

NET ENTERTAINMENT
EARNINGS REPORT 2011
QUARTERLY REPORT OCTOBER-DECEMBER 2011



NETENT

PUSHING THE LIMITS IN GAMING ENTERTAINMENT

2011 WAS A YEAR OF NEW INITIATIVES FOR CONTINUED SUSTAINABLE GROWTH

FOURTH QUARTER 2011

- Revenues for the fourth quarter increased by 21.6 % to SEK 121.1 (99.6) million
- Operating profit amounted to SEK 42.2 (33.8) million
- Operating margin was 34.9 (33.9) %
- Profit after tax amounted to SEK 36.6 (29.0) million
- Earnings per share amounted to SEK 0.93 (0.73) before and after dilution
- Two new license agreements were signed, and two new customers' casinos were launched

FULL YEAR 2011

- Revenues for the full year increased by 16.1 % to SEK 427.6 (368.3) million
- Operating profit amounted to SEK 129.7 (136.4) million
- Operating margin was 30.3 (37.0) %, 31.9 % excluding costs amounting to SEK 6.7 million related to former senior executives
- Profit after tax amounted to SEK 115.6 (120.5) million
- Earnings per share amounted to SEK 2.92 (3.05) before and after dilution
- Seven new license agreements were signed, including G.Matica and Sky Betting & Gaming. Eleven new customers' casinos were launched
- Proposed transfer to shareholders is SEK 2.00 (2.00) per share

IMPORTANT EVENTS IN THE FOURTH QUARTER

Revenue growth for the fourth quarter was 21.6 percent compared to the fourth quarter 2010. The strengthened Swedish currency has held back revenue growth in SEK. In local currency, revenues increased by 23.1 compared to the fourth quarter 2010.

The number of game transactions amounted to 2.6 billion in the fourth quarter, an increase of 19.6 percent compared to the previous quarter and 48.9 percent compared to the same period in 2010.

During the fourth quarter agreements were signed for delivery of the casino portfolio to several large operators on the newly regulated online market in Denmark. On January 1 2012 Denmark opened up as a regulated market. Operators signed include Betsson, Unibet, Bet24, Sportingbet (including Scandicbookmaker and Danbook). Companies who intend to operate on the local market must fulfill the gaming authority's compliance requirements during the fourth quarter 2012.

During 2011, Net Entertainment has adjusted and developed the Company's system and games to be compliant with mobile units. In December the first mobile games were launched on the market. The initial launch includes mobile games supporting IOS terminals, i.e. Iphone, Ipad and Ipod, with three of the Company's most successful casino games, Gonzo's Quest, Jack Hammer and Blackjack. Net Entertainment's mobile offering will be launched under the name NetEnt Touch™ and will include some of the best games from both the existing portfolio and new game releases. The launch of new mobile games will follow a phased roll-out approach to several partners during 2012.

Net Entertainments strategy is to be the leader within online casino. It is a continuous process to improve and expand the product portfolio and the Company constantly analyzes new opportunities. As a result from this, the Company has decided to launch its own Live Casino product with a planned release to the market around year-end 2012. This product segment is a complement to the Company's existing games portfolio and is estimated to contribute positively to the Company's growth in the future.

During the fourth quarter Per Eriksson was appointed CEO of Net Entertainment with a start date on March 1, 2012. Per is presently serving as CEO and President of Dustin Group AB. Prior to that, Per has had a long career within Dell, where he left as Head of Dell EMC (Europe, Middle East and Africa).

Intralot Interactive was launched in Italy where Net Entertainment is now live with five out of eight operators.

SUMMARY IN FIGURES	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Operating revenues	121 096	99 603	427 618	368 280
Operating expenses	-78 847	-65 847	-297 905	-231 869
Operating profit	42 249	33 756	129 713	136 411
Operating margin	34.9%	33.9%	30.3%	37.0 %
Cash flows from operating activities	56 789	27 133	203 251	119 629
Cash flows for the period	24 781	4 432	27 642	-53 300
Cash and cash equivalents at end of period	74 234	47 034	74 234	47 034

Net Entertainment is a world leading supplier of digitally distributed gaming systems used by several of the world's most successful gaming operators. The Net Entertainment Casino™ is a complete gaming system comprising a full suite of high quality games and a powerful management platform. The games create the ultimate gaming experience for the player while the management platform enables Net Entertainment's customers, the operators, to optimize their business and profitability. Operators are provided a customized system solution that is easily integrated ensuring a short time to market and a cost efficient operation. Net Entertainment is listed on Nasdaq OMX Stockholm (NET-B). More information about Net Entertainment is available at www.netent.com.

COMMENTS FROM BJÖRN KRANTZ, ACTING PRESIDENT AND CEO

Year 2011 was a year of new markets and product initiatives to secure continued solid growth for Net Entertainment moving forward. Revenues increased by 21.6 percent during the fourth quarter which is a result of organic growth. Net Entertainment has been successful in strengthening the position as a leading supplier of games and systems within online casino and our focus on customer closeness and product and technology leadership will continue to differentiate us. During 2011 our market share in Europe increased to 22.4 percent compared to 19.3 percent in year 2010¹.

Net Entertainment has a clear focus on online casino and to complement the existing product portfolio and strengthen the Company's offering it was decided during the fourth quarter to launch our own Live Casino product with a planned release around year-end 2012. Live Casino is a relatively new form of gaming which has proven to be successful and is also expected to show good growth in the coming years.

We are committed to and take part in the ongoing regulation of our industry in Europe. Whether Net Entertainment enters a regulated market or not, is evaluated from case to case with regards to the financial, organizational and the strategic impact on the Company as a whole. Net Entertainment was among the first to enter Italy which regulated the market in July 2011 and Denmark which was regulated in January 2012.

We have now commercially launched five out of eight operators in Italy. The roll-out of remaining customers will take place as soon as practically possible. In addition, it is our ambition to launch slots as soon as the Italian authority allows it.

As a response to the growing mobile market the first mobile games were completed and launch took place according to plan during December 2011. Ongoing launches of new mobile games will take place during 2012 and we will monitor the development closely. The launch of new customers will take place continuously during 2012.

