

Betsson AB (publ) interim report, 1 January - 30 September 2018

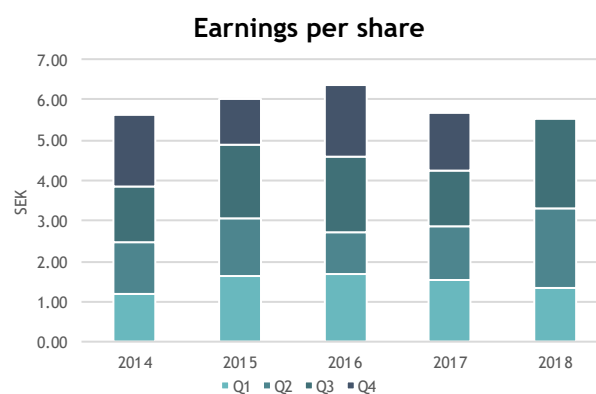
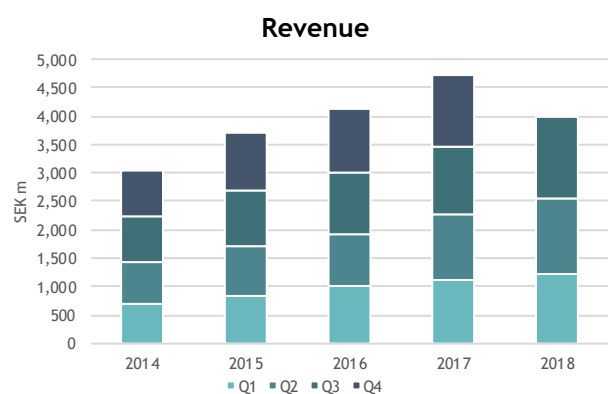
Revenue increased by 21% in Q3 EBIT increased by 57% in Q3

QUARTER: JULY - SEPTEMBER 2018

- Group revenue was SEK 1,426.8 (1,180.6) million, an increase of 21 percent with an organic growth of 16 percent.
- All regions showed growth in the quarter.
- Casino revenue grew by 22 percent and Sportsbook revenue grew by 23 percent, with a sportsbook margin of 7.4 (7.1) percent.
- 1.8 percent of the Group revenue in the third quarter was related to the FIFA World Cup that ended on 15 July 2018.
- Operating income (EBIT) was SEK 340.2 (216.0) million, an increase of 57 percent. The increase is mainly due to better economies of scale.
- The operating margin was 23.8 (18.3) percent.

PERIOD: JANUARY - SEPTEMBER 2018

- Group revenue was SEK 3,983.2 (3,460.0) million, an increase of 15 percent with an organic growth of 11 percent.
- Operating income (EBIT) was SEK 852.3 (663.8) million, an increase of 28 percent.
- Net income was SEK 764.5 (587.6) million, corresponding to SEK 5.52 (4.25) per share, an increase of 30 percent.
- Operating cash flow amounted to SEK 984.0 (667.7) million.



KEY DATA

SEK m	Q3 2018	Q3 2017	Δ	Jan-Sep 2018	Jan-Sep 2017	Δ	Jan-Dec 2017
Revenue	1,426.8	1,180.6	21%	3,983.2	3,460.0	15%	4,716.5
Gross profit	1,009.5	859.0	18%	2,841.9	2,516.4	13%	3,419.4
EBITDA	423.5	285.1	49%	1,085.8	861.0	26%	1,149.8
EBITDA margin	29.7%	24.1%	-	27.3%	24.9%	-	24.4%
Operating income (EBIT)	340.2	216.0	57%	852.3	663.8	28%	882.2
EBIT margin	23.8%	18.3%	-	21.4%	19.2%	-	18.7%
Net income	305.1	187.0	63%	764.5	587.6	30%	786.5
Earnings per share (SEK)	2.20	1.35	63%	5.52	4.25	30%	5.68
Operating cash flow	400.8	220.4	82%	984.0	667.7	47%	946.7
Casino revenue	1,066.3	871.1	22%	3,005.8	2,570.6	17%	3,437.9
Sportsbook gross turnover	6,151.3	5,391.0	14%	18,150.9	17,152.1	6%	23,117.5
Sportsbook revenue	338.9	275.1	23%	902.7	781.0	16%	1,140.3
Sportsbook margin after free bets	7.4%	7.1%	-	6.7%	6.5%	-	6.9%
Deposits	4,853.4	4,100.1	18%	13,708.4	11,945.6	15%	16,308.0
Active customers	687,390	619,032	11%				



The improved earnings are a result of the scalability in Betsson's business, showing that improved products and keeping focus on efficiencies results in higher earnings.

Pontus Lindwall
CEO Betsson AB

MESSAGE FROM THE CEO

“Revenue for the third quarter 2018 was SEK 1,426.8 (1,180.6) million, an increase of 21 percent compared to the same quarter 2017. The organic growth was 16 percent for the quarter. All regions showed growth in the quarter, but the strongest growth was in Western Europe and Nordics. Sportsbook revenue increased by 23 percent with a sportsbook margin of 7.4 percent, which is slightly higher than the same quarter last year. Casino revenue increased by 22 percent.

Operational income (EBIT) for the quarter was SEK 340.2 (216.0) million, an increase of 57 percent compared to the same quarter in 2017. The improved earnings are a result of the scalability in Betsson's business, showing that improved products and keeping focus on efficiencies results in higher earnings.

ECONOMIES OF SCALE

The increased revenue is achieved by a combination of product improvements and more efficient marketing spend. In the third quarter, re-allocation of marketing investments between different markets, and also in the mix of traditional marketing and affiliate marketing, made it possible to efficiently grow revenue. Going forward, we expect marketing investments to increase as online gaming licences are introduced in Sweden. Betsson was one of the first to apply for online gaming licences in Sweden.

Betsson's subsidiary Corona Ltd has been fined 300,000 euro by the Dutch gaming authorities (KSA). Corona has appealed the fine. Betsson sees the Netherlands as an important market long-term and has the ambition to channel Dutch customers into the licenced system when the market re-regulates.

