



Net Gaming Europe AB (publ.)

Q2 2017 Presentation

22 August 2017

Overview Q2 2017

Q2 2017 in brief – strong momentum and underlying organic growth

- Revenue growth + 787% 42,7 MSEK (4,8)
 - EBITDA growth to 25,9 MSEK (-0,498)
 - EBITDA-margin increased to 60,8% (neg)
 - EBIT amounted to 25,688 (-639) KSEK
-
- Strong underlying organic growth in Lead Generation business area:
 - Revenue + 25%
 - EBITDA + 45%
-
- Continued successful implementation of strategic initiatives
 - build premium content
 - data driven organization
 - systematic approach
 - strong conversion focus
 - intelligent technical platform
-
- Successful integration process of HLM completed



787%
Q/Q growth in
Q2 2017



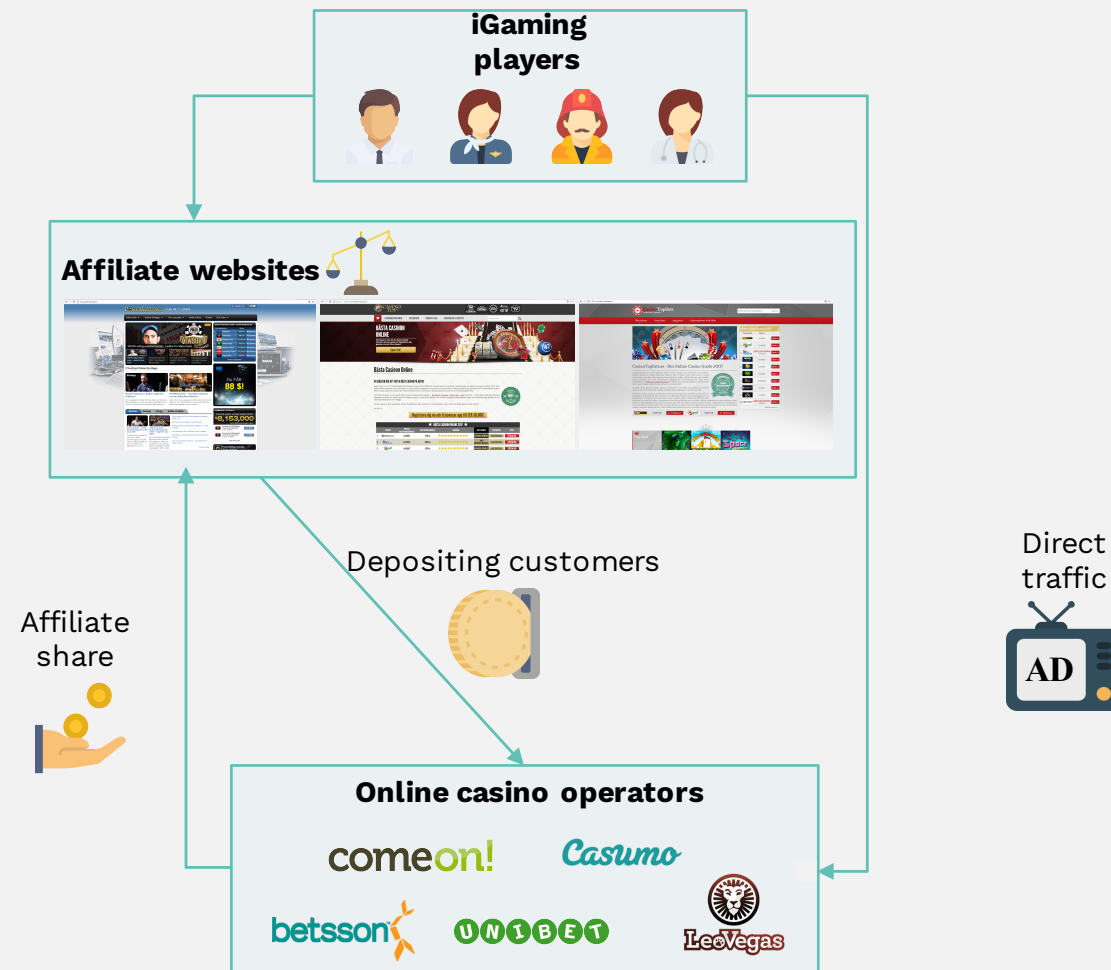
SEK 25.9m
EBITDA in Q2

