

Q2

INTERIM REPORT
JANUARY – JUNE 2016



* Please note that this is a translation for information purposes only – in case of any discrepancies between this version and the Swedish, the Swedish version shall prevail.

NETENT
BETTER GAMING™

Q2

INTERIM REPORT JANUARY–JUNE 2016

Second quarter 2016

- Revenues for the second quarter increased by 29.8% to SEK 352.1 (271.2) million
- Operating profit amounted to SEK 122.4 (92.7) million, an increase of 32.1%
- Operating margin was 34.8 (34.2)%
- Profit after tax amounted to SEK 113.5 (86.5) million, an increase of 31.1%
- Earnings per share amounted to SEK 0.47 (0.36) after dilution
- 12 new customer agreements were signed, 6 new customers' casinos were launched

First six months 2016

- Revenues for the first six months increased by 31.7% to SEK 697.4 (529.5) million
- Operating profit amounted to SEK 250.5 (174.5) million, an increase of 43.6%
- Operating margin was 35.9 (33.0)%
- Profit after tax amounted to SEK 235.2 (160.7) million, an increase of 46.3%
- Earnings per share amounted to SEK 0.98 (0.67) after dilution
- 21 new customer agreements were signed and 14 new customers' casinos were launched

Important events in the second quarter

- NetEnt games went live with Tropicana in New Jersey
- Gaming licenses obtained in Romania
- Customer agreement signed with Rank Group
- NetEnt won prestigious awards at the eGR B2B Awards
- Distribution of SEK 320.2 million to shareholders and share split 6:1

Quote from Per Eriksson, President and CEO

- "The second quarter featured strong demand for our products and strong growth. Revenues increased by 30 percent and operating profit rose by 32 percent. The operating margin was 34.8 percent, which was an improvement compared to the previous year. I am optimistic going into the second half of 2016 – the conditions look good for continued strong growth."*

Summary in figures (kSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating revenues	352,068	271,215	697,418	529,501	1,132,425
Operating expenses	-229,665	-178,527	-446,879	-354,990	-730,814
Operating profit	122,403	92,688	250,539	174,511	401,611
<i>Operating margin</i>	<i>34.8%</i>	<i>34.2%</i>	<i>35.9%</i>	<i>33.0%</i>	<i>35.5%</i>
Cash flow from operating activities	158,034	125,357	286,804	228,435	488,761
Cash flow for the period	-216,969	-105,467	-134,573	-35,992	152,480
Cash and cash equivalents at end of period	275,358	219,265	275,358	219,265	402,058

Comments from Per Eriksson, President and CEO

Revenues and operating profit for the second quarter amounted to SEK 352 million and SEK 122 million, respectively. Compared to the same period last year, revenues increased by 30 percent and operating profit rose by 32 percent. The second quarter featured strong demand for our products and strong growth. The number of gaming transactions in our systems amounted to a full 8.8 billion in the second quarter, representing growth of 36 percent compared to last year. The operating margin was 34.8 percent in the second quarter, which was an improvement compared to the previous year.

NetEnt continues to drive the digital casino market with innovative, cutting-edge gaming solutions and entertaining games that are best-in-class. In yet another sign of appreciation, we won several prestigious trophies at the eGR B2B Awards in London – in the categories Innovation in Mobile, RNG Casino Supplier and Innovation in Slot Provision. Mobile live casino is an innovative product that we have recently started to launch in a beta version with some of our customers, and it has been very well received by both operators and players. Mobile gaming continues to be an important growth driver for us. Revenues from mobile doubled compared to the same period last year and accounted for 37 percent of revenues in the second quarter.

We signed 12 new customer agreements and launched six new customers' casinos in the second quarter, among which was Tropicana in New Jersey, USA. We continue to see high levels of activity with our games in New Jersey and hope to see more US states follow suit and open up for online gaming. Recently, encouraging steps in the right direction have been taken by lawmakers in Pennsylvania and Michigan.

Great Britain continues to be one of our most important markets, where we keep seeing strong growth. In June, we signed a license agreement with Rank Group, one of the largest gaming operators in Europe with a strong market position in the UK. It is difficult to assess how online gaming demand will be affected by Brexit going forward. In the short term, we see mainly currency effects as we invoice most of our UK customers in British pounds. However, since the UK referendum, weakness in the Swedish krona against the euro has compensated for the weaker pound.

At NetEnt we want to be a role model for the IT and gaming industries when it comes to diversity and gender balance, because we believe it creates better conditions for innovation and growth. Our target is to achieve a 50/50 gender balance for the entire Company by 2020. Therefore, we were really pleased by the number of awards and nominations received at this year's Women in Gaming Awards in London in May as well as our ranking number 14 in AllBright's annual review of all the listed companies on the Stockholm Stock Exchange.

I am optimistic going into the second half of 2016 – the conditions look good for continued strong growth.

*Per Eriksson, President and CEO,
NetEnt*



Future outlook

Growth

NetEnt sees growing demand for the Company's products. Several investments related to new markets and gaming solutions have been carried out in the past years. With this in mind, NetEnt's ambition is to achieve continued strong sales growth in 2016.