Several successful games have been launched during 2011. Frankenstein was developed as part of our collaboration with Universal Studios and during the fourth quarter the development of Scarface was initiated which is one of the most well known brands ever in the movie industry. Two new platinum games were launched during

¹ The market share is based on the gross gaming yield with Net Entertainment's customers in relation to the European online casino market, estimated by H2 Gaming Capital in December 2011.

the year, Robin Hood and Jack and the Beanstalk with graphics and a gaming experience which truly proves why Net Entertainment is the leading premium supplier of online games on the market today.

We will continue to invest in our business and organization to secure the opportunities identified by the Company, and to ensure short and long term competitiveness. We are taking another step towards becoming a full scale provider within online casino and it is very exciting to be able to offer our partners a broader product portfolio which strengthens both business and customer value in our strategic delivery responsibility as a supplier. I am convinced that Net Entertainment is well positioned for 2012 and I look forward to another exciting year.

NEW AGREEMENTS AND CUSTOMERS

Two new customers were signed during the fourth quarter, including Tier 1 operator Sky Betting & Gaming, focusing on the UK market. Sky Betting & Gaming has a broad offering of services within betting and games via SkyBet, SkyPoker, SkyVegas and SkyBingo. The Company is licensed in Alderney and is owned by BskyB Group PLC.

During 2011 seven new customer agreements were signed, including Sky Betting & Gaming and G.Matica.

A number of agreements were terminated with smaller customers that did not generate the minimum turnover which the Company requires.

CUSTOMERS TO BE LAUNCHED

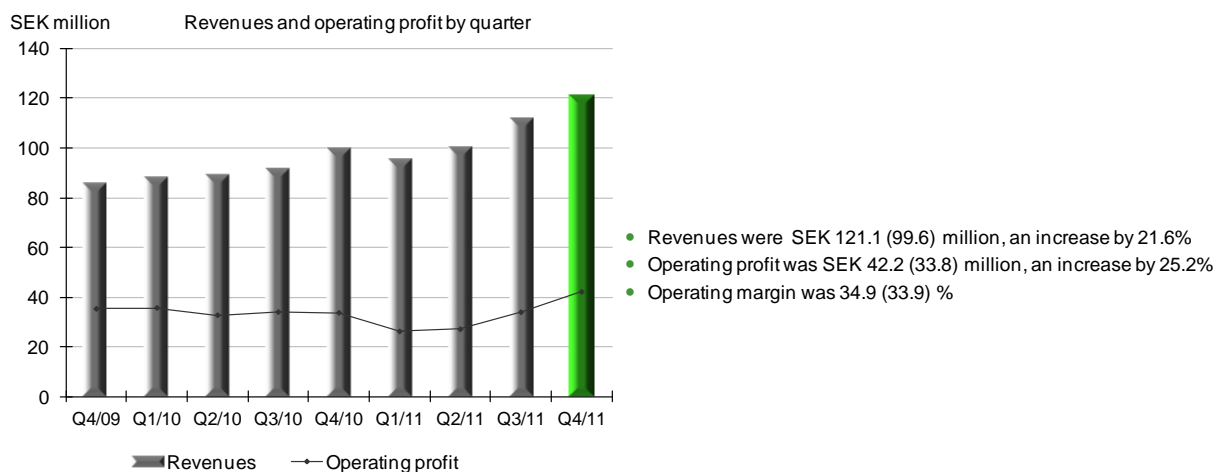
At the end of the quarter, the Company held agreements with a number of operators that have not yet launched, including bwin.it, G.Matica and Sky Betting & Gaming.

bwin.it is part of the bwin.party Group which is the world's largest listed online gaming operator. On the Italian market bwin.party is a leading operator, offering online poker, sports betting and lotteries with a significant market share.

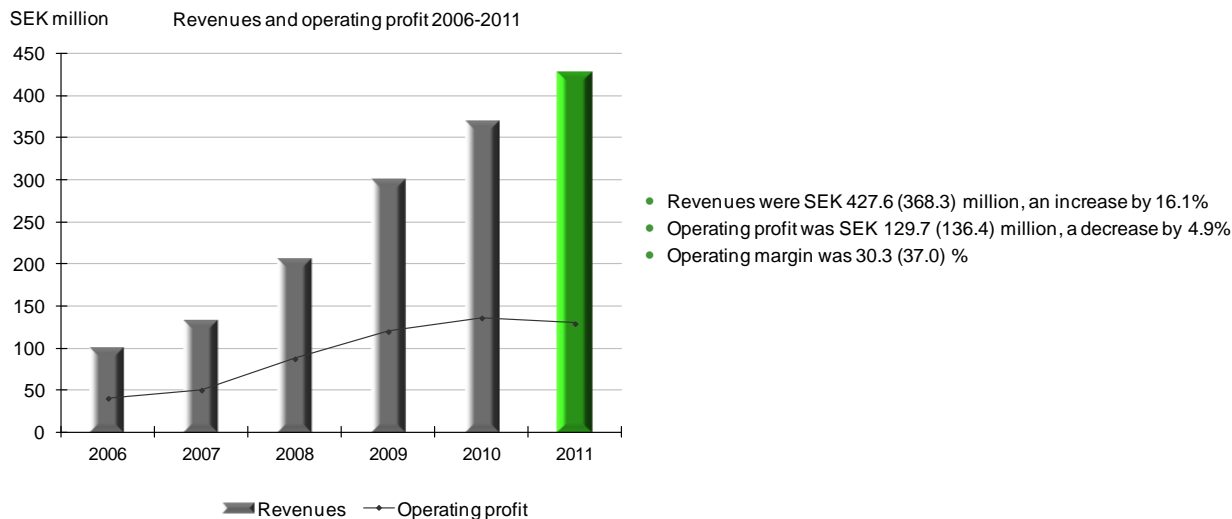
G.Matica is an Italian based operator founded in 2004 already holding a license from the Italian gaming authority AAMS to offer online sports betting, poker and casino in Italy. G.Matica is a land based operator with an existing online presence.

REVENUES AND PROFITABILITY

Revenues and operating profit by quarter are portrayed in the diagram below.



