



**MR GREEN & Co.**

EST. 2013

# Interim report January-March 2017



## January-March

- Total revenue increased by 26.4 per cent to SEK 276.1 (218.5) million
- EBITDA increased by 13.4 per cent to SEK 34.2 (30.2) million
- The EBITDA margin was 12.4 (13.8) per cent
- Earnings per share before/after dilution amounted to SEK 0.53 (0.68)
- Acquisition of online gaming company Dansk Underholdning announced and intention to launch Mr Green in Denmark during the year

## Events after the end of the quarter

- Date of Annual General Meeting changed from 24 April to 16 May
- The Board proposed to the AGM to authorise the Board to decide on new share issue
- The proposal provides the Board with the flexibility to finance and further facilitate expansion, organically as well as through acquisitions
- The acquisition of Dansk Underholdning was completed and Mr Green thus has a casino licence in Denmark

## KEY PERFORMANCE INDICATORS

SEKm (unless stated otherwise)	2017	2016	Change, %	2016
	Jan-Mar	Jan-Mar		Jan-Dec
Revenue	276.1	218.5	26.4%	924.5
EBITDA before non-recurring items	34.2	30.2	13.4%	91.4
EBITDA margin before non-recurring items (%)	12.4%	13.8%	-1.4 pts	9.9%
Earnings before interest and tax (EBIT)	19.5	16.8	16.2%	19.1
Earnings before interest and tax (EBIT),%	7.1%	7.7%	-0.6 pts	2.1%
Net result for the period	18.9	24.5	-23.1%	33.1
Earnings per share before / after dilution, SEK <sup>1)</sup>	0.53	0.68	-23.1%	0.92
Cash flow from operating activities	37.6	40.8	-8.0%	128.8
Free cash flow	13.7	25.3	-45.9%	62.4
Deposits from customers	819.5	591.1	38.6%	2,696.5
Number of active customers	115,601	94,472	22.4%	238,822

1) No dilution is applicable.



## CEO'S COMMENTS

“Mr Green aims to be actively involved in the consolidation of the gaming industry”

“The strong growth in revenue, new customers and customer deposits continued during the first quarter. Revenue increased by 26.4 per cent, surpassing our target of annual growth of 20 per cent. Accordingly, the first steps in our Mr Green 2.0 business strategy have generated the desired effects. We are now accelerating by taking new strategic initiatives and are further raising our level of ambition. This will provide us with the prerequisites to continue to meet our growth target also in coming quarters.

### **Improving user experience and launch of number games**

Following the success of our Sportsbook and new live casino, we are now planning another product vertical and will launch number games during the year. We also continued to develop our Sportsbook and will present a new, upgraded version in the second half of the year. We introduced our newest product – the Reel Thrill tournaments – on March 20, which was very well received by our customers.

We started using our new technology platform a year ago and it enabled us to make customer communication more data and technology-driven, thus increasing the level of personalisation. Combined with our improved product offerings featuring a Sportsbook and live casino, this has resulted in strong growth for the company. It is particularly pleasing to see a sharp increase in the share of returning customers since we enhanced our customer communication. Moving forward, we are now introducing a new customer loyalty programme that will further – alongside our number games – strengthen Mr Green's entertainment value.

### **Launch in Denmark and expansion to Latin America**

We expect to launch Mr Green in Denmark in the second half of the year based on the acquisition of Dansk Underholdning. Our new product portfolio also means that we have a broad offering that will enable us to enter new markets both in and outside Europe. We initiated the establishment of operations in Latin America during the quarter, with the aim of introducing Mr Green to the region. Our continued geographic expansion also means that we are analysing acquisition options as a complement to organic growth.

Gaming site Garbo – a brand new concept in the gaming industry with its fun, cheeky attitude – will be relaunched in the near future. The launch is part of our strategy of establishing more, yet carefully selected, brands that have the potential of becoming global successes.

During the quarter, we also started a new way of working on traffic generation, for example, a new strategy for search engine optimisation (SEO) and digital marketing. These activities are being conducted in our new company Wizard Hat Ltd in Malta, which is also responsible for Garbo.

### **Strong growth in Europe**

Our growth was particularly strong in markets outside the Nordic region. In Western Europe, we grew by 69.4 per cent during the quarter and in Central, Eastern and Southern Europe by 23.2 per cent. Growth in the Nordic region remained weak, although it was up 5.0 per cent on the fourth quarter. We will now intensify our focus on improving growth in the Nordic region.

### **Green Gaming**

The Swedish Gaming Inquiry was presented a few weeks ago. We welcome the proposal of a re-regulated gaming market with the objective of providing clear and equal rules for all parties. We have long recommended the re-regulation of local gaming markets and associated Green Gaming requirements (responsible gaming). Green Gaming is a cornerstone of our strategy and we have developed advanced tools for analysing our customers' gaming behaviour. The aim is to detect customers with risky behaviour at an early stage. We believe that Green Gaming is a prerequisite for creating long-term confidence among our customers. Our internal governance models and technical architecture are also adapted to re-regulated markets.

### **Strong quarterly growth**

Our new Mr Green 2.0 business strategy, which will enable us to maintain our high rate of growth, will also generate economies of scale that will positively impact the EBITDA margin. Profitability was impacted year-on-year by higher revenue from markets with local betting duties and higher marketing costs.

