Q1

INTERIM REPORT
JANUARY–MARCH 2019

* 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™

NETENT

Q1

INTERIM REPORT JANUARY–MARCH 2019

First quarter 2019

- Revenues for the first quarter amounted to SEK 418 (430) million
- EBITDA was SEK 196 (182) million, corresponding to a margin of 47.0 (42.3)% (1)
- Operating profit (EBIT) was SEK 126 (134) million, corresponding to a margin of 30.2 (31.2)%
- Net profit was SEK 120 (146) million
- Earnings per share was SEK 0.50 (0.61) before and after dilution
- 8 (6) new customer agreements were signed, and 9 (8) new customers' casinos launched

Important events in the first quarter

- Customer contract signed with Parx Casino in Pennsylvania (USA)
- Five new slot games released, of which *Turn your Fortune* was the most successful
- Brand collaborations for new games based on Conan and Ozzy Osbourne, and a new Live Casino product called Perfect Blackjack, were presented at ICE in London
- Authorization obtained to deliver games in Pennsylvania (USA)
- Permanent license obtained in New Jersey (USA)

Important events after the period

- The Board of Directors decided to commence share repurchases
- The nomination committee presented its new Board proposal, including three new Board members. Three Board members declined to be re-elected

Quote from Therese Hillman, Group CEO

"In the first quarter, we continued to focus on improvements throughout the organization. The operating margin (EBIT) was 30.2 percent. It is difficult to predict the long-term market dynamics, but with our investments in new games, Live Casino, new functionality for customers and players, as well as a strong balance sheet, we are in a good position to defend and, longer-term, increase our market shares."

Summary in figures (kSEK)	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating revenues	418,112	430,087	1,781,950
EBITDA (1)	196,305	182,029	816,056
EBITDA margin	*47.0%*	*42.3%*	*45.8%*
Operating profit (EBIT)	126,074	134,100	601,098
Operating margin	*30.2%*	*31.2%*	*33.7%*
Cash flow from operating activities	135,393	207,358	827,878
Cash flow for the period	90,423	157,762	101,466
Cash and cash equivalents at end of period	596,636	560,878	500,845

(1) The introduction of IFRS 16 Leases from January 1, 2019, led to a re-classification of lease and rent costs from operating costs to depreciation, which amounted to SEK 15.1 million in the first quarter of 2019.

Comments by Therese Hillman, Group CEO

Lower volumes from the new regulated market in Sweden
In the first quarter, NetEnt's total revenues decreased by 2.8 percent (-7.0 percent in euro) compared to the corresponding period in the previous year. The Nordic countries accounted for almost the entire slowdown, mainly due to lower volumes in Sweden as the new regulation was introduced at the start of the year. The new rules have impacted our customers and players to an extent that we had not foreseen, and the combined effect of fewer players and lower average revenue per user has led to a weak start on the new regulated market. As expected, the new gaming tax lowered our revenues by about 2 percent in the period. Around 50 percent of total revenues came from locally regulated markets, and excluding Sweden, our revenues in these markets grew by about five percent in the quarter. This occurred despite a backdrop of some market weakness in Italy, caused by changes in regulation regarding marketing and gaming taxes.
In the second quarter, we are set to launch our games with the Finnish state-controlled operator Veikkaus and to distribute more games to Norsk Tipping in Norway.
In the US, we see continuing strong growth in New Jersey, a market that still has much lower online penetration than the Nordic markets and hence the potential to grow for many years to come. For Pennsylvania, the latest estimate is that the market will open in July.
During the quarter we released five new slot games: *Turn your Fortune, Strolling Staxx, Golden Grimoire, Scudamore's Super Stakes* and *Temple of Nudges.*

Continued focus on change
The new organization is in place since the start of the year and we keep working to improve the efficiency and speed of our product development. The plan to release 30 – 35 new games this year remains and we continue to develop our new initiatives within affiliate marketing and social casino, which support our strategy to move closer to the players and should generate new revenues over time. To respond to more competition in slot games we make continuous improvements to our offering, not only with more new games but also through a more diversified game portfolio, for example by adding more localized games. Released in March, *Scudamore's Super Stakes* is such a localized game and so far, it has been one of our most successful new game releases in the UK. As such, our product strategy continues to be centered around high quality for different player types and markets. Furher, we are now rolling out more Engage-functionality in our platform to better cater to the needs and preferences of customers and players. Our ambition is to have the market-leading customer offering in terms of game content, functionality and service.
Within Live Casino, we now have a new management team in place that are making changes to the product and business model to ensure that we can offer a competitive product.

