

Corporate governance report

NetEnt AB (publ) is a Swedish public limited liability company listed on the Stockholm Stock Exchange – Nasdaq Stockholm. NetEnt applies the Swedish Corporate Governance Code and hereby submits the corporate governance report for 2018. NetEnt has no irregularities to report. The report has been audited by the company's auditor.

Corporate governance model for the NetEnt Group

Basis for corporate governance

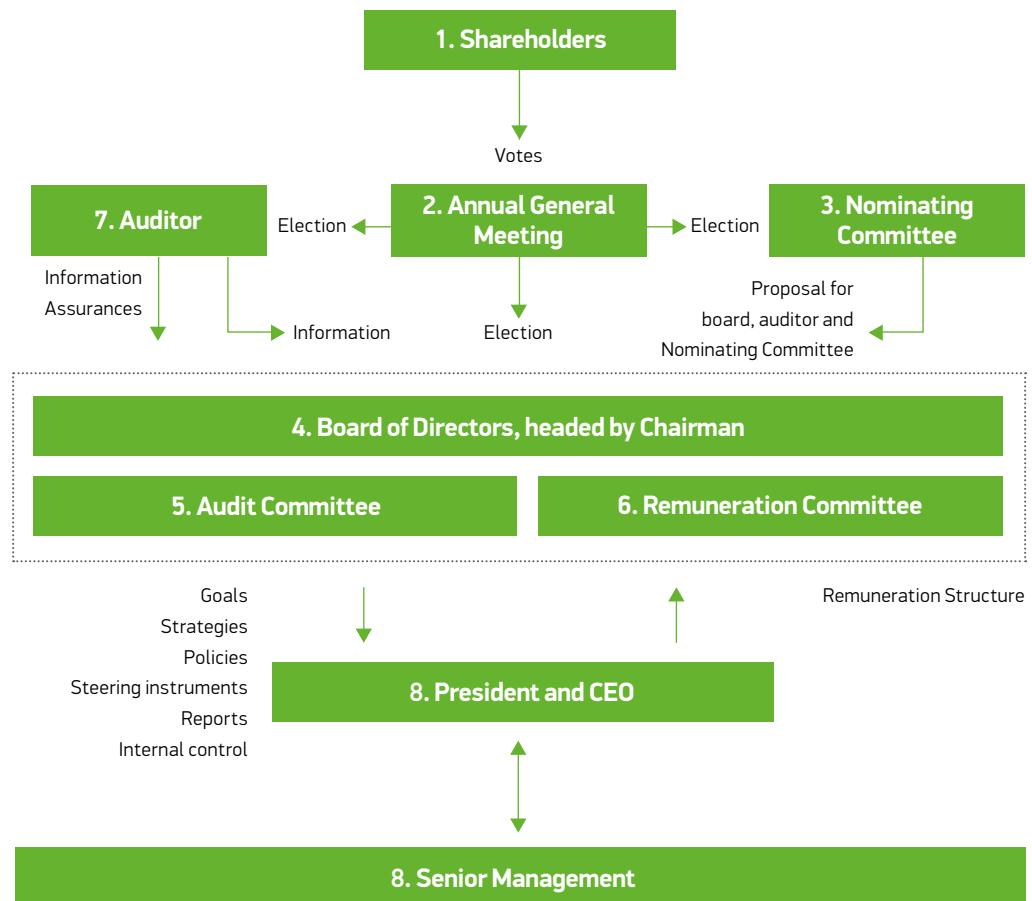
NetEnt seeks to apply strict standards and efficient processes so that its entire operations create long-term value for shareholders and other stakeholders. This requires maintaining an efficient organisational structure, internal control and risk management systems, and ensuring true and fair reporting and information. The governance of NetEnt is based on both external and internal regulations. NetEnt is subject to and complies with the rules of the Swedish Code of Corporate Governance (the code). There have been no material changes in corporate governance from the preceding year.

Important external regulations

- The Companies Act.
- The Annual Accounts Act.
- Applicable EU regulations, such as the Market Abuse Regulation (MAR).
- Rules for issuers (Nasdaq Stockholm).
- The Swedish Code of Corporate Governance.
- The Securities Market Act.
- Other relevant laws

Important internal regulations

- Articles of Association (available on the NetEnt website).
- Rules of procedure for the Board of Directors.
- The board's instructions for the CEO.
- Group-wide policies, instructions and guidelines.



Important events in 2018

- Therese Hillman was appointed as the new CEO. Therese Hillman had been the company's Chief Financial Officer (CFO) since 2017.
- The AGM elected Fredrik Erbing as the new Chairman. He succeeded Vigo Carlund.
- Lars Johansson was appointed Chief Financial Officer (CFO).