The second and the third quarter 2018 showed strong growth partly driven by activity during the FIFA World Cup. We continue to execute on the “back on track” plan which includes a number of product and technology improvements, additional efficiencies and focus on core markets. The fourth quarter has begun with daily revenues higher than the average daily revenue for the full fourth quarter last year.”

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 eleven 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

Founded in

1963



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

Ticker: BETS B



Betsson Group operates 17 brands

11

Gaming licences in 11 jurisdictions.

REVENUE AND EARNINGS

REVENUE FOR THE QUARTER

Group revenue was SEK 1,426.8 (1,180.6) million, an increase of 21 percent, with 16 percent organic growth. Sportsbook revenue related to the FIFA World Cup accounted for 1.8 percent of total revenues in the third quarter. Currency fluctuations had a positive impact on revenues of SEK 54 million due to the weakening of the SEK.

Mobile revenue amounted to SEK 953.8 (672.4) million, an increase of 42 percent and represented 67 (57) percent of total revenue. The growth is mainly attributable to product improvements.

Licence revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) amounted to SEK 76.1 (94.3) million, and now corresponds to 5 (8) percent of Group revenue. TRY depreciation had a negative impact on licence revenue related to Realm of SEK 31 million, compared with the third quarter 2017.

Revenue by product

Casino revenue amounted to SEK 1,066.3 (871.1) million, an increase of 22 percent, of which 16 percent was organic. Casino represented 75 (74) percent of Group revenue.

Mobile Casino revenue was SEK 686.8 (498.0) million, an increase of 38 percent compared to the same quarter last year.

Sportsbook revenue in the third quarter amounted to SEK 338.9 (275.1) million, an increase of 23 percent, mainly due to growth in the regions Nordics and ROW. Organic growth in Sportsbook was also 23 percent. Sportsbook represented 24 (23) percent of the Group's revenue.

Gross turnover in Sportsbook, in all Betsson's gaming solutions, amounted to SEK 6,151.3 (5,391.0) million, an increase of 14 percent. Organic gross turnover increased with 26 percent.

The margin after free bets in Sportsbook was 7.4 (7.1) percent. The eight-quarter rolling average margin was 6.8 percent.

Mobile Sportsbook revenue amounted to SEK 264.9 (177.3) million, an increase of 49 percent. Mobile accounts for 78 (64) percent of Sportsbook revenue.

Revenue from other products amounted to SEK 21.6 (34.4) million, a decline of 37 percent, and represented 2 (3) percent of total revenues.

Revenue by region

Revenue from region Nordics was SEK 668.2 (562.4) million, an increase of 19 percent, of which 13 percent organic. Casino grew by 18 percent and Sportsbook grew by 25 percent.

Revenue from region Western Europe amounted to SEK 446.2 (355.2) million, an increase of 26 percent, of which 15 percent was organic growth. The increase was mainly due to growth in Casino.

Revenue from region Central & Eastern Europe and Central Asia (CEECA) amounted to SEK 241.0 (223.2) million, an increase of 8 percent. The organic growth was 16 percent.

Locally taxed revenue (revenue from markets where Betsson pays local betting duties) increased by 9 percent compared to the third quarter last year and amounted to SEK 322.7 (296.3) million, corresponding to 22.6 (25.1) percent of Group revenue. The decline is an effect of the mix of revenue from different countries. Over time, the share of locally taxed revenue is expected to increase as the Group obtains additional local gaming licences.

REVENUE FOR THE PERIOD

Group revenue totaled SEK 3,983.2 (3,460.0) million, an increase of 15 percent. Gross profit amounted to SEK 2,841.9 (2,516.4) million.

67%

Mobile share of revenue

Revenue by product



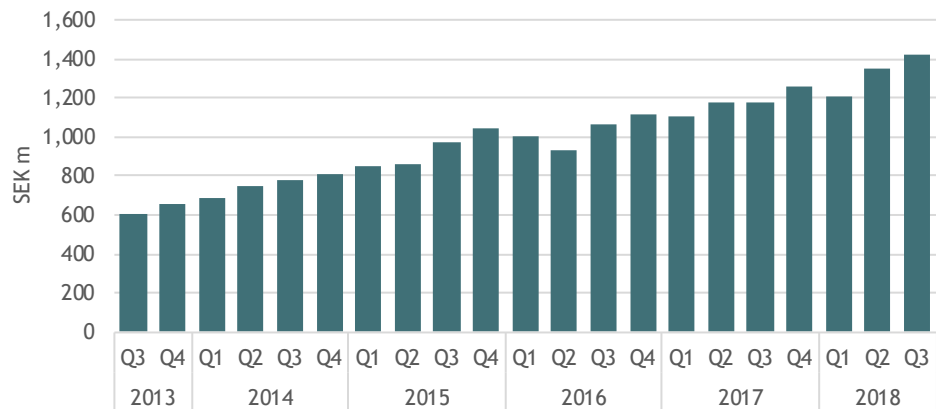
- Casino (75%)
- Sportsbook (24%)
- Other (1%)

Revenue by region



- Nordic (47%)
- Western Europe (31%)
- CEECA (17%)
- ROW (5%)

Group revenue



EXPENSES FOR THE QUARTER

Cost of services provided were at SEK 417.3 (321.6) million for the quarter, an increase of 30 percent. The increase was mainly related to commission to affiliates and partners, and a provision of SEK 10 million related to recalculation of retrospective gaming taxes in a regulated market. Currency exchange rate fluctuations had a negative impact of SEK 26.4 million on Cost of services provided. See table on page 19.

Gross profit amounted to SEK 1,009.5 (859.0) million, corresponding to a gross margin of 70.8 (72.8) percent.

Operating expenses amounted to SEK 669.4 (643.0) million, organic operating expenses were SEK 620.5 million. The operating expenses are mainly in EUR and exchange rates fluctuations had a negative impact of SEK 48.9 million compared with the same quarter last year.

Marketing expenses amounted to SEK 246.8 (242.5) million. The organic marketing expenses were SEK 231.4 million. Marketing expenses are impacted by improved data driven attribution models, which enables higher return on marketing investments, and the increased use of affiliate marketing in the quarter.

