

Betsson AB (publ) interim report July - September 2020

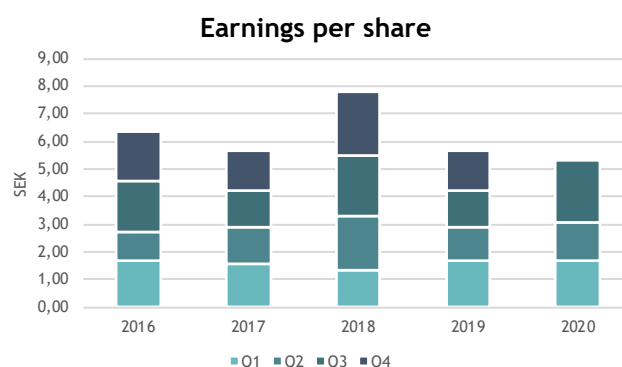
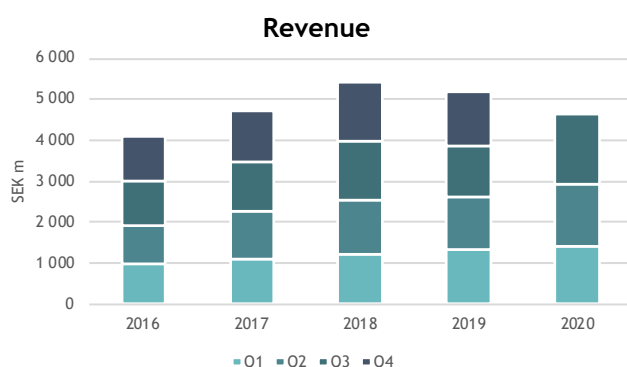
“Strong revenue growth while investing in new geographies”

QUARTER JULY - SEPTEMBER 2020

- Group revenue was SEK 1,676.7 (1,275.2) million, an increase of 31% with an organic increase of 27%.
- Casino revenue increased by 39%. Sportsbook revenue increased by 12% and the sportsbook margin was 7.0% (7.8%).
- Operating income (EBIT) was SEK 329.1 (212.5) million, an increase of 55%, the EBIT margin was 19.6% (16.7%).
- Operating cash flow was 494.6 (307.0) million, an increase of 61%.
- Betsson acquired 70% of the Colombian operator Colbet including licence in Colombia.
- Active customers increased by 46% to 920,045 (632,162).
- In July, SEK 393.6 million was distributed to shareholders in the form of a redemption programme.

PERIOD JANUARY - SEPTEMBER 2020

- Group revenue was SEK 4,627.0 (3,883.5) million, an increase of 19% with an organic increase of 15%.
- Operating income (EBIT) was SEK 807.4 (664.6) million, an increase of 21%. The EBIT margin was 17.4% (17.1%).
- Net income was SEK 713.0 (582.7) million, corresponding to SEK 5.30 (4.21) per share.
- Operating cash flow was SEK 1,160.4 (912.6) million, an increase of 27% compared to the same period last year.



KEY DATA

SEK m	Q3 2020	Q3 2019	Δ	Jan-Sep 2020	Jan-Sep 2019	Δ	Jan-Dec 2019
Revenue	1,676.7	1,275.2	31%	4,627.0	3,883.5	19%	5,173.0
Gross profit	1,085.8	830.8	31%	2,988.2	2,588.8	15%	3,427.6
EBITDA	416.6	304.2	37%	1,073.7	937.5	15%	1,229.7
EBITDA margin %	24.8	23.9	-	23.2	24.1	-	23.8
Operating income (EBIT)	329.1	212.5	55%	807.4	664.6	21%	865.0
EBIT margin %	19.6	16.7	-	17.4	17.1	-	16.7
Net income	290.6	181.8	60%	713.0	582.7	22%	787.1
Earnings per share (SEK)	2.22	1.31	69%	5.30	4.21	26%	5.69
Operating cash flow	494.6	307.0	61%	1,160.4	912.6	27%	1,150.3
Casino revenue	1,306.5	942.2	39%	3,607.0	2,872.8	26%	3,837.0
Sportsbook gross turnover	7,827.1	6,178.9	27%	19,490.7	18,692.5	4%	25,927.8
Sportsbook revenue	352.6	314.6	12%	963.9	953.4	1%	1,265.0
Sportsbook margin after free bets %	7.0	7.8	-	7.5	7.3	-	7.2
Deposits	7,554.0	4,937.0	53%	19,887.5	14,339.8	39%	19,851.6
Active customers (number of)	920,045	632,162	46%				



Pontus Lindwall  
President and  
CEO Betsson AB

## CEO COMMENT

### "Strong revenue growth while investing in new geographies"

"Betsson presented another strong result in the third quarter. The last two quarters have been defined by extraordinary challenges for everyone. Despite this, Betsson has both expanded into new markets and developed new products and features. The positive development is partly attributable to the increased demand for digital entertainment through the pandemic. The online gambling industry has more clearly than ever demonstrated its resilience to market fluctuations during the pandemic when compared to many other sectors. Betsson has a unique position in being more resilient than the sector average due to the Company's diversified product and brand portfolio, global footprint and strong finances.

Betsson's strong corporate culture has continued to support the performance of the organisation during the pandemic. I am immensely proud of all the 'Betssonites' who rapidly adapted to the new circumstances with sustained productivity and service levels to our customers.

Sporting events were finally back on the agenda in the quarter and, together with robust performance in casino, contributed to setting record revenue levels for the second consecutive quarter. It is pleasing to see that a large part of the customers who have discovered the attraction of online gambling during the lockdown and have continued gambling on digital devices even though many land-based casinos have opened again. This highlights that our ongoing delivery of our ambition of creating the best user experiences through new functions, new design, higher speed and a broader offering leads to the retention of both existing and new customers.

Betsson profited from solid growth continuing across all regions and I am particularly pleased to see a return of organic growth in the Nordics again, with the star performer being the new 'pay and play' brand Jalla Casino, launched in Sweden in April. To ensure and maintain the safety of the customer during the pandemic, Betsson proactively increased vigilance with respect to responsible gambling. The number of interactions and interventions has increased significantly compared to the previous quarters.

Betsson has a strong financial position, a diversified portfolio with a global footprint, strong brands with local expertise, flexible and scalable proprietary technology, along with highly dedicated and talented teams. I look forward, with confidence, to the future of both B2C and Betsson's ambitions in B2B as a sportsbook supplier."

Founded in

1963



Betsson AB's share is listed at Nasdaq Stockholm Large Cap

Ticker: BETS B



Betsson Group operates 20 brands

15

Licensed for gaming in 15 jurisdictions



Betsson Sweden launched a brand-new show production studio from where its new ice hockey show, SHL Playbook, is recorded.

## SIGNIFICANT EVENTS AND OUTLOOK

### SIGNIFICANT EVENTS DURING THE QUARTER

Betsson acquired 70% of the Colombian operator Colbet. The acquisition gives Betsson access to a licence in Colombia which is the first country in South America with a regulation for online gambling. Details can be found under the 'Acquisitions 2020' section on page 23 in this report.

Betsson has obtained an online casino licence and launched in Croatia with the Rizk brand.

The Suaposta brand (Brazil) has been migrated onto Betsson's platform and enables Betsson to provide customers in Brazil with a broad offering of betting on national and international horse racing in Brazil. Suaposta was, as part of this process, rebranded to Betsson.

### UPDATE ON THE IMPACT OF COVID-19

Measures have been taken to actively manage risks related to the virus. The key priority is the safety of the Group's employees, its customers and communities. Remote working was initiated in mid-March to support the health and safety of both the employees and people in the communities. Remote working is still offered in the areas where the Company operates and where the regulators have introduced such guidelines to minimise the risk of spreading the virus. The whole business is operating well and the Betsson employees have delivered products and services with dedication, to the same high quality and standards as prior to this extraordinary situation.

In recognition of the particular circumstances related to the covid-19 pandemic, Betsson has increased its Responsible Gambling interactions (manual, automatic and through real-time notifications) from 26,300 in the first quarter 2020, to 55,300 in the second quarter, to 91,800 in the third quarter, proactively alerting on any problem gambling behaviour. Customers were informed of potential risks of gambling and advised of tools to help them remain in control.

# 91 800

Responsible Gambling interactions

### SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Betsson has been reducing its business in the UK continuously for the last few years, including closing its UK office at the end of 2018. Betsson has, as part of its strategy, decided to further consolidate its UK business to focus on growing one single brand (Rizk). The Group has to date operated with nine brands, on three different platforms, and under four licences in the UK market. This initiative will increase efficiency and have a positive impact on the group's profit. It will also enable resources to be reallocated for profitable growth in other markets. The other eight brands will be retained in the Group's portfolio for use in other markets and therefore there will be no need for write-down of goodwill or trademark.

