

Q3

INTERIM REPORT
JANUARY–SEPTEMBER 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™

Q3

INTERIM REPORT JANUARY–SEPTEMBER 2017

Third quarter 2017

- Revenues for the third quarter increased by 12.3% to SEK 401 (357) million
- Operating profit amounted to SEK 156 (129) million, an increase of 20.5%
- Operating margin was 38.9 (36.2)%
- Profit after tax amounted to SEK 142 (119) million, an increase of 19.4%
- Earnings per share amounted to SEK 0.59 (0.50) before and after dilution
- 8 new customer agreements were signed and 10 new customers' casinos were launched

First nine months 2017

- Revenues for the first nine months increased by 14.3% to SEK 1,206 (1,055) million
- Operating profit amounted to SEK 437 (380) million, an increase of 15.0%
- Operating margin was 36.3 (36.0)%
- Profit after tax amounted to SEK 400 (355) million, an increase of 12.9%
- Earnings per share amounted to SEK 1.67 (1.48) before and after dilution
- 29 new customer agreements were signed and 24 new customers' casinos were launched

Important events in the third quarter

- Retail deal signed with Eurogames in Italy for land-based gaming machines
- Live Rewards launched for Live Casino
- New game functionality was introduced as part of NetEnt Engage™
- Free-round functionality was launched with first customer in New Jersey

Quote from Per Eriksson, President and CEO

- "The third quarter was another solid quarter for NetEnt. Revenues increased by 12 percent and the operating margin was significantly better than in the third quarter of last year. Mobile games and regulated markets such as the UK, Italy and Spain contributed the most to our growth."*

Summary in figures (kSEK)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Operating revenues	401,211	357,389	1,205,721	1,054,807	1,455,101
Operating expenses	-245,290	-227,945	-768,576	-674,824	-919,152
Operating profit	155,921	129,444	437,145	379,983	535,949
Operating margin	38.9%	36.2%	36.3%	36.0%	36.8%
Cash flow from operating activities (1)	31,975	178,585	368,506	465,389	624,213
Cash flow for the period	-22,727	132,451	-349,457	-2,122	79,122
Cash and cash equivalents at end of period	144,652	412,776	144,652	412,776	494,497

- (1) Cash flow in the reporting period was negatively affected by a planned tax payment in Malta of 165 851 kSEK related to the tax year 2016. 6/7 of the payment, 142 158 kSEK, was refunded to NetEnt after the end of the period, in accordance with Maltese tax rules. Last year, the corresponding tax payment and refund occurred in the fourth quarter.

Comments by Per Eriksson, President and CEO

Continued growth and higher profitability

The third quarter was another solid quarter for NetEnt. Revenues increased by 12 percent and operating profit rose by 20 percent compared to the same quarter of last year. The operating margin was significantly better than in the third quarter of last year, thanks to growing revenues and economies of scale in the business. Mobile games continued to be an important growth factor and accounted for 52 percent of total revenues in the quarter. Our systems managed 10.2 billion gaming transactions during the quarter, representing an increase of 18 percent compared to the corresponding period of last year. The royalty level for our products remained unchanged. We signed agreements with eight new customers and launched ten new customers' casinos.

Making our offering more attractive

We launched three new games during the quarter – *Wolf Cub*, *Emoji Planet* and *Legend of Shangri-La*. In the last quarter of the year, we are releasing some new thrilling games such as *Planet of the Apes* and *Finn and the Swirly Spin*, the latter of which has been developed to provide the ultimate mobile gaming experience. We also unveiled new free-round functionality as part of *NetEnt Engage™*, to support our customers in boosting player activity and loyalty.

Live Casino is showing solid growth, especially the mobile product, which has been very well received by our customers. In the third quarter, we continued to roll out *Live Rewards*, which is an innovative set of bonus functions that make our games more thrilling for players and operators. We have also expanded our Live studio in Malta and going forward, we will be offering more exclusive tables to our customers. In the fourth quarter we are making our Live Casino offering more complete by launching Standard Black Jack for mobile, which has been on our customers' wish list for some time.

We are developing our professional services business and in October, we launched a new digital ad buying service for gaming operators together with our partner Ve Global, so called programmatic marketing. Competition is toughening among operators and we are convinced that our customers need to use gaming data in a better way to be able to optimize their marketing spend. Looking ahead, we will continue to develop new services that support our customers to drive growth.