We would not have been able to generate the strong growth in recent quarters without our highly skilled and motivated employees. We have a clear growth strategy that is well-known among our employees, who work hard to achieve its targets. Mr Green is a strong company with a unique brand and aims to be actively involved in the consolidation of the gaming industry.”

*Per Norman*  
CEO

# Mr Green 2.0 business strategy

The online gaming market is growing rapidly in Europe and annual growth of 6.7 per cent is expected until 2021. The European online gaming market has grown an average of 14.1 per cent per year since 2008 and was estimated to be worth almost EUR 20 billion in 2016. By 2021, the market is expected to be valued at EUR 28 billion.

The market is fragmented, and no operator in Europe has captured a high market share in all of Europe, although there are many operators that are large regionally or nationally.

## **Strong, globally viable brand**

Mr Green believes that gaming companies that aim to be successful in the long term must have a strong, globally viable brand and offer first-rate entertainment. This requires, in turn, skills in data and technology-driven personalised customer communication. Additional requirements are a critical mass and technical ability to meet regulatory requirements in regulated markets and general requirements on, for example, Green Gaming and anti-money laundering activities.

Mr Green embarked on an extensive change process in 2015 when the organisation and management groups were strengthened and a new technology platform was developed. The new technology platform enables rapid implementation of new functions and create efficient, personalised customer communications. With this technology platform in place, the company had the means to develop the new Mr Green 2.0 business strategy in the spring of 2016.

The five cornerstones of the strategy are: brand, user experience, product offering, geographic expansion and Green Gaming. As part of the strategy, the product offering was enhanced in 2016 with a Sportsbook and a new live casino.

## **The financial targets**

The aim is for the new business strategy to lead to increased revenue, improved operational efficiency, cost awareness and scalability. The strategy lays the foundations for meeting the financial targets, which were presented when Mr Green

was listed on Nasdaq Stockholm in November 2016. The financial targets are:

### *Growth in game win*

The medium-term target (two to three years) is to achieve an annual average growth rate of 20 per cent. In the long-term, the aim is to achieve annual organic growth that exceeds the online gaming market.

### *Profitability*

The medium-term target, two to three years, is to achieve an EBITDA margin of 20 per cent. In the long-term, the aim is to achieve at least 15 per cent EBITDA margin assuming 100 per cent of revenue is generated in locally regulated markets with betting duties.

## **Strategic initiatives 2017 – achieved and ongoing**

- ✓ Reel Thrill tournaments launched on 20 March
- ✓ Initiated establishment of operations in Latin America, with the aim of introducing Mr Green to the region
- ✓ Wizard Hat founded to generate digital traffic and launch Garbo
- ✓ Acquisition of gaming company Dansk Underholding
  
- ♣ Relaunch of gaming site Garbo
- ♣ Launch of updated Sportsbook
- ♣ Launch of number games
- ♣ Continued geographic expansion through organic growth and/or acquisitions
- ♣ Focus on growth in Nordic region
- ♣ Launch of Mr Green in Denmark
- ♣ Implementation of new tools for Green Gaming
- ♣ New customer loyalty programme
- ♣ Continued development of live offering
- ♣ Continued development of data and technology-driven customer communication and marketing

## **Industry awards 2017**

IGA 2017 Gaming Operator of the Year  
EGR Nordics Awards 2017 Nordic Operator of the Year  
EGR Nordics Awards 2017 Marketing Campaign of the Year

*All information regarding the size of the market was obtained from H2 Gambling Capital in April 2017.*



# Financial overview

## January-March

### Revenue

Revenue increased by 26.4 per cent to SEK 276.1 (218.5) million in the quarter compared with the year-earlier period. Accordingly, the growth trend of a strong increase in the number of customers and record-high customer deposits continued from the three preceding quarters. The number of active customers increased by 22.4 per cent during the quarter and customer deposits rose by 38.6 per cent year-on-year. The strong growth was the result of improved customer communication, enhanced entertainment value and a new product offering. Mr Green's expanded product offering, including both a Sportsbook and a new live casino, is attractive and the company has continued to strengthen its market position in much of Europe.

Revenue in Western Europe increased by 69.4 per cent to SEK 107.0 (63.2) million, which means that Mr Green continued to outperform market growth in the region. Revenue for Central, Eastern and Southern Europe increased by 23.2 per cent to SEK 69.9 (56.7) million, driven by continued good growth in Austria. Revenue in the Nordic region fell by 0.6 per cent to SEK 93.3 (93.8) million. Revenue in the Rest of the World rose by 23.8 per cent to SEK 5.9 (4.8) million.

Revenue in Western Europe was up 14.6 per cent on the preceding quarter and was up 5.0 per cent in the Nordic region. Revenue in Central, Eastern and Southern Europe declined by 7.2 per cent, mainly due to changed industry conditions in a few markets.

In local currencies, the increase was 25.0 per cent. The Group was positively impacted by the weaker SEK against the EUR.

