

Q3 2019 interim report

October 24th, 2019



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Report highlights

- Continued challenging situation in some key markets
- Excluding acquisition and FX effects, NetEnt's revenues -10 percent YoY in Q3-19
 - Sweden accounted for 7 percent of the revenue decrease
- Continued progress in the US
 - Solid growth in New Jersey
 - Strong start in Pennsylvania since mid-July
- NetEnt released 8 (4) slot games, of which Butterfly Staxx 2 was the most successful
- Acquisition of Red Tiger in September
 - Strategically important, product and geographic fit with NetEnt, adding scale
 - Annual synergies of at least 150 SEKm from 2021, mainly revenue synergies

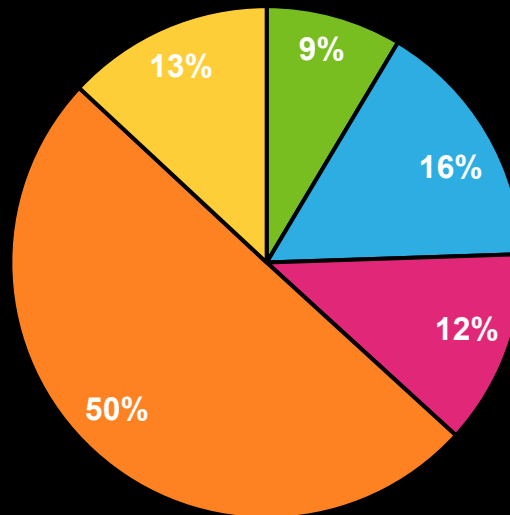


Q3 2019

Gamewin split by Region – NetEnt



- Sweden 9%
- Other Nordic 16%
- United Kingdom 12%
- Other Europe 50%
- Other World 13%



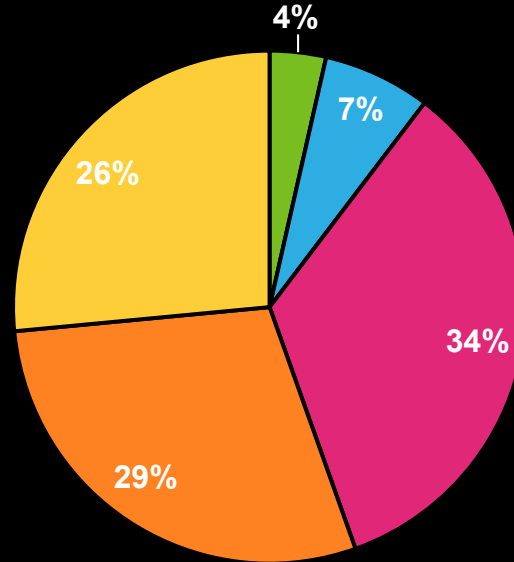
■ Sweden ■ Other Nordics ■ United Kingdom ■ Other Europe ■ Other World

Excluding Red Tiger

Q3 2019

Gamewin split by Region – Red Tiger

- Sweden 4%
- Other Nordic 7%
- United Kingdom 34%
- Other Europe 29%
- Other World 26%
- September data



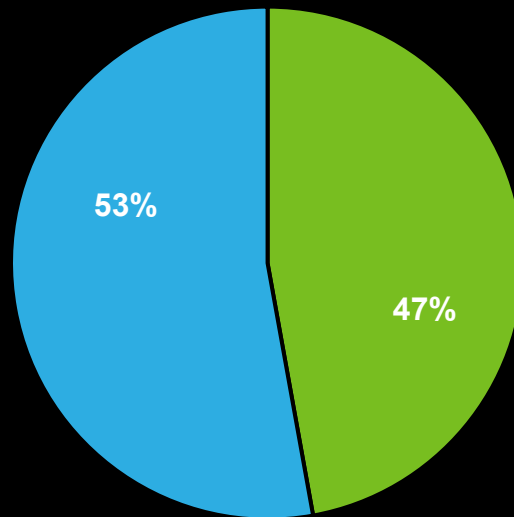
■ Sweden ■ Other Nordics ■ United Kingdom ■ Other Europe ■ Other World



Locally Regulated Markets – NetEnt



- 47 (35)% of gamewin from locally regulated markets
- Europe: Headwinds in some important regulated markets due to regulatory changes
 - Sweden, UK, Italy
- US
 - Successful Pennsylvania market entry in July



