



**MR GREEN & Co.**

EST. 2013

# Interim Report

## January – September 2016

### JULY – SEPTEMBER

- › Total revenue increased by 14.0 per cent to SEK 229.9 (201.6) million. Revenue increased due to a broadened product range, a growing number of customers and a stronger market position outside the Nordic region.
- › EBITDA before non-recurring items was SEK 17.4 (40.8) million and the EBITDA margin before non-recurring items was 7.6 (20.2) per cent. Earnings were affected by higher local betting duties and increased marketing costs.
- › Earnings per share before/after dilution were SEK -0.02 (-2.12).
- › The number of active customers increased by 39.0 per cent and deposits from customers were up by 21.0 per cent.
- › On 30 September Mr Green launched its own exclusive live casino.

### JANUARY – SEPTEMBER

- › Total revenue increased by 11.5 per cent to SEK 659.6 (591.5) million.
- › EBITDA before non-recurring items was SEK 59.5 (107.7) million and the EBITDA margin before non-recurring items was 9.0 (18.2) per cent.
- › Earnings per share before/after dilution were SEK 0.53 (-1.43).

### KEY PERFORMANCE MEASURES<sup>1)</sup>

	2016	2015	Change,	2016	2015	Change,	2015
SEKm (unless stated otherwise)	Jul-Sep	Jul-Sep	%	Jan-Sep	Jan-Sep	%	Jan-Dec
Revenue	229.9	201.6	14.0%	659.6	591.5	11.5%	792.6
EBITDA before non-recurring items	17.4	40.8	-57.5%	59.5	107.7	-44.8%	136.8
EBITDA margin before non-recurring items (%)	7.6%	20.2%	-12,7 pts	9.0%	18.2%	-9,2 pts	17.3%
Earnings before interest and tax (EBIT)	-0.1	-82.7	99.9%	13.6	-52.8	125.8%	-36.0
Earnings before interest and tax (EBIT), %	0.0%	-41.1%	41,0 pts	2.1%	-8.9%	11,0 pts	-4.5%
Net result for the period	-0.9	-76.0	98.8%	18.9	-51.2	137.0%	-34.4
Earnings per share before / after dilution, SEK 2)	-0.02	-2.12	98.8%	0.53	-1.43	137.0%	-0.96
Cash flow from operating activities	23.0	41.8	-45.0%	74.5	83.4	-10.6%	149.4
Deposits from customers	687.2	567.8	21.0%	1,880.0	1,655.6	13.6%	2,206.1
Number of active customers	102,429	73,689	39.0%	188,495	149,002	26.5%	181,067

1) European Securities and Markets Authority's (ESMA) guidelines on Alternative Performance Measures (APMs) have been applied as of Q3 2016. In addition to the financial measures defined or specified in IFRS, certain key ratios, which qualify as APMs, are presented to reflect the underlying business performance and enhance comparability from period to period. These alternative key ratios should be considered to comprise a supplement to the key ratios calculated according to IFRS.

Definitions of APM's and purposes are included in the "Definitions of performance measures that is not calculated according to IFRS" and "Definitions of performance measures that is not calculated according to IFRS" and "Definitions of performance measures related to the business that is not calculated according to IFRS".

2) No dilution is applicable.



## CEO'S COMMENTS

“There is no doubt that our customers like the new Mr Green”

“During the period we continued to work intensively on implementing our new business strategy, which we call Mr Green 2.0. The business strategy is built on five cornerstones: brand, user experience, product offering, geographical expansion and being the leading player in sustainability and Green Gaming (responsible gaming).

Last year we launched a major initiative to drive change, in the organisation and in terms of developing a new flexible technology platform. The new technology platform has enabled us to implement new functions in less time and to create a unique form of customer communication. Through the technology platform we established a foundation for our new business strategy, which, coupled with our broadened product range and personalized customer communication, enhances the user experience.

The first confirmation of the strength of our new technology platform and broadening of our product range was presented in June, when we launched our new Sportsbook. Thanks to the new technology platform, we were able to launch our Sportsbook several months ahead of the original schedule. The Sportsbook has been well received by our customers and revenues are growing according to plan.

At the end of September, we took another important step by launching a new live casino environment, exclusively adapted for Mr Green. The environments are furnished like land-based casinos with Mr Green's own croupiers and represents another initiative aimed at giving our customers a first-class user experience.

Our new organisation is now in place and we have already started to implement and deliver on our new business strategy. During the three-month period we strengthened our positions in key markets and reached a new record of over 102,000 active customers. This is an increase of 39.0 per cent on the third

quarter in 2015 and a 10.5 per cent increase on the second quarter of this year. Customer deposits also hit an all-time high and were up by 21.0 per cent on the same period last year and by 14.2 per cent on the second quarter of this year. There is no doubt that our customers like the new Mr Green.

Our revenues are up by 14.0 per cent compared with the previous year to SEK 229.9 million. In local currency revenues increased by 16.0 per cent compared to the same period previous year. EBITDA before non-recurring items increased by 44.7 percent compared with the previous quarter, primarily due to higher revenue. EBITDA before non-recurring items deteriorated compared to the third quarter 2015, as marketing costs increased from unusually low levels during the third quarter previous year. In addition, EBITDA was also effected by our growth in markets with local betting duties, increased costs in conjunction with the introduction of the Sportsbook and our new live casino environment.

At Mr Green our focus is now squarely on exploiting the full potential of our new technology platform. The platform has opened up new opportunities to develop innovative, data-driven marketing and change our customer communication. So far the progress we have made looks promising and we continue to develop our processes and analytical tools to optimise our marketing and create a unique user experience.

Since we began our journey of change last year much has happened at Mr Green. Meanwhile the ongoing project aimed at listing Mr Green on Nasdaq Stockholm has remained a high priority. I am happy and proud of what our organisation has achieved in such a short space of time and look forward to our journey of change towards continued growth and increased profitability.”

Per Norman, CEO

# Market

## CONTINUED STRONG MARKET GROWTH

The market for online gaming has continued to grow at a rapid pace. The key driving forces are the growing penetration of smartphones and tablets and continual improvements in consumers' Internet access.

Industry research firm H2 Gambling Capital (H2GC) predicts an average annual growth rate (CAGR) for the European online gaming market of 8.5 per cent over the period 2016–2020 and that the market will be worth EUR 26.6 billion by 2020. The online casino market is expected to grow at nearly the same pace as the online gaming market while sports book betting is expected to increase by 9.6 per cent. The live casino market is forecast to grow by 11.2 per cent over the same period.

## MOBILE GAMING INCREASES BY 17.6 PER CENT

Mobile gaming is expected to account for most of the growth in the online gaming market over the next few years. From 2016–2010 gaming on mobile units is expected to grow at a CAGR of 17.6 per cent and gaming on computers is expected to grow at a CAGR of 3.9 per cent. Over the same period mobile sports betting is forecast to grow at a CAGR of 16.3 per cent and casino gaming by 18.2 per cent. The European online gaming market is expected to be worth EUR 10.7 billion by 2020, accounting for 40.2 per cent of the total European online gaming market.