Strong growth outside of the Nordics

Great Britain and Italy contributed the most to our growth in the quarter, but strong growth was also seen in other regulated markets such as Spain and Denmark. We continue to grow fast in New Jersey and in the third quarter, we introduced free-round functionality with the first customer there. However, developments in Pennsylvania have been disappointing, with persistent delays in the political process, but after yesterday's news it is highly likely that a new gaming legislation will be implemented shortly. The potential tax income from regulated gaming offers an important source of future funding for many US states and longer-term, we continue to see great potential in the US when other states follow New Jersey to re-regulate online casino. We also see interesting future opportunities in Latin America, and in early October we signed our second customer agreement for the regulated market in Mexico, with Caliente, which is one of the leading operators in that market.

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 many 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

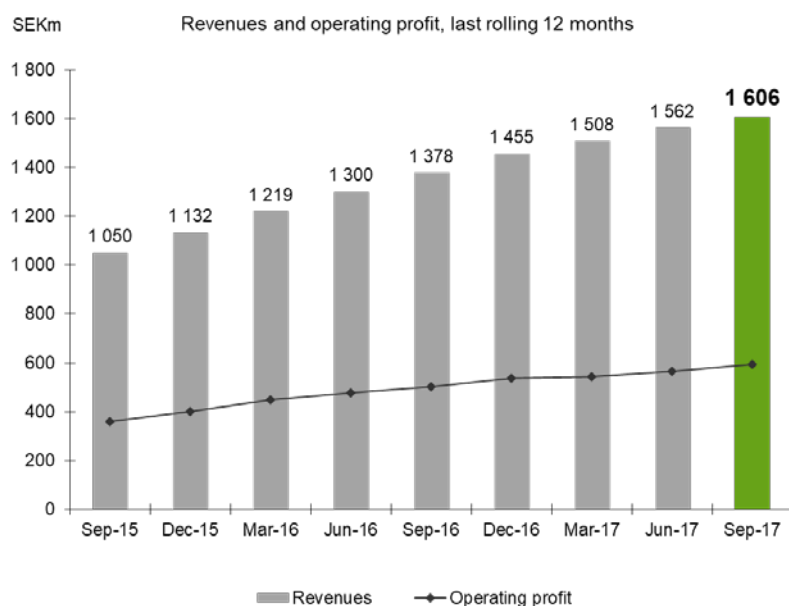
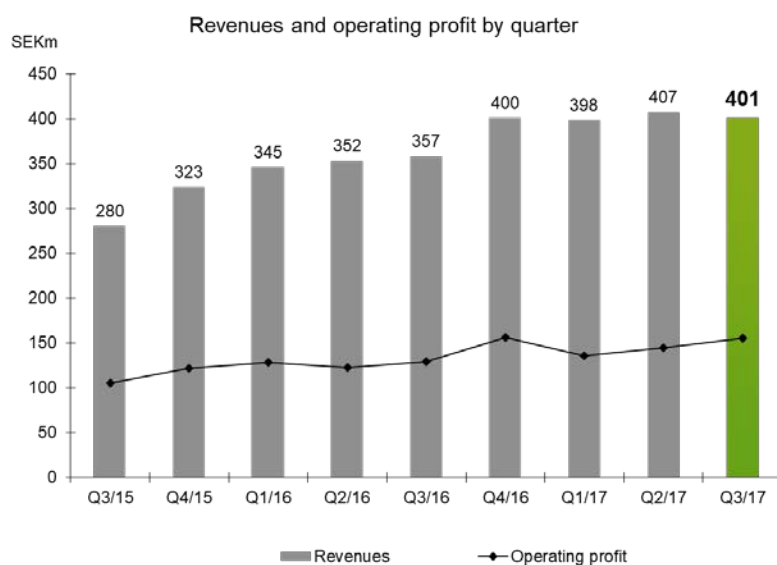
In the third quarter, 8 (11) new license agreements were signed and 10 (8) new customers' casinos were launched.

Customers to be launched

At the end of the third quarter, NetEnt held agreements with 33 (32) new customers that had not yet been launched.

Revenues and profitability

Revenues and operating profit by quarter and last rolling 12 months are shown in the chart below.



