

# Year-end report 2017

## Record quarter with strong revenue and profit growth

### Quarter October-December 2017

- Revenue grew by 30% to SEK 45.6 million (35.2), of which the organic growth was 12 (8) percent
- EBITDA increased by 82% and amounted to SEK 30.0 (16.4) million
- Profit after tax amounted to SEK 21.7 (3.0) million
- Earnings per share amounted to SEK 0.34 (0.05)
- Cash flow from operating activities was SEK 14.3 (38.4) million

### Period January-December 2017

- Revenue grew by 246% to SEK 169.4 (48.9), of which the organic growth was 14 (9) percent
- EBITDA increased 620% to SEK 106.6 (14.8)
- Profit after tax amounted to SEK 5.9 (0,0) million
- Earnings per share amounted to SEK 0.10 (0,00)
- Cash flow from operating activities was SEK 64.9 (19.8) million
- The Board proposes that no dividend be paid for the financial year 2017

### Significant events in the quarter

- Strategic acquisition of Nordic affiliate business for an initial purchase consideration of EUR 3 million.
- Conversion of SEK 17.5 million of the convertible debenture into 3,888,888 new shares. Outstanding convertible loans now amount to SEK 33.5 million.

### Significant events after the quarter

- Acquisition of affiliate assets in central Europe for a purchase price of EUR 450 thousand.
- Net Gaming releases financial targets, a clarified strategy and outcomes of forecasts for 2017.
- Key recruitments in place for future product launch within the new vertical Sports betting.
- Investments made in chosen focus markets in line with growth strategy.
- Battle of Malta poker tournament divested for EUR 300 thousand in order to concentrate operations.

### Key figures

SEK million	Oct-Dec			Full year		
	2017	2016	Y/Y%	2017	2016	Y/Y%
Revenue	45.6	35.2	+30%	169.4	48.9	+246%
Organic growth, %	12%	8%	+50%	14%	9%	+56%
EBITDA	30.0	16.4	+82%	106.6	14.8	+620%
EBITDA margin, %	66%	47%	+33%	63%	30%	+114%
Profit after tax	21.7	3.0	+623%	5.9	0	-
Earnings per share	0.34	0.05	+580%	0.10	0.00	-
Net debt/EBITDA, times	2.77	3.37	-	2.77	3.37	-
Cash and cash equivalents	115	59	+95%	115	59	+95%
Growth, First Time Depositors, %	13%	9%	+44%	16%	8%	+100%



**30%**

Revenue growth, Q4



**12%**

Organic growth, Q4



**82%**

EBITDA growth, Q4



## CEO's comments

The fourth quarter of 2017 ended with an EBITDA of SEK 30 million, the highest quarterly profit in Net Gaming's history, corresponding to EBITDA growth of 82 percent. Casino has continued to develop well, with organic FTD growth of 32 percent. It is also positive that the start of 2018 has shown good underlying growth.

During the fourth quarter, we also made a strategic acquisition by acquiring affiliate assets, mainly focused on Sweden and the UK. These are now fully integrated into our operations and so far the acquisition has developed in line with our expectations. The acquisition also enables us to grow through a new traffic source, namely Paid Media, which we can place with our existing brands and markets to add organic growth.

We see good opportunities to grow organically and through acquisitions in new verticals. With this in mind, we have made some key recruitments in order to launch new brands of comparison sites in Sports betting during 2018. Sports betting is the single largest vertical within iGaming, accounting for about 50 percent of the total iGaming market.

Significantly lower interest expenses, strong profit growth and strong cash flows give us scope to use our existing cash to continue making qualitative acquisitions. We have therefore made a strategically important additional acquisition of affiliate assets in central Europe. The acquisition was finalised in the first quarter of 2018 and we are continuing to look at further acquisition opportunities.

Organic growth in existing markets is also of great importance. We shall therefore be launching some more local brands in geographic markets that are of interest to us, including Finland, Italy, Spain, the UK and Germany.

As one can maybe imagine, growth is the word on our lips and the path towards continuing solid and sustainable growth is well mapped out. As can be seen from our newly launched financial objectives, we aim to achieve faster organic growth than our competitors. We enter 2018 with a "cleaner" income statement. Following the write-down of deferred tax assets, change in accrued income tax in the income statement will only affect the result with an amount corresponding to a tax expense of 5%. We also have new product launches and product innovations, which together with our acquisition strategy will make 2018 a highly fruitful year.

**Marcus Teilman, President and CEO**



**130+**  
Brands



**82**  
Employees



**2005**  
Founded



**3**  
Offices

# The Group's development

## QUARTER OCTOBER–DECEMBER 2017

### Revenue

Revenue for Q4 increased by 30 percent to SEK 45.6 (35.2) million, driven by organic growth of 12 percent in combination with acquisitions.

The development for First Time Depositors (FTD) remained strong, with organic growth of 13 percent compared with the same period the previous year. FTD growth in Casino has continued to be very strong, increasing by 40 percent in Q4 2017. Organic FTD growth in Casino was 32 percent.

