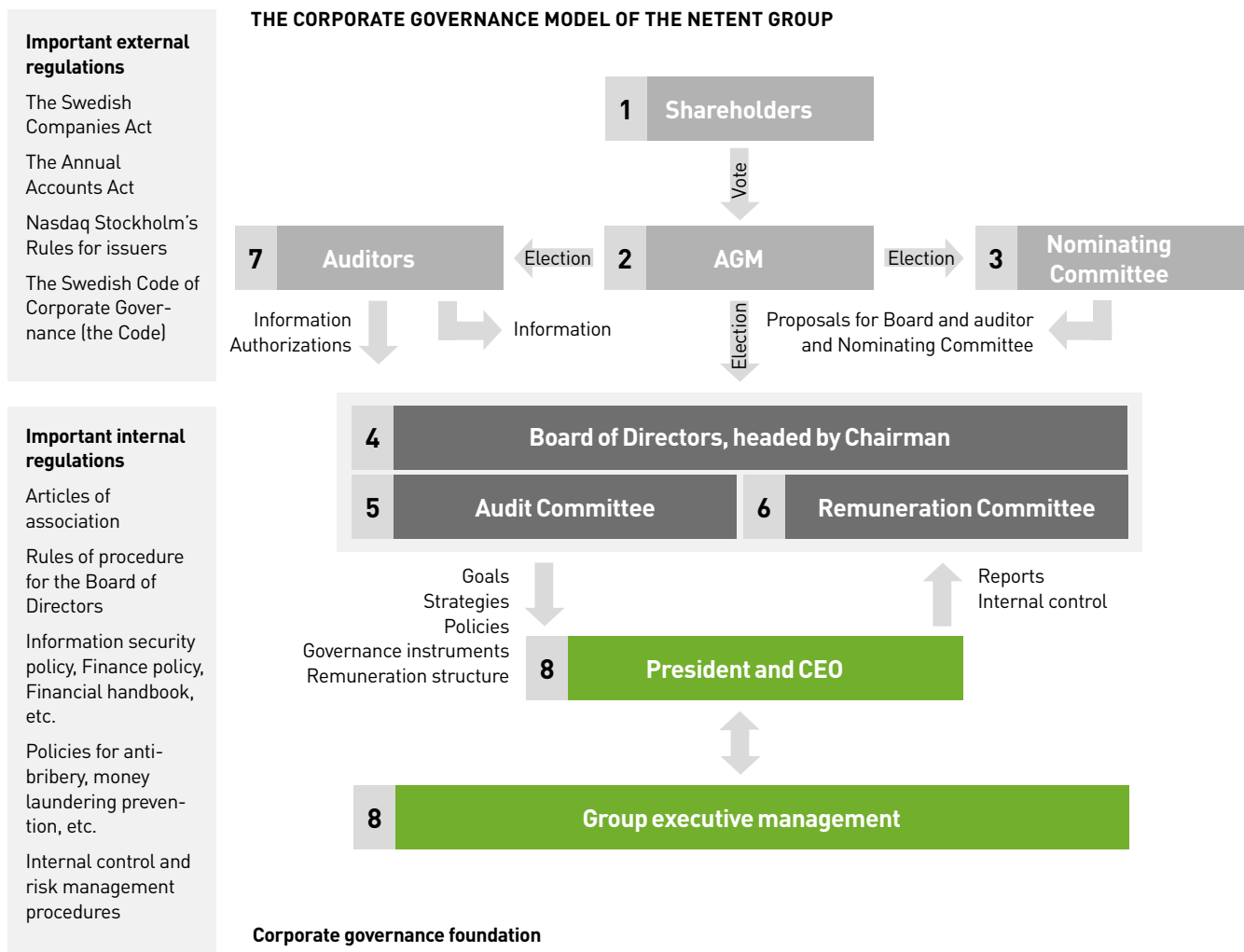


Corporate governance report

NetEnt, Net Entertainment NE AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm. NetEnt thus applies Nasdaq Stockholm's rules for issuers, and as a listed company the Swedish Code of Corporate Governance (the Code). This report was prepared in accordance with the Swedish Companies Act, the Annual Accounts Act, the Code and other applicable Swedish and foreign laws and regulations. NetEnt has no divergences from the Code to report. The report is part of the administration report and has been reviewed by the Company's auditor.