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

Total revenues amounted to SEK 401.2 (357.4) million in the third quarter, an increase of 12.3 percent compared to the corresponding period in 2016 (11.9 percent in euro terms). The revenue increase was driven by a combination of growth from existing customers and revenues from new customers. 8 (11) new customer agreements were signed and 10 (8) new customers were launched during the quarter.

The number of game transactions amounted to 10.2 billion in the third quarter, representing an increase of 18.1 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 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 remained unchanged in the third quarter compared to the same period in the previous year.

Slot games represented 90 percent of game win (player bets minus player wins) in the third 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 third quarter of 2017, the Swedish krona weakened by 0.5 percent against the euro compared to the same period in 2016 but compared to the previous quarter, the krona strengthened by 1.3 percent against the euro. The British pound weakened by 4.9 percent against the krona compared to the same quarter of last year and by 5.4 percent compared to the previous quarter.

Costs and profitability in the third quarter

Operating profit in the third quarter rose by 20.5 percent to SEK 155.9 (129.4) million. Operating expenses increased by 7.6 percent compared to the third 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 10.3 percent compared to the same quarter last year. Other operating expenses increased by 2.2% in the third quarter compared to the corresponding quarter last year while depreciation and amortization increased by 14.6%. 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 third quarter of 2017.

The operating margin was 38.9 percent in the third quarter compared to 36.2 percent in the corresponding period of the previous year.

Financial items amounted to SEK -1.8 (0.2) million for the third 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 7.6 (8.0) percent in the third 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 39.3 (36.6) million while investments in property, plant, and equipment totaled SEK 15.5 (9.5) million in the third 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 third 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 32.0 (178.6) million in the third quarter. The cash flow in the reporting period was negatively affected by a planned tax payment in Malta related to the tax year 2016. Most of this payment was refunded to NetEnt after the end of the period, in accordance with Maltese tax rules. Last year, the corresponding tax payment and refund occurred in the fourth quarter.

Cash flow from investing activities amounted to SEK -54.8 (-46.1) million in the third 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 144.7 (412.8) million at the end of the period. The Group's available credit lines were SEK 50 (50) million of which none had been utilized at the end of the quarter. Cash held on behalf of licensees was SEK 43.7 (102.9) million on September 30, 2017.

Summary of the first nine months 2017

Revenues during the period of January-September 2017 amounted to SEK 1,205.7 (1,054.8) million, an increase of 14.3 percent (11.8 percent in euros) compared to the same period in 2016. Operating profit amounted to SEK 437.1 (380.0) million and the operating margin was 36.3 (36.0) 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 29 (32) new license agreements during the nine-month period while 24 (22) new customers' casinos were launched.

Operating costs increased by 13.9 percent during the first nine months compared to the same period of 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 by 13.8 percent 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 116.2 (112.4) million for the first nine months. Investments in property, plant, and equipment amounted to SEK 65.1 (44.5) million.

The Group's cash flow from operating activities for the first nine months amounted to SEK 368.5 (465.4) million. The cash flow in the reporting period was negatively affected by a planned tax payment in Malta related to the tax year 2016. Most of this payment was refunded to NetEnt after the end of the period, in accordance with Maltese tax rules. Last year, the corresponding tax payment and refund occurred in the fourth quarter.

Cash flow from financing activities amounted to SEK -536.7 (-310.6) million and the main item was ordinary cash distribution to shareholders. At the end of May, SEK 540.3 million was distributed to shareholders in the form of an automatic redemption program.

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 number of new shares in NetEnt AB. The options were issued at SEK 5.05 per option, the fair market value based on Black & Scholes, 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.

Events after the end of the period

At the beginning of October, NetEnt received a tax refund of 142 SEKm from the tax authority in Malta, in accordance with Maltese tax rules. A customer agreement was signed with Caliente in Mexico in October. Further, in October, a new digital media buying service for gaming operators was launched together with Ve Global. Also, NetEnt received two awards at the EGR Italy Awards in October.

