



# NetEnt interim report Q3 2020





**Therese Hillman, Group CEO**

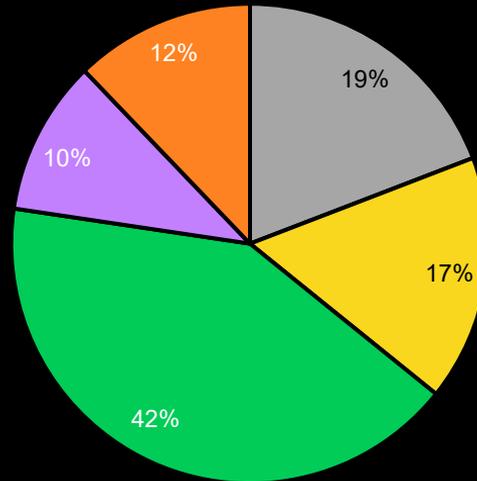
# Report highlights

- Proforma group organic revenue growth in euro of 9 percent Y/Y in Q3
- Increased investments in strategic growth areas USA, Red Tiger and Live Casino
- Continued to realize cost and revenue synergies from Red Tiger integration
- Record underlying EBITDA margin of 60 (50)% in Q3
- 16 (19) new slot games released, 5 (8) from NetEnt and 11 (11) from Red Tiger
- Gonzo's Quest Megaways™ best performing game release ever
- Continued important progress with US expansion



# GGR split by Region, Q/Q

- UK 19% (21%)\*
- Nordics 17% (16%)\*
- Other Europe 42% (41%)\*
- USA 10% (10%)\*
- Rest of world 12% (12%)\*



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

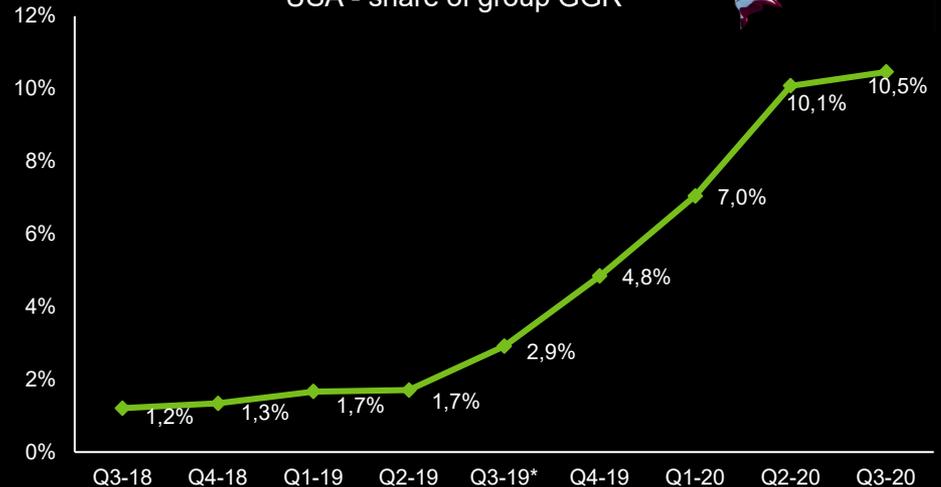
\*Figures for Q2 2020 in parenthesis.

# Continued growth in the US

- GGR +313% Y/Y
- Share of revenues is less due to taxes
- Signed new customer deals with DraftKings (PA, WV), Tipico (NJ), William Hill (WV), Wind Creek (PA), BetMGM/GVC (WV) and The Cordish Companies (PA)
- Entered West Virginia in October as first third-party supplier
- Expect early entry when market opens in Michigan
- Launching Red Tiger in Pennsylvania under NetEnt's license. Go-live expected in November

