

Q2

INTERIM REPORT
JANUARY-JUNE 2017



* 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 2017

Second quarter 2017

- Revenues for the second quarter increased by 15.5% to SEK 407 (352) million
- Operating profit amounted to SEK 145 (122) million, an increase of 18.5%
- Operating margin was 35.7 (34.8)%
- Profit after tax amounted to SEK 134 (113) million, an increase of 17.9%
- Earnings per share amounted to SEK 0.56 (0.47) before and after dilution
- 6 new customer agreements were signed and 8 new customers' casinos were launched

First six months 2017

- Revenues for the first six months increased by 15.4% to SEK 805 (697) million
- Operating profit amounted to SEK 281 (251) million, an increase of 12.2%
- Operating margin was 35.0 (35.9)%
- Profit after tax amounted to SEK 258 (235) million, an increase of 9.6%
- Earnings per share amounted to SEK 1.07 (0.98) before and after dilution
- 21 new customer agreements were signed and 14 new customers' casinos were launched

Important events in the second quarter

- A supplier license was obtained in British Columbia, Canada
- Games were launched on the regulated market in Serbia
- Table games were introduced for customers in Spain
- Cash distribution of SEK 540 million (2.25 kr/share) to shareholders

Quote from Per Eriksson, President and CEO

- "The quarter featured continued solid growth, higher profitability and a strong cash flow. The most important growth drivers were mobile games, Great Britain and Italy. During June, mobile games contributed more than half of our revenues while Britain was our largest geographic market for the quarter. For the second half of 2017, we see conditions for continued solid growth."*

Summary in figures (kSEK)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating revenues	406,634	352,068	804,510	697,418	1,455,101
Operating expenses	-261,646	-229,665	-523,285	-446,879	-919,152
Operating profit	144,988	122,403	281,224	250,539	535,949
Operating margin	35.7%	34.8%	35.0%	35.9%	36.8%
Cash flow from operating activities	184,253	158,034	336,530	286,804	624,213
Cash flow for the period	-405,830	-216,969	-326,730	-134,573	79,122
Cash and cash equivalents at end of period	168,923	275,358	168,923	275,358	494,497

Comments by Per Eriksson, President and CEO

Solid revenue growth and higher operating profit

NetEnt's revenues increased by 15.5 percent and the operating profit increased by 18.5 percent compared to the same quarter last year. The operating margin in the quarter was higher than in the same period last year, mainly driven by growth in revenues. We signed agreements with six new customers and launched our games with eight new customers. The number of gaming transactions in our systems amounted to 10.1 billion during the quarter, corresponding to an increase of 14.4 percent compared to the second quarter of last year. At the same time, the royalty level for our products remained stable. Mobile gaming continues to contribute to our growth and accounted for more than half of our revenues in June. NetEnt continues to generate strong cash flows – in the second quarter free cash flow after investments amounted to 131 SEKm, an increase of 39.8 percent compared to Q2 2016. At the end of May, 540 SEKm of cash was distributed to shareholders through an automatic redemption program. The cash flow generation of our business gives us financial flexibility to invest in future growth while we continue to aim for significant cash returns to our shareholders.

Expansion on regulated markets

Regionally, Great Britain and Italy contributed the most to our growth in the quarter. Overall, Great Britain was our largest market in the quarter and we continue to see great potential for market share gains in the coming years as we are working even harder to expand in this market. In Italy, all our game traffic now takes place through licensed operators. Revenue growth in Sweden was relatively slower, which can be explained by our high market share and the maturity of the market. I am very pleased that we continue to see fast growth in regulated markets such as Denmark, Belgium, Spain and New Jersey. The launch of table games in Spain during the quarter will support continued solid growth for us in this promising market. In the US, our operations in New Jersey continue at full speed while we also closely monitor developments in other states that could potentially open up for online casino, such as Pennsylvania and Illinois.

