

Corporate Governance Report

Net Entertainment NE AB is a Swedish public limited liability company listed on Nasdaq OMX Stockholm. The basis for the Company's management, leadership, and control by shareholders, the Board of Directors, and the CEO are applicable external laws and rules, as well as internal regulations such as policies and instructions. The most prominent laws and regulations are the Swedish Companies Act, the Swedish Code of Corporate Governance ("the Code"), and Nasdaq OMX Stockholm's listing requirements as specified in "Rules for issuers". The Company has not committed any violations of the rules on the exchange where its shares are admitted to trade or of generally accepted principles in the market.

Also, the Articles of Association have a central role in corporate governance in that they define the Company's name, the domicile of the Board of Directors, business orientation, information concerning share capital and voting rights for shares, as well as how conversion of A-shares to B-shares may occur. The Company's Articles of Association do not contain any specific rules regarding amendments to the Articles of Association.

A corporate governance report is now a statutory requirement for all Swedish companies whose shares are traded on the Swedish regulated market and whose fiscal years begin after 28 February 2009, i.e. since the 2010 fiscal year for Net Entertainment. The Company's auditor shall review the corporate governance report. An additional legal requirement is that the Audit Committee shall have an independent member who also has accounting or auditing skills.

The Swedish Companies Act contains basic rules about a limited liability company's organization. The purpose of the Code is to provide guiding rules for sound corporate governance, and to supplement the legislation in a number of areas. The Annual Accounts Act places requirements on how corporate governance reports shall be prepared. The Code allows for companies to deviate from these rules if, in individual cases, it can be considered to result in better corporate governance for the company (according to the "comply or explain" principle). If a company finds that compliance with a certain rule or recommendation in the Code is not appropriate with respect to that company's special circumstances, the company may deviate from such a rule, provided that the deviation is disclosed and justified, and that the chosen alternative

solution is specified. The Company adheres to the Code without deviations.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is Net Entertainment's highest governing body at which shareholders exercise their influence in the Company. The AGM is superior to the Board and the Chief Executive Officer. To be entitled to vote shares at the AGM, shareholders must be recorded in the share register five days before the meeting, and notify the Company of their participation no later than the day stated in the notice of the meeting. Shareholders who cannot attend personally can participate through a representative. Decisions at the meeting are normally made by a simple majority of votes. However, certain types of resolutions require sanctioning by a higher proportion of the votes and shares represented at the AGM, pursuant to the Swedish Companies Act.

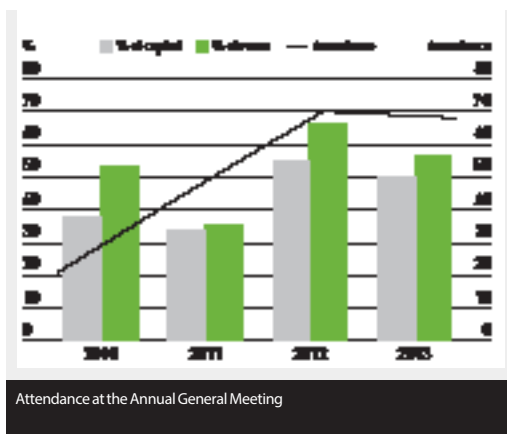
The AGM shall be held within six months after the end of the fiscal year. Time and location are announced no later than in connection with the third quarter earnings report. Information on how a shareholder can have a matter raised at the meeting, and by when such a request must be received by the Company in order to ensure it is brought up in the AGM, is announced on the Company's website by the time of the third quarter earnings report at the latest. Notice of the AGM is announced at least four weeks prior to the meeting, and will then be available on the Company's website.

At the AGM, a presentation of the Company's performance over the past year is given, and resolutions are made on a number of key matters. The AGM approves the annual accounts for the previous fiscal year, decides on discharging the Board of Directors and CEO from liability, elects the Board of Directors and auditors, decides on remuneration for the Board of Directors and auditor, decides how the Nominating Committee shall be appointed, and addresses other formal matters such as any changes in the Articles of Association. Extraordinary General Meetings may be held when warranted.

Each A-share carries ten votes and each B-share carries one vote. Each voting shareholder in Net Entertainment may vote their full number of owned and represented shares without limitations in voting rights.

ANNUAL GENERAL MEETING 2013

The AGM 2013 was held on April 25th at Spårvagnshal-larna in Stockholm. 56.1 percent of the total number of votes and 50.1 percent of the total number of shares were represented at the AGM . All members of the Board of Directors, the Company's auditor, the CEO, a number of the senior management team members and one member of the Nominating Committee were present. At the AGM, decisions were taken on a number of routine subjects as well as the transfer of 2.25 Swedish kronor per share to the shareholders through a share redemption program. For further information, please refer to the Company's website at www.netent.com/investor/corporate-governance/annual-general-meeting/agsm-2013/, where the required documents and minutes from the AGM are available.



