Company description for the listing of Net Gaming Europe AB on Nasdaq First North Premier
IMPORTANT INFORMATION TO INVESTORS

This company description (the “Company Description”) has been prepared in connection with the listing of Net Gaming Europe AB (publ) (a Swedish public limited liability company) on Nasdaq First North (the “Listing”). In the Company Description, “Net Gaming”, the “Company” or the “Group” refers to Net Gaming Europe AB (publ), the group in which Net Gaming is the parent company or a subsidiary of the group, as the context may require. The “Principal Owner” or “Trottholmen” refers to Trottholmen AB. See section “Definitions” for the definitions of these and other terms in this Company Description.

The figures included in the Company Description have, in certain cases, been rounded off and, consequently, the tables contained in the Company Description do not necessarily add up. All financial amounts are in Swedish kronor (“SEK”), unless indicated otherwise, and “MSEK” indicates millions of SEK.

Except as expressly stated herein, no financial information in the Company Description has been audited or reviewed by the Company’s auditor. Financial information relating to the Company in the Company Description that is not part of the information audited or reviewed by the Company’s auditor as outlined herein originates from the Company’s internal accounting and reporting systems.

FORWARD-LOOKING STATEMENTS

This Company Description contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as “believes”, “estimates”, “anticipates”, “expects”, “assumes”, “forecasts”, “intends”, “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Company Description concerning the future financial results, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read the Company Description, including the following sections: “Summary”, “Risk factors”, “Business overview” and “Operating and financial review”, which include more detailed descriptions of factors that might have an impact on the Company’s business and the market in which it operates. None of the Company or the Principal Owner can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Company Description may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Company Description may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation.

After the date of the Company Description, the Company does not assume any obligation, except as required by law or Nasdaq First North’s Rulebook for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

BUSINESS AND MARKET DATA

This Company Description includes industry and market data pertaining to Net Gaming’s business and markets. Such information is based on the Company’s analysis of multiple sources, including the so-called H2 Global Summary. Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Company Description that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

NASDAQ FIRST NORTH

Nasdaq First North is an alternative marketplace operated by the exchange within the Nasdaq group. Nasdaq First North does not have the same legal status as a regulated market. Companies on Nasdaq First North are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk of investing in a company on Nasdaq First North may therefore be higher than investing in a company on a regulated market such as Nasdaq Stockholm. All companies with shares traded on Nasdaq First North have a Certified Adviser who monitors that the rules are followed. The Company’s Certified Adviser is FNCA Sweden AB.
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KEY INFORMATION

Company name
Net Gaming Europe AB (publ)

Certified Adviser of the Company
FNCA Sweden AB

Last day of trading on Spotlight (previously Aktietorget)
26 June 2018

First day of trading on Nasdaq First North Premier
27 June 2018

Other information
Ticker: NETG
ISIN code: SE0001863291

FINANCIAL CALENDAR

Interim report for the period January - June 2018, Q2
23 August 2018

Interim report for the period July - September 2018, Q3
22 November 2018

Year-end report for the period January - December 2018
21 February 2019

Annual general meeting 2019
23 May 2019

CERTAIN DEFINITIONS

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<tr>
<th>Euroclear Sweden</th>
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<td>Code</td>
<td>The Swedish Code of Corporate Governance.</td>
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<td>Company Description</td>
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<td>EUR</td>
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<td>Listing</td>
<td>The listing of the shares of Net Gaming Europe AB (publ) on Nasdaq First North Premier.</td>
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<td>Nasdaq First North or Nasdaq First North Premier</td>
<td>The multi-lateral trading facility operated by Nasdaq Stockholm AB and its Premier segment, respectively.</td>
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<td>Net Gaming, the Company or the Group</td>
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<td>Principal Owner or Trottholmen</td>
<td>Trottholmen AB.</td>
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RISK FACTORS

An investment in Net Gaming’s shares involves various risks. A number of factors affect, or could affect, the Company’s business, both directly and indirectly. Described below, in no particular order and without the intention of being exhaustive, are the risk factors and significant circumstances considered to be material to Net Gaming’s business and future development. The risks described below are not the only risks to which Net Gaming and its shareholders may be exposed. Additional risks that are not currently known to Net Gaming, or that the Company currently believes are immaterial, may also adversely affect the Company’s business, results of operations or financial condition. Such risks could also cause the price of Net Gaming’s shares to fall significantly, and investors could potentially lose all or part of their investment.

In addition to this section, investors should also take into consideration the other information contained in this Company Description in its entirety. The Company Description also contains forward-looking statements that are subject to future events, risks and uncertainties. Net Gaming’s actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in the Company Description.

RISKS RELATED TO THE COMPANY

Risks related to Net Gaming

Political decisions, license requirements and uncertainty regarding future legislation

Gambling operations, whether offered online or so called land based gambling, are strictly regulated by law in most jurisdictions, either by a state monopoly or by a licensing system. Net Gaming primarily operates as an affiliate in the iGaming industry which currently is not a regulated business area, but the Company is still dependent on iGaming operators that are covered by regulations and does, to a limited extent and until such operations have been reshaped into affiliate businesses in accordance with the Company’s strategy, conduct iGaming operator operations of its own. As a result, the Group’s operations are to a considerable extent influenced by political decisions and development in legislation. The legal situation for online gaming is continually changing in different national markets. National regulations are often in conflict with EU regulations, which creates an uncertain legal situation and some European markets are considered grey zones to operate in.

There is a risk that new interpretations of and changes to existing gambling laws and regulations, in combination with future case law from both national courts and the Court of Justice of the European Union, will have an adverse effect on the Group’s operations, earnings or financial position. Proposed reforms can inter alia entail changes in taxation, the introduction of a national license system and changes to marketing laws. There is a risk that the rapid growth within the area of e-commerce would result in the introduction of more stringent consumer protection legislation. There is a risk that new legislation and rules and regulations for online-based operations will restrict the growth of ecommerce, including online gaming.

Moreover, EU-legislation that is directly applicable to online gaming services and the marketing of such services is currently limited. However, EU is aiming to strengthen the consumer protection in relation to online gaming, for example by issuing recommendations to the member states and there are examples of self-regulatory measures in relation to online gaming marketing at national level in some EU member states.

Traditionally, national authorities have, in countries where online gambling is deemed illegal according to national legislation, targeted only iGaming operators and in some cases service providers (mostly providers of games, payment solutions and internet services) to limit the accessibility to online gaming services for its residents. However, last year there have been some EU member states targeting other verticals within the industry, including affiliate marketing companies - a vertical that forms a large part of the Group’s revenues. Even if the national authorities in most cases lack the power of enforcing
national sanctions, there is a risk, if the trend continues, that it could have an adverse effect on the Group’s business, earnings or financial performance.

There is a risk that any new legislation that is introduced for online gaming operations, whether on a global, EU or national level, will have an adverse effect, both directly and indirectly, on the Group’s business, earnings or financial position.

The Group is dependent on iGaming operators’ and the Company’s ability to attract and maintain online players, as well as other industry trends

The Group’s revenues are highly dependent on its own and its customers’, the iGaming operators, ability to attract and maintain online players on their iGaming platforms, respectively, as well as by the general popularity of iGaming, including user trends and preferences, such as if the iGaming operators have popular games or can offer certain preferred services. Should the iGaming operators not have certain games requested by the online players, it would lead to lower activity for the iGaming operators, and in turn lower revenue generated to the Group. Such developments could have an adverse effect on the Group’s business, earnings or financial performance.

The gaming market is a highly debated industry and the industry as a whole is dependent on social acceptance. Factors contributing to the declining acceptance of gaming could have a negative effect on the whole gaming industry and thus affect the Group adversely.

Competition

The iGaming industry is highly competitive and is characterised by innovation and rapid technical development. The Group has a large number of competitors, some of whom have greater financial and operational resources than the Group. If the Group’s competitors better adapt to new technical solutions or market trends or are able to offer their customers better services, there is a risk that they will prefer competitors’ services over the Group’s current and future services. Furthermore, the number of competitors on the iGaming market is increasing. The increase in competition among affiliates can cause iGaming operators to negotiate lower payments, revenue sharing arrangements or other fees received by the Group. If any of these risks were to materialize, this could have an adverse effect on the Group’s business, earnings or financial position.

Risks specific to the Group

Prohibitions of online gaming services in certain countries

In certain countries it is prohibited to provide online gaming services, and in some cases it is prohibited for the customers to participate in online gaming activities even though the gaming operator is located in another country where it has legally been granted a license. In regard to the Company’s iGaming operator operations, there is a risk that authorities or courts in such countries fine the Company if online players in such countries access the Group’s websites for iGaming operator operations by actively searching for and finding them. This could have an adverse effect on the Group’s business, earnings or financial position.

Compliance with existing laws and regulations

The Group conducts its business in several countries. An international presence can involve situations that give rise to compliance risks as the Group must observe different regulatory systems across a number of jurisdictions. The Group’s operations involve risks of failure to comply with laws, regulations and licenses which could have an adverse effect on the Group’s business, financial position and results of operation.
Risks associated with a high reliance on search engines

The Group relies on generating traffic to its various websites in order to obtain customers, and this is accomplished through inter alia the use of search engine optimization ("SEO"). SEO is the collective term for different methods used to ensure that a certain website is ranked as high as possible when an internet user searches for specific keywords using search engines. The Group is highly reliant on maintaining an effective SEO, and as a result the Group has to offer websites with high quality content that rank highly in search engine results such as results on Google, Bing or Yahoo!. When Google, Bing, Yahoo! or other such search engines introduce new algorithms, affecting the ranking of websites in their search engine results, there is a risk that the Group will have to revise its online marketing strategies and alter its websites to make them compatible with the changes brought about by the algorithms. Some of the algorithmic updates affect search engine results in significant ways. Moreover, there is a risk that Google, Bing, Yahoo! or other such search engines will issue warnings or penalties in the form of lower rankings for websites that strategically circumvent the algorithms. Certain domains held by the Group have been penalized with restrictions by Google. If the Group fails to maintain an effective SEO and adjust its websites and marketing to new algorithms, this would have an adverse effect on the Group’s business, earnings or financial position. Further there is a risk that search engines such as Google, Bing and Yahoo! will change or extend their operations to include services that are directly competing with the Group’s services. There is also a risk that the search engines will implement strategies that are aimed at preventing SEO, which will affect the Group.

If the online gaming market is re-regulated, as it has been in for example the United Kingdom, companies operating on this market, for example the Group, will be able to use pay-per-click advertising in the course of their marketing. Because of this, there is a risk that the competition will increase in relation to obtaining high rankings in search engine results and this would have an adverse effect on the Group’s business, earnings and financial position.

Technical risks associated with the market and changes in customers’ and online players’ behaviour

In order to maintain the high popularity of the offered products and services, which is important for attracting and retaining customers, there is a need to update the products and services provided (including the technical platforms and systems) on an on-going basis. There are changes in customers’ and online players’ behaviour and preferences over time, which require updated offerings by the Group. A challenge is thus to follow the changes in customers and online player behaviour and to adapt the services to meet their demands. Should the Group fail to develop or purchase products and services that meet such demands, there is a risk that the Group loses business and revenues to its competitors, which in turn could have an adverse effect on the Group’s business, earnings or financial position.

There is furthermore a risk that the Group would need to allocate considerable resources to upgrade and replace its current technology systems if new technology is introduced on the market. If the Group is unable to adapt to these technological advances in a cost effective and prompt way, there is a risk that this could have an adverse effect on the Group’s business, earnings or financial position.

There is a risk that the Group does not succeed in preserving and enhancing its brands

The Group’s success is in part dependent on the strength of its brand perception. The Group’s brands put the Group at a competitive advantage in terms of the development of new and existing relationships with customers. The future success of the Group will be dependent on its ability and efforts to preserve and enhance its brands and given the importance of trademarks and domain names of the Group, there is a risk that its future success is impaired, should the Group fail to build and maintain its brand perception. Further there is a risk that any other measures taken by the Group to preserve and enhance its brands, will be unsuccessful, or that the brand will be damaged if a third party acts in such a way which has an adverse effect on the Group. If the Group is unsuccessful in preserving or enhancing its brand, there is a risk that this will limit the Group’s ability to retain and extend its customer base, which could have a significant adverse effect on the Group’s business, financial position and results of operations.
A decline in the market appeal of the Group (including its brands) can possibly derive from, amongst other things, a poor product offering, negative publicity concerning the brands or the gaming market in general (whether or not it is justifiable) or lack of investments in the products in order to keep them updated and attractive for the customers. This would have an adverse effect on the Group’s business, financial position or results of operations.

Payment solutions

In order for customers to play online games through the Group’s iGaming operator operations (which will be reshaped into an affiliate business during 2018), they are required to register and open an account with the Group. There is a need for the Group to have payment solutions in place that suit its customers’ needs and preferences, which can vary in different countries and between customers of different ages. Technical standards and solutions can also differ between countries. If the Group fails to offer working payment solutions and withdrawal methods as preferred by existing and potential customers, there is a risk that the customers will use the services provided by the Group less frequently.

Risk relating to the Group’s IT-systems

The Group is dependent on preserving a well-functioning and secure IT environment for all aspects of its operations. There is a risk that the Group’s IT environment, such as servers, domains and networks, as well as contracted third-parties’ IT environment, can be affected by problems with software, hardware or due to computer viruses through cyber-attacks or physical damages due to natural disasters as well as other unforeseen events which are out of the Group’s control. The Group has further developed its own online gaming platform, which is integrated with different gaming suppliers. The Group’s systems can suffer from downtime. In the event of downtime, the Group’s sites or products can be partially or completely inaccessible, as such the Company would not be able to, e.g. refer online players to iGaming operators, which in turn would have an impact on the Group’s earnings. There is a risk that potential interference, technical problems with the Group’s servers results in a loss of earnings, reduced confidence in the Group, and claims for damages.

The Group has to some extent used open source code (open source software) when developing its online platform. Among the open source licenses that apply are GPL (General Public License) licenses. Some open source software licenses require developers who distribute open source software as part of their software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code on unfavourable terms or at no cost. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on the Group’s ability to market its games. Should the open source software be used in a manner that would require the Group to disclose its open source code or result in a breach of the terms of an open source agreement, the Group may be required to release its proprietary source code, pay damages for breach of contract, re-engineer its online platform, discontinue distribution in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from the Group’s online platform development efforts, any of which could harm the Group’s reputation, result in fewer online player referrals, increase the Group’s costs or otherwise have a material adverse effect on the Group’s business, financial position and results of operation.

