

Q4

EARNINGS REPORT 2018
QUARTERLY REPORT
OCTOBER–DECEMBER 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™

Q4

YEAR-END REPORT 2018 QUARTERLY REPORT OCTOBER–DECEMBER 2018

Fourth quarter 2018

- Revenues for the fourth quarter amounted to 465 (425) SEKm
- EBITDA was 204 (194) SEKm, a margin of 43.9 (45.7)%. Reorganization-related costs of 22 SEKm. Adjusted for these costs, EBITDA was 226 (194) SEKm, a margin of 48.7 (45.7)%
- Operating profit (EBIT) of SEK 146 (153) million, a margin of 31.4 (35.9)%. In addition to aforementioned costs, a VR-project was written down by 5 SEKm. Adjusted for these costs, EBIT was 174 (153) SEKm, corresponding to a margin of 37.3 (35.9)%
- Profit after tax of 137 (155) SEKm. Earnings per share of SEK 0.57 (0.65) before and after dilution
- 8 (8) new customer agreements signed, and 9 (11) new customers' casinos launched

Full year 2018

- Revenues for the full year amounted to 1,782 (1,636) SEKm
- EBITDA of 816 (740) SEKm, a margin of 45.8 (45.2)%. Adjusted for reorganization-related costs in the fourth quarter and severance pay for the previous CEO, EBITDA was 844 (740) SEKm, a margin of 47.4 (45.2)%
- Operating profit (EBIT) was 601 (582) SEKm, a margin of 33.7 (35.6)%. Adjusted for aforementioned costs and the writedown of a VR-project, EBIT was 634 (582) SEKm, a margin of 35.6 (35.6)%
- Profit after tax of SEK 577 (547) million. Earnings per share of SEK 2.40 (2.28) before and after dilution
- Proposed cash return to shareholders of SEK 2.25 (2.25) per share
- 31 (37) new customer agreements signed, and 38 (35) new customers' casinos launched

Important events in the fourth quarter

- Customer contracts signed with ATG and Svenska Spel in Sweden, and Veikkaus in Finland
- Customer contracts signed in the US with Churchill Downs (New Jersey) and Penn National Gaming (Pennsylvania)
- Live Casino contract signed with William Hill
- Reorganization completed to increase profitability and competitiveness
- Lars Johansson appointed Chief Financial Officer (CFO)

Quote from Therese Hillman, Group CEO

"In the fourth quarter, several of our new games performed well and revenues increased by 9.5 percent (3.9 percent in euro). The adjusted EBIT margin improved to 37.3 percent, supported by higher volumes, the weaker Swedish krona, and better cost control. I look forward to another busy year as we continue to strive for higher organic growth with maintained cost control."

Summary in figures (kSEK)	Oct-Dec 2018	Oct-Dec 2017	Jan-dec 2018	Jan-Dec 2017
Operating revenues	465,419	424,969	1,781,950	1,636,078
EBITDA	204,251	194,317	816,056	739,655
EBITDA margin	43.9%	45.7%	45.8%	45.2%
Operating profit (EBIT)	146,171	152,652	601,098	581,636
Operating margin	31.4%	35.9%	33.7%	35.6%
Cash flow from operating activities	186,233	297,555	827,878	666,062
Cash flow for the period	138,935	235,556	101,466	-113,900
Cash and cash equivalents at end of period	500,845	387,035	500,845	387,035

Comments by Therese Hillman, Group CEO

More new games and increased commercial focus in the fourth quarter

In the fourth quarter, several of our six newly launched games performed well and revenues increased by 9.5 percent (3.9 percent in euro) to 465 SEKm. Adjusting for restructuring-related costs and the writedown of a VR-project, the EBIT margin improved to 37.3 (35.9) percent, supported by higher volumes, the weaker Swedish krona, and better cost control. In a number of our markets, we are facing higher expectations than ever as a supplier; we have to deliver more and faster, while we continue to offer innovative products and entertaining gaming experiences to customers and players. To better meet such expectations and to drive efficiency and commercial focus, we continued to make changes in the company. In December, we announced a re-organization that leads to a more decentralized structure with clearer areas of priority and accountability. We have strengthened key management positions across the group and recruited a new head of Live Casino, which continues to be an area that we invest in. We also communicated that we are increasing the pace of development and aim to release 30 – 35 new games in 2019, compared to 21 games in 2018. In order to keep costs under control and to allow for continued investments into increased production, we also announced staff reductions affecting 55 full-time positions, mainly within corporate support functions in Stockholm.

