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William Hill's  
offer to the shareholders of  
Mr Green & Co AB (publ)

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On 31 October 2018, William Hill PLC (“**William Hill**”, together with its fully consolidated subsidiaries, the “**William Hill Group**”), through a controlled affiliate William Hill Holdings Limited (“**William Hill Holdings**”), announced a recommended public cash offer (the “**Offer**”) to the shareholders of Mr Green & Co AB (publ) (“**MRG**” or the “**Company**”), to tender all their shares in MRG to William Hill on the terms and conditions set out in this offer document. The shares in MRG are admitted to trading on Nasdaq Stockholm, Mid Cap (“**Nasdaq Stockholm**”).

A Swedish version of this offer document has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the “**SFSA**”) in accordance with Chapter 2 Section 3 of the Swedish Takeover Act (Sw. *lag (2005:451) om offentliga uppköpserbjudanden på aktiemarknaden*) and Chapter 2 (a) Section 9 of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*). The approval and registration by the SFSA does not imply that SFSA guarantees that the information in the offer document is correct or complete.

This offer document is available both in Swedish and English. In the event of any discrepancy between the English and Swedish language versions, the Swedish language version shall prevail.

The information in this offer document purports to be accurate, although not complete, only as of the date of the announcement of this offer document. No representation is made that it was or will remain accurate on any other date. Where applicable, William Hill Holdings will draw up a supplement to the offer document in accordance with applicable laws and regulations, including the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) and Nasdaq Stockholm’s Takeover Rules (the “**Takeover Rules**”). The information in this offer document is furnished solely for the purpose of the Offer and may not be relied upon for any other purposes.

The information regarding MRG on pages 17–58 is based on information made public by MRG and has been reviewed by the board of directors of MRG. Accordingly, William Hill does not represent that the information included herein with respect to MRG is accurate or complete and does not take any responsibility for such information being accurate or complete. Except where this is explicitly stated, no information in this offer document has been audited or reviewed by auditors.

The figures in this offer document have been rounded off as appropriate. As a result, certain tables appear to not summarise correctly.

#### **Applicable law and disputes**

The Offer, as well as the agreements entered into between William Hill and the shareholders of MRG, shall be governed by and construed in accordance with the laws of Sweden. The Takeover Rules and the Swedish Securities Council rulings and statements regarding the interpretation and application of the Takeover Rules, and, where appropriate, the Swedish Securities Council’s rulings and clearance regarding interpretation and application of the Swedish Industry and Commerce Stock Exchange Committee’s rules previously applicable to public takeover offers on the stock market, apply in relation to the Offer. In accordance with the Swedish Takeover Act, William Hill has undertaken, in writing, towards Nasdaq Stockholm to comply with the above mentioned rules, rulings and statements, and to submit to any sanctions imposed by Nasdaq Stockholm upon breach of the Takeover Rules. William Hill has informed the Swedish Financial Supervisory Authority about the Offer and the undertaking towards Nasdaq Stockholm. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm shall be the court of first instance.

#### **Forward-looking statements**

This offer document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this offer document and the information incorporated by reference into this offer document and may include statements regarding the intentions, beliefs or current expectations of the directors, William Hill or the William Hill Group concerning, amongst other things: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies, the expansion and growth of William Hill’s, the William Hill Group’s or the MRG business’ operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation and industry changes on the business of William Hill, the William Hill Group, or MRG.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond William Hill’s ability to control or predict. Forward-looking statements are not guarantees of future performance. The William Hill Group’s actual results of operations, financial condition, liquidity, and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this offer document and/or the information incorporated by reference into this offer document. The same applies in respect of the MRG business that is the subject of the Offer. Any forward-looking statements in this offer document speak only as of the date of this offer document and are subject to risks relating to future events, other risks, uncertainties and assumptions relating to William Hill’s operations and growth strategy, and a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Such factors include, without limitation, the possibility that the Offer will not be pursued or consummated, failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the Offer if it is pursued, adverse effects on the William Hill share price and operating results because of a failure to complete the Offer, failure to realise the expected benefits of the Offer, negative effects relating to the announcement of the Offer or any further announcements relating to the Offer or the consummation of the Offer on the William Hill share price, significant transaction costs and/or unknown liabilities, general economic and business conditions that affect William Hill, the William Hill Group or the MRG business following the Offer, changes in global, political, economic, business, competitive, market and regulatory forces, industry trends, future exchange and interest rates, changes in tax laws, regulations, rates and policies, future business combinations or disposals and competitive developments, and other factors discussed in this offer document. Undue reliance should not be placed on any forward-looking statements.

Subject to any regulatory requirements or applicable law, William Hill explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this offer document. No statement in this offer document is intended as a profit forecast or profit estimate and no statement in this offer document should be interpreted to mean that the earnings per share of William Hill as altered by the Offer will necessarily match or exceed the historical or published earnings per share of William Hill or the relevant entities which form the basis for the transaction.

#### **Offer restrictions**

The distribution of this offer document and any related offer documentation in certain jurisdictions may be restricted or affected by the laws of such jurisdictions. Accordingly, copies of this offer document are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any such jurisdiction. Therefore, persons who receive this offer document (including, without limitation, nominees, trustees and custodians) and are subject to the laws of any such jurisdiction will need to inform themselves about, and observe, any applicable restrictions or requirements. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, William Hill disclaims any responsibility or liability for the violations of any such restrictions by any person.

The Offer is not being made, and this offer document may not be distributed, directly or indirectly, in or into, nor will any tender of shares be accepted from or on behalf of holders in, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States or any other jurisdiction in which the making of the Offer, the distribution of this offer document or the acceptance of any tender of shares would contravene applicable laws or regulations or require further offer documents, filings or other measures in addition to those required under Swedish law.

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## The Offer in brief

Consideration	SEK 69.00 per share in cash
Acceptance period	10 December 2018–17 January 2019
Preliminary settlement date	25 January 2019

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# Offer to the shareholders of MRG

On 31 October 2018, William Hill, through a controlled affiliate William Hill Holdings, announced a recommended public cash offer to the shareholders of MRG, to tender all their shares in MRG to William Hill on the terms and conditions set out in this offer document. The shares in MRG are admitted to trading on Nasdaq Stockholm, Mid Cap.

William Hill offers SEK 69 in cash per share in MRG. The total offer value for all shares in MRG amounts to approximately SEK 2,819 million.<sup>1)</sup> No commission will be charged in connection with the Offer.

The Offer represents a premium of:

- 48.5 per cent compared to the closing price of SEK 46.5 of the Company's share on Nasdaq Stockholm on 30 October 2018, the last trading day before the announcement of the Offer;
- 61.7 per cent compared to the volume-weighted average share price of SEK 42.7 of the Company's share on Nasdaq Stockholm during the last 30 days prior to 30 October 2018; and
- 63.4 per cent compared to the volume-weighted average share price of SEK 42.2 of the Company's share on Nasdaq Stockholm during the last 90 days prior to 30 October 2018.

The acceptance period for the Offer commences on 10 December 2018 and ends on 17 January 2019. Settlement will begin as soon as William Hill has announced that the conditions for the Offer have been satisfied or that William Hill has otherwise resolved to complete the Offer. Assuming that such an announcement is made no later than around 21 January 2019, settlement is expected to begin around 25 January 2019.

## Recommendation from the board of directors of MRG

The board of directors of MRG<sup>2)</sup> has recommended the Offer for acceptance by the shareholders in MRG. The board of directors of MRG has engaged BDO to issue a so called fairness opinion regarding the Offer. According to

the fairness opinion, the Offer is fair to MRG's shareholders from a financial point of view, subject to the assumptions and considerations set out in the fairness opinion. The recommendation from the board of directors of MRG, as well as the fairness opinion from BDO, have been published separately in a press release and are available at MRG's website, [www.mrggroup.com](http://www.mrggroup.com), and included in their entirety on pages 6–11 in this offer document.

## William Hill's and William Hill Holdings' shareholding in MRG

As a result of acquisitions of shares made by way of a forward purchase agreement with Citigroup Global Markets Limited, who is the exclusive financial advisor and corporate broker to William Hill in the Offer, William Hill has agreed to purchase 2,181,926 shares, corresponding to approximately 5.34% of all outstanding shares in MRG at a price per share of SEK 69 in cash.

Other than what is stated above, neither William Hill, William Hill Holdings nor any closely related companies or closely related parties currently holds or controls any shares or any other financial instruments in MRG.

Neither William Hill, William Hill Holdings nor any closely related companies or closely related parties has acquired or agreed to acquire any shares in MRG, or any other financial instruments that give a financial exposure equivalent to a shareholding in MRG, during the six month-period preceding the announcement of the Offer, other than entering into such undertakings as set out in section "Undertakings by shareholders" below.

## Undertakings by shareholders

Shareholders in MRG representing in aggregate 40.04 per cent of the shares and votes in MRG, have undertaken to accept the Offer and tender all of their shares in MRG in the Offer, in accordance with the below:

- Henrik Bergquist, member of the board of directors of MRG and representing directly or indirectly 13.53 per cent of the shares and votes in MRG;

1) Based on 40,849,413 outstanding shares in MRG. In the event that MRG should pay any dividend or make any other value transfer prior to the settlement of the Offer, the price per share in the Offer will be reduced correspondingly.  
2) The board members Henrik Bergquist and Tommy Trollborg have not participated in the board of director's evaluation of or discussions regarding the Offer due to conflict of interest, see further section "Undertakings by shareholders".

- Hans Fajerson, representing 12.10 per cent of the shares and votes in MRG;
- Fredrik Sidfalk, representing directly or indirectly 7.37 per cent of the shares and votes in MRG;
- Karl Trollborg, representing directly or indirectly 2.76 per cent of the shares and votes in MRG;
- Martin Trollborg, representing directly or indirectly 2.43 per cent of the shares and votes in MRG;
- Tommy Trollborg, member of the board of directors of MRG and representing 1.03 per cent of the shares and votes in MRG; and
- Anita Trollborg, representing 0.82 per cent of the shares and votes in MRG.

The undertakings to accept the Offer will lapse in the event that a third party, prior to the expiry of the initial or any extended acceptance period for the Offer, makes an offer for all shares in MRG which corresponds to an offer value exceeding the price in the Offer by at least 8 per cent per share, provided that William Hill does not match such competing offer within 10 business days of its announcement. The right to match the competing offer may only be used once. The undertakings will further lapse in case the Offer has not been declared unconditional before 15 February 2019.

### **MRG's outstanding incentive programmes**

The Offer does not include the warrants issued as part of MRG incentive programmes for employees and the warrants issued to members of MRG's board of directors. Participants in the programmes will be given a fair treatment with respect to their holdings of warrants by way of a cash consideration.

### **Conditions for the Offer**

Completion of the Offer is conditional upon the fulfilment of the conditions set out on pages 12–14 in this offer document.

### **Financing**

The consideration payable to MRG's shareholders will be funded by cash on William Hill's balance sheet or through existing credit facilities. Accordingly, completion of the Offer is not subject to any financing condition.

### **Due diligence**

The board of directors of MRG has, at the written request of William Hill, permitted William Hill to carry out a limited due diligence review of MRG in connection with the preparation of the Offer. Except for certain information regarding MRG's results for the third quarter 2018, that was made public through the Company's Q3 report on 26 October 2018, William Hill has not received any inside information during the due diligence process.

