

# MRC Q3.2018



26 OCTOBER 2018

## THIRD QUARTER

- Revenue increased by 50.9 per cent to SEK 445.2 (295.1) million
- Organic growth was 36.4 per cent
- EBITDA increased by 49.4 per cent to SEK 75.5 (50.6) million
- EBITDA margin was 17.0 (17.1) per cent
- Earnings per share after dilution rose by 36.0 per cent to SEK 0.99 (0.73)
- Cash flow from operating activities SEK 107.2 (135.4) million
- Customer deposits increased by 72.3 per cent to SEK 1,477.7 million

## JANUARY–SEPTEMBER

- Revenue increased by 44.2 per cent to SEK 1,239.0 (859.0) million
- EBITDA rose by 21.6 per cent to SEK 166.8 (137.1) million
- EBITDA margin was 13.5 (16.0) per cent
- Earnings per share after dilution SEK 1.79 (2.11)

## SIGNIFICANT EVENTS

- Integration of Evoke Gaming completed – full synergies from fourth quarter of 2018
- Mr Green received Danish Sportsbook licence
- Redbet received Irish Sportsbook licence
- Licence applications in Sweden
- Niklas Grawé from hallon new CEO of esports venture
- The operator business received ISO certification

## CEO'S COMMENTS



"MRG grew during the quarter by a record-breaking 50.9 per cent, improved EBITDA by 49.4 per cent and set new customer records."

**We have now reported strong growth for a couple of years, which is proof that MRG has strong brands, an attractive product offering and effective customer communication. We grew by a record-breaking 50.9 per cent during the quarter, improved EBITDA by 49.4 per cent and set new customer records. Organic growth was 36.4 per cent and growth on the preceding quarter was 7.9 per cent. Over the past two years, we have outperformed our growth targets every quarter.**

The EBITDA margin increased by 6.0 percentage points on the preceding quarter to 17.0 per cent. Customer deposits rose by 72.3 per cent and depositing customers by 47.3 per cent, despite having reduced the relative amount of marketing costs. This shows that we have strong brands, a competitive offering and that our digitalised marketing is effective.

### **Continued geographic expansion**

We continued to deliver on our strategy of expanding geographically during the quarter. We launched Redbet in Ireland after it received a Sportsbook licence. In Denmark, Mr Green obtained a Sportsbook licence, meaning that we can now offer Mr Green's entire product range to our Danish customers. We applied for licences in Sweden during the quarter and expect to have received them by year-end. We are looking forward to operating on a regulated Swedish market.

We are working actively to expand to new markets and are prioritising regulated markets. Regulation enhances transparency and the rules of play are the same for all parties. It is a trend that we welcome and it is gratifying to see more European markets moving towards regulation or re-regulation.

### **Strong Sportsbook trend**

We introduced several functions and improved user-friendliness of our Sportsbook ahead of the World Cup this past summer. These initiatives have proven to be successful and our Sportsbook is continuing to capture market shares. In the quarter, Sportsbook revenue increased by 439 per cent compared with the year-earlier period and is now close to 10 per cent of total revenue.

We also transferred Redbet to the same Sportsbook platform as Mr Green so that Redbet customers now have access to the same attractive offering as Mr Green's customers.

### Successful acquisitions

Our most recent acquisition, 11.lv in Lithuania that we purchased in June, had yet another strong quarter with growth of 55.4 per cent. 11.lv is our springboard to the Baltics where we are working on establishing our strong brands Mr Green and Redbet.

The integration of Evoke Gaming, which we acquired in February, has now been completed. The integration process went significantly faster than plan and led to greater synergies than we had calculated initially. We expect full annual synergies of about SEK 40 million from the fourth quarter of this year.

### Product innovation strengthening offering

The key reason for our healthy growth is our successful work on strengthening and differentiating our product offering. For example, this year we have introduced express registration, exclusive casino games and our unique Live Beyond Live casino. We made an important improvement for our customers last year by launching our unique Green Gaming tool, which gives our customers better control of their gaming behaviour. The Green Gaming tool also contributes to increasing both the strength of the brand and customer loyalty.

### Global community for esports fans

Our growth strategy also includes expanding in the value chain. We are realising this by focusing on esports and by creating our own games. Together with Gamingzone Entertainment, we are creating a global community for esports fans. We are delighted to have recruited Niklas Grawé from Three's telecom operator hallon as the CEO of our esports venture. The roll-out is progressing according to plan and we expect to launch the site before the end of the year.

### Successful game launch by Green Jade

Two weeks ago, our gaming company Green Jade carried out the successful pre-launch of its first

proprietary game – Hammer of Fortune – at the Global Gaming Expo in Las Vegas. The response was highly positive and the game is planned to be introduced for our customers during the current quarter. Hammer of Fortune will both attract new customers and help improve customer loyalty. Green Jade has a handful of other games that are under development and will be launched next year. Green Jade's games combine standard casino slots with elements from the gaming world, meaning that they clearly stand out from what is currently available on the market. We have an effective business model that means that we own all IP for the games, while external agencies develop the games.

### We deliver on our guidance

Our Strategy 2020, presented at the Capital Markets Day in May of this year, is robust. We are continuing, just as we announced at that time, to grow strongly and with improved profitability. We can report a good development for the current quarter up until yesterday. We will deliver on our guidance for the full-year 2018 with growth of not less than 40 per cent and an EBITDA margin of about 15 per cent. We are also confident in our financial targets which entail that, by 2020, we are expected to achieve annual revenue growth of 25 per cent and an EBITDA margin of 15 per cent.

MRG is experiencing strong growth momentum. We have highly skilled employees and solid management teams that are driving the development of new products and are continuously improving the user experience. This, combined with our strong brands, effective marketing and cost focus, generates our growth and improved profitability.

Per Norman  
CEO

	2018	2017	Change %	2018	2017	Change %	Rolling 12 months		Change %	2017
SEKm (unless stated otherwise)	Q3	Q3	Q3	Jan-Sep	Jan-Sep	Jan-Sep	2018	2017	Rolling 12	Jan-Dec
Revenue	445.2	295.1	50.9%	1,239.0	859.0	44.2%	1,572.0	1,124.0	39.9%	1,192.0
EBITDA before non-recurring items	75.5	50.6	49.4%	166.8	137.1	21.6%	215.2	169.0	27.3%	185.6
EBITDA margin before non-recurring items (%)	17.0%	17.1%	-0.1 pts	13.5%	16.0%	-2.5 pts	13.7%	15.0%	-1.3 pts	15.6%
Earnings before interest and tax (EBIT)	42.4	32.3	31.4%	79.6	87.4	-8.9%	108.3	92.8	16.6%	116.0
Earnings before interest and tax (EBIT),%	9.5%	10.9%	-1.4 pts	6.4%	10.2%	-3.8 pts	6.9%	8.3%	-1.4 pts	9.7%
Net result for the period	40.4	30.6	31.9%	73.3	82.5	-11.2%	100.1	96.6	3.6%	109.4
Earnings per share after dilution, SEK	0.99	0.73	36.0%	1.79	2.11	-15.0%	2.45	2.51	-2.2%	2.75
Cash flow from operating activities	107.2	135.4	-20.9%	289.4	278.2	4.0%	339.6	332.5	2.1%	328.5
Free cash flow	73.9	107.3	-31.2%	82.8	114.6	-27.8%	99.5	149.4	-33.4%	131.3
Deposits from customers	1,477.7	857.6	72.3%	3,959.3	2,485.6	59.3%	4,941.9	3,302.1	49.7%	3,468.3
Depositing customers	193,273	131,226	47.3%	383,147	240,020	59.6%	445,135	287,481	54.8%	307,335

# Third quarter

## Total revenue

Revenue increased by 50.9 per cent to SEK 445.2 (295.1) million during the quarter compared with the year-earlier period.