Strong cash flow, solid financial position and stable dividend in 2018

As we close the full year 2018, we see that revenues grew by 8.9 percent to 1,782 SEKm and EBITDA increased by 10.3 percent to 816 SEKm. Revenues were boosted by the weaker Swedish krona and we are not pleased with the underlying growth rate in euro, which was 2.3 percent for the full year. Still, NetEnt's business continued to generate solid cash flows, resulting in a net cash position of 501 SEKm at year-end. This leaves us room to continue both investing in growth initiatives and delivering solid cash returns to our shareholders. For 2018, the Board has proposed an unchanged dividend of SEK 2.25 (2.25) per share.

Regulations create new market conditions

Locally regulated markets accounted for 37 (33) percent of our revenues in the fourth quarter. If we include Sweden, more than half of our revenues come from locally regulated markets. The new Swedish regulation that is in place since January 1st means new rules and requirements for all market participants, as well as new conditions for responsible gambling and fair competition. We have launched our games with most of our existing customers in Sweden, as well as the new WLA customers ATG and Svenska Spel. So far this year, our total gamewin in euro terms is approximately five percent lower than it was in the corresponding period of 2018, mainly due to lower volumes in Sweden. While it is still too early to predict the mid- to long-term effects of the Swedish regulation, we expect the key customer signings in Q4 2018 and our upcoming game releases to contribute to new revenues in 2019. When it comes to organic earnings growth, we have clearly higher ambitions than the pace we saw in 2018.

In the US, we follow the developments closely after the Office of Legal Counsel of the US Department of Justice issued its opinion about online gambling in January. This has created some uncertainty, but at this stage we do not see any reason to reconsider our US growth plans, which include growing on the regulated markets in New Jersey and Pennsylvania. With regards to timing, however, we see that the launch in Pennsylvania will be delayed due to changes in the regulatory requirements.

Next steps – increasing the pace

We are just back from the largest industry exhibition of the year, ICE in London, where we unveiled a number of new products. The latest addition to the NetEnt Rocks series will be Ozzy Osbourne and we will be developing a game based on the legendary character Conan. Further, NetEnt Engage will have new features to improve the player experience. Last but not least, just in time for the big horse races this spring we will be releasing a new game in collaboration with the famous British jockey Peter Scudamore.

I would like to thank all our employees for their valuable contributions during 2018 and look forward to another busy year. I am convinced that we will offer more and better games than ever, for all types of players and preferences.

Therese Hillman
Group CEO, NetEnt

New agreements and customers

In the fourth quarter, 8 (8) new license agreements were signed and 9 (11) new customers' casinos were launched. At the end of the period, NetEnt held agreements with 22 (30) new customers that had not yet been launched.

Events after the end of the period

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

Revenues and results in the fourth quarter

Total revenues amounted to SEK 465.4 (425.0) million in the fourth quarter, an increase of 9.5 percent (3.9 percent in euro) compared to the corresponding period in 2017. New games contributed to the increase in revenues – six new slot games were released in the quarter: Halloween Jack, Wild Bazaar, Coins of Egypt, Vikings, Jingle Spin and Wild-o-Tron 3000. The number of game transactions amounted to 11.7 billion in the fourth quarter, representing a volume increase of 4.7 percent compared to same quarter of the previous year.

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.

Mobile games accounted for 61.4 (53.8) percent of game win in the period. Game win in the quarter was split into the following game categories: slot games: 91.9 percent, table games: 7.8 percent and other games: 0.3 percent.