ANNUAL GENERAL MEETING 2014

The AGM 2014 will take place April 24th at Spårvagnshal-larna in Stockholm at 3 p.m.. Notice of the AGM is provided on the Company's website at <http://www.netent.com/investor/corporate-governance/annual-general-meeting/arsstamma-2014/>, where the required documents will be available before the meeting.

NOMINATING COMMITTEE

The AGM decides on how the Nominating Committee shall be appointed.

At the AGM in April 2013, it was decided that the Chairman of the Board of Directors, Vigo Carlund, shall convene a Nominating Committee consisting of a representative from each of the three largest shareholders as of August 31, 2013 who, together with the Chairman of the Board, shall be members of the Nominating Committee for the AGM 2014. In September 2013, Per Hamberg (appointed by the Hamberg family), Christoffer Lundström (Provobis Invest AB) and Martin Wattin (the Kling family)

were appointed members of the Nominating Committee. Per Hamberg was appointed Chairman of the Nominating Committee. The composition of the Nominating Committee is based on the list of registered shareholders provided by Euroclear Sweden, and other reliable ownership information as per the final business day of August.

The Nominating Committee has prepared a proposal to be submitted to the AGM 2014 for resolutions regarding the Chairman of the Meeting, the Chairman of the Board and other members of the Board of Directors, auditors where appropriate, remuneration for the Board of Directors and the auditors, as well as principles for appointing the Nominating Committee. The Nominating Committee's mandate period runs until the new Nominating Committee is appointed in accordance with the resolution on selecting the Nominating Committee at the AGM 2014.

The composition of the Nominating Committee meets the Code's requirements for independent members.

In its work, the Nominating Committee has evaluated the Board of Directors and its work, as well as the Chairman of the Board's report on the Company's activities, goals, and strategies, in order to make correct assessments concerning the composition of the Board of Directors. In addition, the Nominating Committee has analyzed the skills and experience of the members of the Board of Directors, as well as the gender balance, and compared them with identified needs. The Nominating Committee has noted that the members of the Board of Directors hold a wide range of extensive experience in business activities, technology, the gaming industry, financial markets, and from different geographical markets. The Board of Directors presently consists of one female member and six male members. The Nominating Committee strives to achieve a sound gender balance in the Board. When a new member of the Board is next to be elected, the Nominating Committee will actively seek to further improve the gender balance. Since the Annual General Meeting 2013, the Nominating Committee has met on two occasions.

The Nominating Committee's proposal, its justified opinion on the proposed Board of Directors, and supplementary information regarding the nominated members of the Board of Directors are announced in connection with the notice of the AGM, and will be presented at the AGM 2014 together with a report on the Nominating Committee's work.

Members of the Nominating committee

- Per Hamberg (representing the Hamberg family)
- Christoffer Lundström (Provobis Invest AB)
- Martin Wattin (representing the Kling family)
- Vigo Carlund, Chairman of the Board of Directors

THE BOARD OF DIRECTORS

The Board of Directors is elected by the shareholders at the AGM with a mandate period extending from the AGM until the end of the following AGM. The Company's Articles of Association do not contain specific provisions on the appointment and dismissal of Board members. The Board of Directors manages shareholder interests by establishing business goals and strategies, evaluating the executive management, and securing systems for monitoring and control of established goals. It is incumbent upon the Board of Directors to ensure that there is sufficient control over the Company's compliance with laws and other regulations applicable to the Company's business, that necessary ethical guidelines are established for the Company's conduct, and that the Company's communications are transparent, accurate, relevant, and reliable.

Between AGMs, the Board of Directors is the Company's highest governing body.

According to the Articles of Association, Net Entertainment's Board of Directors shall comprise three to nine members and no deputies. The AGM decides the exact number of members.

The members of the Board of Directors shall devote their time and attention to Net Entertainment, and acquire the necessary knowledge to safeguard the Company and its shareholders.

At the AGM in April 2013, seven members were elected: Vigo Carlund, Fredrik Erbing, Maria Redin, Mikael Gottschlich, Peter Hamberg, Michael Knutsson and Pontus Lindwall. For a further description of the members, see page 26.

All but one member are independent in relation to the Company and its management, and six members in relation to major shareholders. Peter Hamberg is not independent in relation to the shareholders because he is a close relative of one of the Company's largest shareholders. Pontus Lindwall is not independent in relation to the Company because he is the Chairman of the Board of Betsson AB – a customer to and previously the parent company of Net Entertainment. The evaluation of the Board members' independence is based on the Code's rules, which apply from February 1st, 2010.