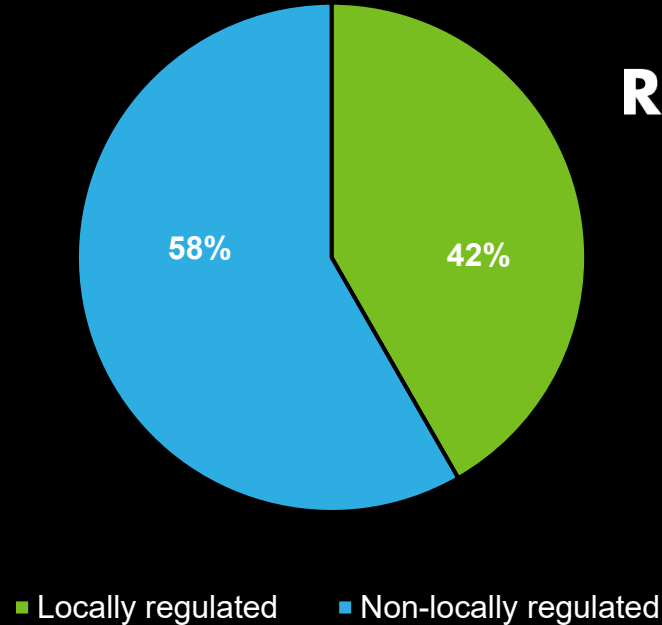
■ Locally regulated ■ Non-locally regulated

Excluding Red Tiger.

Q3 2019

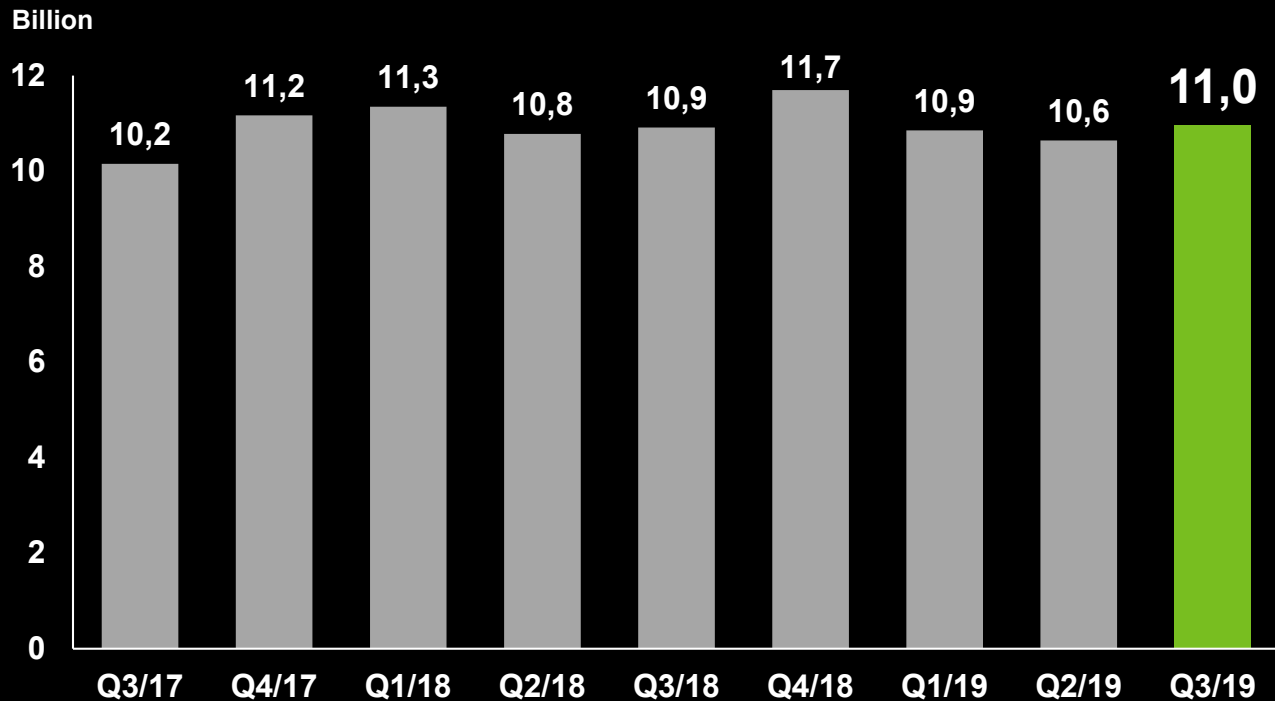
Locally Regulated Markets – Red Tiger

- Locally regulated markets;
UK, Sweden, Denmark, Italy,
Spain, Switzerland and
Georgia
- September data



BY QUARTER

Game Transactions



Excluding Red Tiger.