Strong balance sheet and share buybacks
Just like before, we have a debt-free balance sheet and in the first quarter, cash flow after investments amounted to SEK 90 million. The Board has decided to commence share repurchases to improve the capital structure and to support increased shareholder value.

Future outlook
The total gamewin in our games so far in April has been at about the same level as during the first quarter and we see a challenging growth outlook in several markets for the rest of the year, due to stricter regulations. At the same time, we continue to execute on our agenda to return to growth and to strengthen NetEnt.
Our release calendar looks interesting with six new games scheduled for the second quarter, and even more games for the third and fourth quarters. Yesterday we released *Dead or Alive II,* a much-awaited sequel to the game *Dead or Alive,* which has been on the market for ten years. The game has high volatility and offers players the chance to win big prizes. *Narcos* is coming out in May, and in June we will bring a new game to the market based on the MAX-concept, which means that operators can select different levels of volatility in the game.
It is difficult to predict the long-term market dynamics, but with our investments in new games, Live Casino, new functionality for customers and players, as well as a strong balance sheet, we are in a good position to defend and, longer-term, increase our market shares.

Therese Hillman
Group CEO, NetEnt

New agreements and customers

In the first quarter, 8 (6) new license agreements were signed and 9 (8) new customers' casinos were launched. At the end of the period, NetEnt held agreements with 21 (27) new customers that had not yet been launched.

Events after the end of the period

The Board of Directors decided to start share repurchases. The nomination committee presented its proposal for new Board to the AGM, including three new board members. Three current Board members have declined to be re-elected.

Revenues and results in the first quarter

Total revenues amounted to SEK 418.1 (430.1) million in the first quarter, a decrease of 2.8 percent (-7.0 percent in euro) compared to the corresponding period in 2018. The number of game transactions amounted to 10.9 billion in the first quarter, representing a volume decrease of 4.4 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 62.5 (55.6) percent of game win in the period. Game win in the quarter was split between the following game categories: slot games: 91.4 percent, table games: 8.2 percent and other games: 0.4 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 first quarter of 2018, the Swedish krona weakened by 4.5 percent against the euro compared to the same period in 2018. Against the British pound, the Swedish krona weakened by 5.9 percent compared to the same quarter of last year.

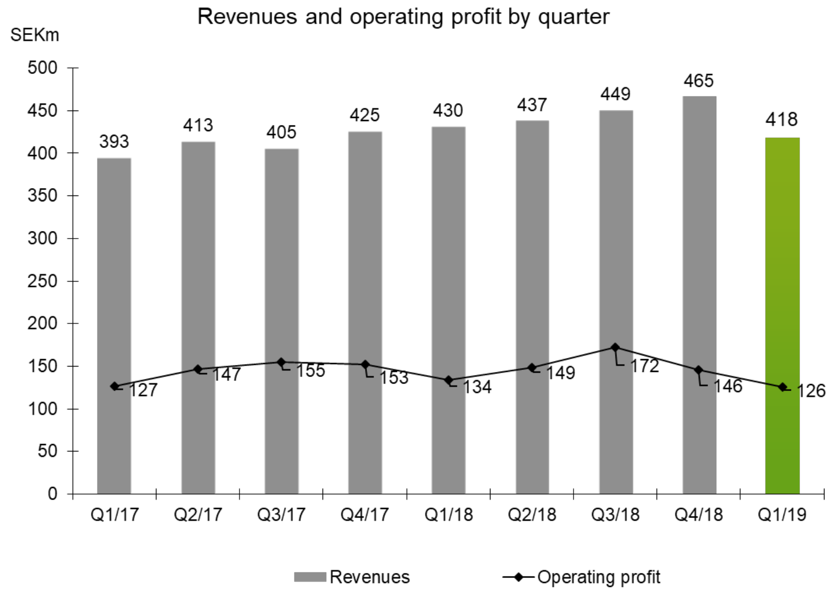
Operating profit in the first quarter amounted to SEK 126.1 (134.1) million, corresponding to a margin of 30.2 (31.2) percent. Operating expenses amounted to SEK 292.0 (296.0) million.