Revenues and operating profit for the most recent six years are presented in the diagram below.



REVENUES – VOLUME, PRICE AND CURRENCY DEVELOPMENT

Net Entertainment's revenues are affected by changes in volume, price (royalty levels and mix), and currency. The volume is affected by both existing customers' growth as well as the launch of new customers. The largest part of revenues is derived from royalty revenues and a smaller part from setup-fees as new customer agreements are signed as well as revenues for managing pooled jackpots.

Revenues increased 21.6 percent in the fourth quarter compared to the corresponding period last year and 16.1 percent for the full year 2011. Net Entertainment's revenue increase compared with the corresponding period last year is a combination of existing customers' growth and revenues from the launch of new customers. Two new customer's casinos were launched during the quarter. During the most recent twelve month period, eleven new customers have been launched.

Royalty revenues were positively affected by significantly higher volumes during the entire twelve month period compared to the corresponding period a year earlier. The average royalty level has been stable during the quarter compared to previous year.

Revenues are affected by the development of the Swedish currency in relation to other currencies. The majority of revenues are invoiced in Euros, but also in British pounds and US dollars. Revenues are reported in Euros and then translated into the Swedish Krona for the Group's reporting. During the fourth quarter 2011, the Swedish Krona was 1.4 percent stronger than the Euro compared to the previous period 2010 and 0.6 percent compared to previous quarter. For the full year 2011 the Krona was 5.3 percent stronger than in 2010. In Euros, total revenues increased by 23.1 percent for the fourth quarter compared to the corresponding period last year and 22.2 percent for the full year 2011. The revenue increase compared to the corresponding period the previous year is thus attributable to increased volumes from existing customers and the launch of new customers both for the fourth quarter and the full year 2011.

The number of game transactions continues to grow and amounted to 2.6 billion during the fourth quarter, which is an increase of 48.9 percent compared to previous year. During 2011 Net Entertainment managed 8.6 billion transactions, an increase of 41.7 percent. The increase of the number of game transactions has primarily been within the slot games. Since the bet per transaction is lower for slots compared to other casino games the revenues do not follow a corresponding development as the number of game transactions.

PROFITABILITY

Operating profit for the fourth quarter increased by 25.2 percent to SEK 42.2 (33.8) million. For the full year 2011 operating profit decreased by 4.9 percent to SEK 129.7 (136.4) million. Operating expenses during 2011 have

increased compared to previous year due to the Company's expansion and strengthening of the organization within areas such as sales, product management, development, and IT operations to meet increased demands from the market and authorities. The strengthening of the organization is enabled mostly through own personnel but also through external recourses in the form of outsourcing both within and outside Europe and subcontractors. In addition, the regulation of the online market creates new requirements which affect costs, as do new product areas such as mobile games, Live Casino and platform development.

For the fourth quarter the operating margin was 34.9 percent compared to 33.9 percent the previous year. The operating margin amounted to 30.3 percent during 2011 compared to 37.0 percent the previous year. The margin is affected by the currency development as well as the effect on operating expenses from the strengthened organization and to what extent development costs are capitalized.

During the third quarter 2011, costs amounting to SEK 6.7 million affected operating profit due to the departure of senior executives. Excluding this cost the Company's operating margin was 31.9 percent for the full year 2011.

The financial net amounted to SEK -2.0 (-1.8) million for the fourth quarter and SEK -0.7 (-5.0) million for the full year and consists of exchange rate effects on cash and cash equivalents, financial receivables and financial liabilities as well as the return on cash and cash equivalents. The volatility in the Swedish Krona has periodically led to effects on inter-company balances which are items included in the financial net.

The Group had an effective tax rate of 8.9 (9.2) percent during the fourth quarter and 10.4 (8.3) percent for the full year 2011. The effective tax rate is affected by in which country where the Group conducts operations where the profit is generated and can vary from one reporting period to the next.

CAPITAL INVESTMENTS

The Group's expenditure for capitalized development projects as intangible assets amounted to SEK 22.9 (18.5) million during the fourth quarter and for the full year to SEK 77.5 (67.6) million. Investments in property, plant, and equipment amounted to SEK 9.1 (4.2) million for the fourth quarter and SEK 21.5 (26.2) million for the full year 2011.

Investments in intangible assets consist of development of new games, technical adjustments in the platform such as new functionality, increased capacity and adjustments for requirements on regulated markets. Among larger development projects, the projects mobile adjustment, regulation of the Danish market, Live Casino and the slot game Scarface are noticeable as an example.

Investments in property, plant, and equipment are primarily servers and other computer equipment. During the fourth quarter the Company has opened a new office in Gothenburg which has led to investments in furniture, fixtures and equipment. The investment pace is driven by both the increased transaction volume and the increased requirements for system availability. During the quarter investments has been made in building a test studio for Live Casino.

CASH AND CASH EQUIVALENTS, FINANCING AND FINANCIAL POSITION

The Group's cash flow from operating activities for the fourth quarter amounted to SEK 56.8 (27.1) million. The increase is mainly attributable to an increase in operating profit and postponed tax payment. For 2011 the cash flow from operating activities amounted to SEK 203.3 (119.6) million. The improvement of SEK 83.6 million is mainly due to changes in managing Funds held on behalf of licensees during 2010 and 2011. The change during the fiscal year 2010 affected cash flow negatively for the comparative year by SEK -46.4 million as Funds held on behalf of licensees on the client account can no longer be considered as cash and cash equivalents and the change during 2011 regarding postponed transfer to the client account which affected cash flow positively by SEK 30 million during 2011. The remaining increase is mainly derived from improved cash flow from operating activities.

Cash flow from investing activities amounted to SEK -32.0 (-22.7) million for the fourth quarter. For the full year 2011 the corresponding amount was SEK -99.0 (-93.8) million. Cash flow from financing activities was SEK - (-) for the fourth quarter and -76.6 (-79.1) for the full year 2011 and mainly consisted of transfer to shareholders amounting to SEK 79.1 million according to decision made on the Annual General Meeting on April 13, 2011.