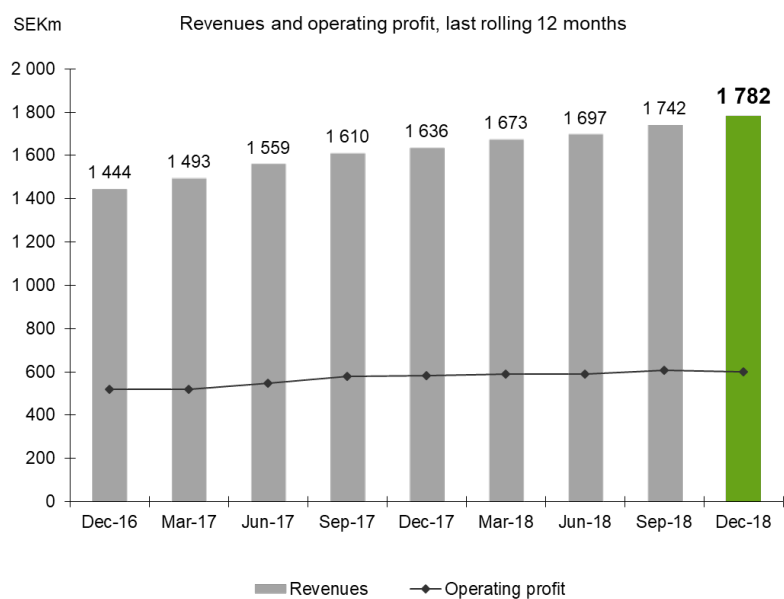
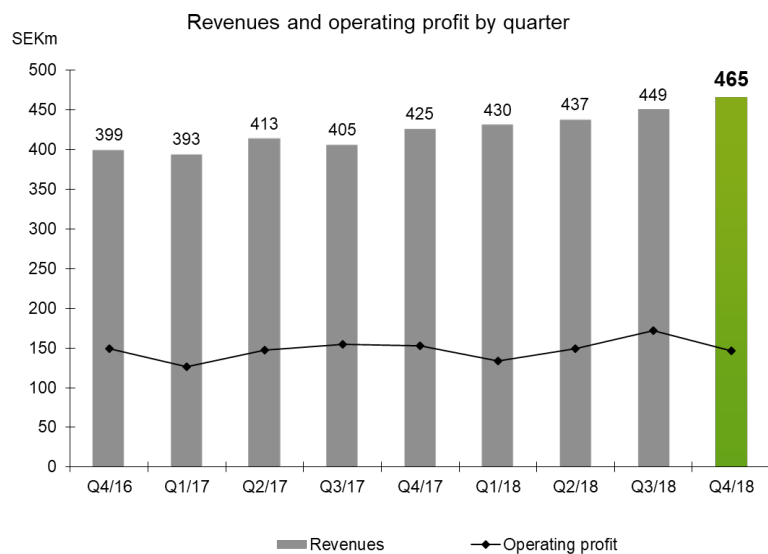
Revenues are affected by the development of the Swedish krona in relation to other currencies, particularly euro and British pounds. The main part of revenues is invoiced and accounted for in euro, then translated and reported in Swedish krona. A weaker Swedish krona has a positive effect on reported revenues. During the fourth quarter of 2018, the Swedish krona weakened by 5.4 percent against the euro compared to the same period in 2017. Against the British pound, the Swedish krona weakened by 5.6 percent compared to the same quarter of last year.

Operating profit in the fourth quarter amounted to SEK 146.2 (152.7) million, corresponding to a margin of 31.4 (35.9) percent. Operating expenses amounted to SEK 319.2 (272.3) million. The increase compared to the fourth quarter of the previous year was mainly due to costs related to the reorganization in the period (22.1 SEKm) and the writedown of a virtual reality project (5.2 SEKm). Adjusting for these items, total expenses increased to SEK 291.8 (272.3) million, mainly due to higher depreciation than in the previous year. Before reorganization-related costs and the writedown of a VR-project, operating profit was SEK 173.6 (152.7) million, corresponding to a margin of 37.3 (35.9) percent.

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 46 (44) percent in the period.

Net financial items amounted to SEK -4.1 (-0.1) 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

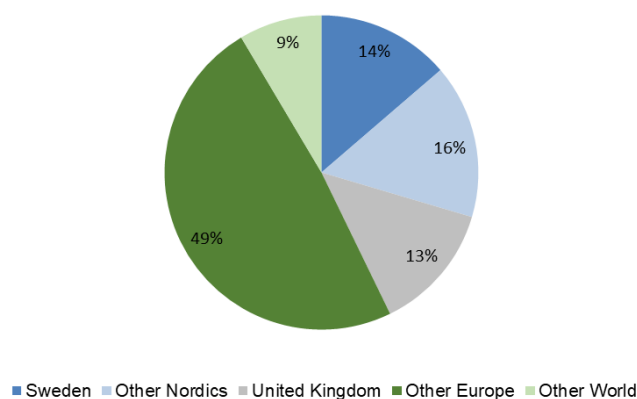
Revenues and operating profit



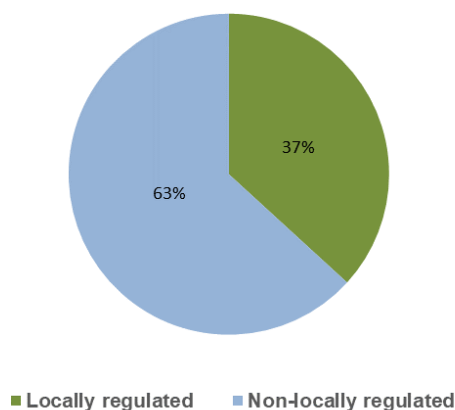
Breakdown of gamewin in the fourth quarter

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 37 (33) percent of the total gamewin in NetEnt's games in the fourth 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, Canada (British Columbia) and USA (New Jersey). Regionally, the split was the following: Sweden 14 (14)%, Other Nordics 16 (19)%, United Kingdom 13 (14)%, Other Europe 49 (45)% and Rest of the world 9 (9)%.