### **Compulsory redemption and de-listing**

In the event that William Hill, whether in connection with the Offer or otherwise, becomes the owner of shares representing more than 90 per cent of the outstanding shares in MRG, William Hill intends to commence a compulsory acquisition procedure under the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) to acquire all remaining shares in MRG. In connection therewith, William Hill intends to promote a de-listing of the Company's shares from Nasdaq Stockholm.

### **Applicable law and disputes**

The Offer, as well as the agreements entered into between William Hill and the shareholders of MRG, shall be governed by and construed in accordance with the laws of Sweden. The Takeover Rules and the Swedish Securities Council rulings and statements regarding the interpretation and application of the Takeover Rules, and, where appropriate, the Swedish Securities Council's rulings and clearance regarding interpretation and application of the Swedish Industry and Commerce Stock Exchange Committee's rules previously applicable to public takeover offers on the stock market, apply in relation to the Offer. In accordance with the Swedish Takeover Act, William Hill has undertaken, in writing, towards Nasdaq Stockholm to comply with the above mentioned rules, rulings and statements, and to submit to any sanctions imposed by Nasdaq Stockholm upon breach of the Takeover Rules. William Hill has informed the Swedish Financial Supervisory Authority about the Offer and the undertaking towards Nasdaq Stockholm. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm shall be the court of first instance.

### **Advisers**

William Hill has retained Citigroup Global Markets Limited as exclusive financial advisor and corporate broker and Advokatfirman Vinge as legal advisor.

# Background and reasons for the Offer

MRG is a fast-growing, innovative iGaming group with operations in 13 markets and brands including Mr Green and Redbet. MRG holds remote gambling licences in Denmark, Italy, Latvia, Malta, Great Britain and Ireland and expects to obtain Swedish licences by year end. MRG has leading gaming and casino products supported by a fast growing sportsbook.

## Strategic Rationale

The combination of William Hill and MRG will create a strongly positioned combined business with an expanded pan-European footprint in faster growing online betting and gaming markets, further supported by the existing William Hill Online and Retail businesses in the UK and the US.

MRG has a number of core attributes that will enhance the William Hill business and strategy:

- **International growth:** MRG's existing international hub in Malta combined with operational expertise in establishing a presence in new markets, will accelerate William Hill Online's international footprint and growth potential;
- **Improvement to William Hill revenue mix:** MRG's online-only business will increase the William Hill Group's share of revenue and profits from online as well as from outside the UK, and reduce William Hill's exposure to the UK market. Based on the first six months 2018, the transaction increases the William Hill Group's overall online revenues from c.42% to c.47% (ex-WHUS) with the proportion of revenues from outside the UK increasing from c.14% to c.21%. Based on Q3 2018 results, MRG's geographic revenue mix was 40% in Western Europe, 36% in the Nordics, 21% in Central, Eastern and Southern Europe and 3% in other regions;
- **Brand:** MRG's primary brands, such as Mr Green and Redbet, have demonstrated strength and are complementary to the William Hill brand and enable the William Hill Group to pursue a multi-brand strategy in territories where it is strategically beneficial to do so;
- **High growth potential:** MRG has historically delivered strong revenue growth across all the regions in which it operates (FY15-17: 23% CAGR), underpinned by resilient organic growth. Recent trading has continued to be robust with MRG revenue growth of 51% in Q3 2018 versus Q3 2017 and 2018 YTD revenue growth of 44% versus the same period in 2017. The addition of an international hub in Malta and MRG's operational expertise will further strengthen William Hill's growth potential; and
- **Leadership in sustainability:** Strong fit between MRG's leadership position on sustainability and William Hill's Nobody Harmed ambition.

The transaction implies:

- Growth acquisition which strengthens William Hill's international business and drives further online penetration;
- Access to an international hub from which to drive international growth together with deeper operational expertise in new markets; and
- Brings strong brands with track record of growth across its geographic portfolio.

Ulrik Bengtsson, William Hill's Chief Digital Officer, will be responsible for leading the integration of MRG within the William Hill Group and has a strong background in working with Nordic online gaming businesses through his time at Betsson.

William Hill recognise the capabilities and skills of MRG's dedicated management and employees and look forward to welcoming these talented individuals to the William Hill Group. After the completion of the Offer and a careful review of the capabilities and needs of the new combined operations, the optimal structure for future success will be determined. There are currently, before completion of the Offer, no decisions on any changes to MRG's or William Hill's employees and management or to the existing organisation and operations, including the terms of employment and locations of the Company's business.

*Reference is made to the information in this offer document, which has been prepared by William Hill Holdings for the purpose of the Offer. The information regarding MRG on pages 17-58 in this offer document has, in accordance with the statement on page 59, been reviewed by the board of directors of MRG. The board of directors of William Hill Holdings assures that, to the best knowledge of the board of directors, the information regarding William Hill in this offer document conforms with the actual conditions.*

London, 4 December 2018  
**William Hill Holdings Limited**  
*The Board of Directors*

# Recommendation from the board of directors of MRG



## PRESS RELEASE

Stockholm 31 October 2018

### Statement by the Board of Directors of MRG in relation to the public offer from William Hill

*The Board of Directors of MRG unanimously recommends the shareholders of MRG to accept the public offer from William Hill of SEK 69 in cash per share.*

This statement is made by the Board of Directors<sup>1</sup> of Mr Green & Co AB (publ) (the "**Company**" or "**MRG**") pursuant to Rule II.19 of the Nasdaq Stockholm Takeover Rules (the "**Takeover Rules**").

#### Background

William Hill PLC ("**William Hill**"), through a controlled affiliate William Hill Holdings Limited, has today announced a public offer to the shareholders of MRG to transfer all of their shares in MRG to William Hill for a consideration of SEK 69 in cash per MRG share (the "**Offer**"). The total value of the Offer corresponds to approximately SEK 2,819 million<sup>2</sup>.

The Offer represents a premium of:

- 48.5 per cent compared to the closing price of SEK 46.5 of the Company's share on Nasdaq Stockholm on 30 October 2018, the last trading day before the announcement of the Offer;
- 61.7 per cent compared to the volume-weighted average share price of SEK 42.7 of the Company's share on Nasdaq Stockholm during the last 30 days prior to 30 October 2018; and
- 63.4 per cent compared to the volume-weighted average share price of SEK 42.2 of the Company's share on Nasdaq Stockholm during the last 90 days prior to 30 October 2018.

The acceptance period for the Offer is expected to commence around 10 December 2018 and expire around 11 January 2019, subject to any extensions.

<sup>1</sup> The Board members Henrik Bergquist and Tommy Trollborg have not participated in the Board's evaluation of or discussions regarding the Offer due to conflict of interest.

<sup>2</sup> Based on 40,849,413 outstanding shares in MRG. In the event that MRG should pay any dividend or make any other value transfer prior to the settlement of the Offer, the price per share in the Offer will be reduced correspondingly.



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SE-111 57 Stockholm  
www.mrggroup.com

# MRG

Completion of the Offer is conditional upon, *inter alia*, that the Offer is accepted to such an extent that William Hill becomes the owner of shares representing more than 90 per cent of the outstanding shares in MRG, as well as all regulatory, governmental or similar clearances, approvals and decisions necessary to complete the Offer, including approvals and clearances from competition authorities, being obtained, in each case on terms which, in William Hill's opinion, are acceptable. William Hill has reserved the right to waive the conditions for completion of the Offer. The Offer is not conditional upon financing. For further details about the Offer, please refer to William Hill's press release that was made public today.

The Board of Directors of MRG has, at the written request of William Hill, permitted William Hill to carry out a limited due diligence review of MRG in connection with the preparation of the Offer. Except for certain information regarding MRG's results for the third quarter 2018, that was made public through the Company's Q3 report on 26 October 2018, William Hill has not received any inside information regarding MRG during the due diligence process.

In total seven shareholders in MRG, including Board members Henrik Bergquist and Tommy Trollborg, representing in aggregate 40.04 percent of the shares and votes in MRG, have undertaken to accept the Offer and tender all of their shares in MRG in the Offer, subject to certain conditions. The undertakings will lapse in the event that a third party, prior to the expiry of the initial or any extended acceptance period for the Offer, makes an offer for all shares in MRG which corresponds to an offer value exceeding the price in the Offer by at least 8 percent per share, provided that William Hill does not match the competing offer within 10 business days of its announcement. The undertakings will further lapse in case the Offer has not been declared unconditional before 15 February 2019.

SEB Corporate Finance is acting as financial adviser and Cederquist is acting as legal adviser to MRG in connection with the Offer.

### **The Board of Directors' recommendation**

In its evaluation of the Offer, the Board of Directors has taken a number of factors into account which the Board of Directors deems relevant. These factors include, but are not limited to, the Company's present strategic and financial position and the Company's expected potential future development and thereto related opportunities and risks.

The Board of Directors notes that the Offer represents a premium of 48.5 per cent compared to the closing price of SEK 46.5 of the Company's share on Nasdaq Stockholm on 30 October 2018, which was the last trading day before the announcement of the Offer, and a premium of 61.7 percent and 63.4 percent respectively, compared to the volume-weighted average share price for the Company's share on Nasdaq Stockholm during the last 30 and 90 days, respectively, prior to 30 October 2018.

# MRG

The Board of Directors further notes that seven shareholders in MRG, representing in aggregate 40.04 percent of the shares and votes in the Company, have entered into undertakings to accept the Offer, subject to certain conditions.

As part of the Board of Directors' evaluation of the Offer, the Board of Directors has engaged BDO to issue a so called fairness opinion regarding the Offer, see [Appendix 1](#). According to the fairness opinion, the Offer is fair to MRG's shareholders from a financial point of view (subject to the assumptions and considerations set out in the fairness opinion).

Based on the above, the Board of Directors unanimously recommends the shareholders in MRG to accept the Offer.

Under the Takeover Rules, the Board of Directors shall, based on the statements made by William Hill in the Offer press release issued earlier today, present its opinion regarding the impact that the implementation of the Offer will have on MRG, particularly in terms of employment, and its opinion regarding William Hill's strategic plans for MRG and the effects it is anticipated that such plans will have on employment and on the places in which MRG conducts its business. In this respect, the Board of Directors notes that William Hill has stated that *"William Hill recognize the capabilities and skills of MRG's dedicated management and employees and look forward to welcoming these talented individuals to the William Hill group. After the completion of the Offer and a careful review of the capabilities and needs of the new combined operations, the optimal structure for future success will be determined. There are currently, before completion of the Offer, no decisions on any material changes to MRG's employees and management or to the existing organization and operations, including the terms of employment and locations of the business."* The Board of Directors assumes that this description is correct and has no reason to take a different view in this respect.

This statement shall in all respects be governed by and construed in accordance with Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

Stockholm 31 October 2018  
Mr Green & Co AB (publ)  
The Board of Directors

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

Kent Sander, Chairman of the Board of Directors, through Åse Lindskog, Director Communications and IR, tel. +46 730 24 48 72, [ase.lindskog@mrggroup.se](mailto:ase.lindskog@mrggroup.se)

*The information in the press release is information that MRG is obliged to make public pursuant to the EU Market Abuse Regulation and the Takeover Rules. The information was submitted for publication, through the agency of the contact person set out above, at 08:15 CET on 31 October 2018.*

# MRG

[MRG](#) is a fast-growing, innovative iGaming Group with operations in 13 markets. MRG offers a superior experience in a Green Gaming environment. MRG was founded in 2007 and operates the iGaming sites [Mr Green](#), [Redbet](#), [11.lv](#), [Winning Room](#), [Bertil](#), [MamaMiaBingo](#), [BingoSjov](#) and [BingoSlottet](#). The Group had a turnover of SEK 1,192.0 million in 2017 and has over 300 employees. MRG has gaming licenses in Denmark, Italy, Latvia, Malta, the UK, and Sportsbook license in Ireland. MRG is listed on Nasdaq Stockholm in the Mid Cap segment under the name Mr Green & Co AB (ticker MRG). Read more at [www.mrqgroup.com](http://www.mrqgroup.com).