What we do

“Net Gaming’s business idea is to acquire and develop fast growing iGaming companies primarily within lead generation”

What we do

Illustrative overview of the iGaming value chain



Net Gaming in numbers



87

of FTEs

26

of nationalities



2005
Founded



3
Number of offices



130+
Number of brands

A proud family- strong culture and values



Vision, mission and strategy

Vision

Net Gamings vision is 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-time value creation in these businesses



Mission

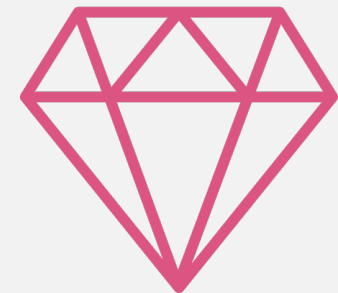
Empowering iGaming through the impact of transparency and high-quality leads



Growth strategy

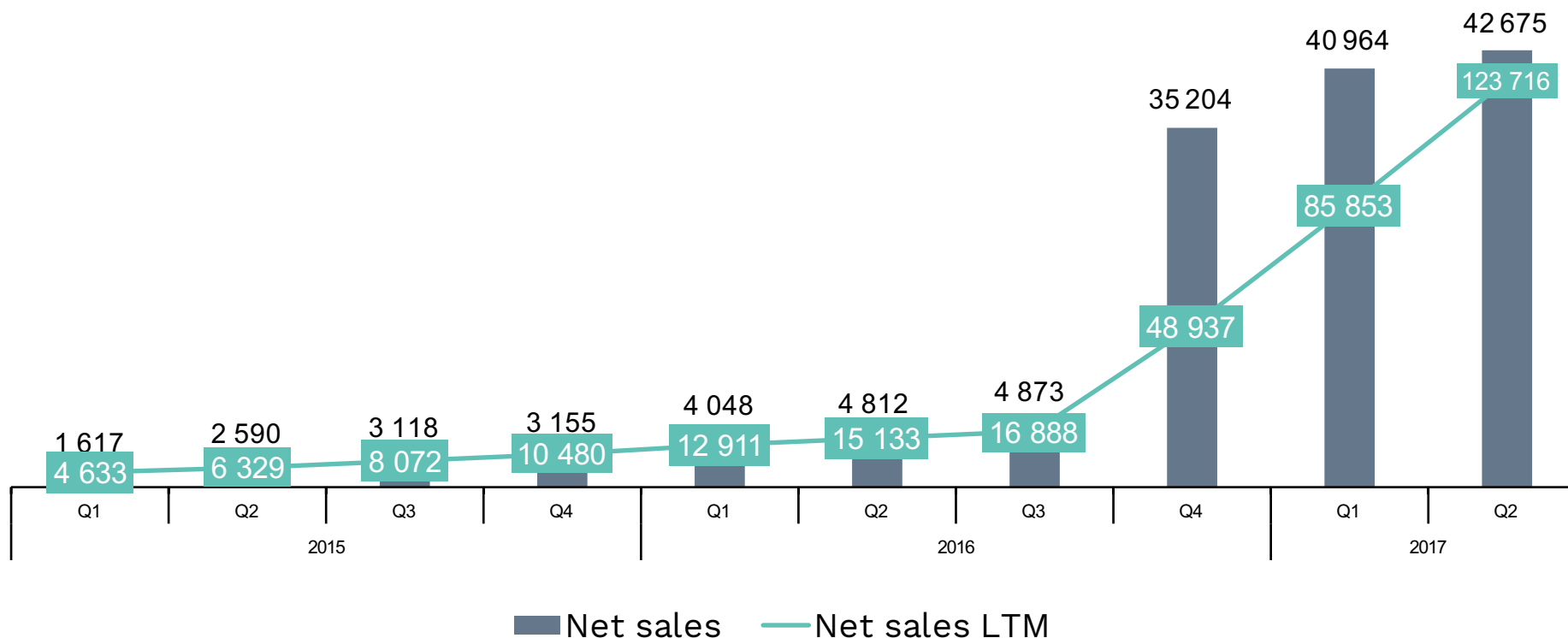
Net Gaming's strategy is to generate growth from:

