Klercker, Paul Fischbein, Carl Gyllfors and Charlotte Gustafsson were re-elected. Paul Fischbein was re-elected as Chairman of the Board.

Net Sales, earnings and financial position during the period

Net Sales

Net sales for the second quarter amounted to SEK 23.0 million (SEK 25.1 million). A decrease of 8.4% compared with the same quarter last year.

During the second quarter, we saw continued growth in new products with a good margin. However, we also saw a change in the advertising market where advertising volume from gaming operators has declined somewhat during the second quarter. Demand for advertising products against the sports public the same quarter last years was also strongly affected by the World Cup for men.

EBITDA and EBIT

EBITDA for the second quarter amounted to SEK 2,0 million (SEK 2,6 million).

Despite the decrease in sales of traditional ad products, largely linked to the World Cup for men, growth in new products and markets weighed up the drop in EBITDA which almost reaches the same level as in the same quarter last year. The strategic focus on new products and markets has led to an increase in personnel and others costs, which are investments that are strategically important from a longer value-creating perspective. The variable operating costs have decreased as a result of a number of external sales commission based contracts have being concluded, which in the same quarter last year generated high variable commission costs..

EBIT for the second quarter amounted to SEK 2019 million to SEK -1.2 million (SEK -0,5 million). The EBIT result during Q2 2019 is affected by depreciation of goodwill and development projects of SEK -3.2 million (SEK -3.1 million).

Amortization of goodwill and development projects will continue as long as the company applies the K3 regulations and there are goodwill and balanced development projects. Depreciation is not affecting cash flow.

Capitalized work on own account during the quarter amounts to SEK 0.9 million (SEK 0.5 million)

Financial position

At the end of the period, Everysport Media Group AB (publ.) has equity of SEK 13,6 million (SEK 18.0 million) and an equity ratio of 29% (30%)

Cash and cash equivalents at the end of the period were SEK 3,7 million (4.3).

Share and shareholders

As of the date on 30th of June, 2019, 113,562,412 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. Each warrant entitles the holder to convert for one new share in the company at a price of SEK 0.57 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 120,317,259.

At the end of the second quarter, Everysport Media Group AB (publ.) had 877 shareholders.

Employees

The average number of full time equivalents during the period was 63.

Accounting principles

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

Audit

This report has not been reviewed by auditors.

Further reporting dates

The quarterly report for the period July – September 2019 will be published on the 24th of October 2019.

The quarterly reports for Everysport Media group are published on the company's website www.esmg.se

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CONSOLIDATED INCOME STATEMENT (kr)	APR - JUN 2019	APR - JUN 2018	JAN - JUN 2019	JAN - JUN 2018	JAN - DEC 2018
Net sales	23 035 381	25 155 384	46 707 879	45 182 054	89 662 867
Own work capitalized	850 043	457 422	1 336 703	789 848	2 040 506
Operating expenses					
Variable operating costs	-1 993 286	-5 588 190	-5 209 390	-9 450 241	-19 265 816
Other external expenses	-9 557 245	-7 749 523	-18 318 161	-14 996 366	-28 991 443
Personnel costs	-10 346 446	-9 656 170	-20 745 210	-17 535 175	-34 503 909
EBITDA	1 988 447	2 618 923	3 771 821	3 990 120	8 942 205
Depreciation and impairments	-3 167 410	-3 071 834	-6 291 125	-6 055 599	-12 386 652
EBIT	-1 178 963	-452 911	-2 519 304	-2 065 479	-3 444 447
Financial income and expenses					
Profit from participations in associated companies	-13 983	0	-30 864	0	-65 263
Interest income and similar income	1 534	69 161	6 476	96 848	59 544
Interest expense and similar expenses	-142 080	-297 885	-313 460	-645 070	-1 253 834
Tax on years profit	-6 006	0	-6 006	1	-102 550
Deffered tax	11 261	33 557	28 038	33 556	129 745
Profit/loss for the period	-1 328 236	-648 078	-2 835 120	-2 580 144	-4 676 805
The Parent Company's share of profit for the	-1 320 118	-647 750	-2 845 908	-2 576 192	-4 665 004
Minority's share of profit for the year	-8 118	-328	10 788	-3 952	-11 801