Personnel expenses amounted to SEK 197.7 (195.8) million, the organic personnel expense was SEK 184.3 million.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, amounted to SEK 183.3 (186.2) million. Other external expenses include SEK 3.1 million related to a fine in the Netherlands, immediately payable despite appeal. The organic other external expenses were SEK 166.3 million.

Capitalised development costs amounted to SEK 44.5 (51.4) million. Amortisation of capitalised development was SEK 56.5 (51.1) million. Total depreciation and amortisation for the quarter was SEK 83.3 (69.1) million.

EARNINGS FOR THE QUARTER

Operating income (EBIT) amounted to SEK 340.2 (216.0) million, and the operating margin was 23.8 (18.3) percent. The organic operating income was SEK 361.1 million. The increase in operating income was due to revenue growth and improved efficiencies. The acquired company NetPlay, which is consolidated as of the second quarter 2017, had a negative impact on operating income.

Net financial items amounted to SEK -9.5 (-9.7) million and are mainly attributable to interest costs.

Net income amounted to SEK 305.1 (187.0) million, corresponding to SEK 2.20 (1.35) per share.

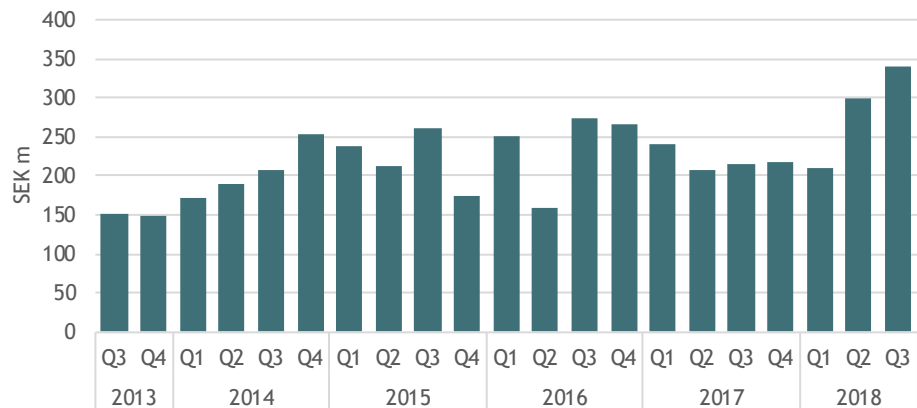
The reported corporate tax amounted to SEK 25.6 (19.3) million, corresponding to 7.7 (9.3) percent of profit before taxes. The corporate tax for the third quarter 2018 included a non-recurring cost of SEK 5.7 million related to deferred tax liabilities. For the full-year 2017, the corporate tax was 6.7 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 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 2018 amounted to SEK 852.3 (663.8) million. Net income amounted to SEK 764.5 (587.6) million, corresponding to SEK 5.52 (4.25) per share.

Operating income (EBIT)



CASH FLOW AND FINANCIAL POSITION

LIQUID FUNDS AND CUSTOMER LIABILITIES

Cash and cash equivalents at the end of September 2018 amounted to SEK 604.4 (437.0) million. Customer liabilities, including reserves for accumulated jackpots, amounted to SEK 400.1 (432.3) million. Gaming regulations require the Company 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 583.6 (399.0) million.

CASH FLOW

Cash flow from operating activities during the quarter amounted to SEK 400.8 (220.4) million.

FINANCING

As per 30 September 2018, total available bank credit facilities were SEK 880.0 (1,081) million, of which SEK 424.1 (819.2) million were utilised.

External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	424.1	375.9	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2019
Bond (SEK m)	996.3	996.3	0.0	Nov, 2019

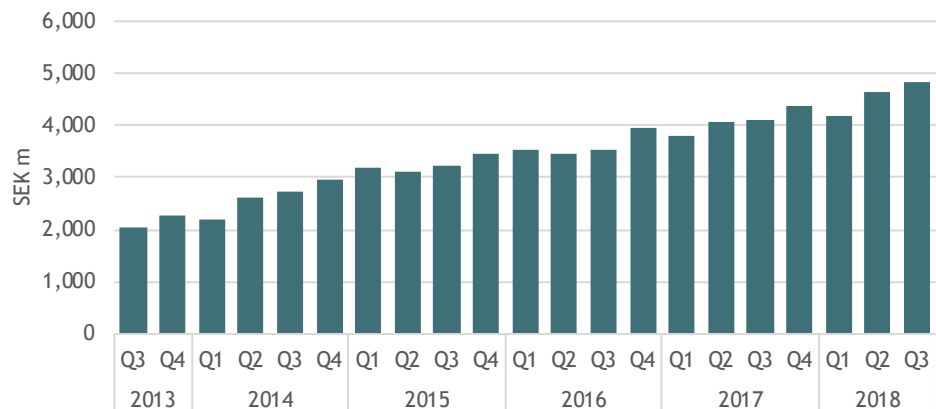
CUSTOMER ACTIVITY

Customer deposits in all Betsson's gaming solutions during the quarter amounted to SEK 4,853.4 (4,100.1) million, an increase of 18 percent. Development in deposits should be evaluated over a longer period than a quarter due to normal quarterly variances.

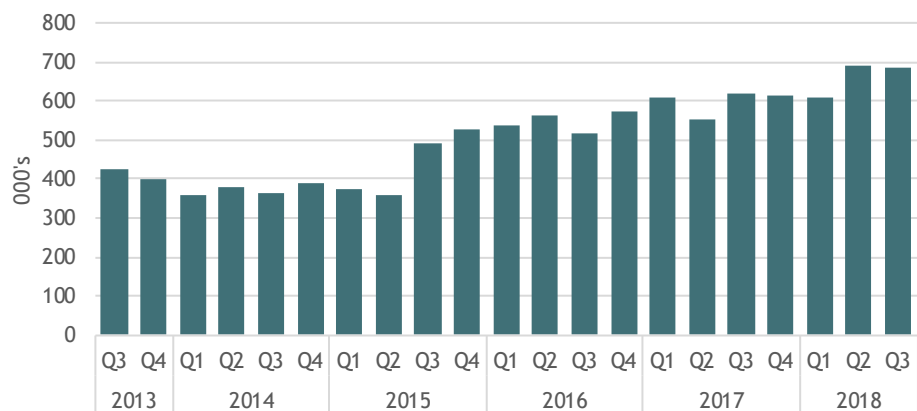
By the end of the third quarter, the number of registered customers was 13.7 (12.7) million, an increase of 8 percent.

