

24/11/2017

Non-recurring finance costs in Q3

Net Gaming has received a number of questions concerning the non-recurring finance costs reported in Q3 2017. We appreciate the keen interest shown by investors and wish hereby to clarify the non-recurring finance costs reported in Q3 2017.

After successful refinancing and a new senior secured bond of SEK 375 million, with an option for future additional issues up to a maximum of SEK 1,000 million and a current interest rate of Stibor 3m +7.25% (significantly better than the previous bond loan's rate of 13%), we have redeemed and repaid the previous bond loan. Early repayment of the bond loan has negatively affected earnings for Q3 with non-recurring costs of approximately SEK 26 million, but on the other hand, our interest expenses will be significantly lower from now on. The new financing solution also gives us scope to finance any future acquisitions.

In addition to repayment of the bond loan, we have also made an early repayment of SEK 70 million of the existing convertible loan, thereby avoiding potential dilution from conversion, at a conversion price of SEK 4.50. Early redemption of the convertibles has generated a non-recurring cost of approximately SEK 2 million, charged to earnings for Q3.

An accounting effect of the refinancing is that the associated refinancing costs are capitalised and spread over the life of the bond, but at the same time the remaining finance costs for the repaid loans have had to be recognised as an expense. This has resulted in non-recurring costs of approximately SEK 12 million, charged to Q3 earnings.

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