CHANGE IN TOTAL REVENUE, %	Q3 2018
Organic growth in local currencies	27.8%
Acquisitions	14.5%
Changes in exchange rates	8.6%
Total	50.9%

The strong growth in revenue was the result of strong brands, digitally driven customer communication and an attractive, unique product offering. Most of the growth in absolute terms derived from casino games. Both live casino and Sportsbook grew substantially more in relative terms during the quarter and contributed significant revenue streams. Revenue from Sportsbook increased by 439 per cent during the quarter. The share of revenue from mobile gaming increased to 63.4 (50.9) per cent.

Acquisitions pertained to Evoke Gaming, which was consolidated as of 2 February 2018, and 11.lv, which was consolidated as of 15 June 2018.

### Customer deposits and customer growth

Strong brands combined with effective customer communication and a unique product offering have resulted in yet another quarter of record-breaking customer deposits, depositing customers and returning depositing customers.

Customer deposits increased from the third quarter of 2017 by 72.3 per cent to SEK 1,477.7 (857.6) million. The increase compared with the preceding quarter was 11.2 per cent.

Depositing customers rose by 47.3 per cent to 193,273 (131,226) people. The increase compared with the preceding quarter was 3.4 per cent.

New depositing customers rose by 38.9 per cent to 73,174 (52,672) people during the quarter. This number declined by 3.9 per cent compared with the preceding quarter.

As a result of higher entertainment value the number of returning depositing customers rose by 52.9 per cent to 120,099 (78,554) people. The increase compared with the preceding quarter was 8.4 per cent.

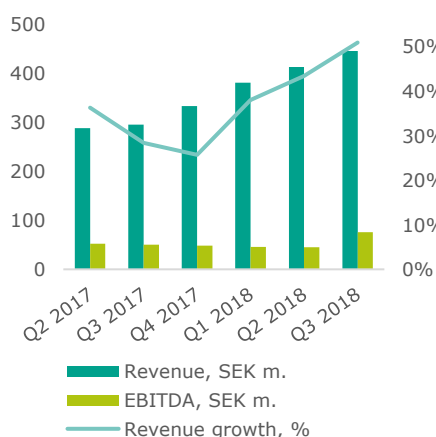
### Revenue by market area

The Group continued to strengthen its market position in large parts of Europe. Revenue in the Nordic region increased by 60.5 per cent to SEK 160.7 (100.1) million as a result of good organic growth and the positive effect of the consolidation of Evoke Gaming. Express registration is a success in Sweden and in Sweden revenue for the quarter increased by more than 70 per cent. Revenue in Western Europe rose by 52.1 per cent to SEK 178.9 (117.6) million year on year, with favourable growth in all markets. Revenue for Central, Eastern and Southern Europe increased by 33.8 per cent to SEK 94.6 (70.7) million, mainly due to the consolidation of 11.lv. Revenue in the Rest of the World rose by 66.1 per cent from low volumes to SEK 11.0 (6.6) million.

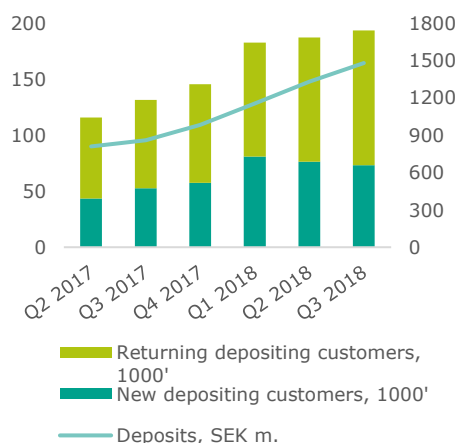
### Growth on the preceding quarter

Total revenue increased by 7.9 per cent to SEK 412.8 million compared with the preceding quarter. Revenue in the Nordic region increased by 7.4 per cent as a result of healthy organic growth in Sweden and Norway. Revenue in Western Europe rose by 5.2 per cent, positively impacted mainly by Mr Green's offering in the UK and Ireland. Central, Eastern and Southern Europe grew by 9.9 per cent due to the

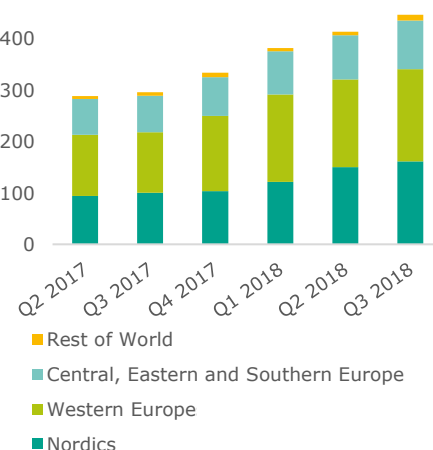
Revenue and EBITDA



Customer growth



Revenue by market area, SEK m.



consolidation of 11.lv. Rest of the World rose by 58.1 per cent from the preceding quarter.

### Revenue from markets with betting duties

The share of revenue from regulated markets increased to 17.1 (9.3) per cent in the quarter compared with the third quarter of 2017 as a result of a favourable trend in Denmark and the UK as well as the acquisition in Latvia. The share of revenue from markets that are in the process of being regulated increased to 24.5 (23.3) per cent, mainly due to the strong increase in revenue in Sweden. The share of revenue from markets in which the Group pays VAT or makes provisions for betting duties declined to 35.2 (44.2) per cent. The share of revenue from other markets was essentially unchanged at 23.1 (23.2) per cent. The total share of revenue from regulated markets and markets in which the Group pays VAT or makes provisions for betting duties amounted 52.3 (53.5) per cent.

## Expenses

### Cost of services sold

Cost of services sold rose by 65.6 per cent to SEK 155.1 (93.7) million year on year. Cost of services sold increased to 34.8 (31.8) per cent in relation to revenue. The relative increase was due to the consolidation of acquisitions and the strong growth in high-cost games such as live casino and Sportsbook. The share of costs for gaming software and payment service providers rose to 19.7 (16.1) per cent of revenue compared with the year-earlier quarter.

### Betting duties

Betting duties are included in cost of services sold. Total betting duties including interest rose 46.1 per cent to SEK 67.6 (46.3) million as a result of the positive trend in Denmark and the UK as well as the acquisition in Latvia. As a proportion of revenue, total betting duties fell to 15.2 (15.7) per cent.

Betting duties including interest attributable to Austria declined to 8.5 (10.9) per cent of revenue. The share of betting duties in other markets increased to 6.7 (4.8) per cent.

### Marketing costs

Marketing costs increased by 36.5 per cent to SEK 129.6 (94.9) million year on year. In relation to revenue, marketing costs declined to 29.1 (32.2) per cent. In the preceding quarter, marketing costs as a percentage of revenue amounted to 35.8 per cent. The Group has previously communicated that marketing costs as a percentage of revenue would decline during the second half of 2018. The digital marketing has proven to be effective and the absolute increase in marketing costs continued to generate strong growth in both customers and deposits, compared with both the preceding year and preceding quarter.

Marketing efficiency, measured as change in revenue in relation to marketing expense on a rolling 12-months basis, further improved during the quarter from an already high level.

### Other operating expenses

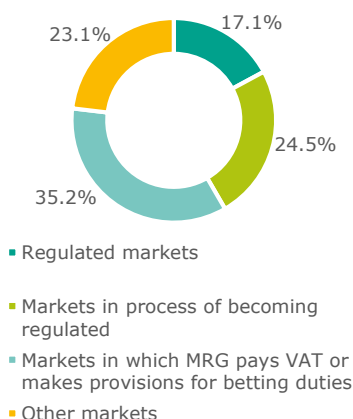
Personnel costs increased by 59.1 per cent to SEK 57.3 (36.0) million year on year, attributable to the consolidation of acquisitions. Personnel costs in relation to revenue increased to 12.9 (12.2) per cent from the year-earlier period.

Other operating expenses increased by 30.8 per cent to SEK 52.9 (40.5) million. The quarter includes a fine in the Netherlands of SEK 3.2 million. Other operating expenses declined to 11.9 (13.7) per cent in relation to revenue in the year-earlier quarter.

