

# Q3

INTERIM REPORT  
JANUARY–SEPTEMBER 2018



**FINN**  
AND THE SWIRLY SPIN™

\* 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 2018

### Third quarter 2018

- Revenues for the third quarter amounted to SEK 449 (405) million
- EBITDA of SEK 227 (195) million, a margin of 50.6 (48.1)%
- Operating profit (EBIT) of SEK 172 (155) million, a margin of 38.3 (38.3)%
- Profit after tax of SEK 155 (142) million
- Earnings per share of SEK 0.65 (0.59) before and after dilution
- 9 (8) new customer agreements signed, and 14 (10) new customers' casinos launched

### First nine months 2018

- Revenues for the first nine months amounted to SEK 1,317 (1,211) million
- EBITDA of SEK 612 (545) million, a margin of 46.5 (45.0)%
- Operating profit (EBIT) of SEK 455 (429) million, a margin of 34.6 (35.4)%
- Profit after tax of SEK 441 (393) million
- Earnings per share of SEK 1.83 (1.63) before and after dilution
- 23 (29) new customer agreements signed, and 29 (24) new customers' casinos launched

### Important events in the third quarter

- Games launched with British Columbia Lottery Corporation in Canada and Norsk Tipping in Norway
- Beta launch of NetEnt's affiliate business
- First customer launched on regulated market in Lithuania
- Games launched with Hard Rock in New Jersey
- Lars Johansson appointed CFO (acting)

### Quote from Therese Hillman, Group CEO

*"The third quarter was marked by a strong start thanks to the successful release of the game Jumanji. We continue to make efforts to lower overhead costs and to optimize the organization for commercial drive and increased pace of output, and I see room for improvement next year in several areas. Our net cash position provides us with financial flexibility and allows for continued solid cash returns to shareholders."*

Summary in figures (kSEK)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Operating revenues	449,250	404,831	1,316,532	1,211,109	1,636,078
EBITDA	227,485	194,882	611,805	545,338	739,655
EBITDA margin	50.6%	48.1%	46.5%	45.0%	45.2%
Operating profit (EBIT)	172,021	155,081	454,927	428,984	581,636
Operating margin	38.3%	38.3%	34.6%	35.4%	35.6%
Cash flow from operating activities (1)	210,689	31,975	641,646	368,507	666,062
Cash flow for the period	167,317	-22,727	-37,468	-349,456	-113,900
Cash and cash equivalents at end of period (1)	362,330	144,652	362,330	144,652	387,035

(1) Comparable figures of the previous year were negatively affected by a tax payment in Malta, which usually occurs in the fourth quarter.

## Comments by Therese Hillman, Group CEO

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The third quarter was marked by a strong start thanks to the successful release of the game Jumanji. We have remained focused on strengthening our customer offering, cutting lead times, and freeing up resources for new commercial activities.

In September, we beta-launched our own affiliate business. The idea is to create a place where players can enjoy the complete portfolio of NetEnt games for free, while operators can offer bonuses to players that are interested in playing for real money. This new service is a great way for us to strengthen our relationship with both operators and players. Our move into social casino proceeds according to plan and we recently introduced a desktop version of our Facebook app in the US. Both these new initiatives are well aligned with our strategy to move closer to the end users in the value chain. We need to keep delivering the best casino games from a player perspective and make our brand visible, at the same time as we develop even closer partnerships with operators through new types of collaborations. Customers and players wish to have more games from us, and we aim to release a significantly higher number of new games in 2019 and going forward.

Expansion in locally regulated markets continues to be an important part of NetEnt's business and sustainability strategy. These markets accounted for 35 (32) percent of revenues in the quarter. With new customers in the important WLA segment, such as Norsk Tipping, ATG, Svenska Spel, Veikkaus and British Columbia Lottery Corporation, we can reach a larger player base and generate additional revenues in the years to come. We welcome the re-regulation in Sweden next year, as the new gaming law means that all qualified operators have to obtain a license. This creates a better environment for both players and gaming companies.

Revenues from Live Casino keep growing gradually from low levels and we plan to go live with additional tables this year and in 2019. During the quarter we formed a plan to strengthen our offering together with our customers, and to accelerate growth in this attractive market segment.

Summing up the third quarter, we see that the operating margin was unchanged at 38.3 percent and that EBIT increased by 10.9 percent compared to the corresponding period in 2017, thanks to higher volumes, the weaker Swedish Krona and improved efficiency. We have higher ambitions for organic earnings growth than the current pace. Therefore, we continue to make efforts to lower overhead costs and to optimize the organization for commercial drive and increased pace of output, and I see room for improvement next year in several areas. The business generates strong cash flows and at the end of the period, we had a net cash position of 362 SEK million. Our net cash position provides us with financial flexibility and allows for continued solid cash returns to shareholders.

Now I look forward to the last quarter of the year, as we have a full release schedule with five new slot games, including our largest game production this year, Vikings, which is based on the well-known HBO series.



*Therese Hillman*  
*Group CEO, NetEnt*

## New agreements and customers

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In the third quarter, 9 (8) new license agreements were signed and 14 (10) new customers' casinos were launched. At the end of the period, NetEnt held agreements with 23 (33) new customers that had not yet been launched.

## Events after the end of the period

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In October, NetEnt signed supplier agreements with ATG and Svenska Spel for the re-regulated market in Sweden. NetEnt also signed an agreement with the largest gaming operator and state monopoly in Finland, Veikkaus.

## Revenues and results in the third quarter

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Total revenues amounted to SEK 449.3 (404.8) million in the third quarter, an increase of 11.0 percent (1.8 percent in Euro) compared to the corresponding period in 2017. New games contributed to the increase in revenues – four new games were released in the quarter: Mirror Mirror, Swipe & Roll, Berryburst/Berryburst MAX and Double Stacks.

The number of game transactions amounted to 10.9 billion in the third quarter, representing an increase of 7.2 percent compared to same quarter of the previous year. The difference in growth rates for revenues and game rounds can be explained by decreasing average bet size per transaction in our games over the past years, due to a growing player base as well as a change in regional mix. The average bet size per transaction is generally higher in the Nordic countries and the difference compared to other markets is particularly large for mobile games.

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 quarter compared to the same period in the previous year.

Game win in the quarter was split into the following game categories: slot games (91,6 percent), table games (8,0 percent) and other games (0,4 percent). Mobile games accounted for 61,0 (51,9) percent of game win in the period.