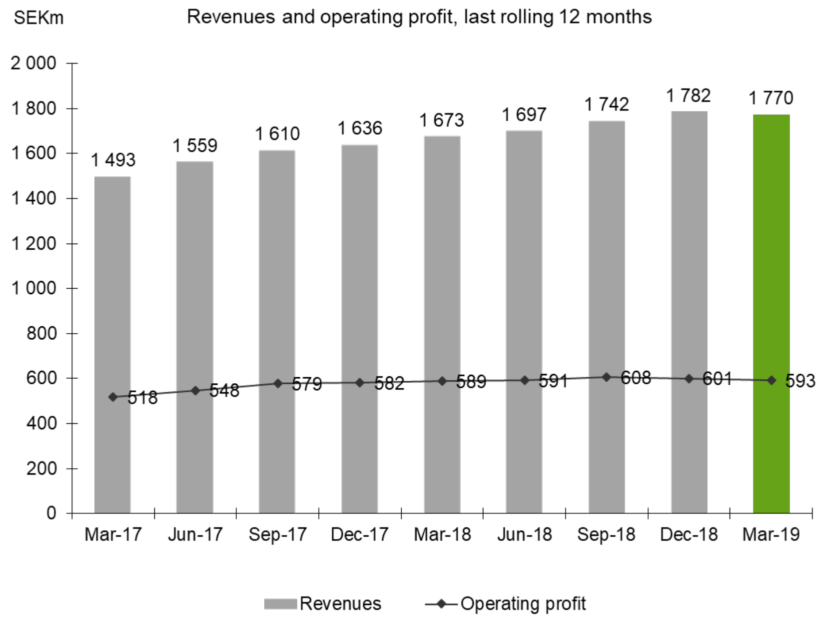
The introduction of IFRS 16 from January 1, 2019, led to a re-classification of lease and rent costs from operating costs to depreciation, which amounted to SEK 15.1 million in the first quarter of 2019.

Costs are also 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 50 (43) percent in the period.

Net financial items amounted to SEK 4.9 (23.7) 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

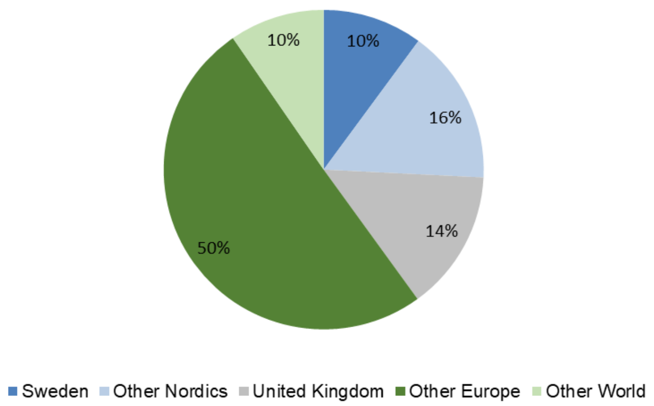




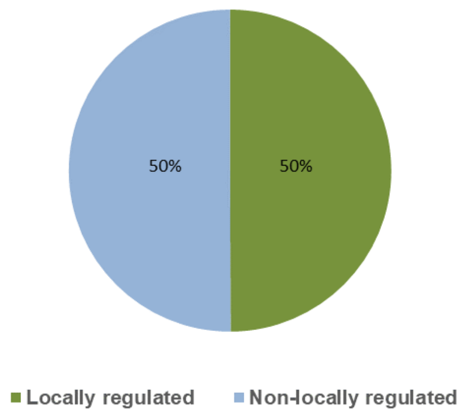
Breakdown of gamewin in the first quarter

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 49,9 (34,6) percent of the total gamewin in NetEnt's games in the first 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 10 (14)%, Other Nordics 16 (18)%, United Kingdom 14 (14)%, Other Europe 50 (47)% and Rest of the world 10 (8)%.