Betsson's market share in the UK is relatively small with revenues currently representing approximately 3% of Group revenue. The UK regulatory framework has undergone significant changes in the past few years, requiring extensive investments both in technology, regulatory compliance as well as marketing, which is not sustainable with the Group's current UK setup. Three of the Group's four licences were therefore handed back to the UK Gambling Commission (UKGC) with effect from 21 October 2020. One of these licences was under review with the UKGC.

### TRADING UPDATE

This trading update is an indication of how the fourth quarter has started, however it is not a revenue forecast.

The average daily revenue in the fourth quarter 2020 until 18 October was 45% (46% organic) higher than the average daily revenue of the full fourth quarter 2019. The increase is partly explained by an unusually high sportbook margin during the period.

At present, it is hard to draw any short to mid-term conclusions on the revenue development due to the uncertainty of overall impact and duration of the corona crisis together with regulatory changes in key markets.

## LONG TERM OUTLOOK

The gambling industry is constantly changing, Betsson's assessment is that the increasingly higher part of revenues from locally regulated markets will impact operating profit as betting duties increase, together with new rules for various limits such as deposits, playing time and marketing. New market conditions mean that Betsson continuously adapts its business model and at the same time evaluates both new markets and opportunities in order to grow revenue and earnings and minimise risk.

Betsson is a company with a long term view, which over time, has delivered consistent growth with an ability to generate good returns. The Company has, during its long history shown stronger growth than the market, this aim remains its long term goal. Delivering Betsson's vision of creating the best user experiences is a key success factor in driving organic growth, while acquisitions will be enabled by an efficient organisation, strong cash flow and a robust financial position.

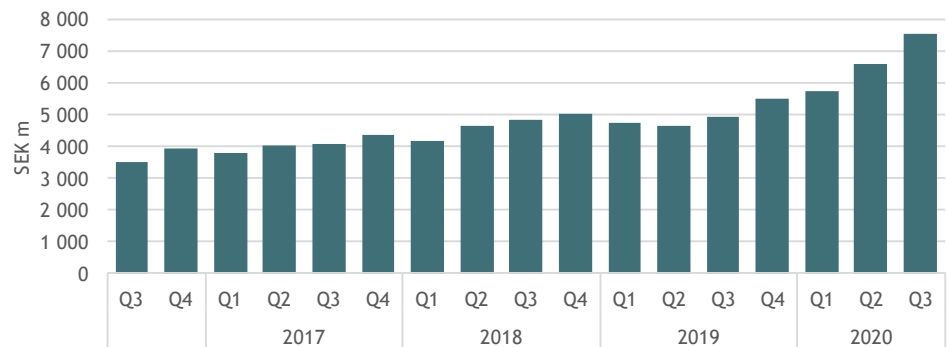
## CUSTOMER ACTIVITY

Customer deposits in all operational subsidiaries' gaming solutions during the quarter were SEK 7,554.0 (4,937.0) million, an increase of 53%.

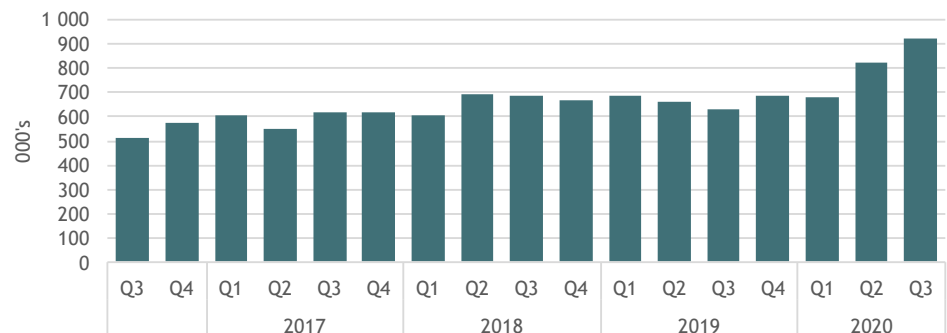
By the end of the third quarter, the number of registered customers was 19.1 (14.9) million, an increase of 28%.

Active customers during the quarter were 920,045 (632,162), an increase of 46%.

### Customer deposits



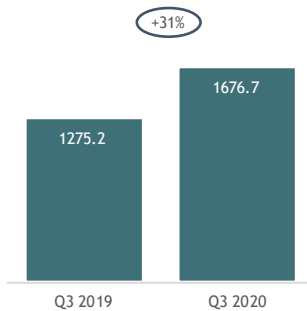
### Active customers



# 46%

Increase of active customers

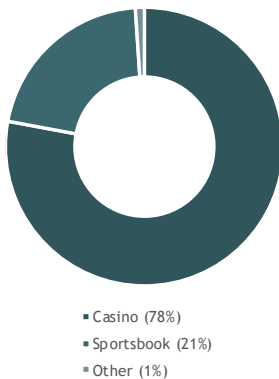
## Revenue (msek)



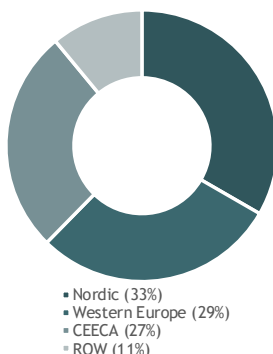
# 76%

Share of mobile revenue

## Revenue by product



## Revenue by region



## REVENUE AND EARNINGS

### REVENUE FOR THE QUARTER

Group revenue was SEK 1,676.7 (1,275.2) million, an increase of 31%, of which 27% was organic. All regions showed growth, both reported and organically. Currency fluctuations had a negative effect on revenue of SEK 146.7 million compared with the third quarter 2019.

Mobile revenue was SEK 1,271.5 (919.1) million, representing 76% (72%) of total revenue.

Licence revenue for system delivery to the gaming operator Realm Entertainment Ltd. (Realm) was SEK 260.8 (137.6) million and corresponded to 16% (11%) of Group revenue. The increase is mainly due to enhanced performance in the products delivered by Betsson. Currency fluctuations had a negative impact on licence revenues of SEK 84.7 million compared with the third quarter 2019.

Locally taxed revenue from markets where Betsson pays local betting duties, increased by 33% compared to the third quarter last year and was SEK 607.0 (456.6) million, corresponding to 36.2% (35.8)% of total Group revenue.

### Revenue by product

Casino revenue was SEK 1,306.5 (942.2) million, an increase of 39%, with 29% organic growth. Casino represented 78% (74%) of Group revenue.

Mobile Casino revenue was SEK 984.1 (666.7) million and accounted for 75% (71)% of total casino revenue.

Gross turnover in sportsbook in all Betsson's gaming solutions, was SEK 7,827.1 (6,178.9) million, which is an increase of 27% compared to the third quarter last year. Organic gross turnover increased by 48%.

Sportsbook revenue in the third quarter was SEK 352.6 (314.6) million, an increase of 12% with an organic increase of 23%. Sportsbook represented 21% (25%) of Group revenue.

The sportsbook margin was 7.0% (7.8%). The eight-quarter rolling average margin was 7.3%.

Mobile sportsbook revenue was SEK 281.1 (253.7) million, representing 80% (81%) of total sportsbook revenue.

Revenue from other products was SEK 17.6 (18.4) million, a decrease of 4%, representing 1% (1%) of total revenues.

### Revenue by region

Revenue from the Nordics was SEK 558.9 (476.7) million, an increase of 17%, of which 5% was organic.

Revenue from Western Europe was SEK 486.5 (396.7) million, an increase of 23%, of which 3% was organic.

Revenue from Central & Eastern Europe and Central Asia (CEECA) was SEK 447.1 (319.6) million, an increase of 40%. The organic growth was 72%.

Revenue from RoW was SEK 184.2 (82.2) million an increase of 124%. The organic growth was 97%.

## REVENUE AND GROSS PROFIT FOR THE PERIOD

Group revenue for the first nine months 2020 amounted to SEK 4,627.0 (3,883.5) million, an increase of 19% with an organic growth of 15%. Gross profit amounted to SEK 2,988.2 (2,588.8) million.

### Group revenue



## EXPENSES FOR THE QUARTER

Cost of services provided was SEK 590.9 (444.4) million. The organic cost of services provided was SEK 527.8 million. This cost line item is mainly volume driven and correlates with revenue.

Gross profit was SEK 1,085.8 (830.8) million, corresponding to a gross profit margin of 64.8% (65.2%).

Operating expenses were SEK 756.7 (618.3) million and the organic operating expenses were SEK 684.5 million.

Marketing expenses were SEK 282.5 (213.3) million and the organic marketing expenses were SEK 226.0 million.

Personnel expenses were SEK 232.3 (192.2) million and the organic personnel expenses were SEK 229.1 million. The average number of full-time employees in the Group during the third quarter was 1,710 (1,526) of which 1,070 (942) were based in Malta. The increase in personnel expenses is due to both investments in technology and geographic expansion, plus the employees added as a result of the acquisitions in the second and third quarter 2020.