## **Appendix 1 – Fairness Opinion**

# Fairness opinion from BDO

## Fairness opinion

*In relation to the public offer by William Hill PLC to acquire all outstanding shares in Mr Green & Co AB (publ)*

### To the board of directors of Mr Green & Co AB (publ)

The board of directors of Mr Green & Co AB (publ) ("Mr Green" or "the Company") has, through its independent board members, engaged BDO Corporate Finance ("BDO") to, in the capacity of being an independent expert, issue an opinion on the fairness of the public offer, announced on 31 October 2018, by William Hill PLC ("William Hill") to acquire all outstanding shares in Mr Green, from a financial point of view for the shareholders of Mr Green.

In summary, William Hill offers SEK 69.00 in cash for each share in Mr Green (the "Offer").

BDO has, analyzed and considered the following information:

- The Offer
- Discussions with representatives of Mr Greens' management
- Internal financial information and other information
- Other information deemed to be appropriate

#### *Databases*

- Thomson Reuters Eikon
- Datastream
- MergerMarket

#### *Public information and equity analyst reports*

- Public information including annual reports, quarterly reports and press releases of Mr Green
- Bid premiums of public offers from Nasdaq OMX Corporate Actions Stockholm - Public takeover offers, as well as stock data ([www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)), and
- Equity research covering Mr Green by SEB, Carnegie, RedEye, Pareto Securities and Kepler Cheuvreux

It is assumed that the information received is correct and complete and no independent control or verification has been carried out on the information received from Mr Green, information from databases, analysts or public information. BDO does not assume any responsibility for any inaccuracy or incorrectness in the information received. If it is determined that the information we received was inaccurate or incomplete, this could mean that our conclusion is incorrect.

Our opinion is based on information provided to us as of the date of our opinion and have been given in the light of our assignment stated above and it can not be used for any other purpose. We assume no responsibility for events occurring after this date, which could affect this opinion and the assumptions that it is based upon. BDO assumes no responsibility for updating the Fairness Opinion after this date.

Our Fairness Opinion is based on "going concern", meaning continuing operations "as-is" and no unforeseen events in the relation to the Company or its environment. In preparing this Fairness Opinion, established valuation methods have been used. These analyses have been prepared with the sole purpose for BDO to



conclude to the board of directors whether the offer is fair from a financial point of view for the shareholders of Mr Green.

Our assignment and this Fairness Opinion is solely for the use and benefit of the board of directors in their consideration of the Offer. Our Fairness Opinion does not cover relative merits compared to other alternative business opportunities of Mr Green or alternative investment opportunities of the shareholders of Mr Green. This Fairness Opinion does not constitute a recommendation to the shareholders of Mr Green whether to accept the Offer or not.

**Based on the analyses, assumptions and subject to the foregoing, we are of the opinion, as of the date hereof, that the Offer is fair from a financial point of view for the shareholders of Mr Green.**

In preparing this opinion, BDO has considered the take-over rules of Nasdaq Stockholm and BDO assumes an independent position in delivering of our services. Our fee for this engagement does not depend on the size of the consideration, to what extent the Offer is accepted or whether the Offer is completed or not. This opinion might only be published in its complete form and is solely addressed to the board of directors of Mr Green with the sole purpose to serve as foundation in the evaluation of the Offer. No other party can rely on or claim any rights based on this opinion. This statement shall in all respects be governed by and construed in accordance with Swedish law. Disputes arising from this statement shall be settled exclusively by Swedish courts.

This statement has been made in a Swedish and English version. In case of any discrepancies between the Swedish and the English text, the Swedish text shall prevail.

Stockholm, 31 October 2018

BDO CORPORATE FINANCE

# Terms, conditions and instructions

## The Offer

William Hill offers SEK 69 in cash per share in MRG. The total value of the Offer is approximately SEK 2,819 million, based on a total of 40,849,413 outstanding shares in MRG.

The Offer consideration will be reduced accordingly should MRG make any dividend or other value transfer prior to the settlement of the Offer.

No commission will be charged in connection with the Offer.

## Conditions for the Offer

The completion of the Offer is conditional upon:

1. the Offer being accepted to such an extent that William Hill becomes the owner of shares representing more than 90 per cent of the outstanding shares in MRG;
2. no other party announcing an offer to acquire shares in MRG on terms that are more favourable to the shareholders of MRG than those of the Offer;
3. all regulatory, governmental or similar clearances, approvals and decisions necessary to complete the Offer, including approvals and clearances from competition authorities, being obtained, in each case on terms which, in William Hill's opinion, are acceptable;
4. neither the Offer nor the acquisition of MRG being rendered partially or wholly impossible or significantly impeded as a result of legislation or other regulation, any decision of court or public authority, or any similar circumstance, which is actual or can reasonably be anticipated, and which William Hill could not reasonably have foreseen at the time of announcement of the Offer;
5. save as publicly announced by MRG or as otherwise disclosed by MRG to William Hill prior to the date the Offer was announced, William Hill does not discover that any information publicly disclosed by MRG or otherwise made available by MRG to William Hill is materially inaccurate or misleading or that any material information which should have been publicly disclosed by MRG has not been so disclosed;

6. no circumstances, which William Hill did not have knowledge of at the time of announcement of the Offer, having occurred that have or can be expected to have a material adverse effect upon MRG's sales, results, liquidity, equity or assets; and
7. MRG not taking any measures that are liable to impair the prerequisites for making or implementing the Offer.

The Offer is not conditional on financing. William Hill reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not satisfied or cannot be satisfied. However, with regard to conditions 2-7, the Offer may only be withdrawn where the non-satisfaction of such condition is of material importance to William Hill's acquisition of MRG. William Hill reserves the right to waive, in whole or in part, one, several or all of the conditions set out above, including, with respect to condition 1, to complete the Offer at a lower level of acceptance.

## Acceptance

### Shareholders whose shares are directly registered with Euroclear

Shareholders whose shares are directly registered with Euroclear Sweden AB ("**Euroclear**") and who wish to accept the Offer must, during the period from 10 December 2018 up to and including 17 January 2019 at 15:00 CET, sign and submit a duly filled in acceptance form to Danske Bank A/S, Denmark, Sverige Filial ("**Danske Bank**"), at the address stated on the acceptance form.

The acceptance form must be submitted or sent by mail in sufficient time before the last day of the acceptance period so that it may be received, in original, by Danske Bank no later than 15:00 CET on 17 January 2019. The acceptance form may also be handed in at bank offices or delivered to other securities institutions in Sweden to be forwarded to Danske Bank, provided that the acceptance form is handed in or delivered in sufficient time before the last day of the acceptance period so it may be received, in original, by Danske Bank no later than 15:00 CET on 17 January 2019.

This Offer Document, a pre-printed acceptance form and a self-addressed envelope will be mailed to directly registered shareholders. The securities account (Sw. *VP-konto*) and the current number of shares held in MRG will be pre-printed on the acceptance form. Each shareholder receiving this document should verify that the pre-printed information on the acceptance form is correct.

Please note that acceptance forms that are incomplete or incorrectly completed may be disregarded. No changes may be made to the text on the pre-printed acceptance form. Shareholders accepting the Offer authorise and instruct Danske Bank to deliver their shares in MRG to William Hill in accordance with the terms and conditions for the Offer.

#### **Pledged shares**

If shares to be tendered are pledged in the Euroclear system, both the shareholder and the pledgee must complete and sign the acceptance form and confirm that the pledge on any such share will be terminated well before end of acceptance period. Those who are included on the list of pledgees and trustees will not receive an acceptance form, but will be notified separately.

#### **Nominee registered holdings**

Shareholders of MRG whose holdings are registered in the name of a nominee will receive neither this offer document nor a pre-printed acceptance form. Acceptance by such shareholders should instead be made in accordance with instructions from their respective nominees.

#### **Extension of the acceptance period**

The acceptance period commences on 10 December 2018 and ends on 17 January 2019. William Hill reserves the right to extend the acceptance period as well as to postpone the settlement date. Any extensions of the acceptance period or postponements of the settlement date will be announced by a press release in accordance with applicable laws and regulations (including the Takeover Rules).

#### **Right to withdraw acceptance**

Shareholders of MRG have the right to withdraw their acceptance of the Offer. To be valid, such withdrawal must have been received in writing by Danske Bank at the address: Danske Bank A/S, Danmark, Sverige Filial, Nordic Asset Services – Emissioner, Box 7523, SE-103 92 Stockholm, before William Hill announces that the conditions of the Offer have been satisfied or, if such announcement is not made during the acceptance

period, not later than 15:00 CET on the last day of the acceptance period. If the Offer remains conditioned in any respect during any extension of the Offer and William Hill has not waived such conditions, the right to withdraw an acceptance will apply in the same manner throughout any such extension of the Offer. Shareholders holding nominee registered shares wishing to withdraw their acceptance shall do so in accordance with instructions from the nominee.

#### **Acknowledgement of acceptances**

After Danske Bank has received and registered a duly completed and signed acceptance form, the shares to which such acceptance form relates will be transferred to a new blocked securities account in the shareholder's name (Sw. *apportkonto*). In connection therewith, Euroclear will send a statement (Sw. *VP-avi*) showing the withdrawal of shares from the original securities account and a statement showing the number of shares that have been entered in the newly opened blocked securities account.

#### **Settlement and payment**

Settlement will begin as soon as William Hill has announced that the conditions for the Offer have been satisfied or that William Hill has otherwise resolved to complete the Offer. Assuming that such an announcement is made no later than around 21 January 2019, settlement is expected to begin around 25 January 2019. William Hill reserves the right to extend the acceptance period as well as to postpone the settlement date. Any extensions of the acceptance period or postponements of the settlement date will be announced by a press release in accordance with applicable laws and regulations (including the Takeover Rules).

Settlement in the Offer will be arranged by distribution of contract notes around 23 January 2019 to those who have accepted the Offer. The consideration under the Offer will be credited to the yield account linked to the shareholder's securities account in which the shares were registered. If the yield account is incorrect, if the shareholder does not have a yield account or if the yield account is a PlusGiro account, payment will be made in accordance with the contract note. In conjunction with the settlement of the Offer, the shares will be withdrawn from the blocked securities account, which is then closed. No statement (Sw. *VP-avi*) will be sent out in conjunction hereto. If the holding is registered in the name of a nominee, settlement will be provided for by the nominee according to its routines. Please note that even if the shares are pledged, the payment will be made according to what is set out above.

## Compulsory redemption and de-listing of MRG

In the event that William Hill, whether in connection with the offer or otherwise, becomes the owner of shares representing more than 90 per cent of the outstanding shares in MRG, William Hill intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining shares in MRG. In connection therewith, William Hill intends to promote a de-listing of the Company's shares from Nasdaq Stockholm.