Processing of personal data

The Group registers, processes, stores and uses personal data in the course of its iGaming operator operations (which will be reshaped into an affiliate business during 2018). It is of high importance that the Group registers, processes, stores and uses personal data in accordance with applicable personal data legislation and requirements. A new European Union regulation regarding personal data has entered into force in 2018. There is a risk that failure to comply with the new regulation will result in significant fines. The new regulation will include stricter sanctions for breach of the regulation, and there is a risk that the fines will amount to the higher of MEUR 20 and four percent of the global turnover. There is also a risk that breach of applicable data protection legislation would result in for example publicity issues and actions from the responsible authorities. Should the Group be or become in breach of personal data legislation this could have a material adverse effect on the Group’s business, earnings or financial position.
Trademarks and domain names

The Group is currently offering its affiliation marketing services through a number of websites which are of particular importance for the business. Trademarks and domain names are important parts of the Group's business as they are essential to attract online players that in turn are referred to iGaming operators and can become paying customers, whereby revenue is generated to the Company. Should some or any of the trademarks or domain names, used in the business of the Group, not be owned or controlled by the Group there is a risk that the future use of the domain names is not properly secured and that the Group will lose access to important domains in the future, resulting in adverse effects on the Group’s, business, earnings or financial position.

Further, there is a risk that competitors or other third parties unlawfully seek to use or infringe the Group’s intellectual property rights. In addition, there is also a risk that a third party asserts, and acquires, better rights to intellectual property rights used by the Group. There is a risk that such actions result in disputes regarding the relevant intellectual property rights, resulting in adverse effects on the Group’s business, financial position or results of operations.

The Group is dependent on external parties in order to conduct its business

The Group is generally dependent on suppliers of technical solutions, game developers and game providers, Internet providers, providers of payment solutions and IT services, to conduct its business. If one or more of these external parties fails to perform their obligations to the Group or to the iGaming operators customers, this would affect the Group’s business, which could harm the Group’s brand and reputation on the market, result in losses of revenues, affect the loyalty of its customers in the long-term and, by extension, also the Group's businesses, financial positions and results of operations.

If any of the above risks were to occur, this could have an adverse effect on the Group’s business, financial position and results of operations.

The Group’s strategy includes acquisitions of businesses

Net Gaming’s strategy includes to strengthen and expand its operations in selected market segments, both organically and through acquisitions. An example hereof is the acquisition of HLM Malta Ltd (“Highlight Media”) whereby Net Gaming entered the affiliate/lead market. Net Gaming’s strategy of growth through acquisitions may expose it to operational challenges and risks, such as the need to identify potential acquisition opportunities on favourable terms. Competition is generally greater for larger acquisitions which can result in higher prices and less favourable terms relative to what would typically be the case for a smaller acquisition. Net Gaming’s growth through acquisitions may expose it to other risks such as the potential impairment of acquired intangible assets, including goodwill, as well as the incurrence of liabilities or other claims from acquired businesses. Further, integration of acquisitions could pose numerous risks to Net Gaming’s operations, including the allocation of significant resources, failure to retain key personnel or customers in the acquired businesses, the inability to realise potential synergies or difficulties in integrating acquired businesses and personnel. If Net Gaming cannot identify, implement or integrate attractive acquisition opportunities on favourable terms or at all, it could adversely impact Net Gaming’s ability to execute its growth strategy. In addition, acquisitions may reduce Net Gaming’s cash, entail additional considerations, dilute margins, result in potentially dilutive issuances of equity securities or increases in incurrence of debt. If Net Gaming cannot grow, or fails to manage its growth effectively, it could affect its competitive position and could have a material adverse effect on its business, results of operations and financial condition.

Limited contractual protection

In connection with acquisitions or divestments of businesses, the Company may enter into agreements which can limit, or extend, as applicable, the possible contractual protection and possibility to make a claim in view of circumstances that can be discovered after a transaction. As an example, the share purchase agreement regarding the acquisition of Highlight Media and subsidiaries, which was completed in October 2016, gives Net Gaming limited contractual protection in case that there will be any breach under the warranties in the share purchase agreement or any other covenant set out in the share
purchase agreement. The share purchase agreement includes a non-tipping basket (meaning that the seller must indemnify the Company only for claims above a threshold amount) of approximately 4.4 percent of the purchase price under the share purchase agreement meaning that the Company will not be able to claim any amounts below such threshold. Should there be any claims under the share purchase agreement, the financial exposure for an amount up until such threshold will lie with the Company. Any contractual terms in an acquisition agreement which limits or extends contractual protection, could in turn essentially have a negative effect on the Group’s business and financial position.

Ability to capitalize on existing customers and dependency on key customers

The 10 largest customers represent approximately 54 percent of the Group’s turnover. Should the Group not be able to maintain its existing customers and otherwise capitalize on its customer base, it would result in decreased sales, which in turn could have an adverse effect on the Group’s business, financial position and results of operation. Further, in light of the Company’s business model, where the Company will receive revenue depending on its referrals actions and behaviour on the iGaming operators’ websites, the Group relies on its customers and the operators to maintain transparency regarding and report its customers gaming activities with regard to referred online players. Should the iGaming operators not accurately report statistics regarding the players’ activities, it could affect the accurateness of the Company's revenue and also indirectly the Company's business, earnings and financial position.

Dependency on key employees

The Group is dependent on the knowledge, experience and commitment of its employees for continued development. Furthermore, there is an ongoing need of recruiting and retaining staff with a high level of technical experience and expertise of the online gaming industry and the development of games and related technology. Should the Group lose key individuals, this could have an adverse effect on the Group’s business, earnings and financial position.

Cash management, anti-money laundering and fraud

The Group handles a large number of financial deposits and payments within the course of its iGaming operator operations (which will be reshaped into an affiliate business during 2018), and is therefore exposed to risks relating to money laundering and fraud. Although the Company is reshaping its organisation to solely provide affiliate operations in 2018, which would not involve cash management, should the Group prior to the reorganisation fail to detect a fraud or money laundering activities by employees or customers, or is compelled to make a refund to an account because of, for example, a customer’s bank or credit card is used by a third party, there is a risk that such refunds or similar payments will have an adverse effect on the Group’s business, financial position or results of operations.

Disputes and litigations

As of the date of the Company Description, the Group is not involved in any material disputes. There is however a risk that the Group will become involved in disputes or subject to other litigation in the future. Disputes of different kinds can be time consuming, disrupt normal operations, involve large amounts and result in considerable costs and reputational risks, which would have a negative effect on the Group’s business, financial position and results of operation. There is a risk that people who suffer from an addiction to gambling will sue companies within the Group as a result of their gambling abuse. Even if such claims are overruled, they could give rise to substantial legal costs and loss of confidence in the Group, which by extension would lead to a reduction in earnings.

Insurance coverage

Although the Group has insurance coverage for its operations in Malta, there is a risk that the Group will sustain damages or incur liability claims that are not covered by insurance in whole or in part. Furthermore, there is a risk that claims against the Group, even if covered by the Group’s insurance policies, will result in an increase in the Group’s premiums. There is a risk that the Group will not be able to obtain new or maintain existing insurances in the future on acceptable terms, or at all. Not being
adequately insured or significant increases in the Group’s insurance premiums could have an adverse
effect on the Group’s business, financial position and results of operation.

Financial risks

Transaction and exchange rate risks in the cash flow, income statement and balance sheet

The Group reports in one currency but receives and uses other currencies in its operations. As exchange
rates fluctuate, such fluctuations may lead to a transaction exposure as the transactions made in other
currencies than the reporting currency needs to be recalculated into the reporting currency. This could
have an adverse effect on the Group’s business, earnings or financial position.

Additional financing

There is a risk that investments will need to be financed with additional financing such as taking new
loans or issuing new equity. Access to additional financing is dependent on various factors, such as
market conditions, the Group’s creditworthiness and overall access to credit on the finance markets.
Some of these factors are beyond the Group’s control. There is a risk that the Group will be unsuccessful
in procuring sufficient financing on favourable terms or in obtaining financing at all. This could have an
adverse effect on the Group’s business, financial position or results of operations.

Tax-related risks

The Group conducts business through its subsidiaries in Malta and Curacao. There is a risk that the
Group’s interpretation of applicable laws, provisions and judicial practice has been, or will be, incorrect
in respect of taxation or that such laws, provisions and practice will be changed. If a change in legislation
or practice or should the relevant tax authority challenge the Group’s interpretation of applicable laws,
there is a risk that the Group’s tax liabilities will increase and/or lead to sanctions by the tax authorities,
which could have an adverse effect on the Group’s business, earnings and financial position.

Risks related to the convertible loan

On 11 October 2016, Net Gaming issued a MSEK 140 convertible loan due on 11 October 2019 (the
“Convertible Loan”). As of the date of this Company Description, the Convertible Loan amounts to MSEK
21.5. Accordingly, most of the nominal amount has been settled. If the lenders under the Convertible
Loan may choose not to convert the remainder of the Convertible Loan to shares in Net Gaming there is a
risk that Net Gaming will have to repay the remaining outstanding loan amount in full as it falls due.
Should this risk materialize and Net Gaming would have to repay the remaining of the outstanding loan in
full, it could have an adverse effect on the Group’s liquidity and financial position.

RISKS RELATING TO THE SHARES

Risk that an active, liquid and efficient market does not develop for Net Gaming’s shares
and that the price of the shares could become volatile and investors could lose part or all
of their investment

An investment in securities is always associated with risks and risk-taking. Due to share price fluctuations
it is not certain that a shareholder can get a positive return on their invested capital. The general
development of the stock market as well as the development of the specific Company’s share price
depend on number of factors, including the development of the Company’s operations, changes in the
Company’s earnings and financial position, changes in the market’s expectations of future profits and
dividends as well as supply and demand for the Company's shares. Net Gaming’s share price can also be
affected by factors that are completely beyond the Company’s control, such as competitors’ activities
and market position, as well as coverage of the Company’s share by analysts or media.

Further, there is a risk that an active and liquid market will not develop or, if such a development takes
place, not last after the listing on Nasdaq First North Premier. There is a risk that the shares will be
subject to significant fluctuations in the stock market in general. Such fluctuations may occur regardless of how Net Gaming performs.

Future dividends from Net Gaming depend on many factors and may not be paid or they may vary

Any future dividends from Net Gaming depend on a number of other factors, including future earnings, financial position, cash flows, net working capital requirements, investment costs and other factors. The Company may also lack sufficient distributable funds and Net Gaming’s shareholders may resolve not to pay dividends.

Certain shareholders may be able to exercise significant influence over Net Gaming’s business and be able to influence matters requiring approval from Net Gaming’s shareholders

As of 31 March 2018, the Principal Owner held approximately 66.74 percent of the Company’s shares and votes. Such shareholder may therefore continue to have the opportunity to exercise substantial influence over matters that are referred to the Company’s shareholders for approval, including the election of directors and any increase in share capital, mergers, consolidation or the sale of all, or nearly all, of Net Gaming’s assets. In addition, such shareholder may have a considerable influence over the Company’s senior management and operations. The interests of the Principal Owner may not coincide with those of Net Gaming or other shareholders, and such shareholder could be able to exercise influence over Net Gaming in a way that does not best promote the interests of other shareholders.

The sale of large tranches of shares in Net Gaming by existing shareholders could cause the price of the shares to fall

The price of shares in Net Gaming may drop if extensive sales of shares in the Company occur, in particular sales from the Company’s directors, senior management, the Principal Owner as described above, or any other major shareholder, or when a large number of shares are sold. The sale of large quantities of shares by major shareholders, or the perception that such sales will occur, could have a negative impact on the Company’s share price.

Future issues of shares or other securities in the Company could dilute the shareholding and affect the price of the shares

Net Gaming could need to increase its capital in the future by issuing new shares to finance its operations, for purposes such as financing possible future acquisitions and other investments that the Company may decide to carry out, or to strengthen the balance sheet. Moreover, Net Gaming may need to make additional investments in for example technology and raise additional funds by issuing shares, share-related or convertible debt instruments. There is a risk that additional financing on acceptable terms may not be available to Net Gaming when it is needed, or at all. If Net Gaming chooses to raise additional capital, for example through the issue of shares, there is also a risk that the Company’s shareholders’ shareholdings may be diluted, which could also affect the price of the shares. Should these risks materialize, the result could be a material adverse effect on the investors’ invested capital and/or the price of the shares.

Risks with listing and trading on a MTF-marketplace

The Company’s shares are intended to be listed on Nasdaq First North Premier. Nasdaq First North is a Multilateral Trading Facility (“MTF”), an alternative marketplace that does not have the same legal status as a so-called regulated market. Nasdaq First North does not impose equally stringent demands on the Company concerning, inter alia, information disclosure, transparency and corporate governance, in comparison with the requirements imposed on companies whose shares are listed on a regulated market. Furthermore, it is possible that the rules and regulations surrounding the marketplaces will be subject to change. The risk in investing in a company which is traded on Nasdaq First North Premier may therefore be higher than investing in a listed company on the regulated market.
Shareholders in certain jurisdictions may be unable to participate in future share issues

If Net Gaming issues new shares in a cash issue, as a general rule, existing shareholders will have preferential right to subscribe for new shares in proportion to the number of shares held prior to the issuance. However, shareholders in certain countries may be subject to restrictions that could prevent them from participating in rights issues, or that would prevent or restrict participation in some other way. For example, shareholders in the United States may be prevented from exercising preferential rights if the shares and subscription rights are not registered under the US. Securities Act of 1993, as amended, (the “Securities Act”) and if no exemption from the registration requirements of the Securities Act is applicable. Shareholders in other jurisdictions outside Sweden may be similarly affected if the subscription rights or new shares are not registered or approved by the regulatory authorities in these jurisdictions. Net Gaming has no obligation to submit any registration documents under the Securities Act, or to apply for equivalent approval under the laws of any jurisdiction outside of Sweden in respect of subscription rights and shares and to do so in the future may be impractical and costly. To the extent that Net Gaming’s shareholders in jurisdictions outside Sweden are unable to exercise their rights to subscribe for new shares in future rights issues, their proportionate ownership in the Company may be diluted.

Differences in exchange rates could adversely affect the value of the shareholding or dividends paid

Net Gaming’s shares are quoted in SEK and any future dividends will be paid in SEK. Accordingly, the value of shareholdings and dividends could be adversely affected for shareholders outside Sweden when the shares are converted into other currencies, if the Swedish krona decreases in value against the relevant currency.
BACKGROUND AND REASONS

Net Gaming is a fast-growing global challenger within the iGaming sector. Net Gaming’s business idea is to own, operate and develop high-quality digital brands for the purpose of guiding users to the Company’s partners and to generate long-term revenue and profit growth in a responsible way, in order to maximize the shareholders’ value. Since the Company was founded in 2003, Net Gaming has expanded to 30 countries and offers 130 sites under strong digital brands in over 20 languages. The Company currently has 90 employees in six countries with the head office in Malta. In 2017, Net Gaming showed revenues of MSEK 169, a growth of 246 percent, and an EBITDA of 106 MSEK.