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



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



Investments in the first quarter

The Group's investments in intangible assets amounted to SEK 41.7 (36.6) million and investments in property, plant, and equipment totaled SEK 3.2 (13.0) 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 first quarter

The Group’s cash flow from operating activities before changes in working capital amounted to SEK 191.4 (177.4) million, of which SEK 15.1 million comes from the re-classification of lease and rent costs to depreciation. The Group’s cash flow after changes in working capital amounted to SEK 150.5 (207.4) million in the quarter. The change in working capital was affected by a re-classification of prepaid set-up fees from short-term liabilities to long-term liabilities, amounting to SEK 21.0 million. Further, sizeable VAT payments during the quarter affected the VAT liability by SEK 35.6 million. Cash flow from investing activities amounted to SEK -45.0 (-49.6) million in the first quarter. Further details about the investing activities can be found in the section about investments above. Cash flow from financing activities amounted to SEK -15.1 (0.0) million and consists of amortization of the lease liability related to the introduction of IFRS 16.

The Group’s cash and cash equivalents amounted to SEK 596.6 (560.9) million at the end of the period. Cash held on behalf of licensees was SEK 46.4 (75.4) million at the end of the period.

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 9.1 percent for the year *(source: H2 Gambling Capital, February 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, Sweden, Spain, Bulgaria, Romania, Portugal, Estonia, Latvia, Lithuania, Czech Republic, Mexico, Finland, Norway, Canada (British Columbia) and USA (New Jersey).

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 has been authorized to deliver games to New Jersey since 2015 and in the beginning of 2019, it received a permanent gaming license in the state. In Pennsylvania, a new gaming legislation has recently been adopted that allows online casino gaming, and NetEnt obtained a license in the state in the beginning of 2019. 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. NetEnt holds a license and delivers its games in the province of 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 768 (803). Including external resources such as dedicated staff with contract suppliers and subcontractors, NetEnt employed 959 (1,007) 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 222.0 (209.4) million and operating profit was SEK 38.2 (9.6) million for the period. The operating margin was 17.2 (4.6) 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 38.6 (22.7) million for the quarter.

Investments in property, plant and equipment for the Parent Company amounted to SEK 0.7 (1.0) million and investments in intangible assets were SEK 1.0 (0.1) million for the period. Cash and cash equivalents in the Parent Company amounted to SEK 177.2 (157.5) 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 2018 annual report, pages 48-51 and pages 107-109.

Annual General Meeting
The next Annual General Meeting will be held in Stockholm on Friday, 10th May 2019. For more information, please visit http://www.netent.com/agm

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 has proposed that the transfer be handled through an automatic share redemption program.

Nominating Committee and proposal for new Board of Directors
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).

The nominating committee proposes re-election of Fredrik Erbing, Peter Hamberg, Pontus Lindwall and Maria Redin as members of the Board, and election of Lisa Gunnarsson, Christoffer Lundström and Jonathan Pettemerides as new members of the Board of Directors. Maria Hedengren, Michael Knutsson and Jenny Rosberg have informed the nomination committee that they are not available for re-election.

Presentation of report

On Thursday, April 25th, 2019, at 9.00 a.m. the 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-q1-2019

Financial calendar

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, April 24th, 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 April 25th, 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.

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

INCOME STATEMENT	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Revenues	414,965	429,194	1,778,169
Other revenues	3,147	893	3,782
Total operating revenues	**418,112**	**430,087**	**1,781,950**
Personnel expenses	-127,103	-136,084	-535,903
Depreciation and amortization	-70,231	-47,929	-214,958
Other operating expenses	-94,704	-111,975	-429,991
Total operating expenses	**-292,038**	**-295,988**	**-1,180,853**
Operating profit	**126,074**	**134,100**	**601,098**
Financial income	17,022	35,604	62,106
Financial expense	-12,159	-11,928	-41,025
Financial items	**4,863**	**23,677**	**21,080**
Profit before tax	**130,937**	**157,776**	**622,178**
Tax on the period's profit	-10,706	-11,937	-44,949
Profit for the period	**120,231**	**145,839**	**577,229**
Earnings per share before dilution (SEK)	*0.50*	*0.61*	*2.40*
Earnings per share after dilution (SEK)	*0.50*	*0.61*	*2.40*
Average number of shares outstanding			
- before dilution	240,130 860	240,130,860	240,130,860
- after dilution	240,130 860	240,130,860	240,130,860
Profit for the period attributable to Parent Company shareholder	120,231	145,839	577,229
STATEMENT OF TOTAL INCOME			
Profit for the period	120,231	145,839	577,229
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	6,560	17,291	7 708
Sum of other total income for the period, net after tax	6,560	17,291	7,708
Total income for the period attributable to Parent Company shareholders	**126,791**	**163,130**	**584,937**