CONSOLIDATED BALANCE SHEET	2019-06-30	2018-06-30	2018-12-31
Own work capitalized	5 369 382	3 382 559	4 303 391
Trademarks	529 552	706 071	600 159
Goodwill	22 609 552	34 213 237	28 155 245
Equipment, tools, fixtures and fittings	350 581	75 994	67 367
Shares in associated companies	202 744	172 500	233 608
Deffered tax asset	2 103 066	2 021 522	2 103 066
Other long-term receivables	5 523	7 500	0
Total fixed assets	31 170 400	40 579 383	35 462 836
Current receivables			
Trade and other receivables	7 592 898	8 934 451	9 195 171
Current tax assets	121 592	92 888	96 382
Other current receivables	903 091	1 577 407	1 434 255
Prepaid expenses and accrued income	3 430 832	4 357 617	4 104 732
Total current receivables	12 048 413	14 962 363	14 830 540
Cash and cash equivalent	3 747 324	3 994 240	3 938 647
TOTAL ASSETS	46 966 137	59 535 987	54 232 023
Equity			
Share capital	4 503 239	4 503 238	4 503 238
Other contributed capital	68 973 749	68 468 983	68 468 983
Reserves	237 283	-74 159	-94 989
Retained earnings, incl profit/loss for the period	-60 130 233	-54 988 564	-57 285 043
Shareholders' equity attributable to the parent company's	13 584 038	17 909 498	15 592 190
Non controlling interest	58 168	55 229	47 380
Total equity	13 642 206	17 964 727	15 639 571
Allocations			
Deferred tax liabilities	149 245	191 928	177 283
Total allocations	149 245	191 928	177 283
Long-term liabilities			
Other liabilities to credit institutions	2 583 335	114 285	3 000 000
Other long-term liabilities	5 526 702	5 862 080	5 508 622
Total long-term liabilities	8 110 037	5 976 365	8 508 622
Current liabilities			
Checking account	1 067 064	0	986 413
Other liabilities to credit institutions	1 000 000	292 971	1 228 571
Trade and other payables	4 457 341	3 085 927	5 155 721
Current tax liabilities	0	107 396	236 367
Other current liabilities	4 265 925	11 955 114	5 566 104
Accrued expenses and prepaid income	14 274 318	19 961 559	16 733 372
Total current liabilities	25 064 649	35 402 967	29 906 548
TOTAL EQUITY AND LIABILITIES	46 966 137	59 535 987	54 232 023

CONSOLIDATED CASH FLOW STATEMENT	APR - JUN 2019	JAN - JUN 2019	JAN - DEC 2018
Cash flow from operating activities			
Profit/loss before financial items	-1 333 492	-2 857 152	-4 704 000
Adjustments for items not effecting cashflow	3 273 951	6 459 070	12 451 915
Income tax paid	-98 763	-184 781	-800 356
Cash flow from operating activities before change in working capital	1 841 696	3 417 137	6 947 559
Cash flow before changes in working capital			
Increase (-)/Decrease (+) in inventory	0	0	0
Increase (-)/Decrease (+) of short-term receivables	2 720 502	2 955 288	-1 795 887
Increase (-)/Decrease (+) of short-term liabilities	-2 967 012	-4 163 756	701 313
Cash flow from operating activities	1 595 186	2 208 669	5 852 985
Cash flow from investing activities			
Acquisition of intangible fixed assets	-890 152	-1 376 811	-2 785 924
Acquisition of tangible fixed assets	-297 484	-297 484	0
Acquisition of subsidiary, after deduction of cash and cash equivalent	0	0	-139 404
Divestment of subsidiaries/associated companies	0	0	13 033
Cash flow from investing activities	-1 187 636	-1 674 295	-2 912 295
Cash flow from financing activities			
Warrants	0	504 369	492 605
New loans	1 067 066	1 067 064	4 000 000
Amortized loans	-417 067	-2 297 220	-5 426 576
Cash flow from financing activities	649 999	-725 787	-933 971
Cash flow for the period	1 057 549	-191 413	2 006 719
Opening cash and cash equivalents	2 689 775	3 938 647	1 931 928
Closing cash and cash equivalents	3 747 324	3 747 234	3 938 647