- Within existing markets
- Geographical expansion
- Product expansion
- Acquisitions
- By further developing its assets



Financials Q2 2017

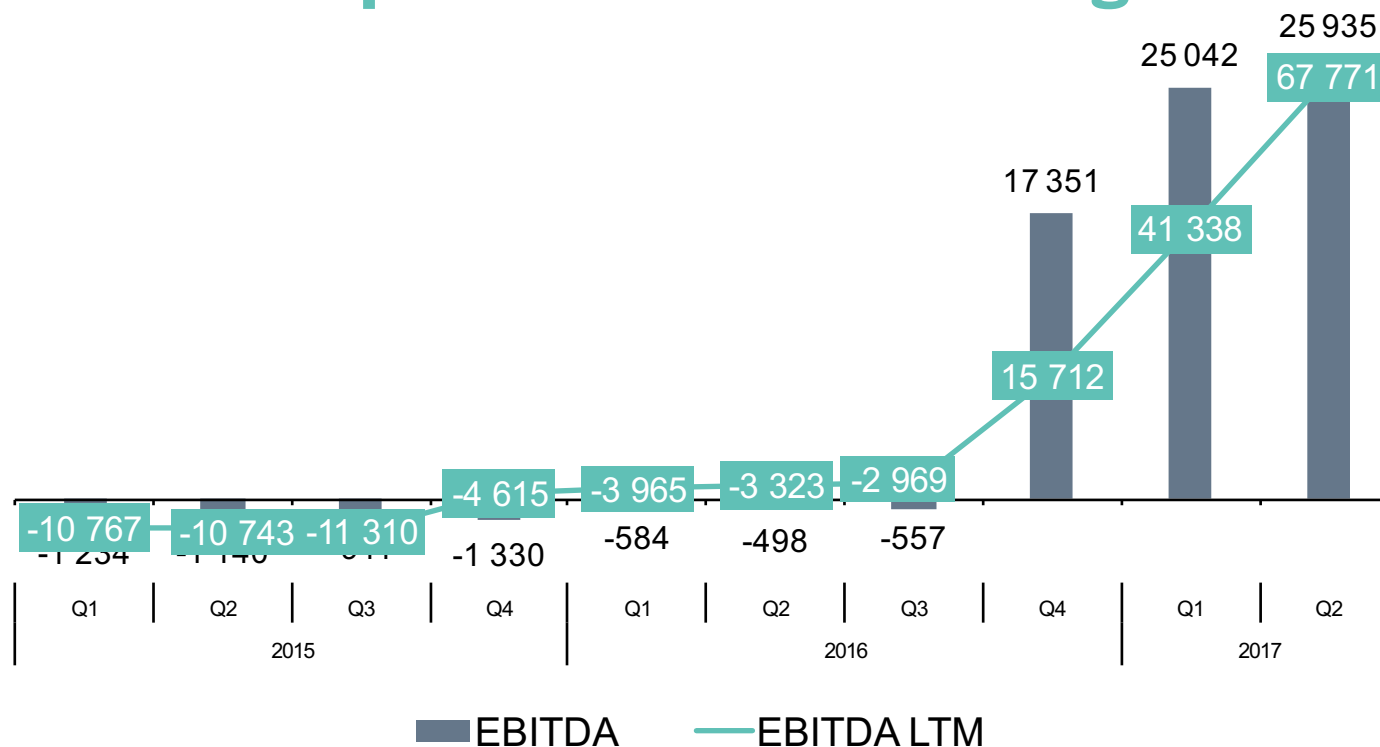
Revenue development for Net Gaming



Comments

- Following the acquisition of Highlight, revenues increased by SEK 31.0m from affiliation in Q4 2016 amounting to a total of SEK 35.2m
- In H1 2017 revenues has continued developing positive with Q1 revenues of SEK 41.0m and Q2 revenues of SEK 42.7m, corresponding to a QoQ growth of 4.2%
- Net sales LTM pro-forma (including four quarters with Highlight consolidated) amounts to SEK 165.4m while the Q2 run rate amounts to SEK 170.7m