Condensed consolidated balance sheets (kSEK)

ASSETS	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Intangible assets	340 441	339,436	334,786
Property, plant, and equipment	113 194	149,761	123,047
Access right value assets	267 300	-	-
Deferred tax receivable	5 640	27,569	6,019
Other long-term receivables	29 985	7,296	30,261
Total non-current assets	**756 560**	**524,063**	**494,112**
Account receivables	69,821	60,223	64,427
Other receivables	51,978	73,411	51,866
Prepaid expenses and accrued revenues	191 061	225,484	211,036
Funds held on behalf of licensees	46 382	75,408	29,543
Cash and cash equivalents	596 636	560,878	500,845
Total current assets	**955,878**	**995,330**	**857,716**
TOTAL ASSETS	**1,712,438**	**1,519,392**	**1,351,829**

EQUITY AND LIABILITIES	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Share capital	1,205	1,205	1,205
Other capital contributed	93,812	93,812	93,812
Reserves	38,818	41,847	32,258
Retained earnings including profit for the period	948,976	937,649	828,745
Total equity	**1,082,811**	**1,074,514**	**956,020**
Prepayments from customers	25,035	53,691	7,290
Lease liabilities	194,200	-	-
Deferred tax liability	10,408	12,316	10,245
Total long-term liabilities	**229,643**	**66,007**	17,534
Accounts payable	29,795	37,900	30,791
Current tax liabilities	27,500	32,334	24,421
Lease liabilities	64,000	-	-
Other liabilities	121,157	183,833	138,876
Accrued expenses and prepaid revenues	157,532	124,805	184,186
Total current liabilities	**399,984**	**378,871**	**378,274**
TOTAL EQUITY AND LIABILITIES	**1,712,438**	**1,519,392**	**1,351,829**

Condensed consolidated cash flow statements

(kSEK)	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating profit	126,074	134,100	601,098
Adjustment for items not included in cash flows:			
Depreciation, amortization and impairments	70,231	47,929	214,959
Other	1,728	1,962	304
Interest paid	-1,052	-370	- 2,039
Income tax paid	-5,541	-6,189	-48,355
Cash flow from operating activities before changes in working capital	**191,440**	**177,432**	**765,966**
Changes in working capital	-40,953	29,926	61,912
Cash flow from operating activities	**150,487**	**207,358**	**827,878**
Acquisition of intangible assets	-41,746	-36,571	-147,523
Acquisition of property, plant, and equipment	-3,224	-13,025	-38,595
Cash flow from investing activities	**-44,970**	**-49,596**	**-186,118**
Amortization of lease liability	-15,094	-	-
Transfer to shareholders	-	-	-540,294
Cash flow from financing activities	**-15,094**	**-**	**-540,294**
Cash flow for the period	90,423	**157,762**	**101,466**
Cash and cash equivalents at beginning of period	500,844	387,035	387,035
FX differences in cash and cash equivalen	5,369	16,082	12,343
Cash and cash equivalents at end of period	**596,636**	**560,878**	**500,845**

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Condensed consolidated changes in equity (kSEK)

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
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**

2019	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
Opening equity Jan. 1, 2019	1,205	93,812	32,258	828,745	956,020
Cash distribution to shareholders	-	-	-	-	-
Total income for the period Jan-Dec	-	-	6,560	120,231	126,791
Closing equity Mar. 31, 2019	**1,205**	**93,812**	**38,818**	**948,976**	**1,082,811**

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

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Condensed Parent Company income statement (kSEK)

INCOME STATEMENT	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating revenues	222,000	209,447	785,865
Other external expenses	-62,494	-77,205	-280,035
Personnel expenses	-115,878	-114,792	-435,993
Depreciation and amortization	-5,458	-7,809	-26,474
Operating profit	**38,170**	**9,640**	**43,363**
Financial items	11,290	19,649	534,188
Transfer to untaxed reserves	-	-	9,547
Profit before tax	**49,460**	**29,289**	**587,098**
Tax on the period's profit	-10,885	-6,599	-17,178
Profit for the period	**38,574**	**22,691**	**569,921**