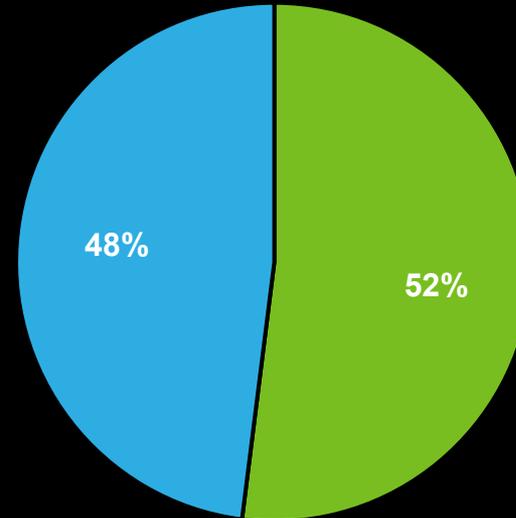


USA - share of group GGR



# Locally Regulated Markets, Q/Q

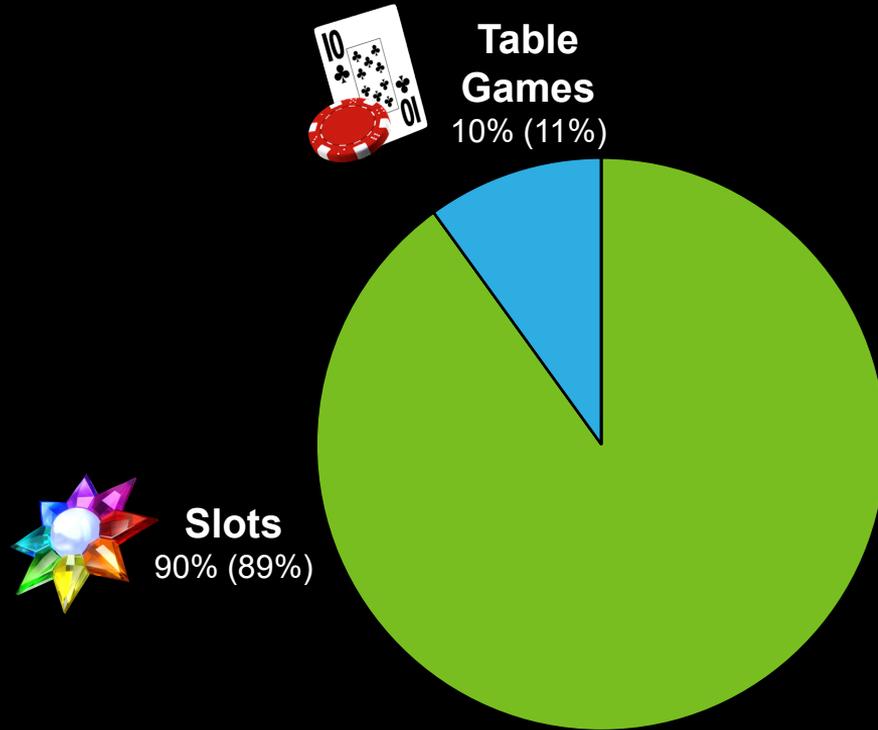
- 52 (53)% of GGR from locally regulated markets
- Further scope for Red Tiger to grow in regulated markets where it has limited presence, e.g. USA, Italy and Spain