THE CORPORATE GOVERNANCE MODEL OF THE NETENT GROUP



Corporate governance foundation

NetEnt endeavors to apply strict standards and efficient processes so that its entire operations create long-term value for shareholders and other stakeholders. This requires maintaining an efficient organizational structure, internal control and risk management systems, and transparent internal and external reporting. There have been no material changes in corporate governance from the preceding year.

1 Shares and shareholders

The share capital of Net Entertainment NE AB consists of A shares and B shares. The total number of shares is 39,906,816, divided into 5,610,000 A shares and 34,296,816 B shares. One A share carries ten votes and one B share entitles to one vote when voting at the AGM. The two share classes have equal rights to the Company's assets and profit. Shareholders can vote for their full number of shares represented at the AGM. Holders of A shares are entitled to convert one or more A shares to B shares by written request to the Board of Directors, within the limits of the maximum number of B shares that may be issued according to the articles of association. At December 31, 2014, the number of shareholders was 5,541. The largest shareholders at the end of 2014 were Per Hamberg with 6.4 percent of share capital and 19.7 percent of the votes, and Rolf Lundström with 6.5 percent of the shares and 14.3 percent of the votes. The ten largest shareholders represented 44.9 percent of share capital and 75.7 percent of votes in the Company.

2 Annual General Meeting

The Annual General Meeting (AGM) is NetEnt's highest governing body at which shareholders exercise their influence in the Company. The AGM of the Company is held within six months from the end of the financial year. Date, 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 addressed at the meeting, and by when such a request must be received by the Company in order to ensure it is brought up at the AGM, is announced on the Company's website no later than when the third quarter earnings report has been published. Notice of the AGM is announced at least four weeks prior to the meeting, and will then be available on the Company's website.

To be entitled to vote at the AGM, shareholders must be recorded in the share register on the fifth business day before the meeting, including Saturdays that are not Swedish public holidays, and notify the Company of their participation no later than the date stated in the notice of the meeting. Shareholders who cannot attend in person may participate through a representative.

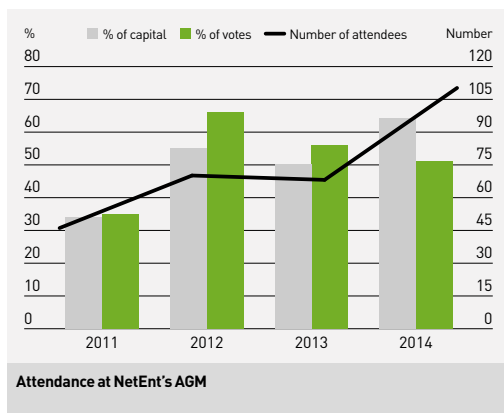
Decisions at the meeting are normally made by a simple majority of votes. However, certain types of resolutions at the AGM require sanctioning by a higher proportion of the votes and shares represented at the meeting, pursuant to the Swedish Companies Act. Extraordinary General Meetings may be held as needed.

Annual General Meeting 2014

The AGM 2014 was held on April 24 at Spårvagnshallarna in Stockholm. 64.2 percent of the total number of votes and 50.4 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 and a number of other senior executives attended the AGM. One of the Nominating Committee's three members was present. At the AGM, decisions were taken on a number of routine subjects as well as on the split of shares and automatic redemption procedure resulting in a distribution to shareholders of SEK 3.00 per share. For further information, see the Company's website, which provides all the requisite AGM documents as well as the meeting minutes and articles of association.

Annual General Meeting 2015

The AGM 2015 will take place on April 29 at 3 p.m. at Spårvagnshallarna in Stockholm. Notice of the AGM is provided on the Company's website (www.netent.com/arsstamma) where the requisite documents will be available before the meeting.