At Board meetings, Vigo Carlund, Peter Hamberg, Fredrik Erbing, Michael Knutsson and Pontus Lindwall attended all meetings. Maria Redin was absent from one meeting and Mikael Gottschlich was absent from two.

Meeting attendance 2013	Board of Directors	Audit Committee	Remuneration Committee
Vigo Carlund	13 out of 13	–	2 out of 2
Pontus Lindwall	13 out of 13	–	2 out of 2
Fredrik Erbing	13 out of 13	6 out of 6	2 out of 2
Maria Redin	12 out of 13	6 out of 6	2 out of 2
Mikael Gottschlich	11 out of 13	5 out of 6	1 out of 2
Peter Hamberg	13 out of 13	–	2 out of 2
Michael Knutsson	13 out of 13	–	2 out of 2

The Chairman of the Board of Directors

The Chairman of the Board of Directors is appointed by the AGM. Vigo Carlund was appointed Chairman of the Board of Directors by the AGM 2013.

The Chairman organizes the work of the Board of Directors so that it is conducted efficiently, and such that the Board of Directors fulfills its commitments. This includes: organizing and leading the work of the Board of Directors in order to create the best possible conditions for the work; ensuring that new Board members undergo the necessary introductory training; ensuring that the Board regularly updates and deepens its knowledge of the Company, the industry, and its performance; and assuming responsibility for contacts with the owners and communicating the opinions of the latter to the Board of Directors. The Chairman also ensures that the Board of Directors receives sufficient information and support for decisions in its work and, in consultation with the CEO, establishes proposals for Board meeting agendas. The Chairman of the Board of Directors verifies that the Board's decisions are implemented, and is responsible for the annual evaluation of Board of Directors' work, and for informing the Nominating Committee of such evaluation. The Chairman also provides the CEO with support.

The work of the Board of Directors

The Board of Directors is regulated by the Rules of procedure, in addition to laws and recommendations. The Rules of procedure are established by the Board of Directors and reviewed annually through Board decisions.

The Rules of procedure are divided into different sections in order to clarify and regulate the Board of Directors' work and duties. The sections consist of the Board of Directors' Rules of procedure and instructions to the CEO and Audit Committee. The Remuneration Committee is composed of the entire Board of Directors.

The Rules of procedure describe which items shall be on the agenda at each Board meeting, the annual cycle of items over the financial year, and the agenda for statutory Board meetings. The Rules of procedure include the Board's general duties, distribution of work within the Board, how Board meetings shall be recorded, and the

provision of information to the Board of Directors before the Board meeting and between Board meetings.

Before each Board meeting, members receive detailed documentation about the matters to be discussed at the Board meeting. Also, each month, a monthly report is distributed on operational and financial performance.

In 2013, the Board of Directors held 13 meetings, including the inaugural meeting, three for the approval of interim reports, two extra Board meetings and one meeting per capsulam. In connection with the Board meeting in June, a strategy meeting was held, at which the executive management presented an in-depth analysis of the industry trend and the proposed strategic direction for continued growth and development.

The key points at the Board meetings in 2013 were matters concerning strategy, taxes, the business risk management process, approval of business plans and budgets, forecasts, key policies such as for anti-bribery, annual report, earnings report and interim reports and investments. During the year, the Board hired an external consulting company to conduct a technical IT audit of the Company's operations with a focus on strategy, platform architecture and efficiency. Other matters addressed by the Board of Directors were financial goals, vision, and mission, as well as financial policy. Also present at Board meetings were the CEO and the CFO, who also recorded the minutes. The CEO reports on operational performance at each ordinary Board meeting, and the CFO reports on financial performance. In addition, various senior executives participated in presentations on various agenda items.

At the Board meeting in February 2014, the chief auditor, Therese Kjellberg, Deloitte, reported her conclusions from the audit for 2013. At the meeting, the members of the Board had the opportunity to ask the auditor questions without the presence of Company management.

The Chairman of the Board of Directors annually evaluates the work of the Board through a systematic and structured process, with the purpose of developing the Board's work and efficiency. The Board of Directors continually evaluates the CEO's work, and the Board addresses this evaluation without the presence of Company management members.

Audit Committee

The Board of Directors has established an Audit Committee which, since April 2013, has consisted of Fredrik Erbing (Chairman), Maria Redin and Mikael Gottschlich. CFO Maria Hedengren is an adjunct to the Committee, and functions as its secretary. The Company's auditors attend the Committee's meetings for presentations and debriefing.