Market

The online gaming market has shown growth in recent years. The global game win for online gaming, including all game segments, has been estimated at EUR 37.9 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 9.4 billion in 2016, an increase of 7 percent for the year (*source: H2 Gambling Capital, October 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. NetEnt has a local license in the Great Britain since 2015. It is the largest gaming market in Europe and 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. In Italy, all 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. Online gaming is regulated in Spain, where NetEnt holds a gaming license and its games have been available with several customers since 2015. The online gaming markets have recently been regulated in Portugal, Romania, Bulgaria and Czechia. In Romania, NetEnt obtained a gaming license and launched its games with several operators during 2016. In Bulgaria and Portugal, NetEnt's games were certified and launched with customers in 2016. New gaming legislation is expected in the Netherlands towards the end of 2018. 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 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. 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, Gothenburg, Gibraltar, Kiev, Krakow 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 763 (657). Including external resources such as dedicated staff with contract suppliers and subcontractors, NetEnt employed 974 (912) 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 189.3 (180.4) million and operating profit was SEK 11.7 (11.5) million in the third quarter. The operating margin was 6.2 (6.4) 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 8.6 (9.0) million for the quarter.

Investments in property, plant and equipment for the Parent Company amounted to SEK 7.0 (6.4) million and investments in intangible assets were SEK 0.3 (0.4) million for the period, the latter primarily consisting of software investments. Cash and cash equivalents in the Parent Company amounted to SEK 52.9 (242.3) 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. *IFRS 9 Financial Instruments* and *IFRS 15 Revenue from contracts with customers* are effective for annual periods beginning on or after January 1, 2018. In the financial statement for 2016 disclosure was made to the fact that IFRS 9 would not have a material effect on the Group's financial statements as well as an analysis and preliminary assessment of the impact of IFRS 15. Management's assessment is unchanged in that IFRS 15 will not have any material impact on when and to what amount revenue will be recognized compared to how revenue is recognized today. NetEnt will apply IFRS 15 retrospectively for 2017. 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.

Nominating Committee

In accordance with the decision by the Annual General Meeting, the members of the nominating committee of NetEnt shall be appointed by the three shareholders/owner groups controlling the largest number of votes in NetEnt at the end of August, which desire to appoint a representative. In addition, the Chairman of the Board of Directors shall be a member of the nominating Committee. The current nomination committee consists of John Wattin, (Chairman, appointed by the Hamberg family), Christoffer Lundström (appointed by the Lundström family),

Fredrik Carlsson (appointed by the Knutsson family) and Vigo Carlund (Chairman of the Board of Directors). Shareholders can submit proposals to the nominating committee until February 1st, 2018 at: Nominating Committee, NetEnt AB, Vasagatan 16, SE-111 20 Stockholm, Sweden or to nomination@netent.com.

Annual General Meeting

The next Annual General Meeting will be held in Stockholm on Friday, 25th April 2018.

Presentation of earnings report

On Friday, October 27, 2017, at 10.30 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.

Earnings report and report for the fourth quarter 2017	February 15, 2018
Interim report January – March 2018	April 24, 2018
Annual General Meeting 2018	April 25, 2018
Interim Report January – June 2018	July 13, 2018
Interim report January – September 2018	October 25, 2018
Earnings report and report for the fourth quarter 2018	February 12, 2019

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, October 26th, 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

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

Therese Hillman
CFO
Phone: +46 8 5785 4500
therese.hillman@netent.com

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 October 27, 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.

Review report

Introduction

We have reviewed the interim report for NetEnt AB (publ) for the period January 1 - September 30, 2017. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted 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 of 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 is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 26th October 2017

Deloitte AB

Erik Olin

Authorized Public Accountant

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

INCOME STATEMENT (kSEK)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenues (1)	404,524	356,450	1,201,891	1,052,577	1,452,158
Other revenues	-3,313	939	3,830	2,230	2,943
Total operating revenues	401,211	357,389	1,205,721	1,054,807	1,455,101
Personnel expenses	-108,620	-98,452	-340,212	-301,274	-409,014
Depreciation, amortization and impairments	-39,801	-34,719	-116,353	-102,250	-138,894
Other operating expenses	-96,869	-94,774	-312,010	-271,300	-371,244
Total operating expenses	-245,290	-227,945	-768,576	-674,824	-919,152
Operating profit	155,921	129,444	437,145	379,983	535,949
Financial income	14,129	3,332	15,399	27,930	35,739
Financial expense	-15,965	-3,173	-17,011	-22,503	-26,161
Financial items	-1,836	159	-1,611	5,427	9,578
Profit before tax	154,085	129,603	435,534	385,410	545,527
Tax on the period's profit	-11,674	-10,355	-35,279	-30,491	-41,115
Profit for the period	142,411	119,248	400,254	354,469	504,412
Earnings per share before dilution (SEK)	0.59	0.50	1.67	1.48	2.10
Earnings per share after dilution (SEK)	0.59	0.50	1.67	1.48	2.10
Average number of shares outstanding					
- before dilution	240,130,860	240,130,860	240,130,860	240,130,860	240,130,860
- after dilution	240,179,921	240,130,860	240,156,569	240,130,860	240,198,134
Profit for the period attributable to Parent Company shareholders					