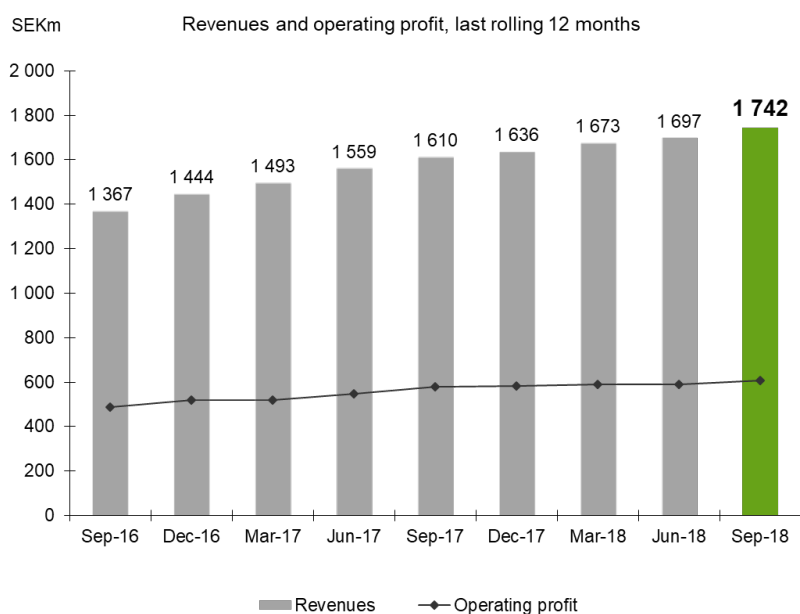
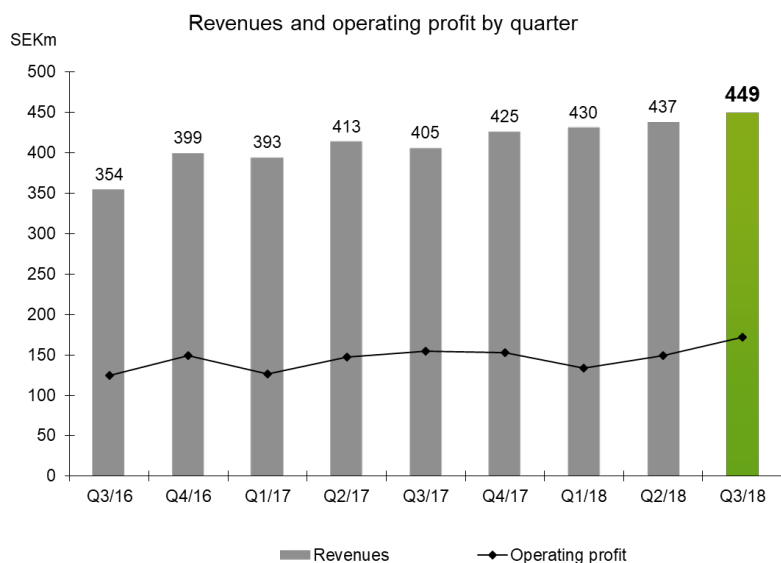
Revenues are affected by the development of the Swedish Krona in relation to other currencies, particularly Euro and British Pounds. The main part of revenues is invoiced and accounted for in Euro, then translated and reported in Swedish Krona. A weaker Swedish Krona has a positive effect on reported revenues. During the third quarter of 2018, the Swedish Krona weakened by 8.9 percent against the Euro compared to the same period in 2017. Against the British pound, the Swedish Krona weakened by 9.5 percent compared to the same quarter of last year.

Operating profit in the third quarter increased by 10.9 percent to SEK 172.0 (155.1) million. The operating margin was 38.3 percent in the quarter compared to 38.3 percent in the corresponding period of the previous year.

Operating expenses amounted to SEK 277.2 (249.8) million, an increase with 11.0 percent compared to the same quarter of 2017, primarily due to more staff in Live Casino and higher depreciation, attributable to newly launched products and currency effects. Costs are affected by the development of the Swedish Krona against the Euro, as a weaker Swedish Krona leads to cost increases. For example, depreciation and amortization are affected by the development of the Swedish Krona versus the Euro as they are booked in Euro and then translated to Swedish Krona. The share of costs reported in other currencies represented 49 (43) percent in the period.

Net financial items amounted to SEK -1.6 (-1.8) million for the quarter and mainly consist of exchange rate effects on cash and cash equivalents, financial receivables and financial liabilities consisting primarily of intercompany balances, as well as the interest earned on cash and cash equivalents. Exchange rate fluctuations periodically also lead to effects on inter-company balances, which are included in the financial items.

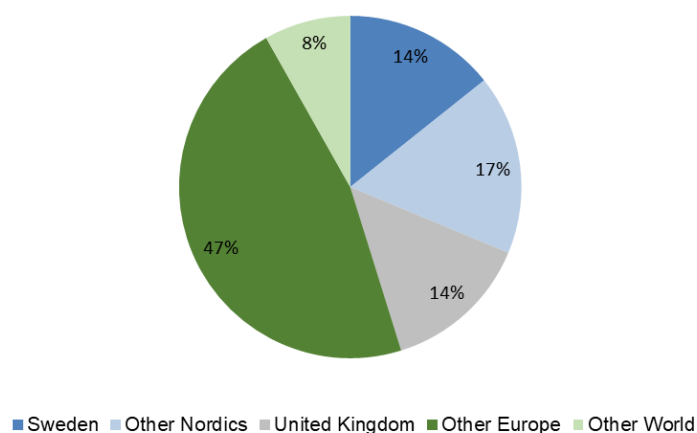
## Revenues and operating profit



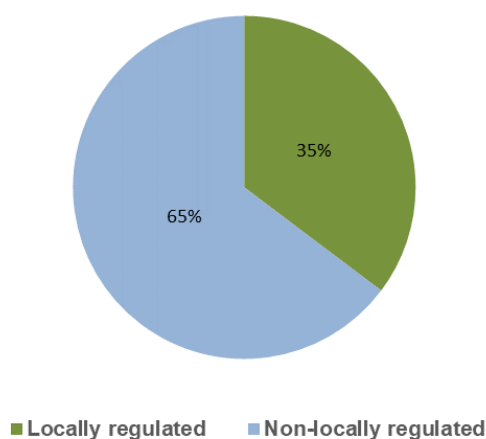
## Breakdown of gamewin in the third quarter

The charts below illustrate the gamewin split by geographic region and between locally regulated and non-locally regulated markets in the quarter. Locally regulated markets accounted for 35 (32) percent of the total gamewin in NetEnt's games in the third quarter. Revenues were generated in the following locally regulated markets: Denmark, Italy, Belgium, United Kingdom, Spain, Bulgaria, Romania, Portugal, Serbia, Estonia, Latvia, Lithuania, Czech Republic, Malta, Mexico, British Columbia (Canada) and New Jersey (USA). Regionally, the split was the following: Sweden 14 (14)%, Other Nordics 17 (20)%, United Kingdom 14 (14)%, Other Europe 47 (42)% and Rest of the world 8 (10)%.