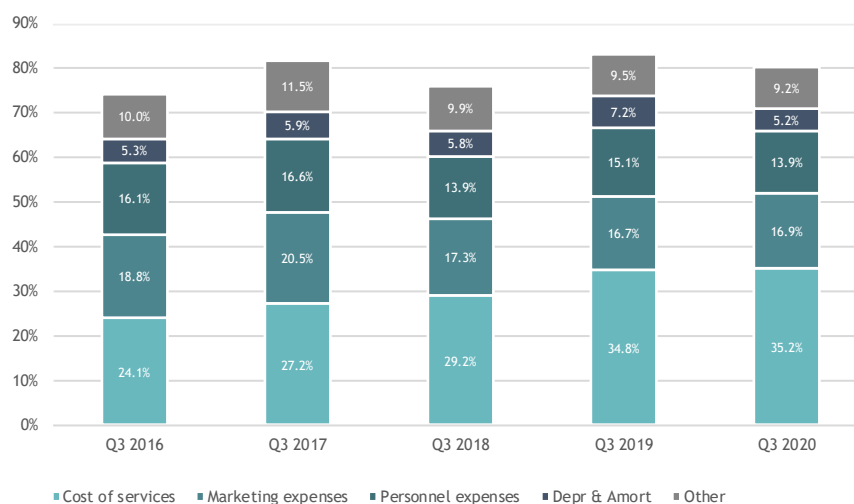
In addition, the Group employed 217 (158) full-time consultants during the quarter, mainly within product development. The cost of consultants is recognised under other external expenses.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, were SEK 214.4 (171.2) million. The organic other external expenses were SEK 202.9 million. The external costs reflect investments in technology and geographic expansion, plus the costs in conjunction with the acquisitions in the second and third quarter 2020.

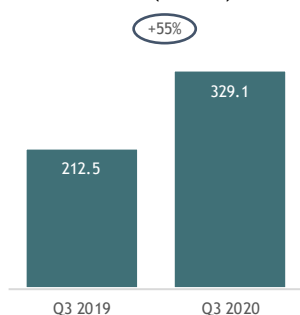
Capitalised development costs were SEK 60.7 (51.5) million. Amortisation of capitalised development costs was SEK 52.8 (55.8) million. See table on page 20. Total amortisation and depreciation for the quarter was SEK 87.5 (91.7) million.

Average FTE	Q3 2020	Q3 2019
Employees	1,710	1,526
Contractors	217	158

## Costs as a percentage of revenues



## EBIT (msek)



## EARNINGS FOR THE QUARTER

Operating income (EBIT) was SEK 329.1 (212.5) million with an operating margin of 19.6% (16.7%). The improved margin is driven by revenue growth. The organic operating income was SEK 404.7 million, which corresponds to an increase of 90% compared to the same period last year.

Net financial items were SEK -15.1 (-15.6) million and are primarily related to interest costs.

Net income was SEK 290.6 (181.8) million, corresponding to SEK 2.22 (1.31) per share.

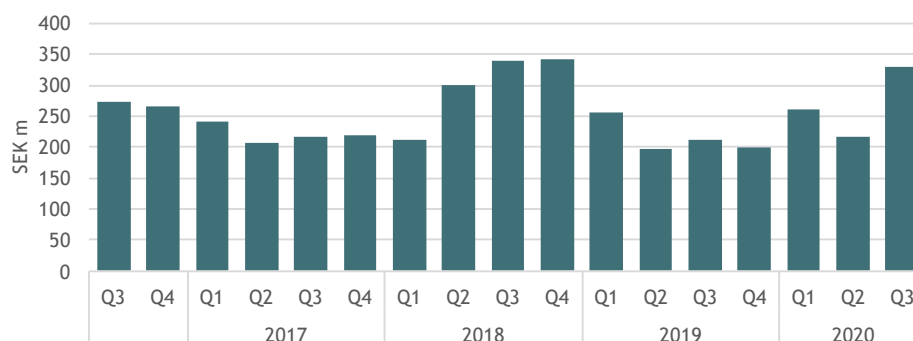
The reported corporate tax for the third quarter was SEK 23.4 (15.2) million, corresponding to 7.5% (7.7%) of profit before taxes.

The effective tax rate may fluctuate between quarters depending on the tax base in the countries where Betsson has subsidiaries. For example, corporate 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 2020 amounted to SEK 807.4 (664.6) million. Net income amounted to SEK 713.0 (582.7) million, corresponding to SEK 5.30 (4.21) per share.

## Operating income (EBIT)



## CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of September 2020 was SEK 962.5 (960.4) million. Customer liabilities, including reserves for accumulated jackpots, were SEK 495.1 (428.3) 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 533.8 (545.6) million. The balance varies as a result of activity depending on when deposits are made, and at the same time payment terms differ depending on which payment providers are used.

Cash flow from operating activities during the third quarter was SEK 494.6 (307.0) million including a positive impact of SEK 99.0 (65.8) million related to changes in working capital. Cash flow from financing activities was SEK -401.5 (234.6) million. The decrease is primarily explained by a dividend payment to shareholder in July this year of SEK 393.6 million and increase of a bond loan of SEK 251.1 million last year.

As at 30 September 2020, total available bank credit facilities were SEK 880.0 (880.0) million, of which SEK 248.1 (187.7) million were utilised.

### External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	248.1	551.9	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2021
Bond (SEK m)	990.0	990.0	0.0	Sep, 2022

## OTHER INFORMATION

### 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 and sports betting 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 2020 was SEK 6.9 (8.3) million, and net income was SEK -0.7 (-28.5) million.

Cash and cash equivalents in the Parent Company was SEK 353.6 (678.1) million.

### EQUITY

Equity in the Group was SEK 5,079.6 (4,837.7) million, corresponding to SEK 37.17 (34.95) per share.

### EMPLOYEES

In the end of the third quarter 2020, the Group employed 1,796 (1,588) employees representing 55 nationalities.

Betsson has three corporate values: One Betsson, Passion and Fair Play. These values set the tone for how employees should treat each other, customers, suppliers and other stakeholders, and for how employees should approach their work and assignments. Betsson's ambition is to be the best workplace in the industry embracing diversity. Diversity and equal opportunity are key topics included as a natural part of an innovative corporate culture. Skilled and engaged employees are a prerequisite in order to achieve the vision of providing the best customer experiences, new employees are hired based on skills, attitude and values. The Company believes the key to success is that people of different backgrounds and experience work well together towards a common goal, promoting knowledge-sharing and cooperation.



The Group has, over time, retained people in leading positions, enabling its consistent delivery of its long term strategic direction. To further inspire and support the people, leadership programmes, career development and other initiatives, are promoted to each employee.

## OWNERSHIP STRUCTURE AND SHARES OUTSTANDING

The Company's Series B shares are listed at Nasdaq Stockholm Large Cap list (BETS). At the end of the period, the Company had 25,010 (26,139) shareholders.

The total number of shares and votes in Betsson amounts to 144,493,238 and 287,692,238, divided into 15,911,000 A shares with ten votes each, 122,504,730 B shares with one vote each and 6,077,508 C shares with one vote each which may not be represented at general meetings of shareholders. Betsson's treasury shares were 1,763,400 B shares and 6,077,508 C shares.

### Shareholders as at 30 September 2020

Name	A shares	B and C shares	Votes (outstanding)	% Capital (total capital)	% Votes (votes outstanding)
Hamberg family and companies	5,098,500	-	50,985,000	3.5%	18.2%
Danske Bank International S.A	3,931,000	530,000	39,840,000	3.1%	14.2%
Knutsson family and companies	3,010,000	3,150,000	33,250,000	4.3%	11.9%
Lindwall, Berit	1,683,000	85,000	16,915,000	1.2%	6.0%
State Street Bank & Trust Co	-	13,718,915	13,718,915	9.5%	4.9%
Lundberg family and companies	1,323,500	90,600	13,325,600	1.0%	4.8%
DNB	-	10,604,155	10,604,155	7.3%	3.8%
JPM Chase	-	6,051,659	6,051,659	4.2%	2.2%
BNY Mellon NA	-	5,590,964	5,590,964	3.9%	2.0%
Lindwall, Pontus	415,000	615,000	4,765,000	0.7%	1.7%
Other	450,000	80,305,037	84,805,037	55.9%	30.3%
Betsson treasury shares	-	7,840,908	-	5.4%	0.0%
Total	15,911,000	128,582,238	279,851,330	100.0%	100.0%

## SUSTAINABILITY

For Betsson, a strategic approach to sustainability and corporate social responsibility is a prerequisite, Betsson's operational business strategy clearly stipulates that the Group should deliver sustainable growth with the customer in focus.

Betsson's sustainability framework stipulates five focus areas: The focus area *Business compliance* is the cornerstone of the framework since compliance with legislation and regulations in the different jurisdictions within which Betsson operates is fundamental for the Group's existence. The focus area *Responsible Gaming (RG)* is the core of Betsson's operations and a for long-term sustainable customer relations. Success in this area is crucial to maintaining trust among employees, investors, customers and authorities, therefore, the Company has far-reaching processes and tools in place, striving for the highest standard of support provided to customers. The customers are empowered to make their own choices and maintain a healthy relationship to gambling. The remaining focus areas in the framework are *Social impact*, *Employee impact* and *Carbon footprint*.

