

Betsson AB (publ) interim report, 1 January - 30 September 2019

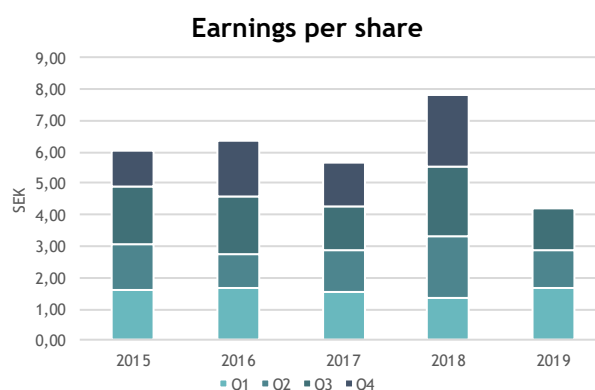
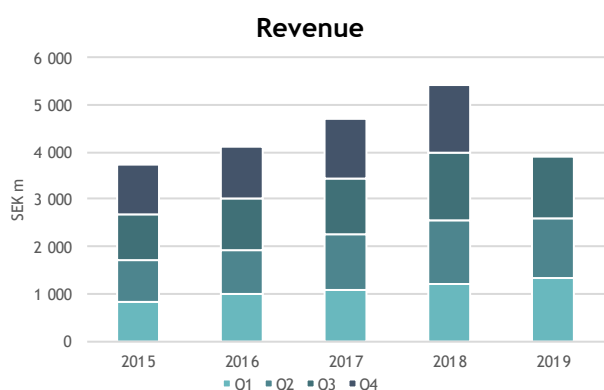
Strong third quarter operating income while experiencing continued market challenges

QUARTER JULY - SEPTEMBER 2019

- Group revenue was SEK 1,275.2 (1,426.8) million, a decrease of 11 percent, reported and organic.
- Casino revenue declined by 12 percent while Sportsbook revenue declined by 7 percent. Excluding the football world cup effect, Sportsbook revenue was in line with the same quarter last year. The Sportsbook margin was 7.8 (7.4) percent.
- Operating income (EBIT) was SEK 212.5 (340.2) million and the variance was mainly due to decreased revenue. The EBIT margin was 16.7 (23.8) percent.
- Operating cash flow amounted to SEK 307.0 (400.8) million.

PERIOD JANUARY - SEPTEMBER 2019

- Group revenue was SEK 3,883.5 (3,983.2) million, a reported and organic decrease of 3 percent.
- Operating income (EBIT) was SEK 664.6 (852.3) million, a decrease of 22 percent.
- Net income was SEK 582.7 (764.5) million, corresponding to SEK 4.21 (5.52) per share.
- Operating cash flow amounted to SEK 912.6 (984.0) million.



KEY DATA

SEK m	Q3 2019	Q3 2018	Δ	Jan-Sep 2019	Jan-Sep 2018	Δ	Jan-Dec 2018
Revenue	1,275.2	1,426.8	-11%	3,883.5	3,983.2	-3%	5,419.8
Gross profit	830.8	1,009.5	-18%	2,588.8	2,841.9	-9%	3,859.9
EBITDA	304.2	423.5	-28%	937.5	1,085.8	-14%	1,505.2
EBITDA margin	23.9%	29.7%	-	24.1%	27.3%	-	27.8%
Operating income (EBIT)	212.5	340.2	-38%	664.6	852.3	-22%	1,193.7
EBIT margin	16.7%	23.8%	-	17.1%	21.4%	-	22.0%
Net income	181.8	305.1	-40%	582.7	764.5	-24%	1,078.1
Earnings per share (SEK)	1.31	2.20	-40%	4.21	5.52	-24%	7.79
Operating cash flow	307.0	400.8	-23%	912.6	984.0	-7%	1,273.3
Casino revenue	942.2	1,066.3	-12%	2,872.8	3,005.8	-4%	4,077.4
Sportsbook gross turnover	6,178.9	6,151.3	0%	18,692.5	18,150.9	3%	24,451.8
Sportsbook revenue	314.6	338.9	-7%	953.4	902.7	6%	1,244.0
Sportsbook margin after free bets	7.8%	7.4%	-	7.3%	6.7%	-	6.9%
Deposits	4,937.0	4,853.4	2%	14,339.8	13,708.4	5%	18,726.0
Active customers (number of)	632,162	687,390	-8%				



Although we now experience temporary downturns in individual markets, we are certain that our long-term strategy will provide sustainable growth and good profitability.

Our ambition is to outgrow the market, organically and through acquisitions.

Pontus Lindwall
President and CEO Betsson AB

THIRD QUARTER

Revenue for the third quarter was SEK 1,275 million, a decrease compared to the third quarter last year, which comprised positive effects from the world cup. The revenue was however in line with the previous quarter. Continued weak trends in Sweden and the Netherlands is compensated by favorable trends in most markets where Betsson's subsidiaries operate. The Sportsbook's margin at 7.8 percent is on par with the previous quarter. The third quarter operating profit (EBIT) amounted to SEK 213 million, which is an increase of 8 percent compared to the second quarter. Despite increased costs for gaming tax and more expensive payment solutions on certain markets the EBIT margin was 16.7 percent, thanks to continued healthy cost control, which is also in line with the previous quarter.

CEO COMMENTS

Betsson reports strong operating income under continued challenging market conditions

"Like the previous quarter, the third quarter has continued to pose challenges for us, as well as for several other companies in the gaming industry. We have seen the merger between two major global operators, a development that is in line with what we expect to happen in an industry with many players. We expect this development to continue and also affect the Swedish market to a greater extent than we have seen so far after the Swedish re-regulation. The regulated markets now also face major challenges regarding the degree of channelisation, which is one of the most important prerequisites for high consumer protection.

Betsson's ambition is to outgrow the market in the long term, organically and through acquisitions. Although I am not happy with the development during the last two quarters, we are well prepared, through the initiatives we have taken, when the right business opportunity realizes. During the quarter, financing was secured in the form of a bond of SEK 1 billion, with a framework of up to SEK 2.5 billion, which puts us in a good position for growth through acquisitions. In addition to the financial strength, Betsson's experience in creating, maintaining and steering a cost-effective organisation with focus on technology are valuable prerequisites for Betsson's growth and profitability.

In terms of developments in Betsson's different markets, it has continued to be challenging both in Sweden and in the Netherlands. As the conditions in Sweden have not been right for large marketing investments, activities have been reduced and reallocated them to other markets where they provide better returns. However, we are certain the Swedish market will improve, and we stick to our long-term ambition to increase our share in this re-regulated market. During the third quarter we have, among other things, extended the agreement with SHL and we are proud to support Swedish ice-hockey.

Both revenue and operating profit are affected when significant markets develop negatively at the same time. Therefore, our geographical spread is valuable, and we see positive development in several of Betsson's other markets, both locally regulated and non-locally regulated. We have seen favorable trends in other Western European countries but also in Central & Eastern Europe and Central Asia (CEECA). The geographical and product-wide distribution gives us the opportunity to be sustainable in our strategic initiatives to run a profitable business with growth and good margins in regulated markets as well as in markets that will be regulated. We also see opportunities to increase the geographical spread further to mitigate the impact from temporary downturns in individual markets.

Betsson continue to invest in development of the product offering. It is gratifying to see the performance of the in-house developed Sportsbook, which should make it an attractive third-party product. The ambition is to offer the Sportsbook to external customers during next year. We also focus on development of other proprietary technology, which enables both rapid market adaptations and cost-effective growth, and we continue to invest in the infrastructure that gives customers a fun, safe and secure experience."

Founded in

1963



Betsson AB's B share is listed on Nasdaq Stockholm Large Cap

Ticker: BETS B



Betsson Group operates 17 brands

12

Licensed for gaming in 12 jurisdictions.