## Offer document and acceptance form

The offer document and the acceptance form will be available at William Hill's website ([www.williamhillplc.com](http://www.williamhillplc.com)) and Danske Bank's website ([www.danskebank.se/prospekt](http://www.danskebank.se/prospekt)). The Swedish language version of the offer document will also be available at the SFSA's website ([www.fi.se](http://www.fi.se)).

## Important information regarding LEI and NID at acceptance

According to MiFID II and starting from 3 January 2018, all investors must have a global identification code in order to conduct a securities transaction. These regulations require legal entities to apply for registration of a LEI code (Legal Entity Identifier code) and natural persons need to find their National ID or NID number (National Client Identifier number) in order to accept the Offer. Please note that it is the shareholder's legal status that determines whether a LEI code or NID number is required, and that the issuing agent may be prevented from performing the transaction on behalf of the person in question if a LEI code or NID number (as applicable) is not provided.

Legal persons who need to obtain a LEI code may contact one of the suppliers available on the market. Through this link approved institutions for the global LEI system can be found: [www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations](http://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations).

As for natural persons who only have Swedish citizenship, the NID number consists of the designation "SE" followed by the person's social security number. If the person in question has a citizenship other than Swedish, or multiple citizenships, the NID number may be any other type of number.

Apply for registration of a LEI code (legal persons) or find out the NID number (natural persons) in a good time since this information has to be stated in the application form upon acceptance.

## Questions regarding the offer

For questions regarding the Offer, please contact Danske Bank during regular office hours at telephone number +46 (0) 752 48 18 45. Information will also be available on the following websites:

- **Danske Bank's website:** ([www.danskebank.se/prospekt](http://www.danskebank.se/prospekt)); and
- **William Hill's website:** ([www.williamhillplc.com](http://www.williamhillplc.com)).

## Other information

No customer relationship is established between shareholders accepting the Offer and Danske Bank due to Danske Bank's involvement as settlement agent with regards to the Offer.

# Information on William Hill and William Hill Holdings, financing of the Offer and shareholding in MRG

## William Hill and William Hill Holdings

William Hill Holdings Limited is a UK private limited company registered under number 03688930 and has its registered office in London, with address Greenside House, 50 Station Road, London N22 7TP, UK. William Hill Holdings Limited is a controlled affiliate of William Hill PLC, a UK public limited company registered under number 04212563, which has its registered office in London, with address Greenside House, 50 Station Road, London N22 7TP, UK.

William Hill PLC is one of the world's leading betting and gaming companies, employing around 16,000 people. Founded in 1934 and listed on the London Stock Exchange, it aims to provide gamblers with a fun and safe gambling experience, and has set the ambition that nobody is harmed by gambling. The majority of its £1.7bn annual revenues are still derived from the UK, where it has a national presence of licenced betting offices and one of the leading online betting and gaming services. William Hill Online is headquartered in Gibraltar and serves online customers in the UK and elsewhere throughout the world. In 2012, it established William Hill US with a focus on retail and mobile operations in Nevada, which is now the largest sports betting business in the US. It currently operates race and sports books in Nevada, New Jersey, Mississippi, West Virginia and Iowa, is the exclusive risk manager for the sports lotteries in Delaware and is the exclusive partner to IGT to provide sports betting services to the lottery in Rhode Island. It also has licensed operations in The Bahamas and St. Kitts. William Hill PLC is listed on the London Stock Exchange and is a member of both the FTSE 250 and FTSE4Good Indices. For more information on the William Hill Group, see [www.williamhillplc.com](http://www.williamhillplc.com).

## Financing of the Offer

The consideration payable to MRG's shareholders will be funded by cash on William Hill's balance sheet or through existing credit facilities. Accordingly, completion of the Offer is not subject to any financing condition.

## William Hill's and William Hill Holdings' shareholding in MRG

As a result of acquisitions of shares made by way of a forward purchase agreement with Citigroup Global Markets Limited, who is the exclusive financial advisor and corporate broker to William Hill in the Offer, William Hill has agreed to purchase 2,181,926 shares, corresponding to approximately 5.34% of all outstanding shares in MRG at a price per share of SEK 69 in cash.

Other than what is stated above, neither William Hill, William Hill Holdings nor any closely related companies or closely related parties currently holds or controls any shares or any other financial instruments in MRG.

Neither William Hill, William Hill Holdings nor any closely related companies or closely related parties has acquired or agreed to acquire any shares in MRG, or any other financial instruments that give a financial exposure equivalent to a shareholding in MRG, during the six month-period preceding the announcement of the Offer, other than entering into such undertakings as set out in section "Undertakings by shareholders" below.

## Undertakings by shareholders

Shareholders in MRG representing in aggregate 40.04 per cent of the shares and votes in MRG, have undertaken to accept the Offer and tender all of their shares in MRG in the Offer, in accordance with the below:

- Henrik Bergquist, member of the board of directors of MRG and representing directly or indirectly 13.53 per cent of the shares and votes in MRG;
- Hans Fajerson, representing 12.10 per cent of the shares and votes in MRG;
- Fredrik Sidfalk, representing directly or indirectly 7.37 per cent of the shares and votes in MRG;
- Karl Trollborg, representing directly or indirectly 2.76 per cent of the shares and votes in MRG;
- Martin Trollborg, representing directly or indirectly 2.43 per cent of the shares and votes in MRG;
- Tommy Trollborg, member of the board of directors of MRG and representing 1.03 per cent of the shares and votes in MRG; and
- Anita Trollborg, representing 0.82 per cent of the shares and votes in MRG.

The undertakings to accept the Offer will lapse in the event that a third party, prior to the expiry of the initial or any extended acceptance period for the Offer, makes an offer for all shares in MRG which corresponds to an offer value exceeding the price in the Offer by at least 8 per cent per share, provided that William Hill does not match such competing offer within 10 business days of its announcement. The right to match the competing offer may only be used once. The undertakings will further lapse in case the Offer has not been declared unconditional before 15 February 2019.

# Information on MRG

The following is a summary description of MRG. The information on pages 17–58 in this offer document is based on MRG’s annual reports for the financial years 2017, 2016 and 2015, the interim reports for the periods January–September 2018 and January–September 2017 as well as information available on MRG’s website, unless otherwise stated.

## Operations in brief

MRG is a fast-growing, innovative iGaming group with operations in 13 markets. MRG offers a superior experience in a Green Gaming environment. MRG was founded in 2007 and operates the iGaming sites Mr Green, Redbet, 11.lv, Vinnarum, Bertil, MamaMiaBingo, BingoS-jov and BingoSlottet. The group had a turnover of SEK 1,192.0 million in 2017 and had 374 employees at the end of the third quarter 2018. MRG has gaming licences in Denmark, Italy, Latvia, Malta and the UK, and sports-book licences in Ireland. In 2018 MRG applied for licences in Sweden and expect to receive them by year-end. MRG is listed on Nasdaq Stockholm in the Mid Cap segment under the name Mr Green & Co (ticker MRG). Read more at [www.mrggroup.com](http://www.mrggroup.com).

## Vision and mission

MRG’s vision is to shape the future of the iGaming industry. The Company’s business concept is to offer people a superior experience in a Green Gaming environment.

## Business strategy

MRG’s business strategy comprises six areas; Focus on growth, Product innovation, Geographic expansion, Expanding in the value chain, Green Gaming and the corporate value “A cut above the rest”.

## Focus on growth

MRG’s strategy is aiming at driving strong growth. Growth is important in order to gain scale advantages in relation to game and payment providers. Increased revenues are also key to the Company in order to cover future costs for compliance and betting duties when more markets become locally regulated. Growth is therefore a driver for increased profitability.

## Product innovation

Over the past years, MRG has invested in its product offering and customer communication to increase differentiation and entertainment. The Company has for example developed casino tournaments, unique sports-book features, 3-D live casino and a Green Gaming tool. By this, customer loyalty and retention are increased, which are drivers for improved profitability. The Company has a strong profile as a digital growth company with the technology development called MRG Gametek based in Stockholm which has a pronounced profile as a global high-tech centre.

## Geographic expansion

MRG has a scalable organisation and processes which form a solid foundation for further geographic expansion. MRG’s geographic expansion strategy encompasses different opportunities. These are; i) expansion into new geographic markets where the Company focus on regulated markets. ii) expansion in existing markets with additional brands. The way MRG executes on its geographic expansion strategy in different ways reflects the different market conditions. In 2017, MRG entered Denmark by acquiring the Danish online company Dansk Underholdning. Dansk Underholdning gave MRG access to local market knowledge and in December 2017 MRG received a license for its Mr Green brand and could launch it in Denmark. In February 2018, MRG acquired the Swedish company Evoke Gaming which provided the Company with a strong sportsbook brand in Redbet. Redbet is currently being introduced in the markets where MRG already has a presence. In 2018, MRG acquired 11.lv, a leading Latvian iGaming company. 11.lv is the Company’s steppingstone to the Baltic markets where MRG intends to introduce its Mr Green brand.

## Expanding in the value chain

In 2018, MRG has invested in two new companies; the fully owned Green Jade Games and the 55/45 per cent joint venture in esports together with Gamingzone Entertainment. Green Jade Games is developing proprietary games which combine standard casino slots with elements from the gaming world. The objective with the esports venture is to create a global community for esports fans with the possibility to place bet on esports.

## **Green Gaming**

Green Gaming, or responsible gaming, has been a key part of the Company's strategy since its foundation ten years ago. In 2017, MRG introduced to its Mr Green casino customers a Green Gaming tool in order to give the players better control of their risk behaviours. The tool analyses the customer's actual gaming behaviour and combines this with the customer's own image of their gaming. The analysis is based on risk, intensity, change and volume. Accordingly, the customers receive individual information about their gaming and a chance to understand if things are moving too fast. In turn, Mr Green adapts its offering and communication to the individual customer's risk behaviour. Customers who demonstrate an increased risk behaviour can, for example, be encouraged to set various limits on their gaming or refrain from gaming for some time. MRG also refrains from targeting offers at customers with high-risk behaviour.

## **A cut above the rest**

MRG has a strong corporate culture, captured in the value "A cut above the rest". This implies that employees are encouraged to exceed expectations and always deliver with high quality.

# Summary of historical financial information

The financial information regarding MRG provided below, for each financial period, has been derived from the respective audited annual reports for the financial years 2017, 2016 and 2015 as well as the respective interim reports for the periods January–September 2018 and January–September 2017, unless otherwise stated. The interim report for the period January–September 2018, which is fully recited on pages 32–58, has been reviewed by the Company's auditor.

MRG's consolidated financial statements for the financial years 2017, 2016 and 2015 were prepared in accordance

with the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*), the International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board.

MRG's interim reports for the periods January–September 2018 and January–September 2017 were prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board.