The Listing on Nasdaq First North Premier is expected to additionally expand the shareholder base and is further expected to enable Net Gaming to access the Swedish and international capital markets, which will support Net Gaming’s continued growth and development. The board of directors and executive management of Net Gaming, supported by the Principal Owner, consider the Listing of the Company’s shares to be a logical and important step in Net Gaming’s development, which will also increase the awareness of Net Gaming and its operations among current and potential customers and suppliers. For these reasons, the board of directors has applied for listing on Nasdaq First North Premier with an aim for the Nasdaq Stockholm main market as the Company matures over the next couple of years.

The board of directors of Net Gaming is responsible for the contents of this Company Description. It is hereby assured that all reasonable precautionary measures have been taken to ensure that the information contained in this Company Description, as far as the board of directors is aware, corresponds to the facts and that nothing has been omitted that would affect its import.

Stockholm, 21 June 2018

Net Gaming Europe AB (publ)

The board of directors
MARKET OVERVIEW

INTRODUCTION TO THE IGAMING MARKET

In general, the gaming market can be divided into land based gaming and online gaming. The land based gaming sector can easily be identified as physical casino-, poker- and sports betting premises where customers have to visit a certain location in order to be able to gamble. In contrast, online gaming, also called interactive gaming (“iGaming”) enables gamblers to access for example casinos and gamble through the internet and the use of computer or mobile devices.

Net Gaming is a leading global player within so-called affiliate/lead generation in primary the iGaming market, including online casino, poker and sports betting. The Group focuses on affiliate- and gaming operations primarily within the online casino and poker segments. The affiliate market consists of companies that receive revenue from directing players, either directly or indirectly, to operators that offer for example online casino, poker and sports betting games. The gaming operations market consists of companies that offer and operate games or gaming platforms for players. The Company currently has operations within the gaming operations market but will shift its already steady focus entirely towards affiliate/lead generation business segment by the end of 2018.

All in all, the iGaming market in 2017 amounted to approximately EUR 41 billion, of which affiliate driven iGaming operations stand for approximately 40 percent (EUR 16.4 billion). The Company expects the iGaming market to grow at a compound annual growth rate (“CAGR”) of 7.6 percent in the period 2018 to 2023. By 2020, the total market size is expected to amount to approximately EUR 53 billion. The market is fuelled by an expected increase in the gaming market as a whole in combination with an increased share conducted online. The iGaming sector constitutes approximately 12 percent of the total gambling market as of 2017. The graph below provides the current and estimates of the iGaming market size, which indicates an expected strong development.

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1 H2 Global Summary, May 2018
VERTICALS AND CATEGORIES

The Company has identified four so-called vertical iGaming segments to which strong market growth rates are expected. These are betting, casino, poker and bingo.

THE iGAMING VERTICALS

<table>
<thead>
<tr>
<th>VERTICAL</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>BETTING</td>
<td>The so-called betting market is characterized by customers playing against the house (the operators) by placing a bet on a certain outcome. Sport betting is the largest vertical within iGaming and represents approximately 51 percent of the total iGaming market, with an estimated size of EUR 45 billion in 2018.</td>
</tr>
<tr>
<td>CASINO</td>
<td>The casino vertical constitutes individuals playing against the house with a fixed aggregated pay-out ratio, with popular games including slot machines, blackjack and roulette tables and new niches being for example live casino with broadcasted dealers. The casino vertical represents approximately 26 percent of the total iGaming market, with an estimated size of EUR 12 billion in 2018.</td>
</tr>
<tr>
<td>POKER</td>
<td>In the poker vertical, where customers play against each other, operators take a small stake in every hand (also called “rake”) as an arrangement fee. The poker vertical stands for approximately 6 percent of the total iGaming market, with an estimated size of EUR 2.5 billion in 2018.</td>
</tr>
<tr>
<td>BINGO</td>
<td>The fourth iGaming vertical is bingo, where customers buy tickets to win prices or an accumulated jackpot. Bingo is the smallest vertical and account for approximately 4 percent of the total iGaming market, with an estimated size of EUR 2 billion.</td>
</tr>
</tbody>
</table>

Net Gaming primarily focuses on the online casino and poker verticals. However, the Company has made some key recruitment during 2018 and has recently launched both a finance and a sports betting vertical.

The iGaming market actors and verticals can be divided into four categories, the (i) game software suppliers, (ii) iGaming operators, (iii) affiliate/lead generators which include marketing of such operators, and finally, (iv) the online players. The game software suppliers develop platforms that are used by iGaming operators to offer gaming opportunities, such as slot machines, live dealers and mobile games which can be used by online players. In order to attract as many online players as possible to their websites, iGaming operators invest in various types of marketing made out by the traditional sources, such as TV-, radio- and/or newspapers advertising. However, online marketing is also an important tool, where partnerships with affiliate/lead operators, such as Net Gaming, are decisive in order to reach online players.

In general, affiliate/lead generating companies ensure through their websites that multifaceted offers are available which can comprise of leader boards, reviews, banners, newsletters and bonus offers aimed at generating new players making a first deposit to the iGaming operators. As an affiliate/lead operator, the Company plays an influential role by offering products on its websites that interests online players and in turn directs them to the websites of the iGaming operators. In addition to the abovementioned multifaceted offers, Net Gaming also uses media products such as online game guides and forums, with the primary purpose of generating high quality content through informative and interactive websites so that large numbers of online players want to facilitate the services of the Company and ultimately be directed to iGaming operators. It is the Company’s assessment that the products and services offered through the Group’s various affiliate websites are well-developed and can adequately support iGaming operators with the overreaching purpose of redirecting online players through the cooperation.
Furthermore, the Company has recently launched a new finance vertical within its affiliate/lead generation business, which focuses on Stock traders, Foreign Exchange and CFD (Contract for Difference) amongst others. The Company anticipates that the finance vertical has good growth potential, given the fact that the Company to some extent considers the users for the new finance vertical to be the same as for the iGaming verticals.

**KEY MARKET TRENDS AND DRIVERS**

**Digital development shifting land based gaming to iGaming**

Pursuant to the increasing usability and convenience that technological development brings, a natural effect is that a transition from land based gaming to iGaming is likely, due to the fact that customers can have access to services provided by affiliates and iGaming operators by just having internet access. It is also the Company’s assessment that users are increasingly likely to be able to compare different options before making decisions in regard to iGaming operators, which supports the growth of the overall iGaming market and thus having an positive impact on the Company’s business.

In addition, Net Gaming expects that the growing use of smartphones and similar mobile technology will change the accessibility for and user demographics within the gaming industry. Moreover, iGaming operators may use the improved technology to develop sophisticated product deals, such as live betting and mobile casino that appeals to the user due to their accessibility. With the opportunities offered by digitalisation and the rapid development of the internet, it will be easier for users to access iGaming operators through for example Net Gaming’s affiliates.

**Fragmented affiliate market**

The Company considers the global affiliate market, with a large number of active affiliate/lead operators, as fragmented with opportunities for consolidation. As competition in the affiliate market increases, which in turn leads to online players being able to make higher demands on affiliate- and iGaming operator companies, high quality and comprehensive content on primarily affiliate websites will be increasingly crucial in attracting and retaining online players.

Therefore, affiliate companies which have well-developed websites with high quality content stand in a unique position to be a decisive part of a potential consolidated market where iGaming operators cooperate with fewer affiliate companies but to a larger degree in order to meet the demands emanating from online players. Since approximately 98 percent of the Group’s revenue is derived from affiliate operations and the European market stand for approximately 71 percent of that generated revenue, it is the Company’s assessment that it has a solid foundation to be a part of a more consolidated European affiliate market.

**Utilization of data**

The Company considers that the ability to efficiently utilize and analyse traffic from online players redirected from affiliate websites to iGaming operators is a key to future growth within the industry. Companies operating on the iGaming market must identify this trend and implement organizational measures, such as developing and implementing intelligent digital platforms as well as relying on a data-driven organization, in order to benefit and adhere to the current trend. By doing so, market participants can tailor broader, newer or more adapted offers in order to accommodate online players’ needs and ultimately guide more users to iGaming operators.

**Regulations**

Regulation of the iGaming market is currently a key trend which has led certain jurisdictions to adopt new, or amend existing, legislation related to iGaming. Legislation measures, such as the imposing of license requirements or marketing restrictions, places higher demands on iGaming operators and affiliates. Moreover, EU-legislation that is directly applicable to online gaming services and the marketing of such services is currently limited. However, EU is aiming to strengthen the consumer protection in relation to online gaming, for example by issuing recommendations to the member states and there are
examples of self-regulatory measures in relation to online gaming marketing at national level in some EU member states. Nevertheless, the Company anticipates that regulatory changes, although giving rise to higher demands, leads to more transparency on the iGaming market and thus improves the predictability for iGaming operators and its affiliates.

The majority of the Company's business is carried out through iGaming affiliates, and as service providers to iGaming operators, the affiliates are generally not subject to regulatory demands. For more information regarding the regulatory landscape relevant for the Company, see section “Regulatory framework”.

COMPETITIVE LANDSCAPE

The Group’s core business is within the iGaming affiliate/lead generation business segment, which in turn is conducted through Highlight Media as the marketing affiliate to iGaming operators. The competitive landscape for Highlight Media includes large and global affiliate companies and companies active within substituting advertisement sectors, including online advertisement, television commercials, and sponsorship of sport teams and the like. The main competitors of the Group are global affiliates such as Catena Media, XL Media, and Better Collective, all of which are active in the iGaming affiliate/lead generation business segment, primarily within the casino and sports betting verticals. The aforementioned companies are able, as the Company is able, to scale their business into new markets, but also integrate acquired businesses in an efficient way.

REGULATORY FRAMEWORK

As the Company mainly operates as service providers to iGaming operators, the Group’s affiliate operations are normally not subject to laws and regulations in regard to iGaming. Nevertheless, some jurisdictions have restrictions when it comes to marketing of iGaming services and products when targeted to residents, ultimately affecting both iGaming operators as well as iGaming affiliates. Furthermore, most jurisdictions have adopted laws and regulations applicable on both land based gaming and iGaming which regulates, restricts or prohibits casino, poker and other gambling segments. Due to the recent shift of land based gaming to iGaming, many European member states have today opted to liberalize certain parts of the gaming market and instead chosen to introduce regulation on gaming through local licensing systems. The licensing systems may also come with additional requirements, for instance compliance demands and specific taxes related to iGaming operators.

While neither licenses nor potential increased requirements for iGaming operators are directly applicable on the Group’s affiliate operations, the Group is indirectly affected due to iGaming operators having to adapt to new regulatory standards and thereby can become less prone to cooperate with affiliates throughout a variety of markets. However, the Group’s affiliate operations could also be directly affected by new regulations should the regulatory requirements prohibit or restrict the Group’s business model in terms of marketing gambling. It could also be argued that should new regulatory standards become applicable on the Group’s affiliate operations, the competitive landscape for affiliate operations would drastically change leading to consolidation of the iGaming market consisting of only the largest and organizationally most suited affiliate companies. Since Net Gaming already operates on a large number of markets and has a well-developed organization that is able to meet higher regulatory requirements, it is the Company's assessment that regulation, in general, could be beneficial as it would create an opportunity for Net Gaming to take larger market shares. For further information, see risk factor “Risk factors - Risks related to the Company - Risks related to Net Gaming - Political decisions, license requirements and uncertainty regarding future legislation” and “Risk factors - Risks related to the Company - Risks specific to the Group - Compliance with existing laws and regulations”.


BUSINESS OVERVIEW

INTRODUCTION

Net Gaming was founded in 2003 and has since its foundation expanded to approximately 30 countries. Net Gaming is connected to more than 130 websites under strong digital brands in more than 20 languages. Net Gaming’s business concept is to invest in and develop fast-growing iGaming companies.

Net Gaming currently operates in two different business areas: (i) affiliation/lead generation and (ii) iGaming operations. The Company’s affiliate operations account for about 98 percent of Net Gaming’s total revenue. The Company’s absolute focus henceforth will be on the affiliation/lead generation operations and the Company has taken measures to purify its strategy to becoming a 100 percent focused affiliate/lead generation company by the end of 2018.

The Company’s affiliate business attracts online players, mainly in casino and poker, through different products and services such as comparison sites and reviews. Through these products, the online players are referred to iGaming operators (B2B customers of Net Gaming), which then convert the online players into depositing, active customers (B2C) of the iGaming operators, thereby providing Net Gaming with revenue when the online players have made their first deposits.

The Company’s primary business vertical is online casino, accounting for approximately 80 percent of the revenue and has shown strong organic growth. The Group also has a strong presence within the online poker vertical. In addition hereeto, the Company has made some key recruitment during 2018 and has recently launched both a finance and a sports betting vertical.

For the financial year 2017, the Group reported revenue of MSEK 169.4, driven by overall growth of 246 percent, while EBITDA grew strongly and amounted to MSEK 106.6.

HISTORY OF NET GAMING

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>The Company was founded.</td>
</tr>
<tr>
<td>2005</td>
<td>The Company launched the Eurobet.com brand as a franchise within the Nordic countries.</td>
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<tr>
<td>2007</td>
<td>The Company launched its own brand FishNChips.com.</td>
</tr>
<tr>
<td>2009</td>
<td>The Company acquired Stingbet.com and changed name to Stingbet Holding AB. The Company was listed on Spotlight (previously Aktietorget). The Company acquired a number of smaller brands, such as Wasapoker, Erik123 and Glocalpoker.</td>
</tr>
<tr>
<td>2010</td>
<td>The Company acquired a smaller brand named Frontbet.</td>
</tr>
<tr>
<td>2012</td>
<td>The Company’s current CEO, Marcus Teilman, was appointed.</td>
</tr>
<tr>
<td>2013</td>
<td>The Company launched its new brand CasinoLoco.com that was developed in-house as a part of PokerLoco.com.</td>
</tr>
<tr>
<td>2014</td>
<td>The Company switched poker network from Ongame to Microgaming. The Company launched an in-house developed platform on own gaming license - allowing for better localised websites and more payment options for customers. The Company integrated over 400 additional casino games developed by Microgaming.</td>
</tr>
<tr>
<td>2015</td>
<td>The Company launched Live Casino; a new product from gaming developers Ezugi and Netent that improved playing experience for casino customers and the competitive position of Net Gaming. The Company’s gaming operations and brands reached 975,000 registered online players.</td>
</tr>
<tr>
<td>2016</td>
<td>The Company completed the acquisition of Highlight Media.</td>
</tr>
<tr>
<td>2018</td>
<td>The Company acquired affiliate assets in Central Europe as well as Webwiser GmbH. The Company launched both a finance and a sports betting vertical.</td>
</tr>
</tbody>
</table>
BUSINESS MODEL

Net Gaming’s business model revolves around the key factors as derived from owning, operating and developing high-quality and user-friendly digital brands. The focus of the Group is to systematically and methodically provide a high-quality product for the end users, namely the online players. This is done by developing websites with a large amount of content, such as poker and casino guides, rules and strategies on how to play poker, reviews of operators within iGaming, leader boards for iGaming operators, and bonuses, banners and targeted offers for players. When a player clicks on one of the links on Net Gaming's websites, they will be directed to the iGaming operator in question, i.e. Net Gaming's customers. This process is called a lead. Net Gaming can receive revenue from the operator in a number of scenarios, depending on the agreement with the operator in question. For example, if the online player creates an account with the iGaming operator and make a deposit, this may for example trigger an obligation for the operator to pay a commission to Net Gaming. In other cases, it will be sufficient for Net Gaming to direct an online player to an iGaming operator in order to receive revenue. As such, in general, the Company will benefit from directing traffic, directly or indirectly, to iGaming operators such as Leovegas, PokerStars, and William Hill.