1. Shares and shareholders

The total number of shares is 240,130,860, divided between 33,660,000 A shares and 206,470,860 B shares, equal to a total of 543,070,860 votes. One A share grants entitlement to ten votes and one B share grants entitlement to one vote when voting at a general shareholder meeting. The two share classes have equal rights to the company's assets and profit. At a general shareholder meeting, a shareholder may vote for the total number of shares represented. 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, 2018, the number of shareholders was 15,958. The largest shareholders at the end of 2018 were Per Hamberg with 6.4 percent of the share capital and 19.7 percent of the votes and Rolf Lundström with 5.4 percent of the share capital and 13.8 percent of the votes. The ten largest shareholders represented 38.5 percent of the share capital and 72.8 percent of the votes in the company.

2. Annual General Meeting

The Annual General Meeting (AGM) is NetEnt's highest governing body through which the shareholders exercise their influence in the company. The AGM of the company is held within six months from the end of the financial year. The date, time and location are announced no later than in connection with the third quarter earnings report. Information about how a shareholder can have a matter addressed at the meeting, and by which date such a request must be received by the company in order to ensure it is taken up at the AGM, is announced on NetEnt'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 subsequently 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 must 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 proxy representative.

Decisions at the AGM are normally made by a simple majority of votes cast. However, according to the Swedish Companies Act, certain types of resolutions require a certain quorum or majority of voting rights. Extraordinary General Meetings may be held as needed.

2018 Annual General Meeting

At the AGM held on April 25 2018, 68.9 percent of the votes and 47.9 percent of the shares were represented. Representatives from the NetEnt Board and Senior Management as well as the auditor were in attendance. The AGM passed resolutions on customary matters and on a cash distribution to shareholders of SEK 2.25 per share in the form of an automatic redemption procedure. For more information about the 2018 AGM, visit NetEnt's website (www.netent.com/en/annual-general-meeting-2018), where all documents for the AGM are available, including the minutes of the meeting and the Articles of Association.

2019 Annual General Meeting

The Annual General Meeting will take place on Friday May 10 2019 at 3.00 p.m. at the NetEnt offices on Vasagatan 16, in Stockholm. Notice of the meeting will be provided on the company's website (www.netent.com/agm) well ahead of time, together with all required documents for the AGM.

The AGM decides on:

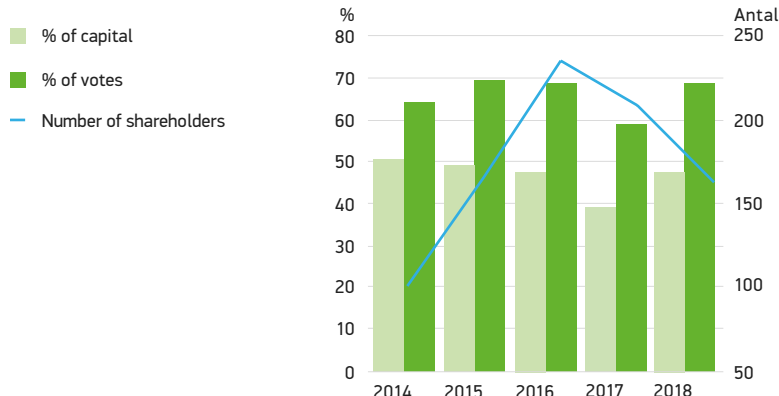
- Adoption of the annual financial statements and consolidated financial statements
- Appropriation of profit and dividend
- Discharge from liability for the Board of Directors and CEO
- Election of board members and, where appropriate, auditors
- Remuneration for the board and auditors
- Guidelines for remuneration to management
- Any other matters (important or formal)

3. Nominating Committee

The AGM decides on the procedures for appointment of the Nominating Committee. The AGM in April 2018 decided that the Chairman of the Board, Fredrik Erbing, shall convene a Nominating Committee consisting of one representative from each of the three largest shareholders at August 31, 2018, who, together with the Chairman of the Board, shall be members of the Nominating Committee ahead of the 2019 AGM. The composition of the Nominating Committee is based on the excerpt from Euroclear of registered shareholders, and other reliable ownership information as of the last business day in August. The new Nominating Committee consists of John Wattin, (Chairman, appointed by the Hamberg family), Christoffer Lundström (appointed by the Lundström family), Fredrik Carlsson (appointed by the Knutsson family) and Fredrik Erbing (Chairman of the Board of Directors).