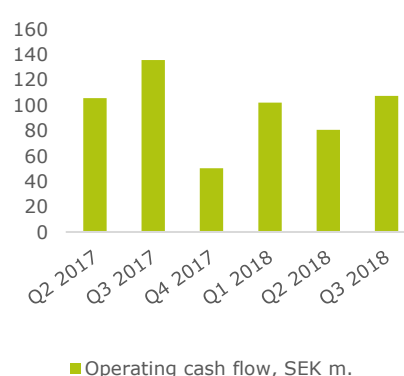
Marketing costs



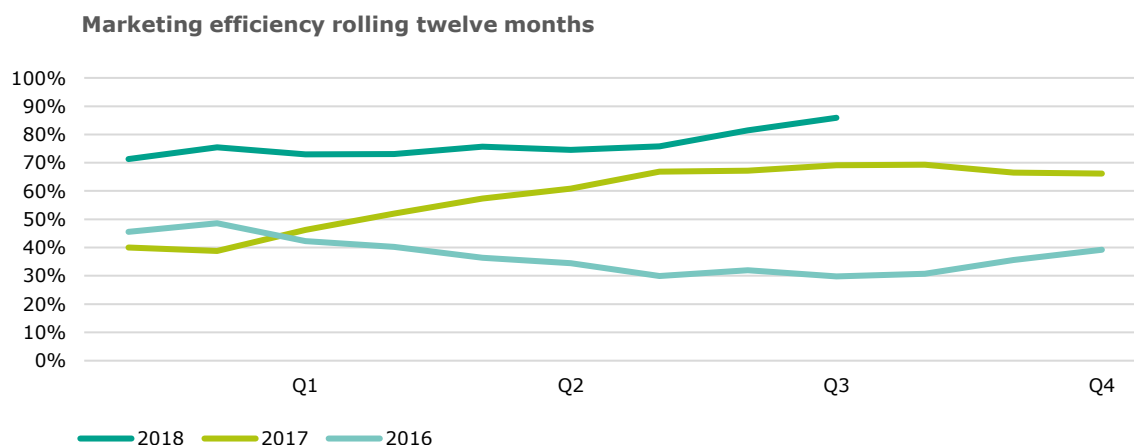
Revenue from regulated markets, Q3



Operating cash flow







### Capitalised costs

Capitalised costs increased by 22.7 per cent to SEK 25.3 (20.6) million year on year as a result of continued product development. The share of capitalised costs in relation to revenue is continuing to decline. The share declined to 5.7 per cent this quarter from 6.2 per cent in the preceding quarter and 7.0 per cent in the year-earlier period. The share of capitalised costs in relation to revenue will continue to decline over time.

### EBITDA

EBITDA increased by 49.4 per cent to SEK 75.5 (50.6) million due to strong revenue growth and lower relative marketing costs. The lower share of other operating expenses also contributed to the improvement in earnings.

The EBITDA margin was essentially unchanged at 17.0 (17.1) per cent year on year. The EBITDA margin improved by 6 percentage points compared with the preceding quarter.

### Depreciation and amortisation

Depreciation rose by 81.3 per cent to SEK 33.1 (18.3) million as a result of acquisitions and product development. Excluding amortisation for acquisitions, total depreciation increased by 40.7 per cent. Amortisation of customer contracts from the acquisitions of Dansk Underholdning, Evoke Gaming and 11.lv are included in an amount of SEK 3.6 (1.1) million. The amortisation period for customer contracts is two years. Other depreciation related to

acquisitions amounted to SEK 5.3 (0.0) million for the quarter.

### EBIT

EBIT increased by 31.4 per cent to SEK 42.4 (32.3) million due to strong revenue growth and lower relative marketing costs. The lower share of other operating expenses also contributed to the improvement in earnings.

The EBIT margin was 9.5 (10.9) per cent.

### Net financial income and tax

Net financial income was SEK 0.1 (-0.3) million. The tax expense was SEK 2.2 (1.4) million.

### Net result for the period

Net result for the period rose by 31.9 per cent to SEK 40.4 (30.6) million.

### Cash flow

Cash flow from operating activities for the quarter amounted to SEK 107.2 million (135.4). Working capital was relatively constant compared with the preceding quarter and impacted cash flow by SEK -2.6 (50.4) million. In the preceding year, working capital was positively impacted by the increase in current liabilities in the quarter. Cash flow from investing activities was SEK -33.3 (-28.1) million. Cash flow from financing activities includes a capital contribution of SEK 4.5 million for our esports venture.

# January–September

## Total revenue

Revenue increased by 44.2 per cent to SEK 1,239.0 (859.0) million during the nine-month period compared with the year-earlier period. Foreign exchange gains had a positive impact of 5.3 per cent and acquisitions contributed 12.2 per cent.

Revenue in the Nordic region increased by 50.2 per cent to SEK 431.4 (287.1) million as a result of the acquisition of Evoke Gaming and organic growth. Revenue in Western Europe rose by 51.2 per cent to SEK 519.1 (343.4) million. Revenue for Central, Eastern and Southern Europe increased by 25.4 per cent to SEK 264.1 (210.6) million, positively impacted by the acquisition of 11.lv. Comparison is impacted by the discontinuation of the operations in Poland and the Czech Republic in the first half of 2017. Revenue in the Rest of the World rose by 36.3 per cent to SEK 24.5 (18.0) million.

## Expenses

Cost of services sold increased by 58.4 per cent to SEK 431.2 (272.2) million. The increase was due to the consolidation of acquisitions and the strong growth in high-cost games such as live casino and Sportsbook.

Total betting duties including interest rose 46.5 per cent to SEK 195.9 (133.7) million, corresponding to 15.8 (15.6) per cent of revenue. Betting duties including interest in Austria fell to 9.4 (11.0) per cent of revenue.

Marketing costs rose by 40.9 per cent to SEK 405.0 (287.5) million. In relation to revenue, marketing costs declined to 32.7 (33.5) per cent.

Personnel costs increased by 52.6 per cent to SEK 159.2 (104.3) million as a result of acquisitions. Other operating expenses increased by 31.5 per cent to SEK 151.7 (115.4) million. Capitalised costs rose by 30.2 per cent to SEK 74.8 (57.4) million.

## EBITDA

EBITDA increased by 21.6 per cent to SEK 166.8 (137.1) million. The EBITDA margin was 13.5 (16.0) per cent.

## Depreciation and amortisation

Depreciation rose by 75.1 per cent to SEK 87.2 (49.8) million as a result of acquisitions and product development.

## EBIT

EBIT fell by 8.9 per cent to SEK 79.6 (87.4) million.

## Net financial income and tax

Net financial income was SEK -0.2 (-0.3) million. The tax expense for the first nine months of the year was SEK 6.1 (4.6) million.

## Net result for the period

Net result for the period fell by 11.2 per cent to SEK 73.3 (82.5) million.

# Financial position

The company has no liabilities to credit institutions. Cash and cash equivalents on 30 September 2018 amounted to SEK 655.3 (567.6) million. The increase was primarily due to positive cash flow from operations. Balances on customer accounts totalled SEK 80.5 (70.0) million. Due to the regulations of gaming authorities, this amount limits utilisation of the company's cash and cash equivalents.

Consolidated equity on 30 September 2018 was SEK 1,090.4 (979.0) million, corresponding to SEK 26.69 (23.97) per share.

Deposits from customers increased by 72.3 per cent during the third quarter to SEK 1,477.7 (857.6) million.

# Other information

## Personnel

At the end of the period, the Group had 374 (229) employees. The average number of full-time equivalents in the quarter was 361 (224), of whom 297 (183) were based in Malta. At the end of the period, the Group had 57 (44) consultants employed on full-time contracts.

## Events after the end of the reporting period

No significant events occurred after the end of the quarter.

## Outstanding shares and options

The company holds no treasury shares. The total number of shares and votes outstanding in Mr Green & Co AB is 40,849,413.