REVENUE AND EARNINGS

REVENUE FOR THE QUARTER

Group revenue was SEK 1,275.2 (1,426.8) million, a decrease of 11 percent, reported and organic. The third quarter last year included revenue from the football World Cup. In total, currency fluctuations had a positive effect on revenue of SEK 11.5 million.

The Betsson Group is geographically diversified and decreasing revenue in the Nordics and Western Europe is partly mitigated by growth in several of the Group's other markets.

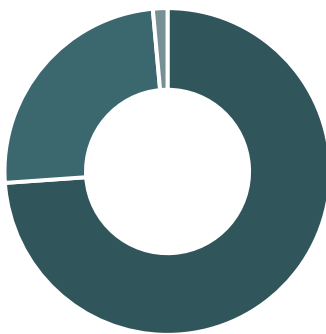
Mobile revenue amounted to SEK 919.1 (953.8) million and represented 72 (67) percent of total revenue.

License revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) amounted to SEK 137.6 (76.1) million and corresponded to 11 (5) percent of Group revenue. The increase is mainly due to enhanced performance in the Sportsbook delivered by Betsson but also from a strengthened TRY compared to SEK, which had positive impact on license revenues of SEK 1.7 million, compared with the third quarter 2018.

72%

Mobile share of revenue

Revenue by product



- Casino (74%)
- Sportsbook (25%)
- Other (1%)

Revenue by product

Casino revenue amounted to SEK 942.2 (1,066.3) million, a decrease of 12 percent, with 13 percent organic decrease. Casino represented 74 (75) percent of Group revenue.

Mobile Casino revenue was SEK 666.7 (686.8) million and accounted for 71 (64) percent of total Casino revenue.

Sportsbook revenue in the third quarter amounted to SEK 314.6 (338.9) million, a decrease of 7 percent with 8 percent organic decrease. Excluding revenue from the 2018 football world cup, revenue was in-line with the same quarter last year. Sportsbook represented 25 (24) percent of the Group's revenue.

Gross turnover in Sportsbook, in all Betsson's gaming solutions, amounted to SEK 6,178.9 (6,151.3) million, which is in-line with the third quarter last year. Organic gross turnover decreased with 1 percent.

The Sportsbook margin was 7.8 (7.4) percent. The eight-quarter rolling average margin was 7.2 percent.

Mobile Sportsbook revenue amounted to SEK 253.7 (264.9) million, a decrease of 4 percent. Mobile accounted for 81 (78) percent of Sportsbook revenue.

Revenue from other products amounted to SEK 18.4 (21.6) million, a decline of 15 percent, and represented 1 (2) percent of total revenues.

Revenue by region



- Nordic (37%)
- Western Europe (31%)
- CEECA (26%)
- ROW (6%)

Revenue by region

Revenue from the Nordics was SEK 476.7 (668.2) million, a decrease of 29 percent, reported and organic.

Revenue from Western Europe amounted to SEK 396.7 (446.2) million, a decrease of 11 percent, with 13 percent organic decrease.

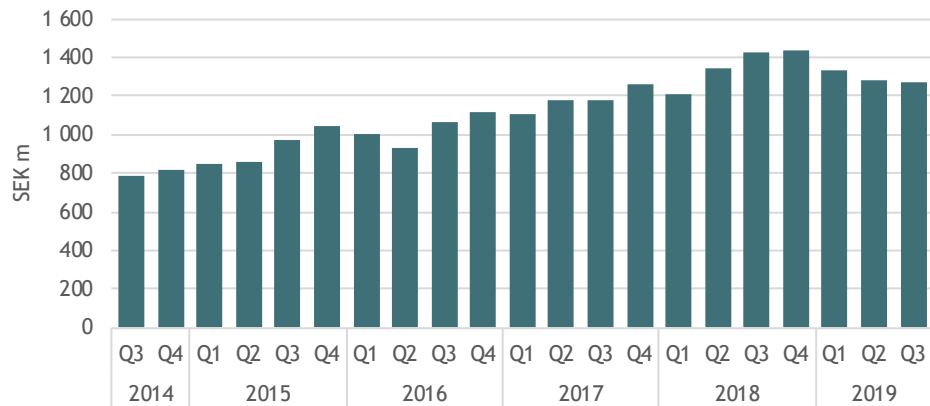
Revenue from Central & Eastern Europe and Central Asia (CEECA) amounted to SEK 319.6 (241.0) million, an increase of 33 percent. The organic growth was 34 percent.

Locally taxed revenue (revenue from markets where Betsson pays local betting duties) increased by 41 percent compared to the third quarter last year and amounted to SEK 456.6 (322.7) million, corresponding to 35.8 (22.6) percent of Group revenue. The increase is mainly due to revenue from Sweden and Italy.

REVENUE AND GROSS PROFIT FOR THE PERIOD

Group revenue totaled SEK 3,883.5 (3,983.2) million, a decrease of 3 percent. Gross profit amounted to SEK 2,588.8 (2,841.9) million.

Group revenue



EXPENSES FOR THE QUARTER

Cost of services provided were SEK 444.4 (417.3) million for the quarter. The increase is mainly due to increased betting duties related to Sweden and Italy as well as increased payment costs. Currency exchange rate fluctuations had a negative impact of SEK 4.0 million on Cost of services provided.

Gross profit amounted to SEK 830.8 (1,009.5) million, corresponding to a gross profit margin of 65.2 (70.8) percent.

Operating expenses amounted to SEK 618.3 (669.4) million which is an 8 percent decrease compared to the third quarter last year. The organic operating expenses were SEK 609.7. The decrease was due to continuous work on efficiencies.

Marketing expenses amounted to SEK 213.3 (246.8) million. The organic marketing expenses were SEK 210.7 million.

Personnel expenses amounted to SEK 192.2 (197.7) million. The organic personnel expenses were SEK 189.6 million.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, amounted to SEK 171.2 (183.3) million. The organic other external expenses were SEK 168.1 million. The decrease was mainly due to IFRS 16 Leasing with SEK 14.0 million of rental costs reported as depreciation and financial expenses.

Capitalised development costs amounted to SEK 51.5 (44.5) million. Amortisation of capitalised development costs was SEK 55.8 (56.5) million. See table on page 19. Total amortisation and depreciation for the quarter was SEK 91.7 (83.3) million. The increase was mainly due to the above-mentioned impact of IFRS 16 Leasing.

EARNINGS FOR THE QUARTER

Operating income (EBIT) amounted to SEK 212.5 (340.2) million, and the operating margin was 16.7 (23.8) percent. The decrease is mainly explained by lower revenue. The operating income recalculated with the currency exchange rate that prevailed during the same period 2018 was SEK 213.6 million.

Net financial items amounted to SEK -15.6 (-9.5) and the increase is mainly due to interest cost for the early redemption of outstanding bonds.

Net income amounted to SEK 181.8 (305.1) million, corresponding to SEK 1.31 (2.20) per share.