KEY FIGURES	APR - JUN 2019	JAN - JUN 2019	JAN - DEC 2018
Profit margin %	-6 %	-6 %	-5 %
Equity ratio	29 %	29 %	29 %
Cash liquidity %	63 %	63 %	63 %
Number of shares	113 562 412	113 562 412	112 580 948
Earnings per share	-0,01	-0,02	-0,04
Number of shares at full future dilution	120 317 259	120 317 259	125 035 791
Earnings per share at full future dilution	-0,01	-0,02	-0,04
EBITDA	1 988 447	3 771 821	8 942 205
EBIT	-1 178 963	-2 519 304	-3 444 447

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

PARENT COMPANY'S INCOME STATEMENT	APR - JUN 2019	APR - JUN 2018	JAN - JUN 2019	JAN - JUN 2018	JAN - DEC 2018
Net sales	3 620 927	2 563 445	7 413 668	4 857 981	9 553 306
Operating expenses					
Variable operating costs	-182 995	-224 381	-472 177	-349 028	-924 643
Other external expenses	-2 195 079	-1 472 296	-4 171 331	-3 268 771	-6 782 355
Personnel costs	-2 169 058	-1 777 969	-4 018 473	-3 032 252	-6 039 681
EBITDA	-926 205	-911 201	-1 248 313	-1 792 070	-4 193 373
Depreciation and impairments	-4 413	-1 128	-5 541	-2 256	-4 512
EBIT	-930 619	-912 329	-1 253 854	-1 794 326	-4 197 885
Financial income and expenses					
Profit from participations in associated companies	-13 983	0	-30 864	0	-65 263
Other interest income and similar	-43 766	32 675	18 525	68 353	95 736
Other interest expenses and similar	12 657	-241 671	-71 101	-465 388	-946 799
	0	0	0	0	0
Tax on years profit	0	0	0	0	0
Deffered tax	0	0	0	0	-513 484
Profit/loss for the period	-975 711	-1 121 325	-1 337 295	-2 191 361	-5 627 695

PARENT COMPANY'S BALANCE SHEET	2019-06-30	2018-06-30	2018-12-31
Equipment, tolls. Fixtures and fittings	70 312	12 409	10 153
Shares in Group compnaies	59 741 605	59 669 957	59 741 605
Shares in associated companies	202 744	172 500	233 608
Deferred tax asset	914 716	1 428 200	914 716
Other long term receivables	4 442	0	4 442
Total fixed assets	60 933 819	61 283 066	60 904 524
Current receivables			
Trade and other receivables	516 405	7 147	128 361
Receivables with Group companies	14 889 981	3 407 286	6 527 161
Current tax assets	56 124	0	0
Other current receivables	9	45	0
Prepaid expenses and accrued income	1 126 405	893 363	844 595
Total current receivables	16 588 924	4 307 841	7 500 117
Cash and cash equivalent	202 300	52 565	697 722
TOTAL ASSETS	77 725 042	65 643 472	69 102 363
Equity			
Share capital	4 503 238	4 503 238	4 503 238
Other contributed capital	68 973 749	68 468 983	68 468 983
Retained earnings, incl profit/loss for the period	-23 339 554	-30 053 652	-22 002 259
Shareholders' equity attributable to the parent company's	50 137 433	42 918 569	50 969 962
Non controlling interest	0	0	0
Total equity	50 137 433	42 918 569	50 969 962
Long-term liabilities			
Other liabilities to credit institutions	2 583 335	114 286	4 000 000
Total long-term liabilities	2 583 335	114 286	4 000 000
Current liabilities			
Checking account	0	0	0
Other liabilities to credit institutions	1 000 000	228 571	228 571
Trade and other payables	973 478	841 199	1 210 303
Debt to other group companies	19 877 645	11 752 487	10 507 416
Current tax liabilities	-52 057	-26 695	-48 745
Other current liabilities	206 148	7 292 439	158 920
Accrued expenses and prepaid income	2 999 061	2 522 616	2 075 936
Total current liabilities	25 004 274	22 610 617	14 132 401
TOTAL EQUITY AND LIABILITIES	77 725 042	65 643 472	69 102 363