

NET ENTERTAINMENT
INTERIM REPORT
JANUARY-JUNE 2010
BETTER GAMES

Agenda

- Overview
- Market development
- Financials
- Future outlook
- Q&A

Q2 overview

- Revenues increased 27.2% to SEK 89.2 million (70.1)
- Operating profit increased 29.7% to SEK 32.8 million (25.3)
- Headwind during Q2
 - Football world cup added to seasonal effect
 - Continued negative FX development
 - Further delayed casino launch in Italy
 - Regulatory actions in France and Norway
- Four new customers signed
- First contract in South America in July
- First contract with government licensed operator in August

Customers

- Three new license agreements with Tier 1 operators
 - Stan James, Intralot Interactive and Interwetten
- Interwetten launched services in June
- Expekt and Stan James to launch services in Q4
- Terminated agreements with a handful smaller customers
 - A total of 50 customers live at end of period
- Extended license agreement with Betsson group
- Delta continues to make progress, however slow due to competition from outlawed street machines which hampers development
- First contract in South America in July
- First contract with government licensed operator in August

Q2 Gross Gaming Yield (GGY) distribution

- Europe represents almost entire GGY
- No single country represents more than 15 percent of GGY
- Royalties from 50 customers, largest customer represents 24 percent
- Addition of new large licensees will further diversify the revenue base

Organization

- Workforce of 236 at end of quarter
 - 139 employees
 - 97 consultants whereof 47% offshore
- Continue to increase share of development offshore
- Continue to build organization to cater for growing customer base
- Good momentum in recruitment activities