Responsible and safer gambling is one of the most important parts of Betsson's sustainability work. Two of the key factors of responsible gambling are giving players tools to control their gaming and employee training for tailored customer support.

Betsson has developed an analysis tool monitoring players' behaviour which is used to detect, prevent and manage gambling problems, while taking into consideration customers' rights and applicable standards of privacy and information security. Betsson's Responsible Gaming Prediction Tool monitors players' behaviour on an ongoing basis and assesses customers' risk profile as low, medium or high. Based on the result, a warning is sent to Betsson if potentially increased risk behaviour is detected. Trained employees can immediately intervene and decide on the best way of proceeding based on the customer profile, this includes discussing available tools for responsible gaming and the possibility of

the customer limiting their gaming or self-excluding. Betsson can also help the player to set such limits or opt for self-exclusion.

Betsson continues to deliver a wide offering of RG tools across its markets to ensure player protection such as deposit limits, self-exclusions, time outs, reality checks, session limits, informational pages, product blocks, self-assessment tests as well as fully trained and professional customer service available 24/7.

Examples of initiatives taken in relation to Responsible Gambling in the third quarter: Betsson launched additional training programme for employees in cooperation with 'Sustainable Interaction', an external organisation party with extensive experience in researching problem gambling. The new training is available to all customer facing departments.

Betsson passed the annual G4 external audit (Global Gaming Guidance Group), which is primarily focused on Responsible Gambling culture related aspects of the operations and helps to ensure that Safer Gambling remains embedded in the company culture and stays a true core value of the Group.

## SUSTAINABILITY INITIATIVES RELATED TO COVID-19

### Local community engagements

Betsson contributes to local communities through various initiatives. The Company has a passion for sport, one example of initiatives taken during the quarter was to sponsor the procurement of face masks for the University of Malta Futsal Team so they could restart their training in a safe manner for both their players, coaches and other personnel.

The yearly Pridefestival in Malta is held in September and this year it mainly took place digitally without a live parade. Betsson organises activities highlighting diversity and inclusion and as part of this initiative, all employees were offered to participate in a digital presentation by a person who shared insight from their own experience on how it is to be part of a diversified working environment.

### Employee engagements

Betsson has, during the quarter, continued recruiting talented and committed people and reopened for meetings with new employees in the offices within the guidelines of health and safety.

Betsson conducted three inhouse surveys, one survey in April, the second in June and the third in September, with the aim to inform and if required adapt to these changes. On all three occasions, the Company found that the vast majority of its people coped well with working from home and that they still feel the Betsson spirit and corporate culture.

Betsson has since the start of the pandemic taken several initiatives related to the three values, 'One Betsson', 'Passion' and 'Fair Play'. Betsson has, during the third quarter, organised social events such as poker tournaments, online movie quiz and online fitness. The Company also supported internal social clubs where employees could meet, discuss and share mutual interests within a range of areas and topics.

These initiatives are expected to strengthen unity, increase understanding and improve cooperation, contributing to a stronger corporate culture.

**Stockholm 23 October 2020**

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 2020 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 23 October 2020  
PricewaterhouseCoopers AB

Niklas Renström Authorised  
Public Accountant

## CONSOLIDATED INCOME STATEMENT

SEK m	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<b>Revenue</b>	<b>1,676.7</b>	<b>1,275.2</b>	<b>4,627.0</b>	<b>3,883.5</b>	<b>5,173.0</b>
Cost of services provided	-590.9	-444.4	-1,638.9	-1,294.7	-1,745.4
<b>Gross profit</b>	<b>1,085.8</b>	<b>830.8</b>	<b>2,988.1</b>	<b>2,588.8</b>	<b>3,427.6</b>
Marketing expenses	-282.5	-213.3	-786.3	-686.3	-898.1
Personnel expenses	-232.3	-192.2	-663.9	-588.7	-790.2
Other external expenses	-214.4	-171.2	-640.1	-517.9	-701.8
Capitalised development costs	60.7	51.5	185.3	148.9	202.4
Amortisation and depreciation	-87.5	-91.7	-266.4	-272.9	-364.7
Other operating income/expenses	-0.7	-1.3	-9.4	-7.3	-10.1
Operating expenses	-756.7	-618.3	-2,180.7	-1,924.2	-2,562.5
<b>Operating income</b>	<b>329.1</b>	<b>212.5</b>	<b>807.4</b>	<b>664.6</b>	<b>865.0</b>
Financial income and expenses	-15.1	-15.6	-45.0	-40.7	-54.2
<b>Income before tax</b>	<b>314.0</b>	<b>197.0</b>	<b>762.4</b>	<b>623.9</b>	<b>810.9</b>
Tax	-23.4	-15.2	-49.4	-41.2	-23.8
<b>Net income</b>	<b>290.6</b>	<b>181.8</b>	<b>713.0</b>	<b>582.7</b>	<b>787.1</b>
Net income attributable to:					
Equity holders of the Parent Company	302.8	181.8	724.1	582.7	787.5
Non-controlling interests	-12.2	-	-11.1	-	-0.4

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<b>Net income</b>	<b>290.6</b>	<b>181.8</b>	<b>713.0</b>	<b>582.7</b>	<b>787.1</b>
<b>Other comprehensive income</b>					
<b>Revenue/expenses recognised directly in equity:</b>					
Hedge of net investments in foreign currency incl. deferred tax	-2.0	3.8	15.7	15.3	15.9
Exchange differences in translating foreign operations	-37.6	80.8	-101.4	187.1	43.0
<b>Other comprehensive income of the period (after tax)</b>	<b>-39.6</b>	<b>84.6</b>	<b>-85.7</b>	<b>202.4</b>	<b>58.9</b>
<b>Total comprehensive income for the period</b>	<b>251.0</b>	<b>266.4</b>	<b>627.3</b>	<b>785.1</b>	<b>846.0</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Parent Company	263.2	266.4	638.4	785.1	846.0
Non-controlling interests	-12.2	0.0	-11.1	0.0	0.4

## CONSOLIDATED BALANCE SHEET

SEK m	9/30/2020	9/30/2019	12/31/2019
Intangible fixed assets	5,612.4	5,337.7	5,218.9
Property, plant and equipment	78.5	83.3	74.4
Right-of-use assets	92.4	103.9	99.0
Financial assets	18.3	13.7	13.7
Deferred tax receivables	52.1	47.4	50.0
Other longterm receivables	1.0	1.2	1.2
<b>Total non-current assets</b>	<b>5,854.8</b>	<b>5,587.2</b>	<b>5,457.1</b>
Current receivables	1,370.1	1,631.5	1,597.5
Cash and cash equivalents	962.5	960.4	639.2
<b>Total current assets</b>	<b>2,332.6</b>	<b>2,591.9</b>	<b>2,236.7</b>
<b>Total assets</b>	<b>8,187.4</b>	<b>8,179.1</b>	<b>7,693.9</b>
<b>Total equity</b>	<b>5,079.6</b>	<b>4,837.7</b>	<b>4,899.0</b>
Provision gaming tax	14.4	34.1	14.5
Deferred tax liabilities	15.2	41.9	14.6
<b>Total Provisions</b>	<b>29.6</b>	<b>76.0</b>	<b>29.1</b>
Bond	990.0	985.1	986.3
Non-current liabilities to credit institutions	0.0	187.7	0.0
Lease liabilities	54.5	45.2	34.2
<b>Total non-current liabilities</b>	<b>1,044.6</b>	<b>1,218.0</b>	<b>1,020.5</b>
Current liabilities to credit institutions	242.4	0.0	0.0
Bond	0.0	265.5	0.0
Lease liabilities	29.1	52.0	51.3
Other current liabilities	1,762.1	1,729.9	1,694.0
<b>Total current liabilities</b>	<b>2,033.6</b>	<b>2,047.4</b>	<b>1,745.3</b>
<b>Total equity and liabilities</b>	<b>8,187.4</b>	<b>8,179.1</b>	<b>7,693.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Income after financial items	313.9	197.0	762.4	623.9	810.9
Adjustments for non-cash items	84.0	82.5	281.9	272.2	361.5
Taxes paid	-2.3	-38.3	-72.7	-86.6	-64.0
Cash flow from operating activities					
before changes in working capital	395.6	241.2	971.6	809.5	1,108.3
Changes in working capital	99.0	65.8	188.8	103.1	42.0
<b>Cash flow from operating activities</b>	<b>494.6</b>	<b>307.0</b>	<b>1,160.4</b>	<b>912.6</b>	<b>1,150.3</b>
Investments in intangibles/tangibles	-94.0	-68.7	-255.0	-204.2	-265.1
Acquisition of shares in subsidiaries	-13.6	0.0	-385.0	0.0	0.0
Acquired cash and cash equivalents	-0.0	0.0	61.6	0.0	0.0
Acquisition of shares in associates	0.0	-13.4	-4.7	-13.4	-28.5
<b>Cash flow from investing activities</b>	<b>-107.6</b>	<b>-82.0</b>	<b>-583.1</b>	<b>-217.6</b>	<b>-293.5</b>
Cash paid upon redemption of warrants	0.0	0.0	0.0	-0.1	-0.1
Bond issue	0.0	985.1	0.0	985.1	985.1
Bond redemption	0.0	-734.0	0.0	-734.0	-1,000.0
Settled purchase consideration	0.0	0.0	0.0	-10.3	-10.3
Lease payments	-8.9	-18.8	-40.1	-37.1	-59.6
Changes in bank loans	-0.0	2.0	248.2	90.5	-91.6
Share redemption programme	-393.6	0.0	-393.6	-538.4	-538.4
Warrant premiums received	1.0	0.4	1.0	0.4	0.4
Repurchase own shares	0.0	0.0	-60.1	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-401.5</b>	<b>234.6</b>	<b>-244.6</b>	<b>-243.9</b>	<b>-714.4</b>
<b>Changes to cash and cash equivalents</b>	<b>-14.4</b>	<b>459.7</b>	<b>332.7</b>	<b>451.1</b>	<b>142.5</b>
Cash and cash equivalents at beginning of period	980.5	491.5	639.2	488.7	488.7
Exchange differences	-3.6	9.2	-9.4	20.6	8.0
<b>Cash and cash equivalents at end of period</b>	<b>962.5</b>	<b>960.4</b>	<b>962.5</b>	<b>960.4</b>	<b>639.2</b>