*Gamewin (Euro) breakdown by region in the third quarter*



*Gamewin (Euro) breakdown in the third quarter – locally regulated markets*



## Investments in the third quarter

The Group's investments in intangible assets amounted to SEK 35.2 (39.3) million and investments in property, plant, and equipment totaled SEK 8.1 (15.5) million in the quarter.

Investments in intangible assets consist of development of new games, technical adjustments related to regulatory requirements and software licenses. Notable larger development projects in the quarter were the ongoing platform enhancement and development of new games, including projects related to Live Casino.

Adding new customers and new markets also requires investments in hardware. Investments in property, plant and equipment primarily consist 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.

## Cash flow in the third quarter

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The Group's cash flow from operating activities amounted to SEK 210.7 (32.0) million in the quarter. The comparable cash flow figures of the previous year were affected by a tax payment in Malta that usually occurs in the fourth quarter.

Cash flow from investing activities amounted to SEK -43.4 (-54.8) million in the 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 362.3 (144.7) million at the end of the period. Cash held on behalf of licensees was SEK 110.3 (43.7) million on September 30, 2018.

## Summary of the first nine months of 2018

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Revenues during the period of January–September 2018 amounted to SEK 1,316.5 (1,211.1) million, an increase of 8.7 percent (1.7 percent in euros) compared to the same period in 2017. Operating profit amounted to SEK 454.9 (429.0) million and the operating margin was 34.6 (35.4) percent. NetEnt signed 23 (29) new license agreements during the nine-month period and 29 (24) new customers' casinos were launched.

The Group's acquisitions of intangible assets amounted to SEK 110.1 (116.2) million for the period. Investments in property, plant, and equipment amounted to SEK 28.7 (65.1) million.

The Group's cash flow from operating activities for the period amounted to SEK 641.6 (368.5) million. Cash flow from financing activities amounted to SEK -540.3 (-536.7) million and the main item was ordinary cash distribution to shareholders in the form of an automatic redemption program, carried out in the second quarter.

## Market

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The online gaming market has shown growth in recent years. The global gamewin for online gaming, including all game segments, has been estimated at EUR 40.3 billion for 2017, representing an increase of 11 percent compared to the previous year. The corresponding size for the global online casino market has been estimated at EUR 10.7 billion for 2017, meaning an increase of 9 percent for the year (*source: H2 Gambling Capital, September 2018*).

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. NetEnt holds licenses and certifications in the following regulated markets: Malta, Gibraltar, Alderney, Isle of Man, Denmark, Italy, Belgium, United Kingdom, Spain, Bulgaria, Romania, Portugal, Serbia, Estonia, Latvia, Lithuania, Czech Republic, Mexico, British Columbia (Canada) and New Jersey (USA, transactional waiver).

Deregulation and reregulation of national gambling laws is taking place in many countries and NetEnt closely monitors the development in these countries. In Sweden, the parliament has approved a new gambling law that will take effect on January 1, 2019. Political initiatives are also underway in other European countries to re-regulate the national gambling markets, for instance in the Netherlands and Switzerland.

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). NetEnt applied for a license in New Jersey in 2015 and has since that had a temporary license (transactional waiver) to distribute games to several operators in the state, while its full license application is being reviewed. In Pennsylvania, a new gaming legislation has recently been adopted that allows online casino gaming, and NetEnt has applied for a license in the state. 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 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 1,000 people in Malta, Stockholm, Gothenburg, Gibraltar, Kiev, Krakow and New Jersey. For more information, please visit [www.netent.com](http://www.netent.com).

## Personnel and organization

At the end of the period, the number of employees was 816 (766). Including external resources such as dedicated staff with contract suppliers and subcontractors, NetEnt employed 1,002 (978) persons. These figures are defined as 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 175.9 (189.3) million and operating profit was SEK 10.1 (11.7) million in the period. The operating margin was 5.7 (6.2) 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 balances and dividends. Profit after tax was SEK 7.8 (8.6) million for the quarter.

Investments in property, plant and equipment for the Parent Company amounted to SEK 2.1 (7.0) million and investments in intangible assets were SEK 0.2 (0.4) million for the period, the latter primarily consisting of software investments. Cash and cash equivalents in the Parent Company amounted to SEK 28.0 (52.9) million at the end of the period.

## 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 2017 annual report, pages 52-55 and pages 99-100.

## Presentation of interim report

On Thursday, October 25<sup>th</sup>, 2018, at 9.00 a.m. the interim report will be presented by CEO Therese Hillman live via a webcast. The presentation can be followed in real-time on NetEnt's website, the link to the webcast is: <https://tv.streamfabriken.com/netent-q3-2018>

## 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 Fredrik Erbing (Chairman of the Board of Directors). Shareholders can submit proposals to the nominating committee until February 15<sup>th</sup>, 2019 at: Nominating Committee, NetEnt AB, Vasagatan 16, SE-111 20 Stockholm, Sweden or to [nomination@netent.com](mailto:nomination@netent.com).

## Annual General Meeting

The next Annual General Meeting will be held in Stockholm on Friday, 10<sup>th</sup> May 2019.

## Financial information

NetEnt intends to distribute financial reports on the dates below.