Active customers during the quarter amounted to 687,390 (619,032), an increase of 11 percent. Trends in active customers should be evaluated over a longer period than a quarter due to normal quarterly variances.

Customer deposits



Active customers



SIGNIFICANT EVENTS AND OUTLOOK

OTHER SIGNIFICANT EVENTS DURING THE QUARTER

On 1 August, Betsson's subsidiaries applied for online gaming licences in Sweden. The new gaming law in Sweden comes into force on 1 January 2019.

Corona, a subsidiary in the Betsson Group, operating the brands Oranje and Kroon, has received a fine of EUR 300,000 from the Dutch regulator, De Kansspelautoriteit (KSA), for offering gaming to customers in the Netherlands without a local licence. Corona has appealed the decision.

On 4 September, it was announced that CFO Kaaren Hilsen has resigned to assume a CEO role in a different company. Hilsen has a notice period of six months and Betsson has begun the process of recruiting a new CFO.

There have been no other significant events during the period.

SIGNIFICANT EVENTS AFTER THE QUARTER

On 11 October, Tristan Sjöberg has resigned from Betsson AB's Board of Directors at his own request.

The daily revenue in the fourth quarter 2018 up until 21 October was 6 percent (3 percent organic) higher than the average daily revenue of the full fourth quarter 2017. This trading update is not a forecast for the revenue of the fourth quarter, but an indication of how the quarter has started.

There have been no other significant events after the end of the reporting period.

OUTLOOK

The company is taking measures to improve revenue growth and earnings. These measures include product improvements, efficiencies and focus on core markets.

The management expects that revenues from regulated markets will continue to grow and thereby increased betting duties paid. The gaming industry is changing and Betsson is continuously adapting its business model to market conditions to grow revenues and earnings.

OTHER INFORMATION

PERSONNEL

At the end of the third quarter, the Group had 1,505 (1,888) employees. The average number of employees in the Group during the third quarter amounted to 1,527 (1,889) of which 868 (1,073) were based in Malta.

In addition, the Group employed 186 (212) full-time consultants at the end of the quarter, mainly within product development. The cost of consultants is recognised under Other external costs.

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 2018 amounted to SEK 10.2 (5.5) million, and earnings before tax amounted to SEK -10.1 (70.1) million.

Cash and cash equivalents in the Parent Company was SEK 282.2 (47.0) million.

EQUITY

Equity in the Group amounted to SEK 4,289.6 (3,389.3) million, corresponding to SEK 30.99 (24.49) per share.

Average FTE	Q3 2018	Q3 2017
Employees	1,527	1,889
Contractors	186	212

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 30,555 (41,312) 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 2018

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	553,753	37,863,753	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	1,950,400	27,525,400	3.1%	9.7%
Lindwall, Berit	1,683,000	70,000	16,900,000	1.2%	5.9%
Swedbank Robur Funds	0	9,312,579	9,312,579	6.4%	3.3%
State Street Bank & Trust Co	0	8,744,568	8,744,568	6.1%	3.1%
DNB Technology	0	5,575,033	5,575,033	3.9%	2.0%
JPM Chase	0	5,244,837	5,244,837	3.6%	1.8%
SEB Investment Management	0	4,564,808	4,564,808	3.2%	1.6%
Other	480,000	81,563,668	86,363,668	56.8%	30.3%
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%

7%

Estimated CAGR on Betsson's core markets in Europe 2018-2022

MARKET

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth close to EUR 385 billion with an expected growth of 2 percent annually up until 2022. Online gaming is expected to increase its share of the total market to increase from 12 percent in 2018, to an estimated share of 14 percent in 2022.

Annual growth in Betsson's core markets in Europe, which in aggregate are worth close to EUR 13 billion, is expected to be 7 percent during the years 2018-2022. Sweden is expected to show strong growth in 2019 as a result of the re-regulation of the Swedish gaming market, which comes into effect in January 2019. (Data source: H2GC.)

Another important driving force is that an increasing number of European countries are introducing local regulations for online gaming. The licence 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 licences in Malta and ten more local jurisdictions. There are lasting values in offering regulated gaming services within the EU and other markets from Malta. Betsson has applied for online gambling licences in Sweden. The new Swedish regulation will come into force on 1 January 2019.

The Dutch government has the ambition to introduce a new regulation, which is currently planned for 2020.



PRODUCTS

The gaming sites operate on an in-house developed platform, which is 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. First class customer experiences are crucial and Betsson continuously invests in innovation and technology to reinforce its leading position.

Betsson's Casino offers around 2,700 different games, of which more than 2,000 are available on mobile devices. The Betsson 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 Betsson's Casino followed by live casino.

The offering in Betsson's proprietary sportsbook is continuously improved. In the third quarter, Betsson has continued to improve its offering and speed in the Sportsbook.

The OBG frontend framework is launched on mobile for Betsson's core brands. The launch of OBG for desktop is expected to start towards the end of this year.

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 has taken measures to raise awareness and encourages new depositing customers to set a deposit limit.

In the third quarter 2018, 269 (99) employees received responsible gaming training and 10 (14) percent of all new depositing customers (NDC's) choose to set a deposit limit.