The corporate tax amounted to SEK 15.2 (25.6) million, corresponding to 7.7 (7.7) percent of profit before taxes. The effective tax rate may fluctuate between quarters, depending on the tax base in the countries where Betsson has subsidiaries. For example, corporate

8%

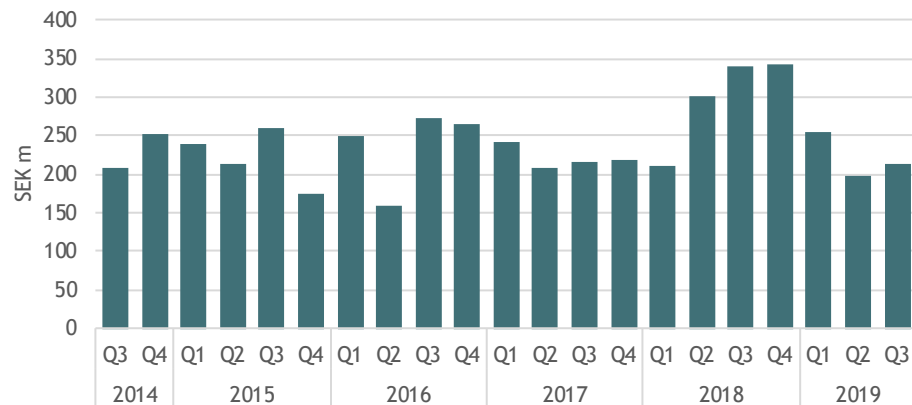
Decrease in operating expenses due to continued cost efficiencies.

taxes in certain countries are based on dividend distribution, which may result in a difference between the effective and statutory rate.

EARNINGS FOR THE PERIOD

Operating income for the first nine months 2019 amounted to SEK 664.6 (852.3) million. The amount includes a one-off cost for a fine issued by the Swedish Gaming Authority (SGA) of SEK 19 million. Net income amounted to SEK 582.7 (764.5) million, corresponding to SEK 4.21 (5.52) per share.

Operating income (EBIT)



CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of September 2019 amounted to SEK 960.4 (604.4) million. Customer liabilities, including reserves for accumulated jackpots, amounted to SEK 428.3 (400.1) million. Gaming regulations require the Group to reserve a certain share of cash to cover player liabilities and accumulated jackpots. Current receivables from payment providers for unsettled customer deposits were SEK 545.6 (583.6) million. The balance varies as a result of higher activities, depending on when deposits are made and at the same time payment terms differ dependent on what payment provider is used.

Cash flow from operating activities during the third quarter was SEK 307.0 (400.8) million and the cash flow from financing activities SEK 234.6 (-294.8) million, primarily due to raise of bond.

As per 30 September 2019, total available bank credit facilities were SEK 880.0 (880.0) million, of which SEK 187.7 (424.4) million were utilised.

During the third quarter, Betsson has issued a new senior unsecured bond of SEK 1,000 million under a framework of SEK 2,500 million. The bonds have a tenor of three years and a floating interest rate of STIBOR three months plus 400 bps and will mature on September 26, 2022.

Betsson has offered early redemption to the holders of senior unsecured floating rate bonds of SEK 1,000 million maturing on November 28, 2019. Accepted redemption of bonds amounted a total nominal amount of SEK 754 million. The remaining SEK 246 million will be redeemed during October.

External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	187.7	612.3	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2020
Bond (SEK m)	265.5	265.5	0.0	Oct, 2019
Bond (SEK m)	985.1	985.1	0.0	Sep, 2022

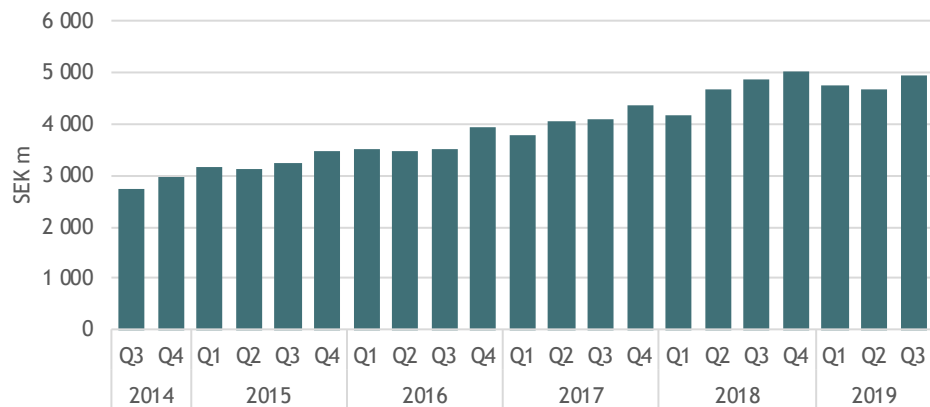
CUSTOMER ACTIVITY

Customer deposits in all operational subsidiaries' gaming solutions during the quarter amounted to SEK 4,937.0 (4,853.4) million.

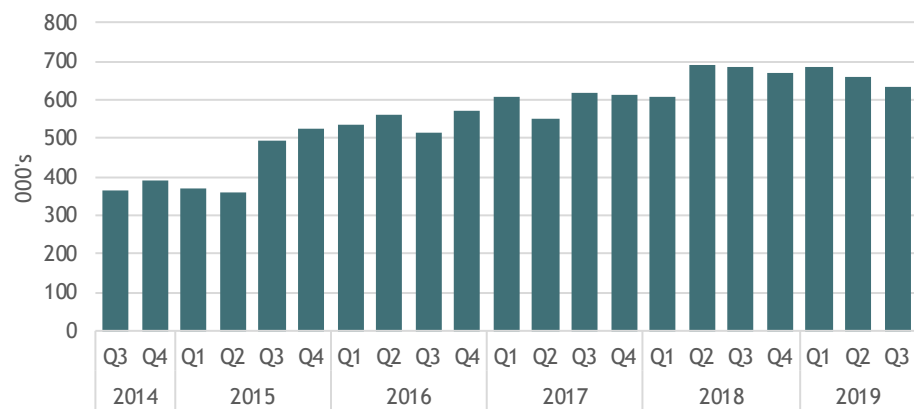
By the end of the third quarter, the number of registered customers was 14.9 (13.7) million, an increase of 8 percent.

Active customers during the third quarter amounted to 632,162 (687,390), a decrease of 8 percent.

Customer deposits



Active customers



SIGNIFICANT EVENTS AND OUTLOOK

OTHER SIGNIFICANT EVENTS DURING THE QUARTER

In September, the Betsson Group was accredited with the ISO 27001 certification for implementing an Information Security Management System. The accreditation was granted following a rigorous audit by the independent trusted international testing agency, ACM - a leading UKAS-accredited certification body in the UK. The achievement shows Betsson's ongoing commitment to following the highest standard in data security of its online gaming platforms for protecting customers' and clients' data and that all our processes across the organisation meet or exceed the ISO standards. This certification is highly regarded by regulators and licensing bodies and will thus facilitate Betsson Group's processes when applying for new gaming licenses.

Betsson has signed a multi-year agreement with the Swedish Hockey League, SHL, to be the main sponsor through the brand Betsson.

In Italy, a gaming marketing ban was put into effect from July 1, 2019.

SIGNIFICANT EVENTS AFTER THE THIRD QUARTER

The daily average revenue in the fourth quarter up until October 20, 2019 was 8 percent (11 percent organic) lower than the average daily revenue of the full fourth quarter 2018. Compared with the daily average revenue for the full third quarter 2019 this corresponds to an increase of 3 percent. This trading update is not a revenue forecast, but an indication of how the quarter has started.

LONG TERM OUTLOOK

The gaming industry is changing and Betsson's assessment is that larger revenues from regulated markets will have an impact on operating profit as betting duties increase. There is continuous successful work ongoing to adopt the business models to new market conditions while at the same time evaluate new markets and new opportunities in order to grow revenues and earnings.

OTHER INFORMATION

PERSONNEL

At the end of the third quarter, the Group had 1,588 (1,505) employees. The average number of full-time employees in the Group during the third quarter amounted to 1,526 (1,527) of which 942 (868) were based in Malta.

In addition, the Group employed 158 (186) full-time consultants during the quarter, mainly within product development. The cost of consultants is recognised under Other external expenses.

PARENT COMPANY

The Parent Company Betsson AB's (publ) business consists of investing in and administering shareholdings in companies, which, through partners or by themselves, offer games to end users online. The Company provides and sells internal services related to financing, communication, accounting and administration to certain Group companies.