Earnings report and report for the fourth quarter 2018	February 12, 2019
Interim report January – March 2019	April 25, 2019
Annual General Meeting 2019	May 10, 2019
Interim Report January – June 2019	July 12, 2019
Interim report January – September 2019	October 24, 2019
Earnings report and report for the fourth quarter 2019	February 12, 2020

Financial reports, press releases, and other information are available from the date of publication on NetEnt's website [www.netent.com](http://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 24<sup>th</sup>, 2018

Fredrik Erbing  
Chairman of the Board

Jenny Rosberg  
Board Member

Maria Hedengren  
Board Member

Peter Hamberg  
Board Member

Michael Knutsson  
Board Member

Pontus Lindwall  
Board Member

Maria Redin  
Board Member

Therese Hillman  
Group CEO

Questions may be directed to:

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Lars Johansson  
CFO (acting)  
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This 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 October 25<sup>th</sup>, 2018.

### 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

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### Introduction

We have reviewed the interim report for NetEnt AB (publ) for the period January 1 - September 30, 2018. 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, 24<sup>th</sup> October 2018

Deloitte AB

Erik Olin

Authorized Public Accountant

## Condensed consolidated income statement and statement of total income for the Group (kSEK)

<b>INCOME STATEMENT</b>	<b>Jul-Sep 2018</b>	<b>Jul-Sep 2017</b>	<b>Jan-Sep 2018</b>	<b>Jan-Sep 2017</b>	<b>Jan-Dec 2017</b>
Revenues	448,815	403,348	1,314,705	1,207,279	1,630,552
Other revenues	435	1,483	1,827	3,830	5,527
<b>Total operating revenues</b>	<b>449,250</b>	<b>404,831</b>	<b>1,316,532</b>	<b>1,211,109</b>	<b>1,636,078</b>
Personnel expenses	-116,573	-107,022	-384,835	-336,388	-458,045
Depreciation and amortization	-55,464	-39,801	-156,879	-116,354	-158,019
Other operating expenses	-105,193	-102,927	-319,892	-329,383	-438,378
<b>Total operating expenses</b>	<b>-277,229</b>	<b>-249,750</b>	<b>-861,605</b>	<b>-782,125</b>	<b>-1,054,442</b>
<b>Operating profit</b>	<b>172,021</b>	<b>155,081</b>	<b>454,927</b>	<b>428,984</b>	<b>581,636</b>
Financial income	8,689	1,220	57,258	15,399	18,882
Financial expense	-10,304	-3,055	-32,047	-17,011	-20,575
<b>Financial items</b>	<b>-1,614</b>	<b>-1,836</b>	<b>25,211</b>	<b>-1,612</b>	<b>-1,693</b>
<b>Profit before tax</b>	<b>170,407</b>	<b>153,245</b>	<b>480,138</b>	<b>427,372</b>	<b>579,943</b>
Tax on the period's profit	-14,984	-11,632	-39,533	-34,871	-32,695
<b>Profit for the period</b>	<b>155,423</b>	<b>141,613</b>	<b>440,605</b>	<b>392,500</b>	<b>547,247</b>
<i>Earnings per share before dilution (SEK)</i>	<i>0.65</i>	<i>0.59</i>	<i>1.83</i>	<i>1.63</i>	<i>2.28</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.65</i>	<i>0.59</i>	<i>1.83</i>	<i>1.63</i>	<i>2.28</i>
Average number of shares outstanding					
- before dilution	240,130,860	240,130,860	240,130,860	240,130,860	240,130,860
- after dilution	240,130,860	240,179,921	240,130,860	240,156,569	240,130,860
Profit for the period attributable to Parent Company shareholder	155,423	141,613	440,605	392,500	547,247
<b>STATEMENT OF TOTAL INCOME</b>					
<b>Profit for the period</b>	155,423	141,613	440,605	392,500	547,547
Other total income					
<b>Other total income</b>					
<b>Other total income items that may be reclassified to net income</b>					
<b>Exchange rate differences arising from the translation of foreign operations</b>	<b>-8,124</b>	<b>-5,619</b>	<b>15,648</b>	<b>-1,033</b>	<b>17,654</b>
Sum of other total income for the period, net after tax	-8,124	-5,619	15,648	-1,033	17,654
<b>Total income for the period attributable to Parent Company shareholders</b>	<b>147,299</b>	<b>135,994</b>	<b>456,253</b>	<b>391,467</b>	<b>564,901</b>

## Condensed consolidated balance sheets (kSEK)

<b>ASSETS</b>	<b>Sep. 30, 2018</b>	<b>Sep. 30, 2017</b>	<b>Dec. 31, 2017</b>
Intangible assets	335,744	295,888	318,208
Property, plant, and equipment	133,589	142,610	151,345
Other long-term receivables	24,520	19,620	32,562
<b>Total non-current assets</b>	<b>493,854</b>	<b>458,118</b>	<b>502,115</b>
Accounts receivable	68,611	38,474	55,786
Tax receivables	-	119,381	-
Other receivables	52,983	67,594	74,843
Prepaid expenses and accrued revenues	215,487	213,605	214,958
Funds held on behalf of licensees	110,333	43,720	82,535
Cash and cash equivalents	362,330	144,652	387,035
<b>Total current assets</b>	<b>809,744</b>	<b>627,426</b>	<b>815,157</b>
<b>TOTAL ASSETS</b>	<b>1,303,598</b>	<b>1,085,543</b>	<b>1,317,272</b>

<b>EQUITY AND LIABILITIES</b>	<b>Sep. 30, 2018</b>	<b>Sep. 30, 2017</b>	<b>Dec. 31, 2017</b>
Share capital	1,205	1,205	1,205
Other capital contributed	93,812	93,812	93,812
Reserves	40,198	5,864	24,550
Retained earnings including profit for the period	692,121	637,062	791,810
<b>Total equity</b>	<b>827,336</b>	<b>737,943</b>	<b>911,378</b>
Prepayments from customers	20,346	45,536	52,306
Deferred tax liability	12,319	14,269	11,341
<b>Total long-term liabilities</b>	<b>32,665</b>	<b>59,805</b>	<b>63,647</b>
Accounts payable	30,393	41,420	44,421
Current tax liabilities	45,178	-	25,628
Other liabilities	209,723	117,713	145,811
Accrued expenses and prepaid revenues	158,303	128,661	126,387
<b>Total current liabilities</b>	<b>443,597</b>	<b>287,794</b>	<b>342,247</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,303,598</b>	<b>1,085,543</b>	<b>1,317,272</b>