## Consolidated income statement

SEK thousands	Jan–Sep 2018	Jan–Sep 2017	2017	2016	2015
Revenue	1,239,037	859,039	1,192,033	924,524	792,599
<b>Total revenue</b>	<b>1,239,037</b>	<b>859,039</b>	<b>1,192,033</b>	<b>924,524</b>	<b>792,599</b>
Cost of services sold	-431,217	-272,154	-376,261	-306,685	-199,222
Capitalised costs	74,826	57,449	80,037	56,549	49,034
Marketing	-404,991	-287,488	-403,850	-336,432	-287,171
Personnel costs	-159,214	-104,315	-143,581	-130,784	-99,728
Other operating expenses	-151,677	-115,383	-162,805	-115,778	-118,750
<b>EBITDA before non-recurring items</b>	<b>166,763</b>	<b>137,149</b>	<b>185,572</b>	<b>91,393</b>	<b>136,761</b>
Non-recurring items	-	-	-	-15,810	-81,631
<b>EBITDA after non-recurring items</b>	<b>166,763</b>	<b>137,149</b>	<b>185,572</b>	<b>75,582</b>	<b>55,130</b>
Depreciation and amortisation	-87,202	-49,797	-69,529	-56,489	-65,247
Impairment	-	-	-	-	-25,917
<b>Earnings before interest and tax (EBIT)</b>	<b>79,561</b>	<b>87,352</b>	<b>116,043</b>	<b>19,093</b>	<b>-36,034</b>
Financial income	210	-7	-90	10,369	-17
Financial expenses	-417	-285	-346	-10	-49
<b>Result before tax</b>	<b>79,355</b>	<b>87,060</b>	<b>115,608</b>	<b>29,452</b>	<b>-36,100</b>
Income tax	-6,095	-4,581	-6,252	3,649	1,668
<b>Net result for the period</b>	<b>73,260</b>	<b>82,478</b>	<b>109,355</b>	<b>33,101</b>	<b>-34,433</b>
Result for the period attributable to:					
– Shareholders of the parent company	73,205	82,478	109,355 <sup>1)</sup>	31,101 <sup>2)</sup>	-34,433
– Non-controlling interests	54	-	-	-	-
	<b>73,260</b>	<b>82,478</b>	<b>109,355<sup>1)</sup></b>	<b>33,101<sup>2)</sup></b>	<b>-34,433</b>
Weighted average number of shares	40,849,413	37,809,120	38,575,440	35,849,413	35,849,413
Earnings per share before dilution, SEK	1.79	2.18	2.83	0.92	-0.96
Weighted average number of shares after dilution	40,849,413	39,069,120 <sup>1)</sup>	39,815,440	35,849,413 <sup>3)</sup>	35,849,413
Earnings per share after dilution, SEK	1.79	2.11	2.75	0.92	-0.96

1) Information obtained from the comparative numbers included in the interim report for the period January–September 2018.

2) Information obtained from the comparative numbers included in the interim report for the period January–September 2017.

3) Information obtained from the comparative numbers included in the annual report for the financial year 2017.

*cont.* **Consolidated income statement**

<b>Included in cost of services sold:</b>	<b>Jan-Sep 2018</b>	<b>Jan-Sep 2017</b>	<b>2017</b>	<b>2016</b>	<b>2015<sup>4)</sup></b>
Betting duties Austria (excl interest)	-100,825	-81,097 <sup>5)</sup>	-112,182	-85,116	-32,349
Interest on betting duties Austria	-12,301	-8,034	-11,339	-8,773	-3,744
Betting duties, other markets	-82,728	-43,738 <sup>6)</sup>	-58,827	-38,947	-29,241

4) Information obtained from the comparative numbers included in the annual report for the financial year 2016.

5) Information obtained from the comparative numbers in the interim report for the period January–September 2018.

6) Information obtained from the comparative numbers in the interim report for the period January–September 2018.

**Consolidated statement of comprehensive income**

<b>SEK thousands</b>	<b>Jan-Sep 2018</b>	<b>Jan-Sep 2017</b>	<b>2017</b>	<b>2016</b>	<b>2015<sup>7)</sup></b>
<b>Net result for the period</b>	<b>73,260</b>	<b>82,478</b>	<b>109,355</b>	<b>33,101</b>	<b>-34,433</b>
<i>Other comprehensive income:</i>					
<i>Items which can be subsequently re-classified to profit/loss:</i>					
- Foreign exchange differences on consolidation	38,209	-124	25,023	33,424	-16,128
<b>Other comprehensive income for the period</b>	<b>38,209</b>	<b>-124</b>	<b>25,023</b>	<b>33,424</b>	<b>-16,128</b>
<b>Comprehensive income for the period</b>	<b>111,468</b>	<b>82,355</b>	<b>134,378</b>	<b>66,525</b>	<b>-50,561</b>
<i>Comprehensive income for the period attributable to:</i>					
- Shareholders of the parent company	111,335	82,355	134,378	66,525	-50,561
- Non-controlling interests	133	-	-	-	-
	<b>111,468</b>	<b>82,355</b>	<b>134,378</b>	<b>66,525</b>	<b>-50,561</b>

7) Information obtained from the comparative numbers included in the annual report for the financial year 2016.

## Consolidated balance sheet

SEK thousands	30 Sep 2018	30 Sep 2017	31 Dec 2017	31 Dec 2016	31 Dec 2015
Customer contracts	15,845	6,816	5,910	-	-
Brands	372,190	312,837	322,088	304,230	290,495
Other intangible assets	196,633	121,723	134,706	93,437	81,175
Goodwill	617,986	507,515 <sup>1)*</sup>	524,812*	523,088	499,473
Equipment	21,183	5,456	9,045	4,890	4,496
Deferred tax asset	236	368	236	368	-
<b>Non-current assets</b>	<b>1,224,073</b>	<b>954,715*</b>	<b>996,796*</b>	<b>926,012</b>	<b>875,639</b>
Trade receivables	-	1,867	-	-	-
Current income tax assets	16,841	-	-	6,747	-
Other receivables	49,916	16,633	23,577	18,079	11,042
Prepaid expenses and accrued income	29,015	10,445	20,495	7,828	5,201
Cash and cash equivalents	655,335	567,613	597,711	266,908	190,281
<b>Current assets</b>	<b>751,107</b>	<b>596,557</b>	<b>641,784</b>	<b>299,561</b>	<b>206,525</b>
<b>TOTAL ASSETS</b>	<b>1,975,181</b>	<b>1,551,272*</b>	<b>1,638,580*</b>	<b>1,225,574</b>	<b>1,082,164</b>
Share capital	40,849	40,849	40,849	35,849	35,849
Share premium reserve	866,258	865,037	865,170	683,888	680,773
Translation reserve	154,247	85,224	110,371	85,348	51,924
Retained earnings	29,092	-12,141	14,736	-94,619	-127,720
<b>Equity, owners of the parent company</b>	<b>1,090,446</b>	<b>978,970</b>	<b>1,031,127</b>	<b>710,466</b>	<b>640,826</b>
Non-controlling interest	17,563	-	-	-	-
<b>Equity</b>	<b>1,108,009</b>	<b>978,970</b>	<b>1,031,127</b>	<b>710,466</b>	<b>640,826</b>
Deferred tax liability	20,468	16,737*	17,339*	114,484	104,040
Betting duties Austria	468,220	301,818	339,120	212,001	112,870
<b>Non-current liabilities</b>	<b>488,688</b>	<b>318,556*</b>	<b>356,459*</b>	<b>326,485</b>	<b>216,911</b>
Trade payables	45,542	57,156	57,896	69,027	33,246
Customer accounts	80,486	70,048	45,400	27,426	18,579
Other current liabilities	47,131	30,346	33,732	10,340	20,490
Tax liabilities	-	1,969	1,339	-	6,625
Betting duties Austria	-	-	-	-	86,702
Accrued expenses and deferred income	205,325	94,226	112,628	81,830	58,785
<b>Current liabilities</b>	<b>378,484</b>	<b>253,746</b>	<b>250,995</b>	<b>188,623</b>	<b>224,427</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,975,181</b>	<b>1,551,272*</b>	<b>1,638,580*</b>	<b>1,225,574</b>	<b>1,082,164</b>

1)\* The MRG group has corrected the deferred tax liability attributable to the acquired surplus values in subsidiaries in Malta, for more information see Note 2 in the interim report for the period January–September 2018.

**Share data<sup>1)</sup>**

	Jan-Sep 2018	Jan-Sep 2017	2017	2016	2015
Number of shares and votes, end of period	40,849,413	40,849,413	40,849,413	35,849,413	35,849,413
Share price, end of period	-	-	54.25	31.20	46.90
Market capitalisation, end of period, SEK million	-	-	2,216.1	1,118.5	1,681.3
Year high, SEK	-	-	61.25	46.90	47.50
Year low, SEK	-	-	29.1	27.10	31.80
Earnings per share after tax, SEK	-	-	2.75	0.92	-0.96
Operating cash flow per share, SEK	-	-	8.04	3.59	4.17
Transfer for shareholders (proposal for 2017) per share, SEK	-	-	1.30	-	-
Share of profit distributed, %	-	-	40.4	-	-
Yield, %	-	-	2.4	-	-
Equity per share, SEK	-	-	25.24	19.82	17.88
P/E ratio, end of period (calculated on EBIT)	-	-	19.1	58.6	-

1) Information regarding the financial year 2017, 2016 and 2015 in this section has been obtained from the annual report for the financial year 2017. Information for the interim periods January–September 2018 and 2017 has been obtained, to the extent included, from the interim reports for the periods January–September 2018 and January–September 2017.

**Selected key performance measures**

SEK millions	Jan-Sep 2018	Jan-Sep 2017	2017	2016	2015
Revenue	1,239.0	859.0	1,192.0	924.5	792.6
EBITDA before non-recurring items	166.8	137.1	185.6	91.4	136.8
EBITDA margin, %	13.5	16.0	15.6	9.9	17.3
Earnings before interest and tax (EBIT)	79.6	87.4	116.0	19.1	-36.0
Operating margin, %	6.4	10.2	9.7	2.1	-4.5 <sup>2)</sup>
Net result for the period	73.3	82.5	109.4	33.1	-34.4
Earnings per share before dilution, SEK	1.79	2.18	2.83	0.92	-0.96
Earnings per share after dilution, SEK	1.79	2.11 <sup>3)</sup>	2.75	0.92	-0.96
Cash flow from operating activities	289.4	278.2	328.5	128.8	149.4
Free cash flow	82.8	114.6	131.3	62.4	76.8
Deposits from customers	3,959.3	2,485.6	3,468.3 <sup>4)</sup>	2,696	2,207
Number of active customers, thousands	-	237.1	297.7	238.8	181.1
Depositing customers, thousands	383.1	240.0 <sup>5)</sup>	307.3 <sup>6)</sup>	-	-

2) Information obtained from the comparative numbers in the annual report for the financial year 2016.

3) Information obtained from the comparative numbers in the interim report for the period January–September 2018.

4) Information obtained from the comparative numbers in the interim report for the period January–September 2018.

5) Information obtained from the comparative numbers in the interim report for the period January–September 2018.

6) Information obtained from the comparative numbers in the interim report for the period January–September 2018.

## Financial definitions<sup>1)</sup>

### **Earnings before interest and tax (EBIT)**

Earnings before net financial expense and tax.

### **EBITDA**

Earnings before depreciation, amortisation, impairment, net financial expense and tax.

### **EBITDA before non-recurring items**

EBITDA before non-recurring items, depreciation, amortisation and impairment, net financial expense and tax.

### **EBITDA margin**

EBITDA divided by revenue.

### **Equity per share**

Equity divided by the number of shares outstanding at the end of the period.

### **Free cash flow per share**

Cash flow from operating activities less cash flow from investing activities divided by the average number of outstanding shares during the period.

### **Cash flow from operating activities per share**

Cash flow from operating activities per average number of outstanding shares during the period.

### **Non-recurring items**

Refers to items which are of a non-recurring nature or not directly linked to the group's normal operations, which means that the recognition of these items together with other items in the income statement would impair comparability with other periods and make it harder for an outside party to assess the group's performance.