Casino is also expected to develop positively in 2018, driven by many new product launches. Other markets outside Europe have now started to accelerate and these markets expected to develop well in the future. Development for Poker has been slower, which is in line with the overall trend in the poker market.

### Costs

Operating expenses in absolute figures have remained at the same level as in the same period in 2016.

Marketing costs have increased from the same period the previous year, primarily due to the Q4 acquisition's strong presence in Paid Media, which has a model that by its nature requires high initial marketing costs.

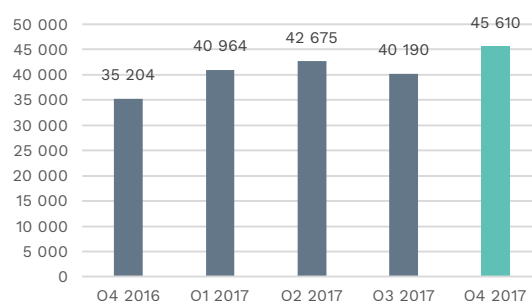
### Earnings

EBITDA increased by 83 percent to SEK 30.0 (16.4) million. The EBITDA margin improved to 66 (47) percent, mainly as a result of the cost base in absolute figures remaining at the same level as previous years, while revenue increased both organically and through acquisitions.

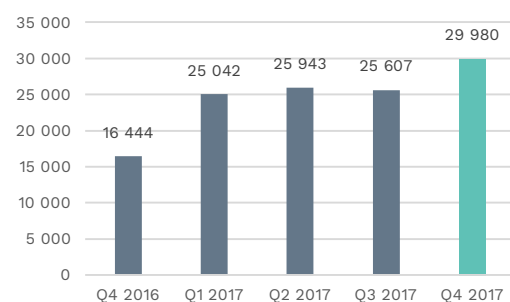
Net financial items in Q4 were adversely affected by conversions to loans, which affected earnings by SEK 1.7 million, and by financing costs for bond loans and convertible debentures, which amounted to SEK 1.1 million. These are accrued over the duration of each instrument. From the first quarter of 2018, Net Gaming's net financial items are expected to be positively affected by lower interest expenses than previously, as a result of the refinancing arranged in autumn 2017 (see page 8).

During the quarter, Net Gaming's reported tax was positively impacted by the merger and negative of write-downs of deferred tax assets.

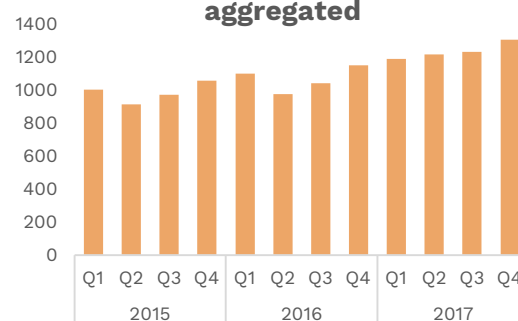
### Revenue



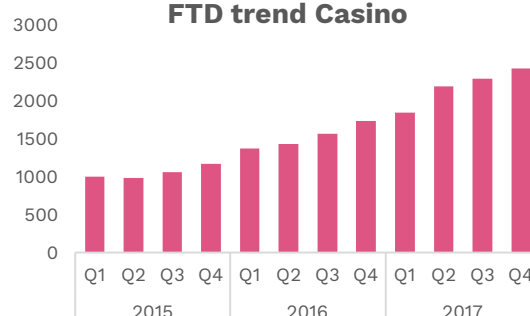
### EBITDA



### FTD trend Casino and Poker aggregated



### FTD trend Casino



The chart shows an index for FTD development over time for Casino and Poker aggregated. FTD stands for first time depositor, i.e. a newly depositing customer that Net Gaming has referred to one of its customers (operators). The graphs below do not show absolute figures, but a percentage development from index 1,000 in the first quarter of 2015.

The merger means that accumulated loss carryforwards within the merged companies can be utilized against current and future gains. Based on current forecasts, the loss carryforwards will be fully utilized by 2020.

As a result of the write-downs of deferred tax assets, changes in accrued income tax will be recognized in the income statement, with an amount corresponding to a tax expense of 5%. See pages 7-8.

Profit after tax for the period amounted to SEK 21.7 (3.0) million, while earnings per share before dilution amounted to SEK 0.34 (0.05).

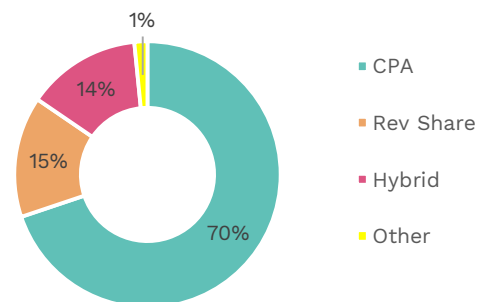
### Revenue model

Net Gaming generates revenue in several ways. The majority of the revenue comes from “up front payment” (also referred to CPA – Cost Per Acquisition) for each individual player that Net Gaming refers to the iGaming operator. A smaller – and unknown – proportion of the revenue is derived from “revenue share”, which means that Net Gaming and the iGaming operator share the net gaming revenue that the player generates with the operator. Some revenue also comes from a combination of up front payment and revenue share (referred to as hybrid). The majority of the traffic to Net Gaming’s sites comes from mobile devices.