STATEMENT OF TOTAL INCOME			
Profit for the period	**38,574**	**22,691**	**569,921**
Other total income	-	-	-
Sum of other total income for the period. net after tax	-	-	-
Total income for the period	**38,574**	**22,691**	**569,921**

Condensed Parent Company balance sheet (kSEK)

ASSETS	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Intangible assets	3,064	3 552	3,260
Property. plant. and equipment	48,726	65 767	52,391
Shares in subsidiaries	8,007	6 773	17,690
Total non-current assets	**59,796**	**76 092**	**73,341**
Account receivables	122	113	-
Receivables from Group companies	544,718	509,442	527,997
Current tax receivables	-	506	3,108
Other receivables	13,984	11,959	12,025
Prepaid expenses and accrued revenues	52,104	55,219	37,241
Cash and cash equivalents	177,215	157,522	153,230
Total current assets	**788,143**	**734,761**	**733,601**
TOTAL ASSETS	**847,940**	**810,853**	**806,942**

EQUITY AND LIABILITIES	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Share capital	1,205	1,205	1,205
Statutory reserve	38	38	38
Share premium reserve	58,885	58,885	58,885
Retained earnings	590,510	560,881	20,590
Profit for the period	38,574	22,691	569,921
Total equity	**689,212**	**643,700**	**650,638**
Untaxed reserves	**19,474**	**29,021**	**19,474**
Accounts payable	22,861	29,416	23,301
Liabilities to Group companies	-	2,675	-
Tax liabilities	3,386	-	-
Other liabilities	8,279	7,432	8,891
Accrued expenses and prepaid revenues	104,728	98,609	104,639
Total current liabilities	**139,254**	**138,132**	**136,831**
TOTAL EQUITY AND LIABILITIES	**847,940**	**810,853**	**806,942**

NETENT

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

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Financial measures defined by IFRS:			
Operating revenues (kSEK)	418,112	430,087	1.781.950
Earnings per shares before dilution (SEK)	0.50	0.61	2.40
Earnings per shares after dilution (SEK)	0.50	0.61	2.40
Average number of outstanding shares before dilution	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
Number of outstanding shares at period's end before dilution	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
Alternative Performance Measures:			
Operating revenues (kEUR)	40,136	43,143	173.736
Operating margin (percent)	30.2	31.2	33.7
EBITDA margin (percent)	47.0	42.3	45.8
Effective tax rate (percent)	8.2	7.6	7.2
Return on equity, rolling 12 months (percent)	75.5	69.5	65.3
Equity/assets ratio (percent)	63.2	70.7	70.7
Quick ratio (percent)	239.0	262.7	226.7
Net interest-bearing liabilities (kSEK) (1)	-596,636	-560,878	-500.845
Net debt/equity ratio (multiple)	-0.6	-0.5	-0.5
Equity per share before dilution (SEK)	4.51	4.47	3.98
Equity per share after dilution (SEK)	4.51	4.47	3.98
Average number of employees	783	787	800
Employees at period's end	768	803	804
Employees and external resources at period's end	959	1.007	990