The Nominating Committee shall prepare and submit proposals to the AGM regarding the chairman of the Annual General Meeting, the Chairman of the Board, the members of the board, remuneration for every member of the board and the Chairman and any remuneration for committee work, the fee for the company auditor and, as appropriate, a proposal on the appointment of auditor. The

Participation at NetEnt's AGM



Nominating Committee shall also prepare and submit proposals to the AGM regarding principles for the composition of the Nominating Committee. The Nominating Committee's mandate period runs until the new Nominating Committee has been appointed, in accordance with the decision on appointment of the Nominating Committee passed by the 2019 AGM. The composition of the Nominating Committee meets the code of conduct's requirements for independent members. Following the 2018 AGM and until the end of the year, the Nominating Committee met twice.

Nominating Committee ahead of the 2019 AGM

In its work, the Nominating Committee is responsible for making accurate assessments with regards to the composition of the board, and has among other things reviewed the evaluation of the board and its performance and the Board Chairman's report on the company's operations, goals and strategies. The Nominating Committee has furthermore analysed the skills and experience among the members of the Board of Directors, as well as the gender balance. The Nominating Committee's assessment is that the members of the board have wide-ranging skills and extensive experience from business activities, technology, the gaming industry and the financial markets, among other areas. The Board of Directors currently consists of three women and four men.

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 2019 AGM together with a report on the Nominating Committee's work.

Members of the Nominating Committee

- **John Wattin**
(appointed by the Hamberg family)
- **Christoffer Lundström**
(appointed by Novobis AB)
- **Fredrik Carlsson**
(appointed by the Knutsson family)
- **Fredrik Erbing**
Chairman of the Board

4. Board of Directors

The board's responsibilities

The work of the board is governed by the Companies Act, the Articles of Association, the code and the rules of procedure adopted by the board every year. The Board of Directors has overarching responsibility for NetEnt's organisation 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, and that essential ethical guidelines are established for the company's conduct. The Board of Directors shall furthermore ensure that the company's communication is accurate, relevant, reliable and transparent. Between AGMs, the

Board of Directors is the company's highest governing body. The board appoints the CEO, who is also Group CEO.

Composition of the Board

The Articles of Association specify that the board must consist of at least three and no more than nine members. 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 AGM decides the exact number of directors. Under Swedish law, the Chairman of the Board may not serve as the company's CEO at the same time. According to the code, the Chairman shall be appointed by the AGM. The members of the Board of Directors shall devote necessary time and attention to NetEnt, and shall acquire the knowledge needed to safeguard the interests of the company and its shareholders.

Independence

The Board of Directors is considered to meet the independence requirements. Fredrik Erbing, Pontus Lindwall, Maria Redin and Jenny Rosberg are independent in relation to the company, its management and its major shareholders.

Peter Hamberg is independent in relation to the company and its management, but is not independent in relation to its major shareholders because he is a close relative of the company's largest shareholder. Michael Knutsson is independent in relation to the company and its management, but is not independent in relation to its major shareholders because he is one of the company's largest shareholders. Maria Hedengren is independent in relation to the company's shareholders but not independent in relation to the company and its management because she was CFO of NetEnt from 2011 to 2016.

Rules of procedure and board meetings

The board has adopted rules of procedure for its activities which specify how work is to be divided among the board, its committees and the CEO. The rules of procedure are adopted by the board each year and refer to the members of the board. Instructions for the CEO and financial reporting are described in

At the AGM in April 2018, the following members were elected

Attendance at meetings in 2018	Board of Directors	Audit Committee	Remuneration Committee
Vigo Carlund, outgoing chairman	12 of 23	–	1 of 1
Fredrik Erbing, Chairman	23 of 23	1 of 7	1 of 1
Pontus Lindwall	22 of 23	–	1 of 1
Maria Redin	22 of 23	7 of 7	1 of 1
Maria Hedengren	21 of 23	6 of 7	*
Peter Hamberg	23 of 23	–	1 of 1
Michael Knutsson	23 of 23	–	1 of 1
Jenny Rosberg	23 of 23	7 of 7	1 of 1

* Maria Hedengren is not a member of the remuneration committee as she is not independent in relation to the company and its management.

appendices to the rules of procedure. The current rules of procedure were adopted on April 25, 2018.

Chairman of the Board

The task of the Chairman is to organise and oversee the work of the Board of Directors so that it is conducted efficiently, and that the Board of Directors honours its obligations. Fredrik Erbing was appointed Chairman of the Board of Directors by the 2018 AGM, as Vigo Carlund declined re-election.

Board work in 2018

In 2018 the board held 23 meetings, including the statutory meeting, three for adoption of interim reports and one for adoption of the year-end report. Fifteen meetings were held per capsulam.

Board meetings are usually convened by way of a notice issued to members at least once week in advance. However, there may be a shorter period of notice if special reasons apply. If the materials to be discussed at the meeting are available, they are to be attached to the notice. Also present at board meetings are the CEO and the CFO, who records the minutes. The CEO reports on operational performance at each ordinary board meeting, and the CFO reports on financial performance. In some cases, senior executives of the company and, if necessary, auditors may deliver presentations at board meetings.