The AGM decides on

- Adopting the annual financial statements and consolidated financial statements
- Appropriation of profit and dividend
- Assessment of and decision on discharge from liability for the Board of Directors and CEO
- Election of Board members and, where appropriate, auditors
- Remuneration for the Board and auditors
- Guidelines for senior executive remuneration
- Any other business (important or formal)

3 Nominating Committee

The AGM decides on how the Nominating Committee shall be appointed. At the AGM in April 2014, 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 at August 31, 2014 who, together with the Chairman of the Board, shall be members of the Nominating Committee ahead of the AGM 2015. The composition of the Nominating Committee is based on the list of registered shareholders provided by Euroclear Sweden, and other reliable ownership information as of the last business day in August. The Nominating Committee was presented in a press release in September 2014.

The Nominating Committee has prepared a proposal to be submitted to the AGM 2015 for resolutions regarding the chair 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.

NOMINATING COMMITTEE AHEAD OF THE AGM 2015

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 is of the opinion that the members of the Board of Directors hold a wide range of extensive experience from business activities, technology, the gaming industry and financial markets. The Board of Directors presently consists of one female member and six male members.

The Nominating Committee strives to achieve an even gender balance in the Board. Ahead of the AGM 2015, the Nominating Committee has proposed electing a new female member, Jenny Rosberg. Following the AGM 2014 and until the end of the year, the Nominating Committee met three times. 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 2015 together with a report on the Nominating Committee's work.

The duties of the Nominating Committee include submitting proposals to the following AGM regarding:

- Chair of the meeting
- Members of the Board of Directors
- Chairman of the Board of Directors
- Board fees
- Committee remuneration
- Amendments to the instructions for the Nominating Committee, if needed
- Auditor and audit fees when decisions are to be made on this at the following AGM

Members of the Nominating committee

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

4 Board of Directors

Board duties

The Board of Directors has overarching responsibility for NetEnt's organization and administration by establishing business goals and strategies, evaluating the executive management and securing systems for monitoring and control of established goals. It is also 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 requisite ethical guidelines are established for the Company's conduct, and that the Company's communication is transparent, accurate, relevant and reliable. Between AGMs, the Board of Directors is the Company's highest governing body.

Board composition

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. According to the articles of association, Net Entertainment NE AB'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 requisite time and attention to NetEnt, and acquire the necessary knowledge to safeguard the interests of the Company and its shareholders.

Independence

The Board of Directors is considered to meet the independence requirements. Peter Hamberg is not independent in relation to major shareholders because he is a close relative of one of the Company's largest shareholders. Michael Knutsson is not independent in relation to the major shareholders because he is a large shareholder of the Company. Pontus Lindwall is not independent in relation to the Company because he is the Chairman of the Board of Betsson AB – a customer and previously the parent company of NetEnt.

Rules of procedure and Board meetings

The work of the Board of Directors is regulated by the rules of procedure, in addition to laws and recommendations. The rules of procedure are adopted by the Board of Directors and reviewed annually. 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 for the CEO and Audit Committee. The Remuneration Committee consists of the entire Board of Directors.

The rules of procedure comprise the Board's general obligations, distribution of duties within the Board, how Board meetings shall be recorded, and provision of information to the Board of Directors before and between Board meetings. Before each Board meeting, members receive written documentation about the matters to be discussed at the Board meeting. Also, each month, a monthly report is distributed on operational and financial performance.

At the AGM in April 2014, the following members were elected

Meeting attendance 2014	Board of Directors	Audit Committee	Remuneration Committee
Vigo Carlund, Chairman	12 of 12	-	1 of 1
Pontus Lindwall	12 of 12	-	1 of 1
Fredrik Erbing	12 of 12	5 of 5	1 of 1
Maria Redin	11 of 12	5 of 5	1 of 1
Mikael Gottschlich	10 of 12	4 of 5	1 of 1
Peter Hamberg	12 of 12	-	1 of 1
Michael Knutsson	10 of 12	-	1 of 1

For a further description of the members, see page 28.