Costs and investments

NetEnt's cost base increases as the Company grows. In order to meet growing demand for the Company's products, there is an ongoing need to increase the number of employees in the Company in 2016. NetEnt continues to create more games and develop its platform, adapt the Company to new regulated markets and integrate new customers. The Company is also opening a new game development studio in Krakow and moving to larger offices in Stockholm. Taken together, the Company foresees higher costs and larger investments in 2016 than in the previous year.

New agreements and customers

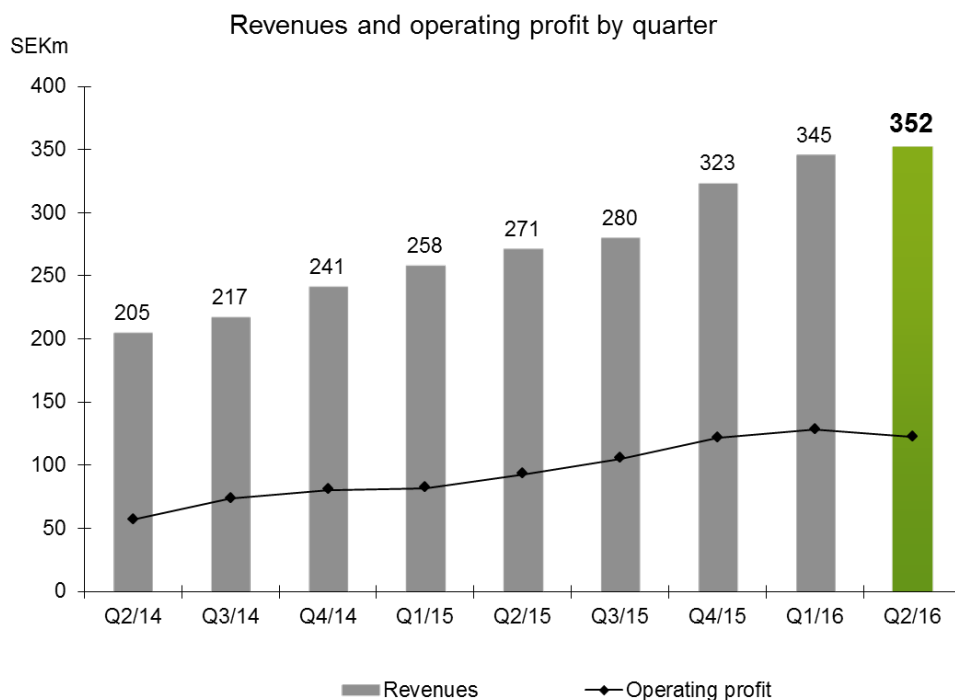
In the second quarter, 12 new license agreements were signed and six new customers' casinos were launched.

Customers to be launched

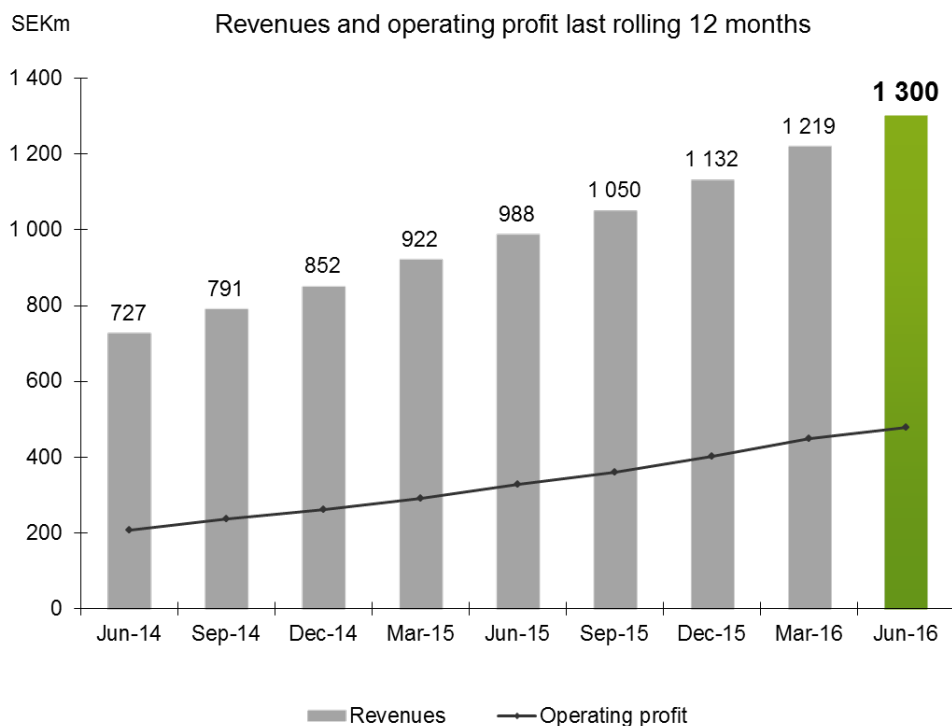
At the end of the second quarter, the Company held agreements with 31 new customers that had not yet launched, including Rank Group in the UK.

Revenues and profitability

Revenues and operating profit by quarter are shown in the chart below.



Revenues and operating profit for the last rolling twelve months is presented below.