Strengths

The business model is strengthened through the Company’s key drivers which could be summarised as follows:

- **Strong, qualitative digital brands** - High-quality content and user-friendliness create a product with high-value user traffic that comparison and news services generate to the iGaming partners. This leads to higher generated revenue per user.
- **Scalable business model** - Net Gaming's scalable business model allows revenue to rise significantly without costs increasing at the same rate, and the gap will according to the Company increase as the business grows bigger.
- **Intelligent digital platform** - Net Gaming has a proprietary technical platform that enables the websites and their content to be managed from a central base, which in turn makes it easier to achieve economies of scale in content production.
- **Proven, data-driven organisation** - The Company works with a data-driven approach which means that the organisation makes well-informed decisions substantiated by data analysis of user behaviour.
- **Systematic method of acquisition** - Net Gaming has a rigorous selection process revolved around a number of fundamental criteria that must be met when evaluating a potential acquisition.
- **Strong corporate culture** - The Company has a strong, values-driven culture that is marked by quality, innovation and focus. The Company operates with the mind-set that all employees are entrepreneurs and who are committed and take ownership of everything Net Gaming do.

Revenue model and geographical split

Net Gaming generates revenue in several ways. The majority, amounting to approximately 64 percent of the revenue comes from “up-front payment” (also referred to as “CPA” – Cost Per Acquisition) for each individual player that Net Gaming refers to the iGaming operator. A smaller proportion of the revenue, amounting to approximately 12 percent, is derived from “revenue share” based agreements, which means that Net Gaming and the iGaming operator share the net gaming revenue that an online player generates with the operator. Approximately 22 percent of the revenue also comes from a combination of up-front payment and revenue share (referred to as “hybrid”). In addition, the Company generates revenue to a small amount through a flat fee for ad spaces on its websites.

Net Gaming’s revenue is mainly generated from operations in Europe, including the markets in France, the Netherlands, Italy, Spain, Germany and the UK. Nevertheless, the Company also sees great potential
to grow in other markets such as the Nordic region, North America and South America. Through developments in the regulatory framework of United States, the Company has been able to increase its revenue by 150 percent in the United States. The Company is also expected to in the future access the Asian iGaming market.

**STRATEGY**

**Operational strategy**

Net Gaming’s business idea is to operate and develop fast-growing companies within the iGaming affiliate/ lead generation and to help users make the right choice in the selection of where to play online in a complex digital world, by owning and operating strong, high-quality and user friendly digital brands. Net Gaming’s value creation strategy is to build on its identity and corporate culture, as well as to act as a catalyst for change and growth. The path towards continuing solid and sustainable growth is well mapped out with its focus on existing markets and entering new markets, which shall be reached via product expansion and through acquisitions.

The aforementioned is accompanied by Net Gaming’s overreaching strategy for organic growth through:
- having strong partnerships with operators/customer;
- offering premium content on the Company’s brands/websites;
- developing an intelligent digital platform; and
- being a data-driven organisation with automated business intelligence.

Online sport betting is the single largest vertical within iGaming, accounting for about 50 percent of the total iGaming market. Further, in order to sustain and develop organic growth in existing markets, the Company will be launching more local brands in geographic markets that are of interest, including Finland, Italy, Spain, the UK and Germany. Net Gaming also made strategic acquisitions during the fourth quarter of 2017 by acquiring affiliate assets from Magnum Media Limited, mainly focused on Sweden and the UK, which are now fully integrated into the Company’s operations.

The Company has recognised opportunities to grow both organically and through acquisitions in new verticals. In this regard, the Company has made some key recruitment in 2018 and has recently launched both a finance and a sports betting vertical. Adding to that and in line with the Company’s new focus on its affiliate business segment, the Company has decided to reshape its current gaming operations into an affiliate/lead generation business to refine its business strategy. In order to do so, the Company will reshape two of its iGaming operator brands into affiliate brands by the end of 2018. This will be accomplished by changing the purpose of the websites from offering online games to simply redirecting traffic to other iGaming operators. Further, the Company has divested its poker tournament concept Battle of Malta that naturally could not be reshaped into an affiliate business. After the divestment of Battle of Malta and the reshaping of the Company’s two other iGaming operator brands into affiliate operations in 2018, the Company will completely cease with its iGaming operations and instead become a 100 percent focused affiliate company by the end of 2018.

**Financial targets**

The Company sees growth in earnings per share as the most important overall key figure for creating long-term shareholder value. The goal is to show faster organically driven progress and growth in earnings per share over time than comparable businesses, through quality acquisitions at reasonable values. This further applies to the Company’s dividend strategy in to which prioritisation of growth through acquisitions, internal growth projects and capital structure rather than dividends during the next three years shall take precedence. Net Gaming also aims at maintaining a net debt to EBITDA ratio of below 3.0.
BUSINESS SEGMENTS

Affiliate operations

iGaming

Net Gaming’s affiliate/lead generation business is primarily conducted through the brand and subsidiary Highlight Media. The acquisition of HLM Malta Ltd and subsidiaries, and thereby also the Highlight Media business, on 14 October 2016, intensified the Company’s focus on its affiliate operations. Highlight Media has since its founding in 2003, become a pioneer in affiliate/lead operations in iGaming. In 2003, Highlight Media launched the brand PokerListings which today is one of the world’s most prominent and well-known brands in the poker segment. In 2004, CasinoTop10, CasinoTopLists and a number of additional online casino and poker affiliate brands were launched. Highlight media currently has a well-established network that operates over 120 brands in 30 countries and across multiple iGaming markets such as online poker and casino.

Highlight Media attracts online players, mainly in online casino and poker markets, through different products and services such as websites with poker and casino guides, rules and strategies on how to play poker, reviews of operators within iGaming, leader boards for iGaming operators, and bonuses, banners and targeted offers for players. When a player clicks on one of the links, as provided through the Highlight Media’s affiliate websites, they will be directed to the iGaming operator in question, i.e. Net Gaming’s customers.

Through these products, the online players are referred to iGaming operators (B2B customers of the Group), which then convert the online players into depositing, active customers (B2C) of the iGaming operators. Highlight Media has a proprietary business intelligence system, with a large amount of data that has been collected over the course of several years. This means that Highlight Media’s traffic is constantly and progressively optimised to increase the quality of referrals to iGaming operators, thereby increasing competitiveness and allowing higher payment for the services provided. It is the Company’s assessment that the traffic provided from Highlight Media’s websites, i.e. online players referred to iGaming operators, has one of the highest values in the iGaming industry globally.

Customers

Affiliate operations, which account for approximately 98 percent of Net Gaming’s total revenue, are conducted through Highlight Media where the Group has entered into a number of agreements with iGaming operators as customers (B2B). The three largest customers in terms of revenue in the affiliation/lead generation business segment stand for approximately 32 percent of the Group’s total revenue and where the casino is the largest vertical. The ten largest customers in terms of revenue in the affiliate/lead generation business segment constitute approximately 54 percent of the Group’s total revenues. The Group work with more or less all large iGaming operator brands, such as PokerStars, William Hill, Ladbrokes, Betsson, Kindred, LeoVegas and MrGreen. In total, the affiliate/lead generation business segment has approximately 200 active customers.
The majority of the customer agreements are so-called affiliate agreements, which are the Group's own standard general terms and conditions for working with iGaming operators. Under the customer agreements, Net Gaming is able to position the best offers from iGaming operators in order to maximize traffic. The Company is also able to re-direct traffic, and ultimately revenue streams, depending on the customers' ability to handle traffic. The flexibility with being able to re-direct traffic depending on a certain iGaming operator’s ability to handle traffic is a crucial part of the Company’s general customer agreements.

Mortgage loans

As part of the Group’s mortgage loan affiliate/lead generations business, its US based subsidiary, Mortgage Loan Directory and Information, LLC ("Mortgage Loan"), is a leading publisher of mortgage rate information, news, consumer guides and tools for consumers, mortgage and real estate professionals. Established in 1995, MortgageLoan.com is amongst the first Internet sites to feature live mortgage interest rates on the Internet for consumers. The Company's Mortgage Loan segment accounts for approximately 1.8 percent of the Company’s aggregate affiliate operations and is focused on the US market.

Mortgage Loan publishes online content on its website that attracts individuals interested in personal finance options and advertises offerings of mortgage loan operators in the field on the same websites. Individuals that visit Mortgageloan.com may in turn be redirected to the mortgage loan operator’s website, where individuals could opt to register and use the services being offered. Mortgage loan operators are in turn able to track the source of their new client and identify that it they are derived from the Company’s websites. Revenue is mainly generated by charging operators a predetermined commission or a predetermined percentage of the revenue generated by the mortgage loan operator from leads provided by the Company.

Customers

The Company’s customers are typically US corporations that are major players in the online-lead-generation industry with some investment-grade financial institutions, such as LeadPoint, Inc., QuinStreet, Inc., ReviMedia, RateSpecial and Clicks.net.

Gaming operations (to be reshaped into affiliate operations)

In 2011, the niche poker site PokerLoco was acquired and its strong brand was leveraged in order to launch CasinoLoco in 2013 which in turn offers casino games. Online players can, through the websites of the two brands, deposit and play either poker or casino games. Since CasinoLoco was established, Net Gaming has focused almost exclusively on developing the two websites CasinoLoco and PokerLoco, both in terms of contents for existing sites, and for expanding into new geographical markets. Notable examples of improving the content have been adding approximately 400 new casino games during 2014 for the CasinoLoco homepage, and launching online live casino in 2015 which allows the player to bet against a live croupier on a streaming video feed. The brands are a part of PokerLoco Malta Ltd, and the Company currently holds gambling license in Curacao for the gaming operations. In line with the Company’s new focus on its affiliate business segment and as the Company’s gaming operations have matured and been refined over a couple of years, the Company has decided to reshape its current iGaming operators into affiliate businesses to refine its business strategy.

Customers

As regards the Group’s own iGaming operations, which are conducted under the two brands PokerLoco and CasinoLoco, online players are converted into depositing, active customers (B2C). Depending on the operations of such games, the Company will receive revenue based on the type of game played. By becoming a member and active online player on the Company’s gaming operations, the customers will accept the Group’s own terms and conditions.
SELECTED FINANCIAL INFORMATION

The selected consolidated financial information presented below has been derived from Net Gaming’s audited consolidated financial statements for the years ended 2017 and 2016, and have been, unless stated otherwise, prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by the EU. The unaudited information regarding the first quarter of 2018 and 2017, respectively, has been derived from the interim report for 1 January - 31 March 2018, and has been prepared in accordance with IFRS.