### Costs

Cost of services sold increased by 37.4 per cent to SEK 91.1 (66.3) million. The increase was mainly due to costs related to strong growth and higher betting duties due to a solid increase in revenues in locally regulated markets. Total betting duties including interest amounted to SEK 43.7 (29.8) million, or 15.8 (13.6) per cent of revenue. Most, or 11.8 (9.4) per cent of revenue, comprised betting duties in Austria.

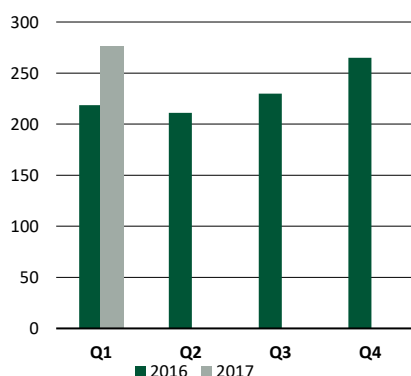
Marketing costs rose by 29.7 per cent to SEK 100.0 (77.1) million, which reflects the company's expansion and broader product offering. Marketing costs represent 36.2 (35.3) per cent of total revenue.

Personnel costs increased by 11.2 per cent to SEK 33.1 (29.8) million. The increase was due to new recruitment aimed at strengthening the company's pool of expertise and managing the expansion of operations. Personnel costs represent 12.0 (13.6) per cent of total revenue. The percentage of personnel costs in revenue have declined over the past three quarters.

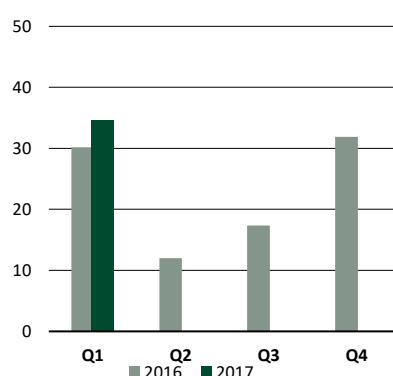
Other operating expenses increased by 17.3 per cent to SEK 33.8 (28.9) million. The increase was due to higher consulting costs compared with the first quarter of 2016, which primarily refers to consulting costs in IT and costs related to the acquisition of Dansk Underholding.

Capitalised costs rose by 17.6 per cent to SEK 16.2 (13.8) million, as a result of the continued development of the technology platform.

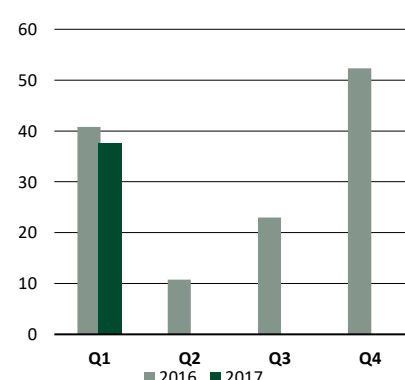
Revenue (SEKm)



EBITDA before non-recurring item (SEKm)



Cash flow from operating activities (SEKm)





### EBITDA

EBITDA increased by 13.4 per cent to SEK 34.2 (30.2) million, corresponding to an EBITDA margin of 12.4 (13.8) per cent. Compared with the first quarter of 2016, the EBITDA margin was mainly affected by higher costs related to the company's strong growth, local betting duties and marketing costs.

EBITDA increased for the third consecutive quarter. The EBITDA margin before non-recurring items rose by 0.4 percentage points compared with the preceding quarter.

### Depreciation and amortisation

Depreciation and amortisation rose by 9.8 per cent to SEK 14.7 (13.3) million, as a result of the increased intangible assets compared with the year-earlier period.

### EBIT

EBIT increased 16.2 per cent to SEK 19.5 (16.8) million and the EBIT margin was 7.1 (7.7) per cent. EBIT was impacted by higher costs related to the company's strong growth, local betting duties and marketing costs.

### Net financial income and tax

Net financial income was SEK 0.0 (10.2) million. Net financial income for the first quarter of 2016 was impacted by an additional purchase consideration related to an acquisition that was adjusted and led to finance income of SEK 10.2 million. The tax expense was SEK 0.7 (2.5) million.

### Net result for the period

The net result for the period was SEK 18.9 (24.5) million. The net result for the period for first quarter of 2016 was impacted

by an additional purchase consideration related to an acquisition that was adjusted and led to finance income of SEK 10.2 million.

## Cash flow

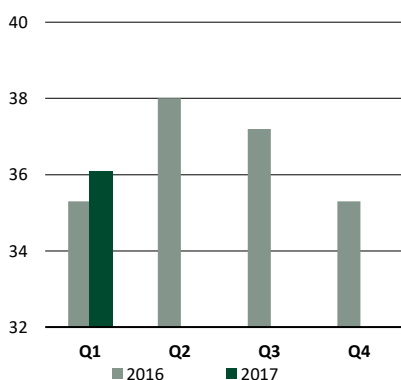
Cash flow from operating activities amounted to SEK 37.6 million (40.8). The change in working capital impacted cash flow by SEK -27.5 (-1.1) million, mainly due to lower trade payables in the quarter. Betting duties in Austria impacted on cash flow in the amount of SEK 30.1 (12.9) million. Cash flow from investing activities amounted to SEK -23.9 (-15.6) million and refers mainly to the development of the technology platform (intangible asset) and other property, plant and equipment.