EBITDA development for Net Gaming

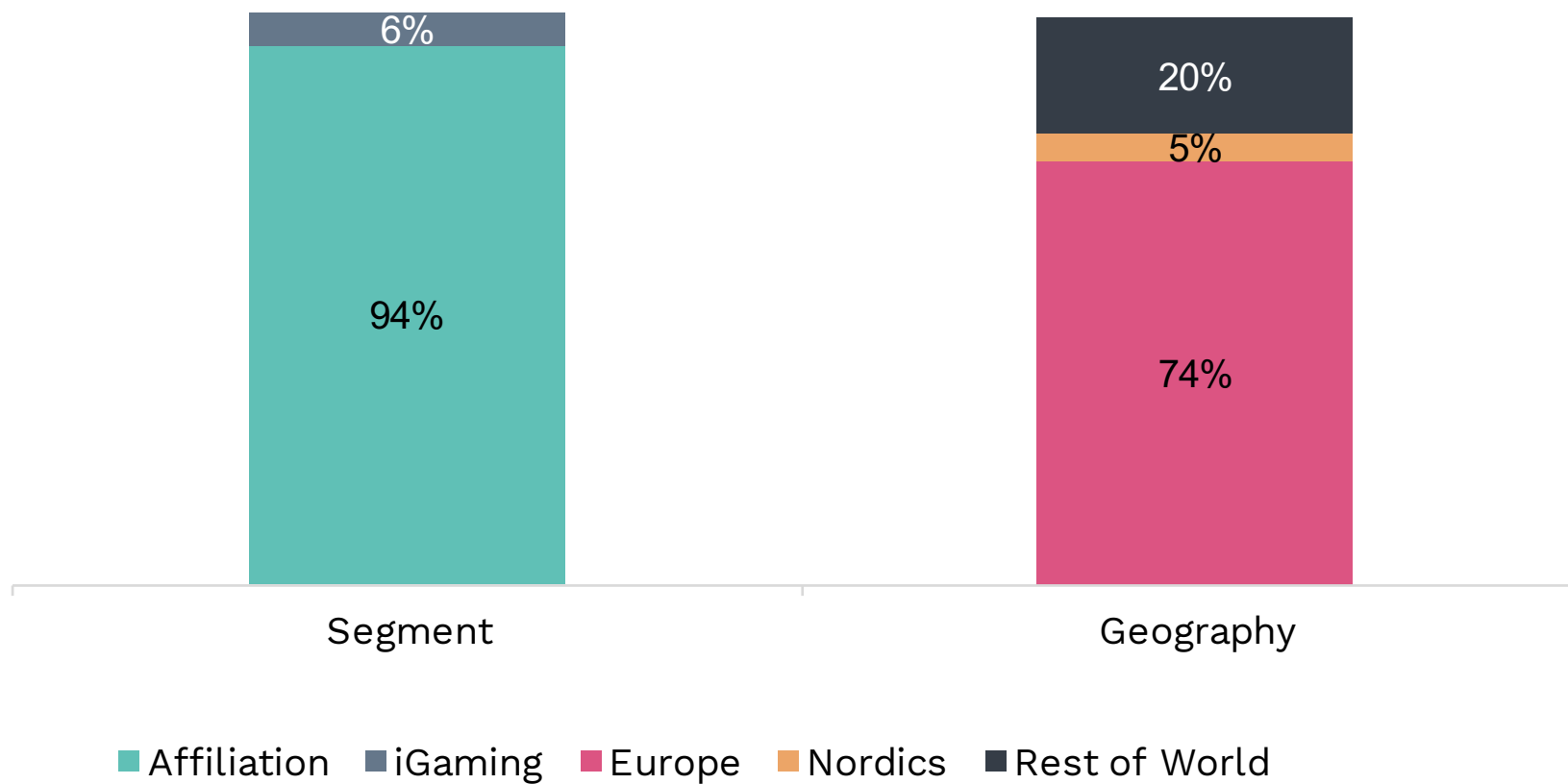


Comments

- In connection with the acquisition of Highlight EBITDA improved from SEK -0.6m in Q3 2017 to SEK 17.4m in Q4 2017 and has continued to improve during H1 2017 amounting to SEK 25.0m in Q1 2017 and SEK 25.9m in Q2 2017
- The LTM EBITDA pro-forma (including four quarters