Stockholm, 24 October 2018

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 2018 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 2018

PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

SEK m	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Revenue	1,426.8	1,180.6	3,983.2	3,460.0	4,716.5
Cost of services provided	-417.3	-321.6	-1,141.4	-943.6	-1,297.1
Gross profit	1,009.5	859.0	2,841.9	2,516.4	3,419.4
Marketing expenses	-246.8	-242.5	-740.5	-700.4	-969.6
Personnel expenses	-197.7	-195.8	-614.3	-578.0	-786.4
Other external expenses	-183.3	-186.2	-550.1	-534.9	-719.4
Capitalised development costs	44.5	51.4	152.5	162.2	214.1
Amortisation and depreciation	-83.3	-69.1	-233.5	-197.2	-267.6
Other operating income/expenses	-2.8	-1.0	-3.6	-4.4	-8.3
Operating expenses	-669.4	-643.0	-1,989.6	-1,852.6	-2,537.2
Operating income	340.2	216.0	852.3	663.8	882.2
Financial income and expenses	-9.5	-9.7	-28.6	-30.5	-39.3
Income before tax	330.7	206.3	823.6	633.3	842.9
Tax	-25.6	-19.3	-59.1	-45.7	-56.5
Net income	305.1	187.0	764.5	587.6	786.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Net income	305.1	187.0	764.5	587.6	786.5
Other comprehensive income					
Revenue/expenses recognised directly in equity:					
Hedge of net investments in foreign currency incl. deferred tax	-3.8	3.8	-3.8	0.9	-11.5
Exchange differences in translating foreign operations	-109.9	-103.3	252.8	-45.7	44.4
Other comprehensive income of the period (after tax)	-113.7	-99.5	249.0	-44.8	32.9
Total comprehensive income for the period	191.4	87.5	1,013.4	542.8	819.3

CONSOLIDATED BALANCE SHEET

SEK m	30/09/2018	30/09/2017	31/12/2017
Intangible fixed assets	5,186.1	4,943.0	4,943.4
Property, plant and equipment	97.4	92.1	97.7
Financial assets	3.1	9.3	9.2
Deferred tax receivables	45.0	40.5	43.8
Other longterm receivables	0.0	0.0	2.6
Total non-current assets	5,331.6	5,084.9	5,096.6
Current receivables	1,446.4	1,026.9	1,241.9
Cash and cash equivalents	604.4	437.0	479.5
Total current assets	2,050.8	1,463.9	1,721.3
Total assets	7,382.5	6,548.9	6,817.9
Equity	4,289.6	3,389.3	3,666.9
Provision gaming tax	12.1	12.9	12.9
Deferred tax liabilities	40.4	10.2	29.3
Total Provisions	52.5	23.1	42.2
Bond	996.3	993.2	993.9
Non-current liabilities to credit institutions	424.1	0.0	0.0
Total non-current liabilities	1,420.4	993.2	993.9
Current liabilities to credit institutions	0.0	819.2	663.9
Other current liabilities	1,620.0	1,324.1	1,451.0
Total current liabilities	1,620.0	2,143.3	2,114.9
Total equity and liabilities	7,382.5	6,548.9	6,817.9

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q3 2018	Q3 2017	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Income after financial items	330.7	206.3	823.6	633.3	842.9
Adjustments for non-cash items	76.8	70.7	232.9	202.2	274.5
Taxes paid	-11.2	-19.9	-39.4	-56.7	-58.5
Cash flow from operating activities before changes in working capital	396.3	257.1	1,017.0	778.8	1,058.9
Changes in working capital	4.5	-36.7	-33.0	-111.1	-112.2
Cash flow from operating activities	400.8	220.4	984.1	667.7	946.7
Investments	-58.7	-70.9	-212.0	-207.4	-282.9
Acquisition of cash and cash equivalents	0.0	0.0	0.0	81.9	81.9
Acquisition of shares in subsidiaries	0.0	0.0	0.0	-323.0	-323.0
Cash flow from investing activities	-58.7	-70.9	-212.0	-448.5	-524.0
Cash paid upon redemption of warrants	0.0	-0.3	0.0	-0.3	-0.3
Paid gaming tax provision	0.0	-7.2	0.0	-7.2	-7.2
Settled purchase consideration	0.0	-28.6	-20.3	-54.7	-54.7
Changes in bank loans	-294.8	-146.7	-245.5	497.4	333.6
Guarantees	0.0	0.0	0.0	0.0	-2.6
Share redemption programme	0.0	0.0	-393.1	-658.9	-658.9
Warrant premiums received	0.0	-0.4	0.0	0.3	0.3
Cash flow from financing activities	-294.8	-183.2	-658.9	-223.4	-389.7
Changes to cash and cash equivalents	47.2	-33.7	113.1	-4.1	32.9
Cash and cash equivalents at beginning of period	561.6	470.1	479.5	444.3	444.3
Exchange differences	-4.4	0.7	11.9	-3.1	2.3
Cash and cash equivalents at end of period	604.4	437.0	604.4	437.0	479.5

CHANGE IN GROUP EQUITY

SEK m	30/09/2018	30/09/2017	31/12/2017
Opening balance	3,666.9	3,502.9	3,502.9
Total comprehensive income for the period	1,013.4	542.8	819.3
Total change excluding owner transactions	1,013.4	542.8	819.3
Share redemption programme	-393.1	-658.9	-658.9
Warrants paid premium	0.0	0.7	0.3
Payment on exercise of options	0.0	0.0	-0.3
Share options - value of employee services	2.3	1.6	3.5
Equity at end of period	4,289.6	3,389.3	3,666.9
Attributable to:			
Parent company's shareholders	4,289.6	3,389.3	3,666.9

PARENT COMPANY, INCOME STATEMENT

SEK m	Jan-Sep 2018	Jan-Sep 2017	Jan-Dec 2017
Revenue	20.6	23.5	29.9
Operating expenses	-48.1	-50.8	-71.9
Operating income	-27.6	-27.3	-42.0
Financial items	-16.1	88.4	1,040.9
Income before tax	-43.7	61.1	998.9
Net income	-43.7	61.1	998.9