■ Locally regulated    ■ Non-locally regulated

*\*Figures for Q2 2020 in parenthesis.*

# GGR By Game Type, Q/Q



*\*Figures for Q2 2020 in parenthesis.*

Q3 2020 – NEW GAMES

NETENT  
BETTER GAMING™



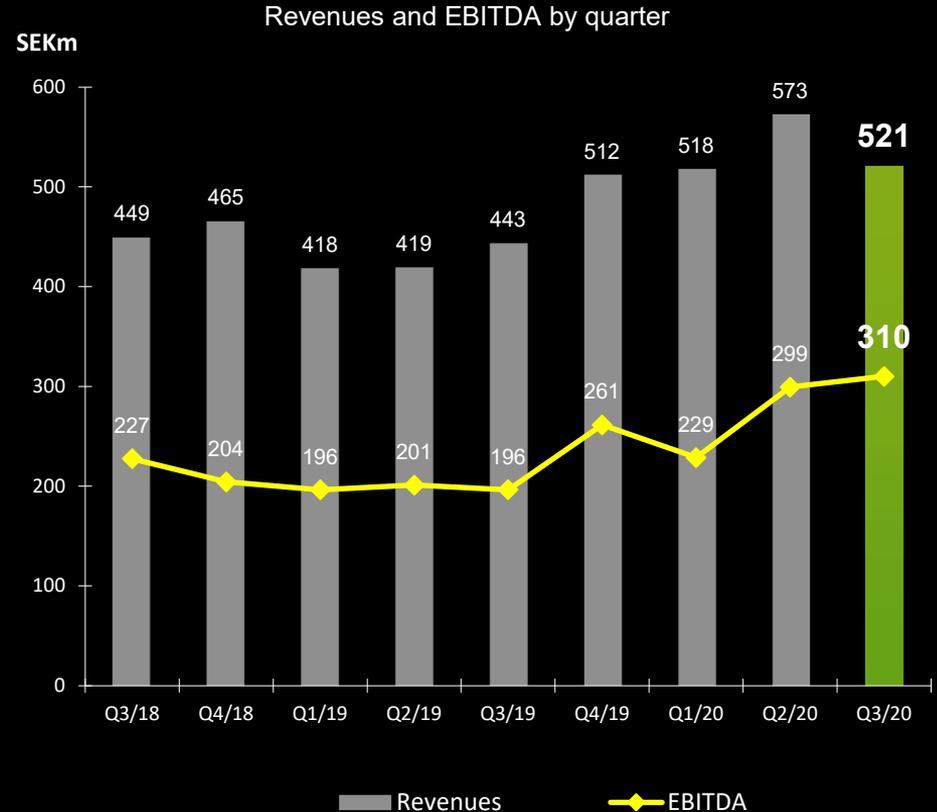
NETENT live



BY QUARTER

# Revenues and earnings

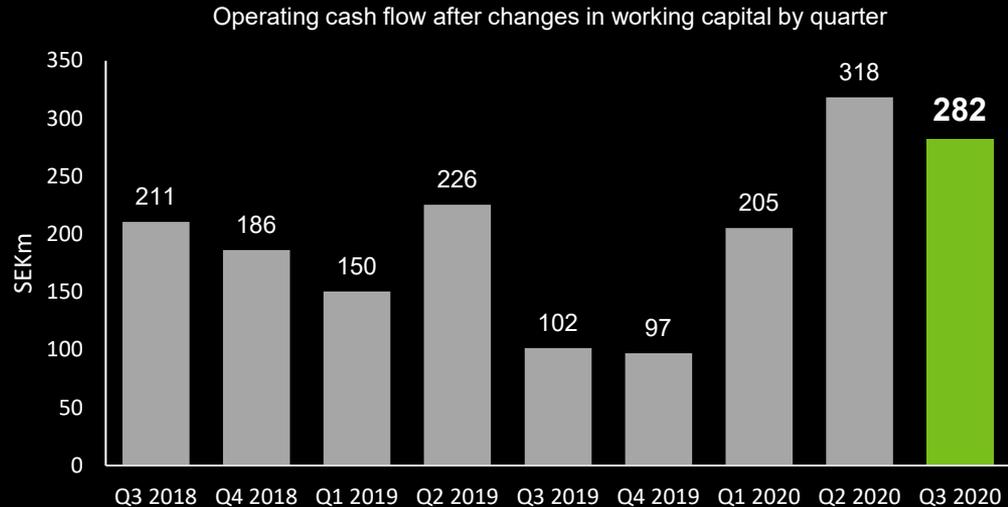
- Revenues of 521 (443) SEKm in Q3
- Revenues +9.0% Y/Y organic proforma in euro
- Transaction costs of 3 SEKm (non-recurring item)
- Adjusted EBITDA of 313 (221) SEKm, margin of 60% (50%)
- Reported EBITDA of 310 (196) SEKm, margin of 59% (44%)