Awards and new popular games

The key to our growth is our attractive product offering with new thrilling games and innovative gaming solutions for online casinos. In June, we won several prestigious awards at the EGR B2B Awards in London, in the categories *Mobile supplier*, *RNG casino supplier* and *Innovation in RNG casino software*. Four new games released in the quarter are *Hansel and Gretel*, *Copy Cats*, *Butterfly Staxx* and *Scruffy Duck*. At the end of August we will release *emoji planet™*, the much-awaited branded game that is based on the popular emoji symbols used in digital communication globally by people across all age categories. Like we have said before, we will step up the pace of new game releases going forward. This will be seen in the second half of this year, when we will also launch three branded games. Live Casino remains an interesting area for us and our ongoing mobile product enhancements – with live player rewards being the latest added feature – have been much appreciated by our customers.

Future outlook

The future outlook remains bright and for the remainder of 2017, we see conditions for continued solid growth supported by new games, increasing market shares in the UK, mobile growth, many new customers to launch and our expansion in North America. We continue to hire more employees and develop our platform. We strengthen the organization to increase our output capacity, enter more regulated markets and integrate a large number of new customers. With this in mind, we foresee an ongoing need to invest during the rest of 2017. We do this to enable continued solid growth with increasing economies of scale for NetEnt going forward.



*Per Eriksson,
President and CEO*

New agreements and customers

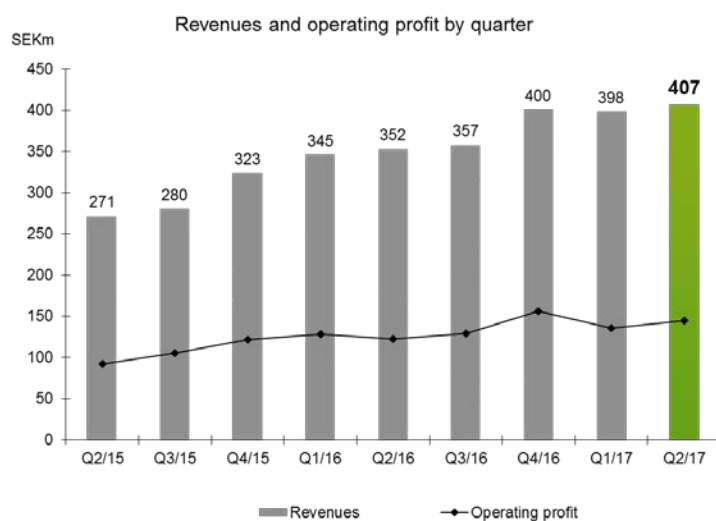
In the second quarter, six new license agreements were signed and eight new customers' casinos were launched.

Customers to be launched

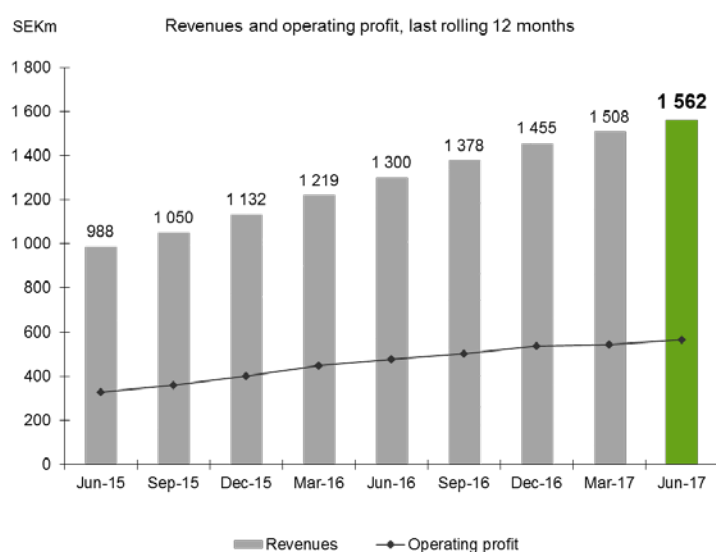
At the end of the second quarter, NetEnt held agreements with 36 new customers that had not yet been launched.

Revenues and profitability

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



Revenues and operating profit for the last rolling 12 months are illustrated below.



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

Total revenues amounted to SEK 406.6 (352.1) million in the second quarter, an increase of 15.5 percent compared to the corresponding period in 2016 (10.5 percent in euro terms). The revenue increase was driven by a combination of growth from existing customers and revenues from new customers. Six new customer agreements were signed and eight new customers were launched during the quarter.