The following information should be read in conjunction with section “Operating and financial review” and Net Gaming’s audited consolidated financial statements, including notes thereto.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>Amounts in SEK thousands</th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, affiliate operations</td>
<td>43,123</td>
<td>37,469</td>
<td>160,325</td>
<td>31,078</td>
</tr>
<tr>
<td>Revenue, gaming operations</td>
<td>761</td>
<td>3,495</td>
<td>9,140</td>
<td>17,859</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>43,884</td>
<td>40,964</td>
<td>169,439</td>
<td>48,937</td>
</tr>
<tr>
<td>Operating expenses, gaming operations</td>
<td>-473</td>
<td>-953</td>
<td>-2,744</td>
<td>-7,492</td>
</tr>
<tr>
<td>Capitalised work for own account</td>
<td>135</td>
<td>75</td>
<td>328</td>
<td>324</td>
</tr>
<tr>
<td>Marketing expenses</td>
<td>-2,767</td>
<td>-3,559</td>
<td>-15,781</td>
<td>-11,104</td>
</tr>
<tr>
<td>Other external expenses</td>
<td>-5,112</td>
<td>-4,306</td>
<td>-17,923</td>
<td>-7,763</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>-7,817</td>
<td>-7,478</td>
<td>-29,998</td>
<td>-8,915</td>
</tr>
<tr>
<td>Other operating income</td>
<td>3,001</td>
<td>299</td>
<td>3,339</td>
<td>818</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-427</td>
<td>-1,306</td>
<td>-450</td>
<td>-817</td>
</tr>
<tr>
<td>EBITDA</td>
<td>30,424</td>
<td>25,042</td>
<td>106,598</td>
<td>14,805</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-1,534</td>
<td>-245</td>
<td>-1,419</td>
<td>-664</td>
</tr>
<tr>
<td>Operating profit/loss (EBIT)</td>
<td>28,890</td>
<td>24,797</td>
<td>105,179</td>
<td>14,141</td>
</tr>
<tr>
<td>Interest and similar income</td>
<td>-</td>
<td>-1,047</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Interest and similar expenses</td>
<td>-9,788</td>
<td>-11,538</td>
<td>-84,928</td>
<td>-10,881</td>
</tr>
<tr>
<td>Other financial items</td>
<td>2,387</td>
<td>-160</td>
<td>590</td>
<td>2,070</td>
</tr>
<tr>
<td>Net financial items</td>
<td>-7,401</td>
<td>-11,698</td>
<td>-84,332</td>
<td>-8,803</td>
</tr>
<tr>
<td>Profit/loss before tax</td>
<td>21,489</td>
<td>13,099</td>
<td>20,847</td>
<td>5,338</td>
</tr>
<tr>
<td>Current tax</td>
<td>N/A</td>
<td>N/A</td>
<td>-1</td>
<td>-</td>
</tr>
<tr>
<td>Change in accrued income tax</td>
<td>N/A</td>
<td>N/A</td>
<td>-14,784</td>
<td>-5,326</td>
</tr>
<tr>
<td>Tax</td>
<td>-1,399</td>
<td>-5,144</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Profit/loss for the year</td>
<td>20,090</td>
<td>7,955</td>
<td>6,063</td>
<td>12</td>
</tr>
<tr>
<td>Earnings per share (SEK)</td>
<td>0.30</td>
<td>0.14</td>
<td>0.10</td>
<td>0.00</td>
</tr>
<tr>
<td>Earnings per share after dilution (SEK)</td>
<td>0.26</td>
<td>0.09</td>
<td>0.07</td>
<td>0.00</td>
</tr>
<tr>
<td>Other comprehensive income, income and expenses recognised directly in equity</td>
<td>629</td>
<td>248</td>
<td>-825</td>
<td>-976</td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>629</td>
<td>248</td>
<td>-825</td>
<td>-976</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>20,719</td>
<td>8,203</td>
<td>5,238</td>
<td>-964</td>
</tr>
<tr>
<td>Comprehensive income per share (SEK)</td>
<td>0.30</td>
<td>0.14</td>
<td>0.09</td>
<td>-0.02</td>
</tr>
<tr>
<td>Comprehensive income per share after dilution (SEK)</td>
<td>0.27</td>
<td>0.09</td>
<td>0.06</td>
<td>-0.01</td>
</tr>
</tbody>
</table>
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>Amounts in SEK thousands</th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>2017-12-31</th>
<th>2016-12-31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>761</td>
<td>668</td>
<td>657</td>
<td>761</td>
</tr>
<tr>
<td>Goodwill</td>
<td>410,228</td>
<td>370,254</td>
<td>408,506</td>
<td>370,254</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>34,774</td>
<td>5,626</td>
<td>29,568</td>
<td>5,707</td>
</tr>
<tr>
<td>Other non-current receivables</td>
<td>5,477</td>
<td>5,962</td>
<td>6,452</td>
<td>6,911</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>10,192</td>
<td>36,300</td>
<td>11,251</td>
<td>36,338</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>461,432</td>
<td>418,810</td>
<td>456,434</td>
<td>419,971</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>20,933</td>
<td>13,654</td>
<td>17,926</td>
<td>14,390</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,660</td>
<td>3,717</td>
<td>2,360</td>
<td>4,820</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>6,514</td>
<td>5,540</td>
<td>5,930</td>
<td>5,988</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>128,535</td>
<td>82,144</td>
<td>115,113</td>
<td>58,999</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>157,642</td>
<td>105,055</td>
<td>141,329</td>
<td>84,197</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>619,074</td>
<td>523,865</td>
<td>597,763</td>
<td>504,168</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>18,415</td>
<td>14,957</td>
<td>17,467</td>
<td>14,957</td>
</tr>
<tr>
<td>Other paid-in capital</td>
<td>106,930</td>
<td>34,931</td>
<td>85,952</td>
<td>34,931</td>
</tr>
<tr>
<td>Reserves</td>
<td>-3,093</td>
<td>-2,649</td>
<td>-3,722</td>
<td>-2,897</td>
</tr>
<tr>
<td>Retained earnings, incl. profit/loss for the year</td>
<td>-16,382</td>
<td>-34,580</td>
<td>-36,472</td>
<td>-42,535</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>105,870</td>
<td>12,659</td>
<td>63,225</td>
<td>4,456</td>
</tr>
<tr>
<td><strong>Non-current liabilities and provisions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other provisions</td>
<td>35,423</td>
<td>52,612</td>
<td>33,232</td>
<td>52,725</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>395,845</td>
<td>333,071</td>
<td>407,317</td>
<td>332,409</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>144</td>
<td>9,654</td>
<td>260</td>
<td>10,998</td>
</tr>
<tr>
<td><strong>Total non-current liabilities and provisions</strong></td>
<td>431,412</td>
<td>395,337</td>
<td>440,809</td>
<td>396,132</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>3,914</td>
<td>1,602</td>
<td>4,603</td>
<td>3,249</td>
</tr>
<tr>
<td>Liabilities to Parent Company</td>
<td>3,445</td>
<td>3,283</td>
<td>3,406</td>
<td>3,243</td>
</tr>
<tr>
<td>Tax Liabilities</td>
<td>-</td>
<td>7,824</td>
<td>-</td>
<td>1,337</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>64,595</td>
<td>78,967</td>
<td>76,072</td>
<td>80,423</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>9,838</td>
<td>24,193</td>
<td>9,648</td>
<td>15,328</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>81,792</td>
<td>115,869</td>
<td>93,729</td>
<td>103,580</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>619,074</td>
<td>523,865</td>
<td>597,763</td>
<td>504,168</td>
</tr>
</tbody>
</table>
# CONSOLIDATED CASH FLOW STATEMENT

<table>
<thead>
<tr>
<th>Amounts in SEK thousands</th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>16,766</td>
<td>23,204</td>
<td>64,780</td>
<td>-21,226</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-3,968</td>
<td>-86</td>
<td>-75,545</td>
<td>-203,930</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-</td>
<td>-</td>
<td>65,097</td>
<td>245,061</td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>12,798</td>
<td>23,118</td>
<td>54,332</td>
<td>19,905</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>115,113</td>
<td>58,999</td>
<td>58,999</td>
<td>106</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>3,494</td>
<td>-</td>
<td>1,313</td>
<td>-</td>
</tr>
<tr>
<td>Translation differences on consolidation of subsidiaries</td>
<td>-2,870</td>
<td>27</td>
<td>469</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>128,535</td>
<td>82,144</td>
<td>115,113</td>
<td>20,011</td>
</tr>
</tbody>
</table>
OPERATING AND FINANCIAL REVIEW

The information presented below should be read in conjunction with section “Selected financial information” and the Company’s audited consolidated financial statements and quarterly reports. The information below contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of many different factors, including, but not limited to, those described in this Company Description, including those in section “Risk factors” and elsewhere in this Company Description. The audited consolidated financial statements for the financial years 2016 and 2017 and the interim report for the period 1 January - 31 March 2018 have been prepared in accordance with IFRS.

OVERVIEW

Net Gaming was founded in 2003 and has since its foundation expanded to approximately 30 countries. Net Gaming is connected to more than 130 websites under strong digital brands in more than 20 languages. Net Gaming’s business concept is to invest in and develop fast-growing iGaming companies.

Net Gaming currently operates in two different business areas: (i) affiliation/lead generation and (ii) iGaming operations. The Company’s affiliate operations account for about 98 percent of Net Gaming’s total revenue. The Company’s absolute focus henceforth will be on the affiliation/lead generation operations and the Company has taken measures to purify its strategy to becoming a 100 percent focused affiliate/lead generation company by the end of 2018.

The Company’s affiliate business attracts online players, mainly in casino and poker, through different products and services such as comparison sites and reviews. Through these products, the online players are referred to iGaming operators (B2B customers of Net Gaming), which then convert the online players into depositing, active customers (B2C) of the iGaming operators, thereby providing Net Gaming with revenue when the online players have made their first deposits.

The Company’s primary business vertical is online casino, accounting for approximately 80 percent of the revenue and has shown strong organic growth. The Group also has a strong presence within the online poker vertical. In addition hereto, the Company has made some key recruitment during 2018 and has recently launched both a finance and a sports betting vertical.

For the financial year 2017, the Group reported revenue of MSEK 169.4, driven by overall growth of 246 percent, while EBITDA grew strongly and amounted to MSEK 106.6.

PERIOD ON PERIOD COMPARISONS

Comparison between 1 January - 31 March 2018 and 1 January - 31 March 2017

Total revenue

The total revenue for the three-month period that ended 31 March 2018 amounted to MSEK 43.9, compared with MSEK 41 in the corresponding period in 2017. The increased revenue was primarily due to the affiliate/lead generation operations grew 15 percent year over year, with an organic growth of 10 percent. The casino vertical also had a significant growth during this period.

EBITDA

In the Company’s accounting, EBITDA consists of its Total revenues minus its Operating expenses, gaming operations, Capitalised work for own account, Marketing expenses, Other external expenses, Personnel expenses, Other operating income and Other operating expenses.
Other operating income can for example relate to disposals of assets or profits due to exchange rate fluctuations. Other external expenses can for example relate to consultancy fees, audit and accounting, IT-expenses, rent and office expenses, etc.

The EBITDA for the three-month period that ended 31 March 2018 amounted to MSEK 30.4, compared to MSEK 25 in the corresponding period in 2017. The change was primarily driven by a MSEK 5.7 increase in revenues from affiliate operations and MSEK 3 profit on disposals of assets (as reported under Other operating income), while costs remained in line with last year’s levels. The net profit in the Company’s gaming operation further decreased with MSEK 2.3 which had an effect on the Company’s EBITDA for the three-month period that ended 31 March 2018.

Net financial items

In the Company’s accounting, Net financial items consists of Interest and similar income, Interest and similar expenses and Other financial items.

The Net financial items for the three-month period that ended 31 March 2018 amounted to MSEK -7.4, compared with MSEK -11.7 in the corresponding period in 2017. The change was primarily driven by lower interest following the successful refinancing process through the issue of bonds completed in October 2017 (see section “Legal considerations and supplementary information – Bond loan”).

Profit/loss for the period

The profit for the three-month period that ended 31 March 2018 amounted to MSEK 20.1, compared with MSEK 8.0 in the corresponding period in 2017, and was a result of higher revenues, lower net financial items and a lower tax rate, which going forward is expected to be a net tax cost of approximately 5 percent.

Assets

The Company’s asset base primarily consists of Goodwill which has been acquired through acquisitions of companies within for example the affiliate market. Moreover, the asset base consists of other intangible assets such as domains and trademark rights.

As of 31 March 2018, the total assets of the Company, amounted to MSEK 619.1, of which Goodwill and other intangible assets amounted to MSEK 410.2 and MSEK 34.8 respectively. In comparison, as of 31 March 2017, the total assets of the Company amounted to MSEK 418.8, of which Goodwill and other intangible assets amounted to MSEK 370.3 and MSEK 5.6 respectively. The change in the Company’s asset base between the two periods is primarily driven by two new acquisitions that have been completed.

The Company has conducted goodwill impairment testing within the framework of the audit of 2017 financials and has concluded that no impairment had to be done.

Total equity

The total equity for the three month period that ended 31 March 2018 amounted to MSEK 105.9, compared to MSEK 12.7 for the corresponding period in 2017. The change was primarily driven by increased profitability for the Company in combination with changes in Other paid-in capital due to loans being converted into shares under the Convertible Loan as well as share issues (see section “Share capital and ownership structure – Share capital development”).

Liabilities

The Company’s liability base primarily consists of Other non-current liabilities and Other liabilities which is mainly the debts for the existing Bonds and the Convertible loan, while Other liabilities is primarily relating to earn out payments.
For the period that ended 31 March 2018, the Company’s non-current liabilities amounted to MSEK 431.4 and current liabilities amounted to MSEK 81.8, compared to MSEK 395.3 and MSEK 115.9 for the corresponding period in 2017. The change in the non-current liabilities was primarily driven by refinancing of the previous bonds and 50 percent of the Convertible Loan, whereas the change in current liabilities was primarily driven by different earn out amounts to be paid.

Cash flow

For the three month period ended 31 March 2018, the Company’s cash flow from operating activities amounted to MSEK 16.8, compared to MSEK 23.2 in the corresponding period of 2017. The change was primarily driven by interest payments being made in March 2018 to the existing bond holders, while the previous bonds had semi-annually interest payment dates.

For the three month period ended 31 March 2018, the Company’s cash flow from investing activities amounted to MSEK -4, compared to MSEK -0.9 in the corresponding period of 2017. The change was primarily driven by an acquisition that was made in February 2018.

Comparison between 1 January - 31 December 2017 and 1 January - 31 December 2016

On October 2016, Highlight Media was acquired by the Group and became a vital part of the organization. Approximately 98 percent of the Group’s revenue is contributed by the affiliate operations conducted in Highlight Media. As a result of the acquisition of Highlight Media in October 2016, certain financial information for the 2016 financial year cannot effectively be compared to the corresponding numbers for the same period 2017.

Total revenue

The total revenue for the full year 2017 amounted to MSEK 169.4, compared with MSEK 48.9 in the corresponding period in 2016. The increased revenue was primarily due to the acquisition of Highlight Media, which was completed in October 2016. In 2017, the Highlight Media business continued to grow and Net Gaming made an additional acquisition (affiliate assets from Magnum Media Ltd) which was completed in November 2017.

EBITDA

The EBITDA for the full year 2017 amounted to MSEK 106.6, compared with MSEK 14.8 in the corresponding period in 2016. The change was almost exclusively driven by the acquisition of Highlight Media as described above. In turn, the increased costs, including the personnel expenses (which amounted to MSEK 30), marketing expenses (which amounted to MSEK 15.8) and other external costs (which amounted to MSEK 17.9) can be attributed to the acquisition as well. The increase in Other operating income during the period primarily relates to gains on currency exchange rates on operating assets and liabilities. The increase in Other external expenses for 2017 is almost entirely driven by the full year effect of the acquisition of Highlight Media.

Net financial items

The Net financial items for the full year 2017 amounted to MSEK -84.3, compared with MSEK -8.8 in the corresponding period in 2016. The change was primarily driven by costs related to the refinancing that was made in October 2017 through the issue of bonds, where one-off items affected the Net financial items by approximately MSEK 40. An accounting effect of the refinancing was that the refinancing costs had to be capitalised and spread over the life of the bond, but at the same time the remaining finance costs for the loans repaid during 2017 had to be recognised as an expense. This resulted in the Company having additional non-recurring costs of approximately MSEK 12, charged to the 2017 earnings. In addition hereto, 2017 was the first full year with outstanding bonds and convertible loans.
Profit/loss for the year

The profit before tax for the full year 2017 amounted to MSEK 6.1, compared with MSEK 0.0 in the corresponding period in 2016, and was a result of increased revenues and indirectly the acquisition of Highlight Media. Also, there are unutilised tax loss carry forwards from previous years in the acquired company HLM Malta Ltd and its underlying group. At the end of each reporting period, the deferred tax assets are tested for impairment. The testing of the deferred tax assets identified impairment as at 31 December 2017. The write-down of the deferred tax assets is reported in the income statement as a change in accrued income tax under the heading Taxes. This has had a negative effect of approximately MSEK 16.4 on the Groups’ profit for 2017.

Assets

The Company’s assets primarily consist of Goodwill which has been acquired through acquisitions of companies within for example the affiliate market. Moreover, the asset base consists of other intangible assets such as domains and trademark rights.

In 2017, the total assets of the Company amounted to MSEK 597.7, of which Goodwill and other intangible assets such as domains and trademark rights amounted to MSEK 408.5 and MSEK 29.6 respectively. In comparison, for the full year 2016, the total assets of the Company amounted to MSEK 504.2, of which Goodwill and other intangible assets amounted to MSEK 370.3 and MSEK 5.7 respectively. The change in the Company’s asset base between the two periods is primarily driven by the acquisition of the assets from Magnum Media Ltd that was completed in November 2017.

The board has conducted goodwill impairment testing at 31 December 2017 and concluded that the carrying goodwill amount in 2017 is recoverable based on the fact that cash flow generated by these assets is in line with or exceeds the estimated forecasts that were made prior to the acquisitions.

Total equity

The total equity amounted for the full year 2017 to MSEK 63.2, compared to MSEK 4.5 for the corresponding period in 2016. The change was primarily driven by increased profitability and changes in Other paid-in capital due to loans being converted into shares under the Convertible Loan as well as share issues (see section “Share capital and ownership structure - Share capital development”).