Revenues – volume, price and currency development in the second quarter

Revenues amounted to SEK 352.1 (271.2) million in the second quarter, an increase of 29.8 percent compared to the corresponding period in 2015 (30.2 percent in euro terms). The revenue increase was driven by a combination of growth from existing customers, new games and new customers. 12 new customer agreements were signed and six new customers went live during the quarter. The average royalty level was stable in the second quarter compared to last year.

The number of game transactions amounted to 8.8 billion in the second quarter, representing an increase of 36.2 percent compared to the previous year. The increased number of game transactions is primarily a result of underlying market growth in combination with newly launched customers, but also depends on what type of game is most popular. Slot games represented 88 percent of game win (player bets minus player wins) in the second quarter.

Revenues are affected by the development of the Swedish krona in relation to other currencies. The main part of revenues is invoiced and accounted for in euros, then translated and reported in Swedish krona. During the second quarter of 2016, the Swedish krona strengthened by 0.3 percent against the euro compared to the same period last year and by 0.5 percent compared to the previous quarter.

Costs and profitability in the second quarter

Operating profit for the second quarter rose by 32.1 percent to SEK 122.4 (92.7) million. Operating expenses increased by 28.6% compared to the previous year due to expansion and strengthening of the organization. The strengthening of the organization is enabled mainly through own personnel but also through external resources in

the form of subcontractors and outsourcing outside of Europe. Personnel expenses increased by 27.3% compared to the same quarter last year. The expansion also leads to increased operating and maintenance costs such as IT costs as well as costs related to entering new markets. Other operating expenses increased by 46.1% in the second quarter, mainly due to a higher number of external consultants, increased marketing activities and increased volume-based royalty costs related to branded games. Depreciation and amortization decreased by 0.1% compared to the previous year. Amortization of development projects is linear with equal amounts each month starting from the launch date while revenues increase gradually with a lag, which means that the positive margin effect from newly launched projects is not immediately visible. Additionally, depreciation and amortization are affected by the development of the Swedish krona versus the euro as they are booked in euros but then translated to SEK for the Group's financial reporting. Except for depreciation and amortization, the main part of the Group's costs occurs in SEK but the share of costs reported in other currencies represented 41 percent in the second quarter of 2016.

The operating margin was 34.8 percent in the second quarter compared to 34.2 percent the previous year. The positive margin development was primarily a result of growing revenues and increased scalability of the business.

Financial items amounted to SEK 1.1 (0.5) million for the second quarter and mainly consist of exchange rate effects on cash and cash equivalents, financial receivables and financial liabilities consisting mainly of intercompany transactions as well as the interest earned on cash and cash equivalents. Exchange rate fluctuations periodically also lead to effects on inter-company balances that are included in the financial items.

The Group had an effective tax rate of 8.1 (7.2) percent in the second quarter. The effective tax rate mainly depends on where – of the countries in which the Company operates - profit is generated and this can vary between reporting periods.

Investments

The Group's investments in intangible assets amounted to SEK 40.7 (25.4) million while investments in property, plant, and equipment totaled SEK 23.6 (10.5) million in the second quarter.

Investments in intangible assets consist of development of new games for mobile units and desktop, technical adjustments of the platform such as new functionality, increased capacity, adjustments related to regulatory requirements and software licenses. Notable larger development projects in the second quarter were the development of a mobile solution for live casino, the ongoing platform upgrade and games development.

The growing number of customers and new markets also requires investments in hardware. Investments in property, plant and equipment are primarily made up of servers and other computer hardware to meet new technical standards and sustain capacity and performance as the business expands and new products are being introduced. Investments also include new computer equipment in order to meet the organizational expansion.

Cash and cash equivalents, financing and financial position

The Group's cash flow from operating activities amounted to SEK 158.0 (125.4) million in the second quarter. The increase compared to the previous year is mainly driven by the higher operating profit.

Cash flow from investing activities amounted to SEK -64.4 (-35.9) million in the second quarter. Further details about the investing activities can be found in the section Investments above.

The Group's cash and cash equivalents amounted to SEK 275.4 (219.3) million as of June 30, 2016. The Group's available credit lines were SEK 50 million of which none had been utilized at the end of the quarter. Cash held on behalf of licensees was SEK 63.9 (32.9) million as of June 30, 2016.

Incentive program 2016-2019

The Annual General Meeting on April 21, 2016 resolved to introduce a long-term incentive program intended for all employees within the NetEnt Group. The resolution entailed the issue of a maximum of 1,600,000 share option rights with the right to subscribe for an equal amount of shares in NetEnt AB. As the option subscription period ended in June, 1,448,780 options had been subscribed for, representing 91 percent of the total offer size. The options were issued at SEK 6.58 per option – the fair market value as calculated by Ernst & Young. This resulted in an increase in Group equity by SEK 9.5 million. The strike price for the shares was determined at SEK 109.70 and subscription of shares can be made during the period August 1 to October 1, 2019. In the case of full subscription at the given terms, the Parent Company's equity will increase by SEK 158.9 million. More information about the incentive program can be found on NetEnt's corporate website, at www.netent.com/agm.

Events after the end of the period

No significant events have occurred after the end of the period.

Market

The online gaming market has shown positive growth in recent years. The global gross gaming yield for online gaming, including all game segments, has been estimated at EUR 34.5 billion for 2015, an increase of 8 percent compared to the previous year. The corresponding size for the global online casino market has been estimated at EUR 7.6 billion in 2015, an increase of 9% for the year (*source: H2 Gambling Capital, June 2016*).