The Audit Committee is responsible for monitoring and quality assurance of the Company's financial reporting. In terms of financial reporting, the Audit Committee monitors the efficiency of the Company's internal controls and risk management. The Committee keeps itself informed of the audit of the annual accounts and the consolidated financial statements, reviews and monitors the auditor's impartiality and independence, and pays special attention if the auditor provides the Company with services other than auditing services. The Committee is also responsible for the Board's ongoing communication with the Company's auditors, establishing guidelines for which services may be procured by the auditors in addition to the regular audit, evaluation of the audit process, advising the Nominating Committee when preparing proposals to the auditors, and audit fees. In addition, the Committee has: established an annual plan for its work and an updated risk analysis for the business with a special focus on financial reporting and the link to internal controls; approved the auditor's audit plan; read and evaluated the auditor's ongoing review including the IT systems review; evaluated the internal controls and the process improvement work performed by the Company in that regard; and considered the Finance policy, the Financial handbook, and accounting issues. During the year, special attention was devoted to the implementation of a new ERP system and the business risk management process.

The Audit Committee met six times in 2013. The auditor attended five such meetings.

Remuneration Committee

The Remuneration Committee consists of all seven members of the Board of Directors. The Chairman of the Board of Directors is the Chairman of the Committee. All members were independent in relation to the Company except for Pontus Lindwallas, who is the Chairman of the Board of Betsson AB, a customer to and the former parent company of Net Entertainment. Pontus Lindwall did however not participate in any decisions in which he could be considered biased.

The Remuneration Committee deals with matters concerning remuneration and benefits for senior executives, including the CEO. The Remuneration Committee prepares matters for decision by the Board concerning the CEO's remuneration and benefits, as well as matters of principle for all senior executives. The Board of Directors also decides on matters of principle concerning remuneration for senior executives and salary for the CEO. The Board of Directors has established guidelines for senior executive remuneration that are presented to and approved by the AGM. The guidelines for senior executive remuneration are monitored and evaluated annually, including variable remuneration programs for

the Company management that are in progress and that ended during the year. The current remuneration policy is appended to the AGM minutes, available on the website.

The Remuneration Committee held two meetings in 2013 and one in early 2014, at which all Board members were present.

INSTRUCTIONS FOR THE CEO

The Board of Directors has prepared and established instructions regarding the CEO's duties and responsibilities, as well as obligations towards the Board of Directors. The CEO is responsible for managing and developing the Company and dealing with the ongoing management of the Company's business operations within the framework of the Swedish Companies Act, the Company's business plan, instructions for the CEO, and guidelines and instructions announced by the Board. In the internal work, the CEO shall: monitor to ensure that the Company's organization is professional and efficient; ensure that internal controls are appropriate and efficient; implement the Company's strategy and goals; and process and suggest qualitative and quantitative goals for the Company's various business units. For the Board of Directors, the CEO shall, continuously and before each ordinary Board meeting, prepare, compile, and present data requested by the Board of Directors for assessing the Company's financial situation, such as reports, key figures and comments, proposals for the business plan, marketing plan, budgets, forecasts, financial statements, interim reports, and annual reports.

BOARD AND SENIOR EXECUTIVE REMUNERATION

Board remuneration

Remuneration for the Board of Directors is proposed by the Nominating Committee and decided by the AGM, and is paid to Board members who are not employed by the Company.

Monetary data regarding remuneration distributed to the Board of Directors by fiscal year is shown in note 6 on page 63.

Remuneration for the board of directors 2011–2013, SEK thousand

Decided at the AGM	2013	2012	2011
Chairman of the Board of Directors (including fees for assignments in foreign subsidiaries)	590	580	550
Chairman of the Audit Committee	310	300	270
Members of the Board of Directors	240	240	220

Senior executive remuneration

In order to achieve attractive long-term value growth for shareholders, Net Entertainment seeks to offer its employees competitive remuneration and an attractive

workplace that enable recruiting and retaining the right employees. For senior executives, the Board of Directors has prepared guidelines for remuneration, as outlined below.

Monetary data regarding remuneration distributed to employees and senior executives is shown in note 6 on page 63.

Guidelines adopted by the AGM 2013

These guidelines shall be applied for the CEO of Net Entertainment NE AB and other senior executives of the Company. The principles in these guidelines are relevant for employment contracts entered into after the Annual General Meeting and, in such cases, amendments are made to existing contracts after the Annual General Meeting. The Board of Directors shall be able to diverge from the guidelines provided that there are special grounds in a specific case.

It is of fundamental importance for the Company and its shareholders that the remuneration principles and other employment terms for senior executives are, in both a short-term and long-term perspective, competitive and create sound conditions for retaining and motivating skilled employees and attracting new ones when needed. In order to achieve this, it is important that conditions at the Company are fair and well-balanced, while at the same time competitiveness on the market is maintained. Employment terms for senior executives should contain a well-balanced combination of fixed and variable salary, share-based incentive programs, retirement benefits, and terms and conditions for employment termination.

Remuneration should be performance-based, and therefore contain a combination of fixed and variable salary, such that variable remuneration constitutes an appropriate proportion of total remuneration.