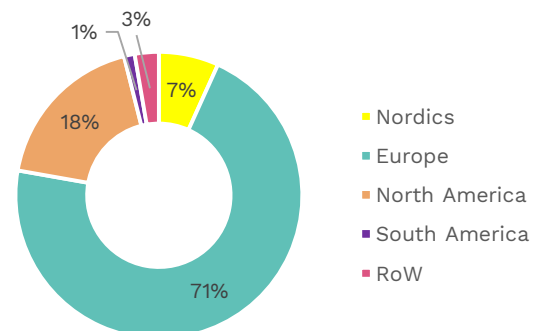
### Geographic distribution of revenue

Net Gaming’s revenue is mainly generated from operations in Europe, including the markets in France, the Netherlands, Italy, Spain, Germany and the UK. The Company also sees great potential to grow in other markets in the Nordic region, North America and South America.

### Revenue model



### Geographical split



## FULL YEAR 2017

### Revenue

Revenue for the full year 2017 increased by 246 percent to SEK 169.4 (48.9) million, driven by organic growth of 14 percent. The main reason for the large increase in revenue is the acquisition of Highlight Media (HLM), which was conducted in Q4 2016.

### Costs

Costs for the full year 2017 have increased compared with 2016, mainly as a result of increased personnel expenses, marketing expenses and other external costs arising from the acquisition of Highlight Media.

### Earnings

EBITDA increased by 620 percent to SEK 106.6 (14.1) million. The EBITDA margin improved to 63 (30) percent, mainly as a result of the acquisition of HLM and improved organic growth and economies of scale in the acquired operation.

Refinancing was carried out during the year, whereby the previous bond loan was repaid along with SEK 70 million of the convertible loan. A new bond loan of SEK 375 million was arranged at a significantly improved interest rate and with the flexibility to issue up to SEK 1,000 million more in the event of further acquisitions. However, the new loan structure gave rise to non-recurring costs of approximately SEK 40 million, see page 9.

During the year, Net Gaming's reported tax expense was adversely affected by the impairment test of deferred tax assets. This has affected the entire year - SEK 16.4 million. Following the write-down of deferred tax assets, change in accrued income tax in the income statement will only affect the result with an amount corresponding to a tax expense of 5%. Based on current forecasts, the loss carryforwards will be fully utilized by 2020. See pages 7-8.

Profit after tax was SEK 5.9 (3.0) million, while earnings per share before dilution amounted to SEK 0.10 (0.00).

### Follow-up of forecast for 2017

In Net Gaming's forecasts for the full year 2017, the EBITDA forecast was approximately SEK 110 million. The EBITDA outcome for the full year was SEK 106.6 million. The lower outcome is partly due to poorer development for the poker product and the fact that the seasonal variation in Q4, particularly in December, was not as strong for Casino as in previous years. In addition to this, non-recurring items have affected the EBITDA negatively by SEK 0.7 million. Adjusted EBITDA therefore amounts to SEK 107.3 million. However, there has been a strong start to 2018.

169.4

Revenue,  
SEK million

14%

Organic  
growth

106.6

EBITDA,  
SEK million

620%

EBITDA  
growth

## Financial position

### Cash flow and investments

Cash flow from operating activities in Q4 was SEK 14.3 (38.4) million, and for the full year SEK 64.9 (19.8) million. The change compared with the same quarter the previous year is primarily due to interest paid in early October 2017 for both the now redeemed bond (SEK 8.7 m) and the convertible loan (SEK 2.5 m). In addition, interest was paid for the new bond loan in December. As a consequence, interest expenses of just over SEK 18 million were paid in Q4, with over SEK 12 million of this amount already having been expensed in the Q3 interim report in 2017. Cash flow from financing activities amounted to SEK -177 (26.2) million, mainly as a result of redemption of the previous bond and repayment of SEK 70 million of the convertible loan in early October. During Q4 the initial cash consideration of 2 MEUR was paid in connection with the acquisition of affiliate assets made in November 2017, while 1 MEUR will be paid out in shares during Q1 2018, which corresponds to 979,178 new shares.

### Liquidity and financial position

The Group's interest-bearing net debt at the end of the year was SEK 272 million, compared with SEK 284 million at the end of 2016. The Company's cash and cash equivalents at the end of 2017 amounted to SEK 115.1 (59.9) million. At 31 December 2017, the equity/assets ratio was 11 (1) percent and equity amounted to SEK 62.9 (4.5) million.