Revenue for the third quarter 2019 amounted to SEK 8.3 (10.2) million, and net income amounted to SEK -28.5 (-10.1) million.

Cash and cash equivalents in the Parent Company was SEK 678.1 (282.2) million.

EQUITY

Equity in the Group amounted to SEK 4,837.7 (4,289.6) million, corresponding to SEK 34.95 (30.99) per share.

Average FTE	Q3 2019	Q3 2018
Employees	1,526	1,527
Contractors	158	186

OWNERSHIP STRUCTURE AND SHARES OUTSTANDING

The Company's Series B shares are listed on Nasdaq Stockholm Large Cap List (BETS). At the end of the period, the Company had 26,139 (30,555) shareholders.

The total number of shares and votes in Betsson amounts to 144,493,238 and 290,833,238, divided into 16,260,000 Series A shares with ten votes each, 122,155,730 Series B shares with one vote each and 6,077,508 Series C shares which may not be represented at general meetings of shareholders. Betsson treasury shares amounted to 1,084 Series B shares, which have been acquired in previous years at an average price of SEK 19.42, and 6,077,508 Series C shares.

Shareholders at 30 September 2019

Name	A shares	B and C shares	Votes (outstanding)	% Capital (total capital)	% Votes (votes outstanding)
Hamberg family and companies	5,098,500	225,000	51,210,000	3.7%	18.0%
Danske Bank International S.A	3,731,000	669,000	37,979,000	3.0%	13.3%
Knutsson family and companies	2,710,000	4,350,000	31,450,000	4.9%	11.0%
Lundström family and companies	2,557,500	1,950,600	27,525,600	3.1%	9.7%
Lindwall, Berit	1,683,000	70,000	16,900,000	1.2%	5.9%
State Street Bank & Trust Co	0	13,966,771	13,966,771	9.7%	4.9%
DNB	0	11,462,343	11,462,343	7.9%	4.0%
CACEIS Bank, Luxembourg filial	0	4,931,441	4,931,441	3.4%	1.7%
Skandia fonder	0	4,154,438	4,154,438	2.9%	1.5%
JPM Chase	0	3,759,182	3,759,182	2.6%	1.3%
Other	480,000	76,615,871	81,415,871	53.4%	28.6%
Betsson treasury shares	0	6,078,592	0	4.2%	0.0%
Total	16,260,000	128,233,238	284,754,646	100.0%	100.0%

5%

Estimated CAGR on Betsson's core markets in Europe 2019-2023

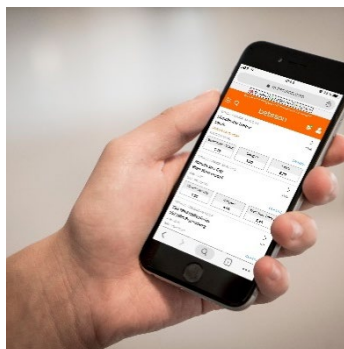
MARKET

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth close to EUR 407 billion with an expected growth of 3 percent annually up until 2023. Online gaming is expected to increase its share of the total market from 12 percent in 2019, to an estimated share of 14 percent in 2023. (Source: H2GC, October 2019.)

Annual online gaming growth in Betsson's core markets in Europe, which in aggregate are worth close to EUR 14 billion, is expected to be 5 percent during the years 2019-2023. (Source: H2GC, October 2019.)

Apart from market growth, an important driving force is an increasing number of European countries introducing local regulations for online gaming. The license gives gaming companies the chance to compete on equal terms and to gain access to more effective marketing channels and payment solutions. Local regulations entail increased demands, and benefit operators that have a scalable, proprietary platform. This is resulting in increased consolidation in the locally regulated markets, which creates acquisition opportunities for Betsson.

Betsson's subsidiaries are operating under licenses in Malta and 11 more local jurisdictions. There are lasting values in offering regulated gaming services within the EU and other markets from Malta.



PRODUCTS

The gaming sites operate on an in-house developed platform, which is at the core of the offer and the customer experience. It processes and hosts payments, customer information, accounts, customer transactions and games. The games are mainly casino and sportsbook, but the offer also includes poker, scratch cards, bingo and other games. Betsson's subsidiaries own and develops its Sportsbook products. First class customer experiences are crucial and there are continuous investments in innovation and technology to reinforce the leading position.

The Casino offers around 2,700 different games, of which more than 2,000 are available on mobile devices. The different brands offer a selection of games targeting their specific customer segments and the games portfolio is actively managed to ensure it offers the right mix of games. Slots is the largest games category in the Casino followed by live casino.

During the last quarters there has been significant improvements in the product offering and site speed. In addition, the OBG frontend framework has been launched both on mobile and on desktop.

SUSTAINABILITY

Responsible gaming is one of the most important parts of Betsson's sustainability work. Two of the key factors of responsible gaming are employee training and giving players tools to control their gaming. Betsson's operational subsidiaries has taken measures to raise awareness and encourages new depositing customers to set a deposit limit. For more information on Betsson's focus on sustainability, please see the Annual Report.

In the third quarter 2019, 780 (269) employees received responsible gaming training and 34.1 (10.0) percent of all new depositing customers (NDC's) choose to set a deposit limit.

Stockholm, 24 October 2019

Pontus Lindwall
President and CEO



Auditor's report

Betsson AB (publ) reg no 556090-4251

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Betsson AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 24 October 2019

PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

SEK m	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Revenue	1,275.2	1,426.8	3,883.5	3,983.2	5,419.8
Cost of services provided	-444.4	-417.3	-1,294.7	-1,141.4	-1,559.9
Gross profit	830.8	1,009.5	2,588.8	2,841.9	3,859.9
Marketing expenses	-213.3	-246.8	-686.3	-740.5	-994.5
Personnel expenses	-192.2	-197.7	-588.7	-614.3	-813.9
Other external expenses	-171.2	-183.3	-517.9	-550.1	-741.0
Capitalised development costs	51.5	44.5	148.9	152.5	201.5
Amortisation and depreciation	-91.7	-83.3	-272.9	-233.5	-311.4
Other operating income/expenses	-1.3	-2.8	-7.3	-3.6	-6.9
Operating expenses	-618.3	-669.4	-1,924.2	-1,989.6	-2,666.2
Operating income	212.5	340.2	664.6	852.3	1,193.7
Financial income and expenses	-15.6	-9.5	-40.7	-28.6	-41.3
Income before tax	197.0	330.7	623.9	823.6	1,152.4
Tax	-15.2	-25.6	-41.2	-59.1	-74.3
Net income	181.8	305.1	582.7	764.5	1,078.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net income	181.8	305.1	582.7	764.5	1,078.1
Other comprehensive income					
Revenue/expenses recognised directly in equity:					
Hedge of net investments in foreign currency incl. deferred tax	3.8	-3.8	15.3	-3.8	-5.4
Exchange differences in translating foreign operations	80.8	-109.9	187.1	252.8	239.6
Other comprehensive income of the period (after tax)	84.6	-113.7	202.4	248.9	234.2
Total comprehensive income for the period	266.4	191.4	785.1	1,013.4	1,312.3