## CHANGES IN GROUP EQUITY

SEK m	9/30/2020	9/30/2019	12/31/2019
<b>Opening balance</b>	<b>4,899.0</b>	<b>4,589.3</b>	<b>4,589.3</b>
Total comprehensive income for the period	638.4	785.1	846.0
<b>Total change excluding owner transactions</b>	<b>638.4</b>	<b>785.1</b>	<b>846.0</b>
Share redemption programme	-393.6	-538.4	-538.4
Warrants paid premium	1.0	0.4	0.4
Payment on exercise of options	0.0	-0.1	-0.1
Share options - value of employee services	0.9	1.4	1.8
Repurchase own shares	-60.1	0.0	0.0
<b>Equity at end of period</b>	<b>5,085.6</b>	<b>4,837.7</b>	<b>4,899.0</b>
Attributable to:			
Equity holders of the Parent Company	5,079.6	4,837.7	4,899.0
Non-controlling interests	6.0	-	-1.4

## PARENT COMPANY, INCOME STATEMENT

SEK m	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Revenue	6.9	8.2	28.5	23.9	32.1
Operating expenses	-24.3	-23.5	-74.9	-59.9	-82.7
<b>Operating income</b>	<b>-17.3</b>	<b>-15.3</b>	<b>-46.4</b>	<b>-36.1</b>	<b>-50.7</b>
Financial income and expenses	16.7	-13.2	10.2	122.0	1,027.7
<b>Income before tax</b>	<b>-0.7</b>	<b>-28.5</b>	<b>-36.3</b>	<b>85.9</b>	<b>977.0</b>
Tax	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-0.7</b>	<b>-28.5</b>	<b>-36.3</b>	<b>85.9</b>	<b>977.0</b>

## PARENT COMPANY, BALANCE SHEET

SEK m	9/30/2020	9/30/2019	12/31/2019
Property, plant and equipment	4.2	5.4	5.1
Financial assets	5,654.9	5,168.8	5,168.9
<b>Total non-current assets</b>	<b>5,659.0</b>	<b>5,174.2</b>	<b>5,174.0</b>
Current receivables	190.2	271.2	995.6
Cash and cash equivalents	353.6	678.1	239.5
<b>Total current assets</b>	<b>543.8</b>	<b>949.3</b>	<b>1,235.0</b>
<b>Total assets</b>	<b>6,202.8</b>	<b>6,123.6</b>	<b>6,409.1</b>
Restricted equity	352.2	350.1	351.0
Unrestricted equity	4,397.3	3,997.0	4,887.2
<b>Total equity</b>	<b>4,749.5</b>	<b>4,347.1</b>	<b>5,238.2</b>
Bond	990.0	985.1	986.3
Non-current liabilities to credit institutions	0.0	182.0	0.0
<b>Total non-current liabilities</b>	<b>990.0</b>	<b>1,167.0</b>	<b>986.3</b>
Bond	0.0	265.4	0.0
Current liabilities to credit institutions	248.1	0.0	0.0
Other current liabilities	215.2	344.1	184.6
<b>Total current liabilities</b>	<b>463.3</b>	<b>609.5</b>	<b>184.6</b>
<b>Total equity and liabilities</b>	<b>6,202.8</b>	<b>6,123.6</b>	<b>6,409.1</b>

## QUARTERLY DATA

### CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK m	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Revenue	1,676.7	1,532.8	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6
Cost of services provided	-590.9	-574.3	-473.7	-450.6	-444.4	-418.8	-431.5	-418.5
<b>Gross profit</b>	<b>1,085.8</b>	<b>958.5</b>	<b>943.9</b>	<b>838.8</b>	<b>830.8</b>	<b>858.9</b>	<b>899.1</b>	<b>1,018.1</b>
Marketing expenses	-282.5	-256.8	-247.0	-211.8	-213.3	-231.8	-241.2	-254.0
Personnel expenses	-232.3	-219.9	-211.7	-201.5	-192.2	-197.8	-198.8	-199.6
Other external expenses	-214.4	-223.0	-202.7	-183.9	-171.2	-184.5	-162.1	-191.0
Capitalised development costs	60.7	62.4	62.2	53.5	51.5	49.2	48.3	49.1
Amortisation and depreciation	-87.5	-86.5	-92.3	-91.8	-91.7	-90.5	-90.6	-77.9
Other operating income/expenses	-0.7	-17.0	8.3	-2.8	-1.3	-6.5	0.5	-3.2
<b>Operating expenses</b>	<b>-756.7</b>	<b>-740.8</b>	<b>-683.2</b>	<b>-638.3</b>	<b>-618.3</b>	<b>-662.0</b>	<b>-643.9</b>	<b>-676.6</b>
<b>Operating income</b>	<b>329.1</b>	<b>217.7</b>	<b>260.6</b>	<b>200.5</b>	<b>212.5</b>	<b>196.9</b>	<b>255.2</b>	<b>341.5</b>
Financial items, net	-15.1	-11.0	-18.8	-13.5	-15.6	-14.7	-10.4	-12.7
Income before tax	314.0	206.7	241.8	187.0	197.0	182.1	244.8	328.8
Tax	-23.4	-13.8	-12.3	17.4	-15.2	-10.5	-15.5	-15.2
<b>Net income</b>	<b>290.6</b>	<b>192.9</b>	<b>229.5</b>	<b>204.4</b>	<b>181.8</b>	<b>171.6</b>	<b>229.3</b>	<b>313.6</b>

### CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK m	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Non-current assets	5,854.8	5,875.1	5,837.8	5,457.2	5,587.3	5,512.7	5,517.6	5,318.4
Current assets	2,332.6	2,352.4	2,267.4	2,236.7	2,591.9	2,027.1	2,300.7	2,152.8
<b>Total assets</b>	<b>8,187.4</b>	<b>8,227.6</b>	<b>8,105.2</b>	<b>7,693.9</b>	<b>8,179.1</b>	<b>7,539.9</b>	<b>7,818.3</b>	<b>7,471.2</b>
Equity	5,079.6	5,215.9	5,430.3	4,899.0	4,837.7	4,573.3	4,914.8	4,589.3
Provisions and non-current liabilities	1,074.2	1,079.5	1,180.8	1,049.6	1,294.0	311.1	233.4	168.1
Current liabilities	2,033.6	1,932.1	1,494.1	1,745.2	2,047.4	2,655.5	2,670.1	2,713.8
<b>Total equity and liabilities</b>	<b>8,187.4</b>	<b>8,227.6</b>	<b>8,105.2</b>	<b>7,693.9</b>	<b>8,179.1</b>	<b>7,539.9</b>	<b>7,818.3</b>	<b>7,471.2</b>

### CONSOLIDATED CASH FLOW STATEMENT, IN SUMMARY

SEK m	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Operating cash flow	494.6	343.9	321.9	237.8	307.0	390.6	214.5	289.3
Cash flow from investing activities	-107.6	-388.5	-87.0	-76.0	-82.0	-58.1	-77.1	-82.1
Cash flow from financing activities	-401.5	159.6	-2.7	-470.4	234.6	-463.4	-15.2	-331.6
<b>Total cash flow</b>	<b>-14.4</b>	<b>115.0</b>	<b>232.2</b>	<b>-308.6</b>	<b>459.5</b>	<b>-130.9</b>	<b>122.3</b>	<b>-124.5</b>