Fixed salary shall be competitive, individual, and based on the individual's responsibility, role, skills, and experience in relevant positions.

Annual variable salary shall be measured and paid on an annual basis. Annual variable salary shall be capped at 50 percent of fixed salary, and be based on actual achievements in relation to established financial and operational goals. Goals for variable salary are determined annually by the Board of Directors in terms of variable salary for the CEO, and by the CEO in terms of variable salary for other executives, in order to ensure that they are in line with the Company's business strategy and objectives. Variable salary terms shall include a minimum level of performance in relation to goals, for which no variable salary is received.

In order to ensure long-term commitment, continued employment, and competitive remuneration from an

international perspective, annual variable salary may be supplemented with long-term cash incentive programs with deferred payment between 12 and 24 months. Such incentive programs are used selectively and are based on objectives related to the current fiscal year. Long-term cash incentive programs require continued employment until a predetermined date in order for payment to be made. Long-term cash incentive programs shall be capped at 50 percent of annual fixed salary, and shall otherwise follow the same principles that apply to the Company's annual variable salary as above.

The Board is entitled to reclaim variable pay disbursed on the basis of information that later proved to be evidently erroneous.

Key employees are invited to participate in an ongoing share-based incentive program in the form of share option rights or other share-based incentive programs issued at market price to motivate long-term engagement and better align their interests with those of shareholders. In order to strengthen loyalty to the Company, share-based incentive programs in the form of share option rights issued based on market conditions can be combined with cash remuneration, which is payable, in connection with the exercise of share option rights, to employees who are still employed at the time of redemption. Such remuneration may not exceed 50 percent, net after tax, of the premium paid for the share option rights.

Retirement benefits for the CEO and other members of Company's management shall be competitive and based on defined contribution pension plans, in which the premium shall be capped at 33 percent of pensionable salary. Other benefits, such as company cars, health insurance, etc. shall constitute a minor part of total remuneration, and be in line with market conditions.

The CEO can have a maximum notice period of twelve months. Other members of senior management can have a notice period of a maximum of six months. In addition to notice periods, terms of severance pay can occur. Salary during the notice period and severance pay shall in total not, however, exceed the equivalent of 18 months' salary.

Guidelines determined by the Board of Directors and proposed to the AGM 2014

For the AGM 2014, the Board has proposed to adopt the same guidelines for remunerations to CEO and other senior management with the following changes and clarifications;

The 2013 remuneration guidelines state that, in order to strengthen loyalty to the Company, share-based incentive programs in the form of share option rights issued on market conditions can be combined with cash remuneration, which is payable in connection with the exercise of share option rights to employees who are still employed

at the time of redemption. Such remuneration may not exceed 50 percent, net after tax, of the premium paid for the share option rights. To avoid ambiguity, the guidelines are proposed to state "...cash remuneration, which is payable in connection with the vesting period during which the share option rights can be exercised..." instead of "...in connection with the exercise of share option rights..." since such remuneration is payable regardless of whether or not share options are exercised. No other changes to the guidelines will be proposed.

AUDIT

Auditors are elected by the AGM and review the Company's accounts and administration on behalf of the AGM. According to the Articles of Association, Net Entertainment shall have one or two auditors. Deloitte AB was elected auditor at the AGM in April 2013 for the period until the AGM 2014. Therese Kjellberg was appointed chief auditor. At the AGM 2014, the auditor for the period until the AGM 2015 will be appointed.

The auditor has presented her conclusions of the synoptic review of the interim report for January–September 2013, the audit for the 2013 full year, and internal control for the Audit Committee and the Board of Directors. The auditor also met with the Board of Directors and the Audit Committee without the presence of anyone from the Company management.

In addition to the audit, the auditor has had a limited number of other assignments for Net Entertainment. These have been audit-related services concerning accounting and reporting, assistance regarding the preparation of the Company's tax returns and assistance regarding investigation of tax procedures in Malta. In the previous year, an assignment relating to the initial public offering in 2009 took place. Remuneration for the auditor is stated in note 23 on page 67.

INTERNAL CONTROL: THE BOARD'S DESCRIPTION OF THE MOST IMPORTANT ELEMENTS OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN FINANCIAL REPORTING

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act, and the Code. The Annual Accounts Act requires the Company to annually describe its internal control and risk management system in financial reporting. The Board of Directors has overall responsibility for financial reporting. The Board's and the committees' division of duties is regulated in the Board's Rules of procedure.

The Audit Committee has an important role in preparing the Board of Directors' work to ensure the quality of financial reporting. The preparation involves matters on internal control and compliance, control of carrying

amounts, estimates, assessments, and other matters that could affect the quality of the financial reports. The Committee also has ongoing contact with the auditor.