Board remuneration 2012–2014, SEK thousand

Decided at the AGM	2014	2013	2012
Chairman of the Board of Directors	600	590	580
(including fees for assignments in foreign subsidiaries)	-	-	-
Chair of the Audit Committee	320	310	300
Member of the Board of Directors	250	240	240

The duties of the Chairman are to ensure:

- that new Board members undergo the requisite introductory training
- that the Board regularly updates and deepens its knowledge of the Company, the industry, and its performance
- that the Board of Directors fulfills its duties
- that the Board of Directors receives adequate information and source materials for decision-making in its work
- together with the CEO, adopting the agenda of Board meetings
- that Board decisions are efficiently executed
- that the Board conducts an evaluation of its own work and that the Nominating Committee is informed of the evaluation.

The Chairman also assumes responsibility for contacts with the owners and communicating opinions from the latter to the Board of Directors, and serves as support for the CEO.

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 2014.

The Chairman organizes the work of the Board of Directors so that it is conducted efficiently, and such that the Board of Directors honors its obligations. It also includes leading the work of the Board to create optimal conditions.

Board work in 2014

The Board's 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 inaugural Board meetings. In 2014, the Board of Directors held 12 meetings, including the inaugural meeting, three for adopting interim reports, one for adopting the earnings report and one extraordinary 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 proposed the strategic direction for sustained growth and development.

All meetings held during the year followed an agenda which, together with the documentation for each agenda item, was provided to Board members ahead of the mee-

tings. Also present at Board meetings are the CEO and the CFO, who also records 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, and auditors if needed, deliver presentations on various specialist topics.

The key points at the Board meetings in 2014 were matters concerning strategy, taxes, the business risk management process, business plan and budget approval, forecasts, key policies such as for anti-bribery, annual report, earnings report and interim reports, as well as investments and setting up operations on new markets such as Spain and North America. Other matters addressed by the Board of Directors are financial targets, vision and mission, as well as financial policy.

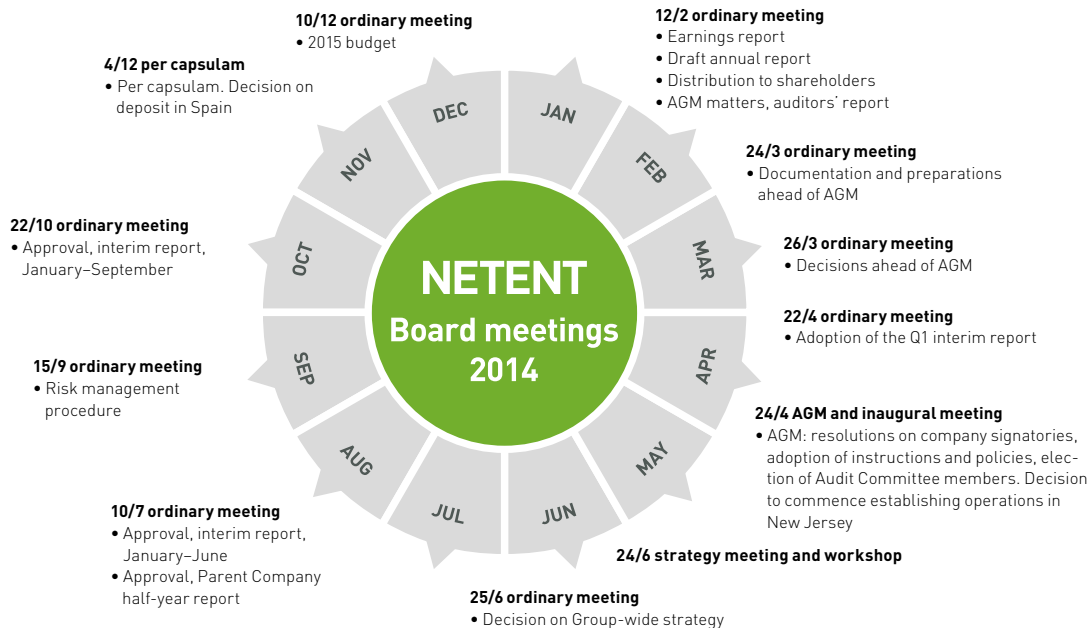
Ensuring quality in financial reporting

The rules of procedure annually resolved by the Board contain detailed instructions regarding which financial reports and financial information shall be submitted to the Board. Besides the year-end report, interim reports and annual report, the Board reviews and evaluates comprehensive financial information, pertaining both to the Group as a whole and various Group entities.