## KEY RATIOS

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Key financial ratios</b>								
Gross Margin (% of revenue)	64.8	62.5	66.6	65.1	65.2	67.2	67.6	70.9
EBITDA-margin (% of revenue)	24.8	19.8	24.9	22.7	23.9	22.5	26.0	29.2
EBIT-margin (% of revenue)	19.6	14.2	18.4	15.5	16.7	15.4	19.2	23.8
Profit margin (% of revenue)	18.7	13.5	17.1	14.5	15.4	14.3	18.4	22.9
Marketing expenses (% of revenue)	16.8	16.8	17.4	16.4	16.7	18.1	18.1	17.7
Basic earnings per share (SEK)	2.22	1.40	1.68	1.48	1.31	1.24	1.66	2.27
Diluted earnings per share (SEK)	2.22	1.40	1.68	1.48	1.31	1.24	1.66	2.27
Equity per share (SEK)	37.17	38.17	39.73	35.38	34.95	33.04	35.51	33.16
Executed dividend/redemption per share (SEK)	2.88	0.00	0.00	0.00	0.00	3.89	0.00	0.00
Equity/assets ratio (%)	62	63	67	64	59	61	63	61
Return on equity (% , 12 months)	18	15	16	16	19	21	24	24
Return on total capital (% , 12 months)	12	11	11	11	13	15	16	16
Return on capital employed (% , 12 months)	15	14	14	14	17	19	21	21
Net debt (SEK m)	236	116	26	186	402	544	53	245
Net debt / EBITDA (Multiple, 12 months)	0.2	0.1	0.0	0.2	0.3	0.4	0.0	0.2
<b>Shares</b>								
Average share price (SEK)	68.92	55.34	43.47	46.42	51.32	65.00	78.62	72.19
Share price at end of period (SEK)	69.00	64.80	39.94	43.68	46.65	56.80	70.53	73.00
Highest share price (SEK)	80.00	68.90	58.45	51.70	58.70	76.28	88.86	82.47
Lowest share price (SEK)	62.50	34.92	25.70	42.30	46.30	54.20	70.02	63.51
Number of shareholders at end of period	25,010	25,622	25,476	25,421	26,139	26,720	27,059	28,636
Number of shares outstanding at end of period	136.7	136.7	136.7	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
<b>Personnel</b>								
Average number of employees	1,710	1,642	1,565	1,572	1,526	1,494	1,496	1,531
Number of employees at end of period	1,796	1,722	1,641	1,589	1,588	1,577	1,542	1,547

## CUSTOMERS

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Registered customers (000's)	19,112	18,490	15,490	15,115	14,865	14,595	14,304	14,010
Active customers (000's)	920	821	681	686	632	659	687	669

## CUSTOMER DEPOSITS

SEK m	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Customer deposits	5,172.6	4,658.5	3,765.1	3,845.1	3,657.8	3,675.1	3,920.9	4,030.5
Customer deposits, all gaming solutions	7,554.0	6,592.5	5,741.1	5,511.8	4,937.0	4,662.0	4,740.8	5,017.6

## SPORTSBOOK DATA

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Gross turnover, all gaming solutions (SEK m)	7,827.1	4,829.7	6,833.9	7,235.3	6,178.9	6,157.3	6,356.3	6,300.9
of which gross turnover live betting (SEK m)	5,566.6	3,632.1	5,018.5	5,019.6	4,549.2	4,299.4	4,252.3	3,984.8
Sportbook margin after free bets (%)	7.0	6.9	8.5	6.8	7.8	7.8	6.3	7.3
Revenue (SEK m)	352.6	226.5	384.9	311.6	314.6	341.0	297.8	341.4

## REVENUE BY PRODUCT

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Revenue (SEK m)</b>								
Casino	1,306.5	1,286.3	1,014.2	964.1	942.2	917.8	1,012.8	1,071.7
Sportsbook	352.6	226.5	384.9	311.6	314.6	341.0	297.8	341.4
Other products	17.6	20.1	18.5	13.8	18.4	18.9	20.0	23.5
<b>Total</b>	<b>1,676.7</b>	<b>1,532.8</b>	<b>1,417.5</b>	<b>1,289.5</b>	<b>1,275.2</b>	<b>1,277.8</b>	<b>1,330.6</b>	<b>1,436.6</b>

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Share of total revenue (%)</b>								
Casino	78	84	72	75	74	72	76	75
Sportsbook	21	15	27	24	25	27	22	24
Other products	1	1	1	1	1	1	2	1

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Growth, compared with previous quarter (%)</b>								
Casino	2	27	5	2	3	-9	-5	1
Sportsbook	56	-41	24	-1	-8	15	-13	1
Other products	-12	9	35	-25	-3	-6	-15	9
<b>Total</b>	<b>9</b>	<b>8</b>	<b>10</b>	<b>1</b>	<b>-0</b>	<b>-4</b>	<b>-7</b>	<b>1</b>

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Growth, compared with same period previous year (%)</b>								
Casino	39	40	0	-10	-12	-10	10	24
Sportsbook	12	-34	29	-9	-7	14	13	-5
Other products	-4	7	-8	-41	-15	-36	-15	-21
<b>Total</b>	<b>31</b>	<b>20</b>	<b>7</b>	<b>-10</b>	<b>-11</b>	<b>-5</b>	<b>10</b>	<b>14</b>

## REVENUE BY REGION

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Sportsbook (SEK m)</b>								
Nordics	107.4	77.8	142.3	112.3	111.4	140.2	132.1	170.4
Western Europe	25.3	29.6	33.6	28.7	34.9	38.2	41.3	30.5
Central & Eastern Europe and Central Asia	139.0	72.8	143.7	129.6	118.0	107.4	85.1	109.4
RoW	80.8	46.2	65.3	41.0	50.3	55.2	39.3	31.1
<b>Total</b>	<b>352.6</b>	<b>226.5</b>	<b>384.9</b>	<b>311.6</b>	<b>314.6</b>	<b>341.0</b>	<b>297.8</b>	<b>341.4</b>
	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Casino (SEK m)</b>								
Nordics	446.4	401.8	336.0	334.4	360.3	374.3	443.0	482.7
Western Europe	459.8	519.8	372.0	358.1	357.5	349.4	387.2	417.4
Central & Eastern Europe and Central Asia	299.0	278.6	270.1	232.4	194.1	168.8	153.9	151.8
RoW	101.4	86.1	36.0	39.2	30.3	25.3	28.7	19.9
<b>Total</b>	<b>1,306.5</b>	<b>1,286.3</b>	<b>1,014.2</b>	<b>964.1</b>	<b>942.2</b>	<b>917.8</b>	<b>1,012.8</b>	<b>1,071.8</b>
	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Total, for all products, per region (SEK m)</b>								
Nordics	558.9	485.0	482.7	450.2	476.7	519.3	580.6	659.3
Western Europe	486.5	550.2	406.5	387.7	396.7	392.2	430.8	455.1
Central & Eastern Europe and Central Asia	447.1	363.6	424.7	369.9	319.6	284.2	248.2	269.8
RoW	184.2	133.9	103.6	81.7	82.2	82.0	71.0	52.4
<b>Total</b>	<b>1,676.7</b>	<b>1,532.8</b>	<b>1,417.5</b>	<b>1,289.6</b>	<b>1,275.2</b>	<b>1,277.7</b>	<b>1,330.6</b>	<b>1,436.6</b>
	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Share per region (%)</b>								
Nordics	33	32	34	35	37	41	44	46
Western Europe	29	36	29	30	31	31	32	32
Central & Eastern Europe and Central Asia	27	24	30	29	26	22	19	19
RoW	11	9	7	6	6	6	5	3
	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Growth, compared with previous quarter (%)</b>								
Nordics	15	0	7	-6	-8	-11	-12	-1
Western Europe	-12	35	5	-2	1	-9	-5	2
Central & Eastern Europe and Central Asia	23	-14	15	16	12	15	-8	12
RoW	38	29	27	-1	0	16	35	-27
	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Growth, compared with same period previous year (%)</b>								
Nordics	17	-7	-17	-32	-29	-17	2	9
Western Europe	23	40	-6	-15	-11	-12	10	26
Central & Eastern Europe and Central Asia	40	28	71	37	33	33	15	12
RoW	124	63	46	56	15	23	95	13

## SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Licence fees	169.3	162.0	142.6	134.3	129.9	123.8	128.0	129.7
Betting duties	123.7	121.7	99.6	94.6	88.4	90.6	84.6	73.6
Affiliates and partners commission	115.6	120.2	91.9	90.3	100.1	97.7	109.0	114.6
Other cost of services provided	182.3	170.3	139.6	131.5	126.0	106.7	110.0	100.6
<b>Total</b>	<b>590.9</b>	<b>574.3</b>	<b>473.7</b>	<b>450.6</b>	<b>444.4</b>	<b>418.8</b>	<b>431.5</b>	<b>418.5</b>