Gamewin (euro) breakdown in the fourth quarter – by player region



Gamewin (euro) breakdown in the fourth quarter – locally regulated markets



Investments in the fourth quarter

The Group's investments in intangible assets amounted to SEK 37.4 (40.2) million and investments in property, plant, and equipment totaled SEK 9.9 (21.8) 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 fourth quarter

The Group's cash flow from operating activities amounted to SEK 186.2 (297.6) million in the quarter. The comparable cash flow figures of the previous year were affected by a tax re-payment in Malta related to the dividend from Malta to Sweden in conjunction with the year-end closing of 2016 and in accordance with Maltese tax rules. In 2018, the corresponding tax payment and consequent repayment both occurred in fourth quarter, leading to a much smaller net effect on cash flow than in 2017.

Cash flow from investing activities amounted to SEK -47.3 (-62.0) million in the fourth 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 500.8 (387.0) million at the end of the period. Cash held on behalf of licensees was SEK 29.5 (82.5) million at the end of the period.

Summary of the full year 2018

Revenues during the period of January-December 2018 amounted to SEK 1,782.0 (1,636.1) million, an increase of 8.9 percent (2.3 percent in euros) compared to the same period in 2017. NetEnt signed 31 (37) new license agreements during the period and launched 38 (35) new customers' casinos.

Operating profit amounted to SEK 601.1 (581.6) million and the operating margin was 33.7 (35.6) percent. Adjusting for reorganization-related costs and the writedown of a VR-project, operating profit was SEK 634.5 (581.6) million and the operating margin was 35.6 (35.6) percent.

The Group's acquisitions of intangible assets amounted to SEK 147.5 (156.4) million for the period. Investments in property, plant, and equipment amounted to SEK 38.6 (86.9) million.

The Group's cash flow from operating activities for the period amounted to SEK 827.9 (666.1) 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 second quarter, in the form of an automatic redemption program.

Market

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 44.4 billion for 2018, representing an increase of 9.9 percent compared to the previous year. The corresponding size for the global online casino market has been estimated at EUR 11.9 billion for 2018, meaning an increase of 10.2 percent for the year (*source: H2 Gambling Capital, January 31st, 2019*).

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 jurisdictions: 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 new gambling law was introduced on January 1, 2019, which means that all operators need to have a license and suppliers must certify their games with the Swedish Gambling Authority. 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.

Personnel and organization

At the end of the period, the number of employees was 804 (791). Including external resources such as dedicated staff with contract suppliers and subcontractors, NetEnt employed 990 (994) 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 195.5 (207.2) million and operating profit was SEK 9.5 (12.7) million for the period. The operating margin was 4.9 (6.1) percent. The 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 527.5 (449.6) million for the quarter.

Investments in property, plant and equipment for the Parent Company amounted to SEK 1.0 (5.7) million and investments in intangible assets were SEK 1.2 (0.3) million for the period. Cash and cash equivalents in the Parent Company amounted to SEK 153.2 (111.9) 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.

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 Watin, (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 15th, 2019 at: Nominating Committee, NetEnt AB, Vasagatan 16, SE-111 20 Stockholm, Sweden or to nomination@netent.com.

Proposed cash distribution to shareholders

The Board proposes to the Annual General Meeting to transfer SEK 540.3 (540.3) million to shareholders, which corresponds to SEK 2.25 (2.25) per share. The Board intends to propose that the transfer be handled through an automatic share redemption program. The complete proposal will be presented well in advance before the Annual General Meeting.

Annual General Meeting

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

Presentation of report

On Tuesday, February 12th, 2019, at 9.00 a.m. the earnings 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-q4-2018>

Financial information

NetEnt intends to distribute financial reports on the dates below.

Web publication of annual report for 2018	April 17, 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.

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, February 11th, 2019

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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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 February 12th, 2019.

Legal disclaimer

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

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

INCOME STATEMENT	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Revenues	463,464	423,272	1 778 169	1,630,552
Other revenues	1,954	1,697	3 782	5,527
Total operating revenues	465,419	424,969	1 781 950	1,636,078
Personnel expenses	-151,407	-122,237	-535 903	-458,045
Depreciation and amortization	-58,080	-41,665	-214 958	-158,019
Other operating expenses	-109,761	-108,415	-429 991	-438,378
Total operating expenses	-319,248	-272,317	-1 180 853	-1,054,442
Operating profit	146,171	152,652	601 098	581,636
Financial income	4,848	3,482	62 106	18,882
Financial expense	-8,978	-3,564	-41 025	-20,575
Financial items	-4,131	-81	21 080	-1,693
Profit before tax	142,040	152,571	622 178	579,943
Tax on the period's profit	-5,416	2,353	-44 949	-32,695
Profit for the period	136,624	154,924	577,229	547,247
<i>Earnings per share before dilution (SEK)</i>	<i>0.57</i>	<i>0.65</i>	<i>2.40</i>	<i>2.28</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.57</i>	<i>0.65</i>	<i>2.40</i>	<i>2.28</i>
Average number of shares outstanding				
- before dilution	240,130,860	240,130,860	240,130,860	240,130,860
- after dilution	240,130,860	240,130,860	240,130,860	240,130,860
Profit for the period attributable to Parent Company shareholder	136,624	154,924	577,229	547,247
STATEMENT OF TOTAL INCOME				
Profit for the period	136,624	154,924	577,229	547,247
Other total income				
Other total income				
Other total income items that may be reclassified to net income				
Exchange rate differences arising from the translation of foreign operations	-7 940	-5 619	7 708	17 654
Sum of other total income for the period, net after tax	-7,940	-5,619	7,708	17,654
Total income for the period attributable to Parent Company shareholders	128,684	135,994	584,937	564,901