Liabilities

For the full year 2017, the Company’s non-current liabilities amounted to MSEK 440.8 and current liabilities amounted to MSEK 93.7, compared to MSEK 396.1 and MSEK 103.6 for the corresponding period in 2016. The change in the non-current liabilities was primarily driven by the new Bond issue that took place in the refinancing process in October 2017, whereas the change in current liabilities was primarily driven by lower earn out payments the coming twelve months.

Cash flow

For the full year 2017, the Company’s cash flow from operating activities amounted to MSEK 64.8, compared to MSEK 21.2 in the corresponding period of 2016. The change was primarily driven by increased profitability.

For the full year 2017, the Company’s cash flow from investing activities amounted to MSEK -75.5, compared to MSEK -203.9 in the corresponding period of 2016. The change was primarily driven by the acquisition of Highlight Media in 2016 was of a higher magnitude than the acquisition of the assets from Magnum Media in November 2017.

For the full year 2017, the Company’s cash flow from financing activities amounted to MSEK 65.1, compared to MSEK 245.1 in the corresponding period of 2016. The change was primarily driven by acquisition financing in 2016 in order to complete the acquisition of Highlight Media.
SIGNIFICANT EVENTS AFTER 31 MARCH 2018

After the most recent quarterly report for the period 1 January - 31 March 2018 was published, the following significant events have occurred:

- The Company has launched both a finance and a sports betting vertical.
- The Company acquired affiliate business from Webwiser GmbH for an initial purchase consideration of MEUR 2.29 with an additional consideration of MEUR 1.25 with a total consideration corresponding to approximately 3.5 x EBITDA.
- The Company has recruited Gustav Vadenbring as new CFO, taking up his appointment in August 2018 (see section “Board of directors, executive management and auditor” for a presentation of Gustav Vadenbring).
- The Company has changed its strategy focus towards its affiliate operations and will by the end of 2018 have reshaped its business to be becoming a focused affiliate company.
CAPITALIZATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section describe the Company’s capitalization and indebtedness at Group level as of 31 March 2018. See section “Share capital and ownership” for more information about the Company’s share capital and shares. The tables in this section should be read in conjunction with section “Operating and financial review” and the Company’s financial information, including the related notes.

CAPITALIZATION

<table>
<thead>
<tr>
<th>SEK thousands</th>
<th>As of 31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current debt</td>
<td>81,792</td>
</tr>
<tr>
<td>Guaranteed</td>
<td>-</td>
</tr>
<tr>
<td>Secured</td>
<td>-</td>
</tr>
<tr>
<td>Unguaranteed/unsecured</td>
<td>81,792</td>
</tr>
<tr>
<td>Non-current debt</td>
<td>431,412</td>
</tr>
<tr>
<td>Guaranteed</td>
<td>-</td>
</tr>
<tr>
<td>Secured*</td>
<td>375,000</td>
</tr>
<tr>
<td>Unguaranteed/unsecured</td>
<td>56,412</td>
</tr>
<tr>
<td>Total non-current debt (excluding the current debt as part of the non-current debt)</td>
<td>862,824</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>18,415</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>-</td>
</tr>
<tr>
<td>Other reserves</td>
<td>87,455</td>
</tr>
<tr>
<td>Total equity</td>
<td>105,870</td>
</tr>
</tbody>
</table>

NET INDEBTEDNESS

The Company’s net indebtedness as of 31 March 2018 is presented in the table below. As of 31 March 2018, the Company has no indirect indebtedness. As of 31 March 2018 the Company has contingent indebtedness related to an asset purchase agreement with Magnum Media Ltd of MEUR 3.75.

<table>
<thead>
<tr>
<th>SEK thousands</th>
<th>As of 31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Cash</td>
<td>124,398</td>
</tr>
<tr>
<td>(B) Cash equivalents</td>
<td>4,137</td>
</tr>
<tr>
<td>(C) Trading securities</td>
<td>-</td>
</tr>
<tr>
<td>(D) Liquidity (A)+(B)+(C)</td>
<td>128,535</td>
</tr>
<tr>
<td>(E) Current financial receivables</td>
<td>22,593</td>
</tr>
<tr>
<td>(F) Current bank debt</td>
<td>-</td>
</tr>
<tr>
<td>(G) Current portion of non-current debt</td>
<td>-</td>
</tr>
<tr>
<td>(H) Other current financial debt</td>
<td>71,954</td>
</tr>
<tr>
<td>(I) Other current financial debt (F)+(G)+(H)</td>
<td>71,954</td>
</tr>
<tr>
<td>(J) Net current financial indebtedness (I)-(E)-(D)</td>
<td>-79,174</td>
</tr>
<tr>
<td>(K) Non-current bank loans</td>
<td>-</td>
</tr>
<tr>
<td>(L) Bonds issued</td>
<td>375,000</td>
</tr>
<tr>
<td>(M) Other current financial debt</td>
<td>60,099</td>
</tr>
<tr>
<td>(N) Non-current financial indebtedness (K)+(L)+(M)</td>
<td>435,099</td>
</tr>
<tr>
<td>(O) Net financial indebtedness (J)+(N)</td>
<td>355,925</td>
</tr>
</tbody>
</table>

* Securities relate to share pledges over the HLM Malta group and in PokerLoco Malta Ltd.
BOND LOAN

For information about the Company’s bond loan, please see section "Legal considerations and supplementary information - Bond loan".

CONVERTIBLE LOAN

For information about the Company’s Convertible Loan, please see section "Share capital and ownership structure - Convertibles, warrants, etc. - Convertible Loan".
BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

BOARD OF DIRECTORS

Net Gaming’s board of directors consists of five ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual shareholders’ meeting 2019. The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent of the Company and/or the Principal Owner.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Member since</th>
<th>The Company and executive management</th>
<th>The Principal Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henrik Kvick</td>
<td>Chairman</td>
<td>2012</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Marcus Teilmun</td>
<td>Board member /</td>
<td>2013</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>CEO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jonas Bertilsson</td>
<td>Board member</td>
<td>2016</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tobias Fagerlund</td>
<td>Board member</td>
<td>2015</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Marcus Blom</td>
<td>Board member</td>
<td>2018</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

HENRIK KVICK


Education: Master of Science in Industrial Management from Linköping Tekniska Högskola.

Other current assignments: Member of the board of directors of Fram Skandinavien AB, NetJobs Group AB, Trottholmen AB and Scandinavian Soccer Agency AB. Deputy member of the board of directors of KFK Invest AB, Bisfront AB and PFK Invest AB.

Previous assignments (last five years): Member of the board of directors and CEO of Sista versen 10122 AB. Chairman of the board of directors of myTaste AB (publ). Member of the board of directors of Jobbporten AB, TradeDouble et Aktiebolag, SMG Stockholm Media Group AB, SkolJobb Sverige AB and Raege AB. Deputy member of the board of directors of Hotell & Restaurang Bemannning Sverige AB.

Shareholding in the Company: Henrik Kvick owns Trottholmen AB who in turn holds 47,272,382 shares in the Company.

MARCUS TEILMAN


Other current assignments: Member of the board of directors of PokerLoco Malta Ltd, HLM Malta Ltd and Rock Intention Malta Ltd. Deputy member of the board of directors of AB Getingen.

Previous assignments (last five years): No previous assignments.

Shareholding in the Company: Marcus Teilmun holds 37,003 shares in the Company, 1,000,000 call options with Principal Owner as well as 300,000 employee share options.
### Jonas Bertilsson

**Born** 1980. **Board member since 2016.**

**Education:** Master of Science in Accounting and Financial Management at Stockholm School of Economics.

**Other current assignments:** Member of the board of directors of PEMA Sweden AB and AB Rugosa Invest.

**Previous assignments (last five years):** Chairman of the board of directors of Travel Agency Holding Sweden AB. Member of the board of directors and CEO of Varenne Fastigheter 2016 AB (publ) and Varenne Invest I AB. Member of the board of directors of Bed Factory Sweden AB, Bed Factory Sweden Holding Aktiebolag, Travel Agency I AB, Mengus Stockholm 2005 AB, Mengus Stockholm 2011 AB, Travel Capital AB, Holiday Wheels Nordics AB and OLM Fastigheter AB. Deputy member of the board of directors of MIS - Media Investors Sweden AB, Varenne Fastigheter AB, Varenne East AB, Varenne Förvaltning I AB, Varenne Fastigheter 2011 AB, Stockholms Idrottsgymnasium AB, Alma Mater Idrottsskolor AB and Almaskolan AB.

**Shareholding in the Company:** Jonas Bertilsson holds 437,749 shares in the Company.

### Tobias Fagerlund

**Born** 1971. **Board member since 2015.**

**Education:** LL.M. specialised in Corporate, Financial and Insolvency Law from University of Stockholm.

**Other current assignments:** Chairman of the board of directors of Dream of Sweden AB, News55 AB, A drop of Fortune AB, Future Gaming Group International AB and LearnLand AB. Member of the board of directors of Global Gaming 555 AB, SPIFFX AB, INVIKA AB, Relax Tech Sweden AB, Relax Gaming Network Ltd and Bryngan Invest AB. Deputy member of the board of directors of YouC Media AB, SPIFFX FÖRVALTNING AB and Hands Up Stockholm AB.

**Previous assignments (last five years):** Member of the board of directors of SpiffX Malta Ltd and SpiffX Holding Ltd. Deputy member of the board of directors of AMGO iGaming AB (publ).

**Shareholding in the Company:** Tobias Fagerlund holds no instruments in the Company.

### Marcus Blom

**Born** 1983. **Board member since 2018.**

**Education:** Master in Industrial and Financial Management from Gothenburg School of Business Economics and Law.

**Other current assignments:** Chairman of the board of directors of Stonebull Invest 1 AB and Troop Invest Holding AB. Member of the board of directors and CEO of A Group of Friends Investments AB. Member of the board of directors of Stonebull AB, MBFTO Holding AB and Stonebull Invest 2 AB.

**Previous assignments (last five years):** No previous assignments.

**Shareholding in the Company:** Marcus Blom holds 75,000 shares in the Company.
EXECUTIVE MANAGEMENT

MARCUS TEILMAN


See section “- Board of directors” above for information regarding CEO Marcus Teilman, who is also a member of the board of directors.

RICHARD CHINDT

Born 1962. CFO of the Company/Head of Group Accounting since 2009, appointed Head of Group Accounting as of August 2018.

Education: Bachelor in Business Administration within Accounting/Audit from Stockholm University.

Other current assignments: Chairman of the board of directors of O’Mahony Investment Holdings AB and LAScan Beverage Company AB. Member of the board of directors of View Accounting AB, Svenska Kalkyl & Co Redovisning AB, Corporate Trust Management Sweden AB, Klappen 2011 AB, Carabobo one AB, EXPERIENCE AB, Blue MedCare AB and Blue Engine AB. Member of the board of directors and CEO of View Abroad AB. Deputy member of the board of directors of B.I. Konzultverksamhet AB, Best Interest International AB. View Holding AB, Trettiosexcorp AB, Trettioyftarmet AB, Trettiofemcorp AB, NKA Invest AB and Syntaxis II Sweden Capital AB.

Previous assignments (last five years): Chairman of the board of directors of WebEduc International AB. Member of the board of directors of Digel AB, Falconelli Foods AB, Bincapital AB, Ahlstrom-Munksjö AB, Gynius AB, OIL INDIA SWEDEN AB, IOC SWEDEN AB, Solcellskonsulterna i Stockholm AB, Elede AB and Swedish House in Gambia AB.

Shareholding in the Company: Richard Chindt holds no instruments in the Company.

GUSTAV VADENBRING


Education: Master of Science in Business Administration from Lund School of Economics and Management, Lund University.

Other current assignments: No other current assignments.

Previous assignments (last five years): Member of the board of directors of Medic Operating Aktiebolag, ACTIC Friskvågen AB, Svenska Bad i Lerum Aktiebolag, ACTIC Sverige AB, ACTIC Gym & Bad AB, Sydpoolen Actic AB, ACTIC Gequipment AB and ACTIC AB.

Shareholding in the Company: Gustav Vadenbring holds 250,000 warrants in the Company.

ERIK GJERDE


Education: Bachelor degree in marketing and communications from BI Business School in Oslo, Norway.

Other current assignments: No other current assignments.

Previous assignments (last five years): No previous assignments.

Shareholding in the Company: Erik Gjerde holds 300,000 employee share options in the Company.
JOHN CREMONA


Education: Doctor of Laws from University of Malta. Master in Financial Services from University of Malta.

Other current assignments: Member of the board of directors of Rock Intention Malta Limited, Mortgage Loan Directory and Information LLC and Highlight Media Holdings Limited. Member of the board of directors, Compliance officer and Money Laundering Reporting Officer of The Royal Rainbow Fund SICAV PLC.

Previous assignments (last five years): Member of the board of directors of Novellead Holdings Limited, New Rock Holding Limited, Chance Publications Malta Limited, YouPlanet Enterprises Limited and Vizone International Holdings Limited.

Shareholding in the Company: John Cremona holds 100,000 employee share options in the Company.

AUDITOR

Per-Åke Bois, born 1955, has been the Company’s auditor since 2005 and was, at the annual shareholders’ meeting 2018, re-elected until the end of the annual shareholders’ meeting 2019. Per-Åke Bois is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). Per-Åke Bois’ office address is c/o Nexia Revision, Box 1024, 101 38 Stockholm.

In 2017, fees were paid to auditors and audit firms in the amount of approximately MSEK 1.6.

REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND EXECUTIVE MANAGEMENT

Remuneration to the members of the board of directors

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the shareholders’ meeting. At the annual shareholders’ meeting held on 24 May 2018, it was resolved that the fee to the chairman of the board of directors should be SEK 160,000 and SEK 80,000 to each of the other non-executive directors. It was further resolved that board members who are employed by the Company shall not receive any fee.

Remuneration to the board of directors during 2017

The table below presents an overview of remuneration to the board of directors during 2017.

<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
<th>Board fee (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henrik Kvick</td>
<td>Chairman</td>
<td>160,000</td>
</tr>
<tr>
<td>Jonas Söderqvist</td>
<td>Board member</td>
<td>80,000</td>
</tr>
<tr>
<td>Jonas Bertilsson</td>
<td>Board member</td>
<td>80,000</td>
</tr>
<tr>
<td>Tobias Fagerlund</td>
<td>Board member</td>
<td>80,000</td>
</tr>
<tr>
<td>Marcus Teilman</td>
<td>Board member</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>400,000</td>
</tr>
</tbody>
</table>
Current employment agreements for the CEO and other executive management

The table below presents an overview of remuneration to the CEO and other members of executive management for the 2017 financial year.

<table>
<thead>
<tr>
<th>Name</th>
<th>Total (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcus Teilman, CEO</td>
<td>1,974,000</td>
</tr>
<tr>
<td>Other member of executive management</td>
<td>7,682,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,656,000</strong></td>
</tr>
</tbody>
</table>

The CEO has a contract regarding the notice period when notice is given by the Company, which states that the maximum notice period is 6 months, with remuneration and an obligation to work. There is no severance pay in addition to salary during the notice period. In regard to other members of the executive management, similar employment conditions apply.