(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

	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Financial measures defined by IFRS:									
Operating revenues (kSEK)	418.1	465.4	449.3	437.2	430.1	425.0	404.8	412.8	393.5
Cash and cash equivalents (SEKm) (2)	596.6	500.8	362.3	195.5	560.9	387.0	144.7	168.9	573.5
Funds held on behalf of licensees (SEKm)	46.4	29.5	110.3	56.4	75.4	82.5	43.7	130.0	86.0
Alternative Performance Measures:									
Operating revenues (EURm)	40.1	45.1	43.1	42.3	43.2	43.4	42.4	42.7	41.4
Operating profit (SEKm)	126.1	146.2	172.0	148.8	134.1	152.7	155.1	147.1	126.8
Operating margin (percent)	30.2	31.4	38.3	34.0	31.2	35.9	38.3	35.6	32.2
EBITDA margin (percent)	47.0	43.9	50.6	46.3	42.3	45.7	48.1	45.2	41.6
Growth in SEK vs prior year (percent)	-2.8	9.5	11.0	5.9	9.3	6.5	14.4	18.9	14.2
Growth in EUR vs prior year (percent)	-7.0	3.9	1.8	-0.8	4.3	5.8	14.2	13.9	12.0
Growth in SEK vs prior quarter (percent)	-10.2	3.6	2.8	1.7	1.2	5.0	-1.9	4.9	-1.4
Growth in EUR vs prior quarter (percent)	-11.0	4.5	1.9	-1.9	-0.6	2.5	-0.7	3.1	0.9
Equity/assets ratio (percent)	63.2	70.5	63.5	60.7	70.7	69.2	68.0	56.0	70.3
Return on equity rolling 12 months (percent)	62.2	82.0	68.2	68.3	69.5	67.4	66.6	63.1	59.4
Net debt/equity ratio (multiple)	-0.6	-0.5	-0.4	-0.3	-0.5	-0.4	-0.2	-0.3	-0.6
Share price at end of period	33.75	36.55	36.04	47.90	41.94	56.50	63.20	73.65	72.00
Earnings per share after dilution (SEK)	0.50	0.57	0.65	0.58	0.61	0.64	0.59	0.56	0.48
Book equity per share (SEK)	4.51	3.98	3.45	2.83	4.47	3.80	3.07	2.51	4.16
Cash flow from operations per share (SEK)	0.56	0.78	0.88	0.93	0.86	1.24	0.13	0.77	0.63
Average number of employees	783	808	802	802	787	789	749	741	717

Reconciliation to IFRS

(SEKm)	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
EBITDA									
Profit for the period	120.2	136.6	155.4	139.3	145.8	154.7	141.6	135.8	115.0
Tax on profit for the period	10.7	5.4	15.0	12.6	11.9	-2.2	11.6	13.3	9.9
Financial items	4.9	-4.1	-1.6	3.1	23.7	-0.1	-1.8	2.1	-1.9
Depreciation & Amortization	70.2	58.1	55.5	53.5	47.9	41.7	39.8	39.6	37.0
EBITDA	**196.3**	**204.3**	**227.5**	**202.3**	**182.0**	**194.3**	**194.9**	**186.7**	**163.8**
Net interest-bearing liabilities									
Interest-bearing provisions	-	-	-	-	-	-	-	-	-
Interest-bearing liabilities	-	-	-	-	-	-	-	-	-
Cash and cash equivalents (2)	-596.6	-500.8	-362.3	-195.5	-560.9	-387.0	-144.7	-168.9	-573.5
Net interest-bearing liabilities (1)	**-596.6**	**-500.8**	**-362.3**	**-195.5**	**-560.9**	**-387.0**	**-144.7**	**-168.9**	**-573.5**
Quick ratio									
Total current assets	955.9	857.7	809.7	607.5	995.3	815.2	627.4	627.2	991.9
Total current liabilities	400.0	378.3	443.6	402.3	378.9	342.2	287.8	414.1	364.4
Quick ratio (percent)	**239.0**	**226.7**	**182.5**	**151.0**	**262.7**	**238.2**	**218.0**	**151.5**	**272.2**

(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 16 Leases is replacing IAS 17 Leasing agreements and as of 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. The underlying asset of the leasing agreement is recognized on the balance sheet. NetEnt has implemented 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. IFRS 16 is applied retroactively but prior period financial information has not been restated. The effects of this implementation and the adjustments of opening balances according to the new standard are summarized in note 3 on page 20 in this report.

The group assesses if an agreement is or includes a rent/lease agreement at the start of the agreement. The group reports access right asset and a corresponding lease liability for all lease agreements in which the group is lessee. This does not include short term leases (defined as leases with a lease period 12 months or under) and for leases where the asset has a low value. For these lease agreements the group reports the lease cost as a linear operating cost over the lease period.

The lease liability is valued initially to the present value of future lease costs, discounted with the lease agreements implicit interest. If this interest cannot be easily determined, the group uses the marginal loan rate.

Lease costs that are included in the valuation of the lease liability are:

- Fixed lease costs after deductions for any benefits,

- Variable lease costs that depends on an index or a price, initially valued with assistance of index or price at the start date.

