

## PRESS RELEASE

Regulatory news

Stockholm, March 24, 2020

## NetEnt integrates Red Tiger to realize further synergies

**To further strengthen competitiveness and increase efficiency NetEnt is implementing changes in the organization and a full integration with recently acquired Red Tiger. The changes mean a reduction in the workforce by approximately 120 employees, mainly in Stockholm.**

NetEnt has previously communicated its ambition to integration further with Red Tiger, which was acquired in September of 2019. The acquisition has exceeded expectations and offers significant potential synergies, increased efficiency and economies of scale. A restructuring is now being implemented to speed up the full integration within the NetEnt group, which means that several functions are relocated and that 120 full-time positions are made redundant in Stockholm and Malta.

These measures are in line with NetEnt's strategy to continuously improve all parts of the business to strengthen competitiveness and increase value creation in the company. The restructuring is estimated to result in annual savings of approximately SEK 150 million on a cash-flow basis, beginning in the second half of 2020. This means that NetEnt is increasing its initial estimate of potential synergies from the acquisition to around SEK 250 million annually (from previously announced SEK 150 million per year).

Restructuring costs are expected to amount to approximately SEK 25 million, which will be reported as non-recurring items and affect operating profit for the first quarter of 2020.

Today, NetEnt also announces that the earn-out consideration for Red Tiger will be redeemed through a directed issue of new shares and cash payment. For more details, see separate press release. Since this financial liability item was previously reported using the discounted net present value, the early redemption leads to an increase in financial costs of approximately SEK 35 million in the first quarter of 2020. This amount does not affect the cash flow. Following the rights issue, the company's net debt will decrease by 100 MSEK.

The effects of COVID-19 are difficult to forecast, and conditions change rapidly. However, NetEnt's operations have so far not been negatively affected by the pandemic outbreak. Revenues for the NetEnt Group have developed in line with market expectations during the first quarter of 2020 and are expected to be in the range of approximately SEK 490-500 million.

*"We are now entering the next phase of the integration with Red Tiger, whose sellers are also becoming shareholders of NetEnt. The integration will unleash the full potential of our shared capabilities, create significant efficiency gains in games development and strengthen our position as the market leader in online casino", says Therese Hillman, Group CEO of NetEnt.*

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**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 around 1,100 people in Malta, Stockholm, Sofia, Kiev, Krakow, Gothenburg, Gibraltar and New Jersey. [www.netent.com](http://www.netent.com)