Net Entertainment applies the established framework for internal control COSO (Committee of Sponsoring Organizations of the Treadway Commission). COSO principles are applied with five interrelated components: control environment, risk assessment, control activities, information and communication, and review process.

The Board of Directors' Rules of procedure specify which reports and information of a financial nature shall be distributed to the Board of Directors at each ordinary Board meeting, and in between. The CEO ensures that the Board of Directors receives the required reports in order for the Board to be able to continuously assess Net Entertainment's financial position.

The quality of external financial reporting is ensured through a number of measures and procedures. All interim reports are subject to processing by the Board before being released, along with the earnings report and annual report. The CEO is responsible for all information provided, such as press releases, presentations for meetings with analysts, media, and owners and investors. In addition to the annual report, the auditor also reviews the third quarter interim earnings report.

Internal control refers to the process that is influenced by the Board of Directors, Company management, and other staff, and is designed to provide reasonable assurance that the goals of the Company are achieved in terms of

- appropriate and efficient operations,
- reliable financial reporting, and
- compliance with applicable laws and regulations.

The basis of the internal controls related to financial reporting consists of the overall control environment established and communicated by the Board of Directors and management. The Board of Directors and management operate based on this, which provides discipline and structure for other parts of the process. Such parts include risk assessment, control activities (including both general and more specific controls with the purpose of preventing, detecting, and correcting errors and discrepancies), internal and external information and communication systems, and monitoring by the Board of Directors, Company management and individuals further down in the organization to ensure process quality. An important part of the control environment is that organizational structure, decision making, and authority are clearly defined and communicated in the form of regulatory documents and internal policies, guidelines, manuals, and valuations.

Control environment

In developing processes, Net Entertainment has considered the control environment and the risk assessment performed. Soundly devised internal control not only creates conditions for reliable financial reporting, but probably contributes to a healthy and sustainable business with greater profitability as a result. Work on the design of internal processes and monitoring thereof is a constant process at Net Entertainment, and is becoming increasingly important as the Company grows. This is particularly important in terms of the systems that Net Entertainment develops and operates on behalf of licensees.

The Board of Directors has prepared and established instructions for the CEO, and instructions for financial reporting for the Board of Directors of Net Entertainment regarding ongoing internal control work delegated to the CEO. In turn, the CEO delegates authority to the people reporting to him, both directly and through established guidelines and manuals within the Company. The Company's corporate values are an important element in this respect, providing guidance for the daily operations.

The Company's finance function reports to the Audit Committee and to the Company's Chief Financial Officer, and works to develop and improve internal control in financial reporting at the Company, both proactively with a focus on the internal controls environment, and by reviewing how the internal controls work. Constant development of internal controls is important for a rapidly growing company like Net Entertainment. In 2013, work to further develop internal control continued. For example, the Company implemented a new, modern ERP system to provide traditional accounting process support, electronic invoice management, procurement process support, and employee administration, thus further enhancing internal controls by reducing manual processes. A new group consolidation system was also implemented, as was a tool for financial planning and analysis. A review of processes with an impact on financial reporting and internal controls was also conducted in connection with the implementation of the new systems. Moreover, the Group has a department with special responsibility for regulatory compliance, as well as quality and processes. Regulatory compliance in this respect refers to industry-specific gaming regulation governing the Company in different countries.

Internal governance instruments for financial reporting primarily consist of the Company's Finance Policy, Information Policy, Economic Handbook, and authorization instructions that define accounting and reporting rules, as well as the Company's definition of processes and minimum requirements for sound internal control in financial reporting. Guidelines for financial reporting are updated when there are changes in legal requirements,

listing requirements and/or accounting standards of relevance to the Company. In addition, the Company has policies regarding, for example, trade in the Company's shares, IT and information security, dividend, anti-bribery, prevention of money laundering and terrorist financing, drugs and gambling.

Risk assessment

Risks in financial reporting are evaluated and monitored by the Board of Directors through the Audit Committee. Net Entertainment has an annual structured risk assessment procedure for the identification of significant risks affecting internal controls in financial reporting, and the identification of prevalent risks. These risks are mainly attributed to areas such as regulated activity, the billing process, development expenditure and taxes, and the Company's substantial liquid funds. During the risk assessment, particular attention has been paid to the risk of irregularities and partiality of other parties at the Company's expense, and the risk of loss or misappropriation of assets. At the same time, the risk assessment has a greater focus on key processes and factors.

Matters are prepared by the Audit Committee before consideration by the Board of Directors. The risk assessment results in control objectives that support meeting basic financial reporting requirements. The risk assessment is updated annually by the Company, and the results are reported to the Audit Committee.