## Other information

### Insiders of Net Gaming Europe AB (publ.) as at 31 December 2017

Name of insider	No. of shares 31/12/2017	Change in no. of shares since 31/12/2016	No. of options
Jonas Bertilsson	437,749	0	0
Henrik Kwick	47,272,382	+3,888,888	-1,000,000*
Marcus Teilman	37,003	0	+1,300,000*

Other insiders with no registered holdings: Roderick Attard, Richard Chindt, John Cremona, Sirp De Wit, Tobias Fagerlund, Erik Gjerde, Philipp Janke, Michela Lattughi, Anna Schelin and Jonas Söderqvist. Sirp De Wit and Erik Gjerde hold 300,000 employee share options each.

\* Marcus Teilman holds 1,000,000 warrants issued by Henrik Kwick's holding company. In addition, Marcus Teilman holds 300,000 employee share options.

### Accounting policies

This interim report has been prepared in accordance with IAS 34. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS.

This interim report has not been reviewed by the Company's auditors.

### Dividend proposal

Net Gaming proposes that no dividend be paid for the financial year 2017. Net Gaming will prioritise acquisitions and debt reduction during the next few years.

### Upcoming financial events

The Annual Report for 2017 will be published on 27 April 2018

The Annual General Meeting will be held in Stockholm on 24 May 2018.

Interim report January-March 2018: 24 May 2018

Interim report January-June 2018: 23 August 2018

Interim report January-September 2018: 22 November 2018

Year-end report January-December 2018: 21 February 2019

### **Merger of subsidiaries**

The subsidiary HLM Malta Limited started the process of merging its four subsidiaries during the financial year. The purpose is to enable the business to perform much more efficiently by eventually merging four subsidiaries into one legal entity. Combining four companies' expertise in one common company creates better opportunities to exploit synergies and also to make cost-savings, particularly in the form of administration and auditing. A first step in this process is to merge Chance Publications Malta Limited and Match Publications Malta Limited into Rock Intention Malta Limited (the receiving company).

The merger will apply retrospectively with effect from 1 January 2017. Such a process is entirely in accordance with the provisions of the Chapter 386 of the Maltese Companies Act 1995. The merger is expected to be officially confirmed by the first week in March.

As permitted by Article 344 of the Maltese Companies Act, and as stated in the proposed merger conditions duly approved and published by Malta's Registrar of Companies, the following has occurred:

1. All assets and liabilities in Chance Publications Malta Limited and Match Publications Malta Limited as of 1 January 2017, have been taken over by Rock Intention Malta Limited; and
2. All transactions relating to Chance Publications Malta Limited and Match Publications Malta Limited that took place on or after 1 January 2017 are accounted for as transactions in Rock Intention Malta Limited.

The merger of the fourth subsidiary Mortgage Loan Directory and Information LLC into Rock Intention Malta Limited is expected to take place within two to three years.

### **Acquisition of affiliate business**

Affiliate assets, mainly focused on the Nordic region and the UK, were acquired on 22 November 2017.

EUR 2 million of the purchase consideration of EUR 3 million was paid in cash in Q4 2017, while the remaining EUR 1 million will be paid through an issue of shares in Net Gaming, which is expected to be conducted in Q1 2018.

In addition to the initial consideration, an additional consideration based on the results for 2018 may apply. The maximum additional consideration is EUR 3,750 thousand.

As the Company considers it likely that the entire additional consideration will apply, the discounted present value of the additional consideration has been reported as a cost of acquisition and a provision in the Swedish parent company in accordance with RFR 2..

The total cost of EUR 3 million and the discounted present value of EUR 3,750 thousand has been allocated to acquired assets in the form of domain rights and affiliate contracts, and goodwill.

In the Group and in the Maltese subsidiary, the distribution of the total cost of acquisition is based on information currently known, but as the acquisition was conducted so late in the financial year, the distribution has been provisionally calculated and may be retrospectively adjusted, in accordance with IFRS 3 (45), over a period of twelve months from the acquisition date if new information emerges about facts and circumstances that would result in a different assessment than the reported preliminary assessment. In the Maltese subsidiary the cost of acquisition is reported at estimated fair value of 3 MEUR plus the discounted present value of 3,750 KEUR.

### **Current tax**

Another effect of the merger is that the four different companies will become a single taxable entity and their accumulated loss carryforwards can be used against current and future profits. As a result of the merger, no income tax will need to be paid in the HLM Group in 2017. This means that the previous tax expense for the year, which amounted to SEK 21.9 million as at 30 September 2017, was reversed in Q4, with a positive effect on earnings for the quarter.

### **Deferred tax**

Deferred tax is the tax that the Company expects to pay or receive due to differences between the carrying amounts of assets and liabilities and their corresponding tax bases used in the calculation of taxable profit.

Deferred tax assets arising from the carryforward of unused tax losses are recognised to the extent that it is probable that they can be utilised and will result in lower tax payments in the future. There are unutilised tax loss carryforwards from previous years in the acquired company HLM Malta Limited and its underlying group.