## SPECIFICATION OF AMORTISATION AND DEPRECIATION

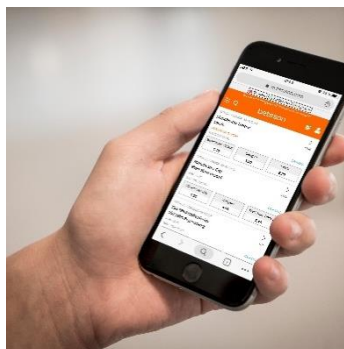
SEK m	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Depreciation property, plant, and equipment	10.3	9.8	10.8	14.0	13.0	11.9	12.0	11.9
Depreciation right-of-use assets	12.0	11.4	13.2	12.9	13.1	12.5	12.8	0.0
Amortisation intangible fixed assets (whereof amortisation of capitalised development costs)	65.2 52.8	65.3 52.3	68.3 52.8	64.9 55.5	65.6 55.8	66.1 55.9	65.8 54.9	66.0 55.1
<b>Total</b>	<b>87.5</b>	<b>86.5</b>	<b>92.3</b>	<b>91.8</b>	<b>91.7</b>	<b>90.5</b>	<b>90.6</b>	<b>77.9</b>

## ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4
Reported revenues	1,676.7	1,532.8	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6
- Revenue from acquisitions <sup>1</sup>	-206.5	-164.8	-4.7	-1.0	-	-	-	-
- Currency effects	146.7	58.6	8.5	-13.1	-11.5	8.4	-25.8	-29.9
<b>Organic revenues</b>	<b>1,616.9</b>	<b>1,426.6</b>	<b>1,421.3</b>	<b>1,275.4</b>	<b>1,263.7</b>	<b>1,286.1</b>	<b>1,304.8</b>	<b>1,406.7</b>
Organic growth (YoY)	27%	12%	7%	-11%	-11%	-4%	8%	12%
Reported growth (YoY)	31%	20%	7%	-10%	-11%	-5%	10%	14%
Reported operating income (EBIT)	329.1	217.7	260.6	200.5	212.5	196.9	255.2	341.5
- Result from acquisitions <sup>1</sup>	-6.6	-11.8	0.3	1.4	0.0	0.0	0.0	0.0
- Currency effects	82.2	40.5	20.9	6.0	1.1	24.0	17.4	24.3
<b>Organic operating income</b>	<b>404.7</b>	<b>246.4</b>	<b>281.8</b>	<b>207.9</b>	<b>213.6</b>	<b>220.9</b>	<b>272.6</b>	<b>365.8</b>
Organic growth (YoY)	90%	25%	10%	-39%	-37%	-27%	29%	68%
Reported growth (YoY)	55%	11%	2%	-41%	-38%	-35%	21%	56%

For 2020 Q1, Simulcasting Brasil

For 2020 Q2, Q3 mainly Gaming Innovation Group (GIG) & Simulcasting Brasil



## PRODUCTS AND TECHNOLOGY

Betsson has through its different subsidiaries a solid technical position. The opportunity starts with the customer, the vision is to offer the best user experiences in the industry. The operational subsidiaries' gaming sites are largely run on a proprietary platform, which makes up the core of the offering and user experience, covering games, transactions, payments, customer information and account management. By owning its technology, the Group is flexible and can adapt more rapidly to market changes and it also enables fast integrations across jurisdictions and brands. First-class user experiences are critical, as such, investments in innovation and technology are continually made to strengthen the product offering.

The products mainly consist of casino and sportsbook, with the largest category within the casino vertical being slots, followed by live casino, poker, lottery and bingo. The casino offering includes approximately 5,000 games, of which more than 4,000 are available on mobile devices. The various brands offer one of the market's largest selection of games and sports betting with a local focus tailored to the consumer.

Betsson is investing in developing its proprietary sportsbook, creating both a solid technical platform and flexible odds compiling which can be optimised depending on the market demand for and availability of sporting events. The sportsbook is being continuously optimised for specific needs on local sportbook markets and is offered to in-house brands and sold B2B.

## THE MARKET

### Market overview

The value of both the total offline and online gambling market gross win is estimated at approximately EUR453 billion in 2025 with an estimated compound annual growth rate of 8% from 2020 to 2025. Online gaming is expected to grow, as a share of the total gaming market from 18% in 2020 to 19% in 2025. (Source: H2GC, October 2020).

### Market trends

More countries are introducing local regulations with licensing regimes for online gambling, enabling operators to compete on equal terms, gaining access to new customers with more effective marketing channels and payment solutions, while protecting consumers in a safe and secure gambling environment.

Local regulations entail increased demands and benefit operators with scalable, proprietary platforms. These trends increase Betsson's organic growth opportunities and create opportunities for strategic acquisitions at attractive prices.

## REGULATORY UPDATE

The gambling industry is largely regulated requiring businesses to obtain licences in order to operate in regulated territory. Betsson's operational subsidiaries operate its businesses under 15 gaming licences issued in Malta, Colombia, Croatia, Denmark, Estonia, Georgia, Germany, Great Britain, Ireland, Italy, Kenya, Latvia, Lithuania, Spain and Sweden, where national governments have regulated the industry. Different political decisions, interpretations of law and developing regulation in various states can significantly affect Betsson's earnings and financial position.

Pressure continues to be put on EU/EEA countries to adapt their national legislation to comply with applicable EU law. While a number of states have already successfully re-regulated 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 re-regulated in ways which challenge the European framework or not yet having taken concrete steps towards re-regulation.

### Denmark

With effect from 2021, the Danish government will increase the rate of online gambling tax by 40%, from the current 20 percent to 28 percent, on the grounds that taxes have been lower for online than for land-based venues.

### The Netherlands

Due to delays in adoption of secondary legislation as well as the Covid-19 pandemic, the new Remote Gambling Act will enter into force on 1 March 2021. The first wave of licences expected to go live on 1 September 2021. Operators sitting out the "cooling off period",

which was recently again increased (now 2 years and 8 months in total), are expected to be issued licences towards the end of 2021 as part of the so-called second wave. The cooling off period will be applied towards those operators who are deemed to have actively targeted the Dutch players in the past (e.g. through use of local payment instruments such as iDeal, by advertising aimed at the Netherlands or through use of a Dutch domain name). This means that many operators, including Betsson, cannot immediately apply for a Dutch online gambling licence in March 2021 due to having actively targeted the Dutch market at any time in the 32 months in total prior to the date of their licence application.

Under the new law, gaming tax will be applicable at the rate of 29% + 2% fees of GGR, 31% in total. It is also noteworthy that according to the plans of the government, online gambling operators who have actively targeted Dutch customers, will not be permitted to use their pre-established Dutch player databases once the new law is enforced. It is currently unclear how this new regulation would be enforced as the Dutch regulator is yet to publish a draft policy on the same.

## Sweden

A new gaming law came into effect on 1 January 2019 in Sweden. There remains a lack of clarity and guidance as regards to the rules for prohibited and allowed types of customer incentives under the new gaming law. The regulator has fined a number of operators for various breaches to the bonus rules. Betsson's operational subsidiary NGG Nordic Ltd was fined SEK 19 million in June 2019 for its alleged breach of the bonus restrictions. NGG Nordic Ltd appealed the decision; similar decisions had also been disputed by competitors. In June 2020, another Betsson subsidiary, Betsson Nordic Ltd, was warned and sanctioned by the regulator with a fine of SEK 20 million for allegedly having failed to register agents who sold payment vouchers, as well as for having offered on its site Betsson Mastercards with information on potential customer incentives. Betsson has appealed the decision on both accounts as it does not agree with the regulator's take on the situation and interpretation of law.

Arguing customer protection from gambling-related harm during the covid-19 pandemic, the Swedish government introduced temporary restrictions on online casino games as from 2 July 2020 until end of 2020. These include deposit limits of SEK 5000 per week, a SEK 100 bonus cap as well as time session restrictions.

## Germany

The licensed federal sports betting market opened in Germany on 1 January 2020, thereby establishing an interim sports betting licensing regime valid until July 2021. Restrictions on live betting and monthly wagering limits for players are still maintained. In early April 2020, the German sports betting licensing came to a halt after a Darmstadt court determined the licensing process was non-transparent and discriminatory. The licensing process remained suspended while the court case was pending. However, on 12 October 2020, the appeals court decided to dismiss the complaint. Following that, 15 federal licences were issued by regulator on the same day, demonstrating that the regulator is keen on completing the application reviews without any delay and awarding further licences as soon as practicable. Betsson is awaiting the award of its own federal sports betting licence for Betsson.de.