Europe is by far the largest gaming market and is expected to represent close to half of the gross gaming yield in the coming years. Deregulation and reregulation of national gaming laws is taking place in many European countries. NetEnt closely monitors the development on all markets that are undergoing regulation. In Spain the online casino market is now regulated and NetEnt was granted local operating licenses and launched games with several operators in 2015. In Great Britain, the largest gaming market in Europe, new regulation was introduced in 2014. As a result of this, all operators offering gaming services to British players need to have a British gaming license and pay gaming taxes in Britain, regardless of where the operator is based. NetEnt obtained local licenses from the UK Gambling Commission in 2015. The Italian market was reregulated a few years ago and NetEnt has developed a close collaboration with the Italian regulator, where both parties are actively trying to get unlicensed operators, with a focus on Italian players, to acquire a local license.

The online gaming markets are regulated in Portugal, Romania and Bulgaria. In Romania, NetEnt has obtained a gaming license, while suppliers don't need a license in the other two aforementioned markets. In 2017, new gaming legislation is expected in the Netherlands and in Czech Republic.

In September 2015, the Swedish government initiated the process to reregulate the online gaming market and a new law proposal is expected to be announced in 2017 and, if approved by the parliament, come into force during 2018.

Today the majority of NetEnt's customers are located in Europe and the Company will continue to focus on the European market, but expansion into North America will also contribute to long-term growth. In the US, a few states have opened up for online gaming: Nevada (poker), Delaware (all games) and New Jersey (all games). Political steps towards reregulation have also been taken in other states, for example in Pennsylvania and Michigan. NetEnt has applied for a license in New Jersey and has been granted transactional waivers to launch games with several operators in the state, while its full license application is being reviewed. In Canada, the market is regulated and open for online casino in several provinces such as Ontario, British Columbia and Quebec. NetEnt is continuously monitoring developments on markets in North America that have regulated or are close to regulating and the Company intends to launch its products on these markets if the conditions are right.

About NetEnt

NetEnt AB (publ) is a leading digital entertainment company, providing premium gaming solutions to the world's most successful online casino operators. Since its inception in 1996, NetEnt has been a true pioneer in driving the market with thrilling games powered by a cutting-edge platform. NetEnt is committed to helping customers stay ahead of the competition, is listed on Nasdaq Stockholm (NET-B) and employs more than 800 people in Stockholm, Malta, Kiev, Krakow, Gothenburg, Gibraltar and New Jersey. For more information, please visit www.netent.com.

Personnel and organization

At the end of the period, the number of employees was 621 (484). Including external resources such as dedicated staff with contract suppliers and subcontractors, NetEnt employed 862 (649) persons. These numbers are defined as the number of full-time employee equivalents for the period.

Parent Company

The Parent Company's revenues amounted to SEK 183.7 (126.9) million and operating profit was SEK 7.0 (0.7) million in the second quarter. The operating margin was 3.8 (0.6) percent. Operating profit is primarily affected by the proportion of the Parent Company's costs that are billed to other Group companies and the intercompany pricing applied. The price level is controlled by independent comparative studies of similar services and can vary over time if the general price level on the market has changed.

Financial items include currency effects on inter-company transactions and dividends. Profit after tax was SEK 8.4 (0.7) million for the period.

Revenues in the Parent Company come from services provided to subsidiaries. Product development costs are not capitalized in the Parent Company as the development projects are ordered and owned by subsidiaries in Malta.

Cash and cash equivalents in the Parent Company amounted to SEK 103.2 (68.6) million at the end of the period.

Investments in property, plant and equipment for the Parent Company amounted to SEK 10.5 (9.9) million and investments in intangible assets were SEK 3.0 (0.8) million for the period, the latter primarily consisting of software investments.

Accounting policies

NetEnt prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. Information according to IAS, 34, Interim Financial Reporting, is provided in notes and elsewhere in the interim report. The new and revised standards, which have been applied as of 2016, have not affected the financial statements of the Group. ESMA's guidelines regarding "alternative performance measures" have been applied as of July 3, 2016, which means that financial measures not defined by IFRS need to be explained. The Parent Company applies the same accounting principles as the Group, with the addition of considering the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The same accounting and valuation principles have been applied as in the 2015 annual report. For further information on the principles, please see the annual report at www.netent.com. Amounts are expressed in kSEK (thousands of Swedish kronor) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year. SEKm stands for millions of Swedish kronor.

Risks and uncertainties

NetEnt's operations are exposed to certain risks that could have a varying impact on earnings or financial position. These can be divided into industry, operational, and financial risks. The management's general view of the risks that may affect operations has not changed compared to the description given in the most recently published annual report. For a detailed description of the risk profile, see NetEnt's 2015 annual report, pages 49-52 and pages 85-86.

Share redemption program and cash distribution to shareholders

On April 21, 2016, the Annual General Meeting resolved to approve the Board's proposal for a share split and automatic redemption procedure, involving a cash distribution to shareholders of SEK 8.00 (5.00) per share corresponding to SEK 320.2 (199.5) million in total. Cash was transferred to the holders of redemption shares on May 30 through Euroclear.

