

Net Gaming Europe AB (publ) – Interim Report Q3 2018

21% organic growth, driven mainly by the US

Third quarter 2018

- Revenue increased to SEK 51.5 (40.2) million. Revenue from affiliate operations increased to SEK 51.1 (38.4) million.
- EBITDA increased to SEK 32.3 (25.6) million.
- Profit after tax was SEK 20.5 (-31.7) million.
- Earnings per share increased to SEK 0.27 (-0.51).
- Total NDC growth was 35%; largest vertical Casino increased NDCs by 52%.
- Cash flow from operating activities was SEK 33.8 (5.9) million.

Period 1 January– 30 September 2018

- Revenue increased to SEK 143.5 (123.8) million. Revenue from affiliate operations increased to SEK 141.7 (116.2) million.
- EBITDA increased to SEK 93.2 (76.8) million.
- Profit after tax was SEK 62.6 (-15.8) million.
- Earnings per share increased to SEK 0.88 (-0.26).
- Total NDC growth was 28%; Casino vertical increased NDCs by 48%.
- Cash flow from operating activities was SEK 81.9 (75.7) million.

Significant events in the quarter

- New financial targets launched, focusing on organic growth, earnings per share growth and lower debt.
- CFO Gustav Vadenbring and CTO Clinton Cutajar appointed as part of continuing recruitment of key personnel to support growth plans.
- Early redemption of the entire remaining convertible loan.

Significant events after the quarter

- iGaming operations are being phased out and reshaped into affiliate operations. Net Gaming is now a focused affiliate company.
- The Board proposes a change of presentation currency from SEK to EUR with effect from 1 January 2019 in order to provide a clearer picture of the Company's underlying operations. The Company has convened an EGM.

Key figures SEK million	Jul-Sep			Jan-Sep		
	2018	2017	Y/Y%	2018	2017	Y/Y%
Revenue, affiliate operations	51.1	38.4	+33%	141.7	116.2	+22%
Organic growth, %	21%	15%	+6%	-	-	-
EBITDA	32.3	25.6	+26%	93.2	76.6	+22%
EBITDA margin, %	63%	64%	-1%	65%	62%	+3%
Profit after tax	20.5	-31.8	-	62.6	-15.8	-
Earnings per share	0.27	-0.51	N/A	0.88	-0.26	E/T
EPS growth (%)*	N/A	-	-	N/A	-	-
EPS last 12 months	1.22	0.08	+1425%	1.22	0.08	+1425%
Net debt/EBITDA (rolling 12 mth)	2.33	3.45	-	2.33	3.45	-
NDC growth, %	+35%	+18%	+17%	+28%	+17%	+11%

*The key figure "EPS growth, %" is not applicable, as the earnings per share figure was negative in 2017.



21%

Organic growth, affiliate
operations Q3



26%

EBITDA growth, Q3



N/A

EPS growth
Q3

CEO's comments: NDC growth of 52% within Casino



Net Gaming is now a completely focused affiliate company within iGaming. It is therefore energising to see our affiliate revenues increasing by 33% to SEK 51 (38) million during Q3 2018, with organic growth* accounting for 21% (15%) of the increase. EBITDA increased by 26% to SEK 32.3 (25.6) million, while the operating margin fell slightly to 62.8 percent (63.7), having been negatively affected by costs associated with the list change and paid media which we are phasing out. A further acknowledgement of the momentum of our underlying operations is that total NDC growth increased by 35% Y/Y and cash flow from operating activities amounted to SEK 33.8 million.

Casino – strong underlying growth

Our Casino vertical now accounts for a massive 89% of our total revenue. Casino revenue grew by 38% Y/Y in the third quarter, while underlying NDC growth was 52% Y/Y. Our casino revenue in Europe shows good organic growth of 17%. We have approximately 1% of the European casino affiliate market and believe that we have very good opportunities to achieve long-term organic growth in Europe by measure such as increasing our focus in the UK and the DACH region.

United States – organic growth of 108%

We continue to expand strongly in the US, where organic growth was 108% in the third quarter. We are well positioned there, particularly thanks to our assets and brands such as Pokerlistings.com, which has a history going back 15 years. We are implementing our growth plan for the United States and investing in existing and new assets in the US market with the aim of becoming a long-term major player within iGaming affiliation there. We estimate our market share in casino and poker online affiliation at approximately 1%. We want to be proactive and start our US drive at an early stage so that we are ready when more states bring in regulation, thereby attracting more partners (operators) that we can cooperate with and refer end customers to. I am personally convinced that the United States as a whole could become the largest global iGaming market by far within just a few years. In the Nordic region, we have come a long way in the transition from land-based to online gaming (*at present, more than 40% of all gambling in the Nordic region is online*), while the share for iGaming in the US is currently just a few percent.