The Board also reviews, primarily through the Audit Committee of the Board, the most material accounting

Board meetings in 2014

Recurring items at ordinary Board meetings have been the status report of the CEO, feedback from the Committees, risk report, financial report and other current projects and matters, including addressing forecasts, policies and taxes.



policies applied in the Group as regards financial reporting, as well as material amendments to reporting policies. Minutes are recorded at all Audit Committee meetings and the minutes are available to all Board members and to the auditors.

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

Evaluation of Board work

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 matter without the presence of any Company management members.

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 for the Board of Directors by financial year is shown in the table on page 43.

BOARD COMMITTEES

5 Audit Committee

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 interim reports, the annual financial statements and the consolidated financial statements, reviews and monitors the auditor's impartiality and independence, and pays particular attention if the auditor provides the Company with services other than audit 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 audit, evaluation of the audit process, advising the Nominating Committee when preparing auditor proposals, 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 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 other policies, and accounting issues. During the year, particular attention was paid to intra-Group pricing, the current appeal of the decision from the tax audit regarding the 2007–2010 financial years, the risk management procedure and audit procurement for election at the AGM 2015, as well as reporting and follow-up of the IT audit.

The Audit Committee met five times in 2014. All of the meetings were attended by the auditor.

The Board addresses and decides on Group-wide matters such as:

- Principal goals
- Strategic direction
- Material matters pertaining to financing, investment, acquisitions and divestments
- Monitoring and control of operations, provision of information and organizational matters, including evaluating Group executive management
- Choice of and, if needed, dismissal of the CEO of the Company
- Approving financial reports and appropriation of profits
- Overarching responsibility for preparing efficient internal control and risk management systems
- Important policies

Audit Committee members

Fredrik Erbing (Chair)

Maria Redin

Mikael Gottschlich

The duties of the Audit Committee include:

- Reviewing financial reports
- Monitoring the efficiency of internal controls, including risk management, with respect to financial reporting
- Keeping informed of the external audit
- Reviewing and, as appropriate, granting prior approval when external auditors are appointed for assignments other than audit services
- Evaluating the objectivity and independence of external auditors
- Follow-up on previous matters

6 Remuneration Committee

The Remuneration Committee is responsible for matters regarding remuneration and benefits for senior executives, including those of the CEO, and matters of principle for all senior executives. The Board of Directors establishes 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 consists of all seven members of the Board of Directors. The Chairman of the Board of Directors is the chair of the Committee. All members were independent in relation to the Company except for Pontus Lindwall as he is the chairman of the board of Betsson AB, a customer and the former parent company of NetEnt. Pontus Lindwall did however not participate in any decisions in which he could be considered biased.

The Remuneration Committee met once in 2014, with all members present.

The duties of the Remuneration Committee include:

- Preparing and evaluating guidelines for Group management remuneration
- Preparing and evaluating goals and policies for variable remuneration
- Preparing terms and conditions for pensions, termination of employment, severance pay and other benefits for Company management
- Preparing and evaluating NetEnt's long-term incentive program

7 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 NE AB (publ) shall have one or two auditors. Deloitte AB was elected auditor at the AGM in April 2014 for the period until the AGM 2015. Therese Kjellberg was appointed chief auditor. The auditor has presented her conclusions of the synoptic review of the interim report for January–September 2014, the audit for the 2014 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 the Company. These have been audit-related services concerning accounting and reporting, as well as assisting with establishing the Company's tax returns. Remuneration for the auditor is set out in Note 24.