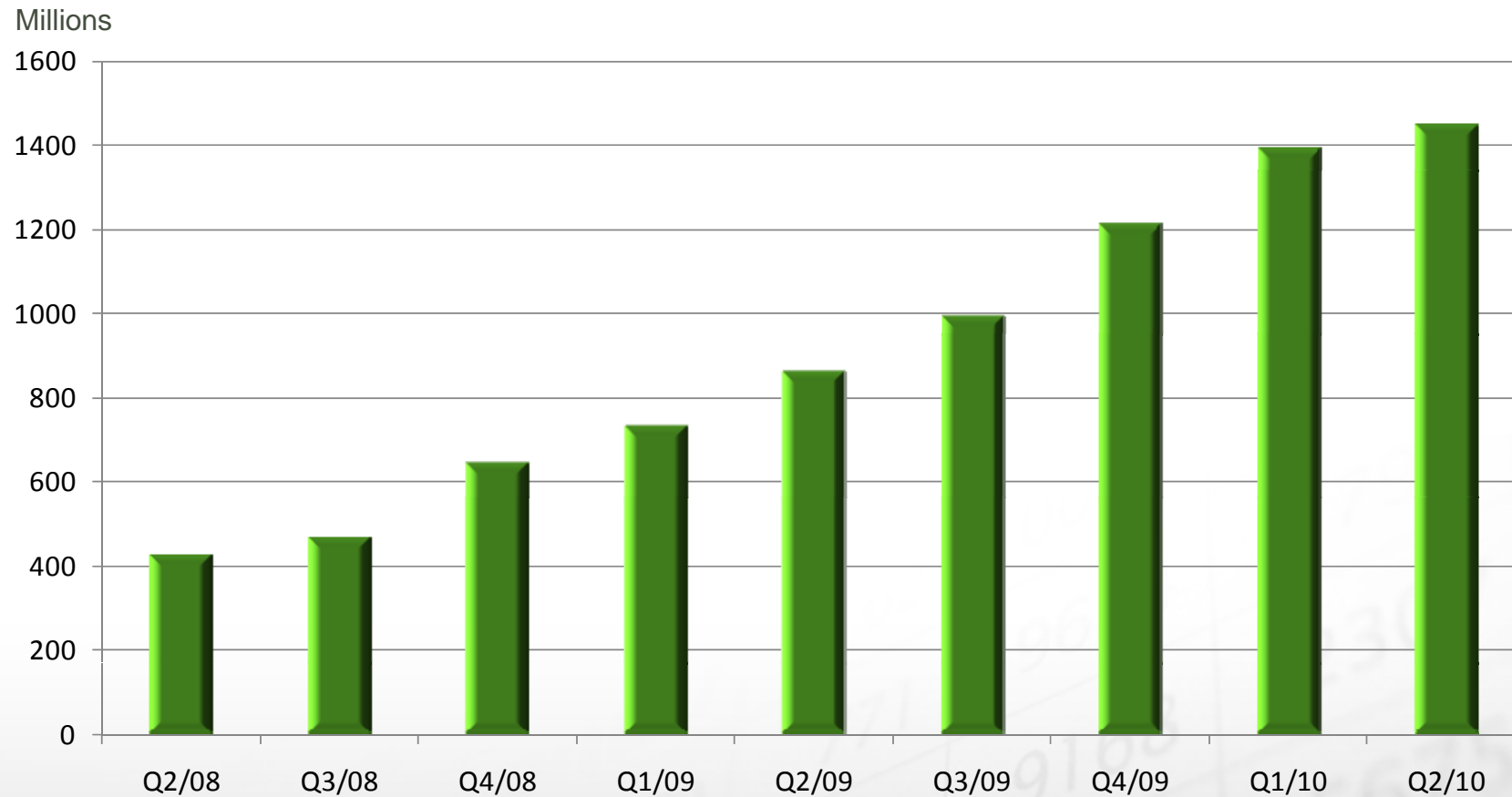
Q2 game release



Under development

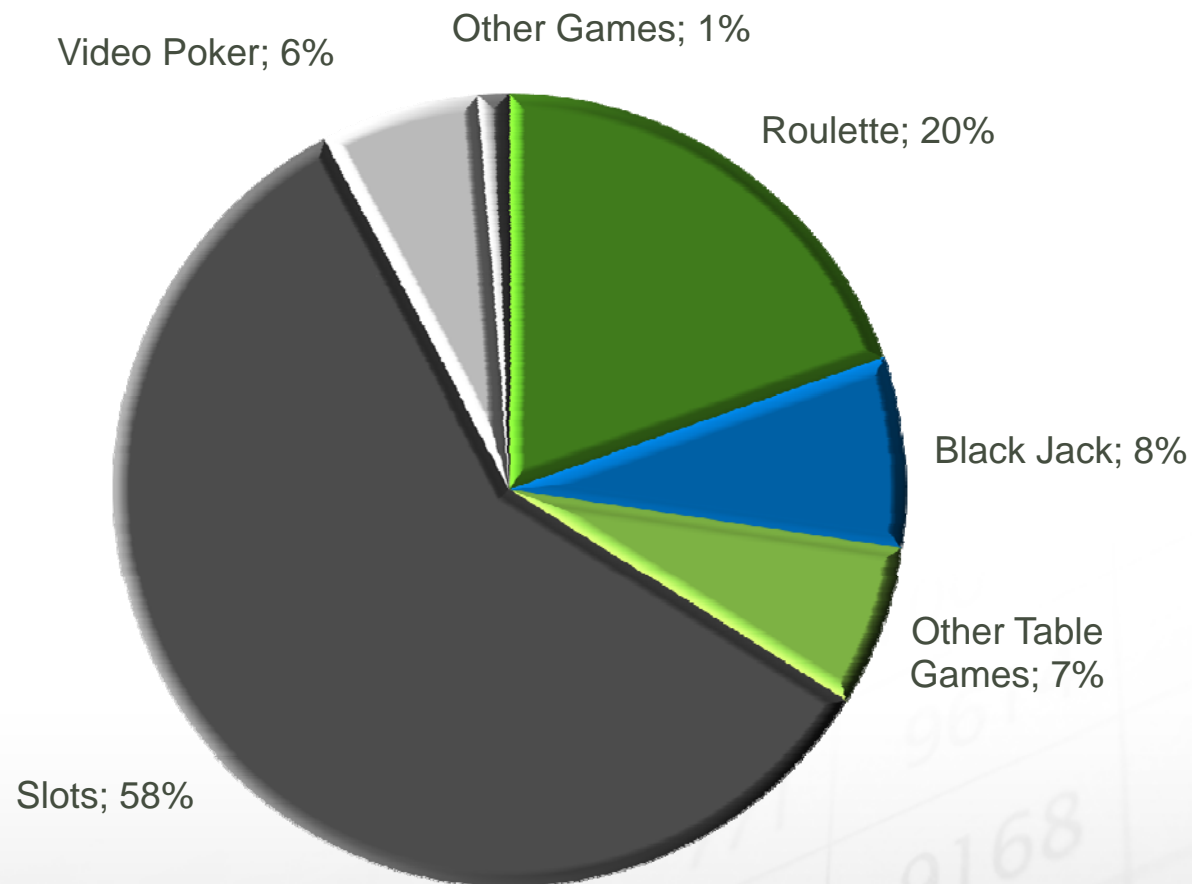


Game transactions



Game transactions in Q2 increased 69% compared to 2009

Gross Gaming Yield split Q2 2010



Gross Gaming Yield in Q2 increased 42% compared to 2009

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Italy update

- Further delays due to legal actions against game decree
- Market expected to open around year-end
- Slots delayed until March 2011
- Integration activities ongoing
- Verification of our games and platform ongoing
- Very well positioned with a >50 percent share of the current Italian online market