STATEMENT OF TOTAL INCOME

Profit for the period	142,411	119,248	400,254	354,469	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	-5,619	11,724	-1,033	21,313	15,345
Sum of other total income for the period, net after tax	-5,619	11,724	-1,033	21,313	15,345
Total income for the period	136,792	130,972	399,221	375,782	519,757

- (1) Includes reclassification of other revenues from the period April-June. Other revenues consist of revenues from activities that are not included in the ordinary operations. This item mainly includes recovered amortized receivables, exchange gains from operations and gains on the sale of non-current assets.

Condensed consolidated balance sheets

ASSETS (kSEK)	2017-09-30	2016-09-30	2016-12-31
Intangible assets	295,888	237,232	253,495
Property, plant, and equipment	142,610	98,302	120,546
Other long-term receivables	9,566	19,264	9,567
Total non-current assets	448,064	354,798	383,608
Accounts receivable	38,474	35,903	44,306
Current tax receivables	119,381	3,556	1,748
Other receivables	67,594	63,977	89,379
Prepaid expenses and accrued revenues	203,037	157,154	213,247
Funds held on behalf of licensees	43,720	102,915	92,398
Cash and cash equivalents	144,652	412,776	494,497
Total current assets	616,858	776,281	935,575
TOTAL ASSETS	1,064,922	1,131,079	1,319,183
EQUITY AND LIABILITIES (kSEK)	2017-09-30	2016-09-30	2016-12-31
Share capital	1,205	1,205	1,205
Other capital contributed	93,812	90,384	90,189
Reserves	5,864	12,865	6,897
Retained earnings including profit for the period	684,745	674,842	824,785
Total equity	785,626	779,296	923,076
Deferred tax liability	14,269	12,259	14,269
Total long-term liabilities	14,269	12,259	14,269
Accounts payable	41,420	43,902	99,700
Current tax liabilities	-	42,411	25,034
Other liabilities	117,713	167,396	164,947
Accrued expenses and prepaid revenues	105,893	85,815	92,157
Total current liabilities	265,027	339,524	381,838
TOTAL EQUITY AND LIABILITIES	1,064,922	1,131,079	1,319,183

Condensed consolidated cash flow statements

(kSEK)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Operating profit	155,921	129,444	437,145	379,983	535,949
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	39,801	34,719	116,354	102,250	138,894
Other	-11	-2,148	-265	-4,991	-4,155
Interest received	-	-	-	1	30
Interest paid	-164	-160	-1 198	-620	-1 072
Tax paid (1)	-174,366	-3,552	-191,983	-23,337	-47,889
Cash flow from operating activities before changes in working capital	21,181	158,303	360,052	453,286	621,757
Changes in working capital	10,795	20,282	8,454	12,103	2,456
Cash flow from operating activities	31,975	178,585	368,506	465,389	624,213
Acquisition of intangible assets	-39,326	-36,602	-116,173	-112,401	-154,277
Acquisition of property, plant, and equipment	-15,454	-9,527	-65,119	-44,464	-79 862
Cash flow from investing activities	-54,781	-46,129	-181,292	-156,865	-234,139
Received premium for share option rights	78	-5	3,623	9,528	9,528
Repurchase of warrants	-	-	-	-	-306
Transfer to shareholders	-	-	-540,294	-320,174	-320,174
Cash flow from financing activities	78	-5	-536,671	-310,646	-310,952
Cash flow for the period	-22,727	132,451	-349,457	-2,122	79,122
Cash and cash equivalents at beginning of period	168,923	275,358	494,497	402,058	402,058
FX differences in cash and cash equivalents	-1,544	4,967	-389	12,840	13,317
Cash and cash equivalents at end of period	144,652	412,776	144,652	412,776	494,497

- (1) Includes a tax payment of 165,851 kSEK in September 2017, relating to NetEnt's subsidiary in Malta. In accordance with the tax rules in Malta, 6/7 of this amount was refunded to NetEnt. This refund of 142,158 kSEK was received by NetEnt in October 2017.