H2GC's forecasts are from September 2016



## LOCAL REGULATION A POSITIVE DEVELOPMENT

Over the next few years Mr Green expects several European countries to introduce local regulations for online gaming. Mr Green welcomes this development and has for some time been preparing itself for potential local market regulation and the imposition of taxes and duties as well as stricter requirements for corporate governance, responsible gaming and other issues.

The European online gaming market remains highly competitive. The market is fragmented, with few pan-European players. Local regulation will have an impact on competition over the coming years.

Mr Green believes the company is well positioned for continued growth.



# Financial overview

## JULY – SEPTEMBER

### REVENUE

Total revenue increased by 14.0 per cent to SEK 229.9 (201.6) million in the period compared with the same period in the previous year. In local currency the increase was 16.0 per cent. The Group had a negative impact mainly from the weakening of the British pound. The organic growth is due to the underlying growth of the European online gaming market, Mr Green's broadening product offering, which is attracting new customers, and the company's success in strengthening its position in markets outside the Nordic region. The number of active customers increased by 39.0 per cent in the period while customer deposits were up by 21.0 per cent.

As of this quarter the Group is reporting figures for four rather than three geographic regions. In Western Europe revenues increased by 37.2 per cent to SEK 76.9 (56.0) million, driven by a stronger market position. In Central, Eastern and Southern Europe revenues were up by 39.4 per cent, to SEK 63.9 (45.8) million, due to strong growth in Austria. The company has chosen to scale down its marketing activities in the Nordic countries, which led to a 6.9 per cent decline in revenues to SEK 86.6 (93.0) million. In the Rest of world region revenues were down by 62.4 per cent to SEK 2.5 (6.7) million from a low level.

### COSTS

The cost of services sold increased by 29.8 per cent to SEK 77.4 (59.7) million, mainly due to costs related to increased revenues and local betting duties, as the company has seen strong growth in taxed markets. The cost of services sold was

also affected by the development of a new live casino which was launched by the end of the quarter, and the introduction of the Sportsbook.

Total betting duties were SEK 34.9 (25.4) million, representing 15.2 (12.6) per cent of revenues. Compared with the previous quarter, the cost of services sold excluding local betting duties decreased by 0.6 percentage points in relation to total revenues.

Marketing costs increased by 51.1 per cent to SEK 85.5 (56.6) million from unusually low levels compared with the same period in the previous year, and accounted for 37.2 (28.1) per cent of total revenues. The increase is explained by the fact that the company scaled back its marketing activities through most of 2015 and early 2016 pending the launch of the new technology platform.

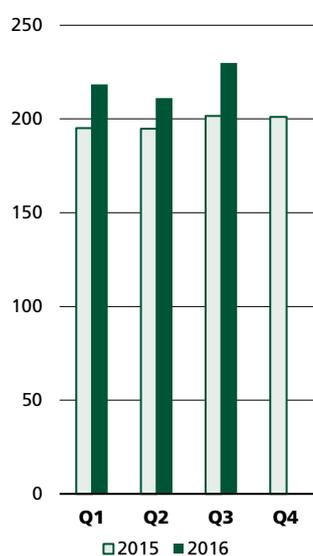
Personnel costs increased by 28.4 per cent to SEK 34.1 (26.6) million. The increase is due to new recruitment aimed at strengthening the company's pool of expertise and managing the expansion of operations. Compared with the previous quarter, personnel costs in relation to total revenues were down by 0.4 percentage points.

Other operating expenses decreased by 5.7 per cent to SEK 27.7 (29.4) million. The decrease is mainly due to positive currency effects compared with the same period previous year.

Capitalised costs increased by 7.3 per cent to SEK 12.3 (11.5) million and refer to the development of the new technology platform.

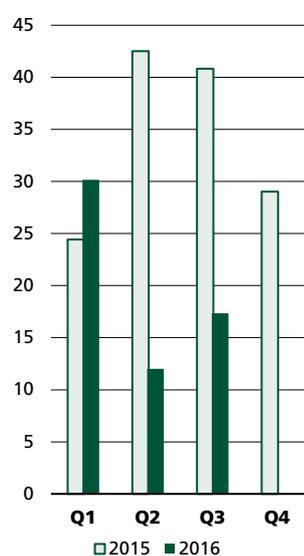
### REVENUE

(SEKm)



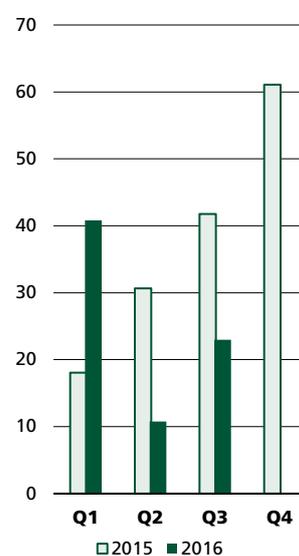
### EBITDA BEFORE NON-RECURRING ITEMS

(SEKm)



### CASH FLOW FROM OPERATING ACTIVITIES

(SEKm)



## EBITDA

EBITDA before non-recurring items was SEK 17.4 (40.8) million, which represents an EBITDA margin before non-recurring items of 7.6 (20.2) per cent. Compared with the third quarter of 2015, EBITDA before non-recurring items was mainly affected by increased marketing costs, local betting duties, the introductions of the Sportsbook and the launch of a new live casino.

EBITDA after non-recurring items was SEK 13.3 (-40.8) million and the EBITDA margin after non-recurring items 5.8 (-20.3) per cent. Non-recurring items for the period were SEK 4.1 (81.6) million and refer to costs related to preparations for the company's listing on Nasdaq Stockholm. In the previous year non-recurring items referred to the provision for betting duties in Austria, which related to prior periods. For more information, see Note 1.

Compared with the second quarter of this year EBITDA before non-recurring items has increased by 44.7 per cent to SEK 17.4 (12.0) million and the margin has expanded by 1.9 percentage points. The improvement is due to increased revenues.

## DEPRECIATION AND AMORTISATION

Depreciation and amortisation decreased by 16.4 per cent to SEK 13.4 (16.0) million. In the previous year a charge of SEK 3.0 million relating to the ongoing amortisation of the gaming platform in Social Holding Ltd was recognised and a SEK 25.9 million impairment charge on Social Holding's platform was recognised in September. After the impairment, the value of this gaming platform is SEK 0.

## EBIT

EBIT improved to SEK -0.1 (-82.7) million and the EBIT margin was 0.0 (-41.1) per cent. Non-recurring items had a nega-

tive impact on EBIT of SEK 4.1 million in the three-month period. In the previous year EBIT included non-recurring charges of SEK 81.6 million and an impairment charge of SEK 25.9 million.

## NET FINANCIAL INCOME AND TAX

Net financial income was SEK 0.1 (-0.1) million. The tax on the profit for the period in the Group was SEK 0.9 million. In the previous year tax had a positive impact on earnings of SEK 6.8 million, as the company reported a tax loss.

## ERNINGS FOR THE PERIOD

The company reports a loss for the period of SEK -0.9 (-76.0) million. Non-recurring items had a negative impact on earnings for the period of SEK 4.1 million. In the previous year earnings included non-recurring charges of SEK 81.6 million and an impairment charge of SEK 25.9 million.

