



Net Gaming Europe AB (publ)

Q4 2016 Presentation

23rd February 2017



Agenda

- **About Net Gaming**
- **Highlight Media acquisition**
- **Q4 Highlights & Financials**
- **Q&A**



Net Gaming's business idea

To invest in fast growing iGaming businesses primarily within lead generation.

Net Gaming's value creation

We are looking for well-managed companies with strong cash-flows at reasonable valuations.

Net Gaming's vision

To be regarded as the most prominent owner of lead generation companies in the iGaming industry with the sole purpose of unlocking the true potential and long-term value creation in these businesses.

Net Gaming's growth strategy

Generate profitable growth through:

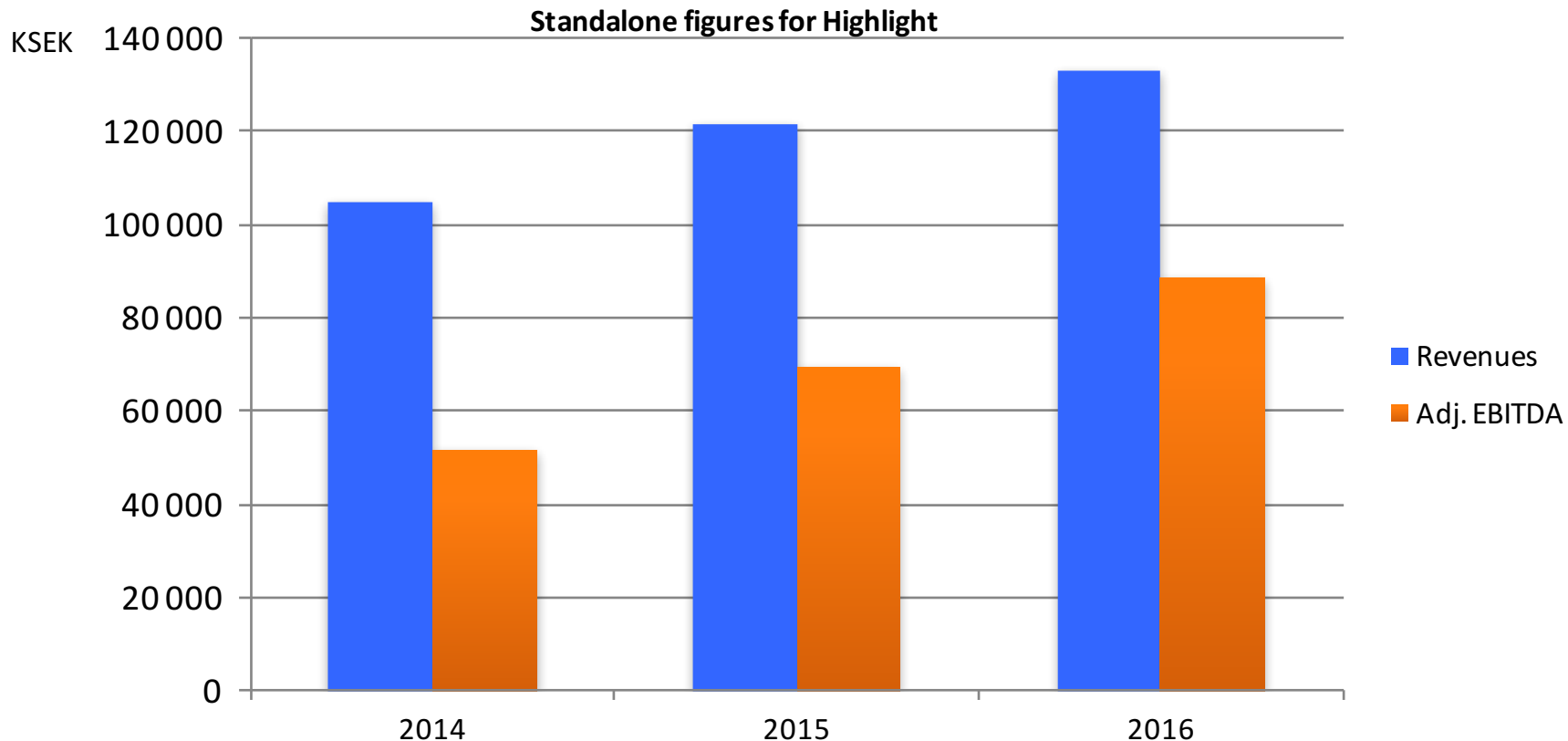
- ✓ Geographical expansion
- ✓ Product expansion
- ✓ Strategic acquisitions
- ✓ Existing markets

The acquisition of Highlight Media

Makes Net Gaming a leading global player within lead generation in iGaming.