The number of game transactions amounted to 10.1 billion in the second quarter, representing an increase of 14.4 percent compared to same quarter of the previous year. The increased number of game transactions is primarily driven by a combination of growth from existing customers and newly launched customers. Nearly all of the Company's revenues consist of royalty fees, which are calculated and charged as a percentage of game win (player bets minus wins) generated by NetEnt's games for its customers. The average royalty level was stable in the second quarter compared to the previous year.

Slot games represented 90 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, particularly EUR and GBP. The main part of revenues is invoiced and accounted for in euros, then translated and reported in Swedish krona. During the second quarter of 2017, the Swedish krona weakened by 4.4 percent against the euro compared to the same period in the previous year and by 1.9 percent compared to the previous quarter, which had a positive effect on the reported growth in SEK. The British pound weakened by 4.5 percent against the krona compared to the same quarter of last year but strengthened by 1.9 percent compared to the previous quarter.

Costs and profitability in the second quarter

Operating profit in the second quarter rose by 18.5 percent to SEK 145.0 (122.4) million. Operating expenses increased by 13.9 percent compared to the second quarter of 2016 due to expansion and strengthening of the organization. The organization is being strengthened mainly with own personnel but also through external resources in the form of subcontractors and outsourcing outside of Europe. Personnel expenses increased by 12.2 percent 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 14.9% in the second quarter compared to the corresponding quarter last year. Depreciation and amortization increased by 16.9% 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 SEK versus EUR as they are booked in EUR and 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 43 percent in the second quarter of 2017.

The operating margin was 35.7 percent in the second quarter compared to 34.8 percent in the corresponding period of the previous year.

Financial items amounted to SEK 2.1 (1.1) million for the second quarter and mainly consist of exchange rate effects on cash and cash equivalents, financial receivables and financial liabilities consisting primarily 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 9.0 (8.1) percent in the second quarter. The effective tax rate mainly depends on in which of the countries where the Company operates that profit is generated and this can vary between reporting periods.

Seasonal variations

The first and second quarters are normally not characterized by any seasonal effects. The third quarter is usually affected by vacations, which often leads to somewhat lower increases in both revenues and personnel costs, while historically the fourth quarter has featured higher sales volumes.

Investments

The Group's investments in intangible assets amounted to SEK 40.0 (40.7) million while investments in property, plant, and equipment totaled SEK 13.4 (23.6) 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 ongoing platform enhancement and new games development, including projects related to Live Casino.

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 IT equipment to meet the organizational expansion.

Cash and cash equivalents, financing and financial position

The Group's cash flow from operating activities amounted to SEK 184.3 (158.0) million in the second quarter. The increase compared to the previous year was mainly driven by higher operating profit.

Cash flow from investing activities amounted to SEK -53.3 (-64.4) million in the second quarter. Further details about the investing activities can be found in the section about investments above.

The Group's cash and cash equivalents amounted to SEK 168.9 (275.4) million at the end of the period. 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 130.0 (63.9) million on June 30, 2017.

Incentive program 2017-2020

The Annual General Meeting on April 21, 2017, resolved to introduce a long-term incentive program intended for all employees within the NetEnt Group. A total of 722,000 options were issued, with the right to subscribe to an equal amount of new shares in NetEnt AB. The options were issued at SEK 5.05 per option, the fair market value as calculated by Ernst & Young, which resulted in an increase in Group equity by SEK 3.6 million. The strike price for the shares was determined at SEK 92.40 and subscription of shares can be made during the period August 1 to October 1, 2020. In the case of full subscription at the given terms, the Parent Company's equity will increase by SEK 66.7 million. More information about the incentive program can be found on NetEnt's corporate website, at www.netent.com/agm.

Summary of the first six months 2017

Revenues during the period of January-June 2017 amounted to SEK 804,5 (697.4) million, an increase of 15.4 percent (11.8 percent in euros) compared to the same period in 2016. Operating profit amounted to SEK 281.2 (250.3) million and the operating margin was 35.0 (35.9) percent. Growing volumes compared to the same period last year led the revenue increase, supported by the launch of several successful games in combination with volume growth from mobile games as well as new markets. NetEnt signed 21 new license agreements during the six-month period while 14 new customers were launched.