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 30 September 2018, senior executives had acquired 920,000 warrants and the Board members had acquired 320,000 warrants at a market price. The exercise period is 22 April 2019 – 22 May 2019 with a subscription price of SEK 45.

Following a resolution at the Annual General Meeting on 7 May 2018, the company issued 408,000 warrants to senior executives and other key individuals. As of 30 September 2018, senior executives and other key individuals had acquired 272,000 warrants at market price. The exercise period is 8 May 2021 – 8 June 2021 with a subscription price of SEK 59.

## Related-party transactions

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

## Industry awards 2018

- Corporate Responsible Provider of the Year at the Global Gaming Awards London 2018.
- Social Responsible Operator of the Year 2018 at the International Gaming Awards (IGA).
- Casino Campaign of the Year 2018 at the EGR Marketing and Innovation Awards in London.

## Guidance and financial targets

At the Capital Markets Day on 23 May, MRG provided guidance for 2018 and communicated financial targets. For 2018, MRG provided guidance of annual growth of not less than 40 per cent and an EBITDA margin of approximately 15 per cent. Until 2020, annual growth of 25 per cent is expected, along with an EBITDA margin of 15 per cent. From 2021, the target is organic growth in excess of the European iGaming market and an EBITDA margin of 15 per cent.

Our financial targets include the assumption that we will grow in regulated markets with betting duties. However, betting duties do not have a full effect on our income statement. The main reason is that revenue is shared with our suppliers after tax has been deducted.

The dividend policy is unchanged, entailing that MRG aims to pay a dividend and/or buy back shares in an amount equivalent up to 50 per cent of consolidated free cash flow, provided the cash and cash equivalents are not required to realise the company's strategy, for future tax payments or to secure additional reserves as dictated by capital market conditions.

## Regulatory update

### 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.

For the period January 2011 through August 2014, the company submitted a self-assessment and also paid the amount according to a payment plan agreed with the Austrian tax authorities. From September 2014 until the tax case has been finally resolved in court, the company reports gaming sales related to Austria to the Austrian tax authorities (subject to the existing defects in the legislation, which the company has contested), but declares a total tax amount of SEK 0, meaning that no payment of tax has been made, except for September 2014, which was paid in November 2017.

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, the company has decided, all things considered, to make ongoing provisions covering the potential tax, including interest, in the income statement, in cost of services sold.

In total, the betting duties for Austria are recognised as follows:

kSEK	
Total provision up to and including 31 Dec 2017	443,222
Total paid up to and including 31 Dec 2017	-113,018
Total translation difference up to and including 31 Dec 2017	8,916
Closing balance 31 Dec 2017	339,120
Total provision 1 Jan 2018 – 30 Sept 2018	104,231
Translation difference for the period	24,869
Net provision 30 Sept 2018	468,220

The tax for the self-assessment period and subsequent provisions total SEK 547.5 million as at 30 September 2018 and have had a negative impact on earnings in the same amount for the period 2014 to the third quarter of 2018. MRG has completed a payment plan based on the self-assessment submitted to the Austrian tax authorities in September 2014, which means that the payments of the self-assessment amount were completed in September 2016. MRG has previously communicated that the company was involved in negotiations regarding certain elements of the tax dispute in Austria at the court of first instance in summer 2017. As expected, MRG lost its case at the court of first instance and as part of the company's process to apply for leave to appeal at the Constitutional Court, the company paid tax for September 2014 in November 2017. The request for leave to appeal at the Constitutional Court was rejected in April 2018. The dispute will be heard by the High Court of Administration for which leave to appeal has been granted.

Due to the uncertainty regarding the calculation of the betting duties, the aforementioned amount is calculated on the basis of MRG's understanding of how the betting duties may be calculated. There is a risk that MRG will lose the tax dispute or that the amounts may be adjusted to an amount that is higher than the Group has calculated. Any future payment of the provision, in the event of a negative court decision, is expected to be possible over time from operating cash flow.

#### Netherlands

As previously communicated in the quarter, MRG's subsidiary Mr Green Ltd was fined EUR 312,500 by the Dutch gaming authority. The company is of the opinion that it has complied with the guidelines on the Dutch market, except for IP blocking. Most gaming

operators do not practice IP blocking in the Netherlands and the company will therefore appeal the decision. The amount impacted cash flow and earnings by SEK 3.2 million for the third quarter.

## ISO 27001 certification

MRG's operator business Mr Green Ltd received ISO 27001:2013 information security certification in the quarter. The certificate will reduce time-to-market when accessing new markets and reduce time-to-maintain licenses in existing markets. The certificate is valid for three years.

## 2019 Annual General Meeting (AGM)

The AGM of Mr Green & Co AB will be held on Monday, 6 May, at 4:00 p.m. CET, at Epicenter, Mäster Samuelsgatan 36, Stockholm, Sweden.

Shareholders wishing to present an issue for discussion at the AGM may submit their proposal not later than 3:00 p.m. CET on Monday, 18 March to the General Counsel, Jan Tjernell, by e-mail to [jan.tjernell@mrsgroup.com](mailto:jan.tjernell@mrsgroup.com) or by post to Mr Green & Co AB, Attn: Jan Tjernell, Epicenter, Mäster Samuelsgatan 36, SE-111 57 Stockholm, Sweden.

## Financial calendar

- 8 February 2019  
Year-end Report 2018
- 15 March 2019  
Annual Report 2018
- 26 April 2019  
Interim report for the first quarter of 2019

## Webcast presentation

A webcast presentation of MRG's report for the third quarter of 2018 will take place on Friday, 26 October at 10:00 a.m. CET. 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 [mrsgroup](https://www.mrsgroup.com) or on <https://www.investis-live.com/mr-green/5baa3100a2d81c0a004ad463/mgq3>.

To participate in the presentation by telephone, call:

Sweden +46 (0)10 884 8016  
UK +46 (0)20 3936 2999  
USA +1 845 709 8568  
Other countries: +44 20 3936 2999

The code for the webcast is 292 029. Make sure that you are connected to the teleconference by calling in and registering shortly before the presentation begins. The presentation materials will be published

on [mrggroup.com](http://mrggroup.com) after the meeting, and an audio recording of the presentation itself will also be available.

## Review

This report has been subject to review by the company's auditors.

## Information

Per Norman, CEO  
per.norman@mrggroup.com  
Tel: +46 (0) 722 30 9191

Simon Falk, CFO  
simon.falk@mrggroup.com  
Tel: +46 (0) 70 525 0705

Åse Lindskog, Director of IR and Communications  
ase.lindskog@mrggroup.com  
Tel: +46 (0) 730 244 872

This information is information that MRG (Mr Green & Co AB) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 26 October 2018 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, 26 October 2018

Kent Sander  
Chairman of the Board

Henrik Bergquist  
Director

Andrea Gisle Joosen  
Director

Eva Lindqvist  
Director

Tommy Trollborg  
Director

Per Norman  
CEO

# 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 2018 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, 26 October 2018