The key points at the board meetings in 2018 were matters related to strategy, financial targets, appointment of a new CEO, reorganisation, business risk management processes as well as approval of the business plan, budgets, forecasts, key policies, the annual report, the year-end report and interim reports.

The board addresses and decides on group-wide matters such as:

- Main objectives and strategic focus
- Material matters pertaining to financing, investments, acquisitions and divestments
- Monitoring and control of operations, provision of information and organisational matters, including evaluation of the company's executive management
- Appointment of CEO
- Approval of financial reports and

- appropriation of profits
- Overall responsibility for efficient internal control and risk management systems
- Key policies

The duties of the Chairman include ensuring that:

- new board members undergo the necessary introductory training
- the board regularly updates and deepens its knowledge of the company, industry, and its performance
- the Board of Directors discharges its duties
- the Board of Directors receives adequate information and underlying materials for decision-making
- board decisions are efficiently executed
- the board conducts an evaluation of its own performance each year, and that the Nominating Committee is informed of the evaluation
- together with the CEO, the agenda of board meetings is adopted
- contact with the owners occurs regularly and the opinions of the latter are communicated to the Board of Directors In addition, the Chairman shall serve as support for the CEO

Assuring the quality of the 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, relating both to the group as a whole and the various group entities.
- The board also reviews, primarily through the board's Audit Committee, the most material accounting policies applied in the group for 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.

Board remuneration as decided by the AGM 2016–2018, SEK thousands

	2018	2017	2016
Board Chairman	710	700	630
Chairman of the Audit Committee	415	410	370
Member of the Audit Committee	340	330	295
Members of the Board of Directors	305	300	275

- At the board meeting in February 2018, Auditor in Charge Erik Olin, from Deloitte, presented his conclusions from the 2017 audit. At the meeting, the members of the board had the opportunity to ask the auditor questions without the presence of the company's management.

Evaluation of board performance

- Every year, the Chairman of the Board 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 evaluation includes rating the competence and dedication exhibited by each board member. The Board of Directors continuously evaluates the performance of the CEO and the board addresses this matter without the presence of any member of the company's management.

Board remuneration

- Remuneration for the Board of Directors is proposed by the Nominating Committee, resolved by the AGM, and is paid to board members who are not employed by the company. Financial information regarding remuneration for the Board of Directors by financial year is shown in the table above.

Board COMMITTEES

5. Audit Committee

The Audit Committee shall, without otherwise encroaching on the duties and responsibilities of the Board of Directors: (a) monitor the company's financial reporting; (b) on the basis of the financial reporting, monitor the company's internal control, internal audit and risk management; (c) stay informed about the synoptic review of interim reports and the audit of the annual accounts; (d) review and monitor the auditor's impartiality and independence, with particular emphasis on whether the auditor provides services to the company other than auditing; and (e) provide assistance on the preparation of proposals regarding the

Annual General Meeting's appointment of auditor. In addition, during the year the committee has dealt with the finance policy and other policies as well as accounting matters, including sustainability reporting. The committee has also dealt with matters such as the implementation of IFRS 9 and IFRS 15 and the forthcoming implementation of IFRS 16.

The Audit Committee met five times during the year and the auditor took part in all meetings.

Members of the Audit Committee

- **Jenny Rosberg** (Chairman)
- **Maria Redin**
- **Maria Hedengren**

The duties of the Audit Committee include:

- Reviewing the financial reports
- Monitoring the efficiency of internal control, including risk management, with respect to financial reporting
- Staying informed about 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 main duty of the Remuneration Committee is to prepare matters relating to remuneration and other terms and conditions of employment for senior executives on behalf of the Board of Directors. The Board of Directors establishes guidelines for senior executive remuneration that are presented to and approved by the AGM. The guidelines for remuneration to senior executives are monitored and evaluated annually, including variable remuneration programmes for the company's management that are ongoing or ended during the year. The current guidelines on remuneration for senior executives are attached to the minutes of the Annual General Meeting, which are available on the website. In 2018, the Remuneration Committee consisted of all Board members, except Maria Hedengren, and the Chairman was also chairman of the Remuneration Committee. Maria Hedengren is not a member of the remuneration committee as she is not independent in relation to the

company and its management because she was NetEnt's CFO from 2011 to 2016. The Remuneration Committee met once in 2018.

The duties of the Remuneration Committee include:

- Preparing and evaluating guidelines for remuneration to senior executives.
- Preparing and evaluating goals and principles for variable remuneration.
- Preparing terms and conditions for pensions, termination of employment, severance pay and other benefits for senior executives.
- Preparing and evaluating NetEnt's long-term incentive programme.

