

Betsson AB (publ) year-end report, 1 January - 31 December 2018

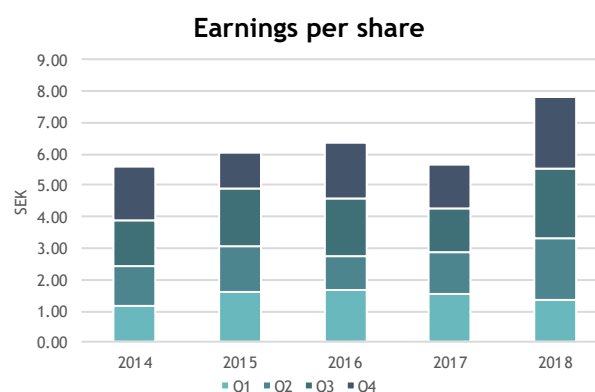
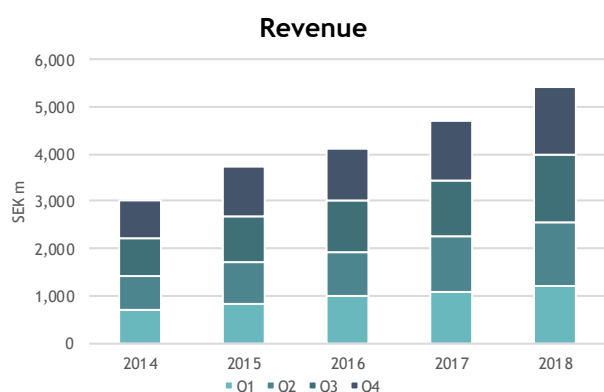
Revenue and EBIT all-time high for the third consecutive quarter

QUARTER OCTOBER - DECEMBER 2018

- Group revenue was SEK 1,436.6 (1,256.4) million, an increase of 14 percent with an organic growth of 12 percent.
- All regions showed growth in the quarter compared to the same quarter last year.
- Casino revenue was 1,071.7 (867.3) million, an increase of 24 percent with an organic growth of 20 percent.
- Sportsbook revenue was 341.4 (359.3) million, a decrease of 5 percent, whilst Sportsbook turnover increased by 6 percent with an organic growth of 14 percent.
- Operating income (EBIT) was SEK 341.5 (218.4) million, an increase of 56 percent.
- The operating margin was 23.8 (17.4) percent.

FULL YEAR 2018

- Group revenue was SEK 5,419.8 (4,716.5) million, an increase of 15 percent with an organic growth of 11 percent.
- Operating income (EBIT) was SEK 1,193.7 (882.2) million, an increase of 35 percent.
- Net income was SEK 1,078.1 (786.5) million, corresponding to SEK 7.79 (5.68) per share, an increase of 37 percent.
- Operating cash flow amounted to SEK 1,273.3 (946.7) million.
- The Board of Directors proposes to the AGM that SEK 539.0 (393.1) million, which corresponds to SEK 3.89 (2.84) per share, is distributed to shareholders.



KEY DATA

SEK m	Q4 2018	Q4 2017	Δ	Jan-Dec 2018	Jan-Dec 2017	Δ
Revenue	1,436.6	1,256.4	14%	5,419.8	4,716.5	15%
Gross profit	1,018.1	903.0	13%	3,859.9	3,419.4	13%
EBITDA	419.4	288.8	45%	1,505.2	1,149.8	31%
EBITDA margin	29.2%	23.0%	-	27.8%	24.4%	-
Operating income (EBIT)	341.5	218.4	56%	1,193.7	882.2	35%
EBIT margin	23.8%	17.4%	-	22.0%	18.7%	-
Net income	313.6	198.9	58%	1,078.1	786.5	37%
Earnings per share (SEK)	2.27	1.44	58%	7.79	5.68	37%
Operating cash flow	289.3	278.9	4%	1,273.3	946.7	34%
Casino revenue	1,071.7	867.3	24%	4,077.4	3,437.9	19%
Sportsbook gross turnover	6,300.9	5,965.4	6%	24,451.8	23,117.5	6%
Sportsbook revenue	341.4	359.3	-5%	1,244.0	1,140.3	9%
Sportsbook margin after free bets	7.3%	8.2%	-	6.9%	6.9%	-
Deposits	5,017.6	4,362.4	15%	18,726.0	16,308.0	15%
Active customers	668,721	615,499	9%			



I am proud to report improved profitability as a result of the "Back on track" plan, showing that improvements in technology and products as well as keeping focus on efficiencies pays off.

Pontus Lindwall
President and CEO Betsson AB

MESSAGE FROM THE CEO

"Revenue for the fourth quarter 2018 increased 14 percent compared to the same quarter 2017. The organic growth was 12 percent and we saw growth across all regions. During the quarter casino revenue increased by 24 percent. Sportsbook turnover continued to grow after the world cup ended, by 6 percent during the quarter, while revenue was down 5 percent compared to the same quarter 2017. SB margin was 7.3 percent which is lower than the 8.2 percent margin for the same period last year. Total revenue for full year 2018 increased by 15 percent to SEK 5,419.8 million.

Operating income (EBIT) for the fourth quarter was SEK 341,5 (218,4) million, which is equivalent to an EBIT margin of 23.8 percent, an increase of 56 percent compared to the same quarter 2017. For the full year 2018, EBIT reached SEK 1,193.7 million, equivalent to an EBIT margin of 22 percent and an increase of 35 percent compared to the full year 2017.

ALL TIME HIGH IN REVENUE AND EBIT

For the third consecutive quarter Betsson delivered all-time high revenue and EBIT and proved 2018 to be a turning point. I am happy to see how we have been able to show continuous results from the "Back on track" program during the year. A year ago we announced the plan that involved the entire organisation. Since then, the focus has been on the development of products and technology to continue to deliver the best customer experience. At the same time, there has been a strong determination to improve efficiency in marketing and in internal processes to increase profitability.