Q3 2019 – NEW GAMES AND PRODUCTS

NETENT
BETTER GAMING™




RED TIGER

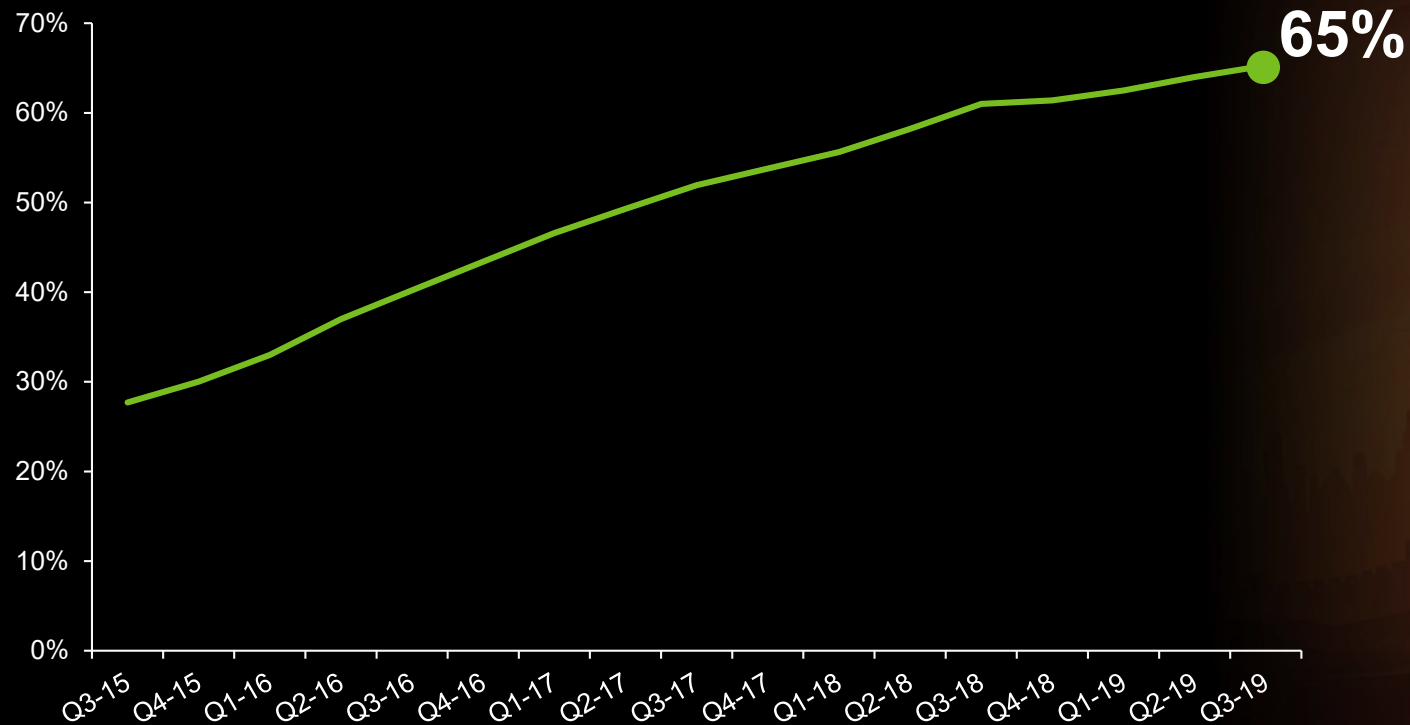


NETENT **live**



SHARE OF GAMEWIN

Mobile Games

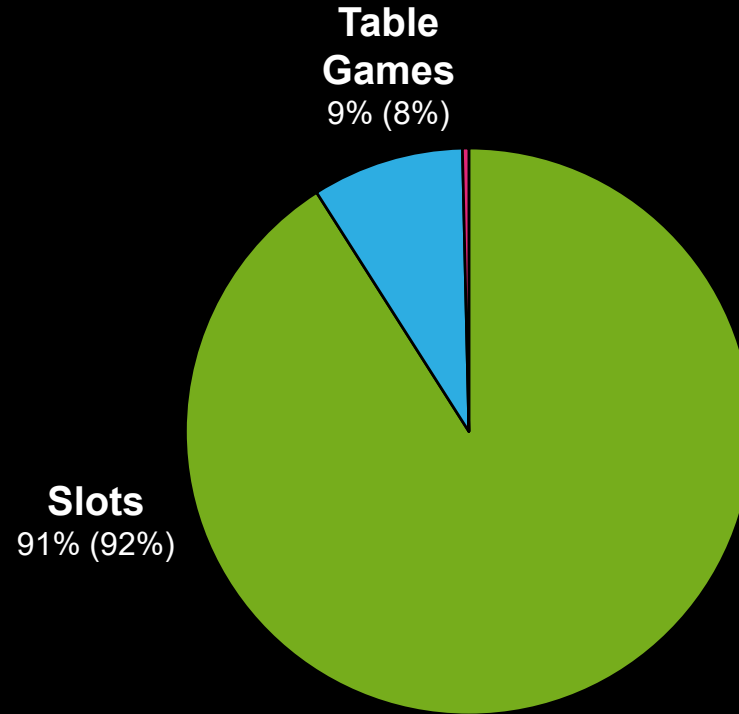


Excluding Red Tiger.



Q3 2019

Gamewin By Game Type



*Excluding Red Tiger.