## JANUARY – SEPTEMBER

### REVENUE

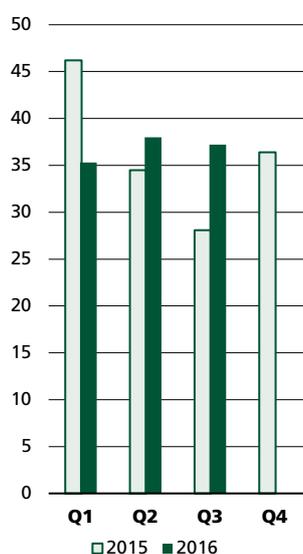
Total revenue increased by 11.5 per cent to SEK 659.6 (591.5) million in the first nine months of 2016 compared with the same period in 2015. In local currency the increase was 13.6 per cent. The Group has been negatively affected primarily by the weakening of the British and Norwegian currencies.

Growth in the first part of the year was affected by subdued marketing activity pending the launch of the new technology platform. Following the launch of the new technology platform and the Sportsbook in the second quarter marketing activities have been stepped up, which, together with the underlying market growth, has had a positive impact on revenues.

The number of active customers increased by 26.5 per cent in the period while customer deposits were up by 13.6 per cent.

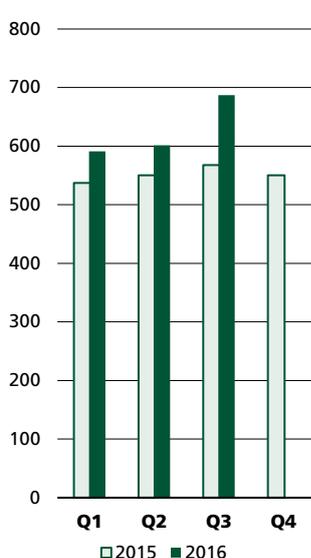
## MARKETING

% of revenue

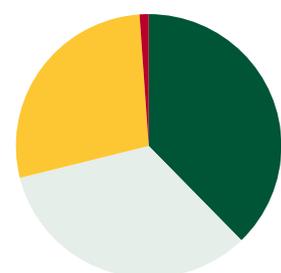


## CUSTOMER DEPOSITIS

(SEKm)



## REVENUE BY REGION, Q3



- NORDIC REGION, 38%
- WESTERN EUROPE, 33%
- CENTRAL, EASTERN AND SOUTHERN EUROPE, 28%
- REST OF THE WORLD, 1%

## COSTS

The cost of services sold increased by 51.1 per cent to SEK 214.0 (141.6) million, mainly due to costs related to increased revenues and betting duties. The cost of services sold was also affected by the implementation and development of the Sportsbook and a new live casino. Betting duties totalled SEK 94.6 (40.0) million, representing 14.3 (6.8) per cent of revenues. The increase in betting duties is primarily due to the ongoing provisions for betting duties in Austria, which have been recognised since the third quarter of 2015 and have had a negative impact on earnings for 2016 of SEK 65.8 (17.3) million.

Marketing costs increased by 13.5 per cent to SEK 242.9 (214.0) million. Marketing activities were kept at a low level in the first part of the year in preparation for the launch of the new technology platform. Following the launch of the new technology platform and Sportsbook in the second quarter marketing activities have increased.

Personnel costs increased by 30.4 per cent to SEK 96.0 (73.6) million. The increase is due to new recruitment aimed at strengthening the company's pool of expertise and managing the expanded operations.

Other operating expenses decreased by 3.0 per cent to SEK 88.1 (90.8) million. The decrease is primarily due to lower travel expenses and positive currency effects compared with the corresponding period last year.

Capitalised development costs increased by 13.1 per cent to SEK 41.0 (36.2) million and refer to the development of the new technology platform.

## EBITDA

EBITDA before non-recurring items was SEK 59.5 (107.7) million, which represents an EBITDA margin before non-recurring items of 9.0 (18.2) per cent. EBITDA before non-recurring items was affected by increased local betting duties and primarily by the tax provisions in Austria that have been recognised on an ongoing basis since the third quarter of 2015 and that had a negative impact on earnings for the first nine months of 2016 of SEK 65.8 (17.3) million. Earnings were also affected by increased marketing costs and costs for the Sportsbook and the new live casino.

EBITDA after non-recurring items increased to SEK 55.4 (26.1) million, which represents an EBITDA margin of 8.4 (4.4) per cent. Non-recurring items for the nine-month period were SEK 4.1 (81.6) million and refer to costs related to preparations for the company's listing on Nasdaq Stockholm. In the previous year non-recurring items referred to provisions for betting duties in Austria relating to periods before the third quarter of 2015.

## DEPRECIATION AND AMORTISATION

Depreciation and amortisation decreased by 21.1 per cent to SEK 41.8 (53.0) million. In the nine-month period in 2015 a charge of SEK 9.0 million relating to the ongoing amortisa-

tion of the gaming platform in Social Holding Ltd was recognised and a SEK 25.9 million impairment charge on Social Holding's platform was recognised in September. After the impairment, the value of this gaming platform is SEK 0.

## EBIT

EBIT increased to SEK 13.6 (-52.8) million and the EBIT margin was 2.1 (-8.9) per cent. Non-recurring items had a negative impact on EBIT of SEK 4.1 (81.6) million in the period. In the previous year EBIT also included an impairment charge of SEK 25.9 million.

## NET FINANCIAL INCOME AND TAX

Net financial income improved to SEK 10.2 (-0.1) million. The improvement is due to an adjustment of the additional consideration relating to the acquisition of Social Holding Ltd during the period, which resulted in financial income of SEK 10.2 million. The tax on the profit for the period in the Group was SEK 4.9 million. In the same period in the previous year tax had a positive impact on earnings of SEK 1.8 million, as the company reported a tax loss.

## EARNINGS FOR THE PERIOD

Earnings for the period improved to SEK 18.9 (-51.2) million. Non-recurring items had a negative impact of SEK 4.1 (81.6) million on earnings for the period. In the previous year earnings for the period also included an impairment charge of SEK 25.9 million.

# Cash flow

## JULY – SEPTEMBER

Cash flow from operating activities was SEK 23.0 (41.8) million. The change in working capital increased cash flow for the three-month period by SEK 33.3 (-16.3) million, mainly due to higher balance on customer accounts and payables that are affected by normal fluctuations. Betting duties in Austria had a negative impact on cash flow of SEK -24.5 (91.4) million. During the three-month period the final instalment under the payment plan for past betting duties was made, in the amount of SEK 48.4 (7.5) million. Provisions for betting duties in Austria during the period totalled SEK 23.9 (98.9) million. Cash flow from investing activities was SEK -15.1 (-13.3) million and refers mainly to the development of the technology platform (intangible asset) and other property, plant and equipment.

## JANUARY - SEPTEMBER

Cash flow from operating activities was SEK 74.5 (83.4) million. The change in working capital increased cash flow for the year by SEK 35.4 (-20.5) million, mainly due to higher balance on customer accounts and payables that are affected by normal fluctuations. Betting duties in Austria had a negative impact on cash flow of SEK -22.6 (83.9) million in the period. During the period instalments under the payment plan for

past betting duties were made in the amount of SEK 88.4 (14.9) million. Provisions for betting duties in Austria during the period totalled SEK 65.8 (98.9) million. Cash flow from investing activities was SEK -46.9 (-52.3) million and refers mainly to the development of the technology platform (intangible asset) and other property, plant and equipment. Investments for 2015 include the acquisition of the operations of MyBet Italia srl in the amount of SEK 8.0 million.