Net Gaming reports deferred tax assets on the basis of the portion of the loss carryforwards we believe we will be able to utilise over the next five-year period.

Deferred tax assets are calculated as forecast taxable income for the next five years multiplied by the current tax rate in the relevant country, which for Malta is 35%.

At the end of each reporting period, the deferred tax assets are tested for impairment. The testing of the deferred tax assets identified impairment as at 31 December 2017. The write-down of the deferred tax assets is reported in the income statement as a change in accrued income tax under the heading Taxes. This has had a negative effect of approximately SEK 16.4 million on profit for the year.

Based on current forecasts, the loss carryforwards will be fully utilised by 2020.

As the loss carryforwards are used and the deferred tax asset is reduced, this reduction will be recognised as tax expense and reported under Change in accrued income tax in the income statement.

### Non-recurring finance costs

During the financial year, the Company successfully concluded a refinancing arrangement in the form of 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%). With the help of the new financing, we have redeemed and repaid the previous bond loan. Early repayment of the bond loan has negatively affected earnings for the financial year with non-recurring costs of approximately SEK 26 million, although 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. Early redemption of the convertibles has generated a non-recurring cost of approximately SEK 2 million, charged to the year's earnings.

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

In total, the non-recurring finance costs and the revised estimate for deferred tax assets have had a negative impact of SEK 56 million on profit for the year.

Non-recurring items	Cost, SEK million	Cash effect
Early redemption, bond	-26	Yes
Previously capitalised consultancy costs	-12	No
Early repayment, convertible	-2	Yes
Reduction of tax asset	-16.4	No
<b>Total</b>	<b>-56</b>	



**Stockholm, 22 February 2017**  
Board of Directors

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[marcus.teilman@netgaming.se](mailto:marcus.teilman@netgaming.se)

*This information is information that Net Gaming Europe AB (publ) is required to disclose in accordance with the EU Market Abuse Regulation and, where applicable, the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided by the contact person above for publication on 22 February 2018 at 08.30 CET.*

## Consolidated Statement of Comprehensive Income

	01/10/2017	01/10/2016	01/01/2017	01/01/2016
<i>Amounts in SEK thousands</i>	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Revenue, affiliate operations	44 139	31 078	160 299	31 078
Revenue, gaming operations	1 471	4 126	9 140	17 859
<b>Total revenue</b>	<b>45 610</b>	<b>35 204</b>	<b>169 439</b>	<b>48 937</b>
Operating expenses, gaming operations	-509	-2 702	-2 744	-7 492
Capitalised work for own account	100	78	328	324
Marketing expenses	-5 802	-3 213	-15 781	-11 104
Other external expenses	-5 047	-5 772	-17 916	-7 763
Personnel expenses	-6 635	-7 306	-29 998	-8 915
Other operating income	2 234	155	3 339	818
Other operating expenses	29	-	-95	-
<b>EBITDA</b>	<b>29 980</b>	<b>16 444</b>	<b>106 572</b>	<b>14 805</b>
Depreciation and amortisation	-795	-238	-1 553	-664
<b>Operating profit/loss (EBIT)</b>	<b>29 185</b>	<b>16 206</b>	<b>105 019</b>	<b>14 141</b>
Interest and similar income	6	8	6	8
Interest and similar expenses	-11 164	-9 993	-84 714	-10 881
Other financial items	1 406	2 070	590	2 070
<b>Net financial items</b>	<b>-9 752</b>	<b>-7 915</b>	<b>-84 118</b>	<b>-8 803</b>
<b>Profit/loss before tax</b>	<b>19 433</b>	<b>8 291</b>	<b>20 901</b>	<b>5 338</b>
Current tax	21 906	-	-1	-
Change in accrued income tax	-19 593	-5 326	-14 971	-5 326
<b>Profit/loss for the year</b>	<b>21 746</b>	<b>2 965</b>	<b>5 929</b>	<b>12</b>
<b>Earnings per share (SEK)</b>	0.34	0.05	0.10	0.00
<b>Earnings per share after dilution (SEK)</b>	0.29	0.03	0.07	0.00
Other comprehensive income, income and expenses recognised directly in equity				
Exchange differences on translation of foreign operations	-1 190	-346	-980	-976
Other comprehensive income for the year	-1 190	-346	-980	-976
<b>Total comprehensive income for the period</b>	<b>20 556</b>	<b>2 619</b>	<b>4 949</b>	<b>-964</b>
<b>Comprehensive income per share (SEK)</b>	0.32	0.05	0.08	-0.02
<b>Comprehensive income per share after dilution (SEK)</b>	0.27	0.03	0.06	-0.01

## Consolidated Statement of Financial Position

Amounts in SEK thousands

31/12/2017

31/12/2016

### ASSETS

#### Non-current assets

Property, plant and equipment	657	761
Goodwill	408 088	370 254
Other intangible assets	32 191	5 707
Other non-current receivables	6 452	6 911
Deferred tax assets	11 059	36 338
<b>Total non-current assets</b>	<b>458 447</b>	<b>419 971</b>

