

# NetEnt interim report Q2 2020

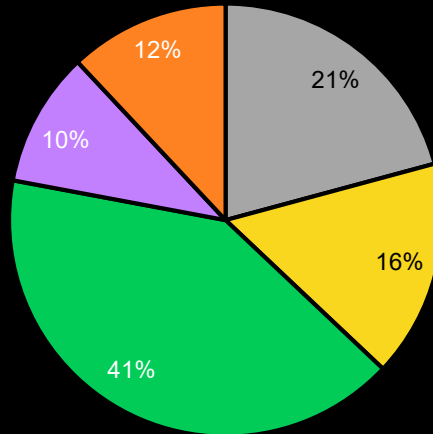
# Therese Hillman, Group CEO

# Report highlights

- Revenues of 573 (419) SEKm and adjusted EBITDA of 312 (201) SEKm in Q2 2020
- Highest ever revenues, EBITDA and EBIT in a single quarter for NetEnt
- Proforma group revenue growth in euro of 15 percent Y/Y in Q2
- NetEnt (excluding Red Tiger) returned to solid organic growth and Red Tiger continued to grow at a very fast pace
- A record of 19 new slot games released, 9 from NetEnt and 10 from Red Tiger
- NetEnt entered new regulated markets in Switzerland, Croatia and Colombia
- On June 24, 2020, Evolution Gaming announced a public offer to the shareholders of NetEnt. The Board has unanimously recommended to accept the offer

# GGR split by Region

- UK 21% (15%)\*
- Nordics 16% (30%)\*
- Other Europe 41% (46%)\*
- USA 10% (2%)\*
- Rest of world 12% (7%)\*



■ United Kingdom ■ Nordic region ■ Other Europe ■ United States ■ Rest of world



*\*Previous year's figures for the quarter in parenthesis, excluding Red Tiger as the company was consolidated in September, 2019.*

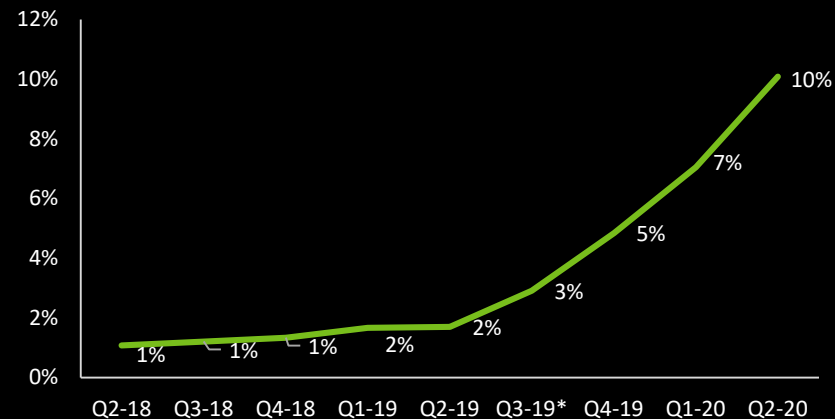
Q2 2020

# Significant growth in the US



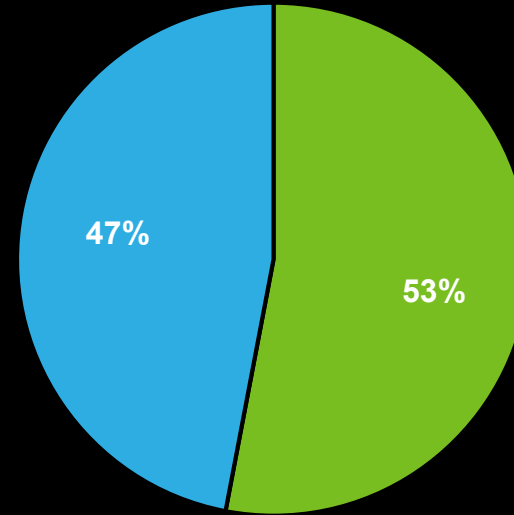
- GGR +148% Y/Y and +20% Q/Q in New Jersey
- GGR +100% Q/Q in Pennsylvania
- US now 10% of total group GGR
- Less drop through to revenues due to gaming taxes
- Selective expansion of local staff resources
- Expect to enter Michigan and West Virginia in H2 2020