with Highlight) consolidated amounted to SEK 96.4m while the Q2 run rate amounts to SEK 103.7m
- The EBITDA margin during H1 2017 amounted to 61.0% while the corresponding figure was 60.8% in Q2 and 61.1% in Q1, signalling a consistent high margin

Overview Q2 2017

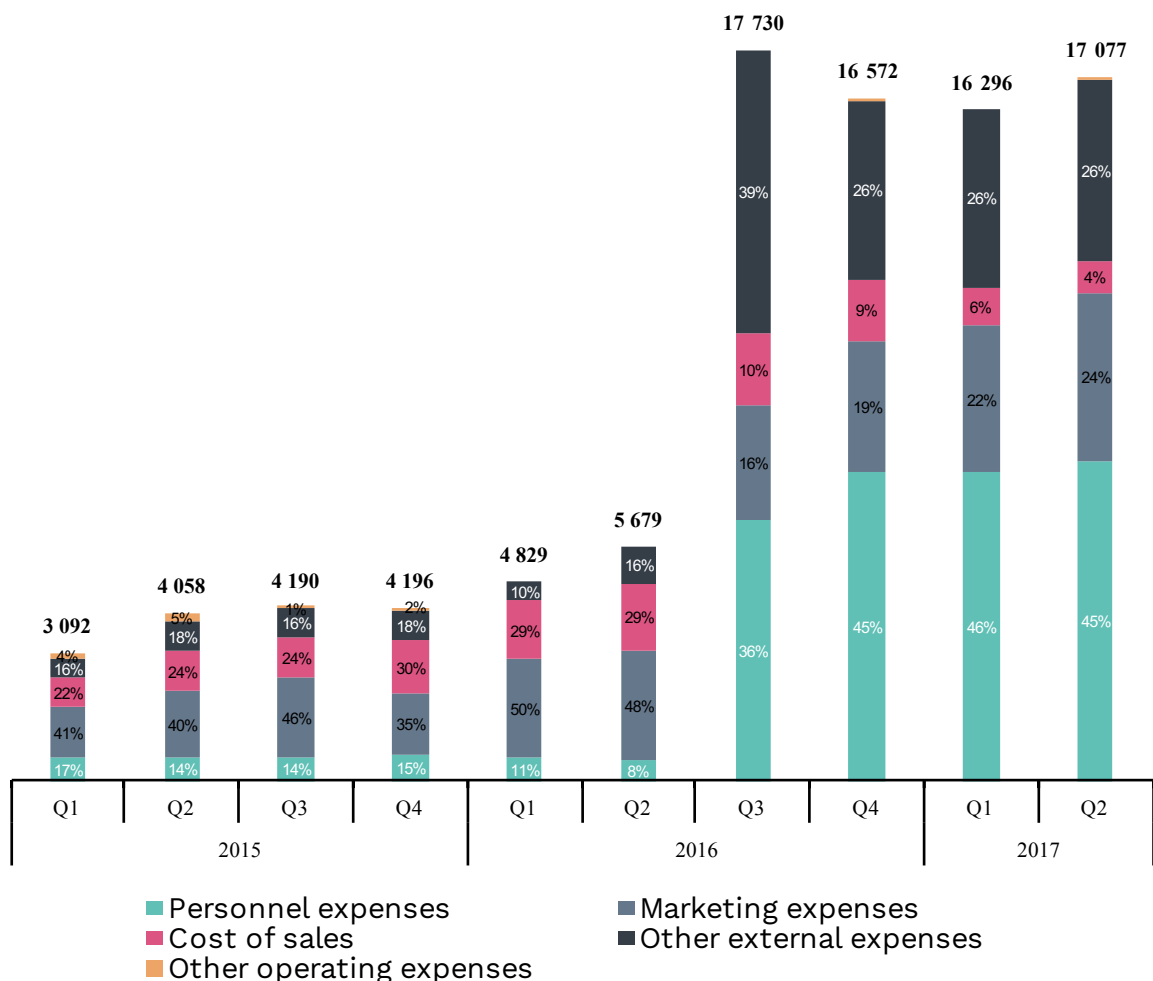
Revenue split by segment and geography as of Q2 2017