Operating costs increased during the first six months compared to last year due to expansion and strengthening of the organization within areas such as sales, product management, development and operations. Further, NetEnt's growing presence on regulated markets also leads to increasing costs. Depreciation and amortization increased compared to last year, as several larger development projects have been completed, for example within Live Casino and platform development.

The Group's acquisitions of intangible assets amounted to SEK 76.8 (75.8) million for the first six months. Investments in property, plant, and equipment amounted to SEK 49.7 (34.9) million.

The Group's cash flow from operating activities for the first six months amounted to SEK 336.5 (286.8) million. Cash flow from financing activities amounted to SEK -536.7 (-310.6) million and the main item was ordinary cash distribution to shareholders in the form of an automatic redemption program.

Events after the end of the period

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

Market

The online gaming market has shown positive growth in recent years. The global game win for online gaming, including all game segments, has been estimated at EUR 39.8 billion for 2016, an increase of 10 percent compared to the previous year. The corresponding size for the global online casino market has been estimated at EUR 10.0 billion in 2016, an increase of 7 percent for the year (*source: H2 Gambling Capital, June 2017*).

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. The online gaming markets have recently been regulated in Portugal, Romania and Bulgaria. In Romania, NetEnt obtained a gaming license and launched its games with several operators during 2016. In Bulgaria and Portugal, NetEnt games were certified and launched with customers in 2016. New gaming legislation is expected in the Netherlands and Czech Republic during 2017. Online gaming is regulated in Spain, where NetEnt holds a gaming license and its games have been available with several customers since 2015. In Great Britain, the largest gaming market in Europe, new regulation was introduced in 2014. As a result, 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. In Italy, all of NetEnt's game traffic now takes place through licensed operators. The market in Denmark was regulated in 2012 and NetEnt's games are offered through several operators, including Danske Spil.

In Sweden, the gaming commission presented its proposal for new gaming legislation in March and according to the government, the new legislation shall be introduced in the beginning of 2019.

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 is also expected to contribute to long-term growth. In the US, a few states have opened 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 Illinois. 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. NetEnt is continuously monitoring developments in other US states that are close to regulating and the Company intends to launch its products on these markets if the conditions are right. In Canada, the market is regulated and open for online casino in several provinces such as Ontario, British Columbia and Quebec. As a first step to enter Canada, NetEnt has applied for and obtained a license in British Columbia.

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 900 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 744 (621). Including external resources such as dedicated staff with contract suppliers and subcontractors, NetEnt employed 963 (862) persons. These numbers are defined as the number of full-time employee equivalents for the period.

Parent Company

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.

The Parent Company's revenues amounted to SEK 206.3 (183.7) million and operating profit was SEK 12.5 (7.0) million in the second quarter. The operating margin was 6.1 (3.8) 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 intercompany transactions and dividends. Profit after tax was SEK 11.9 (8.4) million for the quarter.

Investments in property, plant and equipment for the Parent Company amounted to SEK 6.0 (10.5) million and investments in intangible assets were SEK 0.5 (3.0) million for the period, the latter primarily consisting of software investments. Cash and cash equivalents in the Parent Company amounted to SEK 44.0 (103.2) million at the end of the period.

Accounting policies

NetEnt prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The new and revised standards, which have been applied as of 2017, have not affected the financial statements of the Group. More information regarding the transition to the new standard "IFRS 15 – Revenues from contracts with customers" can be found in the Annual report for 2016. 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 2016 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 2016 annual report, pages 58-61 and pages 98-99.

Share redemption program and cash distribution to shareholders

On April 21, 2017, 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 2.25 (1.33) per share corresponding to SEK 540.3 (320.2) million in total. Cash was transferred to the holders of redemption shares at the end of May through Euroclear.

Presentation of earnings report

On Thursday, July 13, 2017, at 9.00 a.m. the interim report will be presented by CEO Per Eriksson live via webcast. The presentation can be followed in real-time on NetEnt's website at <https://www.netent.com/en/section/invest/>.

Financial information

NetEnt intends to distribute financial reports on the dates below.

Interim report January – September 2017	October 27, 2017
Earnings report and report for the fourth quarter 2017	February 15, 2018

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 12th, 2017

Vigo Carlund Chairman of the Board	Fredrik Erbing Board Member	Maria Hedengren 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

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This earnings and quarterly 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 13, 2017.