The Group's cash and cash equivalents amounted to SEK 74.2 (47.0) million on December 31 2011. In addition, there are available credit lines of SEK 40 million that have not been used.

MARKET

The online gaming market has shown positive growth in recent years. Growth continued during 2011 albeit at a somewhat lower pace. The global gross gaming yield for online gaming, including all game segments, is estimated to amount to EUR 22.5 billion in 2011. In coming years, Europe is expected to represent close to half of the global gross gaming yield, making it the single largest gaming market¹.

Deregulation and reregulation of national gaming laws is taking place in many European countries. The development of national licensing systems is partly driven by rulings in the European Court of Justice which have given the member states a somewhat larger freedom to implement limitations regarding the offering of remote gaming cross borders. EU member states are now given increased opportunities to secure tax revenues provided the licensing systems create good competitive conditions that are formally open for all operators who meet certain requirements.

However, it is important to highlight that the European Court of Justice has through a number of rulings in September 2010 confirmed the principle that companies legally established within EU also have the right to offer and provide online gaming. Any restrictions imposed by a member state shall be continuous, systematic and coherent. National restrictions must always be proportionate to the purpose that justifies the restriction.

Net Entertainment closely monitors the development on all markets that are undergoing regulation. A selection of markets is stated below.

Italy was previously a regulated market, limited to sports and horse betting, tournament poker, skill games, and scratch tickets available online via licensed operators. In July a new legal framework took effect which also includes cash game poker, bingo and online casino games. The legislation for online casino games to end users is initially limited to table games. Net Entertainments ambition is to launch slots as soon as the Italian gaming authority allows it.

France adopted a legal framework in June 2010 where they grant licenses to online gaming operators who fulfill the local requirements. This allows private operators to offer betting on sporting events, horse racing, and poker on the Internet. The legal framework, that at the moment does not include casino, involves high taxation which makes it less attractive to private operators.

In January 2012 a new legislation took effect in Denmark where operators can now offer online games to the local market via a license. Company's who intend to operate on the local market must fulfill the gaming authorities requirements during the fourth quarter 2012. The legal framework includes sports and horse betting, online casino and poker. The casino games include blackjack, roulette, slots, baccarat and punto banco.

Spain has introduced a federal gaming legislation which is expected to take effect during the third quarter 2012. At the same time the autonomous regions can admit their own legal framework. Madrid has utilized this right and has granted licenses to two land based operators.

In Germany, the 16 states are preparing a federal legal framework with the ambition that it will take effect during spring 2012. Simultaneously the state Schleswig-Holstein has adopted a new legislation which has been approved by the EU-commission under which private operators are awarded licenses for betting and online casino.

In Sweden, discussions of a potential change in regulation regarding online gaming have been initiated as the Swedish Social Democratic Party presented a new political position for online gaming. A new legal framework has not been presented however and it is uncertain if a new proposal for re-regulation will be presented before the election in 2014.

Net Entertainment believes that the conditions for continued expansion are good. The key reason for this is that the Company can continue to gain market share by delivering a first-class products in combination with continued

¹ H2 Gaming Capital, December 2011

strong customer closeness. Good products and an effective product development secure the conditions for new deals. By extending the product portfolio, Net Entertainment can target a wider market and broaden its customer base.

Net Entertainment's customers are located in Europe, which is the largest geographical market for online gaming. The Company will continue to focus on the European market, but at the same time monitor new potential markets such as North America and Asia.

EVENTS AFTER THE END OF THE PERIOD

As previously announced, Net Entertainment signed agreements with several customers for establishment in Denmark which has regulated online gaming. On January 1 2012 Net Entertainment launched these customers on the local Danish market.

FUTURE OUTLOOK

Net Entertainment's positive growth thus far has primarily been generated by increased volumes from the Company's existing customer base. Reregulation of the market for online gaming is taking place in several countries in Europe where Net Entertainment has launched several customers in Italy during 2011 and in Denmark during January 2012. In addition, new revenue streams from product launches such as mobile games and later on Live Casino, is expected to contribute positively to the Company's growth going forward. The combination of the existing customer base, regulation of markets, integration of new customers and new games and products create a positive future outlook for the Company. The cost for doing business increase gradually and is driven by several factors where regulatory adjustments is one of them. The strategic initiatives create opportunities and continued competitiveness.

ABOUT NET ENTERTAINMENT

Net Entertainment is a world leading supplier of digitally distributed gaming systems used by some of the world's most successful online gaming operators. The Net Entertainment Casino™ is a complete gaming system comprising a full suite of high quality games and a powerful management platform. The games create the ultimate gaming experience for the player while the management platform enables Net Entertainment's customers, the operators, to optimize their business and profitability. Operators are provided a customized system solution that is easily integrated ensuring short time to market and a cost efficient operation. Revenues consist of royalties based on revenues generated by the Company's products and setup fees when new agreements are signed. Net Entertainment is a pure development Company and thus does not conduct any gaming operations of its own. The Company's brand is internationally recognized and associated with innovation, service, and quality.

Technical development and operations are managed at the Group's Parent Company in Stockholm and product management, sales, customer support and marketing are managed from the Malta office. The Company also has an office in Gibraltar. Development is also carried out in India and the Ukraine.

The parent company is listed on NASDAQ OMX Stockholm (NET-B.ST)

BUSINESS MODEL AND OBJECTIVES

Net Entertainment's business model is to provide gaming operators with leading edge solutions, enabling them to offer the ultimate entertainment experience. This will enable them to profitably grow their business faster than the competition. By doing so, Net Entertainment shall generate sustainable profit and growth for its shareholders.

The gaming operators pay a monthly license fee calculated as a percentage of the gross gaming yield generated by the casino. It is therefore in the interest of both the operator and Net Entertainment to increase the operator's gaming revenues. Through the launch of new and unique games with high entertainment value and different kinds of bonus and loyalty schemas, players are stimulated to stay on the operator's site.

The European market for online gaming is expected to maintain good growth and Net Entertainment's objective is to grow faster than the market.

PERSONNEL AND ORGANIZATION

At the end of the period, the number of employees amounted to 231 versus 182 people one year ago. Including external recourses such as dedicated persons with contract suppliers and subcontractors, Net Entertainment employed 324 (284) persons.