Condensed consolidated balance sheets (kSEK)

ASSETS	Dec. 31, 2018	Dec. 31, 2017
Intangible assets	334,786	318,208
Property, plant, and equipment	123,047	151,345
Deferred tax receivable	6,019	5,317
Other long-term receivables	30,261	27,245
Total non-current assets	494,112	502,115
Account receivables	64,427	55,786
Other receivables	51,866	74,843
Prepaid expenses and accrued revenues	211,036	214,958
Funds held on behalf of licensees	29,543	82,535
Cash and cash equivalents	500,845	387,035
Total current assets	857,716	815,157
TOTAL ASSETS	1,351,829	1,317,272

EQUITY AND LIABILITIES	Dec. 31, 2018	Dec. 31, 2017
Share capital	1,205	1,205
Other capital contributed	93,812	93,812
Reserves	32,258	24,550
Retained earnings including profit for the period	828,745	791,810
Total equity	956,020	911,378
Prepayments from customers	7,290	52,306
Deferred tax liability	10,245	11,341
Total long-term liabilities	17,534	63,647
Accounts payable	30,791	44,421
Current tax liabilities	24,421	25,628
Other liabilities	138,876	145,811
Accrued expenses and prepaid revenues	184,186	126,387
Total current liabilities	378,274	342,247
TOTAL EQUITY AND LIABILITIES	1,351,829	1,317,272

Condensed consolidated cash flow statements

(kSEK)	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Operating profit	146,171	149,952	601,098	581,636
<i>Adjustment for items not included in cash flows:</i>				
Depreciation, amortization and impairments	58,080	41,665	214,959	158,019
Other	-4,782	-4,399	304	-4,664
Interest received	-	-	-	12
Interest paid	-824	-82	- 2,039	-1,292
Income tax paid	-28,061	151,105	-48,355	-40,879
Cash flow from operating activities before changes in working capital	170,584	338,240	765,966	692,831
Changes in working capital	15,648	-40,685	61,912	-26,769
Cash flow from operating activities	186,233	297,555	827,878	666,062
Acquisition of intangible assets	-37,421	-40,189	-147,523	-156,362
Acquisition of property, plant, and equipment	-9,877	-21,781	-38,595	-86,900
Cash flow from investing activities	-47,298	-61,970	-186,118	-243,262
Received premium for share option rights	-	-	-	3,647
Repurchase of warrants	-	-29	-	-52
Transfer to shareholders	-	-	-540,294	-540,294
Cash flow from financing activities	-	-29	-540,294	-536,700
Cash flow for the period	138,935	235,556	101,466	-113,900
Cash and cash equivalents at beginning of period	362,330	144,652	387,035	494,497
FX differences in cash and cash equivalen	-421	6,827	12,343	6,438
Cash and cash equivalents at end of period	500,845	387,035	500,845	387,035

Condensed consolidated changes in equity (kSEK)

2017	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
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
Closing equity Dec. 31, 2017	1,205	93,812	24,550	791,810	911,378

2018	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
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-Dec	-	-	7,708	577,229	584,937
Closing equity Dec. 31, 2018	1,205	93,812	32,258	828,745	956,020

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

^{*)} Retroactive adjustment of total income 2017 according to IFRS 15.