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 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Revenues	401,108	351,466	797,366	696,127	1,452,158
Other revenues	5,526	602	7,143	1,291	2,943
Total operating revenues	406,634	352,068	804,509	697,418	1,455,101
Personnel expenses	-117,719	-104,941	-231,592	-202,822	-409,014
Depreciation, amortization and impairments	-39,594	-33,883	-76,552	-67,531	-138,894
Other operating expenses	-104,333	-90,841	-215,141	-176,526	-371,244
Total operating expenses	-261,646	-229,665	-523,285	-446,879	-919,152
Operating profit	144,988	122,403	281,224	250,539	535,949
Financial income	2,673	1,378	1,270	5,728	35,739
Financial expense	-566	-328	-1,046	-460	-26,161
Financial items	2,107	1,050	224	5,268	9,578
Profit before tax	147,095	123,453	281,448	255,807	545,527
Tax on the period's profit	-13,236	-9,964	-23,605	-20,586	-41,115
Profit for the period	133,859	113,489	257,843	235,221	504,412
Earnings per share before dilution (SEK) ⁽¹⁾	0.56	0.47	1.07	0.98	2.10
Earnings per share after dilution (SEK) ⁽¹⁾	0.56	0.47	1.07	0.98	2.10
Average number of shares outstanding ⁽¹⁾					
- before dilution	240,130,860	240,130,860	240,130,860	240,130,860	240,130,860
- after dilution	240,131,415	240,246,603	240,143,804	240,286,077	240,198,134
Profit for the period attributable to Parent Company shareholders	133,859	113,489	257,843	235,221	504,412
STATEMENT OF TOTAL INCOME					
Profit for the period	133,859	113,489	257,843	235,221	504,412
Other total income					
Other total income Items that may be reclassified to net income					
Exchange differences arising from the translation of foreign operations	4,356	8,546	4,585	9,589	15,345
Sum of other total income for the period, net after tax	4,356	8,546	4,585	9,589	15,345
Total income for the period	138,215	122,035	262,428	244,810	519,757

(1) Defined by IFRS, adjusted for split 6:1 that occurred in May, 2016.

Condensed consolidated balance sheets

ASSETS (kSEK)	2017-06-30	2016-06-30	2016-12-31
Intangible assets	285,144	217 985	253,495
Property, plant, and equipment	142,341	99 332	120,546
Other long-term receivables	9,673	18 833	9,567
Total non-current assets	437,158	336 150	383,608
Accounts receivable	33,066	29 551	44,306
Current tax receivables	-	3 028	1,748
Other receivables	75,477	74 003	89,379
Prepaid expenses and accrued revenues	210,694	159 390	213,247
Funds held on behalf of licensees	130,015	63 897	92,398
Cash and cash equivalents	168,923	275 358	494,497
Total current assets	618,175	605 227	935,575
TOTAL ASSETS	1,055,333	941 377	1,319,183
EQUITY AND LIABILITIES (kSEK)	2017-06-30	2016-06-30	2016-12-31
Share capital	1,205	1 205	1,205
Other capital contributed	93,734	90 389	90,189
Reserves	11,482	1 141	6,897
Retained earnings including profit for the period	542,335	555 594	824,785
Total equity	648,755	648 329	923,076
Deferred tax liability	14,455	11 894	14,269
Total long-term liabilities	14,455	11 894	14,269
Accounts payable	32,701	33 677	99,700
Current tax liabilities	39,489	34 803	25,034
Other liabilities	209,529	127 714	164,947
Accrued expenses and prepaid revenues	110,404	84 960	92,157
Total current liabilities	392,123	281 154	381,838
TOTAL EQUITY AND LIABILITIES	1,055,333	941 377	1,319,183