US share of group GGR



# Locally Regulated Markets

- 53 (49)% of GGR from locally regulated markets
- USA driving overall increase in share of locally regulated markets for the Group
- NetEnt entered new regulated markets in Switzerland, Croatia and Colombia
- Significant scope for Red Tiger to grow in regulated markets where it has limited presence, e.g. USA, Italy and Spain.

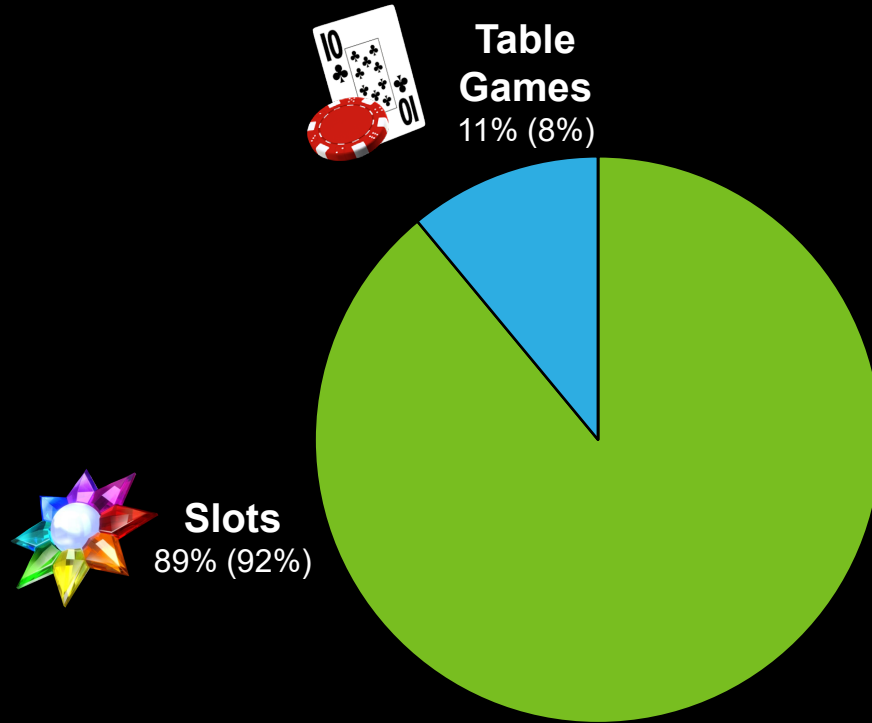


■ Locally regulated    ■ Non-locally regulated



Q2 2020

# GGR By Game Type



*Comparable figures in parenthesis for NetEnt in Q2 2019, excluding Red Tiger.*