During the fourth quarter the Company's new CFO, Maria Hedengren, has commenced her position. Maria has an extensive experience from IT related businesses, most recently working at IBS, an international supplier of ERP systems.

INCENTIVE PROGRAM

PROGRAM 2011-2014

The Annual General Meeting on April 13, 2011 resolved to introduce a long-term incentive program intended for senior management and key employees within Net Entertainment. The resolution entailed the issue of a maximum of 740,000 share option rights to personnel with permanent employment within Net Entertainment to subscribe for an equal amount of shares in Net Entertainment NE AB.

At the end of the subscription period 353,100 share option rights had been subscribed to, corresponding to 62.5 percent of the offer which amounted to a total of 565,000 share option rights, offered to employees. The share option rights were issued at market value determined to SEK 7.20 which generated SEK 2.5 million to equity for the Group. The strike price for the shares is determined to SEK 70.20 which represents 130 percent of the average share price during the measurement period in May 2011. Subscription of shares can be made during the period August 1 to October 14, 2014. An additional 160,000 share option rights were held by the wholly owned subsidiary Mobile Entertainment ME AB. These were cancelled during the fourth quarter.

At the end of the quarter, the total outstanding share option rights amounted to 353,100 corresponding to the same number of shares. In the case of full subscription of these share option rights the parent company's equity will increase by SEK 24.8 million.

To stimulate participation in the program the board has decided to offer a loyalty compensation which will be paid no later than September 1, 2014 to the participants in the program who are still employed at Net Entertainment at the date of payment and have not resigned or been dismissed. The compensation can amount to a maximum of 50 percent of paid premium for the share option rights net after tax or a total of SEK 2.4 million including social security costs paid by the Company. This commitment is accrued for in the accounts on an ongoing basis considering forecasted employee turnover and interest.

PROGRAM 2009-2012

The Annual General Meeting in April 2009 resolved to introduce a long-term incentive program intended for management and key employees within Net Entertainment. The resolution entailed the issue of a maximum of 760,000 share option rights to personnel with permanent employment within Net Entertainment to subscribe for an equal amount of shares in Net Entertainment NE AB. Further information about this program can be viewed in the annual report 2010.

PARENT COMPANY

The parent company's revenues for the fourth quarter amounted to SEK 76.9 (69.1) million. The corresponding figure for the full year 2011 was SEK 308.1 (248.9) million. Operating profit amounted to SEK 1.8 (7.0) million for the fourth quarter and for the full year SEK 22.6 (22.4) million. The operating margin was 2.4 (10.1) percent for the fourth quarter and for the full year 7.3 (9.0) percent. Currency effects on inter-company transactions are included in financial items and for the fourth quarter anticipated dividend from subsidiaries. Profit after tax was SEK 68.8 (73.1) million for the fourth quarter and SEK 84.8 (81.9) million for the full year 2011.

Revenues in the parent company come from services provided to subsidiaries. No development costs are capitalized in the parent company as projects are ordered and owned by subsidiaries in Malta. Some parts of the technologies are still owned by the parent company and generate inter-company royalty revenues. The operating margin during 2011, especially during the fourth quarter, has been affected negatively due to an increasing cost base as the business grows while the parent company's revenues have not increased to the same extent, as parts of the expansion of the organization has not been directly related to the services provided to subsidiaries.

Cash and cash equivalents in the parent company at the end of the period amounted to SEK 25.1 (33.8) million.

Investments in property, plant and equipment amounted to SEK 13.8 (9.7) million for the period January-December 2011.

ACCOUNTING POLICIES

Net Entertainment prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. The Group's earnings report has been prepared in accordance with IAS 34, Interim Financial Reporting. The parent company uses the same accounting principles as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The same accounting and valuation principles have been applied as in the 2010 annual report. For further information on the principles, please refer to the annual report on www.netent.com.

As of January 1, 2011, the Group applies the amendments to IAS 24, Related Party Disclosures, amended definition and some relaxation of disclosure requirements for companies with government ties. Part from this, new or revised standards that came into effect after December 31, 2010 have not had any effect on the financial reports for the Group.

The potential shares issued from the share option rights are considered, when calculating the number of shares and earnings per share after dilution, to the extent that they affect dilution in accordance with IAS 33. According to IAS 33 there is a dilution effect when the quoted stock price exceeds the strike price, taking into consideration the subscription price.

Amounts are expressed in SEK (thousands of Swedish Kronor) unless otherwise indicated. Amounts or figures in parentheses indicate comparative figures for the corresponding period last year.

RISKS AND UNCERTAINTIES

Net Entertainment'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 significantly compared with the description given in the most recently published annual report. The description below is a summary. For a detailed description of the risk profile, see Net Entertainment's 2010 Annual Report, pages 31-34 and page 66.

INDUSTRY AND OPERATIONAL RISKS

As specific industry-related operational risks it is noted that since gaming is regulated by law on most national markets, Net Entertainment, as supplier of casino games, and its customers are dependent on the legal situation of the gaming industry, and can be significantly affected by political decisions and legislative changes. Net Entertainment has a Class 4 license on Malta, which enables the delivery of systems and certain associated services to the Company's customers. The Company also has a category 2 license on Alderney. It is crucial that these licenses are maintained and extended. An extended license for another five years was obtained in November 2010 for the Malta license and the Alderney license is valid until further notice.

Other operational risks include the Group's dependency on access to qualified employees, maintaining larger customer contracts, and protecting internally developed products, intellectual property, and contracts. Like all Internet-based services, the system can suffer from operational interruptions. These can be caused by many different reasons, and may be either within or outside of Net Entertainment's control. In case of operational interruptions, the Company's product is entirely or partially unavailable for the end user, which affects the gaming operator's income and thus the license income for Net Entertainment.

The Group's competitors and general market fluctuations naturally also affect the Company's situation. With Net Entertainment's success the Company has at various times been sued for alleged infringement of intangible rights. Although the Company has not lost in any such allegation there could be a risk for a negative effect in the future in the case a court would rule to the Company's disadvantage. Each case involves costs in varying extent for legal advisors.