Auditors

Deloitte AB

Therese Kjellberg. Chief auditor. Born 1971. Authorized public accountant and member of FAR SRS.

8 CEO and Group management

NetEnt's Group management is thoroughly experienced and works to create a platform for profitable growth, in line with NetEnt's strategy. Besides the CEO, Group management includes seven more people, four of whom are women.

A dynamic Group management team with in-depth knowledge about conditions is crucial for pursuing profitable growth.

The CEO is appointed by and receives instructions from the Board of Directors. In turn, the CEO appoints other Group management members and is responsible for the ongoing administration of the Group's operations in accordance with the guidelines and instructions of the Board. Group management meetings are held once every two weeks to review profit, update forecasts and plans, and to discuss strategic matters.

Instructions for the CEO

The Board of Directors has prepared and adopted 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 administration of the Company's affairs within the framework of the Swedish Companies Act, the Company's strategy plan, instructions for the CEO, and guidelines and instructions provided 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, budgets, forecasts, year-end report, interim reports and annual reports.

Important matters addressed by the CEO and Group management in 2014 included

- Growth strategy
- Establishing operations on new markets
- Brand strategy
- Strengthening NetEnt's corporate culture
- Leadership development
- Risk management

Senior executive remuneration

In order to achieve attractive long-term value growth for shareholders, NetEnt seeks to offer its employees competitive remuneration and an attractive workplace that enable hiring and retaining the right employees. For senior executives, the Board of Directors has prepared guidelines for remuneration, as outlined below. Monetary data regarding remuneration for employees and senior executives is set out in Note 6.

GUIDELINES ADOPTED BY THE AGM 2014

Fundamental principles

These guidelines shall be applied for the CEO of Net Entertainment NE AB (publ) and other senior executives of the Company. The principles in these guidelines apply to employment contracts entered into after the Annual General Meeting and in cases where 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 and variable salary

Fixed salary shall be market-based, 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 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.

Long-term incentive program

In order to secure 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 financial 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 remuneration 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 on market terms can be combined with cash remuneration, which is payable in connection with the redemption period during which share option rights can be exercised, 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 right.

Retirement benefits and employment termination

Retirement benefits for the CEO and other members of Company 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 Company management can have a maximum notice period of six months. In addition to notice periods, severance pay can be payable. Salary during the notice period and severance pay shall in total, however, not exceed the equivalent of 18 months' salary.

GUIDELINES DETERMINED BY THE BOARD OF DIRECTORS AND PROPOSED TO THE AGM 2015

For the AGM 2015, the Board has proposed to adopt the same guidelines for remuneration for the CEO and other senior executives as the preceding year, with the following changes and clarifications:

The 2014 guidelines set out that 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. The Remuneration Committee proposed to the AGM 2015 that annual variable salary shall be capped at 60 percent of fixed salary.

Furthermore, the 2014 remuneration guidelines set out that, in order to strengthen loyalty to the Company, share-based incentive programs in the form of share option rights issued on market terms can be combined with cash remuneration, which is payable in connection with exercising 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 right. For the AGM 2015, the Remuneration Committee has proposed that such remuneration shall be capped at 70 percent net after tax.

No other changes to the guidelines are proposed.

Internal control of financial reporting

NetEnt's control system has been devised to ensure accurate, reliable financial reporting and accounting in accordance with applicable laws and ordinances, accounting standards and other requirements for listed companies.

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.

NetEnt applies the established framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework encompasses five principal areas: control environment, risk assessment, control activities, monitoring/improvement and communication.