Moreover, the Company has a business risk management process designed to constantly identify, prioritize, and manage significant business risks in general. The risk map is similar to that relating to financial reporting, but includes other risks such as the availability of competent staff and political decisions. The Audit Committee is responsible for continually supervising the risk management process and reports regularly to the Board of Directors. For a complete description of the Company's risks, please see the chapter Risk Factors on page 35.

Control activities

The most significant risks identified in terms of financial reporting are managed through the control structures of processes. Control activities are designed and documented at the process level, and include both general and more specific controls with the purpose of preventing, detecting, and rectifying errors and discrepancies. When designing control activities, accurate and timely performance thereof is ensured. So-called general IT controls are designed for the system that supports the processes affecting internal controls for financial reporting. In the operations department, the casino system is supervised 24 hours a day, seven days a week. Anomalies and changes in gaming patterns are investigated. The design

of processes and control activities within IT are also affected by regulations specified by the gaming authorities, such as Lotteries and Gaming Authority of Malta (LGA), Alderney Gambling Control Commission (AGCC) and external reviews in connection with control of such regulatory compliance. Such reviews are implemented both by certified auditing agencies for certification in relation to requirements from authorities, and by the Company's external auditors. Control activities include the review and monitoring of performance outcomes for specific account reconciliations.

Areas that are covered by control activities include:

- due authorization of business transactions
- business systems that affect financial reporting, including verification management
- the accounting process, including year-end reports and consolidated annual accounts and their compliance with applicable regulations in the form of generally accepted accounting principles, prevailing laws and regulations, and requirements for listed companies. The process is also designed to ensure proper decision making for the Board of Directors and management
- significant and unusual or complicated business transactions, as well as business transactions or valuations of assets or liabilities that contain significant elements of judgment.

Information and communication

Information and communication about internal governance instruments for financial reporting are available for all employees concerned on the Company's internal network. Net Entertainment has information and communication channels with the purpose of promoting the completeness and accuracy of financial reporting. Only a limited number of people in the functions Finance, IR, and CEO staff have access to information that is considered confidential such as budgets, forecasts, economic outcome reporting, Board material, and remuneration. Access to such confidential information is in accordance with the powers bestowed upon the Company's staff in the organization. Important guidelines and manuals of importance to financial reporting are updated and communicated to those concerned in connection with the introduction of new employees and, in the event of potential changes, to all affected staff. There are both formal and informal communication channels to senior executives and the Board of Directors for information from employees. Employees can also contact the Board of Directors by e-mail, and be anonymous to senior executives if they so wish, as part of the Company's whistleblowing policy. For external communication, there are guidelines for the

Company with stringent demands on accurate and relevant information to the market. The Board of Directors annually establishes an information policy for the Company, which includes guidelines for contacts with analysts and media. In connection with the introduction of new employees, the latter are informed of the guidelines and laws applicable to the Company regarding for example managing insider information and trade in the Company's shares. Prior to each quarterly earnings report, a reminder is sent about the share trading rules to all staff.

Review process

The Board of Directors continuously evaluates the information provided by Company management. The review process includes both monitoring of monthly financial reports for budget and goals, and reporting at the Board meetings. Through the Audit Committee, the Board of Directors reviews and assesses the internal control's organization and function. The Audit Committee's work includes ensuring that measures are taken to rectify deficiencies, and proposals for measures identified through internal control activities and the external audit. The Company's policies and instructions are evaluated and updated annually or more often as needed.