Condensed consolidated cash flow statements

(kSEK)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating profit	144,988	122,403	281,224	250,539	535,949
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	39,594	33,883	76,552	67,531	138,894
Other	44	-2,998	-254	-2,843	-4,155
Interest received	11	-	11	1	30
Interest paid	-566	-328	-1,045	-460	-1,072
Income tax paid	-11,751	-3,509	-17,617	-19,785	-47,889
Cash flow from operating activities before changes in working capital	172,320	149,451	338,871	294,983	621,757
Changes in working capital	11,933	8,583	-2,341	-8,179	2,456
Cash flow from operating activities	184,253	158,034	336,530	286,804	624,213
Acquisition of intangible assets	-39,964	-40,733	-76,847	-75,799	-154,277
Acquisition of property, plant, and equipment	-13,371	-23,629	-49,665	-34,937	-79,862
Cash flow from investing activities	-53,334	-64,362	-126,511	-110,736	-234,139
Issue of new shares					
Received premium for share option rights	3,545	9,533	3,545	9,533	9,528
Repurchase of warrants					-306
Transfer to shareholders	-540,294	-320,174	-540,294	-320,174	-320,174
Cash flow from financing activities	-536,749	-310,641	-536,749	-310,641	-310,952
Cash flow for the period	-405,830	-216,969	-326,730	-134,573	79,122
Cash and cash equivalents at beginning of period	573,460	486,537	494,497	402,058	402,058
FX differences in cash and cash equivalents	1,293	5,790	1,156	7,873	13,317
Cash and cash equivalents at end of period	168,923	275,358	168,923	275,358	494,497

Condensed consolidated changes in equity

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
Received premium for share option rights	-	9,333	-	-	9,333
Transfer to shareholders	-	-	-	-320,174	-320,174
Total income for the period Jan-Dec	-	-	15,345	504,412	519,757
Closing equity 2016-12-31	1,205	90,189	6,897	824,785	923,076

2017	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity 2017-01-01	1,205	90,189	6,897	824,785	923,076
Total income for the period Jan-Mar	-	-	229	123,984	124,214
Received premium for share option rights	-	3,545	-	-	-
Transfer to shareholders	-	-	-	-540,294	-540,294
Total income for the period Apr-Jun	-	-	4,356	133,859	138,215
Closing equity 2017-06-30	1,205	93,734	11,482	542,335	648,755

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 some measures that are not defined by IFRS.

Consolidated key data and figures for the Group

	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Financial measures defined by IFRS:					
Operating revenues (kSEK)	406,634	352,068	804,509	697,418	1,455,101
Earnings per shares before dilution (SEK) (2)	0.56	0.47	1.07	0.98	2.10
Earnings per shares after dilution (SEK) (2)	0.56	0.47	1.07	0.98	2.10
Average number of outstanding shares before dilution (2)	240,130,860	240,130,860	240,130,860	240,130,860	240,130,860
Average number of outstanding shares after dilution (2)	240,131,415	240,246,603	240,143,804	240,286,077	240,198,134
Number of outstanding shares at period's end before dilution (2)	240,130,860	240,130,860	240,130,860	240,130,860	240,130,860
Number of outstanding shares at period's end after dilution (2)	241,073,160	241,115,160	241,073,160	241,115,160	241,073,160
Alternative Performance Measures:					
Operating revenues (kEUR)	41,962	37,962	83,815	74,998	153,647
Operating margin (percent)	35.7	34.8	35.0	35.9	36.8
EBITDA margin (percent)	45.4	44.4	44.5	45.6	46.4
Effective tax rate (percent)	9.0	8.1	8.4	8.0	7.5
Return on equity, rolling 12 months (percent)	62.0	63.7	62.0	63.7	63.3
Equity/assets ratio (percent)	61.5	68.9	61.5	68.9	70.0
Quick ratio (percent)	157.6	215.3	157.6	215.3	245.0
Net interest-bearing liabilities (kSEK) (1)	-168,923	-275,358	-168,923	-275,358	-494,497
Net debt/equity ratio (multiple)	-0.3	-0.4	-0.3	-0.4	-0.5
Equity per share before dilution (SEK)	2.70	2.70	2.70	2.70	3.84
Equity per share after dilution (SEK)	2.70	2.70	2.70	2.70	3.84
Average number of employees	741	604	729	577	618
Employees at period's end	744	621	744	621	680
Employees and external resources at period's end	963	862	963	862	892

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

(2) Adjusted for split 6:1 that occurred in May, 2016.