## Financial position

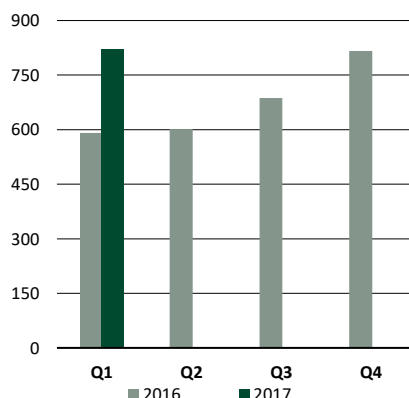
The company has no liabilities to credit institutions. Cash and cash equivalents at the end of the period amounted to SEK 280.1 (217.8) million. Balances on customer accounts totalled SEK 35.2 (21.6) million. Due to the regulations of gaming authorities, this amount limits utilisation of the company's cash and cash equivalents.

Consolidated equity at the end of the quarter was SEK 728.0 (672.5) million, corresponding to SEK 20.31 (18.76) per share. Deposits from customers increased by 38.6 per cent during the quarter to SEK 819.5 (591.1) million.

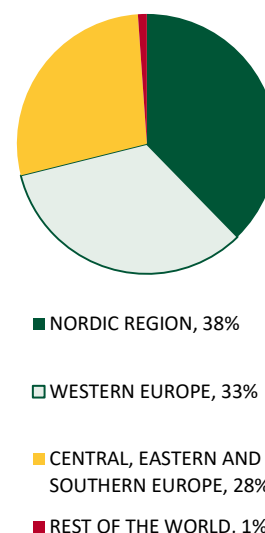
Marketing  
% of revenue



Customer deposits (SEKm)



Revenue by region, Q1



# Other information

## Personnel

At the end of the period, the Group had 211 (166) employees. The average number of full-time equivalents in the first quarter was 205 (160), of which 169 (133) were based in Malta. At the end of the period, the Group employed 37 (32) consultants on full-time contracts.

## Acquisition of online gaming company Dansk Underholdning

Mr Green announced the acquisition of Dansk Underholdning on 6 February 2017. The acquisition was conditional on the approval of the Danish Gambling Authority, which has now been granted. Dansk Underholdning has a well-established position in the Danish gaming market and primarily offers casino games. The acquisition is part of Mr Green's strategy of expanding to new geographic markets. Dansk Underholdning generated sales of approximately EUR 3.9 million in 2016 and reported year-on-year growth of 27 per cent in 2016. The company has several well-established brands including Bingosjov, Bingoslottet and Balletbingo. The acquisition encompasses all shares and the purchase consideration was paid in cash. The acquisition is expected to have a positive effect on Mr Green's earnings per share and operating cash flow in 2017.

## Outstanding shares and options

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

Warrants with an exercise period of 20 March 2017 – 20 April 2017 were issued in 2014. None of these warrants were redeemed, which means that warrants corresponding to 1,400,000 shares expired on 20 April 2017.

Following a resolution at the Annual General Meeting on 21 April 2016, the company issued 1,020,000 warrants to senior executives and 360,000 warrants to the members of the Board of Directors. As of 31 March 2017, senior executives had acquired 940,000 warrants and the Board members had acquired 320,000 warrants at a market price. The exercise price was set at SEK 45 and the exercise period is 22 April 2019 – 22 May 2019.

## Related-party transactions

The Group did not have any transactions with related parties during the quarter.

## 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, including interest, in the income statement, in cost of services sold. The tax for the self-assessment period and subsequent provisions total SEK 352.2 million as at 31 March 2017 and have had a negative impact on earnings in the same amount for the period 2014 to the first quarter of 2017. 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.

## Webcast presentation

A webcast presentation of Mr Green & Co AB's report for the first quarter of 2017 will take place on Friday, 28 April at 10:00 a.m. CEO Per Norman and CFO Simon Falk will present the report, followed by an opportunity to ask questions. The presentation will be held in English and webcast live on mrg.se or on <http://edge.media-server.com/m/p/fsjsngr5>.

To participate in the presentation by telephone, call:  
SE: +46 (0)8 5352 64 08  
UK: +44 (0)20 3427 19 13  
Code: 771 89 66

Presentation materials will be published on the website mrg.se after the meeting, and the presentation itself will also be available.

## Review

This report has not been subject to review by the company's auditors.

## 2017 Annual General Meeting

The Annual General Meeting (AGM) of Mr Green & Co AB will be held on Tuesday, 16 May 2017, at 5:00 p.m., GT30, Grev Turegatan 30, Stockholm, Sweden. Note that the Annual General Meeting has been moved from 24 April to 16 May. Shareholders who registered for 24 April must re-register for the Meeting on 16 May.

Shareholders who wish to participate in the Meeting must be included in the share register maintained by Euroclear Sweden AB as of Wednesday, 10 May 2017, and notify the company of their participation not later than 10 May 2017 at the following address: Annual General Meeting, Mr Green & Co AB, Sibyllegatan 17, SE-114 42 Stockholm, or by e-mail: [information@mrg.se](mailto:information@mrg.se).