¹Source: H2GC, August 2010

France, Norway and Denmark

- France now awarding licenses to operators for betting on sporting events, horse racing and poker
- French gaming regulation introduced in June excludes casino games
- Gaming activity in France significantly reduced
- Denmark will introduce a licensing system which is expected to take effect within a half year
- Norway restrictions on payment transactions introduced in June had only minor impact

General market update

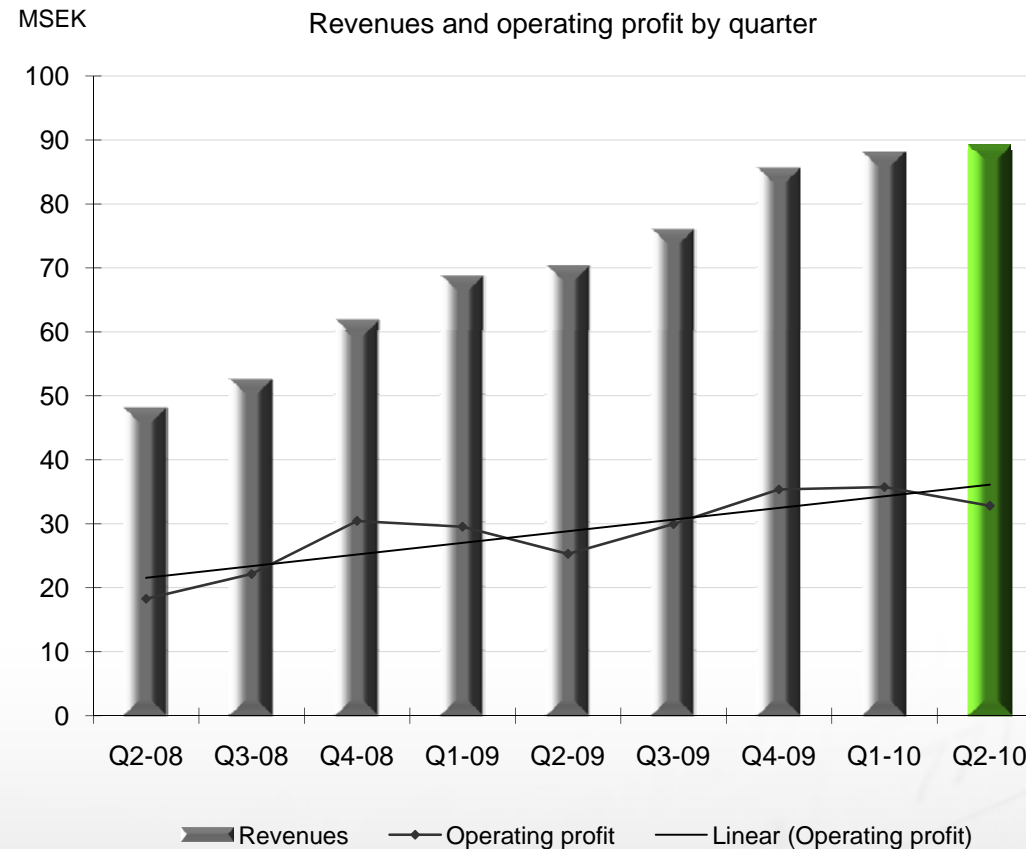
- H2 Gambling Capital expects 18.7 percent growth for online gaming in 2010
- Our goal to grow more than the market remains
- Positive underlying growth despite seasonal effects and the regulatory situation in France