Presentation of interim report

On Thursday, July 14, 2016, at 9.00 a.m. the interim report will be presented by CEO Per Eriksson live via audio webcast. The presentation can be followed in real-time on NetEnt's website at www.netent.com. The dial-in number for the telephone conference is +46 8 56642690 for Sweden and +44 20 30089802 for the UK. The link to the audiocast is: <http://financialhearings.nu/?160714/netent/>

Financial information

NetEnt intends to distribute financial reports on the dates below.

Interim report January – September 2016	October 21, 2016
Year-end report and report for the fourth quarter 2016	February 15, 2017

Financial reports, press releases, and other information are available from the date of publication on NetEnt's website www.netent.com.

The Board of Directors and the CEO certify that the report gives a true and fair view of the operations, position, and results of the Group and Parent Company and describes principal risks and uncertainties facing NetEnt and its group companies.

Stockholm, July 13th, 2016

Vigo Carlund Chairman of the Board	Fredrik Erbing Board Member	Mikael Gottschlich Board Member	Peter Hamberg Board Member
Michael Knutsson Board Member	Pontus Lindwall Board Member	Maria Redin Board Member	Jenny Rosberg Board Member

Per Eriksson
President and CEO

Questions may be directed to

Per Eriksson
President and CEO
Phone: +46 8 5785 4500
per.eriksson@netent.com

Maria Hedengren
CFO
Phone: +46 8 5785 4500
maria.hedengren@netent.com

This interim report has not been subject to special review by the Company's auditor.

Publication

This information is information that NetEnt AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 7:30 CET on July 14, 2016.

Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, exchange rates fluctuations and interest rates and political risks.

Condensed consolidated income statement and statement of total income for the Group

INCOME STATEMENT (kSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Revenues	351,466	270,655	696,127	527,610	1,129,405
Other revenues	602	560	1,291	1,891	3,020
Total operating revenues	352,068	271,215	697,418	529,501	1,132,425
Personnel expenses	-104,941	-82,454	-202,822	-162,432	-334,097
Depreciation, amortization and impairments	-33,883	-33,908	-67,531	-67,468	-138,285
Other operating expenses	-90,841	-62,165	-176,526	-125,090	-258,432
Total operating expenses	-229,665	-178,527	-446,879	-354,990	-730,814
Operating profit	122,403	92,688	250,539	174,511	401,611
Financial items	1,050	513	5,268	65	1,675
Profit before tax	123,453	93,201	255,807	174,576	403,286
Tax on the period's profit	-9,964	-6,665	-20,586	-13,836	-29,294
Profit for the period	113,489	86,537	235,221	160,741	373,992
Earnings per share before dilution (SEK)	0.47	0.36	0.98	0.67	1.56
Earnings per share after dilution (SEK)	0.47	0.36	0.98	0.67	1.56
Average number of shares					
- before dilution	240,130,860	239,440,896	240,130,860	239,440,896	240,130,860
- after dilution	240,246,603	239,440,896	240,286,077	239,440,896	240,130,860
Operating margin	34.8%	34.2%	35.9%	33.0%	35.5%
Effective tax rate	8.1%	7.2%	8.0%	7.9%	7.3%
Profit for the period attributable to Parent Company shareholders	113,489	86,537	235,221	160,741	373,992
STATEMENT OF TOTAL INCOME					
Profit for the period	113,489	86,537	235,221	160,741	373,992
Other total income					
Other total income Items that may be reclassified to net income					
Exchange differences arising from the translation of foreign operations	8,546	-3,435	9,589	-11,758	-20,957
Sum of other total income for the period, net after tax	8,546	-3,435	9,589	-11,758	-20,957
Total income for the period	122,035	83,102	244,810	148,983	353,035

Condensed consolidated balance sheets

ASSETS	2016-06-30	2015-06-30	2015-12-31
Intangible assets	217,985	185,488	183,294
Property, plant, and equipment	99,332	72,768	83,662
Other long-term receivables	18,833	18,434	18,270
Total non-current assets	336,150	276,690	285,226
Accounts receivable	29,551	18,165	35,101
Current tax receivables	3,028	-	5,973
Other receivables	74,003	57,864	63,492
Prepaid expenses and accrued revenues	159,390	115,685	148,322
Funds held on behalf of licensees	63,897	32,890	24,570
Cash and cash equivalents	275,358	219,265	402,058
Total current assets	605,227	443,869	679,516
TOTAL ASSETS	941,377	720,559	964,742

(kSEK)

EQUITY AND LIABILITIES	2016-06-30	2015-06-30	2015-12-31
Share capital	1,205	1,201	1,205
Other capital contributed	90,389	70,990	80,856
Reserves	1,141	751	-8,448
Retained earnings including profit for the period	555,594	427,297	640,548
Total equity	648,329	500,239	714,161
Deferred tax liability	11,894	11,832	11,418
Total long-term liabilities	11,894	11,832	11,418
Accounts payable	33,677	24,397	33,534
Current tax liabilities	34,803	15,476	30,284
Other liabilities	127,714	95,225	90,555
Accrued expenses and prepaid revenues	84,960	73,390	84,790
Total current liabilities	281,154	208,488	239,163
TOTAL EQUITY AND LIABILITIES	941,377	720,559	964,742