In their notification of attendance, shareholders must state their name, personal identification number or Corporate Registration Number, address, telephone number, e-mail address, any assistants and shareholdings. Proxy forms for shareholders wishing to participate in the Meeting via proxy are available from the company's website mrg.se. Shareholders represented

by proxy are to issue a dated power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate or corresponding document for the legal entity is to be appended to the notification of attendance. The power of attorney and registration certificate should be sent to the Company at the aforementioned address well in advance of the Meeting. The power of attorney document may not be more than five years old.

Shareholders whose shares are registered with a bank's custody services department or another nominee must temporarily re-register their shares in their own name with Euroclear Sweden AB to be able participate in the Meeting. Such re-registration must be completed by 10 May 2017, and the nominee must thus be informed well in advance of this date.

The notice and other documentation relating to the Annual General Meeting are available from the website [www.mrg.se/en/corporate-governance/annual-general-meeting](http://www.mrg.se/en/corporate-governance/annual-general-meeting).

#### **Financial calendar**

- 21 July 2017, interim report January-June 2017
- 27 October 2017, interim report January-September 2017
- 9 February 2018, year-end report 2017

#### **For further information, please contact:**

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Corporate Registration Number: 556883-1449  
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This information is information that Mr Green & Co AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 28 April 2017 at 8:00 a.m. CET.

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 April 2017

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*

# Condensed consolidated income statement

SEK '000	Note	2017	2016	2016
		Jan-Mar	Jan-Mar	Jan-Dec
Revenue		276,129	218,493	924,524
Cost of services sold		-91,139	-66,328	-306,685
Capitalised costs		16,184	13,759	56,549
Marketing		-100,048	-77,137	-336,432
Personnel costs		-33,095	-29,772	-130,784
Other operating expenses		-33,831	-28,852	-115,778
<b>EBITDA before non-recurring items</b>		<b>34,200</b>	<b>30,163</b>	<b>91,393</b>
Non-recurring items	1	-	-	-15,810
<b>EBITDA after non-recurring items</b>		<b>34,200</b>	<b>30,163</b>	<b>75,582</b>
Depreciation and amortisation		-14,651	-13,344	-56,489
<b>Earnings before interest and tax (EBIT)</b>		<b>19,548</b>	<b>16,819</b>	<b>19,093</b>
Financial income	2	1	10,181	10,369
Financial expenses		-1	0	-10
<b>Result before tax</b>		<b>19,549</b>	<b>27,000</b>	<b>29,452</b>
Income tax		-693	-2,488	3,649
<b>Net result for the period</b>		<b>18,856</b>	<b>24,512</b>	<b>33,101</b>
<i>Result for the period attributable to:</i>				
- Shareholders of the parent company		18,856	24,512	33,101
Weighted average number of shares		35,849,413	35,849,413	35,849,413
Earnings per share before dilution, SEK		0.53	0.68	0.92
Earnings per share after dilution, SEK		0.53	0.68	0.92
<i>Included in cost of services sold:</i>				
Betting duties Austria (excl interest)		-30,020	-18,671	-85,116
Interest of betting duties Austria		-2,449	-1,959	-8,773
Betting duties other markets		-11,222	-9,182	-38,947



# Condensed consolidated statement of comprehensive income

SEK '000	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
<b>Net result for the period</b>	<b>18,856</b>	<b>24,512</b>	<b>33,101</b>
<i>Other comprehensive income:</i>			
<i>Items which can be subsequently re-classified to profit/loss:</i>			
- Foreign exchange differences on consolidation	-1,508	7,173	33,424
<b>Comprehensive income for the period</b>	<b>17,348</b>	<b>31,685</b>	<b>66,525</b>
<i>Comprehensive income for the period attributable to:</i>			
- Shareholders of the parent company	17,348	31,685	66,525

# Condensed consolidated balance sheet

	2017	2016	2016
SEK '000	31 Mar	31 Mar	31 Dec
Customer contracts	0	0	0
Brand	303,578	293,590	304,230
Other intangible assets	102,568	83,703	93,437
Goodwill	521,967	504,793	523,088
Equipment	4,293	4,547	4,890
Deferred tax asset	368	–	368
<b>Non-current assets</b>	<b>932,774</b>	<b>886,632</b>	<b>926,012</b>
Current income tax assets	3,826	–	6,747
Other receivables	13,565	5,294	18,079
Prepaid expenses and accrued income	9,238	12,056	7,828
Cash and cash equivalents	280,148	217,759	266,908
<b>Current assets</b>	<b>306,777</b>	<b>235,109</b>	<b>299,561</b>
<b>Total assets</b>	<b>1,239,550</b>	<b>1,121,741</b>	<b>1,225,574</b>
Share capital	35,849	35,849	35,849
Share premium reserve	684,037	680,773	683,888
Translation reserve	83,841	59,097	85,348
Retained earnings	-75,765	-103,208	-94,619
<b>Equity</b>	<b>727,964</b>	<b>672,511</b>	<b>710,466</b>
Deferred tax liability	112,034	105,226	114,484
Betting duties Austria	241,630	134,498	212,001
<b>Non-current liabilities</b>	<b>353,664</b>	<b>239,724</b>	<b>326,485</b>
Trade payables	31,116	18,056	69,027
Customer accounts	35,209	21,598	27,426
Other current liabilities	15,845	11,436	10,340
Tax liabilities	–	9,180	–
Betting duties Austria	–	80,240	–
Accrued expenses and deferred income	75,752	68,996	81,830
<b>Current liabilities</b>	<b>157,923</b>	<b>209,506</b>	<b>188,623</b>
<b>Total equity and liabilities</b>	<b>1,239,550</b>	<b>1,121,741</b>	<b>1,225,574</b>