## Q2 2020 – NEW SLOT GAMES

**NETENT**  
BETTER GAMING™



**NETENT** **live**

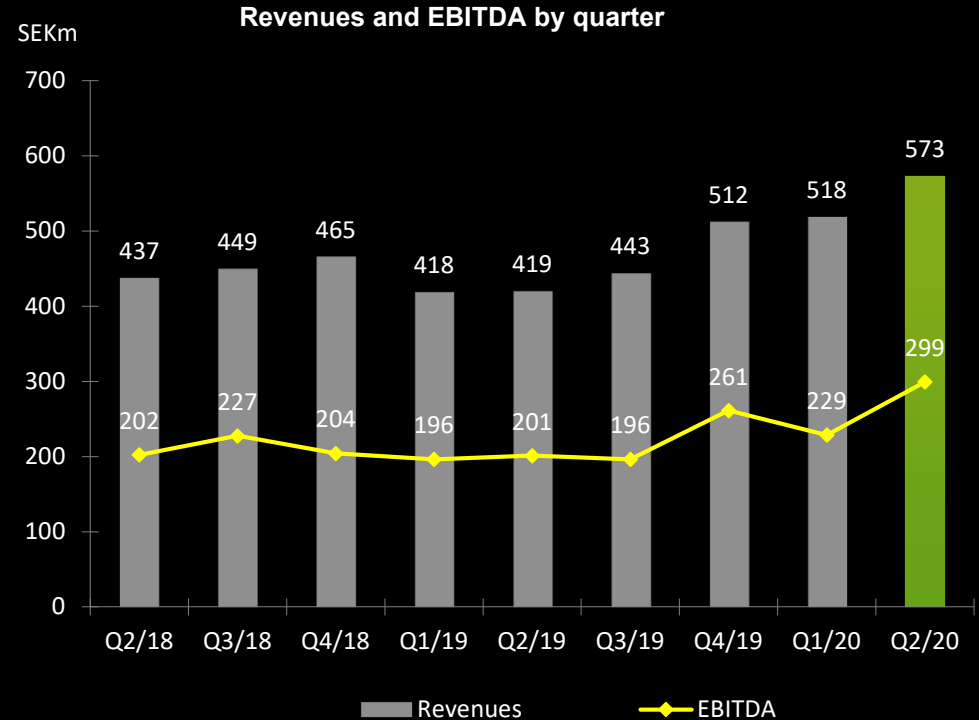




BY QUARTER

# Revenues and earnings

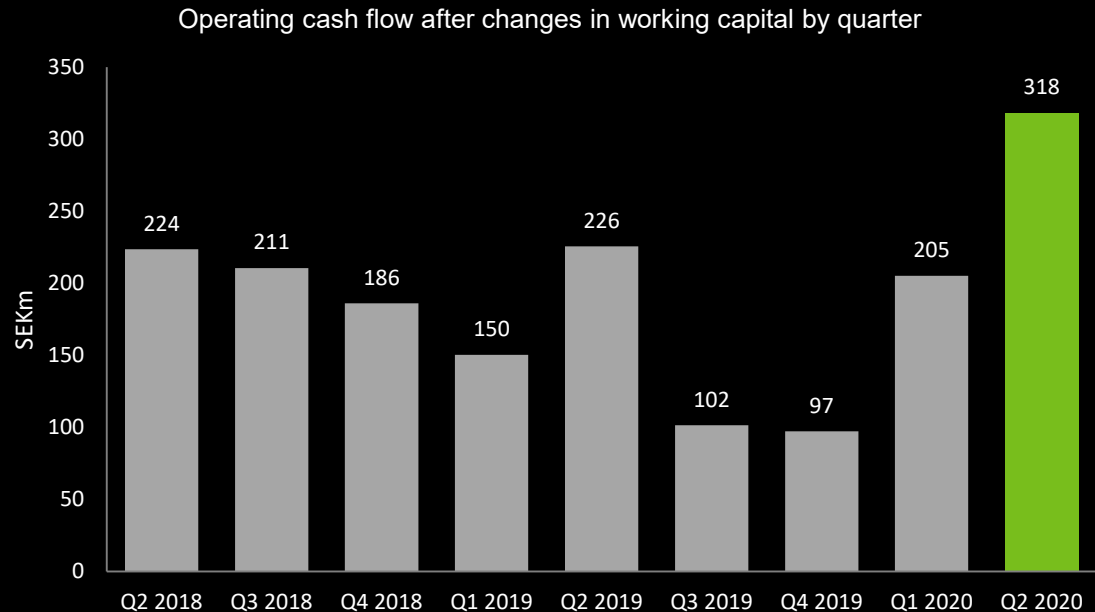
- Revenues in Q2-20 of 573 (419) SEKm
- Transaction costs of 13 SEKm (non-recurring item)
- Reported EBITDA of 299 (201) SEKm, a margin of 52.3 (48.0)%
- Adjusted EBITDA of 312 (201) SEKm, a margin of 54.6 (48.0)%
- Reported EBIT of 194 (130) SEKm, a margin of 33.8 (31.0)%
- Adjusted EBIT of 207 (130) SEKm, a margin of 36.1 (31.0)%
- Highest ever reported revenues, EBITDA and EBIT for NetEnt