Laying the foundation for Betting

During the third quarter, we continued to build up and invest in new assets within our new Betting vertical. With methodological and structured work, we believe that growth opportunities over time are very good. It is important to emphasise that we need to apply patience with the betting vertical and understand that it takes some time before structural work and investments bear fruit.

Organic growth, strong cash flows and low debt

As we have already communicated in the third quarter of 2018, strong organic growth and low debt are the foundation stones for how we want to build and develop Net Gaming. As part of this, and on the basis of our strong cash flows and growing cash, we aim to be able to pay off the majority of our outstanding bond loan from our own funds when it matures.

Growth focus together with strict cost control

We continue to work in a structured way, according to the growth plan and with a clear focus on good internal efficiency, strong cost control and profitability. We are clearly facing exciting times ahead, and my instinct is positive and confidence is strong when I think about the future!

Marcus Teilman, President and CEO

** Our definition of organic growth is revenue excluding acquisitions and divestments in the last 12 months, adjusted for exchange rate movements.*

The Group's development

QUARTER JUL-SEP 2018

Revenue

Revenue for Q3 increased by 28 percent to SEK 51.5 (40.2) million, driven by organic growth of 21 percent in combination with acquisitions and currency effects. Total revenue from affiliate operations increased by 33 percent to SEK 51.1 (38.4) million.

Development for New Depositing Customers (NDC) remained strong, with growth of 35 percent compared with the same period the previous year. In Casino, strong NDC growth has continued, increasing by 52 percent in Q3 2018. This is an important key figure to follow, as a large proportion of NDC growth has taken place with either revenue share or hybrid as a revenue model. This means that revenues from these end customers generated to operators are expected to be realised in the next few quarters for Net Gaming.

Costs

Operating expenses increased a little during Q3 2018 compared with the previous year. The increase was largely due to marketing expenses (paid media) and other external expenses. Marketing expenses have fallen sequentially compared with Q2 2018 and are expected to decline further in Q4 2018. This is due to a transition to organic SEO traffic for the acquisition completed in November 2017. Other external expenses for Q3 were also negatively affected by currency-related translation effects and also by costs related to the list change.

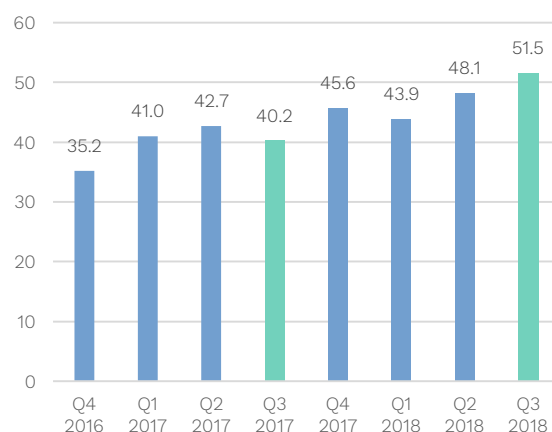
Earnings

EBITDA increased by 26 percent to SEK 32.3 (25.6) million. The EBITDA margin declined a little to SEK 62.8 (63.7) percent. Profit after tax increased to SEK 20.5 (-31.8) million.

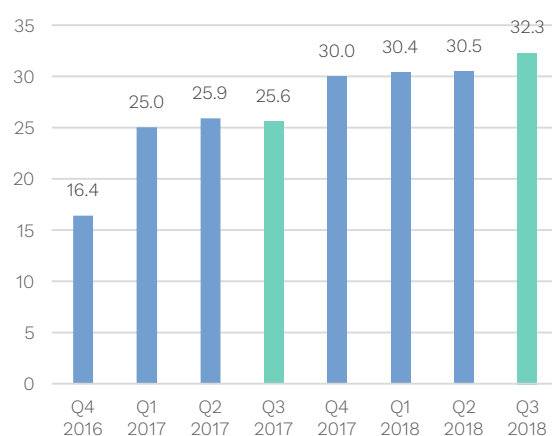
Net Gaming's net financial items for Q3 2018 were lower than in the same period the previous year. This is partly an effect of the lower interest rate for the new bond loan (7.25% compared with 13% in the previous arrangement) and partly due to substantial non-recurring costs that arose from the refinancing in Q3 2017. In the third quarter, the entire remaining convertible loan was converted into 3,111,098 shares, which meant that it was fully redeemed. This resulted in a negative non-recurring effect of SEK -1.1 million on net financial items.

Earnings per share before dilution amounted to SEK 0.27 (-0.51).