# Condensed consolidated statement of changes in equity

<b>SEK '000</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Jan-Dec</b>
<b>Equity at beginning of period</b>	<b>710,466</b>	<b>640,826</b>	<b>640,826</b>
Net result for the period	18,856	24,512	33,101
<i>Other comprehensive income:</i>			
- Foreign exchange differences on consolidation	-1,508	7,173	33,424
<b>Total comprehensive income</b>	<b>17,348</b>	<b>31,685</b>	<b>66,525</b>
<i>Transactions with owners:</i>			
- Warrant premiums	150	-	3,115
<b>Total transactions with owners</b>	<b>150</b>	<b>-</b>	<b>3,115</b>
<b>Equity at end of period</b>	<b>727,964</b>	<b>672,511</b>	<b>710,466</b>

# Condensed consolidated cash flow statement

SEK '000	2017	2016	2016
	Jan-Mar	Jan-Mar	Jan-Dec
Earnings before interest and tax (EBIT)	19,548	16,819	19,093
<i>Adjusted for:</i>			
- Depreciation, amortisation and impairment	14,651	13,344	56,489
- Unrealised foreign exchange differences, net	679	-1,052	3,716
- Betting duties Austria	30,148	12,902	2,858
Changes in working capital	-27,518	-1,071	51,084
Income tax paid	52	-128	-4,436
Interest income	1	2	28
Interest expense	-1	0	-10
<b>Cash flow from operating activities</b>	<b>37,561</b>	<b>40,816</b>	<b>128,822</b>
<i>Cash flow from investing activities:</i>			
- Acquisition of intangible assets	-23,806	-14,811	-62,708
- Acquisition of property, plant and equipment	-92	-747	-3,686
<b>Cash flow from investing activities</b>	<b>-23,898</b>	<b>-15,558</b>	<b>-66,394</b>
<i>Cash flow from financing activities:</i>			
- Warrant premiums	150	-	3,115
<b>Cash flow from financing activities</b>	<b>150</b>	<b>-</b>	<b>3,115</b>
Change in cash and cash equivalents	13,813	25,258	65,544
Foreign exchange differences	-572	2,219	11,083
Cash and cash equivalents at the beginning of the period	266,908	190,281	190,281
<b>Cash and cash equivalents at the end of the period</b>	<b>280,148</b>	<b>217,759</b>	<b>266,908</b>

# Condensed income statement per quarter

SEK '000	Note	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Revenue		276,129	264,951	229,861	211,218	218,493	201,067	201,554	194,786
Cost of services sold		-91,139	-92,680	-77,440	-70,237	-66,328	-57,603	-59,668	-40,671
Capitalised costs		16,184	15,578	12,302	14,910	13,759	12,795	11,468	12,528
Marketing		-100,048	-93,509	-85,521	-80,265	-77,137	-73,191	-56,596	-67,176
Personnel costs		-33,095	-34,747	-34,126	-32,139	-29,772	-26,093	-26,569	-24,694
Other operating expenses		-33,831	-27,719	-27,718	-31,489	-28,852	-27,959	-29,380	-32,259
<b>EBITDA before non-recurring items</b>		<b>34,200</b>	<b>31,874</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>
Non-recurring items	1	-	-11,738	-4,072	-	-	-	-81,631	-
<b>EBITDA after non-recurring items</b>		<b>34,200</b>	<b>20,136</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>
Depreciation and amortisation		-14,651	-14,661	-13,373	-15,110	-13,344	-12,201	-16,001	-17,561
Impairment		-	-	-	-	-	-	-25,917	-
<b>Earnings before interest and tax (EBIT)</b>		<b>19,548</b>	<b>5,475</b>	<b>-88</b>	<b>-3,112</b>	<b>16,819</b>	<b>16,814</b>	<b>-82,739</b>	<b>24,953</b>
Financial income	2	1	132	81	-27	10,181	29	-28	2
Financial expenses		-1	-1	-3	-4	0	5	-27	-46
<b>Result before tax</b>		<b>19,549</b>	<b>5,605</b>	<b>-10</b>	<b>-3,144</b>	<b>27,000</b>	<b>16,848</b>	<b>-82,794</b>	<b>24,909</b>
Income tax		-693	8,565	-867	-1,561	-2,488	-105	6,840	-4,852
<b>Net result for the period</b>		<b>18,856</b>	<b>14,170</b>	<b>-876</b>	<b>-4,705</b>	<b>24,512</b>	<b>16,743</b>	<b>-75,954</b>	<b>20,057</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		0.53	0.40	-0.02	-0.13	0.68	0.47	-2.12	0.56
Earnings per share after dilution, SEK		0.53	0.40	-0.02	-0.13	0.68	0.47	-2.12	0.56
<u>Included in cost of services sold:</u>									
Betting duties Austria (excl interest)		-30,020	-25,922	-21,682	-19,022	-18,492	-16,817	-15,533	-
Interest of betting duties Austria		-2,449	-2,176	-2,193	-2,265	-2,138	-1,959	-1,784	-
Betting duties other markets		-11,222	-10,885	-10,284	-8,596	-9,182	-6,597	-8,117	-7,735