CONSOLIDATED BALANCE SHEET

SEK m	9/30/2019	9/30/2018	12/31/2018
Intangible fixed assets	5,337.7	5,186.1	5,164.5
Property, plant and equipment	83.3	97.4	95.5
Right-of-use assets	103.9	-	-
Financial assets	13.7	3.1	1.4
Deferred tax receivables	47.4	45.0	57.1
Other longterm receivables	1.2	-	0.0
Total non-current assets	5,587.2	5,331.6	5,318.4
Current receivables	1,631.5	1,446.4	1,664.1
Cash and cash equivalents	960.4	604.4	488.7
Total current assets	2,591.9	2,050.8	2,152.8
Total assets	8,179.1	7,382.5	7,471.2
Total equity	4,837.7	4,289.6	4,589.3
Provision gaming tax	34.1	12.1	32.7
Deferred tax liabilities	41.9	40.4	41.9
Total Provisions	76.0	52.5	74.6
Bond	985.1	996.3	-
Non-current liabilities to credit institutions	187.7	424.1	93.5
Lease liabilities	45.2	-	-
Total non-current liabilities	1,218.0	1,420.4	93.5
Bond	265.5	-	997.1
Lease liabilities	52.0	-	-
Other current liabilities	1,729.9	1,620.0	1,716.7
Total current liabilities	2,047.4	1,620.0	2,713.8
Total equity and liabilities	8,179.1	7,382.5	7,471.2

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Income after financial items	197.0	330.7	623.9	823.6	1,152.4
Adjustments for non-cash items	82.5	76.8	272.2	232.9	318.7
Taxes paid	-38.3	-11.2	-86.6	-39.4	-43.5
Cash flow from operating activities before changes in working capital	241.2	396.3	809.5	1,017.2	1,427.6
Changes in working capital	65.8	4.5	103.1	-33.0	-154.3
Cash flow from operating activities	307.0	400.8	912.6	984.2	1,273.3
Investments in intangibles/tangibles	-68.7	-58.7	-204.2	-212.0	-295.5
Acquisition of shares in subsidiaries and associates	-13.4	0.0	-13.4	0.0	-0.1
Cash flow from investing activities	-82.0	-58.7	-217.6	-212.0	-295.6
Cash paid upon redemption of warrants	0.0	-	-0.1	-	-0.2
Bond issue	985.1	0.0	985.1	0.0	0.0
Bond redemption	-734.0	-	-734.0	-	-
Settled purchase consideration	-	-	-10.3	-20.3	-20.3
Lease payments	-18.8	-	-37.1	-	-
Changes in bank loans	2.0	-294.8	90.5	-245.5	-577.4
Paid deposits	-	-	-	-	1.4
Share redemption programme	0.0	0.0	-538.4	-393.1	-393.1
Warrant premiums received	0.4	-	0.4	-	0.5
Cash flow from financing activities	234.6	-294.8	-243.9	-658.9	-989.1
Changes to cash and cash equivalents	459.7	47.2	451.1	113.3	-11.4
Cash and cash equivalents at beginning of period	491.5	561.6	488.7	479.5	479.5
Exchange differences	9.2	-4.5	20.6	11.9	20.7
Cash and cash equivalents at end of period	960.4	604.4	960.4	604.4	488.7

CHANGES IN GROUP EQUITY

SEK m	9/30/2019	9/30/2018	12/31/2018
Opening balance	4,589.3	3,666.9	3,666.9
Total comprehensive income for the period	785.1	1,013.4	1,312.3
Total change excluding owner transactions	785.1	1,013.4	1,312.3
Share redemption programme	-538.4	-393.1	-393.1
Warrants paid premium	0.4	-	0.5
Payment on exercise of options	-0.1	-	-0.2
Share options - value of employee services	1.4	2.3	2.9
Equity at end of period	4,837.7	4,289.6	4,589.3
Attributable to:			
Parent company's shareholders	4,837.7	4,289.6	4,589.3

PARENT COMPANY, INCOME STATEMENT

SEK m	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Revenue	23.9	20.6	27.9
Operating expenses	-59.9	-48.1	-70.9
Operating income	-36.1	-27.6	-43.0
Financial income and expenses	122.0	-16.1	1,146.9
Income before tax	85.9	-43.7	1,103.9
Net income	85.9	-43.7	1,103.9

PARENT COMPANY, BALANCE SHEET

SEK m	9/30/2019	9/30/2018	12/31/2018
Property, plant and equipment	5.4	1.7	1.2
Financial assets	5,168.8	4,967.6	5,035.6
Total non-current assets	5,174.2	4,969.3	5,036.8
Current receivables	271.2	72.3	901.9
Cash and cash equivalents	678.1	282.2	188.3
Total current assets	949.3	354.5	1,090.2
Total assets	6,123.6	5,323.7	6,127.0
Restricted equity	350.1	350.4	349.6
Unrestricted equity	3,997.0	3,301.0	4,449.6
Total equity	4,347.1	3,651.4	4,799.2
Bond	985.1	996.3	-
Non-current liabilities to credit institutions	182.0	411.7	91.6
Total non-current liabilities	1,167.0	1,408.0	91.6
Bond	265.4	-	997.1
Other current liabilities	344.1	264.3	293.1
Total current liabilities	609.5	264.3	1,236.2
Total equity and liabilities	6,123.6	5,323.7	6,127.0

QUARTERLY DATA

INCOME STATEMENT

SEK m	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Revenue	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4
Cost of services provided	-444.4	-418.8	-431.5	-418.5	-417.3	-378.5	-345.6	-353.5
Gross profit	830.8	858.9	899.1	1,018.1	1,009.5	968.0	864.3	903.0
Marketing expenses	-213.3	-231.8	-241.2	-254.0	-246.8	-249.3	-244.4	-269.2
Personnel expenses	-192.2	-197.8	-198.8	-199.6	-197.7	-207.2	-209.5	-208.4
Other external expenses	-171.2	-184.5	-162.1	-191.0	-183.3	-184.5	-182.3	-184.6
Capitalised development costs	51.5	49.2	48.3	49.1	44.5	52.8	55.1	51.9
Amortisation and depreciation	-91.7	-90.5	-90.6	-77.9	-83.3	-78.9	-71.3	-70.4
Other operating income/expenses	-1.3	-6.5	0.5	-3.2	-2.8	-0.3	-0.6	-3.9
Operating expenses	-618.3	-662.0	-643.9	-676.6	-669.4	-667.3	-652.9	-684.6
Operating income	212.5	196.9	255.2	341.5	340.2	300.7	211.4	218.4
Financial items, net	-15.6	-14.7	-10.4	-12.7	-9.5	-9.3	-9.9	-8.7
Income before tax	197.0	182.1	244.8	328.8	330.7	291.5	201.4	209.6
Tax	-15.2	-10.5	-15.5	-15.2	-25.6	-20.0	-13.5	-10.8
Net income	181.8	171.6	229.3	313.6	305.1	271.4	187.9	198.9

BALANCE SHEET

SEK m	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Non-current assets	5,587.2	5,512.8	5,517.6	5,318.4	5,331.6	5,460.9	5,368.8	5,096.6
Current assets	2,591.9	2,027.1	2,300.7	2,152.8	2,050.8	1,918.5	1,812.7	1,721.3
Total assets	8,179.1	7,539.9	7,818.3	7,471.2	7,382.5	7,379.4	7,181.6	6,817.9
Equity	4,837.7	4,573.3	4,914.8	4,589.3	4,289.6	4,090.1	4,123.7	3,666.9
Provisions and non-current liabilities	1,294.0	311.1	233.4	168.1	1,472.9	1,772.3	1,039.3	1,036.1
Current liabilities	2,047.4	2,655.5	2,670.1	2,713.8	1,620.0	1,517.0	2,018.6	2,114.9
Total equity and liabilities	8,179.1	7,539.9	7,818.3	7,471.2	7,382.5	7,379.4	7,181.6	6,817.9
Consolidated cash flow statement								
Operating cash flow	307.0	390.6	214.5	289.3	400.8	271.2	312.2	278.9
Cash flow from investing activities	-82.0	-58.1	-77.1	-82.1	-58.7	-76.6	-76.7	-75.6
Cash flow from financing activities	234.6	-463.4	-15.2	-331.6	-294.8	-83.9	-280.2	-166.3
Total cash flow	459.5	-130.9	122.3	-124.5	47.2	110.7	-44.8	37.1