### **Active customer**

A customer is defined as active when he or she has played with money deposited in the customer account during the period. The customer is also considered to be active if he or she during the period has played with winnings from free spin campaigns and/or bonuses from Mr Green.

### **Deposits**

Money deposited in customer accounts.

### **Depositing customers**

Customers who made a deposit during the period.

1) Definitions are derived from the annual report for the financial year 2017 and from the interim report for the period January–September 2018, as applicable.

# Share capital and ownership structure

## The share

MRG's shares are listed on Nasdaq Stockholm, Mid Cap, under the ticker MRG, ISIN code SE0010949750. As of the date of this offer document, there are 1,788,000 outstanding warrants in MRG, which may give rise to an issue of not more than 1,788,000 shares. For more information, see "Incentive programs" below. As of the date of this offer document, there are no outstanding convertibles which give the holder right to shares in MRG.

## Share capital development

As of date of this offer document, the registered share capital of MRG amounts to SEK 40,849,413 distributed over 40,849,413 shares, each with a quota value of SEK 1 and carrying equal rights to MRG's assets and profits. Each share carries one (1) vote.

As of the date of this offer document, MRG holds no own shares in treasury.

Date	Event	Change in number of shares	Number of shares
3 February 2012	Incorporation	50,000	50,000
8 April 2013	Bonus issue	6,107,335	6,157,335
20 June 2013	New issue	29,692,078	35,849,413
14 June 2017	Directed new issue	5,000,000	40,849,413

## MRG's largest shareholders as of 31 October 2018

As of 31 October 2018, the number of shareholders in MRG amounted to 6,139. The largest shareholders are set out below.<sup>1)</sup>

Shareholder	Per cent of shares and votes
Försäkringsaktiefbolaget Avanza Pension	15.2
Henrik Bergquist	13.5
Svenska Handelsbanken AB for private banking	10.1
Tredje AP-fonden	4.0
Clearstream Banking S.A., W8IMY	3.1
Catella Bank S.A.	2.4
Humle Småbolagsfond	2.4
Prioritet Capital AB	2.1
Handelsbanken Liv	2.1
Ålandsbanken on behalf of owners	1.9
Skandinaviska Enskilda Banken S.S, W8IMY	1.7
BNY Mellon NA (formerly Mellon), W9	1.6
Nordnet Pensionsförsäkring AB	1.3
Consensus småbolag	1.2
Sijoitusrahasto Evli Pohjoismaat	1.1
Others	36.3
<b>Totalt</b>	<b>100.0</b>

Following 31 October 2018, William Hill has, pursuant to a forward purchase agreement, agreed to acquire shares in MRG. For more information see section "Offer to the shareholders of MRG – William Hill's and William Hill Holdings' shareholding in MRG" and section "Information on William Hill and William Hill Holdings, financing of the Offer and shareholding in MRG – William Hill's and William Hill Holdings' shareholding in MRG".

1) Information on shareholding as per 31 October 2018 is obtained from MRG's website.

## Share price performance

The chart below illustrates the share price performance and share trading volumes of the MRG share over the twelve past months prior to the announcement of the Offer (31 October 2017–30 October 2018).<sup>1)</sup>



### Dividend policy etc.

MRG's aim is to pay a dividend and/or repurchase shares in an amount of up to 50 per cent of consolidated free cash flow unless it is deemed that the group's liquid assets are needed to realise the Company's strategy, future tax payments or need to be set aside to secure additional reserves when warranted by conditions in capital markets.

In June 2018, following a decision by the Annual General Meeting 2018, the Company paid SEK 1.30 per share to the shareholders through an automatic redemption procedure. This corresponded to an amount equivalent to 40.4 per cent of free cash flow.

### Authorisation to resolve on issue of new shares

The annual general meeting held on 7 May 2018 resolved to authorise the board of directors, on one or more occasions for the period up to the next annual general meeting, to resolve on new share issue(s) totalling not more than 4,000,000 shares and subject to the limits stipulated by the articles of association. New share issue(s) shall be possible with or without preferential rights for the Company's shareholders, and with payment through contribution in kind, by set-off or on terms in accordance with Chapter 2, Section 5, Paragraph 2, Subsections 1–3 and 5 of the Swedish Companies Act. New share issue(s) in accordance with the authorisation shall be on market terms. The purpose of the authorisa-

tion and the reason for the deviation from the shareholders' preferential rights is to provide the board of directors with the flexibility to finance and further facilitate expansion, organically as well as through acquisitions.

### Shareholder agreements

MRG's board of directors is not aware of any shareholder agreements or other material agreements between larger shareholders in the Company or between larger shareholders and MRG or William Hill, except for the undertakings by certain shareholders to accept the Offer, as described under "Undertakings by shareholders" above.

### Material agreements

MRG's annual report for the financial year 2017 does not mention any material agreements that MRG is party to, which could be affected, amended or terminated if the control of MRG would change as a result of a public offer.

### Incentive programs

MRG has implemented warrant programs for the benefit of senior executives, other key individuals and board members. Each warrant entitles the right to subscribe to one new share in the Company. The valuation of the warrants is at market price and has been executed by an external party applying the Black-Scholes warrant valuation model.

1) Information on share price and trading volume for this period is obtained from MRG's website.

**MRG warrant program for senior executives 2016/2019**

The annual general meeting held on 21 April 2016 resolved on a warrant program for senior executives of a maximum of 1,020,000 warrants with a subscription price per new share of SEK 45. The exercise period is 22 April 2019–22 May 2019. Upon full conversion, the Company's share capital will increase by 1,020,000 SEK and the number of shares will increase by 1,020,000 shares. This corresponds to a dilution of approximately 2.50 per cent of the Company's share capital and total number of votes. As of 30 September 2018, senior executives had acquired 920,000 warrants at market price.

**MRG warrant program for board members 2016/2019**

The warrant program for the benefit of the board members elected by the annual general meeting held on 21 April 2016, and for the benefit of any possible board member elected thereafter, and who serve during the period until the annual general meeting in 2017, was decided upon by the annual general meeting 2016 held on 21 April 2016, and entails a maximum of 360,000 warrants with a subscription price per new share of SEK 45. The exercise period is 22 April 2019–22 May 2019. Upon full conversion, the Company's share capital will increase by 360,000 SEK and the number of shares will increase by 360,000 shares. This corresponds to a dilution of approximately 0.88 per cent of the Company's share capital and total number of votes. As of 30 September 2018, board members had acquired 320,000 warrants at market price.

**MRG warrant program for senior executives and other key individuals 2018/2021**

The annual general meeting 2018 held on 7 May 2018 resolved on a warrant program for senior executives and other key individuals of a maximum of 408,000 warrants with a subscription price per new share of SEK 59. The exercise period is 8 May 2021–8 June 2021. Upon full conversion, the Company's share capital will increase by 408,000 SEK and the number of shares will increase by 408,000 shares. This corresponds to a dilution of approximately 1.00 per cent of the Company's share capital and total number of votes. As of 30 September 2018, senior executives and other key individuals had acquired 272,000 warrants at market price.

# MRG's board of directors, management and auditor

## Board of directors

### KENT SANDER

**Position:** Chairman of the Board, Chairman of the Remuneration Committee.

**Elected:** 2016.

**Born:** 1953.

**Education:** M.Sc. in Economics and Business Administration from Stockholm University.

**Other appointments:** Chairman of Tobii Technology AB, Triboron International AB, OnePhone Holding AB and Serneke Group AB. Director of Edgeware AB, IAR Systems Group AB and BT OnePhone Ltd.

**Previous appointments:** More than 35 years' experience from senior positions at international telecom and hi-tech IT firms. Has spent over 20 years in the US, including as Executive Vice President Sales at Ericsson and CEO of TruePosition Inc. Having returned to Sweden, he has been Senior Partner at Brainheart Capital, Chairman of Transmode 2009–2013 and Advisory Board Representative for Samsung Electronics Ltd, Seoul, South Korea.

**Holding in MRG:** 200,000 warrants.

**Independent in relation to the company and management:** Yes.

**Independent in relation to the company's major shareholders:** Yes.

### HENRIK BERGQUIST

**Position:** Director.

**Elected:** 2013.

**Born:** 1973.

**Education:** B.Sc. in Electronics and a B.Sc. in Graphic Technology from the KTH Royal Institute of Technology in Stockholm.

**Other appointments:** Director of Nils-Henrik Investment AB.

**Previous appointments:** Worked in applied research at the department for Internet research at Ericsson from 1996 and subsequently as Project Manager for Internet-related products. Co-founded deo.com, a digital music publisher, in 1999, where he was Technical Director until 2001. Co-founder of Betsson in 2001, now one of Europe's leading gaming companies, where he was Technical Director and Product Director. One of Mr Green's three founders.

**Holding in MRG:** 5,525,709 shares.

**Independent in relation to the company and management:** Yes.

**Independent in relation to the company's major shareholders:** No.

### ANDREA GISLE JOOSEN

**Position:** Director, Member of the Remuneration Committee.

**Elected:** 2015.

**Born:** 1964.

**Education:** M.Sc. in International Business from Copenhagen Business School (CBS).

**Other appointments:** Chairman of Acast AB, Director of ICA Gruppen AB, Dixons Carphone Plc, UK, James Hardie Industries Plc, Australia, BillerudKorsnäs AB and Phoodster AB.

**Previous appointments:** Extensive executive experience from the consumer products and media industries. Held the positions of CEO of Boxer TV Access AB, Nordic Managing Director of 20th Century Fox Home Entertainment, Chantelle and Panasonic. Previously, key management positions at Mars, Procter & Gamble and Johnson & Johnson.

**Holding in MRG:** 9,500 shares and 40,000 warrants.

**Independent in relation to the company and management:** Yes.

**Independent in relation to the company's major shareholders:** Yes.

**cont. Board of directors****EVA LINDQVIST**

**Position:** Director, Chairman of the Audit Committee.

**Elected:** 2016.

**Born:** 1958.

**Education:** MBA from Melbourne University and an M.Sc. from Linköping University in applied physics.

**Other appointments:** Director of Bodycote plc, Tele2 AB, Keller Group plc, Sweco AB, Kährs Holding AB and Tarsier AB.

**Previous appointments:** Long experience from working internationally in executive management positions.

Among companies where she has previously held directorships can be mentioned AssaAbloy AB, Alimak Holding AB, Schibsted A/S, Tieto Oy, Transmode Holdings AB, Niscayah AB, Sergel Kredit AB and Nordia Innovation AB. She has held executive positions in e.g. Telia and Ericsson.

**Holding in MRG:** 2,300 shares and 40,000 warrants.

**Independent in relation to the company and management:** Yes.

**Independent in relation to the company's major shareholders:** Yes.

**TOMMY TROLLBORG**

**Position:** Director, Member of the Audit Committee and the Remuneration Committee

**Elected:** 2012.

**Born:** 1939.

**Education:** M.Sc. in Economics and Business Administration from the Stockholm School of Economics.

**Other appointments:** Director of Actant AG, Magnolia Consulting Sàrl and the Promobilia Foundation.

**Previous appointments:** During 1969–1989 he worked as an authorised public accountant, CEO and main partner of Wahlbergs Revisionsbyrå, an audit firm in Stockholm. Since 1989 he has been active on many national and international boards. Consultant on mergers and acquisitions and management and board matters through his consulting firm, Magnolia Consulting Sàrl. He was the Chairman of Mr Green & Co AB during 2012-2016.