# Condensed income statement Parent Company

SEK '000	Note	2017	2016	2016
		Jan-Mar	Jan-Mar	Jan-Dec
Revenue		1,350	1,155	4,814
Expenses		-7,163	-10,152	-33,400
<b>EBITDA before non-recurring items</b>		<b>-5,813</b>	<b>-8,997</b>	<b>-28,586</b>
Non-recurring items	1	-	-	-15,810
<b>EBITDA after non-recurring items</b>		<b>-5,813</b>	<b>-8,997</b>	<b>-44,396</b>
Depreciation and amortisation		-51	-49	-199
<b>Earnings before interest and tax (EBIT)</b>		<b>-5,864</b>	<b>-9,046</b>	<b>-44,596</b>
Financial items and appropriations		-162	-219	49,767
<b>Net result for the period</b>		<b>-6,026</b>	<b>-9,265</b>	<b>5,171</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	2017	2016	2016
	31 Mar	31 Mar	31 Dec
Non-current assets	717,688	714,683	717,590
Current assets	9,228	7,626	66,520
<b>Total assets</b>	<b>726,917</b>	<b>722,309</b>	<b>784,110</b>
Restricted equity	35,849	35,849	35,849
Non-restricted equity	641,326	629,650	647,202
Other liabilities	49,741	56,809	101,058
<b>Total equity and liabilities</b>	<b>726,917</b>	<b>722,309</b>	<b>784,110</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 2016 Annual Report.

## Note 1 Non-recurring items

For 2016, the Group and Parent Company reported non-recurring costs attributable to activities for the listing of the company on Nasdaq Stockholm in the amount of kSEK 15,810.

	2017	2016	2016
SEK '000	Jan-Mar	Jan-Mar	Jan-Dec
Listing on Nasdaq Stockholm	-	-	-15,810
<b>Non-recurring items</b>	-	-	<b>-15,810</b>

## Note 2 Financial income

The contract for the acquisition of Social Holdings Ltd (Social Thrills) in 2014 included provisions relating to an additional purchase 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 was received, it was no longer deemed probable that the majority of the additional purchase consideration would be paid. The reason is that the service was not developed as expected and because certain fundamental conditions for the success of the service were not present. For this reason, an adjustment was made to the provision for the additional purchase consideration in the first quarter of 2016 and recognised as financial income of kSEK 10,338 in the Group on 31 December 2016.

# 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 to-

wards 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. In connection with such matters, the company engages the services of leading legal expertise and proceeds on the basis of the prudence principle, without relinquishing any commercial opportunities that may arise.

For an in-depth description of risks and other uncertainties, refer to the 2016 Annual Report.

# Condensed summary of key performance measures

	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
<b>Profit</b>								
Revenue growth, per quarter (%)	4.2%	15.3%	8.8%	-3.3%	8.7%	-0.2%	3.5%	-0.2%
Revenue growth compared with the previous year (%)	26.4%	31.8%	14.0%	8.4%	11.9%	15.0%	19.6%	20.7%
Revenue Mobile (% of revenue)	50.2%	47.4%	43.3%	42.8%	35.3%	31.3%	31.1%	27.4%
Cost of services sold (% of revenue)	33.0%	35.0%	33.7%	33.3%	30.4%	28.6%	29.6%	20.9%
Cost of services sold excluding betting duties (% of revenue)	17.2%	20.3%	18.8%	19.1%	16.7%	16.0%	17.0%	16.9%
Marketing (% of revenue)	36.2%	35.3%	37.2%	38.0%	35.3%	36.4%	28.1%	34.5%
Personnel costs (% of revenue)	12.0%	13.1%	14.8%	15.2%	13.6%	13.0%	13.2%	12.7%
Other operating expenses (% of revenue)	12.3%	10.5%	12.1%	14.9%	13.2%	13.9%	14.6%	16.6%
EBITDA margin before non-recurring items (%)	12.4%	12.0%	7.6%	5.7%	13.8%	14.4%	20.2%	21.8%
EBITDA margin after non-recurring items (%)	12.4%	7.6%	5.8%	5.7%	13.8%	14.4%	-20.3%	21.8%
EBIT margin (%)	7.1%	2.1%	0.0%	-1.5%	7.7%	8.4%	-41.1%	12.8%
<b>Financial position and Cash flow</b>								
Investments in non-current assets	23 898	19 455	15 051	16 330	15 558	15 325	17 126	17 469
Equity/assets ratio (%)	58.7%	58.0%	59.7%	60.0%	60.0%	59.2%	60.8%	66.9%
Earnings per share (SEK)	0.53	0.40	-0.02	-0.13	0.68	0.47	-2.12	0.56
Return on equity (%)	2.7%	0.8%	0.0%	-0.5%	4.1%	2.6%	-12.8%	3.4%
Equity per share (SEK)	20.31	19.82	19.57	19.13	18.76	17.88	17.99	19.61
Cash flow from operating activities per share (SEK)	1.05	1.51	0.64	0.30	1.14	1.70	1.16	1.05
Free cash flow per share (SEK)	0.38	0.97	0.22	-0.16	0.70	1.28	0.79	0.37
<b>Employees</b>								
Average number of employees	205	195	183	170	160	163	159	153
Number of employees at the end of the period	211	205	192	181	166	161	159	153
<b>Number of customers</b>								
Number of active customers	115,601	113,808	102,429	92,721	94,472	83,458	73,689	73,279
Active customers growth, per quarter (%)	1.6%	11.1%	10.5%	-1.9%	13.2%	13.3%	0.6%	-14.9%
Active customers growth compared with the previous year (%)	22.4%	36.4%	39.0%	26.5%	9.7%	3.5%	11.2%	16.1%
<b>Deposits</b>								
Deposits from customers (SEKm)	819.5	816.5	687.2	601.7	591.1	550.6	567.8	550.6
Deposits growth, per quarter (%)	0.4%	18.8%	14.2%	1.8%	7.4%	-3.0%	3.1%	2.5%
Deposits growth compared with the previous year (%)	38.6%	48.3%	21.0%	9.3%	10.0%	13.6%	34.6%	35.0%