Comparable figures from Q3 2018 in parenthesis*

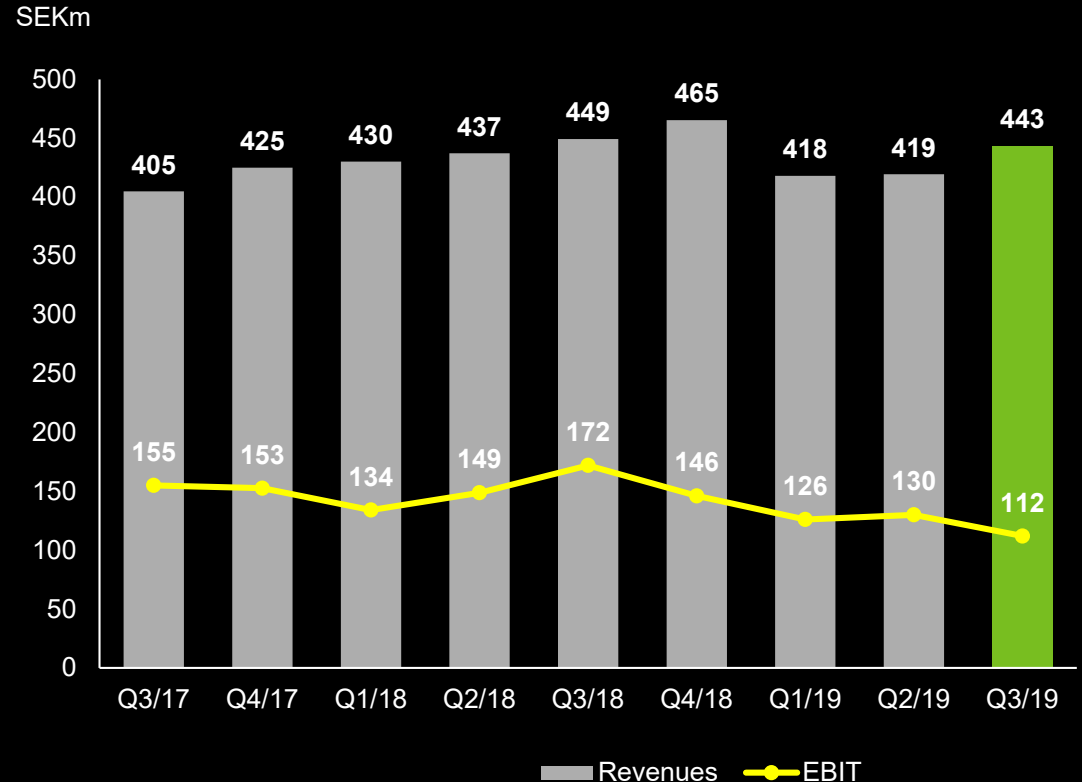


BY QUARTER

Revenue and EBIT

- Red Tiger consolidated as of September 2019
- Excluding Red Tiger, revenues down 10.0% YoY in EUR
- Excluding Red Tiger contribution and acquisition-related items*, EBIT margin of 30.1 (38.3)%