## Financial position

The company has no liabilities to credit institutions. Cash and cash equivalents at the end of the period were SEK 232.2 (139.1) million. Balances on customer accounts totalled SEK 29.7 (18.7) million. Due to the regulations of gaming authorities, this amount limits utilisation of the Company's liquid funds.

Consolidated equity at the end of the quarter was SEK 701.7 (644.9) million, or SEK 19.57 (17.99) per share.

Deposits from customers during the period were SEK 687.2 (567.8) million.

## Other information

### EMPLOYEES

At the end of the period the Group had 192 (159) employees. The average number of full-time employees in the Group in the third quarter was 176 (159), of whom 144 (128) were based in Malta. At the end of the period the Group had 35 (38) consultants on full-time contracts.

### OUTSTANDING SHARES AND OPTIONS

The company has no treasury shares. The total number of shares and votes outstanding in Mr Green & Co AB is 35,849,413.

In March 2014 the company issued 1,400,000 warrants following a resolution passed at the extraordinary general meeting on 19 March 2014. The exercise price was set at SEK 68 and the exercise period is 20 March 2017 – 20 April 2017. At 30 September 2016, 1,110,000 warrants had been acquired.

Following a resolution at the Annual General Meeting on 21 April 2016, the company has issued 1,020,000 warrants to senior executives and 360,000 warrants to the members of the Board of Directors. As at 30 September senior executives had acquired 900,000 warrants and the members of the Board of Directors had acquired 320,000 warrants at a market price of SEK 2,64 per warrant. The exercise price is SEK 45 and the exercise period runs from 22 April 2019 to 22 May 2019.

### RELATED-PARTY TRANSACTIONS

The company has previously concluded service contracts with companies which are controlled by related parties. Transactions with related parties are made on market terms. The

Group's total expense for services received during the three-month period was SEK 0.0 (0.5) million and accumulated expenses were SEK 0.2 (1.9) million.

### LISTING ON THE MAIN LIST OF NASDAQ STOCKHOLM

The project aimed at listing Mr Green on Nasdaq Stockholm continues and has a high priority.

### MR GREEN CONTESTS TAX LIABILITY IN AUSTRIA

The company has contested its tax liability by reference to the Austrian Constitution as well as EU legislation and has initiated an appeal process at an Austrian court and submitted a complaint to the European Commission. Most of the other gaming operators have initiated similar processes in Austria. The self-assessment should be viewed as a precautionary measure, as it will prevent the imposition of any criminal law sanctions and tax surcharges on the company. From September 2014 until the tax case has been finally resolved in court the company reports gaming sales related to Austria subject to the existing defects in the legislation (which the company has contested), but declares a total tax amount of SEK 0.

In view of the uncertain legal situation, which involves ongoing, and most likely protracted, legal processes in Austria and the EU, as well as the current political agenda, including a potential sale of the monopoly, Mr Green Ltd has decided, all things considered, to make ongoing provisions covering the potential tax in the income statement, in cost of services sold. The tax for the self-assessment period and subsequent provisions total SEK 291.6 million as at 30 September 2016 and have had a negative impact on earnings in the same amount for the period 2014 to the third quarter of 2016. Mr Green Ltd has completed a payment plan based on the self-assessment submitted to the Austrian tax authorities in 2014, which means that the payment of the self-assessment amount of SEK 108.1 million was completed in September 2016. As there is uncertainty about how the tax should be determined, the aforesaid amount has been calculated based on how the company believes the tax calculation will be made. There is a risk that Mr Green Ltd will lose the tax dispute or that the amounts may be adjusted to higher amounts than what the company has calculated.

### EVENTS AFTER THE END OF THE QUARTER

No significant events have occurred after 30 September 2016.

#### ANNUAL GENERAL MEETING 2017

The Annual General Meeting of Mr Green & Co AB will be held on Monday 24 April 2017, at 5 p.m., in Wallenbergsalen, IVA, Grev Turegatan 16, Stockholm. Shareholders wishing to present an issue for discussion at the AGM may submit their proposal to Mr Green & Co's General Counsel, Jan Tjernell, by e-mail to [jan.tjernell@mrg.se](mailto:jan.tjernell@mrg.se) or by post to Mr Green & Co AB, Attn: Jan Tjernell, Sibyllegatan 17, SE-114 42 Stockholm. To ensure inclusion in the notice of AGM and thereby on the agenda for the AGM, proposals must be received by the company by 20 February 2017.

#### NOMINATION COMMITTEE

In accordance with a resolution adopted at the AGM of Mr Green & Co AB on 21 April 2016, the Nomination Committee consists of Kent Sander, Dimitrij Titov and Mikael Pawlo.

Shareholders wishing to submit a proposal to the Nomination Committee may do so by e-mail to [valberedning@mrg.se](mailto:valberedning@mrg.se) or by post to Mr Green & Co AB, Valberedningen, Sibyllegatan 17, 4 tr SE-114 42 Stockholm.

#### FINANCIAL CALENDAR

Mr Green intends to publish financial reports as follows:

- › The year-end report for 2016 will be published on 10 February 2017
- › The annual report for 2016 will be published on 17 March 2017
- › The Annual General Meeting for 2016 will be held on 24 April 2017
- › The interim report for the first quarter of 2017 will be published on 28 April 2017
- › The interim report for the second quarter of 2017 will be published on 21 July 2017
- › The interim report for the third quarter of 2017 will be published on 27 October 2017

The Board of Directors and Chief Executive Officer warrant and declare that this interim report gives a true and fair view of the parent company's and Group's operations, financial positions and results, and that it describes significant risks and uncertainties faced by the parent company and the companies included in the Group.

Stockholm, 28 October 2016

Kent Sander  
*Chairman*

Henrik Bergquist  
*Board member*

Andrea Gisle Joosen  
*Board member*

Eva Lindqvist  
*Board member*

Danko Maras  
*Board member*

Tommy Trollborg  
*Board member*

Per Norman  
*CEO*

This English translation is only for reference purposes. Should there be any discrepancies between original Swedish version and the English translated version, the Swedish version shall prevail.

#### CONTACT INFORMATION

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Corporate ID number: 556883-1449  
[www.mrg.se](http://www.mrg.se)

This constitutes information that Mr Green & Co AB is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the above contact person on 28 October 2016, at 8:30 a.m

# Auditor's report on the review of summary interim financial statements (interim report)

PREPARED IN ACCORDANCE WITH IAS 34 AND CHAPTER 9 OF  
THE SWEDISH ANNUAL ACCOUNTS ACT

## INTRODUCTION

We have reviewed the summary interim financial information (interim report) for Mr Green & Co AB as at 30 September 2016 and for the nine-month period ending on this date. Responsibility for preparing and presenting this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act rests with the Board of Directors and CEO. Our responsibility is to express a conclusion on this interim report based on our review.

## FOCUS AND SCOPE OF THE REVIEW

We have performed our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and significantly

narrower scope than a full audit conducted in accordance with ISA and generally accepted auditing standards. The review procedures taken in a review do not enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been performed. The conclusion based on a review therefore does not have the same certainty as a conclusion based on an audit.