7. Audit

Auditors are elected by the AGM and they review the company's accounts and administration on behalf of the AGM. According to the Articles of Association, NetEnt AB (publ) shall have one or two auditors. Deloitte AB was elected auditor at the AGM in April 2018 for the period until the 2019 AGM, and Erik Olin was appointed as Auditor in Charge. The auditor presented his conclusions of the synoptic review of the interim report for January–September 2018, the audit for the full year 2018 and internal control to both 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's management. In addition to the audit, the auditor has had a limited number of other assignments for the company. These have included audit-related services concerning accounting and reporting, as well as assistance in preparing the company's tax returns. Remuneration for the auditor is set out in Note 24 on page 106.

Auditors

The AGM on April 25, 2018, elected Deloitte AB as the company's independent auditor for the period until the 2019 AGM.

• Erik Olin

Auditor in Charge, born in 1973. Auditor for the company since 2015. Authorised Public Accountant and member of FAR SRS. Other audit assignments: Sinch, CLX Communications, IAR Systems, Telia Sverige and Microsoft Sverige.

8. CEO and senior management

Aside from the CEO, the NetEnt Senior Management includes six more people, four of whom are women.

The CEO is appointed by and receives instructions from the Board of Directors. In turn, the CEO appoints the other senior management members and is responsible for ongoing administration of the group's operations in accordance with the guidelines and instructions of the board. Senior management meetings are held on a regular basis to review results, update forecasts and plans and discuss group-wide issues.

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 running the ongoing administration of the company's affairs within the framework set out in the Swedish Companies Act, the company's strategic plan, the instructions for the CEO, and the guidelines and instructions provided by the board. Internally, the CEO shall monitor to ensure that the company's organisation is professional and effective, ensure that the internal controls are appropriate and efficient, implement the company's strategy and goals and discuss and suggest qualitative and quantitative goals for the company's various business units.

On behalf of 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 reports, interim reports and annual reports.

Important matters addressed by the CEO and senior management in 2018 included:

- Growth strategy
- Risk management
- Sustainability
- A reorganisation in order to improve efficiency and profitability.

Senior executive remuneration

To achieve attractive long-term shareholder value growth, NetEnt seeks to offer its employees competitive remuneration and an attractive workplace that enable recruiting and retaining the right expertise. For senior executives, the Board of Directors has prepared guidelines for remuneration, as outlined below. Detailed information about remuneration to employees and senior executives is provided in Note 6 on pages 99–100.

Guidelines adopted by the 2018 Annual General Meeting

Basic principles

These guidelines shall be applied in relation to the NetEnt CEO and other members of the senior management. The Board of Directors shall be able to deviate from these guidelines in individual cases where there is special reason to do so. Management's total remuneration consists of fixed and variable salary, share-based incentive schemes and pension benefits. The remuneration should be performance-based, and the variable component should therefore make up a significant share of the total remuneration.

Fixed and variable salary

The fixed salary shall be market-based, competitive, individual, and proportionate to the individual's responsibility, role, skills and experience in relevant positions. The annual variable salary shall be measured and paid on an annual basis. The annual variable salary shall be capped at 65 percent of the fixed salary for the CEO and at 60 percent of the fixed salary for other members of senior management. It shall be based on actual outcomes in relation to financial and operational targets. The target for variable salary is set annually by the board for the CEO. The CEO in turn determines the variable

salary for the other members of the senior management, to ensure that they are in line with the company's business strategy and objectives. The conditions for variable salary shall include a minimum performance level in relation to the targets, for which no variable salary will be received.

The board has the right to revoke variable remuneration that is paid out based on information that later proves to be clearly incorrect.

Long-term incentive scheme

Senior executives are offered the opportunity to participate in ongoing share-based incentive programs in the form of stock options or stock saving programmes that are issued on market terms, to motivate long-term commitment and promote a greater alignment of interests with the company's shareholders. Share-based incentive programmes, which are issued on market terms, can be combined with cash bonuses that are payable in conjunction with the redemption periods of stock option programmes. Such payment can be made to employees who are still employed at the time of redemption and shall, net of tax, not exceed 70% of the premium paid for the stock option.

Pension benefits and termination of employment

Pension benefits of the CEO and other members of the company's management

shall be competitive and based on defined contribution pension plans, in which the premium shall be capped at 35 percent of the pensionable salary. Other benefits, such as company cars, health insurance, etc, shall constitute a minor part of total remuneration and shall be in line with market conditions.

The CEO can have a maximum notice period of twelve months. Other members of the company's management may have a maximum notice period of six months. In addition to salary during the notice period, termination benefits may be paid. However, the total of salary and termination benefits during the notice period shall not exceed the equivalent of 18 months' salary.