Revenue



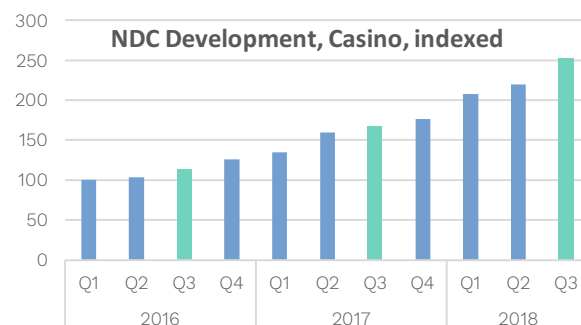
EBITDA



NDC development, total, indexed



NDC Development, Casino, indexed



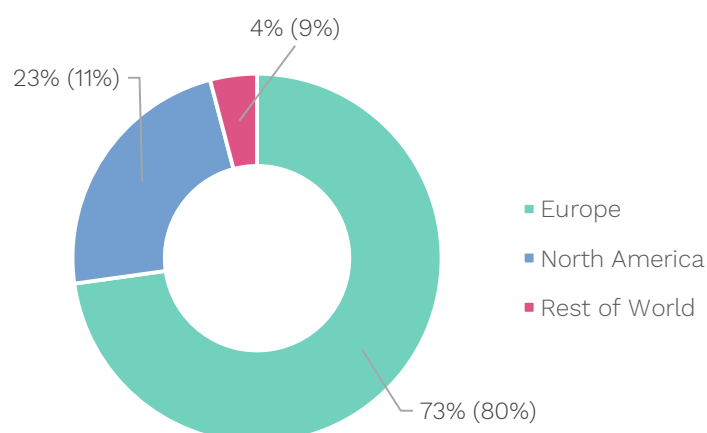
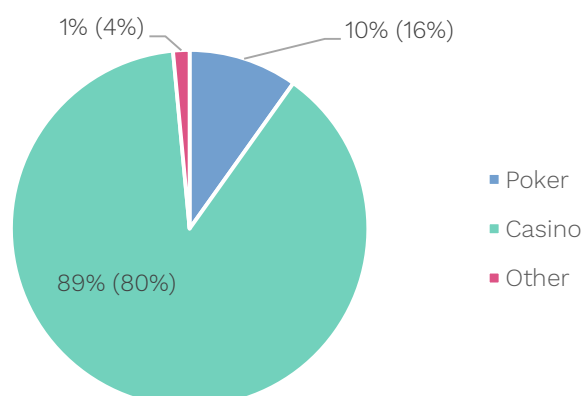
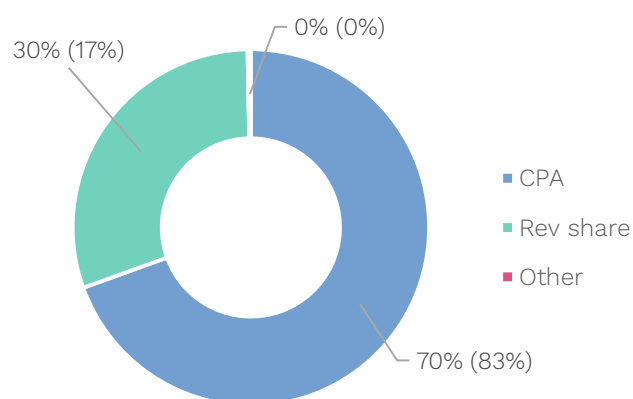
The graphs show an index of NDC development over time. NDC stands for new depositing customer, i.e. a newly depositing customer that Net Gaming has referred to one of its customers (operators). The charts above do not show absolute figures, but a percentage development from index 100 in the first quarter of 2016.

Revenue model

Net Gaming generates revenue in several ways. The majority of the revenue is generated from “up front payment” (also referred to as CPA – cost per acquisition) for each individual paying player that Net Gaming refers to its partners (usually the iGaming operator). A smaller – and increasing – 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. The proportion of Net Gaming’s total revenues that comes from revshare and hybrid is expected to increase in line with the trend in recent quarters, while revenue from CPA is expected to decline in proportion. If CPA’s share of revenue had been at the same level as in the previous year, revenue growth would have been higher, but the shift to a larger proportion for ‘Revenue share’ has been made with long-term sustainable growth in mind. With effect from this quarter, hybrid revenue is included in CPA and revenue share.

Net Gaming generates about 89% of revenue through casino (80% for the same period the previous year). Q3 Casino revenue increased by 48% compared with the same period the previous year.

Europa is Net Gaming’s largest geographical market, accounting for about 73% of total revenue. Revenue from Europe increased by 24% in Q3 2018 compared with the same quarter the previous year. North America is the second-largest, with 23% of total revenue. Revenue growth in North America for Q3 2018 was 108% compared with the same period the previous year.