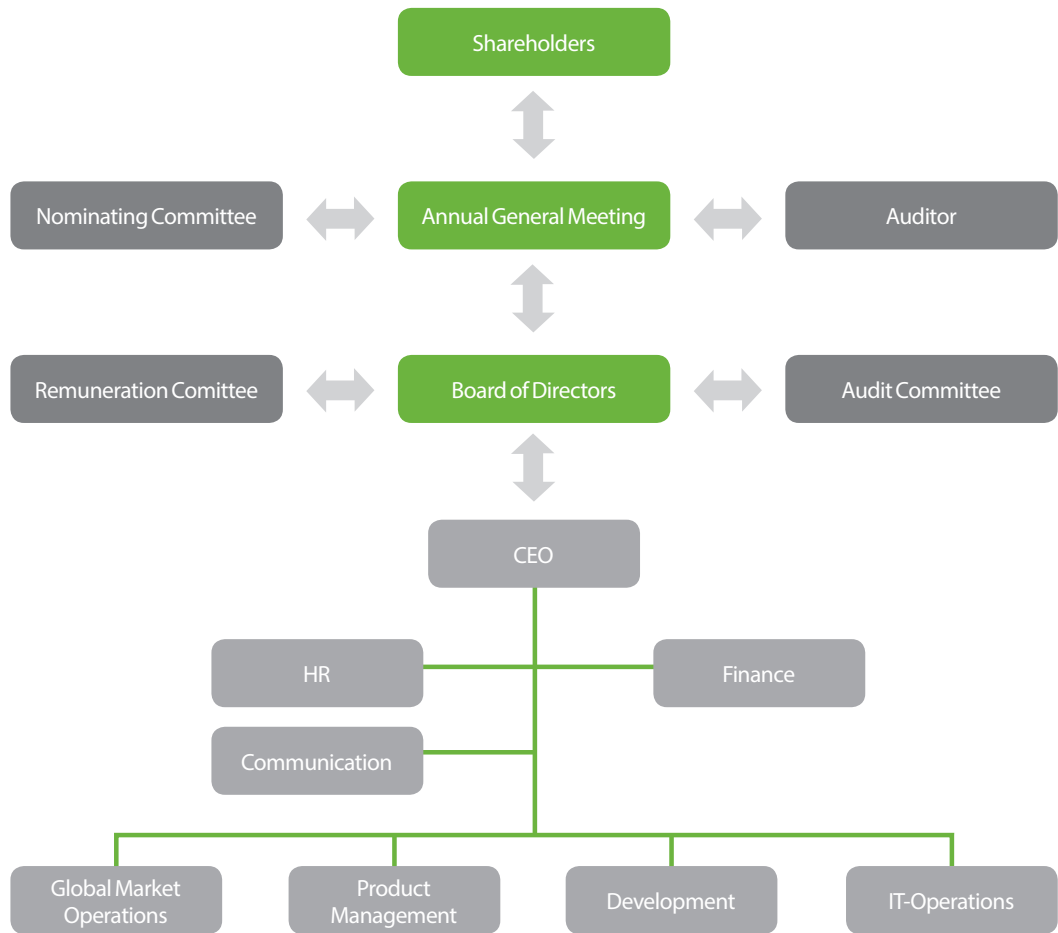
The Company's CFO presents the results of the work with internal controls as a standing agenda item at Audit Committee meetings. The results of the Audit Committee's work in the form of observations, recommendations, and proposals for decisions and measures are continuously reported to the Board of Directors.

Internal audit

According to the Code, in companies that do not have a separate review function (internal audit), the Board of Directors shall annually evaluate the need for such a function, and justify the conclusion in the internal control description. There is no such separate review function at Net Entertainment. The responsibility for further development and management of the internal control system occurs in the organization together with existing functions for quality, processes, and regulatory compliance. The Board of Directors is of the opinion that there is no need to create a separate review function due to the limited scope and complexity of the business. The extent is limited to 461 people employed at the end of 2013 and operations mainly located in Malta, Stockholm, and four other countries. To ensure adequate risk management, governance, ethics, quality, compliance, and efficiency, the finance function is utilized with the support of external specialists in specific matters. The Audit Committee has a standing agenda item at meetings to obtain statements from the CFO on how work is progressing on the improvement of internal controls in financial reporting,

and places requirements on improvements based on factors such as the risk analysis and dialog with the Company's auditors. Moreover, the Company has a compliance department that reports its observations on a regular basis directly to the CEO, and which meets with the Audit Committee at least once a year without the presence of Company management. The compliance department's purpose is to secure constant improvement of the Company's processes and routines for industry-specific regulatory compliance and procedures to, for example, prevent money laundering.

NET ENTERTAINMENT CORPORATE GOVERNANCE MODEL



THE SHARE

The share capital in Net Entertainment amounts to SEK 1,190,566.85 divided into 5,610,000 shares of series A, with ten votes per share, and 33,943,716 shares of series B, with one vote per share. Owners of shares of series A have the right to convert one or more shares of series A to shares of series B, through written request to the Board of Directors, within the framework for the maximum number of shares of series B that may be issued according to the articles of association. All classes of shares have equal rights to Net Entertainment's assets and earnings. In the event of liquidation, the shareholders have the right to a portion of the surplus in relation to the number of shares that the shareholder owns. Shareholders can vote for the full number of shares represented at the AGM. As far as the Company knows, there are no limitations that prohibit the transfer of the

Company's shares, either legal or agreements between shareholders.

Net Entertainment has not issued convertible debt instruments. As of 31 December 2013, Per Hamberg owned, directly or indirectly, 6.4 percent of the shares, and 19.8 percent of the votes, and Rolf Lundström owned 6.5 percent of the shares, and 14.4 percent of the votes.

Program 2012–2015

At the end of 2013, a total of 114,994 share options, equaling as many shares, were outstanding. In the event of full subscription occurring based on such share options, SEK 9.9 million will be contributed to Parent Company equity. The share options were issued at market price, which was set at SEK 6.26, contributing SEK 0.7 million to Group equity. The strike price for the share was set at SEK 85.83, which represents 130 percent of the average share price during