## Condensed consolidated cash flow statements

(kSEK)	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Operating profit	172,021	155,081	454,927	428,984	581,636
<i>Adjustment for items not included in cash flows:</i>					
Depreciation, amortization and impairments	55,464	39,801	156,879	116,354	158,019
Other	-3,599	-11	5,085	-265	-4,664
Interest received	-	-	-	-	12
Interest paid	-243	-164	-1,215	-1,198	-1,292
Income tax paid	-3,283	-174,366	-20,293	-191,983	-40,879
<b>Cash flow from operating activities before changes in working capital</b>	<b>220 360</b>	<b>20 341</b>	<b>595,382</b>	<b>351,890</b>	<b>692,831</b>
Changes in working capital	-9,670	11,634	46,264	16,617	-26,769
<b>Cash flow from operating activities</b>	<b>210,689</b>	<b>31,975</b>	<b>641,646</b>	<b>368,507</b>	<b>666,062</b>
Acquisition of intangible assets	-35,231	-39,326	-110,103	-116,173	-156,362
Acquisition of property, plant, and equipment	-8,142	-15,454	-28,717	-65,119	-86,900
<b>Cash flow from investing activities</b>	<b>-43,373</b>	<b>-54,781</b>	<b>-138,820</b>	<b>-181,292</b>	<b>-243,262</b>
Received premium for share option rights	-	78	-	3,623	3,647
Repurchase of warrants	-	-	-	-	-52
Transfer to shareholders	-	-	-540,294	-540,294	-540,294
<b>Cash flow from financing activities</b>	<b>-</b>	<b>78</b>	<b>-540,294</b>	<b>-536,671</b>	<b>-536,700</b>
<b>Cash flow for the period</b>	<b>167,317</b>	<b>-22,727</b>	<b>-37,468</b>	<b>-349,456</b>	<b>-113,900</b>
Cash and cash equivalents at beginning of period	<b>195,494</b>	<b>168,923</b>	<b>387,035</b>	<b>494,497</b>	<b>494,497</b>
FX differences in cash and cash equivalen	-481	-1,544	12,764	-389	6,438
<b>Cash and cash equivalents at end of period</b>	<b>362,330</b>	<b>144,652</b>	<b>362,330</b>	<b>144,652</b>	<b>387,035</b>

## Condensed consolidated changes in equity (kSEK)

<b>2017</b>	<b>Share capital</b>	<b>Other capital contributed</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Opening equity Jan. 1, 2017	1,205	90,189	6,897	824,785	923,076
Received premium for share option rights	-	3,623	-	-	3,623
Cash distribution to shareholders	-	-	-	-540,294	-540,294
Total income for the period Jan-Dec	-	-	17,654	552,436	570,090
IFRS 15 adjustment *	-	-	-	-45,117	-45,117
<b>Closing equity Dec. 31, 2017</b>	<b>1,205</b>	<b>93,812</b>	<b>24,550</b>	<b>791,810</b>	<b>911,378</b>

<b>2018</b>	<b>Share capital</b>	<b>Other capital contributed</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Opening equity Jan. 1, 2018	1,205	93,812	24,550	791,810	911,378
Received premium for share option rights	-	-	-	-	-
Cash distribution to shareholders	-	-	-	-540,294	-540,294
Total income for the period Jan-Sep	-	-	15,648	440,605	456,252
<b>Closing equity Sep. 30, 2018</b>	<b>1,205</b>	<b>93,812</b>	<b>40,198</b>	<b>692,121</b>	<b>827,336</b>

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

<sup>\*)</sup> Retroactive adjustment of total income 2017 according to IFRS 15.

## Condensed Parent Company income statement (kSEK)

	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<b>INCOME STATEMENT</b>					
Operating revenues	175,892	189,281	590,361	599,895	807,059
Other external expenses	-63,755	-74,305	-215,095	-238,898	-317,622
Personnel expenses	-95,793	-95,647	-320,752	-302,838	-411,251
Depreciation and amortization	-6,272	-7,660	-20,672	-21,404	-28,750
<b>Operating profit</b>	<b>10,073</b>	<b>11,669</b>	<b>33,842</b>	<b>36,755</b>	<b>49,435</b>
Financial items	232	-245	21,207	2,206	445,268
Transfer to untaxed reserves	-	-	-	-	-5,853
<b>Profit before tax</b>	<b>10,305</b>	<b>11,424</b>	<b>55,049</b>	<b>38,961</b>	<b>488,851</b>
Tax on the period's profit	-2,524	-3,104	-12,645	-8,846	-9,166
<b>Profit for the period</b>	<b>7,781</b>	<b>8,565</b>	<b>42,404</b>	<b>30,114</b>	<b>479,684</b>
<b>STATEMENT OF TOTAL INCOME</b>					
<b>Profit for the period</b>	<b>7 781</b>	<b>8 565</b>	<b>42 404</b>	<b>30 114</b>	<b>479 684</b>
Other total income	-	-	-	-	-
<b>Sum of other total income for the period. net after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income for the period</b>	<b>7 781</b>	<b>8 565</b>	<b>42 404</b>	<b>30 114</b>	<b>479 684</b>

## Condensed Parent Company balance sheet (kSEK)

	Sep. 30. 2018	Sep. 30. 2017	Dec. 31. 2017
<b>ASSETS</b>			
Intangible assets	2,737	4,441	4,027
Property, plant, and equipment	56,475	72,811	71,963
Shares in subsidiaries	6,773	4,611	6,773
<b>Total non-current assets</b>	<b>65,986</b>	<b>81,862</b>	<b>82,763</b>
Accounts receivable	180	20	-
Receivables from Group companies	185,608	122,099	529,077
Current tax receivables	5,850	651	1,730
Other receivables	9,532	12,086	14,743
Prepaid expenses and accrued revenues	42,837	52,060	45,447
Cash and cash equivalents	27,956	52,931	111,944
<b>Total current assets</b>	<b>271,963</b>	<b>239,848</b>	<b>702,942</b>
<b>TOTAL ASSETS</b>	<b>337,949</b>	<b>321,710</b>	<b>785,704</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	1,205	1,205	1,205
Statutory reserve	38	38	38
Share premium reserve	58,885	58,914	58,885
Retained earnings	20,590	81,197	81,197
Profit for the period	42,404	30,114	479,684
<b>Total equity</b>	<b>123,122</b>	<b>171,467</b>	<b>621,009</b>
<b>Untaxed reserves</b>	<b>29,021</b>	<b>23,427</b>	<b>29,021</b>
Accounts payable	18,541	27,455	,33,413
Liabilities to Group companies	65,768	3,323	3,499
Tax liabilities	-	-	-
Other liabilities	7,044	7,384	7,532
Accrued expenses and prepaid revenues	94,453	88,654	91,230
<b>Total current liabilities</b>	<b>185,806</b>	<b>126,816</b>	<b>135,674</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>337,949</b>	<b>321,710</b>	<b>785,704</b>