Financial position

Cash flow and investments

Cash flow from operating activities in Q3 was SEK 33.8 (5.9) million. The change from the same quarter previous year is mainly due to underlying improved earnings growth and the recognition of an operating liability related to an additional consideration of SEK 23.9 million in Q3 2017. This affects the comparability between the quarters of 2018 and 2017. Cash flow from investing activities amounted to SEK -1.3 (-1.1) million and is low as the Company’s business model is not capital intensive. Cash flow from financing activities was SEK -8.1 (247.1) million Q3 2018 was adversely affected by the early redemption of convertibles, which affected cash flow negatively, with a non-recurring cost of approximately SEK -1.1 million. The positive cash flow from financing activities in Q3 2017 was attributable to the refinancing carried out in the third quarter of the previous year.

Liquidity and financial position

The Group's interest-bearing net debt at the end of the period was SEK 287.5 million, compared with SEK 133.8 million at the end of Q3 2017. The Company's cash and cash equivalents at the end of Q3 2018 amounted to SEK 91.1 (296.0) million. The liquidity position in Q3 2017 was positively affected by the refinancing carried out in the previous year. The equity/assets ratio was 30 (3) percent and equity was SEK 170.2 (21.4) million at 30 September 2018.

Other information

The share

On 30 June 2018, Net Gaming Europe (publ) was listed on Nasdaq First North Premier, Stockholm (NETG). The early redemption of the remaining convertibles of SEK 13,999,941 in July 2018 resulted in 3,111,098 shares.

Share capital

At 30 September 2018, share capital amounted to SEK 19,657,000, divided into 75,604,487 shares. The Company has one class of shares – A shares. Each share entitles the holder to (1) vote at the shareholders' meeting. At 30 September 2018, the number of shareholders was approximately 1,144.

At the end of the quarter, the Company had a total of 1,550,000 warrants outstanding.

Shareholder structure

The total number of shares in the Company at 30 September 2018 was 75,604 487.

Name	No. of shares	Ownership, %
Trottholmen AB	47,272,282	62.53%
Varenne AB	4,888,888	6.47%
JRS Asset Management	4,886,685	6.46%
Avanza Pension	3,441,142	4.55%
Peak Core Strategies	1,555,564	2.06%
Credit Suisse	1,111,111	1.47%
Prioritet Capital AB	1,103,255	1.46%
Nordnet Pension AB	806,990	1.07%
Stefan Mahlstein	612,646	0.81%
Granit Småbolag	457,510	0.61%
Other shareholders	9,468,314	12.52%
TOTAL	75,604,487	100.00%

Relevant risks and uncertainties

Net Gaming is exposed to a number of business and financial risks. The business risks can be divided into strategic, operational and legal risks. Financial risks are related to factors such as exchange rates, interest rates, liquidity and credit. Risk management within the Net Gaming Group is aimed at identifying, controlling and reducing risks. This is achieved based on a probability and impact assessment. The risk assessment is unchanged from the risk profile presented on pages 10-11 and 47-48 of the 2017 annual report. The Parent Company's risks and uncertainties are indirectly the same as for the Group.

Outlook

Net Gaming is not providing any forecasts in this report.

Seasonality

Net Gaming is affected by seasonal variations, with Q1 (Jan-March) and Q4 (Oct-Dec) revenue being stronger, while Q2 (Apr-Jun) and Q3 (Jul-Sep) are somewhat weaker. The revenue seasonality follows the normal pattern for the iGaming industry. Net Gaming has a relatively fixed cost base and a scalable platform, which means that the EBITDA margin is higher in Q1 (Jan-Mar) and Q4 (Oct-Dec).

Financial objectives

The Board of Net Gaming has defined the following financial objectives:

EPS growth

Net Gaming's target is average EPS growth of at least 20% over time. Growth in earnings per share is the overall financial objective. It is Net Gaming's assessment that strong growth in earnings per share is the best measure for creating shareholder value over time.

Organic revenue growth

Net Gaming's long-term target is organic revenue growth in the range of 15 to 25%.

Net Gaming will continuously invest in the core business and new internal growth initiatives to ensure strong and sustainable organic growth. The time when growth initiatives bear fruit may vary, which means that organic growth may fluctuate over time. Net Gaming's definition of organic growth is based on net sales compared with the previous period, excluding acquisitions (last 12 months) and divestments, and exchange rate movements.

Capital structure

Net Gaming's long-term target is a maximum net debt/EBITDA ratio of 2.0 over time. Net Gaming will conduct operations at low financial risk over time by maintaining low net debt. The Board is entitled to derogate from this objective during periods when this is considered best for the Company and for shareholder value.