Öhrlings PricewaterhouseCoopers AB

Niklas Renström  
Authorised Public Accountant

## Condensed consolidated income statement

	2018	2017	2018	2017	Rolling	2017
SEK ' 000	Q3	Q3	Jan-Sep	Jan-Sep	12 months	Jan-Dec
Revenue	445,243	295,100	1,239,037	859,039	1,572,030	1,192,033
Cost of services sold	-155,142	-93,707	-431,217	-272,154	-535,324	-376,261
Capitalised costs	25,257	20,582	74,826	57,449	97,414	80,037
Marketing	-129,560	-94,912	-404,991	-287,488	-521,354	-403,850
Personnel costs	-57,338	-36,029	-159,214	-104,315	-198,480	-143,581
Other operating expenses	-52,933	-40,472	-151,677	-115,383	-199,100	-162,805
<b>EBITDA before non-recurring items</b>	<b>75,527</b>	<b>50,562</b>	<b>166,763</b>	<b>137,149</b>	<b>215,186</b>	<b>185,572</b>
Non-recurring items	-	-	-	-	-	-
<b>EBITDA after non-recurring items</b>	<b>75,527</b>	<b>50,562</b>	<b>166,763</b>	<b>137,149</b>	<b>215,186</b>	<b>185,572</b>
Depreciation and amortisation	-33,091	-18,256	-87,202	-49,797	-106,934	-69,529
<b>Earnings before interest and tax (EBIT)</b>	<b>42,436</b>	<b>32,305</b>	<b>79,561</b>	<b>87,352</b>	<b>108,252</b>	<b>116,043</b>
Financial income	205	-10	210	-7	128	-90
Financial expenses	-75	-275	-417	-285	-477	-346
<b>Result before tax</b>	<b>42,567</b>	<b>32,020</b>	<b>79,355</b>	<b>87,060</b>	<b>107,903</b>	<b>115,608</b>
Income tax	-2,162	-1,398	-6,095	-4,581	-7,767	-6,252
<b>Net result for the period</b>	<b>40,404</b>	<b>30,622</b>	<b>73,260</b>	<b>82,478</b>	<b>100,136</b>	<b>109,355</b>
<i>Result for the period attributable to:</i>						
- Shareholders of the parent company	40,401	30,622	73,205	82,478	100,081	109,355
- Non-controlling interests	3	-	54	-	54	-
	<b>40,404</b>	<b>30,622</b>	<b>73,260</b>	<b>82,478</b>	<b>100,136</b>	<b>109,355</b>
Weighted average number of shares	40,849,413	40,849,413	40,849,413	37,809,120	40,849,413	38,575,440
Earnings per share before dilution, SEK	0.99	0.75	1.79	2.18	2.45	2.83
Weighted average number of shares after dilution	40,849,413	42,109,413	40,849,413	39,069,120	40,849,413	39,815,440
Earnings per share after dilution, SEK	0.99	0.73	1.79	2.11	2.45	2.75
<u>Included in cost of services sold:</u>						
Betting duties Austria (excl interest)	-32,352	-28,149	-100,825	-81,907	-131,101	-112,182
Interest of betting duties Austria	-4,434	-2,942	-12,301	-8,034	-15,606	-11,339
Betting duties other markets	-30,829	-15,176	-82,728	-43,738	-97,817	-58,827

## Condensed consolidated statement of comprehensive income

	2018	2017	2018	2017	Rolling	2017
SEK '000	Q3	Q3	Jan-Sep	Jan-Sep	12 months	Jan-Dec
<b>Net result for the period</b>	<b>40,404</b>	<b>30,622</b>	<b>73,260</b>	<b>82,478</b>	<b>100,136</b>	<b>109,355</b>
<i>Other comprehensive income:</i>						
<i>Items which can be subsequently re-classified to profit/loss:</i>						
- Foreign exchange differences on consolidation	-11,619	-9,015	38,209	-124	63,355	25,023
<b>Other comprehensive income for the period</b>	<b>-11,619</b>	<b>-9,015</b>	<b>38,209</b>	<b>-124</b>	<b>63,355</b>	<b>25,023</b>
<b>Comprehensive income for the period</b>	<b>28,785</b>	<b>21,607</b>	<b>111,468</b>	<b>82,355</b>	<b>163,491</b>	<b>134,378</b>
<i>Comprehensive income for the period attributable to:</i>						
- Shareholders of the parent company	29,054	21,607	111,335	82,355	163,359	134,378
- Non-controlling interests	-268	-	133	-	133	-
	28,785	21,607	111,468	82,355	163,491	134,378



## Condensed consolidated balance sheet

SEK ´000	Note	2018 30 Sep	2017 30 Sep	2017 31 Dec
Customer contracts		15,845	6,816	5,910
Brands		372,190	312,837	322,088
Other intangible assets		196,633	121,723	134,706
Goodwill	2	617,986	507,515	524,812
Equipment		21,183	5,456	9,045
Deferred tax asset		236	368	236
<b>Non-current assets</b>	2	<b>1,224,073</b>	<b>954,715</b>	<b>996,796</b>
Trade receivables		–	1,867	–
Current income tax assets		16,841	–	–
Other receivables		49,916	16,633	23,577
Prepaid expenses and accrued income		29,015	10,445	20,495
Cash and cash equivalents		655,335	567,613	597,711
<b>Current assets</b>		<b>751,107</b>	<b>596,557</b>	<b>641,784</b>
<b>Total assets</b>	2	<b>1,975,181</b>	<b>1,551,272</b>	<b>1,638,580</b>
Share capital		40,849	40,849	40,849
Share premium reserve		866,258	865,037	865,170
Translation reserve		154,247	85,224	110,371
Retained earnings		29,092	-12,141	14,736
<b>Equity, owners of the Parent Company</b>		<b>1,090,446</b>	<b>978,970</b>	<b>1,031,127</b>
Non-controlling interest		17,563	–	–
<b>Total equity</b>		<b>1,108,009</b>	<b>978,970</b>	<b>1,031,127</b>
Deferred tax liability	2	20,468	16,737	17,339
Betting duties Austria		468,220	301,818	339,120
<b>Non-current liabilities</b>	2	<b>488,688</b>	<b>318,556</b>	<b>356,459</b>
Trade payables		45,542	57,156	57,896
Customer accounts		80,486	70,048	45,400
Other current liabilities		47,131	30,346	33,732
Tax liabilities		–	1,969	1,339
Accrued expenses and deferred income		205,325	94,226	112,628
<b>Current liabilities</b>		<b>378,484</b>	<b>253,746</b>	<b>250,995</b>
<b>Total equity and liabilities</b>	2	<b>1,975,181</b>	<b>1,551,272</b>	<b>1,638,580</b>

## Condensed consolidated statement of changes in equity

SEK ' 000	Jan-Sep 2018			Jan-Sep 2018			31 dec 2017		
	Shareholders of the parent company	Non-controlling interest	Total Equity	Shareholders of the parent company	Non-controlling interest	Total Equity	Shareholders of the parent company	Non-controlling interest	Total Equity
<b>Equity at beginning of period</b>	<b>1,031,127</b>	<b>-</b>	<b>1,031,127</b>	<b>710,466</b>	<b>-</b>	<b>710,466</b>	<b>710,466</b>	<b>-</b>	<b>710,466</b>
Net result for the period	73,205	54	73,260	82,478	-	82,478	109,355	-	109,355
<i>Other comprehensive income:</i>									
- Foreign exchange differences on	38,130	78	38,209	-124	-	-124	25,023	-	25,023
<i>Total comprehensive income</i>	<i>111,335</i>	<i>133</i>	<i>111,468</i>	<i>82,355</i>	<i>-</i>	<i>82,355</i>	<i>134,378</i>	<i>-</i>	<i>134,378</i>
<i>Transactions with owners:</i>									
- Warrant premiums	1,088	-	1,088	150	-	150	282	-	282
- Dividend through mandatory repurchase of shares	-53,104	-	-53,104	-	-	-	-	-	-
- Shareholders' contributions	-	4,500	4,500	-	-	-	-	-	-
- Share issue	-	-	-	195,000	-	195,000	195,000	-	195,000
- Cost of share issue	-	-	-	-9,000	-	-9,000	-9,000	-	-9,000
- Non-controlling interest related to acquired subsidiary	-	12,931	12,931	-	-	-	-	-	-
<i>Total transactions with owners</i>	<i>-52,016</i>	<i>17,431</i>	<i>-34,586</i>	<i>186,149</i>	<i>-</i>	<i>186,149</i>	<i>186,282</i>	<i>-</i>	<i>186,282</i>
<b>Equity at end of period</b>	<b>1,090,446</b>	<b>17,563</b>	<b>1,108,009</b>	<b>978,970</b>	<b>-</b>	<b>978,970</b>	<b>1,031,127</b>	<b>-</b>	<b>1,031,127</b>