## CONCLUSION

Based on our review, we have not discovered any circumstances that would give us reason to consider that the interim financial statement has not, in all material respects, been prepared, in respect of the Group, in accordance with IAS 34 and the Annual Accounts Act and, in respect of the parent company, in accordance with the Annual Accounts Act.

Stockholm, 28 October 2016

Öhrlings PricewaterhouseCoopers AB

Bo Åsell

Authorised Public Accountant

# Condensed consolidated income statement

SEK '000	Note	2016	2015	2016	2015	2015
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Revenue		229,861	201,554	659,573	591,532	792,599
Cost of services sold		-77,440	-59,668	-214,005	-141,619	-199,222
Capitalised costs		12,302	11,468	40,971	36,240	49,034
Marketing		-85,521	-56,596	-242,923	-213,981	-287,171
Personnel costs		-34,126	-26,569	-96,037	-73,635	-99,728
Other operating expenses		-27,718	-29,380	-88,059	-90,792	-118,750
<b>EBITDA before non-recurring items</b>		<b>17,357</b>	<b>40,810</b>	<b>59,519</b>	<b>107,746</b>	<b>136,761</b>
Non-recurring items	1	-4 072	-81,631	-4 072	-81,631	-81,631
<b>EBITDA after non-recurring items</b>		<b>13,285</b>	<b>-40,821</b>	<b>55,447</b>	<b>26,115</b>	<b>55,130</b>
Depreciation and amortisation		-13,373	-16,001	-41,828	-53,046	-65,247
Impairment		-	-25,917	-	-25,917	-25,917
<b>Earnings before interest and tax (EBIT)</b>		<b>-88</b>	<b>-82,739</b>	<b>13,619</b>	<b>-52,848</b>	<b>-36,034</b>
Financial income	2	81	-28	10,235	-19	-17
Financial expenses		-3	-27	-7	-81	-49
<b>Result before tax</b>		<b>-10</b>	<b>-82,794</b>	<b>23,847</b>	<b>-52,948</b>	<b>-36,100</b>
Income tax		-867	6,840	-4,916	1,773	1,668
<b>Net result for the period</b>		<b>-876</b>	<b>-75,954</b>	<b>18,931</b>	<b>-51,175</b>	<b>-34,433</b>
<i>Result for the period attributable to:</i>						
- Shareholders of the parent company		-876	-75,954	18,931	-51,175	-34,433
Weighted average number of shares		35,849,413	35,849,413	35,849,413	35,849,413	35,849,413
Earnings per share before dilution, SEK		-0.02	-2.12	0.53	-1.43	-0.96
Earnings per share after dilution, SEK		-0.02	-2.12	0.53	-1.43	-0.96
<i>Included in cost of services sold:</i>						
Betting duties Austria (excl interest)		-21,682	-15,533	-59,195	-15,533	-32,349
Interest of betting duties Austria		-2,193	-1,784	-6,597	-1,784	-3,744
Betting duties other markets		-10,992	-8,117	-28,770	-22,644	-29,241

# Condensed consolidated statement of comprehensive income

<b>SEK '000</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
<b>Net result for the period</b>	<b>-876</b>	<b>-75,954</b>	<b>18,931</b>	<b>-51,175</b>	<b>-34,433</b>
<i>Other comprehensive income:</i>					
<i>Items which can be subsequently re-classified to profit/loss:</i>					
- Foreign exchange differences on consolidation	16,972	17,805	38,766	4,644	-16,128
<b>Other comprehensive income for the period</b>	<b>16,972</b>	<b>17,805</b>	<b>38,766</b>	<b>4,644</b>	<b>-16,128</b>
<b>Comprehensive income for the period</b>	<b>16,095</b>	<b>-58,148</b>	<b>57,697</b>	<b>-46,530</b>	<b>-50,561</b>
<i>Comprehensive income attributable to:</i>					
- Shareholders of the parent company	16,095	-58,148	57,697	-46,530	-50,561

# Condensed consolidated balance sheet

<b>SEK '000</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>30 Sep</b>	<b>30 Sep</b>	<b>31 Dec</b>
Customer contracts	0	0	0
Brand	306,300	299,301	290,495
Other intangible assets	90,188	81,761	81,175
Goodwill	526,647	514,613	499,473
Equipment	4,515	4,995	4,496
<b>Non-current assets</b>	<b>927,651</b>	<b>900,670</b>	<b>875,639</b>
Other receivables	7,261	9,509	11,042
Prepaid expenses and accrued income	9,109	11,969	5,201
Cash and cash equivalents	232,159	139,136	190,281
<b>Current assets</b>	<b>248,528</b>	<b>160,614</b>	<b>206,525</b>
<b>Total assets</b>	<b>1,176,178</b>	<b>1,061,283</b>	<b>1,082,164</b>
Share capital	35,849	35,849	35,849
Share premium reserve	683,993	680,773	680,773
Translation reserve	90,690	72,698	51,924
Retained earnings	-108,789	-144,463	-127,720
<b>Equity</b>	<b>701,744</b>	<b>644,857</b>	<b>640,826</b>
Deferred tax liability	112,133	112,469	104,040
Betting duties Austria	186,561	75,457	112,870
<b>Non-current liabilities</b>	<b>298,693</b>	<b>187,926</b>	<b>216,911</b>
Trade payables	45,684	8,098	33,246
Customer accounts	29,664	18,712	18,579
Other liabilities	13,235	13,336	20,490
Tax liabilities	8,299	1,556	6,625
Betting duties Austria	-	118,332	86,702
Accrued expenses and deferred income	78,859	68,467	58,785
<b>Current liabilities</b>	<b>175,741</b>	<b>228,500</b>	<b>224,427</b>
<b>Total equity and liabilities</b>	<b>1,176,178</b>	<b>1,061,283</b>	<b>1,082,164</b>

# Condensed consolidated statement of changes in equity

<b>SEK '000</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
<b>Equity at beginning of period</b>	<b>685,649</b>	<b>702,964</b>	<b>640,826</b>	<b>738,024</b>	<b>738,024</b>
Net result for the period	-876	-75,954	18,931	-51,175	-34,433
<i>Other comprehensive income:</i>					
- Foreign exchange differences on consolidation	16,972	17,805	38,766	4,644	-16,128
<b>Total comprehensive income</b>	<b>16,095</b>	<b>-58,148</b>	<b>57,697</b>	<b>-46,530</b>	<b>-50,561</b>
<i>Transactions with owners:</i>					
- Warrant premiums	-	42	3,221	-33	-33
- Dividend through mandatory repurchase of share	-	-	-	-46,604	-46,604
<b>Total transactions with owners</b>	<b>-</b>	<b>42</b>	<b>3,221</b>	<b>-46,638</b>	<b>-46,638</b>
<b>Equity at end of period</b>	<b>701,744</b>	<b>644,857</b>	<b>701,744</b>	<b>644,857</b>	<b>640,826</b>