Incentive programme

For a description of the Company’s incentive programme, see section “Share capital and ownership structure - Incentive programme”.

OTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

There are no family ties between any of the members of the board of directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings.

Richard Chindt was a board member of Gynius AB and resigned from his position less than a year before the company was declared bankrupt in 2017. Richard Chindt was further chairman of the board of directors of WebEduc International AB and resigned from his position less than a year before the company went into liquidation. WebEduc International AB was later declared bankrupt in 2016.

Henrik Kvick was in 2016 subject to a fine amounting to SEK 350,000 for failure to notify the Financial Supervisory Authority of his transaction in shares of a company in which he was a person discharging managerial responsibilities.

Except for what is set out above, during the last five years, none of the members of the board of directors or the members of the executive management have (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation, or been subject to administration under bankruptcy, (iii) been the subject to accusations and/or sanctions by any agency authorized by law or regulation (including approved professional organisations) or (iv) been prohibited by a court of law from being a member of any Company’s administrative, management or supervisory body or from holding a senior or overarching position of any company.

All members of the board of directors and the members of the executive management are available at the Company’s main office at Box 7385, 103 91 Stockholm, Sweden.
SHARE CAPITAL AND OWNERSHIP STRUCTURE

GENERAL INFORMATION

Pursuant to the Company’s articles of association, the Company’s share capital may not be less than SEK 9,779,250 and not more than SEK 39,117,000, and the number of shares may not be less than 57,525,000 and not more than 230,100,000. As at the date of this Company Description, the Company has issued a total of 72,493,389 shares. The shares are denominated in SEK and the quota value of each share is SEK 0.26.

All shares in the Company have been issued pursuant to Swedish law. All issued shares have been fully paid and are freely transferrable.

LISTING

Net Gaming is currently listed on Spotlight (previously Aktietorget), which is a MTF-marketplace, but has, on 21 June 2018, been approved for listing on Nasdaq First North Premier, provided that the Company fulfils certain customary conditions.

CENTRAL SECURITIES REGISTER

The Company’s shares are registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates have been issued for the Company’s shares. The ISIN code for the shares is SE0001863291.

SHARE CAPITAL DEVELOPMENT

The below table shows historic changes in the Company’s share capital since 1 January 2016.

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Change in number of shares and votes</th>
<th>Number of shares and votes after the transaction</th>
<th>Share capital (SEK)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 2016</td>
<td>Opening balance</td>
<td>-</td>
<td>57,525,000</td>
<td>14,956,500</td>
</tr>
<tr>
<td>21 April 2017</td>
<td>Conversion of convertible loans into shares</td>
<td>1,999,999</td>
<td>59,524,999</td>
<td>15,476,499.74</td>
</tr>
<tr>
<td>6 July 2017</td>
<td>New issue&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1,544,772</td>
<td>61,069,771</td>
<td>15,878,140.46</td>
</tr>
<tr>
<td>6 July 2017</td>
<td>Conversion of convertible loans into shares</td>
<td>1,666,666</td>
<td>62,736,437</td>
<td>16,311,473.62</td>
</tr>
<tr>
<td>15 November 2017</td>
<td>Conversion of convertible loans into shares</td>
<td>555,555</td>
<td>63,291,992</td>
<td>16,455,917.92</td>
</tr>
<tr>
<td>12 December 2017</td>
<td>Conversion of convertible loans into shares</td>
<td>3,888,888</td>
<td>67,180,880</td>
<td>17,467,028.80</td>
</tr>
<tr>
<td>2 March 2018</td>
<td>New issue&lt;sup&gt;2&lt;/sup&gt;</td>
<td>979,178</td>
<td>68,160,058</td>
<td>17,721,615.08</td>
</tr>
<tr>
<td>12 March 2018</td>
<td>Conversion of convertible loans into shares</td>
<td>2,666,665</td>
<td>70,826,723</td>
<td>18,414,947.98</td>
</tr>
<tr>
<td>7 June 2018</td>
<td>Conversion of convertible loans into shares</td>
<td>1,666,666</td>
<td>72,493,389</td>
<td>18,848,281.14</td>
</tr>
</tbody>
</table>

<sup>1</sup> Paid by way of set off. The subscription price amounted to SEK 10.92 per share.

<sup>2</sup> Paid by way of set off. The subscription price amounted to SEK 10.09 per share.
CONVERTIBLES, WARRANTS, ETC.

Convertible Loan

At an extraordinary general meeting of the Company, held in November 2016, it was resolved to issue convertible debt instruments in an aggregate principal amount of SEK 140,000,000. The Convertible Loan matures on 11 October 2019 and has a fixed interest rate of 9.5 percent paid semi-annually. During 2017, Net Gaming exercised its right to redeem 50 percent of the Convertible Loan. Investors who subscribed for the Convertible Loan have the right to convert the notes into Net Gaming shares at a conversion price of SEK 4.50. SEK 36,500 thousand was converted into shares during the 2017. On 1 March 2018, 2,666,665 new shares, corresponding to SEK 11,999,992.50 in loans were converted. Further, on 7 June 2018, 1,666,666 new shares, corresponding to SEK 7,499,997 in loans were converted. As of the date of this Company Description, the outstanding Convertible Loan amounts to approximately MSEK 14. Accordingly, most of the nominal amount has been settled. In the event of any future conversion, the Convertible Loan can be converted into up to 3,111,116 additional new shares, corresponding to a dilutive effect of approximately 4.11 percent of the share capital and votes in the Company as on the date of this Company Description.

Incentive programmes

Incentive programme 2017

At the annual shareholders’ meeting 2017 it was resolved to introduce a new incentive programme consisting of 1,200,000 employee share options. Only the management of Group company Rock Intention Malta Ltd can be granted options. The options were issued free of charge and each option entitles the holder to subscribe for one share at a subscription price of SEK 14.14 per share. The period during which a participant can subscribe for shares on the basis of options is 1 July 2020 - 30 August 2020. The exercise of the options is conditional on the holder being an employee of Rock Intention Malta Ltd in the Group on the exercise date. As hedge for the incentive programme 2017 the Company has resolved to issue up to 1,200,000 warrants to a subsidiary of the Company, which will be transferred to participants or used to deliver shares to participants of the employee share plan as described above, if certain conditions as described above are met. Moreover, the warrants can be used to safeguard the Company’s obligations and expenses in connection with the incentive programme. In the event of full exercise of all 1,200,000 warrants, the dilutive effect would be 1.63 percent of the total share capital and votes in the Company as on the date of this Company Description.

Incentive programme 2018

At the annual shareholders’ meeting 2018 it was resolved to introduce a new incentive programme consisting of 250,000 warrants. Only the newly recruited Group CFO is able to subscribe for warrants. The warrants are issued at market value and each warrant entitles the holder to subscribe for one share at a subscription price of 150 percent of the volume weighted average price per share in the Company according to Spotlight’s (previously Aktietorget) official list price during the period from 28 May - 11 June 2018. The period during which the participant can subscribe for shares on the basis of warrants is 15 June 2022 - 15 July 2022. In the event of full exercise of all 250,000 warrants, the dilutive effect would be 0.34 percent of the share capital and votes in the Company as on the date of this Company Description.

Authorisation for the board to issue shares

At the annual shareholders’ meeting 2018 it was resolved to authorise the board of directors to issue new shares, with or without preferential rights for the Company’s shareholders, on one or more occasions during the period up to the next annual shareholders’ meeting. The share issue may be made by payment in cash, provided new shares are paid for in kind or by set-off, or otherwise in accordance with certain conditions. The total number of shares that can be issued under the authorisation may not exceed 60 million shares. The purpose of the authorisation is to strengthen the Company’s cash in a time-effective way or to facilitate acquisitions for which payment can be made in cash or with own shares.
The table below sets forth Net Gaming’s ownership structure as of 31 March 2018.

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of shares</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trottholmen AB</td>
<td>47,272,382</td>
<td>66.74%</td>
</tr>
<tr>
<td>JRS Asset Management AB</td>
<td>5,104,282</td>
<td>7.21%</td>
</tr>
<tr>
<td>Varenne AB</td>
<td>4,888,888</td>
<td>6.90%</td>
</tr>
<tr>
<td>Avanza Pension</td>
<td>2,467,600</td>
<td>3.48%</td>
</tr>
<tr>
<td>Credit Suisse</td>
<td>1,111,111</td>
<td>1.57%</td>
</tr>
<tr>
<td>Prioritet Capital AB</td>
<td>873,255</td>
<td>1.23%</td>
</tr>
<tr>
<td>Stefan Mahlstein</td>
<td>612,646</td>
<td>0.86%</td>
</tr>
<tr>
<td>Nordnet Pension</td>
<td>603,598</td>
<td>0.85%</td>
</tr>
<tr>
<td>UBS Switzerland AG / Clients Account</td>
<td>447,590</td>
<td>0.63%</td>
</tr>
<tr>
<td>Jonas Bertilsson</td>
<td>437,749</td>
<td>0.62%</td>
</tr>
<tr>
<td>Other shareholders</td>
<td>7,007,622</td>
<td>9.89%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>70,826,723</td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
ARTICLES OF ASSOCIATION

Articles of association for Net Gaming Europe AB (publ), registration number 556693-7255, adopted by the annual shareholders’ meeting on 3 June 2015.

1 § Name
The Company’s business name is Net Gaming Europe AB. The Company is a public limited company (publ).

2 § Registered office
The Company’s registered office is in Stockholm.

3 § Business activities
The Company will conduct IT and management consulting and, through subsidiaries, online gaming and related activities.

4 § Share capital and shares
The share capital shall be not less than SEK 9,779,250 and not more than SEK 39,117,000. The minimum number of shares shall be 57,525,000 and the maximum 230,100,000.

5 § Board of directors
The Board of Directors shall consist of 3-10 members, with a maximum of 10 deputies. Board members are elected annually at the Annual General Meeting for the period up to the next Annual General Meeting.

6 § Auditor
The Company shall have one or two auditors, with a maximum of two deputies, or one or two registered accounting firms.

7 § Notice of shareholders’ meeting
Notice of a General Meeting of shareholders shall be given by announcement in Post och Inrikes Tidningar (The Swedish Gazette) and by publication on the Company’s website. As soon as the notice of the meeting has been published on the Company’s website, information to this effect shall be announced through advertisement in the national daily Svenska Dagbladet.

Notice of an Annual General Meeting or an Extraordinary General Meeting that will consider amendment of the Articles of Association shall be issued no earlier than six weeks before the meeting. Notice of other Extraordinary General Meetings shall be issued no earlier than six weeks and no later than two weeks before the meeting.

8 § Business at annual shareholders’ meetings
An Annual General Meeting shall take place every year within six months of the Company’s financial year end. Mandatory items on the agenda are as follows:
1. Election of a person to chair the meeting;
2. Preparation and approval of the electoral roll;
3. Adoption of the proposed agenda;
4. Election of one or more persons to check the minutes;
5. Consideration of whether the meeting has been duly convened;
6. Presentation of the annual accounts and audit report, and, if relevant, the consolidated annual accounts and audit report;
7. Decision on:
   a. adoption of the income statement and balance sheet, and, if relevant, the consolidated income statement and balance sheet;
   b. distribution of the Company’s profit or loss according to the approved balance sheet; and
   c. discharging Board members and the CEO from liability;
8. Determination of Board and auditors’ fees;
9. Election of Board members and any deputies, and auditors and any deputies;
10. Other business that has come before the AGM pursuant to the Swedish Companies Act or the Articles of Association.

9 § Financial year
The Company’s financial year shall be 1 January to 31 December.

10 § Notification of attendance
To be entitled to participate in the AGM, shareholders must notify the Company, with details of the number of advisors, by the date indicated in the notice of the meeting. This day may not be a Sunday, a public holiday, a Saturday, Midsummer’s Eve, Christmas Eve or New Year’s Eve, and may not be earlier than the fifth business day before the meeting. Proxies do not need to specify the number of advisors. The maximum number of advisors is two.

11 § Record date provision
The Company’s shares shall be registered in a central securities depository in accordance with the Financial Instruments (Accounts) Act (1998:1479).
LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

LEGAL GROUP STRUCTURE

The Company’s business is conducted in accordance with the Swedish Companies Act. The parent company Net Gaming Europe AB (publ) (registration number 556693-7255) is a Swedish public limited liability company which was founded on 29 November 2005 and registered with the Swedish Companies Registration Office on 14 December 2005. The Company’s registered office is in Stockholm.

The Company is currently the parent company of five subsidiaries. The Company’s subsidiaries are wholly owned by the Company with the exception of one share per Maltese subsidiary. Such structure is upheld for the sole purpose of fulfilling Maltese company law. The Group structure is shown in the chart below.

AGREEMENTS

Contractual overview

Net Gaming currently operates in two different business segments: (i) affiliation/lead generation and (ii) iGaming operations. However, a reshaping of the entire Group organisation is expected during 2018 which will lead to the Group becoming solely an affiliate/lead generation business.

In general, within the framework of the affiliation/lead generation segment, the Company enters into principally affiliation agreements with customers (i.e. iGaming operators) regarding the allocation of traffic and direction of online players. Such agreements are in general based on the Group’s own standard agreements with general terms and conditions. In certain aspects, conditions are individually agreed upon, such as when and based on which measures the Company will receive revenue. Also, in some cases the Group will take out a deposit from new customers before commencing its services. As described in section “Business overview - Business model - Revenue model and geographical split”, the Company will usually receive a CPA for each individual player that Net Gaming refers to the iGaming operator, but can also agree on revenue sharing, or a mix between the two. The main obligation under the affiliate agreements is to refer online players to iGaming operators (B2B customers of the Group), which then convert the online players into depositing, active customers (B2C) of the iGaming operators.

The Company’s iGaming operator operations primarily consist of agreements between the Company and online players (B2C), whereas the Company’s standardised agreements with general terms and conditions are applied. Further, the Company’s iGaming operator operations also include agreements with software suppliers which develop platforms or software that are used by the Company to offer online players gaming opportunities, such as slot machines and mobile games. Moreover, the iGaming operator operations require agreements for payment solutions.
In addition to the above, the Group has further entered into agreements with certain suppliers, such as with regard to search engine optimisers (e.g. Google, Bing and Yahoo) offering methods and techniques to optimise the online visibility through improved rankings in web search engine results. Supplier agreements also include consultancy agreements regarding, inter alia, IT-services for ensuring reliable systems and servers, network administration as well as consultancy agreements for marketing and customer relations management.

Material agreements

Below is a summary of the material agreements entered into by the Company. In addition to the agreements described below, the Company does not have any individual agreements that are of material importance for the Group.