FINANCIAL RISKS AND TAXES

The Group's results are exposed to changes in exchange rates as the majority of the revenues are in Euro, and most costs are in the Swedish Krona. The Group's revenues in Euro are also affected indirectly by the end customer's (the players) currency which can be different from the billing currency. Profit and equity are also affected by changes in exchange rates when foreign subsidiaries' earnings, assets and liabilities are translated to SEK. The Group does not hedge its net exposure to currency fluctuations.

The Group's tax expense is affected by in which country where the Group conducts operations where the profit is generated and tax laws in each respective country. Extensive assessments are required in order to establish the provisions for income tax. There are many transactions and calculations where the final tax is uncertain at the time when the transactions and calculations are taking place. The Company has with legal experts assessed how tax rules affect the business to ensure a correct tax situation. This also applies to indirect taxes. The Company reports and pays the tax authorities the tax amounts the Company and its legal experts deem are correct. However, these amounts may be insufficient if tax authorities make more restrictive interpretations of tax regulations than the Company has done and deems as correct.

NOMINATING COMMITTEE

In accordance with the principles resolved by the Annual General Meeting 2011 for appointment of nominating committee, Per Hamberg (appointed by the Hamberg family), Christoffer Lundström (Provobis Invest AB) and Eugen Steiner (Kling family) have been appointed to, together with the Chairman of the Board of Directors Vigo Carlund, form nominating committee for the Annual General Meeting 2012.

The nominating committee is to prepare proposals for decisions at the Annual General Meeting in 2012 as regards the Chairman of the meeting, Chairman and other members of the Board of Directors, auditor when applicable, remuneration for the Board of Directors and auditor, and principles for appointment of the nominating committee. The period in office of the nominating committee runs until a new nominating committee is appointed in accordance with decisions on appointment of a nominating committee at the annual general meeting in 2012.

Shareholders can submit proposals to the nominating committee at: Nominating Committee, Net Entertainment NE AB, Luntmakargatan 18, SE-111 37 Stockholm, Sweden and nomination@netent.com. The nominating committee's proposal will be published at the latest in connection with the notice for the Annual General Meeting.

PROPOSED DIVIDEND

The Board proposes to the Annual General Meeting to allocate SEK 79.1 (79.1) million to shareholders, which corresponds to SEK 2.00 (2.00) per share. The Board intends to propose that the transfer be handled through a share redemption program. The complete proposal will be presented well in advance before the Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Spårvagnshallarna in Stockholm on April 18, 2012 at 15.00.

PRESENTATION OF EARNINGS REPORT

On Thursday, February 9 at 9.00 the report will be presented by Acting CEO Björn Krantz at the Company's office at Luntmakargatan 18 in Stockholm. The presentation can be followed live via webcast on Net Entertainment's website www.netent.com.

FINANCIAL INFORMATION

Net Entertainment intends to distribute financial reports and statements on the dates below.

Annual report available on website	March 23, 2012
Annual General Meeting	April 18, 2012
Interim report January-March 2012	April 26, 2012
Interim report January-June 2012	July 13, 2012
Interim report January-September 2012	October 25, 2012
Earnings report and report for the fourth quarter 2012	February 7, 2013

Financial reports, press releases, and other information are available from the date of publication on Net Entertainment's website www.netent.com.

The Board of Directors and the CEO certify that the earnings 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 the Company and Group companies.

Stockholm February 8, 2012

Vigo Carlund
Chairman of the Board

Fredrik Erbing

Niclas Eriksson

Mikael Gottschlich

Peter Hamberg

Pontus Lindwall

Björn Krantz
Acting President and CEO

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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, fluctuations in exchange rates and interest rates, and political risks.

PUBLICATION

The information in this earnings report is such information that Net Entertainment NE AB (publ) is required to publicly disclose under the Securities Market Act and/or Financial Instruments Trading Act. The information was submitted for publication on February 9, 2012 at 7.30 am.

CONDENSED CONSOLIDATED INCOME STATEMENTS AND STATEMENTS OF TOTAL INCOME FOR THE GROUP

INCOME STATEMENTS	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Revenues	120 868	99 596	426 838	368 170
Other revenues	228	7	780	110
Total operating revenues	121 096	99 603	427 618	368 280
Personnel expenses	-35 244	-27 006	-146 547	-98 219
Depreciation and amortization	-14 521	-9 261	-45 823	-30 959
Other operating expenses	-29 082	-29 580	-105 535	-102 691
Total operating expenses	-78 847	-65 847	-297 905	-231 869
Operating profit	42 249	33 756	129 713	136 411
Financial items	-2 021	-1 787	-719	-4 972
Profit before tax	40 228	31 969	128 994	131 439
Tax on the period's profit	-3 592	-2 943	-13 380	-10 972
Profit for the period	36 636	29 026	115 614	120 467
<i>Earnings per share before dilution (SEK)</i>	<i>0.93</i>	<i>0.73</i>	<i>2.92</i>	<i>3.05</i>
<i>Earnings per share after dilution (SEK)</i>	<i>0.93</i>	<i>0.73</i>	<i>2.92</i>	<i>3.05</i>
<i>Average number of shares</i>				
- before dilution	39 553 716	39 553 716	39 553 716	39 553 716
- after dilution	39 553 716	39 553 716	39 553 716	39 553 716
Operating margin	34.9%	33.9%	30.3%	37.0%
Effective tax rate	8.9%	9.2%	10.4%	8.3%
Profit for the period attributable to parent company shareholders	36 636	29 026	115 614	120 467
STATEMENTS OF TOTAL INCOME				
Profit for the period	36 636	29 026	115 614	120 467
Other total income				
Exchange differences arising from the translation of foreign operations	-5 637	-1 711	-911	-15 532
Sum of other total income for the period. net after tax	-5 637	-1 711	-911	-15 532
Total income for the period	30 999	27 315	114 703	104 935