Condensed consolidated cash flow statements

(kSEK)	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating profit	122,403	92,688	250,539	174,511	401,611
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	33,883	33,908	67,531	67,468	138,285
Other	-2,998	531	-2,843	604	2,434
Interest received	-	-	1	18	124
Interest paid	-328	-120	-460	-260	-521
Tax paid	-3,509	-3,005	-19,785	-6,259	-12,652
Cash flow from operating activities before changes in working capital	149,451	124,002	294,983	236,082	529,281
Changes in working capital	8,583	1,355	-8,179	-7,647	-40,520
Cash flow from operating activities	158,034	125,357	286,804	228,435	488,761
Acquisition of intangible assets	-40,733	-25,353	-75,799	-48,309	-99,766
Acquisition of property, plant, and equipment	-23,629	-10,526	-34,937	-21,173	-51,439
Cash flow from investing activities	-64,362	-35,879	-110,736	-69,482	-151,205
New issue of shares	-	-	-	-	9,869
Received premium for share option rights	9,533	4,589	9,533	4,589	4,589
Transfer to shareholders	-320,174	-199,534	-320,174	-199,534	-199,534
Cash flow from financing activities	-310,641	-194,945	-310,641	-194,945	-185,076
Cash flow for the period	-216,969	-105,467	-134,573	-35,992	152,480
Cash and cash equivalents at beginning of period	486,537	325,861	402,058	258,057	258,057
Exchange rate differences in cash and cash equivalents	5,790	-1,129	7,873	-2,800	-8,479
Cash and cash equivalents at end of period	275,358	219,265	275,358	219,265	402,058

Condensed consolidated changes in equity

2015	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 2015-01-01	1,201	66,401	12,509	466,090	546,201
Total income for the period Jan-Mar	-	-	-8,323	74,204	65,881
Received premium for share option rights	-	4,589	-	-	4,589
Transfer to shareholders	-	-	-	-199,534	-199,534
Total income for the period Apr-Jun	-	-	-3,435	86,537	83,102
New share issue	3	9,866	-	-	9,869
Total income for the period Jul-Sep	-	-	9,193	97,566	106,759
Total income for the period Oct-Dec	-	-	-18,392	115,686	97,294
Closing equity 2015-12-31	1,205	80,856	-8,448	640,548	714,161

2016	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 2016-01-01	1,205	80,856	-8,448	640,548	714,161
Total income for the period Jan-Mar	-	-	1,043	121,732	122,775
Received premium for share option rights	-	9,533	-	-	9,533
Transfer to shareholders	-	-	-	-320,174	-320,174
Total income for the period Apr-Jun	-	-	8,546	113,489	122,035
Closing equity 2016-06-30	1,205	90,389	1,141	555,594	648,329

There is no minority interest in the Group. Thus, all equity is attributed to the Parent Company's shareholders.

The Company presents some financial measures in this interim report, which are not defined by IFRS. The Company believes that these measures provide valuable additional information to investors and management for evaluating the Company's financial performance and financial position. It should be noted that these measures, as defined, may not be comparable to similarly titled measures used by other companies. These non-IFRS measures should not be considered as substitutes to financial reporting measures prepared in accordance with IFRS. The tables below show measures that are not defined by IFRS.

Consolidated key data and figures for the Group

	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating revenues (kSEK)	352,068	271,215	697,418	529,501	1,132,435
Operating revenues (kEUR)	37,962	29,153	74,998	56,689	121,035
Operating margin (percent)	34.8	34.2	35.9	33.0	35.5
Profit margin (percent)	35.1	34.4	36.7	33.0	35.6
EBITDA margin (percent)	44.4	46.7	45.6	45.7	47.7
Return on equity, rolling 12 months (percent)	63.7	54.6	63.7	54.6	61.2
Equity/assets ratio (percent)	68.9	69.4	68.9	69.4	74.0
Quick ratio (percent)	215.3	212.9	215.3	212.9	284.1
Net interest-bearing liabilities (kSEK) (2)	-275,358	-219,265	-275,358	-219,265	-402,058
Net debt/equity ratio (multiple)	-0.4	-0.4	-0.4	-0.4	-0.6
Average number of employees	604	481	577	472	489
Employees at period's end	621	484	621	484	529
Employees and external resources at period's end	862	649	862	649	718
Earnings per share before dilution (SEK) (2)	0.47	0.36	0.98	0.67	1.56
Earnings per share after dilution (SEK) (2)	0.47	0.36	0.98	0.67	1.56
Equity per share before dilution (SEK)	2.70	2.09	2.70	2.09	2.97
Equity per share after dilution (SEK)	2.70	2.08	2.70	2.08	2.97
Average number of outstanding shares before dilution (3)	240,130,860	239,440,896	240,130,860	239,440,896	240,130,860
Average number of outstanding shares after dilution (3)	240,246,603	239,942,850	240,286,077	239,924,760	240,130,860
Number of outstanding shares at period's end before dilution (2)	240,130,860	239,440,896	240,130,860	239,440,896	240,130,860
Number of outstanding shares at period's end after dilution (2)	241,115,160	240,130,860	241,115,160	240,130,860	240,130,860

(1) A negative figure means that the Group has a net cash position (cash and no interest-bearing liabilities).

(2) Defined by IFRS, proforma after split 6:1 that occurred in May, 2016.