The long term part of the lease liability is presented on a separate line in the group report on financial position and the short term part of the lease liability is presented on a separate line in current liabilities.

The group reevaluates the lease liability (and does the corresponding change on the right of use asset) if:

- The lease period has changed or if there is a change in assessment of an option to buy the asset. In these cases the lease liability is recalculated by discounting the changed lease costs with a changed discount rate.

- Lease costs changes due to changes in index, price or changes in amount that is expected to be paid out according to a residual warranty. In these cases the lease liability is recalculated by discounting the changed lease costs with the initial discount rate (unless the changes in lease costs is due to changes in variable interest rate, then a changes discount rate is used).

- A lease agreement is changed and the change is not registered as a separate agreement. In these cases the lease liability is recalculated by discounting the changed lease costs with a changed discount rate.

At the time of the purchase the right of use assets is set to the value of the corresponding lease liability, lease costs at prior to the start date and any initial direct costs. In subsequent periods these are valued to the acquisition cost after deduction for accumulated depreciations and write-downs.

Depreciations on right of use assets takes place over an estimated useful life or over the agreed upon period, if that is shorter. If a lease agreement transfers the ownership to the underlying asset at the end of the lease period or if the acquisition value of the right of use reflects that the group expects to exercise a buy option, depreciation is done over the useful life of the asset. Depreciation begins at the start date of the lease agreement.

Access right value assets is presented in the Access right value assets in the group report on financial position.

The group applies IAS 36 Depreciation to determine if there is a need for impairment for the access right asset and reports any identified impairment the same way as tangible assets.

For additional information and specifications regarding the application and the adjustment of the opening balances, refer to note 3 on page 20 in this report

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. MSEK stands for millions of Swedish kronor.

Not 2 – Specification of revenues (kSEK)

Type of revenue	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Royalties	400,371	418,670	1,727,141
Setup fees	14,594	10,524	51,027
Other revenues	3,147	893	3,782
Total	**418,112**	**430,087**	**1,781,950**

Timing for revenue recognition	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Performance commitment fulfilled at a certain time	403,518	419,563	1,730,923
Performance commitment fulfilled over a period of time ,	14,594	10,524	51,027
Total	**418,112**	**430,087**	**1,781,950**

Geografisk uppdelning	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Malta	34,5%	44,8%	43,9%
Other countries	65,5%	55,2%	56,1%
Summa	**100,0%**	**100,0%**	**100,0%**

[1)] The geographic breakdown is based on the domicilation of the customer

Note 3 Reconciliation of IFRS 16

The opening balances per 1 January 2019 are adjusted according to IFRS 16. For NetEnt the IFRS 16 adjustments mainly relates to the office leases.

Effects on assets, liabilities and equity, 1 January 2019

Amounts in kSEK	**Reported Balance sheet**	**IFRS 16 adjustment**	**Recalculated Balance sheet**
Fixed assets	463,851	-	463,851
Other non-current receivables	30,261	282,400	312,661
Total non-current assets	**494,112**	**282,400**	**776,512**
Other receivables	145,835	-	145,835
Prepaid expenses and accrued income	211,036	-16,600	194,436
Cash and cash equivalents	500,845	-	500,845
Total current assets	**857,716**	**-16,600**	**841,116**
TOTAL ASSETS	**1,351,828**	**265,800**	**1,617,628**
Share capital	1,205	-	1,205
Other capital contributed and reserves	126,070	-	126,070
Retained earnings including profit for the year	828,745	-	828,745
Summa eget kapital	**956,020**	**-**	**956,020**
Prepayments from customers	7,290	-	7,290
Lease liabilities	-	208,500	208,500
Deferred tax liability	10,245	-	10,245
Total non-current liabilities	**17,534**	**208,500**	**226,034**
Other liabilities	194,088	-	194,088
Lease liabilities	-	64,800	64,800
Accrued expenses and deferred income	184,186	-7,500	176,686
Total current liabilities	**378,274**	**57,300**	**435,574**
TOTAL EQUITY AND LIABILITIES	**1,351,828**	**265,800**	**1,617,628**

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: *Turn your Fortune, Strolling Staxx, Golden Grimoire, Scudamore's Super Stakes* and *Temple of Nudges*.