¹Source: H2GC, August 2010

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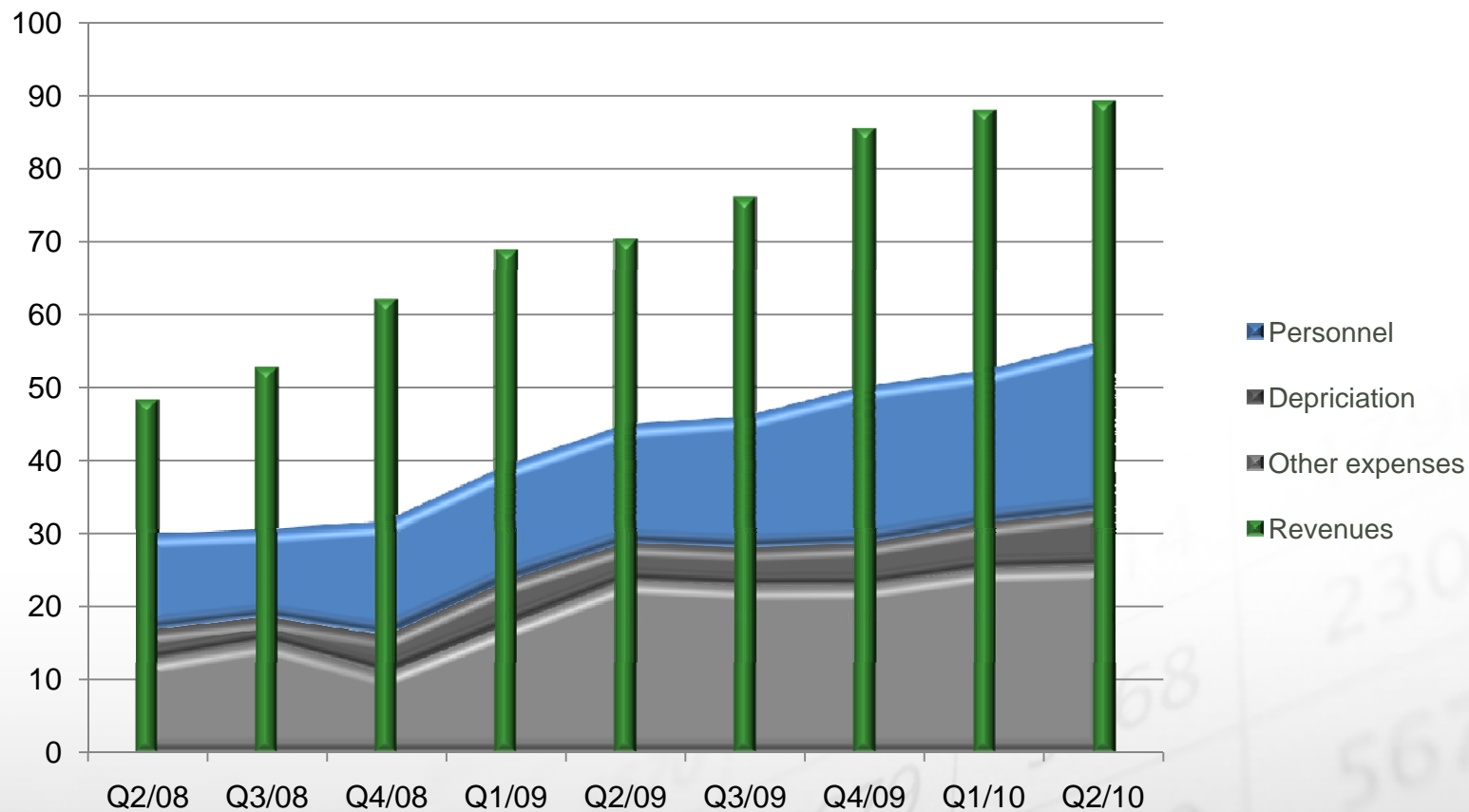
Revenues and EBIT per quarter



- Revenues increased 27.2% since Q2 2009 to SEK 89.2 million
 - In Euros, revenues increased 42.3%
- EBIT increased 29.7% since Q2 2009 to SEK 32.8 million
- Margin of 36.8% (36.1%)
- Negative currency development
 - 10.6% compared to Q2 2009
- Italy and Tier 1 integrations driving costs ahead of revenues