## Condensed consolidated statement of cash flows

	2018	2017	2018	2017	Rolling	2017
SEK '000	Q3	Q3	Jan-Sep	Jan-Sep	12 months	Jan-Dec
Earnings before interest and tax (EBIT)	42,436	32,305	79,561	87,352	108,252	116,043
<i>Adjusted for:</i>						
- Depreciation and amortisation	33,091	18,256	87,202	49,797	106,934	69,529
- Unrealised foreign exchange differences, net	3,364	662	4,859	1,914	6,322	3,377
- Betting duties Austria	34,751	31,127	108,870	89,821	141,751	117,382
Changes in working capital	-2,620	50,382	31,959	53,694	7,151	28,885
Income tax paid	-3,580	2,965	-22,888	-4,051	-25,273	-6,437
Interest income	0	-10	6	-7	-77	-90
Interest expense	-279	-270	-212	-280	-157	-225
<b>Cash flow from operating activities</b>	<b>107,162</b>	<b>135,417</b>	<b>289,357</b>	<b>278,239</b>	<b>339,583</b>	<b>328,465</b>
<i>Cash flow from investing activities:</i>						
- Payment, acquisition of subsidiary/assets and liabilities	-	-	-157,933	-91,935	-157,990	-91,991
- Acquired cash and cash equivalents	-	-	56,976	6,311	56,976	6,311
- Acquisition of intangible assets	-26,149	-25,740	-91,410	-75,387	-120,784	-104,761
- Acquisition of property, plant and equipment	-7,143	-2,338	-14,228	-2,668	-18,288	-6,728
<b>Cash flow from investing activities</b>	<b>-33,293</b>	<b>-28,078</b>	<b>-206,596</b>	<b>-163,678</b>	<b>-240,086</b>	<b>-197,168</b>
<i>Cash flow from financing activities:</i>						
- Issuing new shares	-	-487	-	186,000	-	186,000
- Warrant premiums	-	-	1,088	150	1,221	282
- Dividend through mandatory repurchase of shares	-	-	-53,104	-	-53,104	-
- Contribution shareholders non-controlling interests	4,500	-	4,500	-	4,500	-
<b>Cash flow from financing activities</b>	<b>4,500</b>	<b>-487</b>	<b>-47,516</b>	<b>186,150</b>	<b>-47,384</b>	<b>186,282</b>
Change in cash and cash equivalents	78,369	106,852	35,245	300,710	52,114	317,579
Foreign exchange differences	-2,422	-2,886	22,378	-4	35,608	13,225
Cash and cash equivalents at the beginning of the period	579,388	463,647	597,711	266,908	567,613	266,908
<b>Cash and cash equivalents at the end of the period</b>	<b>655,335</b>	<b>567,613</b>	<b>655,335</b>	<b>567,613</b>	<b>655,335</b>	<b>597,711</b>

## Condensed income statement per quarter

	2018	2018	2018	2017	2017	2017	2017	2016
SEK '000	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	445,243	412,822	380,972	332,993	295,100	287,811	276,129	264,951
Cost of services sold	-155,142	-143,847	-132,229	-104,107	-93,707	-87,308	-91,139	-92,680
Capitalised costs	25,257	25,502	24,068	22,587	20,582	20,683	16,184	15,578
Marketing	-129,560	-147,945	-127,487	-116,362	-94,912	-92,527	-100,048	-93,509
Personnel costs	-57,338	-53,618	-48,258	-39,266	-36,029	-35,190	-33,095	-34,747
Other operating expenses	-52,933	-47,509	-51,236	-47,422	-40,472	-41,080	-33,831	-27,719
<b>EBITDA before non-recurring items</b>	<b>75,527</b>	<b>45,407</b>	<b>45,829</b>	<b>48,423</b>	<b>50,562</b>	<b>52,387</b>	<b>34,200</b>	<b>31,874</b>
Non-recurring items	-	-	-	-	-	-	-	-11,738
<b>EBITDA after non-recurring items</b>	<b>75,527</b>	<b>45,407</b>	<b>45,829</b>	<b>48,423</b>	<b>50,562</b>	<b>52,387</b>	<b>34,200</b>	<b>20,136</b>
Depreciation and amortisation	-33,091	-29,571	-24,540	-19,732	-18,256	-16,889	-14,651	-14,661
<b>Earnings before interest and tax (EBIT)</b>	<b>42,436</b>	<b>15,835</b>	<b>21,289</b>	<b>28,691</b>	<b>32,305</b>	<b>35,498</b>	<b>19,548</b>	<b>5,475</b>
Financial income	205	2	4	-82	-10	1	1	132
Financial expenses	-75	-282	-59	-61	-275	-8	-1	-1
<b>Result before tax</b>	<b>42,567</b>	<b>15,555</b>	<b>21,234</b>	<b>28,548</b>	<b>32,020</b>	<b>35,491</b>	<b>19,549</b>	<b>5,605</b>
Income tax	-2,162	-2,857	-1,076	-1,671	-1,398	-2,491	-693	8,565
<b>Net result for the period</b>	<b>40,404</b>	<b>12,697</b>	<b>20,158</b>	<b>26,877</b>	<b>30,622</b>	<b>33,000</b>	<b>18,856</b>	<b>14,170</b>
Result for the period attributable to:								
- Shareholders of the parent company	40 401	12 646	20 158	26 877	30 622	33 000	18 856	14 170
- Non-controlling interests	3	51	-	-	-	-	-	-
	40 404	12 697	20 158	26 877	30 622	33 000	18 856	14 170
Weighted average number of shares	40,849,413	40,849,413	40,849,413	40,849,413	40,849,413	36,673,589	35,849,413	35,849,413
Earnings per share before dilution, SEK	0.99	0.31	0.49	0.66	0.75	0.90	0.53	0.40
Earnings per share before dilution, SEK	40,849,413	42,089,413	42,089,413	42,089,413	42,109,413	36,673,589	35,849,413	35,849,413
Earnings per share after dilution, SEK	0.99	0.30	0.48	0.64	0.73	0.90	0.53	0.40
<u>Included in cost of services sold:</u>								
Betting duties Austria (excl interest)	-32,352	-34,476	-33,997	-30,275	-28,149	-24,888	-24,998	-25,922
Interest of betting duties Austria	-4,434	-4,175	-3,691	-3,306	-2,942	-2,643	-2,449	-2,176
Betting duties other markets	-30,829	-27,607	-24,293	-15,088	-15,176	-16,189	-13,733	-10,885

Non-recurring items 2016 refer to activities for listing on Nasdaq Stockholm.