KEY RATIOS

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Key financial ratios								
Gross Margin (% of revenue)	65.2	67.2	67.6	70.9	70.8	71.9	71.4	71.9
EBITDA-margin (% of revenue)	23.9	22.5	26.0	29.2	29.7	28.2	23.4	23.0
EBIT-margin (% of revenue)	16.7	15.4	19.2	23.8	23.8	22.3	17.5	17.4
Profit margin (% of revenue)	15.4	14.3	18.4	22.9	23.2	21.6	16.6	16.7
Marketing expenses (% of revenue)	16.7	18.1	18.1	17.7	17.3	18.5	20.2	21.4
Basic earnings per share (SEK)	1.31	1.24	1.66	2.27	2.20	1.96	1.36	1.44
Diluted earnings per share (SEK)	1.31	1.24	1.66	2.27	2.20	1.96	1.36	1.44
Equity per share (SEK)	34.95	33.04	35.51	33.16	30.99	29.55	29.79	26.49
Executed dividend/redemption per share (SEK)	0.00	3.89	0.00	0.00	0.00	2.84	0.00	0.00
Equity/assets ratio (%)	59	61	63	61	58	55	57	54
Return on equity (%)	4	4	5	7	7	7	5	5
Return on total capital (%)	3	3	4	5	5	4	3	3
Return on capital employed (%)	3	4	4	5	6	6	4	4
Net debt (SEK m)	478	692	467	612	826	1,173	970	1,208
Shares								
Average share price (SEK)	51.32	65.00	78.62	72.19	69.08	60.45	66.06	64.46
Share price at end of period (SEK)	46.65	56.80	70.53	73.00	68.48	54.38	63.12	60.50
Highest share price (SEK)	58.70	76.28	88.86	82.47	81.80	69.50	70.40	76.00
Lowest share price (SEK)	46.30	54.20	70.02	63.51	51.61	52.57	60.04	57.70
Number of shareholders at end of period	26,139	26,720	27,059	28,636	30,555	36,581	38,158	40,009
Number of shares outstanding at end of period (million)	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4
Number of shares at end of period (million)	144.5	144.5	144.5	144.5	144.5	144.5	144.5	144.5
Personnel								
Average number of employees	1,526	1,494	1,496	1,531	1,584	1,612	1,679	1,867
Number of employees at end of period	1,588	1,577	1,542	1,547	1,505	1,547	1,567	1,873

CUSTOMERS

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Registered customers (000's)	14,865	14,595	14,304	14,010	13,743	13,457	13,288	12,993
Active customers (000's)	632	659	687	669	687	692	608	615

CUSTOMER DEPOSITS

SEK m	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Customer deposits	3,657.8	3,675.1	3,920.9	4,030.5	4,153.7	3,906.1	3,450.5	3,564.4
Customer deposits, all gaming solutions	4,937.0	4,662.0	4,740.8	5,017.6	4,853.4	4,664.7	4,190.3	4,362.4

SPORTSBOOK DATA

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Gross turnover, all gaming solutions (SEK m)	6,178.9	6,157.3	6,356.3	6,300.9	6,151.3	6,226.5	5,773.1	5,965.4
of which gross turnover live betting (SEK m)	4,549.2	4,299.4	4,252.3	3,984.8	4,089.2	4,072.5	3,904.8	4,126.0
Sportbook margin after free bets (%)	7.8	7.8	6.3	7.3	7.4	6.3	6.6	8.2
Revenue (SEK m)	314.6	341.0	297.8	341.4	338.9	300.2	263.5	359.3

REVENUE BY PRODUCT

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Revenue (SEK m)								
Casino	942.2	917.8	1,012.8	1,071.7	1,066.3	1,016.6	922.8	867.3
Sportsbook	314.6	341.0	297.8	341.4	338.9	300.2	263.5	359.3
Other products	18.4	18.9	20.0	23.5	21.6	29.6	23.6	29.8
Total	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Share of total revenue (%)								
Casino	74	72	76	75	75	76	76	69
Sportsbook	25	27	22	24	24	22	22	29
Other products	1	1	2	1	1	2	2	2

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Growth, compared with previous quarter (%)								
Casino	3	-9	-5	1	5	10	6	-0
Sportsbook	-8	15	-13	1	13	14	-27	31
Other products	-3	-6	-15	9	-27	25	-21	-13
Total	-0	-4	-7	1	6	11	-4	6

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Growth, compared with same period previous year (%)								
Casino	-12	-10	10	24	22	16	12	5
Sportsbook	-7	14	13	-5	23	17	5	36
Other products	-15	-36	-15	-21	-37	-35	-18	-2
Total	-11	-5	10	14	21	14	10	12

REVENUE BY REGION

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Sportsbook (SEK m)								
Nordics	111.4	140.2	132.1	170.4	165.8	139.0	130.2	190.6
Western Europe	34.9	38.2	41.3	30.5	35.6	43.2	34.0	45.3
Central & Eastern Europe and Central Asia	118.0	107.4	85.1	109.4	91.2	78.2	83.2	102.1
RoW	50.3	55.2	39.3	31.1	46.3	39.8	16.1	21.3
Total	314.6	341.0	297.8	341.4	338.9	300.2	263.5	359.3
Casino (SEK m)								
Nordics	360.3	374.3	443.0	482.7	493.7	471.3	428.9	405.5
Western Europe	357.5	349.4	387.2	417.4	400.5	385.8	345.0	305.3
Central & Eastern Europe and Central Asia	194.1	168.8	153.9	151.8	146.0	132.0	128.0	134.5
RoW	30.3	25.3	28.7	19.9	26.1	27.5	20.9	22.0
Total	942.2	917.8	1,012.8	1,071.8	1,066.3	1,016.6	922.8	867.3
Total, for all products, per region (SEK m)								
Nordics	476.7	519.3	580.6	659.3	668.2	621.9	568.3	606.6
Western Europe	396.7	392.2	430.8	455.1	446.2	443.5	390.0	362.2
Central & Eastern Europe and Central Asia	319.6	284.2	248.2	269.8	241.0	214.4	215.3	241.1
RoW	82.2	82.0	71.0	52.4	71.4	66.7	36.4	46.5
Total	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4
Share per region (%)								
Nordics	37	41	44	46	47	46	47	48
Western Europe	31	31	32	32	31	33	32	29
Central & Eastern Europe and Central Asia	26	22	19	19	17	16	18	19
RoW	6	6	5	3	5	5	3	4
Growth, compared with previous quarter (%)								
Nordics	-8	-11	-12	-1	7	9	-6	8
Western Europe	1	-9	-5	2	1	14	8	2
Central & Eastern Europe and Central Asia	12	15	-8	12	12	-0	-11	8
RoW	0	16	35	-27	7	83	-22	17
Growth, compared with same period previous year (%)								
Nordics	-29	-17	2	9	19	11	7	9
Western Europe	-11	-12	10	26	26	26	38	42
Central & Eastern Europe and Central Asia	33	33	15	12	8	-5	-15	-14
RoW	15	23	95	13	80	64	-2	75

SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Licence fees	129.9	123.8	128.0	129.7	132.8	127.7	117.7	116.6
Betting duties	88.4	90.6	84.6	73.6	69.4	62.1	56.6	56.2
Affiliates and partners commission	100.1	97.7	109.0	114.6	117.5	108.2	96.1	102.1
Other cost of services provided	126.0	106.7	110.0	100.6	97.6	80.5	75.3	78.6
Total	444.4	418.8	431.5	418.5	417.3	378.5	345.6	353.5