#### Current assets

Trade receivables	15 464	14 390
Other receivables	2 360	4 820
Prepayments and accrued income	5 930	5 988
Cash and bank balances	115 113	58 999
<b>Total current assets</b>	<b>138 867</b>	<b>84 197</b>

### TOTAL ASSETS

**597 314**

**504 168**

### EQUITY AND LIABILITIES

<b>Equity</b>	62 936	4 456
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#### Provisions

Other provisions	35 422	52 725
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#### Non-current liabilities

Other non-current liabilities	407 317	332 409
Deferred tax liabilities	260	10 998
	<b>407 577</b>	<b>343 407</b>

#### Current liabilities

Trade payables	2 166	3 249
Liabilities to Parent Company	3 406	3 243
Tax liabilities	–	1 337
Other liabilities	78 422	80 423
Accruals and deferred income	7 385	15 328
	<b>91 379</b>	<b>103 580</b>

### TOTAL EQUITY AND LIABILITIES

**597 314**

**504 168**

## Consolidated Statement of Changes in Equity

	Share capital	Other paid-in capital	Translation reserve	Retained earnings incl year's	Total equity
Opening equity, 1 Jan 2016	14 957	28 559	-1 921	-42 547	-952
Equity component of convertible debenture	–	8 169	–	–	8 169
Deferred tax on equity component	–	-1 797	–	–	-1 797
Comprehensive income for the year	–	–	-976	12	-964
Closing equity, 31 Dec 2016	<b>14 957</b>	<b>34 931</b>	<b>-2 897</b>	<b>-42 535</b>	<b>4 456</b>
Opening equity, 1 Jan 2017	14 957	34 931	-2 897	-42 535	4 456
Conversion to shares Apr 2017*	519	8 481	–	–	9 000
Set-off issue adopted 30 Jun 2017	402	16 467	–	–	16 869
Issue expenses	–	-46	–	–	-46
Conversion to shares Jul 2017*	433	7 067	–	–	7 500
Comprehensive income for the period	–	–	210	-15 817	-15 607
Closing equity, 30 Sep 2017	<b>16 311</b>	<b>66 900</b>	<b>-2 687</b>	<b>-58 352</b>	<b>22 172</b>
Opening equity, 1 Oct 2017	16 311	66 900	-2 687	-58 352	22 172
Conversion to shares Nov 2017	145	2 355	–	–	2 500
Conversion to shares Dec 2017	1 011	16 489	–	–	17 500
Equity component of share options	–	208	–	–	208
Comprehensive income for the period	–	–	-1 190	21 746	20 556
Closing equity, 31 Dec 2017	<b>17 467</b>	<b>85 952</b>	<b>-3 877</b>	<b>-36 606</b>	<b>62 936</b>

\* An accounting adjustment of the share premium reserve for the conversions in Q2 and Q2 was made in Q4, but the table above has been adjusted retrospectively.

\*\* Conditional shareholder contribution from principal owner Trottholmen AB amounts to SEK 5,000 (5,000) thousand. The principal owner is entitled to receive repayment of this conditional shareholder contribution in the future under certain conditions.

## Consolidated Cash Flow Statement

	01/10/2017	01/10/2016	01/01/2017	01/01/2016
<i>Amounts in SEK thousands</i>	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash flow from operating activities	14 279	38 388	64 866	19 819
Cash flow from investing activities	-20 055	-204 118	-75 478	-204 388
Cash flow from financing activities	-177 081	191 927	65 097	225 927
<b>Cash flow for the period</b>	<b>-182 857</b>	<b>26 197</b>	<b>54 485</b>	<b>41 358</b>
Cash & cash equivalents at beginning of period	296 036	17 343	58 999	2 453
Cash and cash equivalents assumed on acquisition	–	14 966	–	14 966
Exchange differences	1 314		1 304	
Translation differences on consolidation of subsidiaries	620	493	325	222
Cash & cash equivalents at end of period	115 113	58 999	115 113	58 999

## Key figures, Group

	2017-10-01	2016-10-01	2017-01-01	2016-01-01
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Operating margin	63,99%	46,03%	61,98%	28,90%
Equity/assets ratio	11%	1%	11%	1%
Return on equity	51,10%	neg	17,6%	neg
Equity per share, SEK	0.94	0.08	0.94	0.08
Number of registered shares at end of period	67 180 880	57 525 000	67 180 880	57 525 000
Number of shares on maximum dilution	76 804 504	88 636 111	76 804 504	88 636 111
Average number of shares during period	63 865 664	57 525 000	60 781 811	57 525 000
Average number of shares on maximum dilution	76 251 057	84 916 304	86 290 276	64 429 110
Market price per share at end of period	8.80	4.72	8.80	4.72