BY QUARTER

# Operating Cash Flow

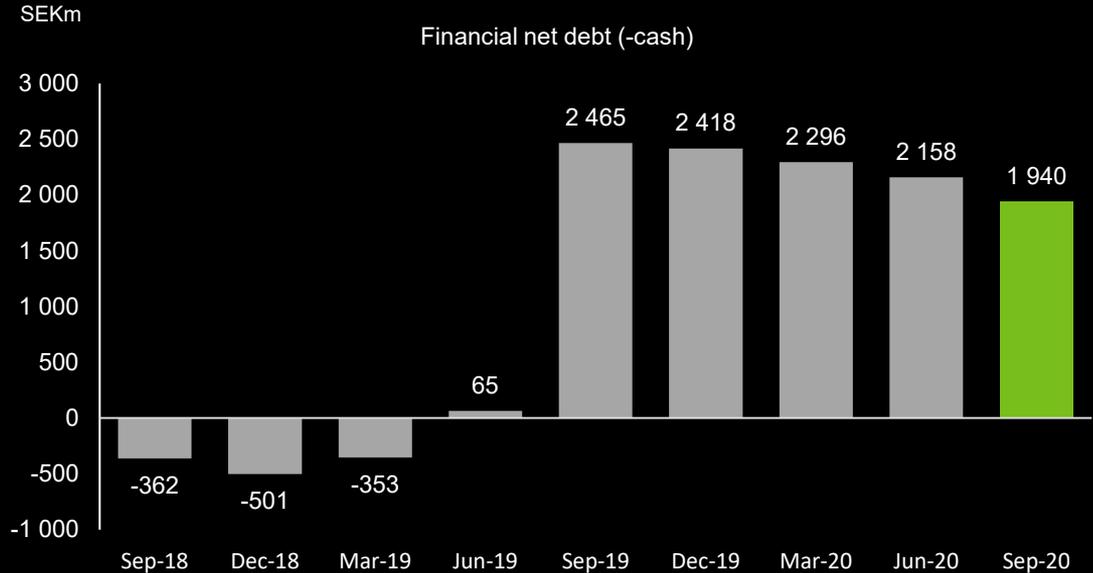
- Operating cash flow after changes in working capital:
  - 282 (102) SEKm in Q3
- Operating cash flow after investments:
  - 237 (48\*) SEKm in Q3



\*Excluding investments in subsidiaries.

# Net financial debt

- Net debt of 1,940 SEKm at 2020-09-30
  - Cash & cash equivalents: 337 SEKm
  - Bank loans: 1,993 SEKm
  - NPV of earn-out liability: 121 SEKm
  - IFRS 16 capitalized lease liabilities: 162 SEKm
- Net debt / Adj EBITDA (L12M): 1.7x



\*Calculations in the interim report and presentation do not always correspond exactly to the stated totals due to rounding

# Q4 2020 outlook

- Activities expected to have positive effect on earnings in Q4 and onwards, include:
  - Entered West Virginia in October as the first third-party supplier
  - Expect to enter early as the market opens in Michigan
  - Launching Red Tiger's games in Pennsylvania under NetEnt's license. Go-live is expected in November
  - Red Tiger's games are now available through NetEnt's platform at Veikkaus, further expanding Red Tiger's reach into regulated markets and Tier 1 customers
  - Launch in December of Baccarat and Roulette Max, an innovative high-volatility game version for Live Dealer
  - Further expansion of our Live studio in Malta



# Focus looking ahead

- Actions taken during 2020 have created a strong platform for future growth
- Proven success with collaboration game development
- Increased game development capacity at lower cost
- Realizing further synergies on costs and revenues
- US expansion
- Further Red Tiger rollout – new markets and new customers
- Growth in emerging markets (Asia, LatAm)
- Continue to see great potential for Live Casino growth



# Q&A

The background is a dark, futuristic scene. It features a central area with vertical teal light streaks that fade into a black background. On the left and right sides, there are vertical structures with a black and white checkered pattern, resembling a grid or a wall. Small white and teal particles are scattered throughout the scene, giving it a sense of depth and movement. The overall aesthetic is clean and modern.