# Revenue by region

	2017	2016	2016	2016	2016	2015	2015	2015
SEK '000	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Revenue by region</b>								
Nordic Region	93,308	88,887	86,578	84,951	93,830	90,330	92,959	87,517
Western Europe	107,030	93,401	76,881	65,778	63,186	48,860	56,048	58,797
Central, Eastern and Southern Europe	69,889	75,280	63,879	53,781	56,709	54,772	45,831	43,670
Rest of the World	5,902	7,383	2,523	6,708	4,768	7,106	6,717	4,803
<b>Share of revenue by region (%)</b>								
Nordic Region	33.8%	33.5%	37.7%	40.2%	42.9%	44.9%	46.1%	44.9%
Western Europe	38.8%	35.3%	33.4%	31.1%	28.9%	24.3%	27.8%	30.2%
Central, Eastern and Southern Europe	25.3%	28.4%	27.8%	25.5%	26.0%	27.2%	22.7%	22.4%
Rest of the World	2.1%	2.8%	1.1%	3.2%	2.2%	3.5%	3.3%	2.5%
<b>Revenue compared to previous quarter (%)</b>								
Nordic Region	5.0%	2.7%	1.9%	-9.5%	3.9%	-2.8%	6.2%	-6.8%
Western Europe	14.6%	21.5%	16.9%	4.1%	29.3%	-12.8%	-4.7%	14.1%
Central, Eastern and Southern Europe	-7.2%	17.8%	18.8%	-5.2%	3.5%	19.5%	4.9%	-8.9%
Rest of the World	-20.1%	192.6%	-62.4%	40.7%	-32.9%	5.8%	39.9%	166.3%
<b>Revenue compared to the same quarter the previous year (%)</b>								
Nordic Region	-0.6%	-1.6%	-6.9%	-2.9%	-0.1%	6.6%	3.0%	0.7%
Western Europe	69.4%	91.2%	37.2%	11.9%	22.6%	1.5%	63.5%	58.2%
Central, Eastern and Southern Europe	23.2%	37.4%	39.4%	23.2%	18.4%	33.5%	8.4%	20.2%
Rest of the World	23.8%	3.9%	-62.4%	39.7%	164.4%	713.3%	291.5%	399.3%

# 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. Information on the choice of alternative performance measures, how the Group uses them and how they are defined is provided in this interim report. Comparative figures for prior periods is provided based on the same principles.

In addition to those industry key performance measures that 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.

Alternative performance measures presented in the interim report should not be considered a replacement of IFRS terms and concepts and may not necessarily be comparable with similar performance measures of other companies.

## Definitions of alternative performance measures not calculated in accordance with IFRS

Performance Measures	Definiton	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 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 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	Operating profit after non-recurring items but before depreciation, amortisation and impairment, net financial 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	Operating profit before non-recurring items, depreciation, amortisation and impairment, net financial 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.
FREE CASH FLOW PER SHARE	Cash flow from operating activities less cash flow from investing activities divided by the average number of outstanding shares during the period.	The measure illustrates the total cash flow from operating and investing activities.
CASH FLOW FROM OPERATING ACTIVITIES PER SHARE	Cash flow from operating activities per average number of outstanding shares during 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-related performance measures not calculated in accordance with IFRS

Performance Measures	Definiton	Purpose
ACTIVE CUSTOMER	A customer is defined as active when he or she has played with money deposited in the customer account during the period. The customer is also considered to be active if he or she during the period has played with winnings from free spin campaigns and/or bonuses from Mr Green.	A relevant measure that is a driver of revenue. Also relevant from an industry practice and stakeholder perspective.
DEPOSITS	Money deposited in customer accounts.	A measure that is a driver of revenue. Relevant from an industry practice and stakeholder perspective.
COMPOUND ANNUAL GROWTH RATE (CAGR)	The performance measure illustrates growth over a given period, for example five years.	The performance measure is relevant given that it measures growth under the assumption of a consistent annual rate of growth and thus provides a balanced rate of growth over the specified period.