Highlight Media - Overview

- Highlight is a pioneer and leading global player within lead generation primarily focused on iGaming, founded in 2003
- The group operates in excess of 120 brands across 30 countries
- Powerful business with 1000s of domains



Highlight Media – The Deal

Strategic acquisition within new business area

- Price: 280 MSEK on cash- and debt-free basis
 - Additional purchase price of maximum 12.9 MEUR
 - If maximum purchase price is reached, Net Gaming has the right to pay part (max. 3.7 MEUR) in shares
 - If total purchase price is reached, expected EBITDA multiple of 4.6

- Financing
 - Senior-secured bond of 200 MSEK at an interest of 13%
 - Convertible Loan of 140 MSEK at an interest of 9.5%, convertible price of 4.5 SEK
 - Net Gaming has the right to redeem 50% of the convertible loan

Highlight Media – Reasons for the deal

Leading position in iGaming lead generation

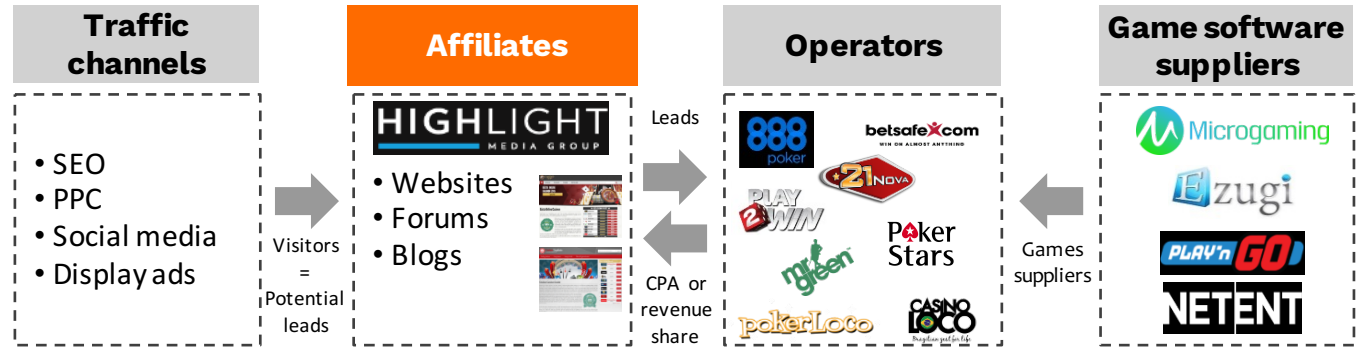
- ✓ Strategic move – leading position within lead generation in iGaming
- ✓ Strong cash-flows and high margins
- ✓ High value per lead generated to customers
- ✓ Very strong brands in Pokerlistings, CasinoTop10, GamblingPlanet and CasinoTopLists amongst others
- ✓ Good potential to increase growth for both our operator and affiliate business through synergies
- ✓ Lean and efficient organisation
- ✓ Key employees stay within Net Gaming

Highlight – business model & value chain

Highlight has an essential role in the iGaming industry – generating high-quality players for operators

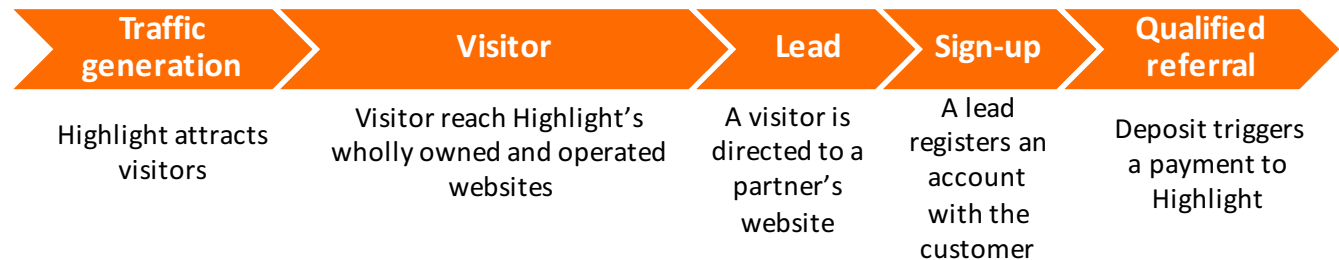
Industry value chain

- The iGaming market consists of:
 - Players:** the end customers
 - Lead generators:** attract visitors through SEO and generate leads through content
 - Operators:** convert leads to depositing players
 - Game software suppliers:** supply the games to the operators



Lead generators value chain

- Supply iGaming operators with leads that can be converted by operators to depositing players (qualified referrals)
- Integral part of operations is to attract a large number of visitors, mainly through SEO work, and to direct those to iGaming operators, triggering payment to Highlight once they deposit money into their account



Events during Q4 2016

- Senior-secured bond issue of 200 MSEK
- Convertible Loan of 140 MSEK at 9.5% interest, convertible price of 4.5 SEK
- Investment company Varenne has invested in Net Gaming
- CEO Marcus Teilman has bought options of UBO and Chairman Henrik Kvik
- HLM acquisition completed on 14th October 2016
- Jonas Bertilsson elected as new board member at EGM in November 2016
- Listing of bond on Nasdaq First North Bond Market

Net Gaming Q4 2016 Financials

- Revenues amounted to 35.2 MSEK (3.2), a growth of 1019%
- Adjusted EBITDA excl. one-off costs amounted to 19.8 MSEK (-0.9)
- One-off costs amounted to 2.4 MSEK
- EBIT amounted to 17.1 MSEK (-1.2)
- Net Profit amounted to 10.0 MSEK (-1.3)

Net Gaming Full-year 2016 Financials

- Revenues amounted to 48.9 MSEK (10.5), a growth of 367%
- Adjusted EBITDA excl. one-off costs amounted to 18.1 MSEK (-4.2)
- One-off costs amounted to 2.4 MSEK
- EBIT amounted to 15.0 MSEK (-4.8)
- Net Profit amounted to 7.1 MSEK (-5.0)

Q&A

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Questions:

marcus.teilman@netgaming.se

+356 9936 7352