Consolidated key data and figures by quarter for the Group

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Financial measures defined by IFRS:									
Operating revenues (kSEK)	406.6	397.9	400.3	357.4	352.1	345.4	323.1	279.8	271.2
Cash and cash equivalents (3) (SEKm)	168.9	573.5	494.5	412.8	275.4	486.5	402.1	316.8	219.3
Funds held on behalf of licensees (SEKm)	130.0	86.0	92.4	102.9	63.9	2.0	24.6	74.5	32.9
Alternative Performance Measures:									
Operating revenues (EURm)	42.0	41.9	41.1	37.5	38.0	37.0	34.7	29.7	29.2
Operating profit (SEKm)	145.0	136.2	156.0	129.4	122.4	128.1	121.8	105.3	92.7
Operating margin (percent)	35.7	34.2	39.0	36.2	34.8	37.1	37.7	37.6	34.2
EBITDA margin (percent)	45.4	43.5	48.1	45.9	44.4	46.8	48.8	50.1	46.7
Growth in SEK vs prior year (percent)	15.5	15.2	23.9	27.7	29.8	33.7	34.0	28.8	32.3
Growth in EUR vs prior year (percent)	10.5	13.0	18.5	26.6	30.2	34.5	33.0	25.8	28.2
Growth in SEK vs prior quarter (percent)	2.2	-0.6	12.0	1.5	1.9	6.9	15.5	3.2	5.0
Growth in EUR vs prior quarter (percent)	0.3	1.8	9.5	-1.1	2.5	6.8	17.0	1.7	5.9
Equity/assets ratio (percent)	61.5	74.6	70.0	68.9	68.9	79.2	74.0	69.2	69.4
Return on equity rolling 12 months (percent)	62.0	59.6	63.3	63.1	63.7	63.2	61.2	59.0	57.6
Net debt/equity ratio (multiple)	-0.3	-0.5	-0.5	-0.5	-0.4	-0.6	-0.6	-0.5	-0.4
Share price at end of period (2)	73.65	72.00	70.30	78.50	83.00	76.40	82.42	77.58	53.67
Earnings per share after dilution (SEK) (2)	0.56	0.52	0.62	0.50	0.47	0.51	0.48	0.41	0.36
Book equity per share (SEK) (2)	2.70	4.36	3.84	3.25	2.70	3.49	2.97	2.57	2.09
Cash flow from operations per share (SEK) (2)	0.77	0.63	0.66	0.74	0.66	0.54	0.58	0.51	0.52
Average number of employees	741	717	674	641	604	551	516	496	481

Reconciliation to IFRS

(SEKm)	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
EBITDA									
Profit for the period	133.8	124.0	150.0	119.2	113.5	121.7	115.7	97.6	86.5
Tax on profit for the period	13.2	10.4	10.2	10.4	10.0	10.6	7.3	8.1	6.7
Financial items	-2.1	1.9	-4.2	-0.2	-1.1	-4.2	-1.2	-0.4	-0.5
Depreciation & Amortization	39.6	37.0	36.6	34.7	33.9	33.6	36.0	34.8	33.9
EBITDA	184.6	173.2	192.6	164.2	156.3	161.8	157.8	140.1	126.6
Net interest-bearing liabilities									
Interest-bearing provisions	-	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-168.9	573.5	494.5	412.8	275.4	486.5	402.1	316.8	219.3
Net interest-bearing liabilities (1)	-168.9	-573.5	-494.5	-412.8	-275.4	-486.5	-402.1	-316.8	-219.3
Quick ratio									
Total current assets	618.2	984.5	935.6	776.3	605.2	756.9	679.2	607.9	443.9
Total current liabilities	392.1	342.1	381.8	339.5	281.2	208.7	239.2	262.8	208.8
Quick ratio (percent)	157.6	287.8	245.0	228.6	215.3	362.8	284.1	231.3	212.9

- (1) A negative figure means that the Group has a net cash position (cash and no interest-bearing liabilities).
(2) Adjusted for split 6:1 that occurred in May, 2016.
(3) Excluding funds held on behalf of licensees.

Definitions

Operating profit

Operating revenues minus operating costs. Measures the Company's operating result before interest and taxes. Commonly used by investors, analysts and management to evaluate the profitability of the Company.

Operating margin

Operating profit in relation to operating revenues. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

EBITDA-margin

Operating profit excluding depreciation and amortization in relation to operating revenues. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

Growth in SEK compared to prior year

Percentage change of operating revenues in SEK, compared to the previous year. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Growth in EUR compared to prior year

Percentage change of operating revenues in EUR, compared to the previous year. Commonly used by investors, analysts and management to evaluate the growth of the Company. The Company aims to grow faster than the market.

