

Press Release

12 June 2020

Net Gaming carries out restructuring and issues forecast for Q2 2020

Net Gaming's operations have performed well during Q2, showing both organic growth and improved underlying profitability in adjusted EBITDA. The Company is in an intensive transformation phase, after Robert Andersson took over as CEO, which means that a reorganisation has been initiated. The reorganisation, which is aimed at creating better conditions for future growth, means that the second quarter has been affected by non-recurring costs.

The reorganisation of the business and transformation to Acroud AB have begun during Q2. The reorganisation involves, among other things, closing the Swedish office and centralising the business to Malta, in order to create a more efficient and cost-effective organisation. The reorganisation will bring annual savings of EUR 0.3m, with full effect from Q3. The reorganisation will give rise to non-recurring costs of EUR 0.5m during Q2 2020, charged to operating profit (EBITDA). The Company has also decided to recognise an impairment loss of EUR 0.5m on assets related to the PokerLoco brand, which will not be included in the new growth strategy adopted in 2020, focusing on fewer products. In parallel, refinancing of the business has been successfully secured in Q2, also resulting in non-recurring costs of approximately EUR 0.3m related to a consent fee, charged to net financial items. Net financial items have also been adversely affected by EUR/SEK exchange rate fluctuations of approximately EUR 1.2m in the first two months of the quarter, as the bond loan is denominated in SEK. The Company's reported profit after tax for Q2 has been negatively affected by the above factors.

"The underlying operations have shown positive development during Q2, with sequential organic growth of 14%, but also compared with the previous year. It should be noted that a large proportion of the items having a negative impact on Q2 earnings are non-cash items and of an accounting nature. The offensive initiatives and the reorganisation we are now implementing create the conditions for future growth and a brand new Acroud AB that will stand stronger in the future. With Sports betting on the doorstep and a company that is now optimised for the future, we feel strong as we embark on the growth journey we have begun. As proposed to the AGM, we also hope to be able to change our track to the new Acroud AB, which will be a new milestone," says CEO Robert Andersson.

Forecast Q2 2020

- Revenue is expected to amount to EUR 3.6m in Q2 2020, 14 percent higher than in Q1 2020 and 4 percent higher than in Q2 2019.
- Adjusted EBITDA (adjusted for non-recurring costs related to reorganisation and rebranding) is expected to amount to EUR 2.1m, 21 percent higher than in Q1 2020 and 4 percent higher than in Q2 2019. The adjusted EBITDA margin for Q2 2020 is expected to be 58 percent.
- Reported EBITDA is expected to amount to EUR 1.6m, 10 percent lower than in Q1 2020 and 23 percent lower than in Q2 2019. The EBITDA margin for Q2 2020 is expected to be 43 percent
- Reported profit after tax is expected to amount to EUR -1.2m, compared with EUR 2.8m in Q1 2020 and EUR 1.2m in Q2 2019, which was adversely affected by the above-mentioned non-recurring costs and exchange rate fluctuations related to the loan financing. Adjusted for non-recurring costs and exchange rate fluctuations, Adjusted profit after tax for Q2 2020 amounts to EUR 1.4m.

- At 30 June 2020, the cash position is estimated at EUR 3.0-3.2m. The Company's interest-bearing net debt is expected to be EUR 21.5m, corresponding to a debt/equity ratio, defined as net debt/EBITDA, of 3.0x, based on estimated LTM EBITDA at 30 June 2020.

Robert Andersson, President and CEO

All figures are unaudited and based on management accounts. The next financial update is scheduled to take place in connection with this year's Q2 report on 13 August 2020.

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About Net Gaming

Net Gaming owns, operates and develops high-quality comparison sites, mainly in iGaming affiliation, for the purpose of helping our partners by channelling high-quality users to the Company's customers – primarily iGaming operators. Through the sites, Net Gaming generates high-quality users, primarily to global iGaming operators. The Company, which was founded in 2003, has just over 70 employees and is headquartered in Malta. The share (NETG) is listed on Nasdaq First North Growth Market Premier. Certified Adviser: FNCA Sweden AB, info@fnca.se, +46 8 528 00 399