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	2011-12-31	2010-12-31
Intangible assets	133 142	87 021
Property, plant, and equipment	50 412	44 471
Total non-current assets	183 554	131 492
Accounts receivable	3 680	5 473
Prepaid expenses and accrued revenues	54 788	47 111
Other receivables	38 473	29 351
Funds held on behalf of licensees	87 689	46 408
Cash and cash equivalents	74 234	47 034
Total current assets	258 864	175 377
TOTAL ASSETS	442 418	306 869

EQUITY AND LIABILITIES	2011-12-31	2010-12-31
Share capital	1 191	1 191
Other capital contributed	40 904	38 362
Reserves	-7 469	-6 558
Retained earnings including profit for the period	203 357	166 850
Total equity	237 983	199 845
Accounts payable	33 498	19 458
Current tax liabilities	18 512	11 262
Other liabilities	118 710	49 845
Accrued expenses and prepaid revenues	33 715	26 459
Total current liabilities	204 435	107 024
TOTAL EQUITY AND LIABILITIES	442 418	306 869

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Operating profit	42 249	33 756	129 713	136 411
<i>Adjustment for items not included in cash flows:</i>				
Depreciation and amortization	14 521	9 261	45 823	30 959
Other	-2 129	-3 410	-430	-4 922
Interest received	261	71	420	167
Interest paid	-42	-	-166	-29
Tax paid	162	-6 296	-6 060	-8 538
Cash flows from operating activities before changes in working capital	55 022	33 382	169 300	154 048
Changes in working capital	1 767	- 6 249	33 951	-34 419
Cash flows from operating activities	56 789	27 133	203 251	119 629
Capitalized intangible assets	-22 906	-18 461	-77 539	-67 645
Acquisition of property, plant, and equipment	-9 102	-4 240	-21 505	-26 177
Cash flows from investing activities	-32 008	-22 701	-99 044	-93 822
Transfer to shareholders	-	-	-79 107	-79 107
Received premium for share option rights	-	-	2 542	-
Cash flows from financing activities	-	-	-76 565	-79 107
Cash flow for the period	24 781	4 432	27 642	-53 300
Cash and cash equivalents at beginning of period	50 040	40 812	47 034	105 009
Exchange rate differences in cash and cash equivalents	-587	1 790	-442	-4 675
Cash and cash equivalents at end of period	74 234	47 034	74 234	47 034

CONDENSED CONSOLIDATED CHANGES IN EQUITY

	Share capital	Other capital contributed	Reserves	Retained earnings	Total equity
2010					
Opening equity 2010-01-01	1 191	38 362	8 975	125 490	174 018
Total income for the period Jan-Mar	-	-	-5 269	30 992	25 723
Closing equity 2010-03-31	1 191	38 362	3 706	156 482	199 741
Transfer to shareholders	-	-	-	-79 107	-79 107
Total income for the period Apr-Jun	-	-	-3 152	30 405	27 253
Closing equity 2010-06-30	1 191	38 362	554	107 780	147 887
Total income for the period Jul-Sep	-	-	-5 401	30 044	24 644
Closing equity 2010-09-30	1 191	38 362	-4 847	137 825	172 531
Total income for the period Oct-Dec	-	-	1 711	29 026	27 315
Closing equity 2010-12-31	1 191	38 362	-6 558	166 850	199 845
2011					
Opening equity 2011-01-01	1 191	38 362	-6 558	166 850	199 845
Total income for the period Jan-Mar	-	-	-528	22 888	22 360
Closing equity 2011-03-31	1 191	38 362	-7 086	189 738	222 205
Transfer to shareholders	-	-	-	-79 107	-79 107
Premium received for share option rights	-	2 542	-	-	2 542
Total income for the period Apr-Jun	-	-	2 959	25 137	28 096
Closing equity 2011-06-30	1 191	40 904	-4 127	135 768	173 736
Total income for the period Jul-Sep	-	-	2 295	30 953	33 248
Closing equity 2011-09-30	1 191	40 904	-1 832	166 722	206 985
Total income for the period Oct-Dec	-	-	-5 637	36 636	30 999
Closing equity 2011-12-31	1 191	40 904	-7 469	203 357	237 983

There is no minority interest in the Group. All equity is therefore attributed to parent company shareholders.

CONSOLIDATED KEY DATA AND FIGURES

	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Operating revenues (SEK thousands)	121 096	99 603	427 618	368 280
Operating revenues (EUR thousands)	13 314	10 872	47 281	38 704
Operating margin (percent)	34.9	33.9	30.3	37.0
Profit margin (percent)	33.2	32.1	30.2	35.7
EBITDA margin (percent)	46.9	43.2	41.0	45.4
Return on shareholders' equity (percent)	16.5	15.6	52.8	64.4
Equity/assets ratio (percent)	53.8	65.1	53.8	65.1
Quick ratio (percent)	126.6	163.9	126.6	163.9
Net interest-bearing liabilities (SEK thousands) ¹	-74 234	-47 034	-74 234	-47 034
Net debt/equity ratio (multiple)	-0.3	-0.2	-0.3	-0.2
Average number of employees	229	179	220	152
Employees at period's end	231	182	231	182
Employees and external resources at period's end	324	284	324	284
Earnings per share before and after dilution	0.93	0.73	2.92	3.05
Equity per share (SEK)	6.02	5.05	6.02	5.05
Average number of outstanding shares before dilution	39 553 716	39 553 716	39 553 716	39 553 716
Average number of outstanding shares after dilution	39 553 716	39 553 716	39 553 716	39 553 716
Number of outstanding shares at the period's end before dilution	39 553 716	39 553 716	39 553 716	39 553 716
Number of outstanding shares at the period's end after dilution	39 553 716	39 553 716	39 553 716	39 553 716

¹ A negative figure means that the Group has a net cash position (positive cash flow and no interest-bearing liabilities)