PARENT COMPANY, BALANCE SHEET

SEK m	30/09/2018	30/09/2017	31/12/2017
Property, plant and equipment	1.7	2.1	2.1
Financial assets	4,967.6	4,961.9	4,967.6
Total non-current assets	4,969.3	4,964.1	4,969.7
Current receivables	72.3	117.0	809.8
Cash and cash equivalents	282.2	47.0	145.2
Total current assets	354.5	164.0	955.0
Total assets	5,323.7	5,128.1	5,924.6
Restricted equity	350.4	350.4	350.4
Unrestricted equity	3,301.0	2,800.0	3,737.8
Total equity	3,651.4	3,150.3	4,088.2
Bond	996.3	993.2	993.9
Non-current liabilities to credit institutions	411.7	0.0	0.0
Total non-current liabilities	1,408.0	993.2	993.9
Current liabilities to credit institutions	0.0	811.0	647.3
Other current liabilities	264.3	173.6	195.2
Total current liabilities	264.3	984.6	842.5
Total equity and liabilities	5,323.7	5,128.1	5,924.6

QUARTERLY DATA

INCOME STATEMENT

SEK m	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Revenue	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6	1,177.5	1,102.0	1,118.5
Cost of services provided	-417.3	-378.5	-345.6	-353.5	-321.6	-326.4	-295.7	-288.0
Gross profit	1,009.5	968.0	864.3	903.0	859.0	851.1	806.3	830.6
Marketing expenses	-246.8	-249.3	-244.4	-269.2	-242.5	-246.5	-211.4	-206.3
Personnel expenses	-197.7	-207.2	-209.5	-208.4	-195.8	-203.2	-179.1	-175.9
Other external expenses	-183.3	-184.5	-182.3	-184.6	-186.2	-182.0	-166.7	-166.4
Capitalised development costs	44.5	52.8	55.1	51.9	51.4	56.8	54.0	55.6
Amortisation and depreciation	-83.3	-78.9	-71.3	-70.4	-69.1	-67.5	-60.6	-61.8
Other operating income/expenses	-2.8	-0.3	-0.6	-3.9	-1.0	-2.2	-1.3	-10.6
Operating expenses	-669.4	-667.3	-652.9	-684.6	-643.0	-644.2	-565.4	-565.5
Operating income	340.2	300.7	211.4	218.4	216.0	206.9	240.9	265.1
Financial items, net	-9.5	-9.3	-9.9	-8.7	-9.7	-10.3	-10.6	-5.5
Income before tax	330.7	291.5	201.4	209.6	206.3	196.6	230.4	259.6
Tax	-25.6	-20.0	-13.5	-10.8	-19.3	-10.5	-16.0	-16.0
Net income	305.1	271.4	187.9	198.9	187.0	186.1	214.4	243.6

BALANCE SHEET

SEK m	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Non-current assets	5,331.6	5,460.9	5,368.8	5,096.6	5,084.9	5,188.0	5,062.8	4,760.8
Current assets	2,050.8	1,918.5	1,812.7	1,721.3	1,463.9	1,324.9	1,828.8	1,501.7
Total assets	7,382.5	7,379.4	7,181.6	6,817.9	6,548.9	6,512.9	6,891.7	6,262.5
Equity	4,289.6	4,090.1	4,123.7	3,666.9	3,389.3	3,301.7	3,746.8	3,502.9
Provisions and non-current liabilities	1,472.9	1,772.3	1,039.3	1,036.1	1,016.3	1,023.0	1,614.2	1,346.7
Current liabilities	1,620.0	1,517.0	2,018.6	2,114.9	2,143.2	2,188.2	1,530.6	1,412.9
Total equity and liabilities	7,382.5	7,379.4	7,181.6	6,817.9	6,548.9	6,512.9	6,891.7	6,262.5
Consolidated cash flow statement								
Operating cash flow	400.8	271.2	312.2	278.9	220.4	242.4	204.9	332.2
Cash flow from investing activities	-58.7	-76.6	-76.7	-75.6	-70.9	-368.8	-8.8	-426.1
Cash flow from financing activities	-294.8	-83.9	-280.2	-166.3	-183.2	-276.1	235.9	20.4
Total cash flow	47.2	110.7	-44.8	37.1	-33.7	-402.6	432.1	-73.5

KEY RATIOS

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Key financial ratios								
Gross Margin (% of revenue)	70.8	71.9	71.4	71.9	72.8	72.3	73.2	74.3
EBITDA-margin (% of revenue)	29.7	28.2	23.4	23.0	24.2	23.3	27.4	29.2
EBIT-margin (% of revenue)	23.8	22.3	17.5	17.4	18.3	17.6	21.9	23.7
Profit margin (% of revenue)	23.2	21.6	16.6	16.7	17.5	16.7	20.9	23.2
Marketing expenses (% of revenue)	17.3	18.5	20.2	21.4	20.5	20.9	19.2	18.4
Basic earnings per share (SEK)	2.20	1.96	1.36	1.44	1.35	1.34	1.55	1.76
Diluted earnings per share (SEK)	2.20	1.96	1.36	1.44	1.35	1.34	1.55	1.76
Equity per share (SEK)	30.99	29.55	29.79	26.49	24.49	23.85	27.07	25.31
Executed dividend/redemption per share (SEK)	0.00	2.84	0.00	0.00	0.00	4.76	0.00	0.00
Equity/assets ratio (%)	58	55	57	54	52	51	54	56
Return on equity (%)	7	7	5	5	5	6	6	7
Return on total capital (%)	5	4	3	3	3	3	4	4
Return on capital employed (%)	6	6	4	4	4	5	5	4
Net debt (SEK m)	826	1,173	970	1,208	1,404	1,553	1,061	955
Shares								
Average share price (SEK)	69.08	60.45	66.06	64.46	74.38	77.29	80.50	88.47
Share price at end of period (SEK)	68.48	54.38	63.12	60.50	74.25	73.00	78.00	87.90
Highest share price (SEK)	81.80	69.50	70.40	76.00	80.50	82.40	91.95	96.05
Lowest share price (SEK)	51.61	52.57	60.04	57.70	68.30	72.85	73.10	79.25
Number of shareholders at end of period	30,555	36,581	38,158	40,009	41,312	42,847	43,474	41,056
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 (accumulated)	1,584	1,612	1,679	1,867	1,889	1,878	1,848	1,661
Number of employees at end of period	1,505	1,547	1,567	1,873	1,888	1,887	1,902	1,821