**Holding in MRG:** 420,997 shares.

**Independent in relation to the company and management:** Yes.

**Independent in relation to the company's major shareholders:** No.

**Group management****PER NORMAN**

**Position:** CEO.

**In current position since:** 2015.

**Born:** 1964.

**Education:** M.Sc. in Mechanical Engineering from the KTH Royal Institute of Technology in Stockholm and an MBA from Uppsala University.

**Previous appointments:** Per has a background as a management consultant and has held several executive positions, including as Vice President and CTO of Modern Times Group (MTG), CEO of SES Sirius, CEO of Boxer TV-Access and Vice President of Teracom.

**Holding in MRG:** 370,000 shares and 284,000 warrants.

**SIMON FALK**

**Position:** CFO.

**In current position since:** 2014.

**Born:** 1972.

**Education:** M.Sc. in Economics from Stockholm University.

**Previous appointments:** Simon has previously served as CFO of Kronans Apotek. Prior to that he has a background in the telecom industry, where he was CFO of Bredbandsbolaget and of several companies in the Tele2 Group.

**Holding in MRG:** 86,000 shares and 97,000 warrants.

**JAN TJERNELL**

**Position:** General Counsel.

**In current position since:** 2015.

**Born:** 1963.

**Education:** LL.M. from Stockholm University.

**Previous appointments:** Jan possesses international experience as a company lawyer primarily in the telecom industry. Among other posts, he was Chief Legal Advisor at Tele2 for eleven years and General Counsel at Digicel for six years.

**Holding in MRG:** 20,000 shares and 57,000 warrants.

*cont.* **Group management****JESPER KÄRRBRINK****Position:** CEO Mr Green Ltd.**In current position since:** 2016.**Born:** 1964.**Education:** Studied Business Administration at Örebro University.**Previous appointments:** Jesper holds experience as a CEO from media, gaming and e-commerce companies, including as CEO of Svenska Spel, Eniro, Östersunds-Posten, Metro International, Bonnier Veckotidningar and of online and e-commerce companies such as Bonnier Interactive and Euroflorist. He has also been acting in a number of boards and is the co-author of three books.**Holding in MRG:** 19,378 shares and 284,000 warrants.**MATTIAS WEDAR****Position:** CEO MRG Gametek.**In current position since:** 2017.**Born:** 1973.**Education:** Master of Social Science in informatics from Lund University.**Previous appointments:** Mattias joined MRG from Eniro where he held several senior positions and was a member of Group management. His positions included CIO, CEO for Sweden, Finland, and Denmark, and Head of Product Development and Marketing Director. Before Mattias arrived at Eniro, he worked for Accenture in various management positions and as key account manager.**Holding in MRG:** 944 shares and 37,000 warrants.**ÅSE LINDSKOG****Position:** Director IR and Communications.**In current position since:** 2016.**Born:** 1962.**Education:** Journalism, Stockholm University, studies at Stockholm School of Economics.**Previous appointments:** Åse previously served as Head of corporate PR and media relations and Investor Relations at Ericsson, as an analyst at Swedbank Robur, Secretary General at the Swedish Society of Financial Analysts and advisor at the Ministry of Industry, as well as Reporter at the financial daily DI and financial weekly Veckans Affärer.**Holding in MRG:** 2,500 shares and 17,000 warrants.**Auditor**

At the annual general meeting held on 7 May 2018, Öhrlings PricewaterhouseCoopers AB (PwC) was re-elected as auditor until the end of the next annual general meeting. Chartered accountant Niklas Renström is the auditor in charge.

# Articles of association of MRG



## Mr Green & Co AB (publ) Articles of Association

*Adopted by the Annual General Meeting 2018-05-07*

### **Article 1 Registered name**

The registered name of the company is **Mr Green & Co AB (publ)**.

### **Article 2 The Board of Director's Registered Office**

The Registered Office of the Board of Directors is in Stockholm, Sweden.

### **Article 3 Operations**

The object of the Company's operations is to, via subsidiaries or associated companies, engage in IT, software development and consulting and support activities with a focus on the gaming industry, and provide service to subsidiaries primarily in such areas as IT, finances, legal affairs, HR and administration and pursue other compatible business activities.

### **Article 4 Share capital**

The share capital shall be not less than SEK 15,000,000 and not more than SEK 60,000,000.

### **Article 5 Number of shares**

The number of shares in the Company shall not be less than 15,000,000 and not more than 60,000,000.

### **Article 6 Board of Directors**

The Board of Directors shall consist of three to ten members, with not more than ten deputies. These individuals are elected annually at the Annual General Meeting for the period until the next Annual General Meeting has been held.

### **Article 7 Auditors**

The Company shall elect one to two auditors with or without an alternate auditor. One authorised firm of auditors shall be elected.

### **Article 8 Notice of General Meeting of Shareholders**

Notice convening the General Meeting of Shareholders shall be given in the form of an announcement in Post- och Inrikes Tidningar and on the Company's website. An advertisement that notification of the Annual General Meeting has taken place shall simultaneously be made in Dagens Industri.

MRG  
Mäster Samuelsgatan 36  
SE-111 57 Stockholm  
www.mrggroup.com

# MRG

## **Article 9 General Meeting of Shareholders**

The Annual General Meeting is held every year within six months of the end of the financial year.

The following items of business shall be addressed at the Annual General Meeting:

- 1) Election of Chairman of the Meeting
- 2) Preparation and approval of the voting list
- 3) Approval of the agenda
- 4) Election of one or two minute-checkers
- 5) Determination of whether the Meeting has been duly convened
- 6) Presentation of the annual report and any audit report and, where applicable, the consolidated financial statements and any audit report on the consolidated financial statements
- 7) Resolutions concerning
  - a. the adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet
  - b. the disposition of the Company's profit or loss in accordance with the adopted balance sheet
  - c. the discharge of the members of the Board of Directors and of the President from personal liability, in the event such liability exists
- 8) Resolutions concerning remuneration of Board members and, where applicable, remuneration of auditors
- 9) Election of members of the Board and auditors as well as any alternate auditors.
- 10) Other business to be addressed by the Meeting in accordance with the Swedish Companies Act or the Articles of Association.

At a General Meeting of Shareholders, each registered voter is entitled to vote for the full number of shares owned and represented by him/her.

## **Article 10 Right to participate in a General Meeting of Shareholders**

Shareholders who wish to participate in proceedings at a General Meeting of Shareholders must be registered as shareholders in the print-out or other representation of the entire share register as specified under the provisions in Chapter 7, Section 28, third paragraph of the Swedish Companies Act (2005:551) concerning circumstances five working days prior to the Meeting, and must notify the Company not later than the date given in the notice of the Meeting. This may not be a Sunday, public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, nor may it fall less than five working days prior to the meeting.

Shareholders are entitled to be accompanied at the General Meeting of Shareholders by one or two advisors, but only if the shareholder notifies the Company of the number of advisors in the manner stated above.

## **Article 11 Financial year**

The financial year is 1 January–31 December.

## **Article 12 Central Security Register provision**

The Company's shares shall be registered in a Central Security Register (CSD) pursuant to the Swedish Financial Instruments Accounts Act (1998:1479).

# MRG's interim report for the period January–September 2018



26 OCTOBER 2018

## THIRD QUARTER

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

## JANUARY–SEPTEMBER

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

## SIGNIFICANT EVENTS

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

## CEO'S COMMENTS



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

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

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

#### **Continued geographic expansion**

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

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

#### **Strong Sportsbook trend**

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

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

# MRG Q3.2018

2

**Successful acquisitions**

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

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

**Product innovation strengthening offering**

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

**Global community for esports fans**

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

**Successful game launch by Green Jade**

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

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

**We deliver on our guidance**

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

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

Per Norman  
CEO

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

# MRG Q3.2018

## Third quarter

### Total revenue

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

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

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

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

#### Customer deposits and customer growth

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

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

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

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

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

#### Revenue by market area

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

#### Growth on the preceding quarter

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



# MRG Q3.2018

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

**Revenue from markets with betting duties**

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

**Expenses**

**Cost of services sold**

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

**Betting duties**

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

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

**Marketing costs**

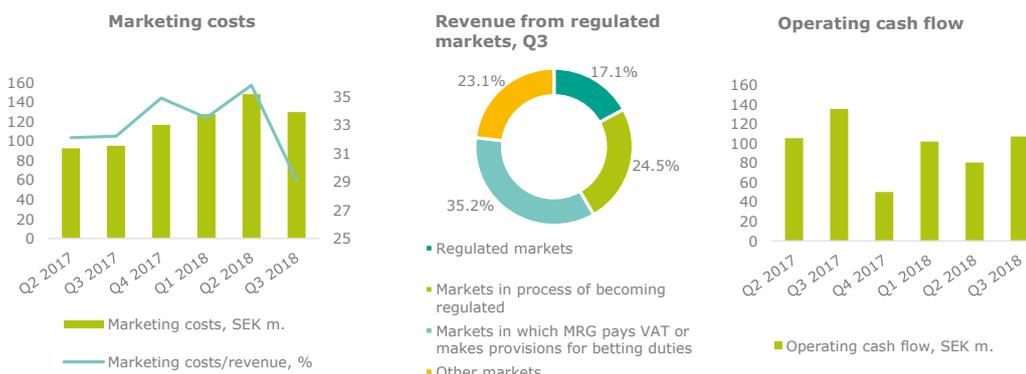
Marketing costs increased by 36.5 per cent to SEK 129.6 (94.9) million year on year. In relation to revenue, marketing costs declined to 29.1 (32.2) per cent. In the preceding quarter, marketing costs as a percentage of revenue amounted to 35.8 per cent. The Group has previously communicated that marketing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

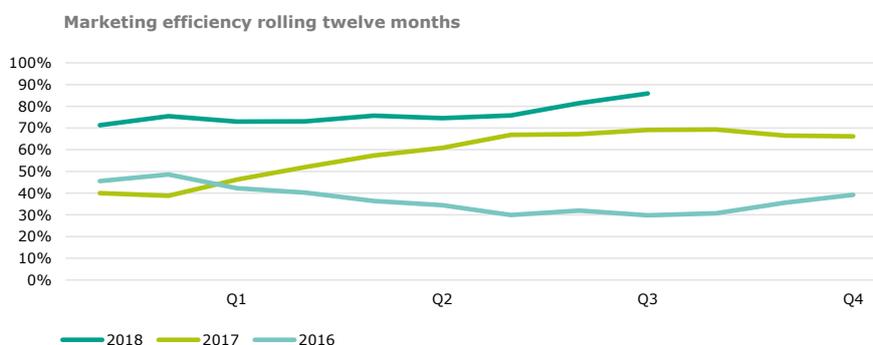
Marketing efficiency, measured as change in revenue in relation to marketing expense on a rolling 12-months basis, further improved during the quarter from an already high level.

**Other operating expenses**

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

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





#### Capitalised costs

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

#### EBITDA

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

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

#### Depreciation and amortisation

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

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

#### EBIT

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

The EBIT margin was 9.5 (10.9) per cent.

#### Net financial income and tax

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

#### Net result for the period

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

#### Cash flow

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

## January–September

### Total revenue

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

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

### Expenses

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

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

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

## Financial position

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

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

### EBITDA

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

### Depreciation and amortisation

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

### EBIT

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

### Net financial income and tax

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

### Net result for the period

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

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

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

## Other information

### Personnel

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

### Events after the end of the reporting period

No significant events occurred after the end of the quarter.