CONSOLIDATED KEY DATA AND FIGURES BY QUARTER

	2011				2010				2009
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operating revenues (SEK millions)	121.1	111.4	99.9	95.2	99.6	91.6	89.2	87.9	85.4
Operating revenues (EUR millions)	13.3	12.2	11.1	10.7	10.8	9.8	9.2	8.8	8.2
Operating profit (SEK million)	42.2	34.0	27.2	26.3	33.8	34.1	32.8	35.7	35.4
Operating margin (percent)	34.9	30.5	27.2	27.6	33.9	37.2	36.8	40.7	41.4
EBITDA-margin (percent)	46.9	41.6	37.2	37.0	43.2	45.9	45.3	47.7	48.2
Growth in SEK vs previous year (percent)	21.6	21.7	12.0	8.3	16.6	20.8	27.2	28.0	37.8
Growth in EUR vs previous year (percent)	23.1	24.1	19.9	21.3	31.7	35.1	42.3	41.0	34.4
Growth in SEK vs previous quarter (percent)	8.7	11.6	4.8	-4.4	8.8	2.7	1.4	3.0	12.6
Growth in EUR vs previous quarter (percent)	9.3	9.8	3.4	-0.8	10.2	6.0	4.6	7.7	13.1
Cash and cash equivalents (excl. funds held on behalf of licensees) ²	74.2	50.0	26.1	71.7	47.0	40.8	31.2	94.9	71.8
Funds held on behalf of licensees ²	87.7	25.4	57.5	26.2	46.4	34.8	35.8	27.4	33.2
Equity/assets ratio (percent)	53.8	59.7	53.2	69.4	65.1	63.8	62.4	73.6	70.0
Return on shareholders' equity (percent)	16.5	16.3	12.7	10.8	15.6	18.8	17.5	16.6	20.6
Net debt/equity ratio (multiple)	-0.3	-0.2	-0.2	-0.3	-0.2	-0.2	-0.5	-0.6	-0.6
Earnings per share	0.93	0.78	0.64	0.58	0.73	0.76	0.77	0.78	0.82
Equity per share (SEK)	6.02	5.23	4.39	5.62	5.05	4.36	3.74	5.05	4.40
Average number of employees	229	228	223	200	179	155	137	136	131

² A reclassification has been made for the second quarter 2011 of SEK 21.7 million from Funds held on behalf of licensees to Cash and cash equivalents in order for the balance to correspond to accessible cash. This is due to postponed date for transfer of cash and cash equivalents to the client fund account from May 2011. View further information under section Cash and cash equivalents, financing and financial position.

DEFINITIONS

Operating margin

Operating profit in relation to operating revenues.

Profit margin

Profit after financial items in relation to operating revenues.

EBITDA-margin

Operating profit excluding depreciation and amortization in relation to operating revenues.

Return on investment on shareholders' equity

Period's profit/loss in relation to average shareholder equity for the period.

Equity/assets ratio

Equity at the end of period as a percentage of total assets at the end of period.

Quick ratio

Current assets in relation to current liabilities.

Net interest-bearing liabilities

Net of interest-bearing provisions and liabilities less financial assets and cash and cash equivalents.

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.

Average number of employees

The average number of employees during the period.

Number of employees at end of period

The number of employees at the end of the period.

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.

Earnings per share

Profit for the period divided by the average number of shares outstanding during the period.

Equity per share

Shareholders' equity divided by the number of shares outstanding at the end of the period.

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.

CONDENSED PARENT COMPANY INCOME STATEMENT

INCOME STATEMENTS	Oct-Dec 2011	Oct-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Operating revenues	76 908	69 135	308 129	248 863
Other external expenses	-30 158	-25 058	-109 469	-99 821
Personnel expenses	-42 427	-35 037	-167 148	-118 521
Depreciation and amortization	-2 511	-2 048	-8 957	-8 094
Operating profit	1 812	6 992	22 555	22 427
Financial items	67 134	68 197	68 501	64 867
Profit after financial items	68 946	75 189	91 056	87 294
Tax on the period's profit	-103	-2 076	-6 225	-5 359
Profit for the period	68 843	73 113	84 831	81 935

STATEMENT OF TOTAL INCOME

Profit for the period	68 843	73 113	84 831	81 935
Other total income	-	-	-	-
Sum of other total income for the period, net after tax	-	-	-	-
Total income for the period	68 843	73 113	84 831	81 935

CONDENSED PARENT COMPANY BALANCE SHEET

ASSETS	2011-12-31	2010-12-31
Intangible assets	27 983	23 136
Property, plant, and equipment	512	512
Shares in subsidiary	28 495	23 648
Total non-current assets	28	2
Accounts receivable	180 224	235 068
Receivables from Group companies	6 580	3 762
Prepaid expenses and accrued revenues	8 476	5 980
Other receivables	25 050	33 760
Cash and cash equivalents	220 358	278 572
Total current assets	248 853	302 220
TOTAL ASSETS		

EQUITY AND LIABILITIES	2011-12-31	2010-12-31
Share capital	1 191	1 191
Statutory reserve	38	38
Share premium reserve	6 015	3 473
Retained earnings	20 107	17 279
Profit for the period	84 831	81 935
Total equity	112 182	103 916
Accounts payable	28 773	16 789
Liabilities to Group companies	69 181	149 417
Current tax liabilities	6 127	5 928
Other liabilities	3 177	2 501
Accrued expenses and prepaid revenues	29 413	23 669
Total current liabilities	136 671	198 304
TOTAL EQUITY AND LIABILITIES	248 853	302 220

NET ENTERTAINMENT'S PRODUCTS

CASINO

The Net Entertainment Casino™ is a complete gaming system consisting of a powerful administration tool and a full suite of high quality games. Games are divided into four categories: table games, video poker, slot games and other games such as scratch cards and Keno.

The games are customized for each licensee so they become a natural, integral part of the licensee's gaming site. Net Entertainment also provides assistance with graphical design of the website where the games are presented.

Distributing the games is possible through a number of channels where browser based solutions are the most common but the Company has also developed a downloadable client.

MULTIPLAYER GAMES

Net Entertainment has developed blackjack and roulette where several players can participate.

SERVICE

Net Entertainment offers a number of peripheral services including technical support, hosting, account management and system surveillance. This allows the licensees to focus on their core business.

DEVELOPMENT

Extensive analysis and development efforts ensure that the Company can deliver new exciting games and functions. The complexity within casino games is continuously increasing and Net Entertainment is seen as a market leader within its market.

Two new games are Jack and the Beanstalk™ and Gonzo's Quest Touch™.