Condensed Parent Company income statement (kSEK)

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
INCOME STATEMENT				
Operating revenues	195,504	207,164	785,865	807,059
Other external expenses	-64,940	-78,724	-280,035	-317,622
Personnel expenses	-115,241	-108,413	-435,993	-411,251
Depreciation and amortization	-5,802	-7,346	-26,474	-28,750
Operating profit	9,521	12,681	43,363	49,435
Financial items	512,981	443,063	534,188	445,268
Transfer to untaxed reserves	9,547	-5,853	9,547	-5,853
Profit before tax	522,981	449,890	587,098	488,851
Tax on the period's profit	-4,534	-320	-17,178	-9,166
Profit for the period	527,516	449,570	569,921	479,684
STATEMENT OF TOTAL INCOME				
Profit for the period	527,516	449,570	569,921	479,684
Other total income	-	-	-	-
Sum of other total income for the period.				
net after tax	-	-	-	-
Total income for the period	527,516	449,570	569,921	479,684

Condensed Parent Company balance sheet (kSEK)

	Dec. 31. 2018	Dec. 31. 2017
ASSETS		
Intangible assets	3,260	4,027
Property, plant, and equipment	52,391	71,963
Shares in subsidiaries	17,690	6,773
Total non-current assets	73,341	82,763
Receivables from Group companies	527,997	529,077
Current tax receivables	3,108	1,730
Other receivables	12,025	14,743
Prepaid expenses and accrued revenues	37,241	45,447
Cash and cash equivalents	153,230	111,944
Total current assets	733,601	702,942
TOTAL ASSETS	806,942	785,704

	Dec. 31. 2018	Dec. 31. 2017
EQUITY AND LIABILITIES		
Share capital	1,205	1,205
Statutory reserve	38	38
Share premium reserve	58,885	58,885
Retained earnings	20,590	81,197
Profit for the period	569,921	479,684
Total equity	650,638	621,009
Untaxed reserves	19,474	29,021
Accounts payable	23,301	,33,413
Liabilities to Group companies	-	3,499
Other liabilities	8,891	7,532
Accrued expenses and prepaid revenues	104,639	91,230
Total current liabilities	136,831	135,674
TOTAL EQUITY AND LIABILITIES	806,942	785,704

Key data and KPI's

The Company presents some financial measures in this 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

	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
<u>Financial measures defined by IFRS:</u>				
Operating revenues (kSEK)	465,419	424,969	1,781,950	1,636,077
Earnings per shares before dilution (SEK)	0.57	0.64	2.40	2.28
Earnings per shares after dilution (SEK)	0.57	0.64	2.40	2.28
Average number of outstanding shares before dilution	240,130,860	240,130,860	240,130,860	240,130,860
Average number of outstanding shares after dilution	240,130,860	240,130,860	240,130,860	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
Number of outstanding shares at period's end after dilution	240,130,860	240,130,860	240,130,860	240,130,860
<u>Alternative Performance Measures:</u>				
Operating revenues (kEUR)	45,102	43,425	173,736	169,848
Operating margin (percent)	31.4	35.9	33.7	35.6
EBITDA margin (percent)	43.9	45.7	45.8	45.2
Effective tax rate (percent)	3.8	-1.4	7.2	5.6
Return on equity, rolling 12 months (percent)	65.3	68.2	65.3	67.4
Equity/assets ratio (percent)	70.7	69.2	70.7	69.2
Quick ratio (percent)	226.7	238.2	226.7	238.2
Net interest-bearing liabilities (kSEK) ⁽¹⁾	-500.845	-387.035	-500,845	-387,035
Net debt/equity ratio (multiple)	-0.5	-0.4	-0.5	-0.4
Equity per share before dilution (SEK)	3.98	3.80	3.98	3.80
Equity per share after dilution (SEK)	3.98	3.80	3.98	3.80
Average number of employees	808	779	800	748
Employees at period's end	804	791	804	791
Employees and external resources at period's end	990	994	990	994

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

Consolidated key data and figures by quarter for the Group

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
<u>Financial measures defined by IFRS:</u>									
Operating revenues (kSEK)	465.4	449.3	437.2	430.1	425.0	404.8	412.8	393.5	398.9
Cash and cash equivalents (SEKm) ⁽²⁾	500.8	362.3	195.5	560.9	387.0	144.7	168.9	573.5	494.5
Funds held on behalf of licensees (SEKm)	29.5	110.3	56.4	75.4	82.5	43.7	130.0	86.0	92.4
<u>Alternative Performance Measures:</u>									
Operating revenues (EURm)	45.1	43.1	42.3	43.2	43.4	42.4	42.7	41.4	41.0
Operating profit (SEKm)	146.2	172.0	148.8	134.1	152.7	155.1	147.1	126.8	149.6
Operating margin (percent)	31.4	38.3	34.0	31.2	35.9	38.3	35.6	32.2	37.5
EBITDA margin (percent)	43.9	50.6	46.3	42.3	45.7	48.1	45.2	41.6	46.7
Growth in SEK vs prior year (percent)	9.5	11.0	5.9	9.3	6.5	14.4	18.9	14.2	24.3
Growth in EUR vs prior year (percent)	3.9	1.8	-0.8	4.3	5.8	14.2	13.9	12.0	19.6
Growth in SEK vs prior quarter (percent)	3.6	2.8	1.7	1.2	5.0	-1.9	4.9	-1.4	12.8
Growth in EUR vs prior quarter (percent)	4.5	1.9	-1.9	-0.6	2.5	-0.7	3.1	0.9	10.6
Equity/assets ratio (percent)	70.5	63.5	60.7	70.7	69.2	68.0	56.0	70.3	66.1
Return on equity rolling 12 months (percent)	82.0	68.2	68.3	69.5	67.4	66.6	63.1	59.4	63.8
Net debt/equity ratio (multiple)	-0.5	-0.4	-0.3	-0.5	-0.4	-0.2	-0.3	-0.6	-0.6
Share price at end of period	36.55	36.04	47.90	41.94	56.50	63.20	73.65	72.00	70.30
Earnings per share after dilution (SEK)	0.57	0.65	0.58	0.61	0.64	0.59	0.56	0.48	0.60
Book equity per share (SEK)	3.98	3.45	2.83	4.47	3.80	3.07	2.51	4.16	3.68
Cash flow from operations per share (SEK)	0.78	0.88	0.93	0.86	1.24	0.13	0.77	0.63	0.66
Average number of employees	807	806	814	800	789	749	741	717	674