Dividend

To prioritise growth during the next three years through acquisitions, internal growth projects and capital structure ahead of dividends.

Supplementary information

The Board of Directors and the CEO hereby certify that this report provides a true and fair view of the Parent Company's and the Group's operations, financial position and financial performance for the current period, and describes material risks and uncertainties faced by the Parent Company and other Group companies.

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

Stockholm, 22 November 2018

BOARD OF DIRECTORS

Henrik Kwick
Chairman

Jonas Bertilsson
Board member

Marcus Blom
Board member

Tobias Fagerlund
Board member

Marcus Teilman
Board member & CEO

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Forthcoming report dates

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

Interim report January-March 2019: 23 May 2019

2019 AGM: 23 May 2019

FNCA Sweden AB is the appointed Certified Adviser.

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 November 2018 at 08.30 CET.

Consolidated Statement of Comprehensive Income

	01/07/2018 30/09/2018	01/07/2017 30/09/2017	01/01/2018 30/09/2018	01/01/2017 30/09/2017
<i>Amounts in SEK thousands</i>				
Revenue, affiliate operations	51,149	38,440	141,693	116,160
Revenue, gaming operations	306	1,750	1,795	7,669
Total revenue	51,455	40,190	143,488	123,829
Operating expenses, gaming operations	-241	-516	-1,053	-2,235
Capitalised work for own account	107	76	348	228
Marketing expenses	-3,006	-2,332	-9,993	-9,979
Other external expenses	-5,676	-4,167	-16,878	-12,869
Personnel expenses	-8,845	-8,120	-25,091	-23,363
Other operating income	-791	538	3,082	1,105
Other operating expenses	-692	-62	-698	-124
EBITDA	32,311	25,607	93,205	76,592
Depreciation and amortisation	-656	-258	-2,414	-758
Operating profit/loss (EBIT)	31,655	25,349	90,791	75,834
Interest and similar income	-	-	-	-
Interest and similar expenses	-9,102	-50,096	-26,626	-73,550
Other financial items	-383	-1,351	2,920	-816
Net financial items	-9,485	-51,447	-23,706	-74,366
Profit/loss before tax	22,170	-26,098	67,085	1,468
Tax	-1,656	-5,656	-4,446	-17,285
Profit/loss for the year	20,514	-31,754	62,639	-15,817
Earnings per share (SEK)	0.27	-0.51	0.88	-0.26
Earnings per share after dilution (SEK)	0.27	-0.43	0.81	-0.21
Other comprehensive income, income and expenses recognised directly in equity				
Exchange differences on translation of foreign operations	-744	801	317	210
Other comprehensive income for the year	-744	801	317	210
Total comprehensive income for the period	19,770	-30,953	62,956	-15,607
Comprehensive income per share (SEK)	0.26	-0.49	0.88	-0.26
Comprehensive income per share after dilution (SEK)	0.26	-0.42	0.82	-0.21

Consolidated Statement of Financial Position

Amounts in SEK thousands	30/09/2018	31/12/2017	30/09/2017
ASSETS			
Non-current assets			
Property, plant and equipment	795	657	641
Goodwill	409,188	408,506	370,254
Other intangible assets	26,767	29,568	5,489
Other non-current receivables	3,567	6,452	7,338
Deferred tax assets	7,027	11,251	36,398
Total non-current assets	447,344	456,434	420,120
Current assets			
Trade receivables	21,186	17,926	16,077
Other receivables	1,675	2,360	1,774
Prepayments and accrued income	5,219	5,930	6,390
Cash and bank balances	91,082	115,113	296,036
Total current assets	119,162	141,329	320,277
TOTAL ASSETS	566,506	597,763	740,397
EQUITY AND LIABILITIES			
Equity	170,212	63,225	21,391
Non-current liabilities and provisions			
Other provisions	-	33,232	52,724
Other non-current liabilities	375,000	407,317	426,358
Deferred tax liabilities	-	260	6,381
Total non-current liabilities and provisions	375,000	440,809	485,463
Current liabilities			
Trade payables	2,561	4,603	2,491
Liabilities to Parent Company	3,527	3,406	3,365
Tax liabilities	-	-	23,213
Other liabilities	9,289	76,072	192,620
Accruals and deferred income	5,917	9,648	11,854
Total current liabilities	21,294	93,729	233,543
TOTAL EQUITY AND LIABILITIES	566,506	597,763	740,397