CONTROL ENVIRONMENT

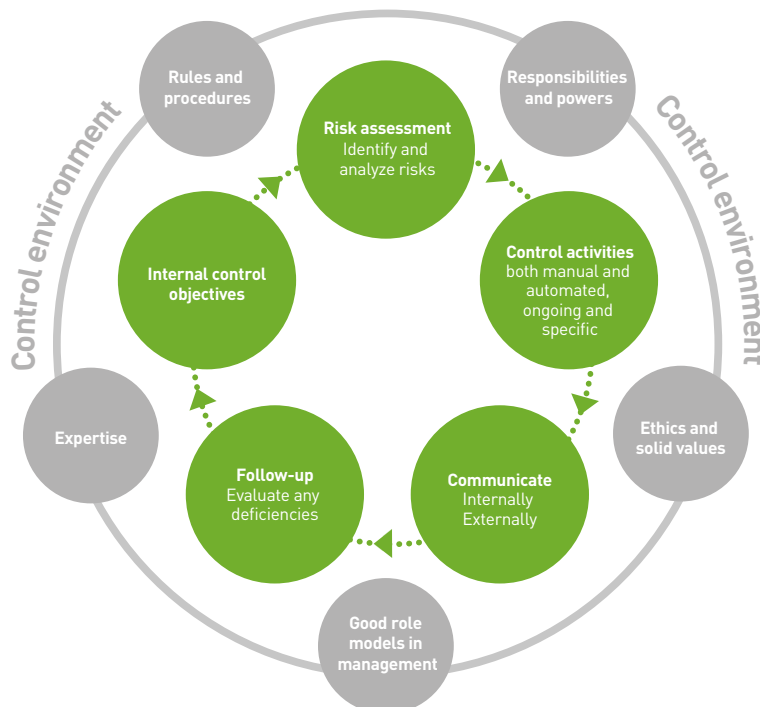
The foundation of NetEnt's control system is the control environment, which determines the individual and collective approaches in the Group. It is defined through policies and procedures, manuals and codes, and is upheld

with the help of NetEnt's organizational structure with clear responsibilities and powers based on shared values. Soundly devised internal control not only creates conditions for reliable financial reporting, but also contributes to a healthy and sustainable business with greater profitability as a result. Work on the design of internal processes and monitoring thereof is becoming increasingly important as the Company grows. This is particularly important in terms of the systems that NetEnt develops and operates on behalf of licensees.

NetEnt's Board bears overarching responsibility for establishing an efficient internal control system. The responsibility for establishing an efficient control environment has been delegated to the CEO. The CEO delegates powers to those reporting to him, both directly and through established guidelines and manuals at the Company. Corporate values are an important element in this respect, providing guidance for daily work.

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 in the Group, both proactively with a focus on the internal control environment, and by reviewing how internal control works.

Constant development of internal control is important for a rapidly growing company like NetEnt.



In 2013 a new ERP system was rolled out to improve support for the traditional accounting processes, electronic invoice management, purchasing process and HR administration, thus enhancing internal control by reducing dependence on manual processing. In 2014 work progressed on optimizing the system and enhancing accounting processes and internal control procedures.

NetEnt reviews its internal control processes in accordance with a recurring time cycle each year, and makes changes to the extent required. In turn, the Audit Committee, with the Company's auditor, regularly review these control processes.

Moreover, the Group has a function comprising people with specific responsibility for compliance, as well as quality and processes. "Compliance" here refers to industry-specific regulation from gaming authorities in various countries and compliance in the context of anti-bribery and anti-money laundering.

Internal governance instruments

Internal governance instruments for financial reporting primarily consist of the Group's finance policy, information policy, financial handbook, and authorization instructions that define accounting and reporting rules, as well as the Group's definition of processes and minimum requirements for sound internal control in financial reporting. 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. Each year, NetEnt conducts a structured risk assessment to enable identifying material risks affecting internal control in financial reporting, and identifying where these risks are present.

The main risks to the Company are attributable to areas such as regulated activity, the invoicing process, development expenditure and taxes, and the Company's substantial cash and cash equivalents. During the risk assessment, particular attention has been paid to the risk of irregularities and undue favoring of other parties at the Company's expense, and the risk of loss or misappropriation of assets. Matters are prepared by the Audit Committee before consideration by the Board of Directors. The risk assessment results in control objectives that support meeting the fundamental 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 risk management process designed to constantly identify, prioritize and manage material business risks at large. The risk landscape is in some respects similar to the risk assessment for financial reporting, but includes other risks such as the availability of competent staff and political decisions. The Audit Committee is responsible for continually monitoring this process and reports regularly to the Board of Directors. For a complete description of NetEnt's risks, see the Risk factors section on page 37.