(3) Proforma after split 6:1 that occurred in May, 2016.

Consolidated key data and figures by quarter for the Group

	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2
Operating revenues (SEKm)	352.1	345.4	323.1	279.8	271.2	258.3	241.1	217.2	205.0
Operating revenues (EURm)	38.0	37.0	34.7	29.7	29.2	27.5	26.1	23.6	22.7
Operating profit (SEKm)	122.4	128.1	121.8	105.3	92.7	81.8	80.3	73.4	56.7
Operating margin (percent)	34.8	37.1	37.7	37.6	34.2	31.7	33.3	33.8	27.7
EBITDA-margin (percent)	44.4	46.8	48.8	50.1	46.7	44.7	47.1	48.9	43.6
Growth in SEK vs prior year (percent)	29.8	33.7	34.0	28.8	32.3	37.1	33.8	41.8	37.8
Growth in EUR vs prior year (percent)	30.2	34.5	33.0	25.8	28.2	29.8	27.8	33.8	31.0
Growth in SEK vs prior quarter (percent)	1.9	6.9	15.5	3.2	5.0	7.1	11.0	6.0	8.8
Growth in EUR vs prior quarter (percent)	2.5	6.8	17.0	1.7	5.9	5.6	10.6	3.7	7.2
Cash and cash equivalents (excl. funds held on behalf of licensees, SEKm)	275.4	486.5	402.1	316.8	219.3	325.9	258.1	210.2	119.0
Funds held on behalf of licensees (SEKm)	63.9	2.0	24.6	74.5	32.9	104.9	79.1	55.3	38.3
Equity/assets ratio (percent)	68.9	79.2	74.0	69.2	69.4	67.8	67.9	69.6	66.5
Return on equity rolling 12 months (percent)	63.7	63.2	61.2	59.0	57.6	54.6	54.0	53.7	51.4
Net debt/equity ratio (multiple)	-0.4	-0.6	-0.6	-0.5	-0.4	-0.5	-0.5	-0.5	-0.3
Earnings per share (SEK) (2)	0.47	0.51	0.48	0.41	0.36	0.31	0.32	0.28	0.22
Equity per share (SEK) (3)	2.70	3.49	2.97	2.57	2.09	2.56	2.28	1.92	1.55
Cash flow per share (SEK) (3)	-0.90	0.34	0.39	0.39	-0.44	0.29	0.20	0.38	-0.13
Average number of employees	604	551	516	496	481	466	446	410	390

Reconciliation to IFRS

(SEKm)	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2
EBITDA									
Operating profit	122.4	128.1	121.8	105.3	92.7	81.8	80.3	73.4	56.7
Depreciation & Amortization	33.9	33.6	36.0	34.8	33.9	33.6	33.3	32.7	32.7
EBITDA	156.3	161.8	157.8	140.1	126.6	115.4	113.6	106.1	89.4
Net interest-bearing liabilities									
Interest-bearing provisions	-	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	275.4	486.5	402.1	316.8	219.3	325.9	258.1	210.2	119.0
Net interest-bearing liabilities (1)	-275.4	-486.5	-402.1	-316.8	-219.3	-325.9	-258.1	-210.2	-119.0
Quick ratio									
Total current assets	605.2	756.9	679.2	607.9	443.9	626.1	521.6	409.9	291.8
Total current liabilities	281.2	208.7	239.2	262.8	208.8	278.6	245.4	193.4	177.5
Quick ratio (percent)	215.3	362.8	284.1	231.3	212.9	224.7	212.6	212.0	164.3

- (1) A negative figure means that the Group has a net cash position (cash and no interest-bearing liabilities).
(2) Defined by IFRS, proforma after split 6:1 that occurred in May, 2016.
(3) Proforma after split 6:1 that occurred in May, 2016.

Definitions

Operating profit

Operating revenues minus operating costs.

Operating margin

Operating profit in relation to operating revenues.

Profit margin

Profit after financial items in relation to operating revenues.

EBITDA-margin

Operating profit excluding depreciation and amortization in relation to operating revenues.

Growth in SEK compared to prior year

Percentage change of operating revenues in SEK, compared to the previous year.

Growth in EUR compared to prior year

Percentage change of operating revenues in EUR, compared to the previous year.

Growth in SEK compared to prior quarter

Percentage change of operating revenues in SEK, compared to the previous quarter.

Growth in EUR compared to prior quarter

Percentage change of operating revenues in EUR, compared to the previous quarter.

Average shareholders' equity

Calculated as shareholders' equity at the start of the year, plus outgoing equity at the end of the year, divided by two.

Return on equity

Period's profit/loss (rolling twelve months) in relation to average shareholder equity for last twelve months.

Financial items

Calculated as financial income minus financial expenses, adjusted for currency effects.

Equity/assets ratio

Equity at the end of period as a percentage of total assets at the end of period.

Quick ratio

Current assets in relation to current liabilities.

Net interest-bearing liabilities

Net of interest-bearing provisions and liabilities less financial assets and cash and cash equivalents.

Net debt/equity ratio (multiple)

Net of interest-bearing earnings and liabilities minus financial assets and cash and cash equivalents divided by shareholder's equity.

Average number of employees

The average number of employees during the period, defined as full-time equivalents.

Number of employees at end of period

The number of employees at the end of the period, defined as full-time equivalents.