A federal ban is still in place on online casino. In March 2020, changes to the Interstate Treaty regarding online casino (for the period after 30 June 2021) were adopted, introducing a highly restrictive regime which favours the offline incumbents. Online table games will be licensed on a state-by-state basis whereas states may choose to run these products under a monopoly or choose a licensing model at their discretion. In online slot games, maximum stakes must be set at EUR1 per spin with a minimum spin duration of five seconds, and no major jackpots are allowed. The new regime will also introduce monthly mandatory deposit limit of EUR1,000 per player across operators. These newly adopted changes will need to be ratified by the parliaments of each of Germany's 16 states before they can come into force in July 2021. Meanwhile, the states have introduced an online casino tolerance regime with effect from mid-October 2020, requiring those operators interested in pursuing future federal online casino licences to comply with the proposed online casino restrictions, at least to certain extent, already ahead of July 2021.

The key requirements of the tolerance regime that will come into effect on 15 October 2020 are the removal of all casino table games (e.g. blackjack, baccarat and roulette), deposit limits across poker and slot gaming of EUR1,000 per month as well as enhanced responsible gambling measures (player set spending and time limits, along with cooling-off periods and

panic button). It is also prohibited to use the term casino in reference to slot games. Operators will have to observe restrictions on advertising of poker and slot games. As from 15 December 2020, mandatory EUR1 slot stakes and five-second delays on spins, plus a ban on larger jackpots, will become effective. Failure to comply with the toleration regime may lead to enforcement actions by various Länder although at this time it remains unclear which states and how will carry out supervision as regards the tolerance regime.

While the above amendments aim to create more legal certainty in the German market, the continued adherence to heavy restrictions, makes the German developments only a partly satisfying solution for gaming operators. This also combined with the tolerance regime being introduced with an unreasonably short two-week deadline. It remains doubtful whether the temporary nature of the current sports betting regime, introduction of the tolerance regime, as well as the restrictive nature of the future online casino regime adhere to the EU law.

## RISKS

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 2019.

## CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

### Income Statement (average rate during the period)

	2020	2019	Δ
EUR/SEK	10.5567	10.5660	-0.1%
GBP/SEK	11.9376	11.9620	-0.2%
GEL/SEK	3.0740	3.3820	-9.1%
NOK/SEK	0.9866	1.0801	-8.7%
TRY/SEK	1.4045	1.6680	-15.8%

### Balance Sheet (closing rate)

	9/30/2020	9/30/2019	Δ
EUR/SEK	10.5410	10.7287	-1.7%
GBP/SEK	11.5204	12.0696	-4.6%
GEL/SEK	2.7051	3.3109	-18.3%

## ACQUISITIONS 2020

### Colbet

Betsson has a strategy for Latin America as a whole, which is localised for individual markets. One of the strategies for the region is the use of local partners to access licences and who can share the local expertise and insights required to ensure a tailor-made product offering to the end consumers.

In the third quarter 2020, Betsson acquired 70% of the Colombian operator Colbet. Colbet offers both casino and sports betting and the acquisition also gives Betsson access to the only online gambling market in South America which is regulated. The acquisition gives access to both a gambling licence and to 1,300 retail shops with an offline affiliation system where Betsson offers a single-wallet omni-channel solution to the online customers. Betsson will migrate the Colbet business to Betsson's technology and provide the Colombian market with a cutting-edge sportsbook and casino along with a wide array of payment solutions.

Purchase price paid amounts to SEK 13.7 million. The value of the acquired net assets is not considered to be material for the Group.

## Zecure Gaming Limited

During the second quarter 2020, Betsson completed the acquisition of Gaming Innovation Group's (GiG) subsidiary Zecure Gaming Limited, where the assets, business activities, operations, front-end and middleware technology and gaming licences attributable to the B2C operations for providing online gambling were transferred. Through this acquisition, Betsson will continue to consolidate its position in some key markets and open for more opportunities in Spain and Croatia. Further, Betsson intends to integrate its own proprietary sportsbook and payment platforms with the GiG platform. This will enable Betsson to offer its technologies to potential B2B customers of GiG. Part of the acquired business is conducted in markets where Betsson already operates which allows for the release of synergies.

The revenue of the acquired business in 2019 was EUR 77 million, and EBIT was EUR 7.6 million. The initial consideration of the acquisition is EUR 22.3 million. As part of the acquisition, Betsson entered into a platform service agreement with GiG to host the acquired brands on the GiG B2B platform for a minimum of two and a half years. Betsson will pay a fee based on revenues under the platform service agreement. During the first two years the platform fee will include a premium fee estimated at EUR 15 million (an earnout of which EUR 8.7 million was pre-paid at completion). The combination of the initial consideration and the estimated premium fee constitute the total purchase price for the acquired business. The assessment is that the maximum additional purchase price amounts to EUR 15 million.

Expenses related to the acquisition amount to SEK 6.9 million and refer to fees for consultants in connection with the acquisition and are recorded in operating costs. Depreciation on customer databases amounts to SEK 1.9 million during the third quarter.

	MSEK
<b>Total Purchase price</b>	<b>446</b>
Reported amount of identifiable acquired assets and taken over liabilities: (Acquisition date 15 April 2020)	
Liquid funds	61
Customer base	16
Brands	78
Current receivables	28
Current liabilities	97
<b>Total identifiable net assets</b>	<b>86</b>
<b>Goodwill</b>	<b>360</b>

After a new valuation, SEK 5 million has been added. The value of net assets acquired has been provisionally phased, pending final valuation.

The acquired customer bases have been valued at SEK 16 million, the amortisation of this item will be charged to the Group's income over a period of two years. Goodwill is valued at SEK 360 million attributable to expected revenue and cost synergies. No part of the goodwill is expected to be deductible.

## Cashflow attributable to the acquisition: (msek)

Consideration paid	-371.4
Acquired cash and cash equivalents	61.6
<b>Net cash outflow 2020-09-30</b>	<b>-309.8</b>



## 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 2019 annual report.

## NOMINATION COMMITTEE AND ANNUAL GENERAL MEETING 2021

In accordance with a resolution at Betsson's Annual General Meeting on 11 June 2020, the members of the Nomination Committee for the 2021 Annual General Meeting have been appointed: John Wattin, appointed by the Kling family, Michael Knutsson, appointed by Knutsson Holdings AB, Jenny Rosberg, appointed by the Hamberg family and Hamberg Förvaltning AB, and Patrick Svensk, Chairman of the Board of Betsson AB. The Nomination Committee's assignment is to propose prior to the 2021 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 Wednesday, 5 May 2021, 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](mailto:info@betssonab.com) or by post to Betsson AB, Nomination Committee, Regeringsgatan 28, 111 53 Stockholm, Sweden.

## 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 2019. Detailed information about the Group's accounting and valuation principles can be found in the Annual Report for 2019 (Note 2), which is available on [www.betssonab.com](http://www.betssonab.com) or at the Company's head office.

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.

## 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 this term KPIs attributable to Betsson are consolidated with KPI's attributable to B2B associates.

**Average equity:** Equity in the beginning of the quarter plus equity at the end of the quarter, divided by two.

**Average capital employed:** Total assets less non-interest bearing debts at beginning and end of quarter, divided by two.

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

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

**B2B:** Business-to-Business

**Betting duties:** Includes 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, attributable to owners of the parent company, 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 attributable to owners of the parent company, in relation to the average number of shares outstanding.

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

**EBITDA margin:** EBITDA as a percentage of revenue.

**Equity per share:** Equity, attributable to owners of the parent company, 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.

**Gearing:** Debt-to-Equity ratio

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

**Mobile revenue:** Revenues from customers using mobile devices.

**NDC:** New Depositing Customer

**Net debt:** Financial liabilities (bond, bank loans and leasing debts) plus customer liabilities less Cash and cash equivalents and 90% of receivables from payment providers.

**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:** Expenses for marketing, personnel, other external expenses, amortisation and depreciation, capitalised 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.

**Return on equity:** Income after tax in relation to average equity.

**Return on total capital:** Income after financial items plus financial expenses, in relation to average total capital.

**Return on total capital employed:** Income after financial items plus financial expenses, in relation to average capital employed.

**Revenues:** Revenues from gaming business is reported after payment/payout of players' winnings, less 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

Q4 2020 and Year-End report	9 February 2021
Q1 2021 January - March	29 April 2021
Annual General Meeting 2021	5 May 2021
Q2 2021 January - June	22 July 2021
Q3 2021 January - September	26 October 2021
Q4 2021 and Year-End report	10 February 2022

## PRESENTATION OF THE INTERIM REPORT

Betsson invites analysts, investors and media to participate in the results presentation of the third quarter at 10:00 CEST on 23 October 2020. The results will be presented by CEO Pontus Lindwall and CFO Martin Öhman. The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the link or phone, see details below.

### Dial-in numbers:

SE: +46 8 506 921 80  
UK: +44 20 7192 8000  
US: +1 631 510 7495  
PIN: 8653829

### Webcast link:

<https://edge.media-server.com/mmc/p/9qxa39dh>



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## 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 at 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](http://www.betssonab.com)

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