SPECIFICATION OF AMORTISATION AND DEPRECIATION

SEK m	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Depreciation property, plant, and equipment	13.0	11.9	12.0	11.9	12.1	11.7	10.0	10.2
Depreciation right-of-use assets	13.1	12.5	12.8	-	-	-	-	-
Amortisation intangible fixed assets (whereof amortisation of capitalised development costs)	65.6	66.1	65.8	66.0	71.2	67.2	61.3	60.2
Total	91.7	90.5	90.6	77.9	83.3	78.9	71.3	70.4

ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Reported revenues	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4
- Revenue from acquisitions ¹	-	-	-	-	-	0.0	-53.5	-74.1
- Currency effects	-11.5	8.4	-25.8	-29.9	-54.4	-36.0	-7.4	48.2
Organic revenues	1,263.7	1,286.1	1,304.8	1,406.7	1,372.4	1,310.4	1,149.1	1,230.5
Organic growth (YoY)	-11%	-4%	8%	12%	16%	11%	4%	10%
Reported growth (YoY)	-11%	-5%	10%	14%	21%	14%	10%	12%
Reported operating income (EBIT)	212.5	196.9	255.2	341.5	340.2	300.7	211.4	218.4
- Result from acquisitions ¹	-	-	-	-	-	0.0	15.2	15.5
- Currency effects	1.1	24.0	17.4	24.3	20.9	10.5	15.3	34.0
Organic operating income	213.6	220.9	272.6	365.8	361.1	311.2	241.9	267.9
Organic growth (YoY)	-37%	-27%	29%	68%	67%	50%	0%	1%
Reported growth (YoY)	-38%	-35%	21%	56%	57%	45%	-12%	-18%

¹ For 2018 Q1, NetPlay and Premier Casino.

2017 Q4, Racebets, NetPlay and Premier Casino.

EBITDA RECALCULATED UNDER IFRS 16

SEK m	Q1 2019	Q2 2019	Q3 2019
EBITDA recalculated under IFRS 16	345.8	287.4	304.2
Reversed rental costs previously recognized under IAS 17	13.4	13.5	14.0
EBITDA previously accounting principles	332.4	273.9	290.2
EBITDA margin recalculated under IFRS 16	26.0	22.5	23.9
EBITDA margin previously accounting principles	24.9	21.4	22.8

APPENDIX

ACCOUNTING POLICIES

Betsson complies with IFRS standards and interpretations (IFRIC) as adopted by the EU. This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with RFR 2.

The accounting policies applied are consistent with those presented in the Annual Report for 2018. Detailed information about the Group's accounting and valuation principles can be found in the Annual Report for 2018 (Note 2), which is available on www.betssonab.com or at the Company's head office.

As of 1 January 2019 IFRS 16 Leasing is applicable.

IFRS 16 Leases require that assets and liabilities attributable to all leases, with some exceptions, to be reported in the balance sheet. This accounting is based on the view that the lessee has a right-to-use an asset during a specific period of time and at the same time an obligation to pay for this right. IFRS 16 Leases replaces IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard is applicable for fiscal years commencing January 1, 2019 or later and is adopted by the EU.

Betsson is doing the modified retrospective method and the major part of leases relates to rental of properties within the Group. The calculation of net present value of contracts in scope for IFRS 16 Leases amounts to SEK 143 million as an opening balance. The incremental borrowing rate ranges between 3-7,5 % for the legal units.

This interim report refers to certain key performance indicators, which Betsson and others use when evaluating the performance of Betsson. These are referred to as alternative performance measures (APMs) and are not defined under IFRS. The figures give management and investors important information in fully enabling of analysis Betsson's business and trends. The APMs are not meant to replace but to complement the performance measures defined under IFRS.

RISKS

The gambling industry is largely regulated and different political decisions, interpretations of law and developing regulation in various states can significantly affect Betsson's earnings and financial position. Betsson operates its businesses under gaming licenses issued in Malta, as well as in Denmark, Estonia, Georgia, Great Britain, Germany, Ireland, Italy, Latvia, Lithuania, Spain and Sweden, where national governments have regulated the industry, necessitating businesses to obtain licenses in order to operate gambling in the territory.

New gaming regulation came into effect on 1 January 2019 in Sweden. The Swedish regulator granted four licenses to Betsson operating subsidiaries to offer online gambling and betting to Swedish consumers under the Betsson, Betsafe, NordicBet and Sverigeautomaten brands respectively. In light of the Swedish government not being satisfied with the industry's efforts in self-regulating as regards "moderate advertising", there is a risk that the government will push for severe restrictions on or even a ban on gambling advertising in Sweden. The local regulator has also applied a very wide interpretation of the bonus prohibition under the new law, which led to Betsson operational subsidiary NGG Nordic Ltd being fined SEK 19 million in June 2019 for its alleged breach of the bonus rules. NGG Nordic Ltd has appealed the fine decision.

Pressure continues to be put on EU/EEA countries to adapt their national legislation to comply with applicable EU law, and while a number of states have already successfully reregulated the industry and others have announced that they are working on new legislation in line with the EU framework, a number of others are lagging behind, either having reregulated in ways which challenge the European framework or not yet having taken concrete steps towards re-regulation.

Since 2010, Norway has implemented a prohibition against the execution of payments for gaming arranged outside Norway. This negatively affects banks in particular, as providing redemption services in conjunction with the payment of gaming via credit, and payment cards with foreign gaming companies is prohibited. Betsson's assessment is that this legislation is in conflict with EU law. Norway has also notified to the EU Commission a proposal of amendments in the Norwegian Broadcasting Act. The proposed amendments aim to give to the local media authority the right to issue orders to prevent or impede illegal marketing of gambling services that are transmitted via television or on-demand audiovisual media services. In Betsson's view the proposal is contrary to EU law.

The adoption of the Remote Gambling Bill in the Netherlands in February 2019 was a positive milestone. It was a step forward for the Dutch market and consumers, as well as a positive development for Betsson towards locally regulated revenues. Licensing under the new law is expected to start from 1 July 2020, with the online gambling market opening on 1 January 2021. Gaming tax will be applicable at the rate of 29% + 2% fees of GGR, in total 31%. Together with the new law, the Senate passed a motion instructing the government to apply a cooling off period of two years for "illegal operators", i.e. those who have actively targeted the Dutch market through local payment instruments such as iDeal, advertising aimed at the Netherlands or through use of a Dutch domain name. The motion will be formalised by way of a policy rule on integrity assessment of applicants to be issued by the Dutch regulator (KSA). The KSA published its draft policy rule in July 2019 suggesting that in assessing applicant integrity they would consider the two years prior to the license application date.

Betsson's understanding at this time is that: (i) international operators currently in the market are eligible for a Dutch license but such license may be applied for and issued with a delay reflecting the two-year cooling off period; (ii) cooling off is not intended to be a blackout period. Betsson operational subsidiaries have taken swift measures to be in the best possible position to obtain a license at the earliest possible time. The measures include adjustments to the product offering, rebranding and payment solutions. Whilst Betsson expects this to have short term negative financial impact in the Netherlands, the measures ensure a sustainable outlook for the Dutch business and are long-term investments. Betsson continues to monitor these developments carefully to ensure compliance with EU law.

In March 2019, German state ministers approved amendments to the Interstate Treaty thereby establishing an interim sports-betting licensing regime from January 1, 2020. The amendments also lifted the cap on licenses in preparation for a future agreement on a more permanent regime from June 2021 onwards. However, the draft amendments maintain a federal ban on online casino set in 2012, with the exception of Schleswig-Holstein (where

online casino licenses already granted continue for the interim period), in addition to restriction on live betting and setting monthly wagering limits for players. While Betsson continues to follow developments in Germany, it maintains the view that the federal casino ban under German continues to be in breach of EU law.

When new legislation is adopted it is often unclear if the state would impose settlement of previous obligations relating to historical situations, or the size of any such obligation.