CUSTOMERS

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Registered customers (000's)	13,743	13,457	13,288	12,993	12,705	12,381	12,159	10,101
Active customers (000's)	687	692	608	615	619	551	607	573

CUSTOMER DEPOSITS

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Customer deposits (SEK m)	4,153.7	3,906.1	3,450.5	3,564.4	3,349.7	3,240.0	3,024.1	3,090.8
Customer deposits, all gaming solutions (SEK m)	4,853.4	4,664.7	4,190.3	4,362.4	4,100.1	4,056.3	3,789.2	3,947.1

SPORTSBOOK DATA

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Gross turnover, all gaming solutions (SEK m)	6,151.3	6,226.5	5,773.1	5,965.4	5,391.0	5,755.0	6,006.1	6,117.7
of which gross turnover live betting (SEK m)	4,089.2	4,072.5	3,904.8	4,126.0	3,864.8	3,982.2	4,353.2	4,492.0
Margin after free bets (%)	7.4	6.3	6.6	8.2	7.1	6.4	6.1	6.6
Revenue (SEK m)	338.9	300.2	263.5	359.3	275.1	255.6	250.3	264.4
Gross margin, Sportsbook (%) ¹⁾	5.5	4.8	4.6	6.0	5.1	4.4	4.2	4.3

¹⁾ Margin after allocated costs

REVENUE BY PRODUCT

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Revenue (SEK m)								
Casino	1,066.3	1,016.6	922.8	867.3	871.1	876.6	822.9	823.7
Sportsbook	338.9	300.2	263.5	359.3	275.1	255.6	250.3	264.4
Other products	21.6	29.6	23.6	29.8	34.4	45.3	28.8	30.4
Total	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6	1,177.5	1,102.0	1,118.5

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Share of total revenue (%)								
Casino	75	76	76	69	74	74	75	74
Sportsbook	24	22	22	29	23	22	23	24
Other products	1	2	2	2	3	4	3	3

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Growth, compared with previous quarter (%)								
Casino	5	10	6	-0	-1	7	-0	13
Sportsbook	13	14	-27	31	8	2	-5	-12
Other products	-27	26	-21	-13	-24	57	-5	-3
Total	6	11	-4	6	0	7	-1	5

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Growth, compared with same period previous year (%)								
Casino	22	16	12	5	19	28	23	20
Sportsbook	23	17	5	36	-8	15	-15	-15
Other products	-37	-35	-18	-2	10	55	-25	-32
Total	21	14	10	12	11	26	10	7

REVENUE BY REGION

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Sportsbook (SEK m)								
Nordics	165.8	139.0	130.2	190.6	133.0	118.2	106.3	118.0
Western Europe	35.6	43.2	34.0	45.3	32.5	34.4	24.8	11.5
Central & Eastern Europe and Central Asia	91.2	78.2	83.2	102.1	94.3	90.7	106.8	127.1
RoW	46.3	39.8	16.1	21.3	15.3	12.3	12.4	7.8
Total	338.9	300.2	263.5	359.3	275.1	255.6	250.3	264.4
	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Casino (SEK m)								
Nordics	493.7	471.3	428.9	405.5	418.4	426.4	410.3	424.3
Western Europe	400.5	385.8	345.0	305.3	309.3	304.3	248.4	235.9
Central & Eastern Europe and Central Asia	146.0	132.0	128.0	134.5	124.2	129.8	139.9	145.3
RoW	26.1	27.5	20.9	22.0	19.2	16.1	24.3	18.3
Total	1,066.3	1,016.6	922.8	867.3	871.1	876.6	822.9	823.7
	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Total, for all products, per region (SEK m)								
Nordics	668.2	621.9	568.3	606.6	562.4	558.7	530.3	556.9
Western Europe	446.2	443.5	390.0	362.2	355.2	351.8	281.6	255.9
Central & Eastern Europe and Central Asia	241.0	214.4	215.3	241.1	223.2	226.5	252.7	279.1
RoW	71.4	66.7	36.4	46.5	39.7	40.6	37.3	26.6
Total	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6	1,177.5	1,102.0	1,118.5
	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Share per region (%)								
Nordics	47	46	47	48	48	47	48	50
Western Europe	31	33	32	29	30	30	26	23
Central & Eastern Europe and Central Asia	17	16	18	19	19	19	23	25
RoW	5	5	3	4	3	3	3	2
	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Growth, compared with previous quarter (%)								
Nordics	7	9	-6	8	1	5	-5	0
Western Europe	1	14	8	2	1	25	10	17
Central & Eastern Europe and Central Asia	12	-0	-11	8	-1	-10	-9	8
RoW	7	83	-22	17	-2	9	40	-16
	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Growth, compared with same period previous year (%)								
Nordics	19	11	7	9	1	28	14	17
Western Europe	26	26	39	42	63	69	16	5
Central & Eastern Europe and Central Asia	8	-5	-15	-14	-14	-15	-6	-8
RoW	80	65	-3	75	26	64	76	49

SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Licence fees	132.8	127.7	117.7	116.6	111.3	108.9	96.8	99.3
Betting duties	69.4	62.1	56.6	56.2	52.1	53.9	43.3	35.4
Affiliates and partners commission	117.5	108.2	96.1	102.1	83.5	92.3	85.8	84.6
Other cost of services provided	97.6	80.5	75.3	78.6	74.7	71.2	69.7	68.7
Total	417.3	378.5	345.6	353.5	321.6	326.4	295.7	288.0

ORGANIC CALCULATIONS

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Reported revenues	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6
- Revenue from aquisitions ¹	0.0	0.0	-53.5	-74.1	-91.9
- Currency effects	-54.4	-36.0	-7.4	48.2	32.4
Organic revenues	1,372.4	1,310.4	1,149.1	1,230.5	1,121.1
Organic growth (YoY)	16%	11%	4%	10%	5%
Reported growth (YoY)	21%	14%	10%	12%	11%
Reported operating income (EBIT)	340.2	300.7	211.4	218.4	216.0
- Result from aquisitions ¹	0.0	0.0	15.2	15.5	5.0
- Currency effects	20.9	10.5	15.3	34.0	27.4
Organic operating income	361.1	311.2	241.9	267.9	248.4
Organic growth (YoY)	67%	50%	0%	1%	-9%
Reported growth (YoY)	57%	45%	-12%	-18%	-21%

¹ For 2018 Q1, NetPlay and Premier Casino.