# Condensed consolidated statement of cash flow

<b>SEK '000</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Jul-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Sep</b>	<b>Jan-Dec</b>
Net result before taxation	-10	-82,794	23,847	-52,948	-36,100
<i>Adjusted for:</i>					
- Depreciation, amortisation and impairment	13,373	41,918	41,828	78,963	91,164
- Unrealised foreign exchange differences, net	1,044	8,201	617	414	-1,310
- Betting duties Austria	-24,530	91,378	-22,638	83,906	95,644
Changes in working capital	33,292	-16,303	35,431	-20,520	8,506
Income tax paid	-199	-650	-4,548	-6,430	-8,479
Interest income	2	8	4	36	21
Interest expense	-2	-8	-4	-36	-87
<b>Cash flow from operating activities</b>	<b>22,972</b>	<b>41,750</b>	<b>74,537</b>	<b>83,385</b>	<b>149,360</b>
<i>Cash flow from investing activities:</i>					
- Payment, acquisition of subsidiary/assets and liabilities	-	-	-	-8,044	-8,044
- Acquisition of intangible assets	-13,932	-12,544	-44,727	-40,174	-60,593
- Acquisition of property, plant and equipment	-1,119	-708	-2,212	-4,069	-3,873
<b>Cash flow from investing activities</b>	<b>-15,051</b>	<b>-13,252</b>	<b>-46,939</b>	<b>-52,287</b>	<b>-72,511</b>
<i>Cash flow from financing activities:</i>					
- Warrant premiums	-	42	3,221	-33	-33
- Dividend through mandatory repurchase of shares	-	-	-	-46,604	-46,604
<b>Cash flow from financing activities</b>	<b>-</b>	<b>42</b>	<b>3,221</b>	<b>-46,637</b>	<b>-46,637</b>
Change in cash and cash equivalents	7,921	28,539	30,818	-15,539	30,212
Foreign exchange differences	4,817	-2,470	11,059	-279	5,115
Cash and cash equivalents at the beginning of the period	219,421	113,067	190,281	154,954	154,954
<b>Cash and cash equivalents at the end of the period</b>	<b>232,159</b>	<b>139,136</b>	<b>232,159</b>	<b>139,136</b>	<b>190,281</b>

# Condensed income statement per quarter

SEK '000	Note	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4
Revenue		229,861	211,218	218,493	201,067	201,554	194,786	195,192	174,787
Cost of services sold		-77,440	-70,237	-66,328	-57,603	-59,668	-40,671	-41,280	-35,088
Capitalised costs		12,302	14,910	13,759	12,795	11,468	12,528	12,244	11,901
Marketing		-85,521	-80,265	-77,137	-73,191	-56,596	-67,176	-90,209	-81,978
Personnel costs		-34,126	-32,139	-29,772	-26,093	-26,569	-24,694	-22,372	-25,217
Other operating expenses		-27,718	-31,489	-28,852	-27,959	-29,380	-32,259	-29,154	-27,453
<b>EBITDA before non-recurring items</b>		<b>17,357</b>	<b>11,998</b>	<b>30,163</b>	<b>29,015</b>	<b>40,810</b>	<b>42,514</b>	<b>24,421</b>	<b>16,952</b>
Non-recurring items	1	-4,072	-	-	-	-81,631	-	-	-112,081
<b>EBITDA after non-recurring items</b>		<b>13,285</b>	<b>11,998</b>	<b>30,163</b>	<b>29,015</b>	<b>-40,821</b>	<b>42,514</b>	<b>24,421</b>	<b>-95,129</b>
Depreciation and amortisation		-13,373	-15,110	-13,344	-12,201	-16,001	-17,561	-19,483	-15,318
Impairment		-	-	-	-	-25,917	-	-	-
<b>Earnings before interest and tax (EBIT)</b>		<b>-88</b>	<b>-3,112</b>	<b>16,819</b>	<b>16,814</b>	<b>-82,739</b>	<b>24,953</b>	<b>4,938</b>	<b>-110,447</b>
Financial income	2	81	-27	10,181	29	-28	2	7	79
Financial expenses		-3	-4	0	5	-27	-46	-7	-10
<b>Result before tax</b>		<b>-10</b>	<b>-3,144</b>	<b>27,000</b>	<b>16,848</b>	<b>-82,794</b>	<b>24,909</b>	<b>4,938</b>	<b>-110,378</b>
Income tax		-867	-1,561	-2,488	-105	6,840	-4,852	-216	9,838
<b>Net result for the period</b>		<b>-876</b>	<b>-4,705</b>	<b>24,512</b>	<b>16,743</b>	<b>-75,954</b>	<b>20,057</b>	<b>4,722</b>	<b>-100,540</b>
Number of shares		35,849,413	35,849,413	35,849,413	35,849,413	35,849,413	35,849,413	35,849,413	35,849,413
Earnings per share before dilution, SEK		-0.02	-0.13	0.68	0.47	-2.12	0.56	0.13	-2.80
Earnings per share after dilution, SEK		-0.02	-0.13	0.68	0.47	-2.12	0.56	0.13	-2.80
<u>Included in cost of services sold:</u>									
Betting duties Austria (excl interest)		-21,682	-19,018	-18,492	-16,817	-15,533	-	-	-
Interest of betting duties Austria		-2,193	-2,265	-2,138	-1,959	-1,784	-	-	-
Betting duties other markets		-10,992	-8,596	-9,182	-6,597	-8,117	-7,735	-6,792	-2,507

# Condensed income statement parent company

SEK '000	Note	2016	2015	2016	2015	2015
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Revenue		1,155	1,107	3,465	3,321	4,532
Expenses		-7,052	-6,942	-26,225	-24,911	-33,304
<b>EBITDA before non-recurring items</b>		<b>-5,897</b>	<b>-5,835</b>	<b>-22,760</b>	<b>-21,590</b>	<b>-28,773</b>
Non-recurring items	1	-4,072	-	-4,072	-	-
<b>EBITDA after non-recurring items</b>		<b>-9,969</b>	<b>-5,835</b>	<b>-26,832</b>	<b>-21,590</b>	<b>-28,773</b>
Depreciation and amortisation		-50	-17	-148	-21	-70
<b>Earnings before interest and tax (EBIT)</b>		<b>-10,019</b>	<b>-5,852</b>	<b>-26,980</b>	<b>-21,611</b>	<b>-28,842</b>
Financial items and appropriations		-268	-556	-761	-3,400	1,987
<b>Net result for the period</b>		<b>-10,287</b>	<b>-6,408</b>	<b>-27,740</b>	<b>-25,010</b>	<b>-26,855</b>

Net profit for the period in the Parent Company income statement is the same as comprehensive income for the period, as no items are recognised in other comprehensive income.

# Condensed balance sheet parent company

SEK '000	2016	2015	2015
	30 Sep	30 Sep	31 Dec
Non-current assets	717,850	711,380	714,629
Current assets	11,104	3,453	12,219
<b>Total assets</b>	<b>728,954</b>	<b>714,833</b>	<b>726,848</b>
Restricted equity	35,849	35,849	35,849
Non-restricted equity	614,396	640,761	638,916
Other liabilities	78,708	38,223	52,082
<b>Total equity and liabilities</b>	<b>728,954</b>	<b>714,833</b>	<b>726,848</b>

# Notes

All values in parentheses () are comparative figures for the same period in the previous year unless otherwise stated. In the commentaries the unit SEK million is used unless otherwise indicated. In the financial statements the unit kSEK is used unless otherwise indicated.