BY QUARTER

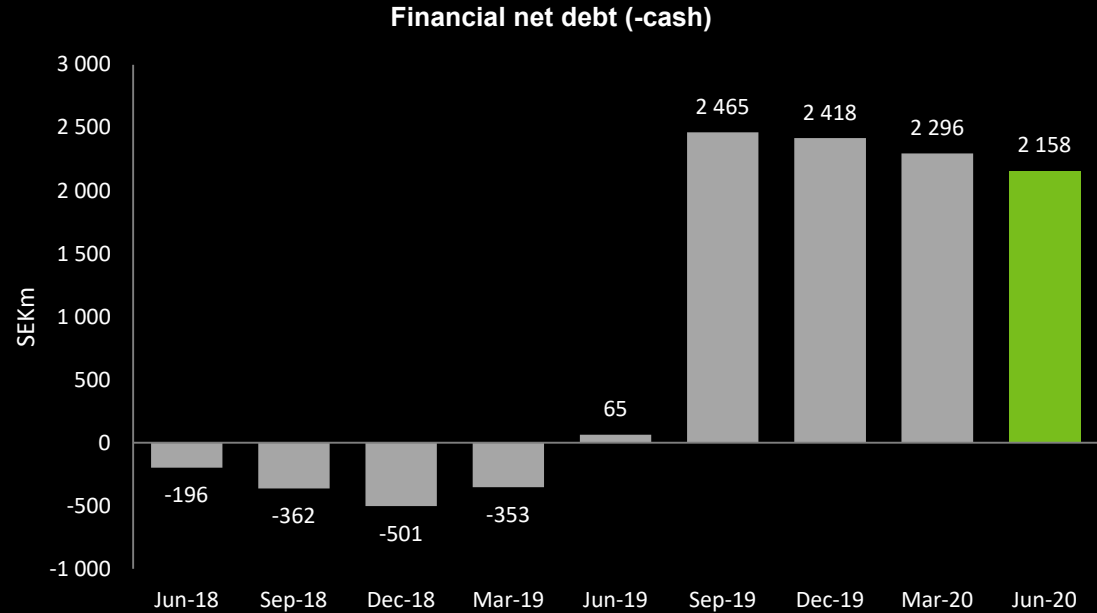
# Operating Cash Flow

- Operating cash flow after changes in working capital:
  - 318 (226) SEKm in Q2
- Operating cash flow after investments:
  - 258 (172) SEKm in Q2
- Highest ever operating cash flow for NetEnt



# Net financial debt

- Net debt of 2,158 SEKm at 2020-06-30
  - Cash & cash equivalents: 254 SEKm
  - Bank loans: 2,117 SEKm
  - NPV of earn-out liability: 117 SEKm
  - IFRS 16 capitalized lease liabilities: 179 SEKm



# Focus looking ahead

- Deliver continued profitable growth and cash flows supported by
  - US expansion
    - Expect to launch NetEnt games in Michigan and West Virginia in H2 2020
    - Aim to launch Red Tiger in H2 2020
  - Live Casino
  - Ongoing online migration in less digitalized markets in Europe and Asia
- Product improvements
  - Renewed focus, building on our strong IP, expansion of our table games portfolio
- Continued focus on integration, cost control and efficiency
  - Significantly lower cost base starting in H2 2020 should provide strong operational leverage



The background is a stage set with a dark floor. The back wall is covered in vertical gold-colored light strips. On the left and right sides, there are black triangular acoustic panels. From these panels, numerous thin, vertical fiber optic cables hang down, each ending in a small, glowing white cube. The stage floor is dark, with several bright green laser lines crisscrossing it. The text "Q&A" is centered in the upper half of the image.

**Q&A**