Guidelines determined by the Board of Directors and proposed to the 2019 Annual General Meeting

For the 2019 AGM, the Board of Directors has proposed to adopt the same guidelines for remuneration to senior executives as in the preceding year. Two clarifications are proposed:

- that sales commission may be exempted from the maximum amounts specified in the guidelines on remuneration and
- in some cases, a cash loyalty remuneration in conjunction with long-term share-based incentive programmes may be paid to employees who have left the company, for example, due to termination on the grounds of shortage of work.●

BOARD OF DIRECTORS

1. Jenny Rosberg

Member of the board of directors. Born in 1966. Elected in 2015. CEO and board member of ROPA Management AB.
Other board assignments: Board member of AB Persson Invest, MIPS AB and Pepins Group AB.
Education: MBA, Stockholm School

of Economics.
Shareholding: 15,600 B shares.
Independent in relation to the company, its management and its major shareholders.

2. Peter Hamberg

Member of the board of directors. Born in 1973. Elected in 2009.
Assignments: CEO and board member of Hamberg Förvaltnings AB and board member of C-RAD AB and Solporten Fastighets AB.
Education: Bachelor's degree, international Business

Administration, San Francisco State University, USA.
Shareholding: 1,218,000 A shares. 580,400 B shares.
Shareholding in endowment policy: 150,000 B shares.
Independent in relation to the company and its management, not independent in relation to its major shareholders.

3. Maria Hedengren

Member of the board of directors. Born in 1970. Elected in 2017. CFO of iZettle, CFO of NetEnt 2011–2016.
Education: B.Sc. in Business Administration, University of Gothenburg.
Independent in relation to major shareholders but

not independent in relation to the company and its management as Maria Hedengren was CFO of NetEnt until 2016.
Shareholding: 19,000 B shares.

4. Pontus Lindwall

Member of the board of directors. Born in 1965. Elected in 2011.
Assignments: CEO of Betsson AB (publ), chairman of Mostphotos AB and board member of Solporten Fastighets AB.
Education: MSc. in Engineering, Royal Institute of Technology, Stockholm.

Shareholding: 4,100,000 B shares.
Shareholding in endowment policy: 2,109,000 A shares, 760,520 B shares.
Independent in relation to the company, its management and its shareholders. Pontus Lindwall is CEO of Betsson AB, which is a customer of NetEnt.

5. Maria Redin

Member of the board of directors. Born in 1978. Elected in 2012. CFO of MTG.
Education: B.Sc. in Business Administration, University of Gothenburg.

Shareholding: 11,880 B shares.
Independent in relation to the company, its management and major shareholders of the company.

6. Fredrik Erbing

Chairman. Born in 1967. Elected in 2008.
Assignments: Vice President Acando AB.
Education: MSc. in Engineering, Royal Institute of Technology, Stockholm.

Shareholding: 120,000 B shares
Shareholding in endowment policy: 120,000 B shares
Independent in relation to the company, its management and major shareholders of the company.

7. Michael Knutsson

Member of the board of directors. Born in 1961. Elected 2012, Michael Knutsson is CEO of Knutsson Holdings AB and board member of Pata-Pata AB.
Shareholding: 6,000,000 A shares, 8,600,000 B shares.

Independent in relation to the company and its management, not independent in relation to major shareholders.



The stated shareholdings at December 31, 2018 include holdings through family and companies.



3.

4.

5.

7.

6.

8.





6.

1. Anna Romboli

Communications Director. Born in 1973, employed since 2014. Anna Romboli has over 15 years of experience from business development in branding, communication and PR. Formerly VP Brand and Communications at Veryday, and

several years of consulting experience in PR and brand strategy. **Education:** MBA, University of Gothenburg School of Business, Economics and Law. **Shareholding:** 2,000 B shares **Stock options:** –

2. Camilla Arvidsson

Enterprise Risk Manager. Born in 1966, employed since 2013. Camilla Arvidsson has extensive experience from specialist and managerial positions in the financial and IT industries, including at Svea Ekonomi, OKQ8

Bank, Microsoft and Aptean. **Education:** MBA, San Francisco State University. **Shareholding:** 2,932 B shares **Stock options:** 13,800

3. Pamela Morris Williams

Chief Compliance Officer. Born in 1977, employed since 2018. Pamela Morris Williams has more than 10 years' experience from compliance positions, including in the gaming sector. Prior

experience from Betsson and NYX (now SG Digital). **Education:** Bachelor and Master degrees, Royal Institute of Technology, Stockholm. **Shareholding:** – **Stock options:** –

4. James Elliott

General Counsel. Born in 1973, employed since 2014. Former positions include Chief Legal Officer at FTSE-listed bwin.party digital entertainment plc (formerly PartyGaming Plc) for nine years.