Reconciliation to IFRS

(SEKm)	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
<u>EBITDA</u>									
Profit for the period	136.6	155.4	139.3	145.8	154.7	141.6	135.8	115.0	143.9
Tax on profit for the period	5.4	15.0	12.6	11.9	-2.2	11.6	13.3	9.9	9.9
Financial items	-4.1	-1.6	3.1	23.7	-0.1	-1.8	2.1	-1.9	4.2
Depreciation & Amortization	58.1	55.5	53.5	47.9	41.7	39.8	39.6	37.0	36.6
EBITDA	204.3	227.5	202.3	182.0	194.3	194.9	186.7	163.8	186.3
<u>Net interest-bearing liabilities</u>									
Interest-bearing provisions	-	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-
Cash and cash equivalents ⁽²⁾	-500.8	-362.3	-195.5	-560.9	-387.0	-144.7	-168.9	-573.5	-494.5
Net interest-bearing liabilities ⁽¹⁾	-500.8	-362.3	-195.5	-560.9	-387.0	-144.7	-168.9	-573.5	-494.5
<u>Quick ratio</u>									
Total current assets	857.7	809.7	607.5	995.3	815.2	627.4	627.2	991.9	942.2
Total current liabilities	378.3	443.6	402.3	378.9	342.2	287.8	414.1	364.4	404.3
Quick ratio (percent)	226.7	182.5	151.0	262.7	238.2	218.0	151.5	272.2	233.1

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

(2) Excluding funds held on behalf of licensees.

Notes

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 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 are now accrued over the term of the contract, usually three years, in comparison to earlier when these were recognized in connection with the signing of the customer agreement. For further information and specifications regarding this application and adjustments of all periods presented refer to pages 20-22 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 include 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 these 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.

IFRS 16 Leases is replacing IAS 17 Leasing agreements and should be used from January 1st, 2019. With IFRS 16 the main part of the lease contracts should be reported as assets and liabilities in the Balance sheet. From January 1st, 2019, the classifications of operational and financial leasing contracts are no longer applicable.

In the preparations for the implementation of IFRS 16 the company has reviewed all current lease agreements and analysed the effect between IAS 17 and IFRS 16. The biggest identified difference is that the lease asset and liability should be reported in the balance sheet and that the future lease costs should be reported as depreciations in the income statement. The underlying asset is reported as the access right value to later be deducted with the monthly depreciations and any revaluations. The lease liability is reported with accrued acquisition value deducted with made lease payments. The lease liability is revaluated if the terms are changed for e.g. lease period or lease payment. In the income statement the cost will be reported as depreciations and interest costs. There is no obligation to report shorter lease contracts (12 months or less) and agreements where the underlying asset has a low value in the balance sheet. NetEnt has adopted this option, and will not report these lease contracts in the balance sheet. Further the company has decided to implement the modified retroactive transition regarding the accounting of lease contracts as earlier were reported as operational leasing. This method gives a leasing liability that is calculated as the net present value of remaining leasing commitments discounted with the margin cost of borrowing in the beginning of the period where the company starts to use this standard. Previous years and comparable financial statements will not change.

Lease contracts that earlier have been classified and reported according to IAS 17 as financial lease contracts have not been recalculated in the transition to IFRS 16. The access right value asset has the value of the lease liability adjusted for any pre-payments. The lease liability and assets will be reported in the opening balance per 1 January 2019. Estimated adjustment of the opening balance for the asset amounts to 282.4 mSEK, and the lease liability to 273.3 mSEK. No adjustment in equity is needed.

For further information on the accounting standards, please see the most recent 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.