CONTROL ACTIVITIES

The most material risks identified in terms of financial reporting are managed through control structures in processes. Control activities are devised and documented at the process level, and include both overarching and more specific controls with the purpose of preventing, detecting and correcting errors and discrepancies. When devising control activities, accurate and timely performance thereof is ensured. General IT controls are established for the systems that support the processes that affect internal control regarding financial reporting.

The design of processes and control activities within IT is also affected by regulations issued by the gaming authorities, such as Malta Gaming Authority (MGA), Alderney Gambling Control Commission (AGCC), Gibraltar Regulatory Authority (GRA) and external reviews in connection with control of such compliance. Such reviews are conducted both by certified auditing agencies for certification in relation to requirements from authorities, and by the Company's external auditors. Control activities span everything from the review and monitoring of performance outcomes to specific account reconciliations.

Areas that are covered by control activities include:

- due authorization of business transactions,
- ERP systems that affect financial reporting, including verification management,
- the accounting process, including year-end reports and consolidated financial statements 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 source materials for decision making for the Board of Directors and management,
- significant and unusual or complex business transactions, as well as business transactions or valuations of assets or liabilities that contain significant elements of judgment,
- all new employees are subject to prior background screening.

MONITORING

Monitoring of control activities is continually conducted to ensure that risks have been satisfactorily observed and addressed. Monitoring encompasses both formal and informal procedures applied by managers and process owners as well as controllers. Such procedures include monitoring profit vs. budget and plans, analyses and key figures. The Board of Directors continuously evaluates the information provided by Company management. The process includes both monitoring of monthly financial reports vs. budget and goals, and reporting at Board meetings. Through the Audit Committee, the Board of Directors reviews and assesses the internal control's organization and function. The Company's policies and instructions are evaluated and updated annually at a minimum with respect to appropriateness and functionality, or more often as needed.

The Company's CFO presents the results of internal control work 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.

INFORMATION AND COMMUNICATION

Information and communication about internal governance instruments for financial reporting are available for all employees concerned on the Company's intranet. NetEnt 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 confidential in nature such as budgets, forecasts, financial 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 then 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 for the market. The Board of Directors annually adopts an information policy for the Company, which includes guidelines for contacts with analysts and the media. In connection with the introduction of new employees, the latter are informed of the guidelines and laws governing 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 rules to all staff.

INTERNAL AUDIT

In 2014 an internal audit function for money laundering prevention procedures was established. There is currently no internal audit function for financial reporting at NetEnt. The Board has considered the matter and concluded that existing structures for monitoring and evaluation suffice. The decision is reassessed annually. For certain special reviews, external initiatives can be taken. Moreover, the Company has a compliance function 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 function was established to secure enhancement of the Company's processes and procedures for industry-specific compliance.

The share, future outlook and appropriation of profits

THE SHARE

The share capital is SEK 1,201,195.16 and the quotient value per share is 3.01 öre. The share capital of Net Entertainment NE AB consists of A shares and B shares. The total number of shares is 39,906,816, divided into 5,610,000 A shares and 34,296,816 B shares. One A share carries ten votes and one B share entitles to one vote when voting at the AGM. The two share classes have equal rights to the Company's assets and profit. Shareholders can vote for their full number of shares represented at the AGM. Holders of A shares are entitled to convert one or more A shares to B shares by written

request to the Board of Directors, within the bounds of the maximum number of B shares that may be issued according to the articles of association. At December 31, 2014, the number of shareholders was 5,541. The largest shareholders at the end of 2014 were Per Hamberg with 6.4 percent of share capital and 19.7 percent of the votes, and Rolf Lundström with 6.5 percent of the shares and 14.3 percent of the votes. NetEnt's ten largest owners held shares equaling 44.9 percent of capital and 75.7 percent of votes in the Company.