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
Received premium for share option rights	-	3,623	-	-	3,623
Transfer to shareholders	-	-	-	-540,294	-540,294
Total income for the period Jan-Sep	-	-	-1,033	400,254	399,221
Closing equity 2017-09-30	1,205	93,812	5,864	684,745	785,626

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

	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Financial measures defined by IFRS:					
Operating revenues (kSEK)	401,211	357,389	1,205,721	1,054,807	1,455,101
Earnings per shares before dilution (SEK) (2)	0.59	0.50	1.67	1.48	2.10
Earnings per shares after dilution (SEK) (2)	0.59	0.50	1.67	1.8	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)	240,179,921	240,130,860	240,156,569	240,130,860	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)	243,232,540	242,563,940	241,073,160	242,563,940	241,073,160
Alternative Performance Measures:					
Operating revenues (kEUR)	41,992	37,538	125,862	112,536	153,647
Operating margin (percent)	38.9	36.2	36.3	36.0	36.8
EBITDA margin (percent)	48.8	45.9	45.9	45.7	46.4
Effective tax rate (percent)	7.6	8.0	8.1	8.0	7.5
Return on equity, rolling 12 months (percent)	64.6	63.1	64.6	63.1	63.1
Equity/assets ratio (percent)	73.8	68.9	74.0	68.9	70.0
Quick ratio (percent)	234.1	228.6	234.1	228.6	245.0
Net interest-bearing liabilities (kSEK) (1)	-144,652	-412,776	-144,652	-412,776	-494,497
Net debt/equity ratio (multiple)	-0.2	-0.5	-0.2	-0.5	-0.5
Equity per share before dilution (SEK)	3.27	3.25	3.27	3.25	3.84
Equity per share after dilution (SEK)	3.27	3.25	3.27	3.25	3.84
Average number of employees	746	641	735	598	618
Employees at period's end	763	657	763	657	680
Employees and external resources at period's end	974	912	974	912	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 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3
Financial measures defined by IFRS:									
Operating revenues (kSEK)	401.2	406.6	397.9	400.3	357.4	352.1	345.4	323.1	279.8
Cash and cash equivalents (3) (SEKm)	144.7	168.9	573.5	494.5	412.8	275.4	486.5	402.1	316.8
Funds held on behalf of licensees (SEKm)	43.7	130.0	86.0	92.4	102.9	63.9	2.0	24.6	74.5
Alternative Performance Measures:									
Operating revenues (EURm)	42.0	42.0	41.9	41.1	37.5	38.0	37.0	34.7	29.7
Operating profit (SEKm)	155.9	145.0	136.2	156.0	129.4	122.4	128.1	121.8	105.3
Operating margin (percent)	38.9	35.7	34.2	39.0	36.2	34.8	37.1	37.7	37.6
EBITDA margin (percent)	48.8	45.4	43.5	48.1	45.9	44.4	46.8	48.8	50.1
Growth in SEK vs prior year (percent)	12.3	15.5	15.2	23.9	27.7	29.8	33.7	34.0	28.8
Growth in EUR vs prior year (percent)	11.9	10.5	13.0	18.5	26.6	30.2	34.5	33.0	25.8
Growth in SEK vs prior quarter (percent)	-1.3	2.2	-0.6	12.0	1.5	1.9	6.9	15.5	3.2
Growth in EUR vs prior quarter (percent)	0.1	0.3	1.8	9.5	-1.1	2.5	6.8	17.0	1.7
Equity/assets ratio (percent)	73.8	61.5	74.6	70.0	68.9	68.9	79.2	74.0	69.2
Return on equity rolling 12 months (percent)	64.6	62.0	59.6	63.1	63.1	63.7	63.2	61.2	59.0
Net debt/equity ratio (multiple)	-0.2	-0.3	-0.5	-0.5	-0.5	-0.4	-0.6	-0.6	-0.5
Share price at end of period (2)	63.20	73.65	72.00	70.30	78.50	83.00	76.40	82.42	77.58
Earnings per share after dilution (SEK) (2)	0.59	0.56	0.52	0.62	0.50	0.47	0.51	0.48	0.41
Book equity per share (SEK) (2)	3.27	2.70	4.36	3.84	3.25	2.70	3.49	2.97	2.57
Cash flow from operations per share (SEK) (2)	0.77	0.77	0.63	0.66	0.74	0.66	0.54	0.58	0.51
Average number of employees	746	741	717	674	641	604	551	516	496