## ACCOUNTING POLICIES

Mr Green & Co AB (publ) applies the International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board. The financial statements of the parent company have been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Under RFR 2, the parent company is required to apply all EU-adopted IFRS and interpretations insofar as this is possible under the Annual Accounts Act and with regard to the relationship between accounting and taxation. The accounting policies and bases of assessment are unchanged compared with the Annual Report 2015, except with regard to what is stated below and under the sections "Cost of services sold" and "Personnel costs and other operating expenses".

As of this interim report the Group reports a new geographic structure, as the former region "Rest of Europe" has been divided up into two regions, "Western Europe" and "Central, Eastern and Southern Europe". The new geographic structure has been introduced in order to increase transparency and comparability with the company's competitors. Comparative figures have been restated to reflect the new structure. The new geographic structure has no impact on the total reported amounts of, for example, revenue or other items.

As of this interim report the Group specifies the interest that is attributable to betting duties in Austria. The interest has previously been included in the total amount for "Betting duties Austria" (which is included in the item "Cost of services sold"). Under the new policy, information on "Betting duties Austria" and "Interest" is provided in the form of a note disclosure to "Cost of services sold". The note disclosure is presented directly under the income statement, as we consider that it is essential to a correct understanding of the income statement and of cost of services sold. The same information is presented for the comparative periods.

## PERSONNEL COSTS AND OTHER OPERATING COSTS

In the comparative figures for 2015 kSEK 4,719 has been reclassified from other operating expenses to personnel costs in the consolidated income statement compared with the annual report for 2015.

The reason for the reclassification is that these costs are of a personnel-related nature. The same reclassification has been made for all interim periods in 2014 and 2015. The reclassification only involves a transfer between the aforementioned lines in the income statement and thus has no impact on EBITDA.

## FINANCIAL INSTRUMENTS – FAIR VALUES

The consolidated item that has been stated at fair value refers to a liability in respect of a consideration, which totalled kSEK 10,069 million at 31 December 2015. As described in Note 2, this consideration has been adjusted and at the end of the third quarter the liability amounted to kSEK 89.0. The additional consideration has been valued at fair value based on the discounted estimated outcome in accordance with the agreement. For other financial instruments the carrying amount is deemed to approximate fair value due to the short maturities.

## NOTE 1 NON-RECURRING ITEMS

In the third quarter of 2016 and on accumulated basis in 2016 the Group and parent company report non-recurring costs attributable to preparations for the listing of the company on Nasdaq Stockholm in the amount of kSEK 4,072.

As shown in the Annual Report 2015, the Group reports two non-recurring items. These refer to betting duties in Austria and the self-assessment made by the Group. As of September 2015 betting duties in Austria have been recognised in the income statement as cost of services sold.

SEK '000	2016	2015	2016	2015	2015
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Self-assessment period betting duties Austria Jan 2011 - Aug 2014	-	-	-	-	-24,431
Betting duties Austria Sept - Jun 2015	-	-	-	-	-57,200
Listing on Nasdaq Stockholm	-4,072	-	-4,072	-	-
<b>Non-recurring items</b>	<b>-4,072</b>	<b>-</b>	<b>-4,072</b>	<b>-</b>	<b>-81,631</b>

## NOTE 2 FINANCIAL INCOME

The contract for the acquisition of Social Holdings Ltd (Social Thrills) in 2014 included provisions relating to an additional consideration which the sellers may be entitled to receive before the end of 2017. As new information concerning the fulfilment of certain terms of the agreement has been received, it is no longer deemed probable that the majority of the additional consideration will be paid. The reason is that the service has not been developed as expected and because certain fundamental conditions for the success of the service are not present. For this reason an adjustment was made to the provision for the additional consideration in the first quarter of 2016 and recognised as financial income of kSEK 10,232 in the consolidated income statement.

# Risks and uncertainties

The Group operates in an environment which involves legal and regulatory risks and where individual countries and international organisations develop regulations which affect the Group's operations. As the operations become subject to further regulations it is likely that the Group will need to meet increased demands for compliance with laws and regulations and that it will face a higher tax burden. The Group continuously monitors the situation and adjusts its offering and its markets to manage this risk. In view of the aforesaid, mrgreen.com and garbo.com are not marketed in the US. Nor does the company accept players who are resident in the US, and the company has installed filters which are designed to prevent any attempts to make deposits from the US. There is also a trend in Europe towards a new way of handling betting duties as well as VAT issues that will affect the company's

operations in one way or another. The company monitors ongoing developments closely, adapts its operations to potential changes in the trading environment and complies with all laws and regulations. It should be noted, however, that situations may arise where local laws and regulations conflict with EU law, for instance, which takes precedence. On such issues the company engages leading legal experts and operates on the basis of a precautionary principle without for that reason relinquishing any commercial opportunities that may arise.

For an in-depth description of risks and other uncertainties, see the annual report for 2015.

# Condensed summary of key performance measures

	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4
<b>Profit</b>								
Revenue growth, per quarter (%)	8.8%	-3.3%	8.7%	-0.2%	3.5%	-0.2%	11.7%	3.7%
Revenue growth compared with the previous year (%)	14.0%	8.4%	11.9%	15.0%	19.6%	20.7%	26.6%	28.6%
Revenue Mobile (% of revenue)	43.3%	42.8%	35.3%	31.3%	31.1%	27.4%	25.8%	24.1%
Cost of services sold (% of revenue)	33.7%	33.3%	30.4%	28.6%	29.6%	20.9%	21.1%	20.1%
Cost of services sold excluding betting duties (% of revenue)	18.5%	19.1%	16.7%	16.0%	17.0%	16.9%	17.7%	18.6%
Marketing (% of revenue)	37.2%	38.0%	35.3%	36.4%	28.1%	34.5%	46.2%	46.9%
Personnel costs (% of revenue)	14.8%	15.2%	13.6%	13.0%	13.2%	12.7%	11.5%	14.4%
Other operating expenses (% of revenue)	12.1%	14.9%	13.2%	13.9%	14.6%	16.6%	14.9%	15.7%
EBITDA margin before non-recurring items (%)	7.6%	5.7%	13.8%	14.4%	20.2%	21.8%	12.5%	9.7%
EBITDA margin after non-recurring items (%)	5.8%	5.7%	13.8%	14.4%	-20.3%	21.8%	12.5%	-54.4%
EBIT margin (%)	0.0%	-1.5%	7.7%	8.4%	-41.1%	12.8%	2.5%	-63.2%
<b>Financial position and Cash flow</b>								
Investments in non-current assets	- 15 051	- 16 330	- 15 558	- 15 325	- 17 126	- 17 469	- 14 547	- 13 093
Equity/assets ratio (%)	59.7%	60.0%	60.0%	59.2%	60.8%	66.9%	66.8%	66.4%
Earnings per share (SEK)	-0.02	-0.13	0.68	0.47	-2.12	0.56	0.13	-2.80
Return on equity (%)	0.0%	-0.5%	4.1%	2.6%	-12.8%	3.4%	0.7%	-31.4%
Equity per share (SEK)	19.57	19.13	18.76	17.88	17.99	19.61	20.51	20.59
Cash flow from operating activities per share (SEK)	0.64	0.30	1.14	1.70	1.16	1.05	0.50	0.85
<b>Employees</b>								
Average number of employees	176	171	163	163	159	153	155	149
Number of employees at the end of the period	192	181	164	161	159	153	159	152
<b>Number of customers</b>								
Number of active customers	102,429	92,721	94,472	83,458	73,689	73,279	86,134	80,655
Active customers growth, per quarter (%)	10.5%	-1.9%	13.2%	13.3%	0.6%	-14.9%	6.8%	21.7%
Active customers growth compared with the previous year (%)	39.0%	26.5%	9.7%	3.5%	11.2%	16.1%	18.8%	-6.1%
<b>Deposits</b>								
Deposits from customers (SEKm)	687.2	601.7	591.1	550.6	567.8	550.6	537.2	484.8
Deposits growth, per quarter (%)	14.2%	1.8%	7.4%	-3.0%	3.1%	2.5%	10.8%	14.9%
Deposits growth compared with the previous year (%)	21.0%	9.3%	10.0%	13.6%	34.6%	35.0%	37.4%	39.4%