## Key data and KPI's

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 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
<b>Financial measures defined by IFRS:</b>					
Operating revenues (kSEK)	449,250	404,831	1,316,532	1,211,109	1,636,077
Earnings per shares before dilution (SEK)	0.65	0.59	1.83	1.63	2.28
Earnings per shares after dilution (SEK)	0.65	0.59	1.83	1.63	2.28
Average number of outstanding shares before dilution	240,130,860	240,130,860	240,130,860	240,130,860	240,130,860
Average number of outstanding shares after dilution	240,130,860	240,131,415	240,130,860	240,131,415	240,130,860
Number of outstanding shares at period's end before dilution	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	240,130,860	241,115,160	240,130,860	241,115,160	240,130,860
<b>Alternative Performance Measures:</b>					
Operating revenues (kEUR)	43,143	42,368	128,633	126,422	169,848
Operating margin (percent)	38.3	38.3	34.6	35.4	35.6
EBITDA margin (percent)	50.6	48.1	46.5	45.0	45.2
Effective tax rate (percent)	8.8	7.6	8.2	8.2	5.6
Return on equity, rolling 12 months (percent)	68.2	66.6	68.2	66.6	67.4
Equity/assets ratio (percent)	63.5	68.0	63.5	68.0	69.2
Quick ratio (percent)	182.5	218.0	182.5	218.0	238.2
Net interest-bearing liabilities (kSEK) <sup>(1)</sup>	-362,330	-144,652	-362,330	-144,652	-387,035
Net debt/equity ratio (multiple)	-0.4	-0.2	-0.4	-0.2	-0.4
Equity per share before dilution (SEK) <sup>(2)</sup>	3.45	3.07	3.45	3.07	3.80
Equity per share after dilution (SEK) <sup>(2)</sup>	3.45	3.06	3.45	3.06	3.80
Average number of employees	806	749	807	738	750
Employees at period's end	816	766	816	766	810
Employees and external resources at period's end	1,002	978	1,002	978	1,013

(1) A negative figure means that the Group has a net cash position (cash in excess of interest-bearing liabilities).

(2) Adjusted for the share split 6:1 in May 2016.

## Consolidated key data and figures by quarter for the Group

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3
<b>Financial measures defined by IFRS:</b>									
Operating revenues (kSEK)	449.3	437.2	430.1	425.0	404.8	412.8	393.5	398.9	353.8
Cash and cash equivalents (SEKm) <sup>(3)</sup>	362.3	195.5	560.9	387.0	144.7	168.9	573.5	494.5	412.8
Funds held on behalf of licensees (SEKm)	110.3	56.4	75.4	210.4	43.7	130.0	218.0	213.2	157.2
<b>Alternative Performance Measures:</b>									
Operating revenues (EURm)	43.1	42.3	43.2	43.4	42.4	42.7	41.4	41.0	37.1
Operating profit (SEKm)	172.0	148.8	134.1	152.7	155.1	147.1	126.8	149.6	124.4
Operating margin (percent)	38.3	34.0	31.2	35.9	38.3	35.6	32.2	37.5	35.2
EBITDA margin (percent)	50.6	46.3	42.3	45.7	48.1	45.2	41.6	46.7	45.0
Growth in SEK vs prior year (percent)	11.0	5.9	9.3	6.5	14.4	18.9	14.2	24.3	25.8
Growth in EUR vs prior year (percent)	1.8	-0.8	4.3	5.8	14.2	13.9	12.0	19.6	23.6
Growth in SEK vs prior quarter (percent)	2.8	1.7	1.2	5.0	-1.9	4.9	-1.4	12.8	1.9
Growth in EUR vs prior quarter (percent)	1.9	-1.9	-0.6	2.5	-0.7	3.1	0.9	10.6	-0.9
Equity/assets ratio (percent)	63.5	60.7	70.7	69.2	68.0	56.0	70.3	66.1	65.0
Return on equity rolling 12 months (percent)	68.2	68.3	69.5	67.4	66.6	63.1	59.4	63.8	63.8
Net debt/equity ratio (multiple)	-0.4	-0.3	-0.5	-0.4	-0.2	-0.3	-0.6	-0.6	-0.6
Share price at end of period <sup>(2)</sup>	36.04	47.90	41.94	56.50	63.20	73.65	72.00	70.30	78.50
Earnings per share after dilution (SEK) <sup>(2)</sup>	0.65	0.58	0.61	0.64	0.59	0.56	0.48	0.60	0.47
Book equity per share (SEK) <sup>(2)</sup>	3.45	2.83	4.47	3.80	3.07	2.51	4.16	3.68	3.10
Cash flow from operations per share (SEK) <sup>(2)</sup>	0.88	0.93	0.86	1.24	0.13	0.77	0.63	0.66	0.74
Average number of employees	806	814	800	789	746	741	717	674	641

## Reconciliation to IFRS

(SEKm)	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3
<b>EBITDA</b>									
Profit for the period	155.4	139.3	145.8	154.7	141.6	135.8	115.0	143.9	114.4
Tax on profit for the period	15.0	12.6	11.9	-2.2	11.6	13.3	9.9	9.9	10.1
Financial items	-1.6	3.1	23.7	-0.1	-1.8	2.1	-1.9	4.2	0.2
Depreciation & Amortization	55.5	53.5	47.9	41.7	39.8	39.6	37.0	36.6	34.7
<b>EBITDA</b>	<b>227.5</b>	<b>202.3</b>	<b>182.0</b>	<b>194.3</b>	<b>194.9</b>	<b>186.7</b>	<b>163.8</b>	<b>186.3</b>	<b>159.1</b>
<b>Net interest-bearing liabilities</b>									
Interest-bearing provisions	-	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-
Cash and cash equivalents <sup>(3)</sup>	-362.3	-195.5	-560.9	-387.0	-144.7	-168.9	-573.5	-494.5	-412.8
<b>Net interest-bearing liabilities <sup>(1)</sup></b>	<b>-362.3</b>	<b>-195.5</b>	<b>-560.9</b>	<b>-387.0</b>	<b>-144.7</b>	<b>-168.9</b>	<b>-573.5</b>	<b>-494.5</b>	<b>-412.8</b>
<b>Quick ratio</b>									
Total current assets	809.7	607.5	995.3	815.2	627.4	627.2	991.9	942.2	782.7
Total current liabilities	443.6	402.3	378.9	342.2	287.8	414.1	364.4	404.3	356.1
<b>Quick ratio (percent)</b>	<b>182.5</b>	<b>151.0</b>	<b>262.7</b>	<b>238.2</b>	<b>218.0</b>	<b>151.5</b>	<b>272.2</b>	<b>233.1</b>	<b>219.8</b>