Consolidated Statement of Changes in Equity

<i>Amounts in SEK thousands</i>	<i>Share capital</i>	<i>Other paid-in capital</i>	<i>Reserves</i>	<i>Retained earnings incl. year's</i>	<i>Total equity Capital</i>
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
Conversion to shares Nov 2017	145	2,355	-	-	2,500
Conversion to shares Dec 2017	1,011	16,489	-	-	17,500
Share-based payments	-	208	-	-	208
Comprehensive income for the year	-	-	-825	6,063	5,238
Closing equity, 31 Dec 2017	17,467	85,952	-3,722	-36,472	63,225
Opening equity, 1 Jan 2018	17,467	85,952	-3,722	-36,472	63,225
Set-off issue March 2018	255	9,625	-	-	9,880
Conversion to shares Mar 2018	693	11,307	-	-	12,000
Conversion to shares Jun 2018	433	7,067	-	-	7,500
Option proceeds received	-	435	-	-	435
Issue expenses	-	-10	-	-	-10
Share-based payments	-	136	-	-	136
Comprehensive income for the period	-	-	1,061	42,125	43,186
Closing equity, 30 Jun 2018	18,848	114,512	-2,661	5,653	136,352
Opening equity, 1 Jul 2018	18,848	114,512	-2,661	5,653	136,352
Conversion to shares Jul 2018	809	13,191	-	-	14,000
Share-based payments	-	90	-	-	90
Comprehensive income for the period	-	-	-744	20,514	19,770
Closing equity, 30 Sep 2018	19,657	127,793	-3,405	26,167	170,212

Consolidated Cash Flow Statement

	01/07/2018 30/09/2018	01/07/2017 30/09/2017	01/01/2018 30/09/2018	01/01/2017 30/09/2017
<i>Amounts in SEK thousands</i>				
Operating activities				
Profit/loss before tax	22,170	-26,098	67,085	1,468
Adjustments for non-cash items				
- Depreciation and amortisation of assets	656	258	2,414	758
- Exchange gains/losses on financial receivables and liabilities	1,394	1,435	-1,909	1,029
- Share-related costs in equity	90	-	226	-
- Gain/loss on sale of other assets	-27	-	-3,082	-
Interest and similar expenses	9,102	50,096	26,626	73,550
Income tax paid	-	-	-	-
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in operating receivables	2,023	1,006	-1,996	766
Increase (+)/Decrease (-) in operating liabilities	-1,581	-20,788	-7,478	-1,799
Cash flow from operating activities	33,828	5,909	81,886	75,772
Investing activities				
Acquisition of interests in Group companies	-	-1,043	-57,069	-55,002
Acquisition of property, plant and equipment	-170	-45	-472	-193
Acquisition of intangible assets	-1,149	-75	-31,135	-228
Sale of other assets	27	-	3,082	-
Cash flow from investing activities	-1,292	-1,163	-85,594	-55,423
Financing activities				
Option proceeds received	-	-	435	-
Issue expenses	-	-46	-10	-46
Interest paid	-8,094	-5,830	-23,558	-25,480
New borrowings	-	364,085	-	363,325
Repayment of loans	-	-97,850	-	-107,850
Costs associated with loan settlement	-	-13,251	-	-13,251
Cash flow from financing activities	-8,094	247,108	-23,133	216,698
Cash flow for the period	24,442	251,854	-26,841	237,047
Cash & cash equivalents at beginning of period	67,222	44,659	115,113	58,999
Exchange differences	-582	-477	2,810	-10
Cash & cash equivalents at end of period	91,082	296,036	91,082	296,036

Income Statement – Parent

	01/07/2018	01/07/2017	01/01/2018	01/01/2017
<i>Amounts in SEK thousands</i>	<i>30/09/2018</i>	<i>30/09/2017</i>	<i>30/09/2018</i>	<i>30/09/2017</i>
Revenue	724	123	1,930	356
Total revenue	724	123	1,930	356
OPERATING EXPENSES				
Other external expenses	-1,224	-770	-4,012	-2,356
Personnel expenses	-509	-41	-1,442	-87
Other operating expenses	1	-62	-5	-124
Operating profit/loss	-1,008	-750	-3,529	-2,211
Profit/loss from financial items				
Profit/loss from investments in Group companies	-5	9,657	10,227	19,251
Other interest and similar income	655	2,952	2,577	9,811
Interest and similar expenses	-9,102	-50,097	-26,626	-73,550
Other financial items	-153	-1,183	2,202	-790
Profit/loss after financial items	-9,613	-39,871	-15,149	-47,290
Tax on profit/loss for the year	79	819	260	1,199
Profit/loss for the year	-9,534	-39,052	-14,889	-46,290