Breakdown of operational costs

Breakdown and development of operational costs

SEKk



Comments

- The direct cost of sales for the groups operations are relatively low and accounted only for 4% of the costs in Q2 2017, amounting to SEK 0.8m. The cost of sales are mainly related to the casino and poker operations
- The largest operational expense in Q2 2017 was personnel expense which amounted to SEK 7.8m, corresponding to 45% of the total operational costs
- Following the acquisition of Highlight, personnel expenses has risen significantly due to the size of Highlight. However, personnel expenses are believed to be maintained stable or decrease as % of revenue if smaller add-on acquisitions take place
- Marketing expenses has continued to increase nominally but decreased as percentage of costs in connection with the acquisition and in Q2 2017 they accounted for 24% or SEK 4.1m. Marketing expenses are also expected to decrease due to economies of scale in combination with the profitability focus undertaken in PokerLoco and CasinoLoco

Taxation

Comments

- The standard corporate tax rate at Malta is 35%, while tax deductions can be made in connection with distributions reducing the effective tax rate for the group to approximately 5%
- The tax deductions are applicable for a company which receives distributions from a company with a tax surplus. Net Gaming declares for the current tax and only use deductions once all criteria's are met
- In the acquired subsidiary HLM Malta Limited and its subsidiary there are unused tax deductions which have arisen from losses in previous years.
- When tax loss carryforwards are utilised, the effect in the financial statements is that deferred tax assets are reduced and the change in deferred tax assets is recognised as a tax expense. This is despite the fact that no current tax expense arises and no tax has to be paid.

Taxation				
(SEKk)	Q2 2017	Q2 2016	H1 2017	H1 2016
Group				
Tax	-	-	-	-
Accrued tax	7,855	-	14,318	-
	1,370	-	2,689	-
	-	-	-	-
Total tax	6,485	0	11,629	
Parent company				
Tax	-	-	-	-
Accrued tax	234	-	380	-
Total tax	234	0	380	0

Forecast 2017

For the full year 2017, the Board has prepared a forecast for Net Gaming, with **EBITDA amounting to circa SEK 110 million.** The forecast does not include any additional acquisitions.

Q&A

Questions?

Q3 Report 2017: 23 November, 2017

Watch CEO-interview on Q2-report
on video on:

<https://vimeo.com/230440402>