2017 Q4, Racebets, NetPlay and Premier Casino.

2017 Q3, Tonybet, Racebets, NetPlay and Premier Casino.

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 2017. Detailed information about the Group's accounting and valuation principles can be found in the Annual Report for 2017 (Note 2), which is available on www.betssonab.com or at the Company's head office.

As of 1 January 2018 IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments are applicable.

IFRS 9 Financial instruments address the classification, valuation and recognition of financial assets and liabilities. This replaces those parts of IAS 39 that deal with the classification and valuation of financial instruments. IFRS 9 retains a mixed valuation model, but simplifies certain aspects. There will be three valuation categories for financial assets; accrued acquisition cost, fair value through other comprehensive income and fair value through the income statement. The classification of an asset is based on the Company's business model and the characteristics of the instrument's contractual cash flows.

Betsson is primarily an online casino operator and the revenue streams mainly result from casino games and sports book activities. The payout for wagers placed on these gaming activities typically is known at the time the wager is placed. This form of wagering is referred to as "fixed odds wagering." Such wagering contracts meet the definition of a financial instrument within the scope of IFRS 9 Financial Instruments and are excluded from the scope of IFRS 15. Applying IFRS 9 instead of IFRS 15 does not impact the revenue recognition or the financial statements since timing, amounts etc. remains the same regardless of which standard is applied. Betsson deems that IFRS 9 is to be applied to contracts relating to fixed odds wagering and IFRS 15 is not applicable with regards to these revenue streams. The company concludes that this is in line with the view of IASB. No effects in the financial statements have been identified when applying IFRS 9.

IFRS 15 Revenue from contracts with customers addresses the manner in which revenues are to be reported. According to IFRS 15, revenue is to be recognised when the customer assumes control over the sold item or service and has the ability to use and obtain benefit from those items or services. Within Betssons operations there is revenue streams relating to license fee of which IFRS 15 is applied. Betsson has assessed the effects and the conclusion is that IFRS 15 will not have any effects of the Groups Financial Statement.

As of 2019, **IFRS 16 Leases** will be enforced. IFRS 16 require that assets and liabilities attributable to all leases, with some exceptions, 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 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, the company will not use early application. The standard is adopted by the EU. The standard will primarily affect the accounting of the Group's operating leases, and the effects are under evaluation.

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 to enable them to fully analyse 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 licences issued in Malta, as well as in Denmark, Estonia, Georgia, Spain, Germany, Ireland, Italy, Latvia, Lithuania and Great Britain, where national governments have regulated the industry, necessitating businesses to obtain licences in order to operate gambling in the territory. The Swedish Parliament has voted in favour of a new gaming regulation that will come into effect on 1 January 2019. Betsson has applied for licenses in Sweden and is closely following developments.

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 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. One such country is Norway where a very restrictive view has been taken and state monopolies have been granted rights to operate the larger part of the industry. 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.

The European Commission has previously questioned whether the Dutch gambling framework is compliant with EU law. The EU Commission stated in late 2017 that all infringement cases relating to gambling would be closed on grounds of policy and that operators should instead look to the European Courts for redress. The new Dutch government has the ambition to introduce a new regulation, which is currently planned for 2020. Secondary legislation linked to the new gaming regulation is currently up for consultation in the upper house of the Dutch parliament. Said secondary legislation includes a proposal for assessment of reliability of the person applying for a gaming license which may include the applicant's past behaviour in the Dutch market. The responsible Minister has also proposed that the Dutch gaming authority develop a policy regarding the applicant reliability test. Betsson is watching these developments carefully to ensure compliance with 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 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 licence in Malta and is owned and managed separately, accepts that Turkish gamblers bet under this licence. 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 2017.

CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

Income Statement (average year-to-date rate)

	2018	2017	Δ
EUR/SEK	10.235	9.580	+6.8%
GBP/SEK	11.574	10.974	+5.5%
GEL/SEK	3.448	3.476	-0.8%
NOK/SEK	1.067	1.038	+2.8%
TRY/SEK	1.902	2.394	-20.5%

Balance sheet (closing rate)

	30/09/2018	30/09/2017	Δ
EUR/SEK	10.2945	9.5668	+7.6%
GBP/SEK	11.5746	10.8669	+6.5%
GEL/SEK	3.3952	3.2783	+3.6%

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 2017 annual report.

NOMINATION COMMITTEE AND ANNUAL GENERAL MEETING 2019

In accordance with a resolution at Betsson's Annual General Meeting on 15 May 2018, the members of the Nomination Committee for the 2019 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 2019 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, 7 May 2019, 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.

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: Income after tax, 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: Income after tax 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, gaming taxes, 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 after financial items 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.



CALENDAR

Year-end report and Q4 2018:	14 February 2019
January-March and Q1 2019:	7 May 2019
Annual General Meeting	7 May 2019
January-June and Q2 2019:	19 July 2019
January-September and Q3 2019:	24 October 2019
Year-end report and Q4 2019:	13 February 2020

INFORMATION ON THE PRESENTATION

Betsson invites media, analysts and investors to Betsson's office in Regeringsgatan 28, Stockholm, Sweden on Wednesday, 24 October, 2018 at 09:00 CET, for the presentation of the interim report with CEO Pontus Lindwall and CFO Kaaren Hilsen.

The presentation will be held in English and followed by a questions and answers session. It is also available via webcast and conference call.

To participate by phone, please dial:

UK: +44 2033645374

SE: +46 850556474

US: +1 8557532230

To watch the webcast of the presentation, visit www.betssonab.com or <https://edge.media-server.com/m6/p/cwxamqw4>



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