Balance Sheet – Parent Company

<i>Amounts in SEK thousands</i>	<i>30/09/2018</i>	<i>31/12/2017</i>	<i>30/09/2017</i>
ASSETS			
Total non-current assets	370,410	432,526	417,284
Total current assets	65,173	105,007	271,869
TOTAL ASSETS	435,583	537,533	689,153
EQUITY AND LIABILITIES			
Equity	54,315	25,172	13,204
Provisions	-	33,232	52,724
Total non-current liabilities	375,000	407,577	426,829
Total current liabilities	6,268	71,552	196,396
TOTAL EQUITY AND LIABILITIES	435,583	537,533	689,153

Notes to the Group's interim report

1. 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. For detailed information about accounting policies, see pages 21-30 of the Company's 2017 annual report. <http://www.netgaming.se/en/2018/04/27/annual-report-2017/>

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

2. Organic revenue growth

Net Gaming's long-term target is organic revenue growth in the range of 15 to 25%. Net Gaming will continuously invest in the core business and new internal growth initiatives to ensure strong and sustainable organic growth. The time when growth initiatives bear fruit may vary, which means that organic growth may fluctuate over time. Net Gaming's definition of organic growth is based on net sales compared with the previous period, excluding acquisitions (last 12 months) and divestments, and exchange rate movements.

Organic revenue growth - bridge Q3 2018

<i>Amounts in SEK thousands</i>	<i>01/07/2018 30/09/2018 Growth, %</i>	<i>01/07/2018 30/09/2018 Absolute figures</i>	<i>01/07/2017 30/09/2017 Absolute figures</i>	<i>Deviation Absolute figures</i>
Total growth, SEK	33.1%	51,149	38,440	12,709
SEK/EUR translation effects	-10.8%			
Total growth, EUR	22.3%	4,919	4,023	896
Adjustment acquired and divested/discontinued operations	-3.6%	-226	-69	-157
Total growth in EUR, excl. acquisitions and divested/discontinued operations	18.7%	4,693	3,954	739
Adjustment for constant currency	2.3%	-	-74	74
Total organic sales growth	21.0%	4,693	3,880	813

3. Segment reporting

The Group's operations are reported in two main operating segments – gaming operations and affiliate operations. Gaming operations are being phased out and reshaped into affiliate operations, which means that one business segment will be reported with effect from 2019.

The segments have been identified in accordance with the definition of operating segments in IFRS 8. The CEO and Board allocate resources based on the performance of these two segments. 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, with its subsidiary Rock Intention Malta Limited, and Mortgage Loan Directory and Information LLC, Delaware, USA.

The Parent Company Net Gaming Europe generates its revenue from consulting services in IT, marketing, financial services and management. The 'Other' segment, shown in the table below, includes the dormant Group companies Valdemo Trading Limited and Eurobet Operation Limited, and eliminations of intragroup transactions. Loco Marketing Sociedad Anonima, previously part of the Other segment, has been liquidated.

Amounts in SEK thousands

<i>01/01/2018 - 30/09/2018</i>	<i>Net Gaming</i>	<i>Gaming operations</i>	<i>Affiliate operations</i>	<i>Other</i>	<i>Total</i>
Revenue	1,930	1,795	141,693	-1,930	143,488
Operating expenses, gaming operations	-	-1,053	-	-	-1,053
Capitalised work for own account	-	348	-	-	348
EBITDA	-3,529	-315	97,132	-83	93,205
Profit before tax	-15,149	-307	92,866	-10,325	67,085
Profit after tax	-14,889	-307	88,160	-10,325	62,639
<i>Assets</i>					
Property, plant and equipment	-	18	777	-	795
Goodwill	-	-	409,188	-	409,188
Other intangible assets	-	5,918	20,849	-	26,767
Financial assets	370,410	-	-	-366,843	3,567
Deferred tax assets	-	-	7,027	-	7,027
Current assets	65,173	1,882	76,128	-24,021	119,162
<i>Total assets</i>	435,583	7,818	513,969	-390,864	566,506
<i>Liabilities and provisions</i>					
Other non-current liabilities	375,000	18,185	24,096	-42,281	375,000
Deferred tax liabilities	-	-	-	-	-
Current liabilities	6,268	8,303	30,722	-23,999	21,294
<i>Total liabilities and provisions</i>	381,268	26,488	54,818	-66,280	396,294