(1) A negative figure means that the Group has a net cash position (cash in excess of interest-bearing liabilities).

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

(3) Excluding funds held on behalf of licensees.

## Notes

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### Note 1 Accounting Principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has also been applied. This consolidated interim report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and IAS 34 Interim Financial Reporting. The accounts for the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The accounting standards applied for the Group and the Parent Company are the same as those applied in preparation of the most recent annual report, with the exceptions described below.

IFRS 15 is applied for the annual reporting period beginning January 1, 2018. NetEnt has implemented the new standard using the full retrospective method with adjustments to all periods presented regarding when in time the Company recognizes revenue and expenses attributable to setup fees. The difference from previous accounting standards applied is that these revenue and expenses now is accrued over the term of the contract, usually three years, in relation to earlier when these were recognized in connection to the signing of the customer agreement. For further information and specifications regarding this application and adjustments of all periods presented refer to pages 16-20 in this report.

IFRS 9 addresses new principles regarding hedge accounting and classification and measurement of financial assets. Financial instruments that are recognized in the statement of financial position includes on the asset side cash and cash equivalents, trade receivables, other current receivables and other securities held as non-current assets. On the liability side there are trade payables, other current liabilities and borrowings (including finance lease liabilities). IFRS 9 requires financial assets to be classified based on the Company's business model for managing the financial assets as well as the characteristics of the contractual cash flows of the financial assets. Under IFRS 9, the business model assessment permits a financial asset to be classified at amortised cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows with the fair value through profit or loss as the residual category for financial instruments. The concept is categorized as 'hold to collect'.

The Company's business model is "hold to collect" and the asset is classified at amortised cost. The transition to IFRS 9 have no material impact on the Company's classification and measurement of financial assets and on the provision for expected credit losses.

For further information on the accounting standards, please see the most recent annual report at [www.netent.com](http://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.

## Note 2 Specification of revenues

Amounts in kSEK

Geographic breakdown <sup>(1)</sup>	Jul-Sep 2018		Jul-Sep 2017		Jan-Sep 2018		Jan-Sep 2017	
	kSEK	Percent	kSEK	Procent	kSEK	Procent	kSEK	Procent
Sweden	146	0.0%	202	0.0%	900	0.1%	1,313	0.1%
Malta	193,726	43.1%	197,561	48.8%	563,611	42.8%	601,082	49.6%
Other countries	255,378	56.8%	207,068	51.1%	752,021	57.1%	608,714	50.3%
<b>Total revenues</b>	<b>449,250</b>	<b>100.0%</b>	<b>404,831</b>	<b>100.0%</b>	<b>1,316,532</b>	<b>100.0%</b>	<b>1,211,109</b>	<b>100.0%</b>

Type of revenue	Jul-Sep 2018		Jul-Sep 2017		Jan-Sep 2018		Jan-Sep 2017	
	kSEK	Percent	kSEK	Procent	kSEK	Procent	kSEK	Procent
Royalties	435,844	97.0%	393,947	97.3%	1,279,997	97.2%	1,182,501	97.6%
Setup fees	12,971	2.9%	9,401	2.3%	34,708	2.6%	24,779	2.0%
Other income	435	0.1%	1,483	0.4%	1,827	0.1%	3,830	0.3%
<b>Total revenues</b>	<b>449,250</b>	<b>100.0%</b>	<b>404,831</b>	<b>100.0%</b>	<b>1,316,532</b>	<b>100.0%</b>	<b>1,211,109</b>	<b>100.0%</b>

recognition	Jul-Sep 2018		Jul-Sep 2017		Jan-Sep 2018		Jan-Sep 2017	
	kSEK	Percent	kSEK	Procent	kSEK	Procent	kSEK	Procent
Performance commitment fulfilled at a certain time	436,279	97.1%	395,430	97.7%	1,281,824	97.4%	1,186,331	98.0%
Performance commitment fulfilled over a period of time	12,971	2.9%	9,401	2.3%	34,708	2.6%	24,779	2.0%
<b>Total revenues</b>	<b>449,250</b>	<b>100.0%</b>	<b>404,831</b>	<b>100.0%</b>	<b>1,316,532</b>	<b>100.0%</b>	<b>1,211,109</b>	<b>100.0%</b>

<sup>1)</sup> The geographic breakdown is based on the domiciliation of the customer

## Note 3 Reconciliation of IFRS 15

The change of accounting standard to IFRS 15 generates adjustments on earlier reported revenues, expenses and related tax regarding ongoing contracts for setup fees are capitalized and reported as prepaid revenues and prepaid expenses. Prepaid revenues and expenses that are more than 12 months from the balance sheet date are reported as prepayments from customer and other long-term receivables.