Growth in SEK compared to prior quarter

Percentage change of operating revenues in SEK, compared to the previous quarter. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Growth in EUR compared to prior quarter

Percentage change of operating revenues in EUR, compared to the previous quarter. Commonly used by investors, analysts and management to evaluate the growth of the Company.

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. This is a measure of capital returns that is commonly used by investors, analysts and management to evaluate the Company's ability to generate returns on the capital provided by its shareholders.

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. This is a measure commonly used by investors, analysts and management to evaluate the capital structure of the Company and its ability to meet its short- and long-term obligations.

Quick ratio

Current assets in relation to current liabilities. This is a measure commonly used by investors, analysts and management to evaluate the short-term liquidity of the Company.

Net interest-bearing liabilities

Net of interest-bearing provisions and liabilities less financial assets and cash and cash equivalents. This is a measure commonly used by investors, analysts and management to evaluate the financial position of the Company and its ability to return cash to shareholders.

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. This is a measure commonly used by investors, analysts and management to evaluate the financial position of the Company and its ability to return cash to shareholders.

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.

Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares outstanding after dilution for the period. This is a measure used by investors, analysts and management to evaluate the financial development of the Company and its ability to generate a positive cash flow.

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 (kSEK)	Apr-Jun 2017	Apr-Jun 2016	Jan-Jun 2017	Jan-Jun 2016	Jan-Dec 2016
Operating revenues	206,252	183,747	410,614	353,902	737,522
Other external expenses	-81,904	-77,079	-164,593	-142,520	-299,541
Personnel expenses	-104,808	-92,952	-207,191	-182,594	-365,037
Depreciation and amortization	-7,028	-6,678	-13,744	-12,941	-26,430
Operating profit	12,512	7,038	25,086	15,847	46,514
Financial items	2,805	4,044	2,451	9,123	496,368
Transfer to untaxed reserves	-	-	-	-	4,481
Profit before tax	15,317	11,082	27,537	24,970	547,363
Tax on the period's profit	-3,450	-2,636	-5,742	-5,668	-13,971
Profit for the period	11,867	8,446	21,795	19,302	533,392
STATEMENT OF TOTAL INCOME					
Profit for the period	11,867	8,446	21,795	19,302	533,392
Other total income					
Sum of other total income for the period, net after tax					
Total income for the period	11,867	8,446	21,795	19,302	533,392

Condensed Parent Company balance sheet

ASSETS (kSEK)	2017-06-30	2016-06-30	2016-12-31
Intangible assets	5,108	7,790	5,791
Property, plant, and equipment	72,348	30,629	51,828
Shares in subsidiaries	4,611	2,308	4,611
Total non-current assets	82,067	40,727	62,230
Accounts receivable	137	1	3
Receivables from Group companies	117,266	101,104	388,228
Current tax receivables	-	3,028	1,748
Other receivables	13,654	24,054	27,955
Prepaid expenses and accrued revenues	58,984	27,003	51,327
Cash and cash equivalents	44,007	103,234	345,728
Total current assets	234,048	258,424	814,989
TOTAL ASSETS	316,115	299,151	877,219

EQUITY AND LIABILITIES (kSEK)	2017-06-30	2016-06-30	2016-12-31
Share capital	1,205	1,205	1,205
Statutory reserve	38	38	38
Share premium reserve	58,844	55,500	55,299
Retained earnings	81,197	88,098	88,098
Profit for the period	21,795	19,302	533,392
Total equity	163,079	164,143	678,032
Untaxed reserves	23,427	27,649	23,427
Accounts payable	29,271	28,638	86,976
Liabilities to Group companies	-	1,208	9,006
Tax liabilities	64	-	-
Other liabilities	7,476	6,238	6,598
Accrued expenses and prepaid revenues	92,798	71,275	73,180
Total current liabilities	129,609	107,359	175,760
TOTAL EQUITY AND LIABILITIES	316,115	299,151	877,219

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. Four new games released in the second quarter are *Hansel and Gretel*, *Copy Cats*, *Butterfly Staxx* and *Scruffy Duck*.