Amounts in SEK thousands

<i>01/01/2017 - 30/09/2017</i>	<i>Net Gaming</i>	<i>Gaming operations</i>	<i>Affiliate operations</i>	<i>Other</i>	<i>Total</i>
Revenue	356	7,669	116,160	-356	123,829
Operating expenses, gaming operations	-	-2,235	-	-	-2,235
Capitalised work for own account	-	228	-	-	228
EBITDA	-2,211	-594	79,451	-54	76,592
Profit before tax	-47,489	-1,426	69,651	-19,268	1,468
Profit after tax	-46,290	-1,426	51,167	-19,268	-15,817
<i>Assets</i>					
Property, plant and equipment	-	31	610	-	641
Goodwill	-	-	370,254	-	370,254
Other intangible assets	-	5,489	-	-	5,489
Financial assets	417,284	-	-	-409,946	7,338
Deferred tax assets	-	-	36,398	-	36,398

Current assets	271,869	1,856	65,904	-19,352	320,277
<i>Total assets</i>	689,153	7,376	473,166	-429,298	740,397
<i>Liabilities and provisions</i>					
Provisions	52,724	–	–	–	52,724
Other non-current liabilities	426,358	15,741	–	-15,741	426,358
Deferred tax liabilities	471	–	5,910	–	6,381
Current liabilities	196,396	8,382	117,762	-88,997	233,543
<i>Total liabilities and provisions</i>	675,949	24,123	123,672	-104,738	719,006

4. Related party transactions

<i>Amounts in SEK thousands</i>	<i>01/07/2018</i>	<i>01/07/2017</i>	<i>01/01/2018</i>	<i>01/01/2017</i>
<i>Parent Company</i>	<i>30/09/2018</i>	<i>30/09/2017</i>	<i>30/09/2018</i>	<i>30/09/2017</i>
Sales of services to subsidiaries	724	123	1,930	356
Interest income from subsidiaries	655	2,592	2,577	9,811
Interest expenses to other related parties	-41	-41	-121	-121
Receivables from subsidiaries			68,670	105,965
Accumulated impairment of receivables from subsidiaries			-2,465	-2,465
Carrying amount of receivables from subsidiaries			66,205	103,500
Liabilities to other related parties			3,527	3,365

5. Events after the end of the period

In Q4 2018, gaming operations will finally be reshaped into affiliate operations and Net Gaming will become a dedicated affiliate company from 1 January 2019.

The Board has decided on a change of presentation currency from SEK to EUR with effect from 1 January 2019 in order to provide a clearer picture of the Company's underlying operations, which are conducted in EUR rather than SEK. The Company has therefore convened an EGM.

Key figures and definitions

Key figures, Group

	01/07/2018 30/09/2018	01/07/2017 30/09/2017	01/01/2018 30/09/2018	01/01/2017 30/09/2017
Operating margin	61.5%	63.1%	63.3%	61.3%
EBITDA margin	62.8%	63.7%	65.0%	61.9%
Organic growth	21%	15%	-	-
Equity/assets ratio	30%	3%	30%	3%
Return on equity	13%	neg	54%	neg
Equity per share, SEK	2.25	0.34	2.25	0.34
Number of registered shares at end of period	75,604,487	62,736,437	75,604,487	62,736,437
Number of shares on maximum dilution	77,054,487	75,825,327	77,054,487	75,825,327
Average number of shares during period	74,826,713	62,561,902	71,422,261	59,742,564
Average number of shares on maximum dilution	77,054,491	91,296,928	76,894,244	89,673,456
Market price per share at end of period	9.10	11.05	9.10	11.05
EPS growth (%)	E/T	-	E/T	-
EPS growth (nom.)	+0.78	+0.48	+1.14	+0.21

Definitions of key figures

Net Gaming presents certain alternative performance measures (APMs) in addition to the conventional financial ratios defined by IFRS, in order to achieve better understanding of the development of operations and the Net Gaming Group's financial status. However, the APMs should not be regarded as a substitute for the key ratios required under IFRS. The reconciliation is presented in the tables in the annual report and should be read in connection with the definitions below.

EBITDA margin	EBITDA in relation to revenue
Equity per share, SEK	Equity divided by the number of shares outstanding.
Organic revenue growth	Revenue from affiliate operations compared with the previous period, excluding acquisitions and divestments (last 12 months) and exchange rate movements.
Earnings per share, SEK	Profit/loss after tax divided by the average number of shares.
Return on equity	Profit/loss after tax divided by average equity.
Operating margin	Operating profit/loss as a percentage of sales.
Equity/assets ratio	Equity as a percentage of total assets.
Debt/equity ratio	Interest-bearing liabilities, excl. any additional consideration, in relation to EBITDA.
EPS growth	Percentage increase in earnings per share (i.e. before dilution) between periods.
NDC	The number of new customers making their first deposit with an iGaming (poker, casino, bingo, finance, sports betting) operator.
CPA	Cost Per Acquisition - revenue from "up front payment" for each individual paying player that Net Gaming refers to its partners (usually the iGaming operator).
Revenue share	Revenue 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.