In December 2018, Italian legislator approved the government's last-minute proposals to hike online and land-based taxes in an attempt to balance its budget. With effect from 1 January 2019, tax for online games increased from 20 to 25 percent of GGR.

In 2007, Turkey introduced legislation against internet gaming that did not fall within the local regulatory framework and it reinforced parts of this legislation in 2013. A Betsson associate, which has its own gaming license in Malta and is owned and managed separately, accepts that Turkish gamblers bet under this license. Pursuant to the legal situation described above, income originating from Turkey can be regarded as comprising a higher operational risk than income from other markets.

Seasonal variations can significantly affect the Company's operations during periods of lower gaming activity and fluctuating results in different sporting events. Economic fluctuations have not affected the operations to any significant degree. Betsson is an international company with operations that are constantly exposed to various currencies. Changes in exchange rates affect Group income.

For a more detailed description of the risks mentioned above and other risks and uncertainties, please refer to the Annual Report for 2018.

CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

Income Statement (average rate during the period)

	2019	2018	Δ
EUR/SEK	10.5660	10.2350	+3.2%
GBP/SEK	11.9620	11.5740	+3.4%
GEL/SEK	3.3820	3.4477	-1.9%
NOK/SEK	1.0801	1.0671	+1.2%
TRY/SEK	1.6680	1.9021	-12.3%

Balance Sheet (closing rate)

	9/30/2019	9/30/2018	Δ
EUR/SEK	10.7287	10.2945	+4.2%
GBP/SEK	12.0696	11.5746	+4.3%
GEL/SEK	3.3109	3.3952	-2.5%

TRANSACTIONS WITH RELATED PARTIES

No significant transactions took place between Betsson and related parties that affected Betsson's financial position and performance in the period. The extent and nature of transactions with related parties in the period are consistent with previous year's transactions with related parties, as described in the 2018 annual report.

NOMINATION COMMITTEE AND ANNUAL GENERAL MEETING 2020

In accordance with a resolution at Betsson's Annual General Meeting on 7 May 2019, the members of the Nomination Committee for the 2020 Annual General Meeting have been appointed:

John Wattin, appointed by the Hamberg family and Hamberg Förvaltning AB, Michael Knutsson, appointed by Knutsson Holdings AB, Christoffer Lundström, appointed by Novobis AB and the Lundström family, and Patrick Svensk, Chairman of the Board of Betsson AB.

The Nomination Committee's assignment is to propose prior to the 2020 Annual General Meeting the number of Board members that should be elected at the Meeting, their fees, the composition of the Board, the Chair of the Board of Directors and the Chair of the Annual General Meeting. Furthermore, the Nomination Committee should propose new instructions for the Nomination Committee for the next annual general meeting.

The Annual General Meeting of shareholders in Betsson AB will be held on Tuesday, 28 April 2020, in Stockholm (time and place to be announced at a later date). Shareholders who would like to make proposals to the Nomination Committee may do so by email to info@betssonab.com or by post to Betsson AB, Nomination Committee, Regeringsgatan 28, 111 53 Stockholm, Sweden.

ABOUT BETSSON

Betsson AB (publ) is a holding company that invests in and manages fast-growing companies within online gaming. The company is one of the largest in online gaming in Europe and has the ambition to outgrow the market, organically and through acquisitions. This should be done in a profitable and sustainable manner, primarily in locally regulated markets. Betsson AB is listed on Nasdaq Stockholm Large Cap (BETS).

Betsson's operational subsidiaries' vision is to deliver the best customer experience in the industry. They offer casino, sportsbook and other games via gaming licences in twelve countries in Europe and Central Asia. The business model is to offer gaming under multiple brands, including Betsson, Betsafe, NordicBet and Casinoeuro. The brands are operated on a proprietary platform, which is the core of the offer and the customer experience.

Being a responsible operator in relation to customers, suppliers, authorities, investors and other stakeholders is a cornerstone of the Betsson's business. Betsson is a member of the European Gaming and Betting Association (EGBA), ESSA (Sports Betting Integrity) and G4 (The Global Gambling Guidance Group).

Learn more about the Group on www.betssonab.com

The name Betsson is used in this interim report to describe the entire business that is operated by the operational subsidiaries.

GLOSSARY AND DEFINITIONS

Active customers: Number of customers who have played on any of Betsson's gaming sites in the past three months, without any deposit requirement.

All gaming solutions: In the term All Betsson's gaming solutions, KPIs attributable to Betsson are consolidated with KPI's attributable to B2B associates.

Average number of employees: Number of employees expressed as full-time equivalent (full year's work).

Average number of shares outstanding: Weighted average number of shares outstanding.

Betting duties: Includes point of consumption tax attributable to local licences to operate gaming. Fixed fees for gaming licences are not included.

Deposits: Customers' deposits to gaming accounts.

Dividend per share: Actual/proposed dividend. Includes share redemption programmes.

Earnings per share after dilution: Net income, divided by the weighted average number of shares outstanding during the year, adjusted for additional number of shares for options with dilutive effect.

Earnings per share: Net income in relation to the average number of shares outstanding.

EBITDA: Income before financial items, taxes, depreciation and amortisation.

EBITDA margin: Income before financial items, taxes, depreciation and amortisation as percent of revenue.

Equity per share: Equity as a percentage of the number of shares outstanding at the end of the period.

Equity/assets ratio: Equity at the end of the period as a percentage of the balance sheet total at the end of the period.

Gross profit: Revenues, as above, less commission to partners and affiliates, betting duties, licensing fees to games suppliers, payments to payment suppliers and fraud (unapproved payments).

Mobile revenue: Revenues customers using mobile devices.

Net debt: Financial liabilities (bond, bank and remaining purchase considerations from acquisitions) less Cash and cash equivalents.

Number of employees: Number of employees on last month's payroll.

Number of shareholders: Number of direct shareholders and shareholders listed through a nominee shareholder registered in the shareholder register kept by Euroclear Sweden AB.

Number of shares outstanding: Number of shares outstanding (excluding repurchased shares) at the end of the period.

Operating income (EBIT): Income before financial items and taxes.

Operating margin (EBIT): Operating income as a percentage of revenue.

Operational expenses: Includes expenses for marketing, personnel, other external expenses, amortisation and depreciation, capitalized development costs and other operating income/expenses.

Organic: Excluding effects from currency fluctuations, in relation to the comparable period, and contribution from acquired entities over the past 12 months.

Profit margin: Income before taxes as a percentage of revenue.

Revenues: Revenues from gaming business is reported after payment/payout of players' winnings, with deductions for jackpot contributions, loyalty programs and bonuses and other operating income. Licence fees from B2B partners consists of invoiced revenue for providing technical platforms for external gaming operators.



FINANCIAL CALENDAR

Year-end report and Q4 2019:	13 February 2020
January-March and Q1 2020:	23 April 2020
Annual General Meeting	28 April 2020
January-June and Q2 2020:	21 July 2020
January-September and Q3 2020:	23 October 2020
Year-end report and Q4 2020:	9 February 2021

INFORMATION ON THE PRESENTATION

Betsson invites media, analysts and investors to Betsson's office in Regeringsgatan 28, Stockholm, Sweden on Thursday, 24 October, 2019 at 09:00 CET, for the presentation of the interim report with CEO Pontus Lindwall and CFO Martin Öhman.

The presentation is held in English and is followed by a Q&A session. It is also available via webcast and conference call.

To participate by phone, please dial:

UK: +44 33 33 00 08 04

SE: +46 8 56 64 26 51

US: +1 63 19 13 14 22

Please use the confirmation Code: 21567089#

To watch the webcast, visit www.betssonab.com or
<https://edge.media-server.com/mmc/p/mbv4x7pf>



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