## Income Statement – Parent Company

	01/10/2017	01/10/2016	01/01/2017	01/01/2016
<i>Amounts in SEK thousands</i>	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Revenue	447	398	803	1 516
<b>Total revenue</b>	<b>447</b>	<b>398</b>	<b>803</b>	<b>1 516</b>
OPERATING EXPENSES				
Other external expenses	-958	-2 872	-3 314	-3 738
Personnel expenses	-162	-69	-249	-655
Other operating expenses	29	–	-95	–
<b>Operating profit/loss</b>	<b>-644</b>	<b>-2 543</b>	<b>-2 855</b>	<b>-2 877</b>
<b>Profit/loss from financial items</b>				
Profit/loss from investments in Group companies	-12	19 134	19 239	19 073
Other interest and similar income	2 675	4 610	11 696	4 933
Interest and similar expenses	-11 164	-9 993	-84 714	-10 881
<b>Profit/loss after financial items</b>	<b>-9 145</b>	<b>11 208</b>	<b>-56 634</b>	<b>10 248</b>
Tax on profit/loss for the year	211	127	1 410	127
<b>Profit/loss for the year</b>	<b>-8 934</b>	<b>11 335</b>	<b>-55 224</b>	<b>10 375</b>

## Balance Sheet – Parent Company

Amounts in SEK thousands

31/12/2017

31/12/2016

### ASSETS

#### Non-current assets

##### Financial assets

Investments in Group companies	324 562	324 562
Non-current receivables from Group companies	103 790	116 286
Other non-current receivables	6 452	6 911
<b>Total financial assets</b>	<b>434 804</b>	<b>447 759</b>
<b>Total non-current assets</b>	<b>434 804</b>	<b>447 759</b>

#### Current assets

##### Current receivables

Receivables from Group companies	33 613	24 653
Other receivables	431	1 641
Prepayments and accrued income	3 939	4 083
Cash and bank balances	67 024	20 011
<b>Total current assets</b>	<b>105 007</b>	<b>50 388</b>

### TOTAL ASSETS

**539 811** **498 147**

### EQUITY AND LIABILITIES

<b>Equity</b>	25 259	26 952
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#### Provisions

Other provisions	35 422	52 725
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#### Non-current liabilities

Other non-current liabilities	407 317	332 409
Deferred tax liabilities	260	1 670
	<b>407 577</b>	<b>334 079</b>

#### Current liabilities

Trade payables	259	441
Liabilities to Parent Company	3 406	3 243
Liabilities to Group companies		1 043
Other liabilities	64 191	70 327
Accruals and deferred income	3 697	9 337
	<b>71 553</b>	<b>84 391</b>

### TOTAL EQUITY AND LIABILITIES

**539 811** **498 147**

## Statement of Changes in Equity – Parent Company

	Share capital	Share premium reserve	Retained earnings incl. year's	Total equity
<i>Parent Company</i>				
Opening equity, 1 Jan 2016	14 957	–	-4 751	10 206
Appropriation of profit/loss at AGM	–	–	–	–
Equity component of convertible debenture	–	8 169	–	8 169
Deferred tax liability on equity component of convertible debenture	–	-1 797	–	-1 797
Profit/loss for the year	–	–	10 375	10 375
Closing equity, 31 Dec 2016	<b>14 957</b>	<b>6 372</b>	<b>5 623</b>	<b>26 952</b>
Opening equity, 1 Jan 2017	14 957	6 372	5 623	26 952
Conversion to shares Apr 2017*	519	8 481	–	9 000
Set-off issue adopted 30 Jun 2017	402	16 467	–	16 869
Issue expenses	–	-46	–	-46
Conversion to shares Jul 2017*	433	7 067	–	7 500
Profit/loss for the period	–	–	-46 290	-46 290
Closing equity, 30 Sep 2017	<b>16 311</b>	<b>38 341</b>	<b>-40 667</b>	<b>13 985</b>
Opening equity, 1 Oct 2017	16 311	38 341	-40 667	13 985
Conversion to shares Nov 2017	145	2 355	–	2 500
Conversion to shares Dec 2017	1 011	16 489	–	17 500
Equity component of share options	–	208	–	208
Profit/loss for the period	–	–	-8 934	-8 934
Closing equity, 31 Dec 2017	<b>17 467</b>	<b>57 393</b>	<b>-49 601</b>	<b>25 259</b>

\* An accounting adjustment of the share premium reserve for the conversions in Q2 and Q2 was made in Q4, but the table above has been adjusted retrospectively.

\*\* Conditional shareholder contribution from principal owner Trottholmen AB amounts to SEK 5,000 (5,000) thousand. The principal owner is entitled to receive repayment of this conditional shareholder contribution in the future under certain conditions.