# Key performance indicators

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
<b>Revenue</b>								
Revenue growth, per quarter (%)	7.9%	8.4%	14.4%	12.8%	2.5%	4.2%	4.2%	15.3%
Revenue growth compared with the previous year (%)	50.9%	43.4%	38.0%	25.7%	28.4%	36.3%	26.4%	31.8%
Organic growth in local currencies compared with the previous year (%)	27.8%	26.7%	25.2%	24.0%	26.2%	30.5%	25.0%	29.9%
Acquired growth compared with the previous year (%)	14.5%	12.3%	9.2%	2.1%	2.6%	2.2%	–	–
Currency effect compared to the previous year (%)	8.6%	4.4%	3.6%	-0.4%	-0.4%	3.6%	1.4%	1.9%
Revenue Mobile (% of revenue)	63.4%	60.9%	56.0%	51.2%	50.9%	48.1%	50.2%	47.4%
<b>Profitability</b>								
Cost of services sold (% of revenue)	34.8%	34.8%	34.7%	31.3%	31.8%	30.3%	33.0%	35.0%
Whereof gaming software and payment providers (% of revenue)	19.7%	18.8%	18.4%	16.6%	16.1%	15.1%	17.2%	20.3%
Whereof local betting duties (% of revenue)	15.2%	16.1%	16.3%	14.6%	15.7%	15.2%	15.8%	14.7%
Marketing (% of revenue)	29.1%	35.8%	33.5%	34.9%	32.2%	32.1%	36.2%	35.3%
Personnel costs (% of revenue)	12.9%	13.0%	12.7%	11.8%	12.2%	12.2%	12.0%	13.1%
Other operating expenses (% of revenue)	11.9%	11.5%	13.4%	14.2%	13.7%	14.3%	12.3%	10.5%
EBITDA margin before non-recurring items (%)	17.0%	11.0%	12.0%	14.5%	17.1%	18.2%	12.4%	12.0%
EBITDA margin after non-recurring items (%)	17.0%	11.0%	12.0%	14.5%	17.1%	18.2%	12.4%	7.6%
EBIT margin (%)	9.5%	3.8%	5.6%	8.6%	10.9%	12.3%	7.1%	2.1%
<b>Financial position and Cash flow</b>								
Investments in non-current assets	33,293	37,506	34,840	33,434	28,078	26,079	23,898	19,455
Equity/assets ratio (%)	56.1%	56.8%	58.8%	62.9%	63.1%	65.5%	63.5%	62.7%
Earnings per share before dilution, SEK	0.99	0.31	0.49	0.66	0.75	0.90	0.53	0.40
Earnings per share after dilution, SEK	0.99	0.30	0.48	0.64	0.73	0.90	0.53	0.40
Return on equity (%)	3.9%	1.4%	2.0%	2.8%	3.3%	4.2%	2.7%	0.8%
Equity per share (SEK)	26.69	25.98	26.67	25.24	23.97	26.12	20.31	19.82
Cash flow from operating activities per share (SEK)	2.62	1.97	2.49	1.23	3.32	2.87	1.05	1.51
Free cash flow per share (SEK)	1.81	-0.21	0.43	0.41	2.63	-0.18	0.38	0.97
<b>Employees</b>								
Average number of employees	361	338	280	236	224	212	205	195
Number of employees at the end of the period	374	363	324	239	229	215	211	205

Non-recurring items 2016 refer to activities for listing on Nasdaq Stockholm.



## Revenue by region

	2018	2017	Vari-	2018	2017	Vari-	Rolling 12 months		Vari-	2017
SEK ´000	Q3	Q3	ance%	Jan-Sep	Jan-Sep	ance%	2018	2017	ance%	Jan-Dec
Revenue by region										
Nordic Region	160,717	100,147	60.5%	431,363	287,123	50.2%	534,693	376,010	42.2%	390,336
Western Europe	178,890	117,625	52.1%	519,120	343,374	51.2%	664,832	436,775	52.2%	489,285
Central, Eastern and Southern Europe	94,614	70,693	33.8%	264,077	210,586	25.4%	339,210	285,866	18.7%	285,711
Rest of the World	11,023	6,635	66.1%	24,476	17,957	36.3%	33,296	25,339	31.4%	26,701
Total	445,243	295,100	50.9%	1,239,037	859,039	44.2%	1,572,030	1,123,991	39.9%	1,192,033

## Revenue by region and quarter

SEK '000	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Revenue by region								
Nordic Region	160,717	149,641	121,122	103,213	100,147	93,668	93,308	88,887
Western Europe	178,890	170,125	169,905	145,912	117,625	118,719	107,030	93,401
Central, Eastern and Southern Europe	94,614	86,086	83,386	75,125	70,693	70,004	69,889	75,280
Rest of the World	11,023	6,970	6,559	8,744	6,635	5,420	5,902	7,383
Total	445,243	412,822	380,972	332,993	295,100	287,811	276,129	264,951
Share of revenue by region (%)								
Nordic Region	36.1%	36.2%	31.8%	31.0%	33.9%	32.5%	33.8%	33.5%
Western Europe	40.2%	41.2%	44.6%	43.8%	39.9%	41.2%	38.8%	35.3%
Central, Eastern and Southern Europe	21.2%	20.9%	21.9%	22.6%	24.0%	24.3%	25.3%	28.4%
Rest of the World	2.5%	1.7%	1.7%	2.6%	2.2%	1.9%	2.1%	2.8%
Revenue compared to previous quarter (%)								
Nordic Region	7.4%	23.5%	17.4%	3.1%	6.9%	0.4%	5.0%	2.7%
Western Europe	5.2%	0.1%	16.4%	24.0%	-0.9%	10.9%	14.6%	21.5%
Central, Eastern and Southern Europe	9.9%	3.2%	11.0%	6.3%	1.0%	0.2%	-7.2%	17.8%
Rest of the World	58.1%	6.3%	-25.0%	31.8%	22.4%	-8.2%	-20.1%	192.6%
Revenue compared to the same quarter the prev. yr. (%)								
Nordic Region	60.5%	59.8%	29.8%	16.1%	15.7%	10.3%	-0.6%	-1.6%
Western Europe	52.1%	43.3%	58.7%	56.2%	53.0%	80.5%	69.4%	91.2%
Central, Eastern and Southern Europe	33.8%	23.0%	19.3%	-0.2%	10.7%	30.2%	23.2%	37.4%
Rest of the World	66.1%	28.6%	11.1%	18.4%	163.0%	-19.2%	23.8%	3.9%

## Customers and deposits

	2018	2018	2018	2017	2017	2017	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<b>Depositing customers</b>								
Depositing customers (number of)	193,273	182,490	145,199	131,226	115,733	115,992	114,996	102,379
Depositing customers growth, per quarter (%)	3.4%	2.4%	25.7%	10.6%	13.4%	-0.2%	0.9%	12.3%
Depositing customers growth compared with prev. yr. (%)	47.3%	61.5%	57.3%	26.3%	28.2%	29.3%	28.2%	45.5%
<b>New depositing customers</b>								
New depositing customers (number of)	73,174	76,136	80,691	57,475	52,672	43,298	45,958	45,340
New depositing customers, per quarter (%)	-3.9%	-5.6%	40.4%	9.1%	21.6%	-5.8%	1.4%	7.0%
New depositing customers growth compared with prev. yr. (%)	38.9%	75.8%	75.6%	26.8%	24.3%	33.0%	28.3%	69.5%
<b>Returning depositing customers</b>								
Returning depositing customers (number of)	120,099	110,813	101,799	87,724	78,554	72,435	70,034	69,656
Returning depositing customers growth, per quarter (%)	8.4%	8.9%	16.0%	11.7%	8.4%	3.4%	0.5%	16.1%
Returning depositing customers growth compared with prev. yr.	52.9%	53.0%	45.4%	25.9%	30.9%	27.1%	28.2%	33.3%
<b>Deposits</b>								
Deposits from customers (SEKm)	1,477.7	1,328.8	1,152.8	982.7	857.6	808.6	819.5	816.5
Deposits growth, per quarter (%)	11.2%	15.3%	17.3%	14.6%	6.1%	-1.3%	0.4%	18.8%
Deposits growth compared with previous year (%)	72.3%	64.3%	40.7%	20.4%	24.8%	34.4%	38.6%	48.3%

## Condensed income statement Parent Company

	2018	2017	2018	2017	2017
SEK '000	Q3	Q3	Jan-Sep	Jan-Sep	Jan-Dec
Revenue	1,410	1,350	4,230	4,050	5,516
Expenses	-8,208	-6,205	-25,660	-22,170	-29,919
<b>EBITDA before non-recurring items</b>	<b>-6,798</b>	<b>-4,855</b>	<b>-21,430</b>	<b>-18,120</b>	<b>-24,403</b>
Depreciation and amortisation	-34	-51	-135	-153	-204
<b>Earnings before interest and tax (EBIT)</b>	<b>-6,832</b>	<b>-4,906</b>	<b>-21,565</b>	<b>-18,273</b>	<b>-24,608</b>
Financial items and appropriations	278	-67	809	-403	78,315
<b>Net result for the period</b>	<b>-6,554</b>	<b>-4,973</b>	<b>-20,757</b>	<b>-18,676</b>	<b>53,707</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

		2018	2017	2017
SEK '000	Note	30 Sep	30 Sep	31 Dec
Non-current assets	1	724,148	717,586	717,668
Current assets		132 902	140,248	212,417
<b>Total assets</b>	<b>1</b>	<b>857 050</b>	<b>857,834</b>	<b>930,085</b>
Restricted equity		40,849	40,849	40,849
Non-restricted equity		809,419	809,675	882,191
Other liabilities		6 782	7,309	7,044
<b>Total equity and liabilities</b>		<b>857,050</b>	<b>857,834</b>	<b>930,085</b>

# Notes

All values in parentheses ( ) are comparative figures for the year-earlier period unless otherwise specified. 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

MRG 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.