Reconciliation to IFRS

(SEKm)	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3
EBITDA									
Profit for the period	142.4	133.8	124.0	150.0	119.2	113.5	121.7	115.7	97.6
Tax on profit for the period	11.7	13.2	10.4	10.2	10.4	10.0	10.6	7.3	8.1
Financial items	-1.8	-2.1	1.9	-4.2	-0.2	-1.1	-4.2	-1.2	-0.4
Depreciation & Amortization	39.8	39.6	37.0	36.6	34.7	33.9	33.6	36.0	34.8
EBITDA	195.7	184.6	173.2	192.6	164.2	156.3	161.8	157.8	140.1
Net interest-bearing liabilities									
Interest-bearing provisions	-	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-144.7	-168.9	-573.5	-494.5	-412.8	-275.4	-486.5	-402.1	-316.8
Net interest-bearing liabilities (1)	-144.7	-168.9	-573.5	-494.5	-412.8	-275.4	-486.5	-402.1	-316.8
Quick ratio									
Total current assets	616.9	618.2	984.5	935.6	776.3	605.2	756.9	679.2	607.9
Total current liabilities	265.0	392.1	342.1	381.8	339.5	281.2	208.7	239.2	262.8
Quick ratio (percent)	232.8	157.6	287.8	245.0	228.6	215.3	362.8	284.1	231.3

- (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)	Jul-Sep 2017	Jul-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Operating revenues	189,281	180,410	599,895	534,312	737,522
Other external expenses	-74,305	-76,501	-238,898	-219,021	-299,541
Personnel expenses	-95,647	-85,454	-302,838	-268,048	-365,037
Depreciation and amortization	-7,660	-6,963	-21,404	-19,904	-26,430
Operating profit	11,669	11,492	36,755	27,339	46,514
Financial items	-245	410	2,206	9,533	496,368
Transfer to untaxed reserves	-	-	-	-	4,481
Profit before tax	11,424	11,902	38,961	36,872	547,363
Tax on the period's profit	-3,104	-2,854	-8,846	-8,522	-13,971
Profit for the period	8,565	9,048	30,114	28,350	533,392
STATEMENT OF TOTAL INCOME					
Profit for the period	8,565	9,048	30,114	28,350	533,392
Other total income					
Sum of other total income for the period, net after tax					
Total income for the period	8,565	9,048	30,114	28,350	533,392

Condensed Parent Company balance sheet

ASSETS (kSEK)	2017-09-30	2016-09-30	2016-12-31
Intangible assets	4,441	6,096	5,791
Property, plant, and equipment	72,811	32,200	51,828
Shares in subsidiaries	4,611	2,308	4,611
Total non-current assets	81,862	40,604	62,230
Accounts receivable	20	156	3
Receivables from Group companies	122,099	12,063	388,228
Current tax receivables	651	3,556	1,748
Other receivables	12,086	12,544	27,955
Prepaid expenses and accrued revenues	52,060	21,461	51,327
Cash and cash equivalents	52,931	242,275	345,728
Total current assets	239,848	292,055	814,989
TOTAL ASSETS	321,710	332,659	877,219

EQUITY AND LIABILITIES (kSEK)	2017-09-30	2016-09-30	2016-12-31
Share capital	1,205	1,205	1,205
Statutory reserve	38	38	38
Share premium reserve	58,914	55,495	55,299
Retained earnings	81,197	88,098	88,098
Profit for the period	30,114	28,350	533,392
Total equity	171,467	173,186	678,032
Untaxed reserves	23,427	27,649	23,427
Accounts payable	27,455	33,338	86,976
Liabilities to Group companies	3,323	21,261	9,006
Tax liabilities	-	-	-
Other liabilities	7,384	5,859	6,598
Accrued expenses and prepaid revenues	88,654	71,365	73,180
Total current liabilities	126,816	131,824	175,760
TOTAL EQUITY AND LIABILITIES	321,710	332,659	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 three 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 released in the third quarter are *Emoji Planet*, *Wolf Cub* and *Legend of Shangri-La*.