# Revenue by region

	2016	2016	2016	2015	2015	2015	2015	2014
SEK '000	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>Revenue by region</b>								
Nordic Region	86,578	84,951	93,830	90,330	92,959	87,517	93,937	84,736
Western Europe	76,881	65,778	63,186	48,860	56,048	58,797	51,540	48,142
Central, Eastern and Southern Europe	63,879	53,781	56,709	54,772	45,831	43,670	47,912	41,032
Rest of the World	2,523	6,708	4,768	7,106	6,717	4,803	1,804	874
<u>Share of revenue by region</u>								
Nordic Region	37.7%	40.2%	42.9%	44.9%	46.1%	44.9%	48.1%	48.5%
Western Europe	33.4%	31.1%	28.9%	24.3%	27.8%	30.2%	26.4%	27.5%
Central, Eastern and Southern Europe	27.8%	25.5%	26.0%	27.2%	22.7%	22.4%	24.5%	23.5%
Rest of the World	1.1%	3.2%	2.2%	3.5%	3.3%	2.5%	0.9%	0.5%
<u>Revenue by region, growth per quarter (%)</u>								
Nordic Region	1.9%	-9.5%	3.9%	-2.8%	6.2%	-6.8%	10.9%	-6.1%
Western Europe	16.9%	4.1%	29.3%	-12.8%	-4.7%	14.1%	7.1%	40.4%
Central, Eastern and Southern Europe	18.8%	-5.2%	3.5%	19.5%	4.9%	-8.9%	16.8%	-2.9%
Rest of the World	-62.4%	40.7%	-32.9%	5.8%	39.9%	166.3%	106.4%	-49.1%
<u>Revenue growth compared with the previous year (%)</u>								
Nordic Region	-6.9%	-2.9%	-0.1%	6.6%	3.0%	0.7%	11.7%	0.7%
Western Europe	37.2%	11.9%	22.6%	1.5%	63.5%	58.2%	51.8%	119.1%
Central, Eastern and Southern Europe	39.4%	23.2%	18.4%	33.5%	8.4%	20.2%	34.6%	40.6%
Rest of the World	-62.4%	39.7%	164.4%	713.3%	291.5%	399.3%	218.7%	54.6%

# Alternative performance measures

The European Securities and Markets Authority (ESMA) has issued guidelines for alternative performance measures, which must be applied by companies with securities that are listed on a regulated market in the EU. The guidelines must be applied for alternative performance measures which are used in mandatory published information, or prospectuses, from 3 July 2016. The Group has chosen to apply these guidelines as of the present interim report even though the Group is not yet subject to the guidelines. Information on the choice of alternative performance measures, how the Group uses them and how they are defined is provided in the following

sections. Comparative figures for prior periods is provided based on the same principles.

In addition to those industry performance measures which are not calculated in accordance with IFRS, as presented in the following section, the Group provides information on performance measures related to certain costs in the income statement in relation to revenue. These performance measures are significant particularly from an industry perspective.

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES WHICH ARE NOT CALCULATED IN ACCORDANCE WITH IFRS

Alternative performance measure	Definition	Purpose
RETURN ON EQUITY	Net result before tax divided by average equity.	Applied for the purpose of analysing profitability over time, in relation to those resources which are attributable to the owners of the parent company.
EARNINGS BEFORE INTEREST AND TAX (EBIT)	Earnings before net financial income/expense and tax.	The measure provides an illustration of profitability without regard to the corporate tax rate and independently of the company's financing structure.
EBIT MARGIN	EBIT divided by revenue.	The measure is relevant for measuring operating profitability.
EBITDA	Earnings before depreciation, amortisation, impairment, net financial income/expense and tax.	The measure is relevant for creating an understanding of the company's operating activities, regardless of financing and depreciation/amortisation of non-current assets.
EBITDA AFTER NON-RECURRING ITEMS	Earnings after non-recurring items but before depreciation, amortisation and impairment, net financial income/expense and tax.	The measure is relevant for creating an understanding of the company's day-to-day operations, regardless of financing and depreciation/amortisation of non-current assets, but also for providing a clear illustration of EBITDA after non-recurring items.
EBITDA BEFORE NON-RECURRING ITEMS	Earnings before non-recurring items, depreciation, amortisation and impairment, net financial income/expense and tax.	The measure is relevant for creating an understanding of the company's day-to-day operations, regardless of financing and depreciation/amortisation of non-current assets, but also for providing a clear illustration of EBITDA before non-recurring items in order to enable comparisons of the underlying operating activities.
EBITDA MARGIN	EBITDA divided by revenue.	The measure is relevant for creating an understanding of operating profitability and gives stakeholders a clearer picture of the company's core profitability, as it excludes depreciation/amortisation.
EQUITY PER SHARE	Equity divided by the number of shares outstanding at the end of the period.	The ratio measures the company's net value per share and shows if the company is increasing the shareholders' capital over time.
CASH FLOW FROM OPERATING ACTIVITIES PER SHARE	Cash flow from operating activities divided by average number of shares for the period.	The ratio measures the cash flow generated by the company before capital investments and cash flows attributable to the company's financing.

NON-RECURRING ITEMS	Refers to items which are of a non-recurring nature or not directly linked to the Group's normal operations, which means that the recognition of these items together with other items in the income statement would impair comparability with other periods and make it harder for an outside party to assess the Group's performance.	These items are illustrated to enable comparisons of the underlying operating activities.
EQUITY/ASSETS RATIO	Equity divided by total assets.	The measure is an indicator of the company's leverage for financing of the company.

#### **DEFINITIONS OF INDUSTRY PERFORMANCE MEASURES WHICH ARE NOT CALCULATED IN ACCORDANCE WITH IFRS**

Measure	Definition	Purpose
ACTIVE CUSTOMER	A customer is defined as active when he has played with money deposited in his customer account during the period. The customer is also considered to be active if he has played with winnings from free spin campaigns and/or bonuses from Mr Green during the period.	A relevant measure that drives revenue, from an industry practice and stakeholder perspective.
DEPOSITS	Money deposited in customer accounts.	A relevant measure that drives revenue, from an industry practice and stakeholder perspective.