### New accounting policies from 2018

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers apply from 1 January 2018.

MRG is primarily an online casino operator and revenue mainly derives from casino games, such as slot machines and traditional card games such as Black Jack, Baccarat and roulette. The average payout of funds bet in this type of game is known when the game is played. This type of game is defined as a "fixed odds game." Such games are defined as a financial instrument in accordance with IFRS 9 and thus are not encompassed by IFRS 15. Applying IFRS 9 instead of IFRS 15 does not impact revenue recognition or the financial statements since allocations and amounts are the same regardless of the policy applied. MRG believes that IFRS 9 is to be applied to all fixed odds games and that IFRS 15 is not applicable to this revenue. The company asserts that this is consistent with the understanding of the IASB. It has also been established that the application of IFRS 9 did not have any impact on the financial statements from 2018.

MRG's operations generate other types of revenue that are not of material scope or amounts but to which IFRS 15 is to be applied. MRG has evaluated the effects of applying IFRS 15 for these revenues and

concluded that IFRS 15 has not entailed any changes to the consolidated financial statements.

Other accounting policies and bases of assessment are unchanged compared with the 2017 Annual Report.

### New accounting policies from 2019

IFRS 16 Leases is to be applied from 1 January 2019. This standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognised in the balance sheet. This approach to recognition is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for said right. IFRS 16 replaces IAS 17 Leases and the related interpretations, IFRIC 4, SIC-15 and SIC-27. The standard is to be applied from 1 January 2019 and the company will not apply it in advance. The application of the standard has been adopted by the EU. It will primarily impact the Group's leases for premises.

## Note 1 Acquisitions

On 2 February 2018, MRG acquired Evoke Gaming, comprising the company Soft Capital Holding Limited and its subsidiaries Evoke Gaming Limited and Internet & Media Consulting Limited. The acquisitions were consolidated on the acquisition date of 2 February 2018.

### Acquisition analysis Evoke Gaming

kSEK	Fair value
Customer contracts	15,727
Brands	27,522
Other intangible assets	31,733
Property, plant and equipment	2,294
Cash and cash equivalents	40,801
Other current assets	4,663
Deferred tax liabilities	-2,162
Current liabilities	-48,712
Total identifiable net assets	71,866
Goodwill	37,696
Total purchase consideration	109,562

If Evoke Gaming had been consolidated on 1 January 2018, it would have contributed SEK 95.8 million in revenue and SEK -8.0 million to EBITDA for the period up to 30 September 2018. No portion of the Group's goodwill arising on this acquisition is expected to be tax deductible. The purchase consideration was paid in cash funds of EUR 9.2 million on the acquisition date of 2 February 2018, based on a preliminary acquisition balance sheet. The acquisition balance sheet was adopted in April 2018 and entailed an additional payment of EUR 0.4 million. On 13 June 2018, MRG paid a final additional purchase consideration of EUR 1.5 million for Evoke Gaming.

On 15 June 2018, MRG acquired 11.lv, comprising the company SIA "viensviens.lv". The acquisition was consolidated on the acquisition date of 15 June 2018.

#### Acquisition analysis 11.lv

kSEK	Fair value
Customer contracts	2,558
Brands	6,639
Other intangible assets	2,472
Property, plant and equipment	150
Cash and cash equivalents	16,175
Other current assets	708
Current liabilities	-3,823
Total identifiable net assets	24,879
Non-controlling interests	-12,800
Goodwill	29,571
Total purchase consideration	41,650

If 11.lv had been consolidated on 1 January 2018, it would have contributed SEK 31.2 million in revenue and SEK 5.4 million to EBITDA for the period up to 30 September 2018. No portion of the Group's goodwill arising on this acquisition is expected to be tax deductible. The purchase consideration was paid in cash funds of EUR 4.1 million on the acquisition date of 15 June 2018, based on a preliminary acquisition balance sheet. The acquisition balance sheet was adopted in July 2018.

In line with applicable accounting standards, the figures above are considered to be preliminary.

## Note 2 Correction of deferred tax liability

The Group has corrected the deferred tax liability attributable to the acquired surplus values in subsidiaries in Malta. This was previously calculated at 35 per cent, which is the tax rate applicable for individual companies in Malta, but tax is to be calculated at the Group rate of 5 per cent. This correction applies to three acquisitions: Green Gaming Group 2013, Dansk Underholdning 2017 and Evoke Gaming 2018. The correction only entails a reduction in the deferred tax liability, which reduces goodwill by the same amount and has no impact on recognized equity or earnings in prior years. The amount for this correction is a total of SEK 99.9 million at 31 December 2017, of which SEK 92.5 million pertains to the period prior to 1 January 2017.

The correction entails that the consolidated equity/assets ratio increases from 59.3 per cent to 62.9 per cent at 31 December 2017 and from 58.0 per cent to 62.7 per cent at 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, the Group's brand is 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. 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 2017 Annual Report.



# 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. 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

ALTERNATIVE PERFORMANCE MEASURES	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.
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	EBITDA 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	EBITDA before 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 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.
Organic growth	Revenue growth excluding growth from entities which have been acquired during the last twelve months. Currency exchange effects are included.	The measure is interesting to follow since it demonstrates the development excluding acquired entities.
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**

ALTERNATIVE PERFORMANCE MEASURES	DEFINITION	PURPOSE
Depositing customers	Customers who made a deposit during the period.	A measure that is a driver of revenue and relevant from an industry practice and stakeholder perspective.
Deposits	Money deposited in customer accounts.	A measure that is a driver of revenue and relevant from an industry practice and stakeholder perspective.
New depositing customers	Customers making their first deposit during the period.	A measure that is a driver of both marketing costs and revenue and relevant from an industry practice and stakeholder perspective.
Compound Annual Growth Rate (CAGR)	The average annual growth rate. 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.
Returning depositing customers	Customers making a deposit during the period but who made their first deposit in an earlier period.	A measure that is a driver of revenue and relevant from an industry practice and stakeholder perspective.

## ABOUT MRG

MRG is a fast-growing innovative iGaming Group with operations in thirteen markets. Our business concept is to offer a superior experience in a Green Gaming environment. MRG was established in 2007 and operates the iGaming sites [Mr Green](#), [Redbet](#), [11.lv](#), [Vinnarum](#), [Bertil](#), [MamaMiaBingo](#), [BingoSjov](#) and [BingoSlottet](#). We offer approximately 1,000 games, of which about 750 are also available for mobile devices.

We maintain agreements with about 20 companies that provide online games. MRG has gaming licences in Denmark, Italy, Latvia, Malta, the UK and a Sportsbook licence in Ireland. We are listed on Nasdaq Stockholm's Mid Cap list under the name Mr Green & Co (ticker MRG).

### Our Strategy 2020 entails that we:

- Focus on growth
- Invest in product innovation
- Become established in new geographic markets
- Expand to new areas in the value chain
- Continue to invest in Green Gaming
- And we are a cut above the rest

# MRG



**Mr Green & Co AB**  
**Epicenter,**  
**Mäster Samuelsgatan 36**  
**SE-111 57 Stockholm**  
**Sweden**



**E-mail:**  
**[information@mrggroup.com](mailto:information@mrggroup.com)**  
**[www.mrggroup.com](http://www.mrggroup.com)**



**Corp. Reg. No.:**  
**556883-1449**  
**Domicile:**  
**Stockholm,**  
**Sweden**