Revenues, expenses and profit

MSEK



Income Statements

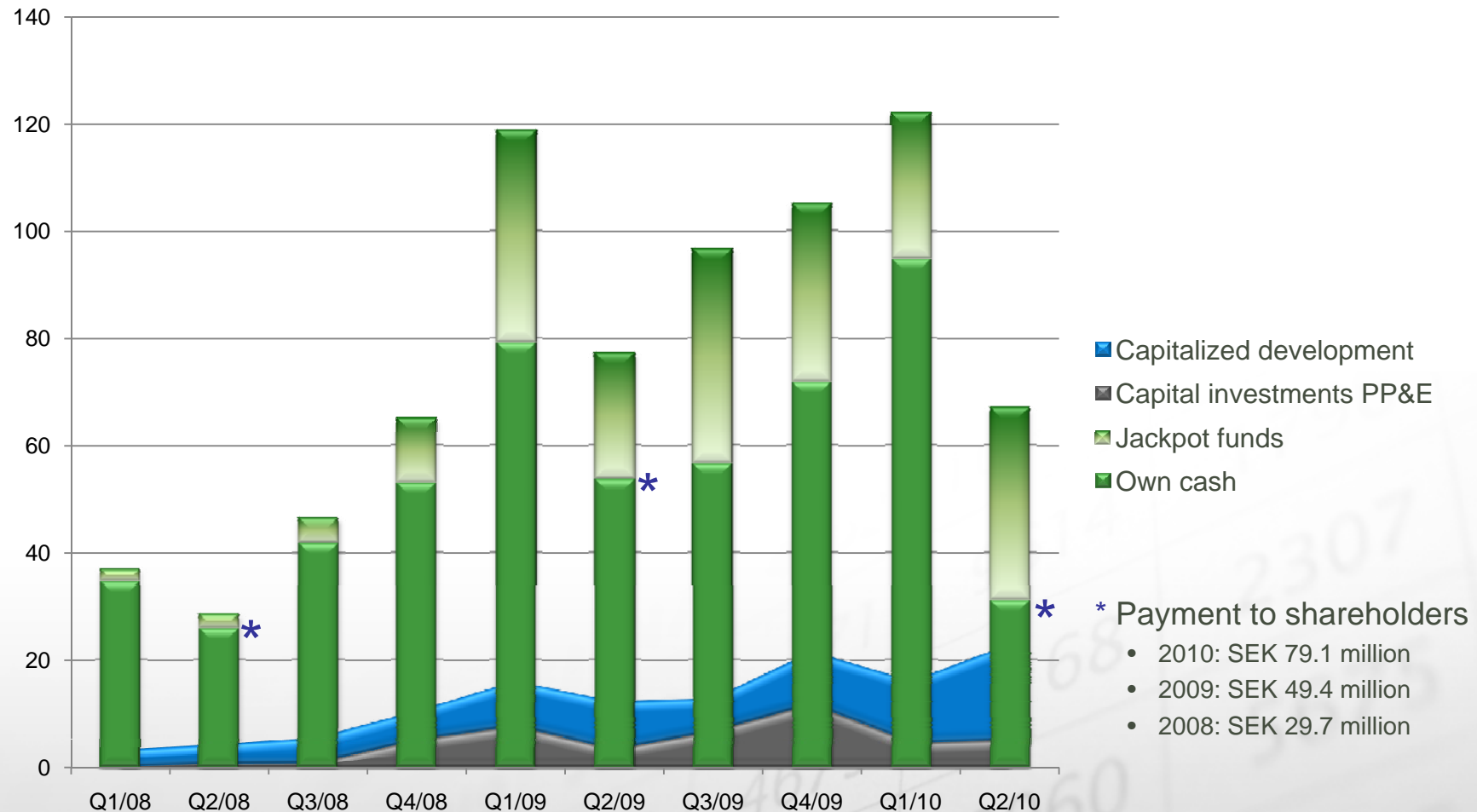
	Apr-Jun 2010	Apr-Jun 2009	Jan-Dec 2009
Revenues	89 158	70 085	300 050
Personnel expenses	-23 279	-16 113	-71 242
Depreciation & amortization	-7 574	-5 164	-22 298
Other operating expense	-25 491	-23 504	-86 328
Total operating expenses	-56 344	-44 781	-179 868
Operating profit	32 814	25 304	120 182
Operating margin	36.8%	36.1%	40.1%
Financial items	93	-353	-2 966
Profit before tax	32 907	24 951	117 216
Tax	-2 502	-2 362	-9 539
Effective tax rate	7.6%	9.5%	8.1%
Profit for the period	30 405	22 589	107 677
Earnings per share, SEK	0.77	0.57	2.72

Cash flow data

	Apr-Jun 2010	Apr-Jun 2009	Jan-Dec 2009
Cash flows from operating activities	47 770	17 105	150 042
Capitalized intangible assets	-17 766	-8 836	-33 154
Net investment in tangible assets	-5 007	-3 261	-28 982
Cash flows from investing activities	-22 773	-12 097	-62 136
Transfer to shareholders	-79 107	-49 442	-49 442
Received premium for share option rights	-	3 473	4 162
Cash flows from financing activities	-79 107	-45 969	-45 280
Cash flow for the period	-54 110	-40 961	42 626
Closing cash and cash equivalents*	67 020	77 379	105 009
*Cash and cash equivalents held on behalf of licensees	35 835	23 735	33 216
Jackpot pay-out	26 995	47 261	99 066

Cashflow, Cash and Jackpot funds

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Outlook ahead

- Italy expected to generate significant revenue impact once market opens up
- Focus on new geographical markets
- In conversations with several high profile operators
- Positive underlying growth despite seasonal effects and the regulatory situation in France



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