- * • Amortization of intangibles of 9 SEKm (PPA)
- Non-recurring costs of 25 SEKm
- Prepaid financing costs of 34 million SEKm and will be depreciated over the term of the bank loans (4 years)



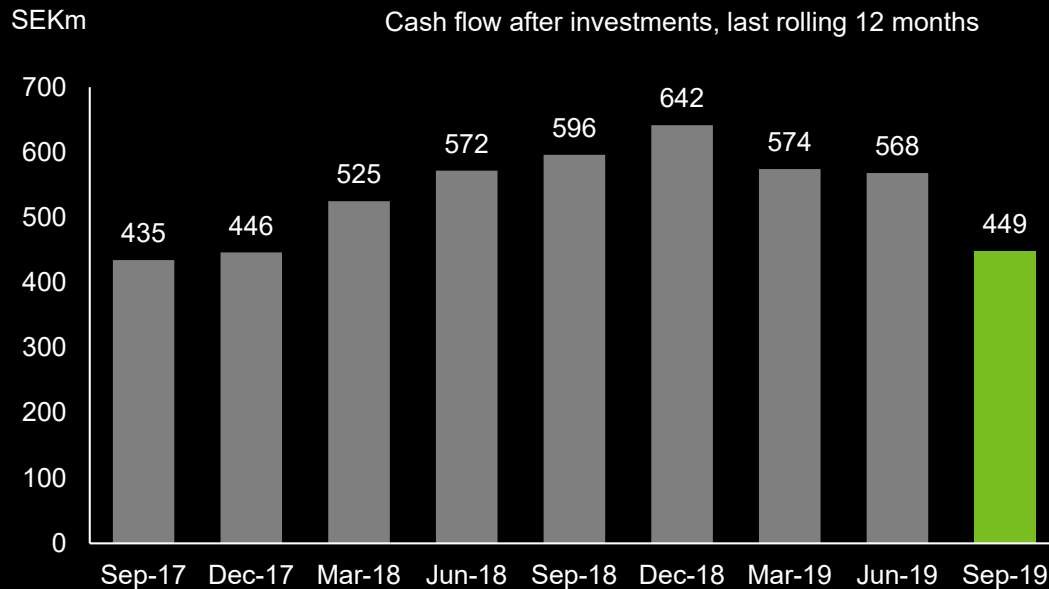
Balance Sheet

- Red Tiger acquisition increases net assets by 2,552 MSEK in Q3
 - Net assets (mainly Client relations, Brand, Technical platform, Games): 1,108 MSEK
 - Goodwill: 1,444 MSEK
 - Estimated amortization of 27 MSEK in Q4-19
- Net debt of 2,465 MSEK
 - Cash & cash equivalents: 300 MSEK
 - Bank loans: 2,300 MSEK
 - NPV of earn-out liability: 216 MSEK (discounted @ WACC 10%)
 - IFRS 16 capitalized lease liabilities: 249 MSEK

LAST 12 MONTHS ROLLING

Free Cash Flow

- Free cash flow of 48 (167) SEKm in Q3
- Free cash flow of 449 SEKm L12M



Focus looking ahead

- Return to solid revenue growth in 2020
 - Slot games by NetEnt and Red Tiger
 - Revenue synergies with Red Tiger
 - Leverage joint distribution and product development
 - Live Casino contribution
- New open platform for functionality and content aggregation
- Players in focus to support core business
 - Affiliate business and social casino
- Continued focus on cost control and efficiency
 - Red Tiger acquisition catalyst for further improvements



RED TIGER



The text "Q&A" is displayed in a large, white, sans-serif font. Behind the text is a decorative effect consisting of numerous small, glowing teal and blue particles, resembling a nebula or a starburst, which adds a dynamic and modern feel to the design.

Q&A