### Outstanding shares and options

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

Following a resolution at the Annual General Meeting on 21 April 2016, the company issued 1,020,000 warrants to senior executives and 360,000 warrants to the members of the Board of Directors. As of 30 September 2018, senior executives had acquired 920,000 warrants and the Board members had acquired 320,000 warrants at a market price. The exercise period is 22 April 2019 – 22 May 2019 with a subscription price of SEK 45.

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

### Related-party transactions

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

### Industry awards 2018

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

### Guidance and financial targets

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

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

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

### Regulatory update

#### Austria

The company has contested its tax liability by reference to the Austrian Constitution as well as EU legislation and has initiated an appeal process at an Austrian court and submitted a complaint to the European Commission. Most of the other gaming operators have initiated similar processes in Austria.

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

In view of the uncertain legal situation, which involves ongoing, and most likely protracted, legal processes in Austria and the EU, as well as the current political

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

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

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

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

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

#### Netherlands

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

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

## ISO 27001 certification

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

## 2019 Annual General Meeting (AGM)

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

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

## Financial calendar

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

## Webcast presentation

A webcast presentation of MRG's report for the third quarter of 2018 will take place on Friday, 26 October at 10:00 a.m. CET. CEO Per Norman and CFO Simon Falk will present the report, followed by an opportunity to ask questions. The presentation will be held in English and webcast live on [mrggroup](http://mrggroup.com) or on <https://www.investis-live.com/mr-green/5baa3100a2d81c0a004ad463/mgq3>.

To participate in the presentation by telephone, call:

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

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

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

## Review

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

## Information

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This information is information that MRG (Mr Green & Co AB) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on 26 October 2018 at 8:00 a.m CET.

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

Stockholm, 26 October 2018

Kent Sander  
Chairman of the Board

Henrik Bergquist  
Director

Andrea Gisle Joosen  
Director

Eva Lindqvist  
Director

Tommy Trollborg  
Director

Per Norman  
CEO

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

Prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act

### Introduction

We have reviewed the summary interim financial information (interim report) for Mr Green & Co AB as at 30 September 2018 and for the nine-month period ending on this date. Responsibility for preparing and presenting this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act rests with the Board of Directors and CEO. Our responsibility is to express a conclusion on this interim report based on our review.

### Focus and scope of the review

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

procedures taken in a review do not enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been performed. The conclusion based on a review therefore does not have the same certainty as a conclusion based on an audit.

### Conclusion

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

Stockholm, 26 October 2018

Öhrlings PricewaterhouseCoopers AB

Niklas Renström  
Authorised Public Accountant

## Condensed consolidated income statement

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

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## Condensed consolidated statement of comprehensive income

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

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## Condensed consolidated balance sheet

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

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## Condensed consolidated statement of changes in equity

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

## Condensed consolidated statement of cash flows

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

## Condensed income statement per quarter

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

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

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## Key performance indicators

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

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

## Revenue by region

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

## Revenue by region and quarter

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

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## Customers and deposits

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

## Condensed income statement Parent Company

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

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

## Condensed balance sheet Parent Company

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

## Notes

All values in parentheses ( ) are comparative figures for the year-earlier period unless otherwise specified. In the commentaries, the unit SEK million is used unless otherwise indicated. In the financial statements, the unit kSEK is used unless otherwise indicated.

### Accounting policies

MRG applies the International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board. The financial statements of the Parent Company have been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Under RFR 2, the Parent Company is required to apply all EU-adopted IFRS and interpretations insofar as this is possible under the Annual Accounts Act and with regard to the relationship between accounting and taxation.

#### New accounting policies from 2018

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

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

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

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

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

#### New accounting policies from 2019

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

### Note 1 Acquisitions

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

#### Acquisition analysis Evoke Gaming

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

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

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

#### Acquisition analysis 11.lv

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

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

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

## Note 2 Correction of deferred tax liability

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

The correction entails that the consolidated equity/assets ratio increases from 59.3 per cent to 62.9 per cent at 31 December 2017 and from 58.0 per cent to 62.7 per cent at 31 December 2016.

## Risks and uncertainties

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

as well as VAT issues that will affect the company's operations in one way or another. The company monitors ongoing developments closely, adapts its operations to potential changes in the trading environment and complies with all laws and regulations. It should be noted, however, that situations may arise where local laws and regulations conflict with EU law, for instance, which takes precedence. In connection with such matters, the company engages the services of leading legal expertise and proceeds on the basis of the prudence principle, without relinquishing any commercial opportunities that may arise.

For an in-depth description of risks and other uncertainties, refer to the 2017 Annual Report.

## Alternative performance measures

The European Securities and Markets Authority (ESMA) has issued guidelines for alternative performance measures, which must be applied by companies with securities that are listed on a regulated market in the EU. Information on the choice of alternative performance measures, how the Group uses them and how they are defined is provided in this interim report. Comparative figures for prior periods is provided based on the same principles.

In addition to those industry key performance measures that are not calculated in accordance with

IFRS, as presented in the following section, the Group provides information on performance measures related to certain costs in the income statement in relation to revenue. These performance measures are significant particularly from an industry perspective.

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

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

ALTERNATIVE PERFORMANCE MEASURES	DEFINITION	PURPOSE
Return on equity	Net result before tax divided by average equity.	Applied for the purpose of analysing profitability over time, in relation to those resources which are attributable to the owners of the parent company.
EBIT	Earnings before net financial expense and tax.	The measure provides an illustration of profitability without regard to the corporate tax rate and independently of the company's financing structure.
EBIT margin	EBIT divided by revenue.	The measure is relevant for measuring operating profitability.
EBITDA	Earnings before depreciation, amortisation, impairment, net financial expense and tax.	The measure is relevant for creating an understanding of the company's operating activities, regardless of financing and depreciation/amortisation of non-current assets.
EBITDA after non-recurring items	EBITDA after non-recurring items but before depreciation, amortisation and impairment, net financial expense and tax.	The measure is relevant for creating an understanding of the company's day-to-day operations, regardless of financing and depreciation/amortisation of non-current assets, but also for providing a clear illustration of EBITDA after non-recurring items.

EBITDA before non-recurring items	EBITDA before non-recurring items but before depreciation, amortisation and impairment, net financial expense and tax.	The measure is relevant for creating an understanding of the company's day-to-day operations, regardless of financing and depreciation/amortisation of non-current assets, but also for providing a clear illustration of EBITDA before non-recurring items in order to enable comparisons of the underlying operating activities.
EBITDA margin	EBITDA divided by revenue.	The measure is relevant for creating an understanding of operating profitability and gives stakeholders a clearer picture of the company's core profitability, as it excludes depreciation/amortisation.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.	The ratio measures the company's net value per share and shows if the company is increasing the shareholders' capital over time.
Free cash flow per share	Cash flow from operating activities less cash flow from investing activities divided by the average number of outstanding shares during the period.	The measure illustrates the total cash flow from operating and investing activities.
Cash flow from operating activities per share	Cash flow from operating activities per average number of outstanding shares during the period.	The ratio measures the cash flow generated by the company before capital investments and cash flows attributable to the company's financing.
Organic growth	Revenue growth excluding growth from entities which have been acquired during the last twelve months. Currency exchange effects are included.	The measure is interesting to follow since it demonstrates the development excluding acquired entities.
Non-recurring items	Refers to items which are of a non-recurring nature or not directly linked to the Group's normal operations, which means that the recognition of these items together with other items in the income statement would impair comparability with other periods and make it harder for an outside party to assess the Group's performance.	These items are illustrated to enable comparisons of the underlying operating activities.

Equity/assets ratio                      Equity divided by total assets.                      The measure is an indicator of the company's leverage for financing of the company.

**Definitions of industry-related performance measures not calculated in accordance with IFRS**

ALTERNATIVE PERFORMANCE MEASURES	DEFINITION	PURPOSE
Depositing customers	Customers who made a deposit during the period.	A measure that is a driver of revenue and relevant from an industry practice and stakeholder perspective.
Deposits	Money deposited in customer accounts.	A measure that is a driver of revenue and relevant from an industry practice and stakeholder perspective.
New depositing customers	Customers making their first deposit during the period.	A measure that is a driver of both marketing costs and revenue and relevant from an industry practice and stakeholder perspective.
Compound Annual Growth Rate (CAGR)	The average annual growth rate. The performance measure illustrates growth over a given period, for example five years.	The performance measure is relevant given that it measures growth under the assumption of a consistent annual rate of growth and thus provides a balanced rate of growth over the specified period.
Returning depositing customers	Customers making a deposit during the period but who made their first deposit in an earlier period.	A measure that is a driver of revenue and relevant from an industry practice and stakeholder perspective.

## ABOUT MRG

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

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

Our Strategy 2020 entails that we:

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

# MRG



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# Statement by the board of directors of MRG

The information regarding MRG on pages 17–58 in this offer document has been reviewed by the board of directors of MRG. It is the board of directors' opinion that this brief description of MRG provides an accurate and fair, although not complete, picture of MRG.

Stockholm, 4 December 2018

**Mr Green & Co AB (publ)**

*The board of directors*

# Tax issues in Sweden

*Below is a summary of certain Swedish tax issues related to the Offer for shareholders in MRG that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide general information only.*

*The summary does not cover:*

- *other shares than ordinary shares in MRG;*
- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *situations where shares are held in an investment savings account (Sw. investeringssparkonto);*
- *the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in MRG that are deemed to be held for business purposes (for tax purposes);*
- *the special rules which in certain cases may be applicable to shares in companies which are or have been so-called closely-held companies or to shares that have been acquired by means of such shares;*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag);*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

*Further, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend to some extent on the holder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences relating to the holder's particular circumstances that could arise from the Offer, including the applicability and effect of foreign tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation.*

## **Taxation in Sweden upon disposal of shares in MRG**

For shareholders in MRG that accept the Offer and thereby dispose of their shares in MRG, a liability for capital gains taxation will occur. The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*).<sup>1)</sup> As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares, such as the

ordinary shares in MRG. This method means that the acquisition value may be determined as 20 per cent of the consideration less selling expenses.

## **Private individuals**

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30 per cent. Capital losses on listed shares, such as the ordinary shares in MRG, are fully deductible against taxable capital gains on shares in the same year, as well as on listed securities taxed as shares (however not

1) For shareholders in MRG who participated in the split and automatic redemption in 2014, 2016 and 2018 the Swedish Tax Agency has published guidelines on how to calculate the acquisition value of the shares, please see SKV A 2018:24, SKV A 2016:2, and SKV A 2014:22.

mutual funds, (Sw. *värdepappersfonder*), or hedge funds, (Sw. *specialfonder*), containing Swedish receivables only, (Sw. *räntefonder*). Capital losses not absorbed by these set-off rules are deductible at 70 per cent in the capital income category. Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 per cent of the net loss that does not exceed SEK 100,000 and 21 per cent of any remaining net loss. A net loss cannot be carried forward to future tax years.

### Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22 per cent.<sup>1)</sup> Capital gains and capital losses are calculated in the same way as described for private individuals above. Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilized during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons, e.g. investment companies.

### Shareholders not resident in Sweden for tax purposes

Shareholders not resident in Sweden for tax purposes – which are not conducting business through a permanent establishment in Sweden – are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence. According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in MRG, if they have been residents of Sweden for tax purposes due to a habitual abode or continuous stay in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

1) The corporate income tax rate will be reduced to 21.4 per cent as of 1 January 2019.

# Addresses

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