Education: LBB, University of Exeter; LPC, College of Law (Guildford); Solicitor, England and Wales. **Shareholding:** – **Stock options:** 7,600

5. Therese Hillman

Group CEO. Born in 1980, employed since 2017. Therese Hillman has worked with e-commerce for 10 years and is former CEO of Gymgrossisten, a leading online retailer of sporting gear and dietary supplements in the Nordic region and a subsidiary of Qliro Group. Prior to that she

was COO and subsequently CFO of Gymgrossisten. **Education:** B.Sc in Business Administration, Stockholm School of Economics. **Shareholding:** 8,065 B shares **Stock options:** 40,000

6. Lars Johansson

Chief Financial Officer. Born in 1959, employed since 2018. Lars Johansson has more than 30 years' experience from various managerial roles at both public and private companies in different industries. Lars joined NetEnt from Ratons AB, where he was Senior Investment

Director and also previously Acting CEO. Prior positions include CFO at Swedavia AB, CFO/COO at TV4 Group AB and CFO/COO and Acting CEO at Orc Software AB. **Education:** B.Sc in Business Administration, Stockholm School of Economics. **Shareholding:** – **Stock options:** –

The stated shareholdings at December 31, 2018 include holdings through family and companies. A reorganisation took place at the end of 2018. The picture shows the new senior management of the parent company NetEnt AB (publ).

OPERATIONS MANAGERS

1. Tobias Palmborg

Acting Chief Technology Officer,

Stockholm. Born in 1978, employed since 2018. Over 10 years' experience in systems and product develop-

ment in online environments within gaming, finance and consultancy services at Klarna, Electrolux and Unibet (Kindred), among others.

3. Henrik Fagerlund

Managing Director of NetEnt Malta Holding Ltd,

Malta. Born in 1970, employed since 2014. Many years' experience

from managerial positions in the gaming industry, including at Paf and Boss Media (currently GTECH).

5. Andres Rengifo

Director Live Casino,

Malta. Born in 1982, employed since 2019. Many years' experience

from the gaming industry, most recently as Head of International Operations at Evolution Gaming.

7. Nadiya Attard

Director Business Development,

Malta. Born in 1981, employed since 2015. Over 15 years' experience

in the gaming industry, both land-based and online, with operators and suppliers.

2. Björn Krantz

COO Commercial Operations,

Gibraltar. Born in 1970, employed since 2009. Many years' experience from managerial

positions within sales and marketing in the telecom industry, including at Ericsson and Swedia.

4. Bryan Upton

Director Games,

Malta. Born in 1981, employed since 2018. Many years' experience from senior positions in the gaming industry

at IGT, GTECH and Openbet, most recently as Senior Director, Games Content Strategy and Product Management at IGT.

6. Christine Lewis

Commercial Director EMEA,

Malta. Born in 1979, employed since 2015. Many years' experience

from sales positions within the gaming industry and IT sector.



1.

2.



Internal control of financial reporting

NetEnt's control systems ensure that the company's targets are realised in terms of appropriate and efficient operations, reliable financial reporting, and compliance with laws and regulations.

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,
- 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 organisational 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 customers.

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 her, both directly and through the established guidelines and manuals at the company. Corporate values are an important element in this respect, providing guidance for daily work.

The group's finance function reports to the Audit Committee and to the group'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.

NetEnt evaluates its internal control environment in accordance with a recurring time cycle each year, and makes changes to the extent necessary. The Audit Committee sees both the self-assessment and the review performed by external advisors. The company also has a process for internal audit of the finance function and the financial reporting that is based on a combination

of self-assessment and independent review with the support of an external auditing firm.