Number of employees and external resources at end of period

The number of employees and external resources such as dedicated persons with contracted suppliers and subcontractors at the end of the period, defined as full-time equivalents.

Earnings per share before dilution

Profit for the period divided by the average number of shares outstanding during the period, before dilution from options.

Earnings per share after dilution

Profit for the period divided by the average number of shares outstanding during the period, after dilution from options.

Equity per share

Shareholders' equity divided by the number of shares outstanding at the end of the period.

Average number of shares outstanding

The average number of shares outstanding during the period adjusted for bonus issue and share split.

Number of shares outstanding

The number of shares outstanding adjusted for bonus issue and share split.

Condensed Parent Company income statement

INCOME STATEMENT	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating revenues	183,747	126,945	353,902	262,593	539,462
Other external expenses	-77,079	-44,345	-142,520	-87,451	-191,352
Personnel expenses	-92,952	-76,429	-182,594	-150,961	-296,593
Depreciation and amortization	-6,678	-5,456	-12,941	-10,608	-22,391
Operating profit	7,038	715	15,847	13,573	29,126
Financial items	4,044	356	9,123	941	408,814
Transfer to untaxed reserves	-	-	-	-	3,703
Profit before tax	11,082	1,071	24,970	14,514	441,643
Tax on the period's profit	-2,636	-300	-5,668	-3,408	-8,758
Profit for the period	8,446	771	19,302	11,106	432,885

(kSEK)

STATEMENT OF TOTAL INCOME

Profit for the period	8,446	771	19,302	11,106	432,885
Other total income	-	-	-	-	-
Sum of other total income for the period, net after tax	-	-	-	-	-
Total income for the period	8,446	771	19,302	11,106	432,885

Condensed Parent Company balance sheet

ASSETS	2016-06-30	2015-06-30	2015-12-31
Intangible assets	7,790	10,880	8,511
Property, plant, and equipment	30,629	30,214	29,296
Shares in subsidiaries	2,308	2,308	2,308
Total non-current assets	40,727	43,402	40,115
Accounts receivable	1	1	1
Receivables from Group companies	101,104	61,593	473,461
Current tax receivables	3,028	5,459	5,973
Other receivables	24,054	8,201	10,568
Prepaid expenses and accrued revenues	27,003	16,044	12,415
Cash and cash equivalents	103,234	68,597	82,107
Total current assets	258,424	159,895	584,525
TOTAL ASSETS	299,151	203,297	624,640

(kSEK)

EQUITY AND LIABILITIES	2016-03-31	2015-03-31	2015-12-31
Share capital	1,205	1,201	1,205
Statutory reserve	38	38	38
Share premium reserve	55,500	11,488	45,967
Retained earnings	88,098	-	-24,613
Profit for the period	19,302	11,106	432,885
Total equity	164,143	23,833	455,482
Untaxed reserves	27,649	31,352	27,649
Accounts payable	28,638	19,108	25,011
Liabilities to Group companies	1,208	66,755	51,471
Other liabilities	6,238	5,169	5,408
Accrued expenses and prepaid revenues	71,275	57,080	59,619
Total current liabilities	107,359	148,112	141,509
TOTAL EQUITY AND LIABILITIES	299,151	203,297	624,640

Netent's business idea

NetEnt operates in the digital entertainment industry and its business idea is to develop premium games and system solutions that enable online casino operators to offer their players the ultimate gaming experience.

Netent's business model

NetEnt is a B2B company developing and distributing premium software (games and gaming solutions) to online casino operators globally. Revenues are generated according to a licensing model based on revenue-sharing with customers. Customers, the gaming operators, pay a monthly license fee to NetEnt, which is based on a certain percentage share of the gross game win that is generated in the customers' online casinos. NetEnt takes responsibility for all technical operations such as monitoring gaming transactions for its customers, known as hosting, so that the operators can focus on their core operations. NetEnt also plays an active part in the integration work for new customers.

Netent's strategies

NetEnt continuously develops its offering to be at the forefront in terms of technology, innovation and quality. The Company shall be a close business partner for its customers and the growth strategy is based on growth through both existing and new customers, new products, services and new markets. NetEnt shall participate in the re-regulation of the gaming market and expand globally on prioritized markets. Europe is top priority, followed by North America and Asia. NetEnt constantly aims to optimize efficiency in all parts of the operations and shall attract, preserve and develop core expertise. The Company strives to have a corporate culture that supports fast growth and should be ready to invest in new business opportunities.

NetEnt's products

NetEnt offers a comprehensive gaming system comprising a full suite of world-class casino games and a powerful technological platform. The games are of high quality and provide players with an ultimate gaming experience, while the platform manages over two billion transactions per month. The product also includes an advanced administration tool that enables the operator to develop successful casino operations. The gaming system is tailored to each licensee so the games form a natural, integral part of the operator's gaming site. NetEnt's game portfolio comprises almost 200 games in categories such as Video Slots, Branded Games, Live Casino, Table Games, Pooled Jackpots, Video Poker, Mini Games and Lottery/other. The games are offered in various channels such as desktop, tablets and mobile phones. Three new games that were released in the second quarter are *Jimi Hendrix*, *Football: Champions Cup* och *Theme Park: Tickets of Fortune*.