## Condensed Cash Flow Statement – Parent Company

	01/10/2017	01/10/2016	01/01/2017	01/01/2016
<i>Amounts in SEK thousands</i>	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash flow from operating activities	-24 714	464	-33 198	-21 226
Cash flow from investing activities	–	-203 930	-55 002	-203 930
Cash flow from financing activities	-157 728	211 061	135 228	245 061
<b>Cash flow for the period</b>	<b>-182 442</b>	<b>7 595</b>	<b>47 028</b>	<b>19 905</b>
Cash & cash equivalents at beginning of period	249 694	12 416	20 011	106
Exchange differences	-228	–	-15	–
<b>Cash &amp; cash equivalents at end of period</b>	<b>67 024</b>	<b>20 011</b>	<b>67 024</b>	<b>20 011</b>

## Segment reporting

Management has determined the operating segments based on the reports reviewed by the Parent Company's CEO and submitted to the Board. These are used to make strategic decisions.

The key yardstick for the Parent Company's CEO and Board of Directors in evaluating the operating segments' operations is EBITDA.

Gaming operations consist of PokerLoco Malta Limited and its subsidiary Loco Online Entertainment N.V. Affiliate operations consist of HLM Malta Limited and its subsidiaries Rock Intention Malta Limited and Mortgage Loan Directory and Information LLC, Delaware, USA.

The Parent Company Net Gaming Europe obtains its revenue from consulting services in IT, marketing, financial services, control and management. The 'Other' segment shown below, the remaining Group companies Valdemo Trading Limited and Eurobet Operation Limited include eliminations of intra-group transactions. Loco Marketing Sociedad Anonima, previously included in the segment, has been liquidated during the fiscal year

<i>Amounts in SEK thousands</i>	<i>Net</i>				<i>Total</i>
	<i>Gaming Europe</i>	<i>Gaming operations</i>	<i>Affiliate operations</i>	<i>Other</i>	
<i>2017</i>					
Revenue	803	11 028	160 299	-2 691	169 439
Operating expenses, gaming operations	–	-2 744	–	–	-2 744
Capitalised work for own account	–	328	–	–	328
EBITDA	-2 855	-1 082	110 609	-100	106 572
Profit/loss before tax	-56 634	-1 751	98 562	-19 276	20 901
Profit/loss after tax	-55 224	-1 751	82 180	-19 276	5 929
Assets	539 811	10 770	509 052	2	1 059 635
of which intragroup assets	-461 965	-356	–	–	-462 321
Assets excl. intragroup assets	77 846	10 414	509 052	2	597 314
Liabilities and provisions	514 552	28 338	129 139	2 216	674 245
of which intragroup liabilities	–	-19 098	-118 581	-2 188	-139 867
Liabilities excl. intragroup liabilities	514 552	9 240	10 558	28	534 378
<i>2016</i>	<i>Net</i>				<i>Total</i>
	<i>Gaming Europe</i>	<i>Gaming operations</i>	<i>Affiliate operations</i>	<i>Other</i>	
Revenue	1 516	17 859	31 078	-1 516	48 937
Operating expenses, gaming operations	–	-7 492	–	–	-7 492
EBITDA	-2 877	-3 202	20 938	-54	14 805
Profit/loss before tax	10 248	-3 652	17 868	-19 126	5 338
Profit/loss after tax	10 375	-3 652	12 415	-19 126	12
Assets	498 147	9 124	463 833	2	971 106
of which intragroup assets	-465 501	-394	-1 043	–	-466 938
Assets excl. intragroup assets	32 646	8 730	462 790	2	504 168
Liabilities and provisions	471 195	24 447	146 442	2 193	644 277
of which intragroup liabilities	-1 043	-15 070	-126 262	-2 190	-144 565
Liabilities excl. intragroup liabilities	470 152	9 377	20 180	3	499 712

## Related party transactions

	<i>01/10/2017</i>	<i>01/10/2016</i>	<i>01/01/2017</i>	<i>01/01/2016</i>
Parent Company	<i>31/12/2017</i>	<i>31/12/2016</i>	<i>31/12/2017</i>	<i>31/12/2016</i>
Sales of services to subsidiaries	447	398	803	1 516
Interest and similar income from subsidiaries	1 687	3 132	11 498	3 455
Interest expenses from other related parties	-41	-124	-162	-1 009
Receivables from Group companies			139 868	143 404
Accumulated impairment of receivables from Group companies			-2 465	-2 465
Carrying amount of receivables from subsidiaries			137 403	140 939
Liabilities to other related parties			-3 406	-3 243

## Definitioner av nyckeltal

### Key figure

Operating margin  
Equity/assets ratio  
Return on equity  
Earnings per share

Equity per share, SEK

FTD – First Time Depositor

Organic growth

### Definition

Operating profit/loss as a percentage of sales.

Equity as a percentage of total assets.

Profit/loss after tax divided by average equity.

Profit/loss after tax divided by the average number of shares.

Equity divided by the number of shares at the end of the financial year.

The number of new customers who made their first deposit with an iGaming operator.

Increase in revenue excluding acquired revenue, but including the acquired assets' growth generated by own resources.