## Effects on revenues, expenses and profit

<i>Amounts in kSEK</i>	<b>Jul-Sep 2017</b>	<b>Jan-Sep 2017</b>	<b>Jan-Dec 2017</b>
Reported revenues	407,205	1,223,102	1,646,817
<i>IFRS 15 recalculation</i>	-2,375	-11,994	-10,739
<b>Recalculated revenues</b>	<b>404,831</b>	<b>1,211,108</b>	<b>1,636,078</b>
Reported expenses	-251,284	-785,956	-1,059,719
<i>IFRS 15 recalculation</i>	1,535	3,832	5,277
<b>Recalculated expenses</b>	<b>-249,750</b>	<b>-782,125</b>	<b>-1,054,442</b>
Reported operating profit	155,921	437,146	587,098
<i>IFRS 15 recalculation</i>	-840	-8,162	-5,462
<b>Recalculated operating profit</b>	<b>155,081</b>	<b>428,984</b>	<b>581,636</b>
Reported financial items	-1,836	-1,612	-1,693
<i>IFRS 15 recalculation</i>	-	-	-
<b>Recalculated financial items</b>	<b>-1,836</b>	<b>-1,612</b>	<b>-1,693</b>
Reported profit before tax	154,085	435,533	585,405
<i>IFRS 15 recalculation</i>	-840	-8,162	-5,462
<b>Recalculated profit before tax</b>	<b>153,245</b>	<b>427,372</b>	<b>579,943</b>
Reported tax on profit	-11,674	-35,278	-32,969
<i>IFRS 15 recalculation</i>	42	408	273
<b>Recalculated tax on profit</b>	<b>-11,632</b>	<b>-34,871</b>	<b>-32,695</b>
Reported profit for the period	142,411	400,255	552,436
<i>IFRS 15 recalculation</i>	-798	-7,754	-5,189
<b>Recalculated profit for the period</b>	<b>141,613</b>	<b>392,500</b>	<b>547,247</b>

## Effect on earnings per share

<i>Amounts in SEK</i>	<b>Jul-Sep 2017</b>	<b>Jan-Sep 2017</b>	<b>Jan-Dec 2017</b>
Change in earnings per share before dilution	0.00	-0.03	-0.02
Change in earnings per share after dilution	0.00	-0.03	-0.02

## Effects on assets, liabilities and equity, 1 January 2017

<i>Amounts in kSEK</i>	Reported Balance Sheet	IFRS 15 recalculation	Recalculated Balance Sheet
Fixed assets	374,041	-	374,041
Other non-current receivables	9,567	9,742	19,309
<b>Total non-current assets</b>	<b>383,608</b>	<b>9,742</b>	<b>393,350</b>
Other receivables	227,831	-	227,831
Prepaid expenses and accrued income	213,247	6,640	219,887
Cash and cash equivalents	494,497	-	494,497
<b>Total current assets</b>	<b>935,575</b>	<b>6,640</b>	<b>942,215</b>
<b>TOTAL ASSETS</b>	<b>1,319,183</b>	<b>16,382</b>	<b>1,335,565</b>
Share capital	1,205	-	1,205
Other capital contributed and reserves	97,086	-	97,086
Retained earnings including profit for the year	824,785	-39,928	784,857
<b>Total equity</b>	<b>923,076</b>	<b>-39,928</b>	<b>883,148</b>
Prepayments from customers	-	33,879	33,879
Deferred tax liability	14,269	-	14,269
<b>Total non-current liabilities</b>	<b>14,269</b>	<b>33,879</b>	<b>48,148</b>
Other liabilities	289,681	-	289,681
Accrued expenses and deferred income	92,157	22,431	114,588
<b>Total current liabilities</b>	<b>381,838</b>	<b>22,431</b>	<b>404,269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,319,183</b>	<b>16,382</b>	<b>1,335,565</b>

## Effects on assets, liabilities and equity, 30 September 2017

<i>Amounts in kSEK</i>	Reported Balance Sheet	IFRS 15 recalculation	Recalculated Balance Sheet
Fixed assets	438,498	-	438,498
Other non-current receivables	9,566	10,054	19,620
<b>Total non-current assets</b>	<b>448,064</b>	<b>10,054</b>	<b>458,118</b>
Other receivables	269,169	-	269,169
Prepaid expenses and accrued income	203,037	10,568	213,605
Cash and cash equivalents	144,652	-	144,652
<b>Total current assets</b>	<b>616,858</b>	<b>10,568</b>	<b>627,426</b>
<b>TOTAL ASSETS</b>	<b>1,064,922</b>	<b>20,622</b>	<b>1,085,543</b>
Share capital	1,205	-	1,205
Other capital contributed and reserves	99,676	-	99,676
Retained earnings including profit for the year	684,745	-47,683	637,062
<b>Total equity</b>	<b>785,626</b>	<b>-47,683</b>	<b>737,943</b>
Prepayments from customers	-	45,536	45,536
Deferred tax liability	14,269	-	14,269
<b>Total non-current liabilities</b>	<b>14,269</b>	<b>45,536</b>	<b>59,805</b>
Other liabilities	159,135	-	159,135
Accrued expenses and deferred income	105,893	22,768	128,661
<b>Total current liabilities</b>	<b>265,027</b>	<b>22,768</b>	<b>287,796</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,064,922</b>	<b>20,622</b>	<b>1,085,543</b>

## Effects on assets, liabilities and equity 31 December 2017

<i>Amounts in kSEK</i>	Reported Balance Sheet	IFRS 15 recalculation	Recalculated Balance Sheet
Fixed assets	469,553	-	469,553
Other non-current receivables	15,166	17,396	32,562
<b>Total non-current assets</b>	<b>484,719</b>	<b>17,396</b>	<b>502,115</b>
Other receivables	213,164	-	213,164
Prepaid expenses and accrued income	210,422	4,536	214,958
Cash and cash equivalents	387,035	-	387,035
<b>Total current assets</b>	<b>810,621</b>	<b>4,536</b>	<b>815,157</b>
<b>TOTAL ASSETS</b>	<b>1,295,340</b>	<b>21,932</b>	<b>1,317,272</b>
Share capital	1,205	-	1,205
Other capital contributed and reserves	118,362	-	118,362
Retained earnings including profit for the year	836,928	-45,117	791,810
<b>Total equity</b>	<b>956,495</b>	<b>-45,117</b>	<b>911,378</b>
Prepayments from customers	-	52,306	52,306
Deferred tax liability	11,341	-	11,341
<b>Total non-current liabilities</b>	<b>11,341</b>	<b>52,306</b>	<b>63,647</b>
Other liabilities	215,860	-	215,860
Accrued expenses and deferred income	111,644	14,743	126,387
<b>Total current liabilities</b>	<b>327,504</b>	<b>14,743</b>	<b>342,247</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,295,340</b>	<b>21,932</b>	<b>1,317,272</b>

## Definitions

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### ***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.

## 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 Americas 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. Four new slot games were released in the quarter: *Mirror Mirror*, *Swipe & Roll*, *Berryburst*, *Berryburst MAX* och *Double Stacks*.