Acquisition of Highlight Media

On 6 July 2016, the Company entered into a share purchase agreement with Highlight Media Holdings Ltd (the “HLM Seller”) regarding the acquisition of HLM Malta Ltd and its affiliate operations. The acquisition was completed on 14 October 2016. In connection with the completion of agreement, the Company paid an initial purchase price of MSEK 280 to the HLM Seller. In addition to the initial consideration, an additional contingent consideration was agreed to be paid (the “Earn-out”). Of the additional consideration, MEUR 7.348 was paid in June 2017, and MEUR 5.511 is payable on 1 July 2018.

Under the share purchase agreement, the Company is also obliged to make consideration pay-outs to key employees of the transferred companies in connection with, and based on the amount of, the Earn-out payments. This plan will also be finally settled on 1 July 2018 and can amount to a maximum of EUR 62,000. The share purchase agreement contains customary representations and warranties by the HLM Seller as well as limitations on the HLM Sellers’ liability.

In connection with the acquisition and in order to partly finance the acquisition, the Company issued a bond of MSEK 200 and a convertible loan of MSEK 140.

Asset purchase agreement with Webwiser GmbH

On 18 May 2018, the Company entered into an asset purchase agreement with Webwiser GmbH ("Webwiser") regarding the acquisition of Webwiser’s intellectual property, such as domains and websites, affiliate business and affiliate accounts, i.e. accounts with iGaming operators. In connection with the completion of the agreement, the Company paid an initial purchase price of MEUR 2.290 to Webwiser. In addition to the initial purchase price, an additional contingent consideration was agreed to be paid on 30 June 2019, which shall be based on the EBITDA result for the period 1 June 2018 to 31 May 2019. The additional contingent consideration is capped to a maximum payable amount of MEUR 1.2. The asset purchase agreement contains customary representations and warranties by Webwiser as well as limitations on Webwisers’ liability. The acquisition was financed with existing cash resources.

Asset purchase agreement with Magnum Media Ltd

On 22 November 2017, the Company entered into an asset purchase agreement with Magnum Media Limited ("Magnum Media") regarding the acquisition of Magnus Media’s intellectual property, such as domains and websites, affiliate business and affiliate accounts, i.e. accounts with iGaming operators. In connection with the completion of the agreement, the Company paid an initial purchase price of MEUR 2 in cash payment and MEUR 1 in share consideration to Magnum Media. In light hereof, the Company carried out a private placement of 979,178 shares, using the authorisation from the annual general meeting on 30 May 2017. In addition to the initial purchase price, an additional contingent consideration was agreed to be paid on 30 April 2019, based on the EBITDA result for the period 1 January 2018 to 31 December 2018. The additional contingent consideration is capped to a maximum payable amount of MEUR 3.75. The asset purchase agreement contains customary representations and warranties by Magnum Media as well as limitations on Magnum Medias’ liability. The acquisition was financed with existing cash resources.
Convertible Loan

At Net Gaming’s extraordinary general meeting in November 2016, it was resolved to issue convertible debt instruments in an aggregate principle amount of MSEK 140. The loans carry interest at an interest rate of 9.5 percent per annum and interest is paid semi-annually. The termination date is 11 October 2019. The holders of the convertible debt instruments may convert their debt instrument to shares in Net Gaming at a conversion price of SEK 4.50 per share. The convertible loan issue was directed to Trottholmen AB, Highlight Media Holdings Ltd, Claes Teilman, Kerstin Holmström Teilman, Rambo Invest AB, Corpus Vile AB, Asara Holding Limited, Lars-Olof Larsson, Br Larssons Leasing AB, Marcus Peterssson, Praetorium AB, Patrik Gustafsson, Peak Core Strategies, JRS Asset Management and Varene AB. The convertible loan is subordinated to the outstanding bond loan in accordance with the convertible loan terms and with the terms and conditions governing the bonds. As of the date of this Company Description, the Convertible Loan amounts to approximately MSEK 14. Accordingly, most of the nominal amount has been settled. In the event of any future conversion, the Convertible Loan can be converted into up to 3,111,116 new shares, corresponding to a dilutive effect of approximately 4.11 percent of the share capital and votes in the Company as on the date of this Company Description.

Agreements between shareholders

Net Gaming is not aware of any agreements between shareholders regarding the governance of the Company.

BOND LOAN

On 14 September 2017, the Company issued a senior secured callable floating rate bond with a framework amount of SEK 1,000,000,000 (the “Bonds”). The Bonds, which are listed on Nasdaq Stockholm, have a tenor of three years and mature for final repayment on 14 September 2020. At the date of the Company Description, the Company has issued bonds in an amount of SEK 375,000,000. The Bonds carry a floating rate coupon of three-month STIBOR with a STIBOR-floor plus a margin of 7.25 percent per annum. The proceeds of the Bonds have been used to redeem previously issued bonds, repay parts of the Convertible Loan, pay transaction costs relating to the issuance of the Bonds and to finance general corporate purposes.

The Company has the right to, at its own discretion, redeem outstanding Bonds in full before the final maturity date, but at different price points depending on when the Company chooses to redeem the Bonds.

The Bond conditions include certain provisions which entail that bondholders can have the right to redeem all or some of their respective Bonds at a premium, before maturity, should certain circumstances occur. For example, such circumstances include a situation where (i) the Principal Owner decreases its ownership to such extent that it no longer controls the Company and its direct and indirect subsidiaries, (ii) one or more persons, acting together, acquire control over the Company and its direct and indirect subsidiaries (i.e. either directly or indirectly controlling more than 50 percent of the voting shares or the right to, directly or indirectly, appoint or remove the whole or majority of the directors of the board of directors), if (iii) the Company’s shares are no longer listed on a multilateral trading facility such as Spotlight (previously Aktietorget) or Nasdaq First North, or any regulated market, or if trading on the aforementioned exchanges is suspended for a period of 15 consecutive banking days.

The terms and conditions of the Bonds contain certain covenants which imposes certain operative and financial restrictions on the Company and other group companies, including, inter alia, (i) limitations on the making of distributions and disposals of assets (whereby the Company undertakes to not make any distribution or transfer of value including, inter alia, pay any dividend, repurchase its own shares, redeem or reduce its share capital, repay or pay interest under any shareholder loan and grant any loans except to group companies); (ii) restrictions on making changes to the nature of their business, (iii) restrictions on incurring financial indebtedness; and (iv) restrictions on granting security on financial indebtedness (negative pledge). Furthermore, the terms and conditions of the Bonds contain certain financial covenants, which require the Company to maintain certain debt ratios at all times.
In addition, there are certain other customary events of default relating to the occurrence of insolvency, insolvency proceedings, creditors' process and impossibility or illegality.

**INTELLECTUAL PROPERTY**

The Company has several intellectual property rights registered in various countries, mainly word marks, trademarks and domains. The intellectual property rights consist mainly of trademarks, such as “PokerListings”, “Casino Top 10” and “Casino Guide”, and domain names such as “slotssons.co.uk” and “FREESPINS.UK.COM”.

**LICENSES AND PERMITS**

The Company conducts both affiliate/lead generation operations and iGaming operations. As described under section “Market overview - Regulatory framework”, the Company’s affiliate operations are normally not subject to license requirements, laws or regulations. However, only three states in the United States allow online gambling. These are New Jersey, Nevada and Delaware. While Delaware only allows gaming by the state monopoly, the state does not have any affiliate systems in place. The Company’s understanding is further that the Company may enter into CPA agreements in Nevada without the requirement of a permit or license. Should however the Company enter into a revenue share agreement, it would require certain additional licenses. The Company further holds a New Jersey license, which enable the Company to enter into CPA agreements in the named state. The Company is evaluating the possibility of applying for an additional license in New Jersey in order to be able to enter into revenue sharing agreements. Aside from the above mentioned licenses, no other license or permit is required for the Company to be able to conduct its affiliate/lead generation operations globally.

As regards the Company’s iGaming operations, which are subject to various licensing and permit requirements, the Company holds a gambling license issued in Curacao. The Curacao gambling license enables the Company to offer iGaming operation activities such as casino and poker to online players globally, unless local regulations stipulate prohibitions or additional license requirements in order to enable online players to play or place bets for real money. Currently, such countries include Denmark, the United Kingdom, France, Spain, the Netherlands, United States, China and Russia. The Company does not currently allow such players to register on its iGaming operation websites. After the Company has executed the planned reshaping of its strategy (see section “Business overview - Strategy”), the Company will have ceased its currently small iGaming operations and instead become a 100 percent focused affiliate company.

**DISPUTES**

As of the date of this Company Description, the Group is not involved in any dispute.

**INSURANCE**

The Company holds public liability insurance, product liability insurance, employer liability insurance, property insurance including coverage for the office premises rented in Malta, and insurance for business travel. Net Gaming considers the Group’s current insurance coverage to be adequate with regard to the nature and scope of its operations.

**RELATED PARTY TRANSACTIONS**

The Company pays ordinary remuneration as resolved by the shareholders’ meeting and salary to board members and the CEO, as applicable. Moreover, the Company carries out intra-group transactions pertaining to for example IT, marketing, financial services, controlling and management consultancy fees.

In addition to the above ordinary related party transactions, the Company and the Principal Owner have entered into a loan agreement in 2014, whereby the Principal Owner granted a shareholder loan to the Company in the amount of MSEK 2 with an interest rate at 8 percent. According to the terms and
conditions of the bond loan, the shareholder loan cannot be repaid or any payment of interest be made until the bond loan has been repaid in full, as described in section “Legal considerations and supplementary information - Bond Loan”. In addition hereto and to strengthen the Company’s equity in 2014, the Principal Owner made a conditional shareholders’ contribution to the Company in the amount of MSEK 5. The contribution can be repaid insofar as such repayment can be made without using the Company’s restricted equity and bearing in mind the precautionary rule as set forth in Chapter 17, section 3 of the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)).

According to the Company, all related party transactions have been made to market conditions and on an arm’s lengths basis.

CORPORATE GOVERNANCE

Net Gaming is a Swedish public limited liability company. Prior to the listing on Nasdaq First North Premier, the corporate governance in the Company was based on Swedish law, Spotlight’s (previously listing agreement and internal rules and instructions. Once the Company has been listed on Nasdaq First North Premier, the Company will also comply with Nasdaq First North’s Rule Book for Issuers.

There is currently no requirement for the Company to apply the Swedish Corporate Governance Code (the “Code”) and accordingly, the Company does currently not apply the Code. However, the Company will apply the Code, at the latest, as of 1 July 2019 in accordance with the rules of Nasdaq First North Premier.

Internal Control

Internal control comprises the control of the Company’s and the Group’s organisation, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the Company’s and the Group’s financial reporting is prepared in accordance with law and applicable accounting standards, that the Company’s assets are protected and that other requirements are fulfilled. The system for internal control is also intended to monitor compliance with the Company’s and the Group’s policies, principles and instructions. Internal control also comprises risk analysis and follow-up of incorporating information and business systems. The Group identifies, assesses and manages risks based on the Group’s vision and goals. Risk assessment of strategic, compliance, operational and financial risks shall be performed annually by the CFO and presented to the board of directors.

Net Gaming’s board of directors is ultimately responsible for the Company’s internal control. Processes managing the business and delivering value shall be defined within the business management system. The CEO is responsible for the process structure within the Group.

A self-assessment of minimum requirements of defined controls mitigating identified risks for each business process shall annually be performed and reported to the board of directors. The CFO is responsible for the self-assessment process, which is facilitated by the internal controls function. In addition, the internal controls function performs reviews of the risk and internal controls system according to a plan agreed with the board of directors.

In particular, Net Gaming operates a system of internal accounting controls sufficient to provide reasonable assurance that:

- transactions are executed in accordance with management’s general or specific authorization;
- transactions are recorded as necessary to maintain accountability;
- access to funds and assets is permitted only in accordance with management’s general or specific authorization; and
- the recorded accountability for funds/assets is compared with the existing funds/assets at reasonable intervals and appropriate action is taken with respect to any differences.

Net Gaming also strives to maintain internal controls that include:

- Control Environment: Net Gaming maintains an environment that is conducive to providing discipline and structure that affects the integrity, ethical values and competence of the Group’s core management and employees; management’s philosophy and operating style; the way
management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.

- **Risk Assessment**: since every Group entity faces a variety of risks from external and internal sources Net Gaming ensures that this is assessed, thereby forming a basis for determining how the risks should be managed. A precondition to risk assessment is the establishment of objectives, which are linked at different levels and internally consistent. Because economic, industry, regulatory and operating conditions will continue to change, Net Gaming has mechanisms in place to identify and deal with the special risks associated with change.

- **Control Activities**: Net Gaming has in place policies and procedures that help ensure management directives are carried out and that necessary actions are taken to address risks to achievement of the entity’s objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities such as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

- **Information and Communication**: information systems operated by Net Gaming produce reports, containing operational and financial information making it possible to run and control the business. They deal not only with internally generated data, but also information about external events, activities and conditions necessary to informed business decision-making and external reporting.

- **Monitoring Activities**: this is accomplished by Net Gaming through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations carried out in the Group and involves regular management and supervisory activities, as well as other actions personnel take in performing their duties.

**INTERESTS OF ADVISORS**

Advokatfirman Vinge KB has been legal counsel in connection with the Listing, and may provide additional legal services to the Company. Further, the Company has entered into an agreement with FNCA Sweden AB, who will be the Company’s certified adviser. FNCA Sweden AB does not own, and does not intend to own any shares in the Company.
# DEFINITIONS

The terms defined below are used in the Company Description:

<table>
<thead>
<tr>
<th>Definition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Gaming, the Company or the Group</td>
<td>Net Gaming Europe AB (publ), the group in which Net Gaming Europe AB (publ) is the parent company or a subsidiary of the group, as the context may require.</td>
</tr>
<tr>
<td>Company Description</td>
<td>This Company Description.</td>
</tr>
<tr>
<td>Code</td>
<td>The Swedish Code of Corporate Governance.</td>
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<tr>
<td>EUR</td>
<td>Euro.</td>
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<tr>
<td>Euroclear Sweden</td>
<td>Euroclear Sweden AB.</td>
</tr>
<tr>
<td>Listing</td>
<td>The listing of the shares of Net Gaming Europe AB (publ) on Nasdaq First North.</td>
</tr>
<tr>
<td>MEUR</td>
<td>Million Euro.</td>
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<tr>
<td>MSEK</td>
<td>Million Swedish kronor.</td>
</tr>
<tr>
<td>Nasdaq First North or Nasdaq First North Premier</td>
<td>The multi-lateral trading facility operated by Nasdaq Stockholm AB and its Premier segment, respectively.</td>
</tr>
<tr>
<td>Principal Owner or Trottholmen</td>
<td>Trottholmen AB.</td>
</tr>
<tr>
<td>SEK</td>
<td>Swedish krona.</td>
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</tbody>
</table>
ADDRESSES

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