Note 2 Specification of revenues

Amounts in kSEK

Geographic breakdown ⁽¹⁾	Oct-Dec 2018		Oct-Dec 2017		Jan-Dec 2018		Jan-Dec 2017	
	kSEK	Percent	kSEK	Procent	kSEK	Procent	kSEK	Procent
Malta	204,319	43.9%	203,560	47.9%	782,276	43.9%	800,042	48.9%
Other countries	261,100	56.1%	221,409	52.1%	999,674	56.1%	836,036	51.1%
Total revenues	465,419	100.0%	424,969	100.0%	1,781,950	100.0%	1,636,078	100.0%

Type of revenue	Oct-Dec 2018		Oct-Dec 2017		Jan-Dec 2018		Jan-Dec 2017	
	kSEK	Percent	kSEK	Procent	kSEK	Procent	kSEK	Procent
Royalties	447,145	96.1%	413,496	97.3%	1,727,142	96.9%	1,593,621	97.4%
Setup fees	16,320	3.5%	9,776	2.3%	51,028	2.9%	36,930	2.3%
Other income	1,954	0.4%	1,697	0.4%	3,781	0.2%	5,527	0.3%
Total revenues	465,419	100.0%	424,969	100.0%	1,781,950	100.0%	1,636,078	100.0%

Timing for revenue recognition	Oct-Dec 2018		Oct-Dec 2017		Jan-Dec 2018		Jan-Dec 2017	
	kSEK	Percent	kSEK	Procent	kSEK	Procent	kSEK	Procent
Performance commitment fulfilled at a certain time	449,099	96.5%	415,193	97.7%	1,730,923	97.1%	1,599,148	97.7%
Performance commitment fulfilled over a period of time	16,320	3.5%	9,776	2.3%	51,028	2.9%	36,930	2.3%
Total revenues	465,419	100.0%	424,969	100.0%	1,781,950	100.0%	1,636,078	100.0%

¹⁾ 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>	Oct-Dec 2017	Jan-Dec 2017
Reported revenues	423,714	1,646,817
<i>IFRS 15 recalculation</i>	1,255	-10,739
Recalculated revenues	424,969	1,636,078
Reported expenses	-273,772	-1,059,719
<i>IFRS 15 recalculation</i>	1,455	5,277
Recalculated expenses	-272,317	-1,054,442
Reported operating profit	149,942	587,098
<i>IFRS 15 recalculation</i>	2,710	-5,462
Recalculated operating profit	152,652	581,636
Reported financial items	-81	-1,693
<i>IFRS 15 recalculation</i>	-	-
Recalculated financial items	-81	-1,693
Reported profit before tax	149,861	585,405
<i>IFRS 15 recalculation</i>	2,710	-5,462
Recalculated profit before tax	152,571	579,943
Reported tax on profit	2,311	-32,969
<i>IFRS 15 recalculation</i>	-135	273
Recalculated tax on profit	2,176	-32,695
Reported profit for the period	152,172	552,436
<i>IFRS 15 recalculation</i>	2,575	-5,189
Recalculated profit for the period	154,747	547,247

Effect on earnings per share

<i>Amounts in SEK</i>	Oct-Dec 2017	Jan-Dec 2017
Change in earnings per share before dilution	0.01	-0.02
Change in earnings per share after dilution	0.01	-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
Total non-current assets	383,608	9,742	393,350
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
Total current assets	935,575	6,640	942,215
TOTAL ASSETS	1,319,183	16,382	1,335,565
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
Total equity	923,076	-39,928	883,148
Prepayments from customers	-	33,879	33,879
Deferred tax liability	14,269	-	14,269
Total non-current liabilities	14,269	33,879	48,148
Other liabilities	289,681	-	289,681
Accrued expenses and deferred income	92,157	22,431	114,588
Total current liabilities	381,838	22,431	404,269
TOTAL EQUITY AND LIABILITIES	1,319,183	16,382	1,335,565

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
Total non-current assets	484,719	17,396	502,115
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
Total current assets	810,621	4,536	815,157
TOTAL ASSETS	1,295,340	21,932	1,317,272
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
Total equity	956,495	-45,117	911,378
Prepayments from customers	-	52,306	52,306
Deferred tax liability	11,341	-	11,341
Total non-current liabilities	11,341	52,306	63,647
Other liabilities	215,860	-	215,860
Accrued expenses and deferred income	111,644	14,743	126,387
Total current liabilities	327,504	14,743	342,247
TOTAL EQUITY AND LIABILITIES	1,295,340	21,932	1,317,272

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.

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 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. Six new slot games were released in the quarter: *Wild Bazaar*, *Halloween Jack*, *Coins of Egypt*, *Vikings*, *Jingle Spin* and *Wild-o-Tron 3000*.