Compliance

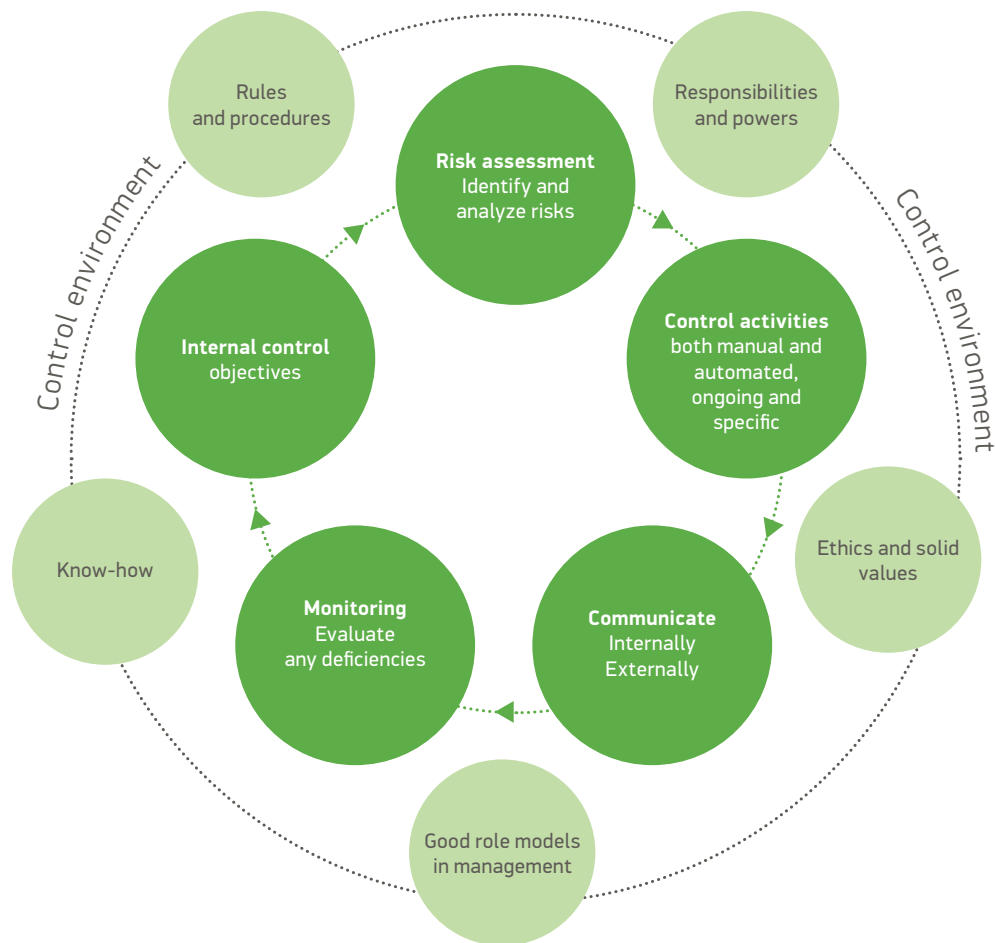
The group also has a team of people with particular responsibility for ensuring effective processes relating to industry-specific compliance. The compliance department regularly reports its observations directly to the CEO and meets at least once a year with the Audit Committee without the presence of any members of management.

Internal governance instruments

Internal governance instruments for financial reporting primarily consist of the group's policy for internal control, finance policy, information policy and authorisation 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, anti-bribery, prevention of money laundering and terrorist financing, drugs and gambling.

Risk assessment

NetEnt conducts ongoing structured risk assessments to identify risks that affect the internal control of financial reporting, and to identify where these risks are present. Risks in financial reporting are evaluated and monitored by the Board of Directors through the Audit Committee. The main risks to the company are attributable to areas such as regulated activity, the invoicing process and revenue recognition, 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 is reported to the Audit Committee.

Moreover, the company has a risk management process designed to constantly identify, prioritize and manage material business risks in general. 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. For a complete description of the industry- and business-related risks that affect NetEnt, see the "Risk factors" section on pages 48-51 and Note 26 on page 107-109.

Control activities

Control activities include the policies and routines that contribute to ensuring compliance with management directives and that necessary measures are adopted to highlight the risks that may prevent the company from achieving its goals. The most material risks identified in terms of financial reporting are managed through control structures in routines and processes. Control activities are designed 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. Control activities span everything from the review and monitoring of performance outcomes to specific account reconciliations.

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), UK Gambling Commission (UKGC) and external reviews in connection with licenses and certifications. Such reviews are conducted both by independent auditing agencies for certification in relation to requirements from authorities, and by the company's external auditors as part of the audit.

Areas that are covered by control activities include:

- due authorisation 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 judgement
- 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 the company. Such procedures include monitoring profit versus budget and plans, analyses and key figures. The Board of Directors continuously evaluates the information provided by company management. The process includes both reconciliation of monthly financial reports vs. budget and goals, and reporting at board meetings. Through the Audit Committee, the Board of Directors examines and assesses the internal control organisation 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 if needed.

The group'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 complete and accurate financial reporting. Only a

limited number of people in the functions Finance, IR, and the CEO's office 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 organisation.

Guidelines and manuals of importance for financial reporting are updated and communicated to those concerned as new employees are introduced, 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 important information from employees. In order for all employees to feel secure in reporting deviations from the company's rules, there is a confidential and efficient whistleblowing procedure in place. 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 laws and guidelines followed by the company regarding for example managing insider information and trading in the company's shares. Prior to each quarterly earnings report, a reminder is sent about the rules to all staff.

Internal audit

The company has an internal audit function in place regarding anti-money laundering procedures. The most recent internal audit took place in 2018 and was performed by EY. ●