During 2018 we have been preparing heavily for the Swedish regulation that came into effect January 1, 2019. Preparations included to secure compliance as well as increased marketing activities. To stay on track and execute efficient operations are crucial to absorb increased costs from betting duties in more markets. The advantage for a large group as Betsson, with long industry experience, several brands and geographical spread that make the operations scaleable, is the financial strength. Now I hope to see a channelisation of around 95 percent as I am convinced that this will benefit customers, long-term operators and Betsson's shareholders.

Technical requirements had to be delivered within a short timeframe and this was the initial challenge for January 1, 2019. New big players entering into the Swedish online casino market has changed market conditions and we expected to see an impact in this segment. These factors, together with high bonus costs, made a challenging start of the year in Sweden, however customer activity is in line with our expectations. Long-term we expect the market to grow in a sustainable manner and overall we remain positive about industry growth in regulated markets".

ABOUT BETSSON

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

Betsson's operational subsidiaries' vision is to deliver the best customer experience in the industry. They offer casino, sportsbook and other games via gaming licences in twelve countries in Europe and Central Asia. The business model is to offer gaming under multiple brands, including Betsson, Betsafe, Nordicbet and Casinoneuro. 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

12

Gaming licences in 12 jurisdictions.

REVENUE AND EARNINGS

REVENUE FOR THE QUARTER

Group revenue was SEK 1,436.6 (1,256.4) million, an increase of 14 percent, with 12 percent organic growth. The revenue increase was mainly from Casino growth in the Nordics, Western Europe and CEECA. Currency fluctuations had a positive impact on revenues of SEK 30 million, of which SEK 32 million negative due to the depreciation of the TRY and SEK 62 million positive due to the weakening of the SEK compared to other currencies.

Mobile revenue amounted to SEK 948.0 (740.8) million, an increase of 28 percent and represented 66 (59) percent of total revenue. The growth is mainly attributable to product improvements.

License revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) amounted to SEK 102.1 (92.0) million, and now corresponds to 7 (7) percent of Group revenue. TRY depreciation had a negative impact on license revenue related to Realm of SEK 32 million, compared with the fourth quarter 2017.

66%

Mobile share of revenue

Revenue by product



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

Revenue by product

Casino revenue amounted to SEK 1,071.7 (867.3) million, an increase of 24 percent, of which 20 percent was organic. Casino represented 75 (69) percent of Group revenue.

Mobile Casino revenue was SEK 683.5 (507.0) million, an increase of 35 percent compared to the same quarter last year.

Sportsbook turnover increased by 6 percent with an organic growth of 14 percent, while revenue in the fourth quarter amounted to SEK 341.4 (359.3) million, a decrease of 5 percent. The decrease in revenue is explained by a lower margin in the fourth quarter 2018 compared to an industry-high margin during the same quarter 2017. Sportsbook represented 24 (29) percent of the Group's revenue.

The margin after free bets in Sportsbook was 7.3 (8.2) percent. The eight-quarter rolling average margin was 6.9 percent.

Mobile Sportsbook revenue amounted to SEK 260.2 (230.1) million, an increase of 13 percent. Mobile accounts for 76 (64) percent of Sportsbook revenue.

Revenue from other products amounted to SEK 23.5 (29.7) million, a decline of 21 percent, and represented 1 (2) percent of total revenues.

Revenue by region



- Nordic (46%)
- Western Europe (32%)
- CEECA (19%)
- ROW (3%)

Revenue by region

Revenue from the Nordics was SEK 659.3 (606.6) million, an increase of 9 percent, of which 5 percent organic. The increase was mainly due to growth in Casino.

Revenue from Western Europe amounted to SEK 455.1 (362.2) million, an increase of 26 percent, of which 19 percent was organic growth. The increase was mainly due to growth in Casino.

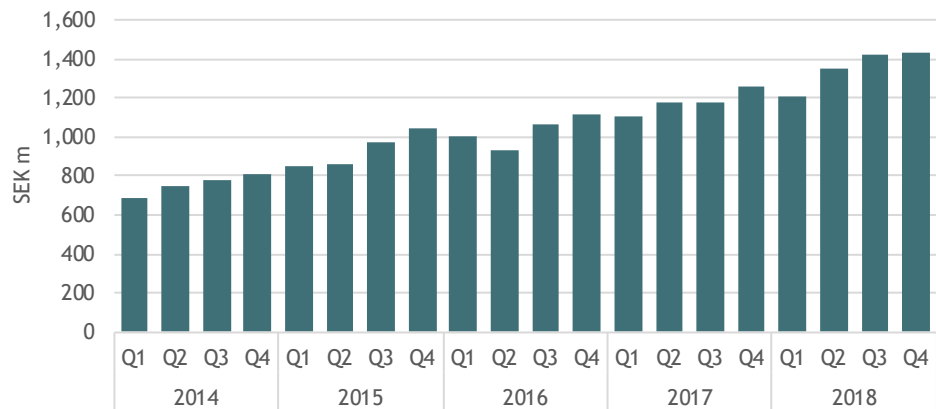
Revenue from Central & Eastern Europe and Central Asia (CEECA) amounted to SEK 269.8 (241.1) million, an increase of 12 percent. The organic growth was 21 percent. The increase was mainly due to growth in Casino.

Locally taxed revenue (revenue from markets where Betsson pays local betting duties) increased by 12 percent compared to the fourth quarter last year and amounted to SEK 330.9 (294.4) million, corresponding to 23.0 (23.4) percent of Group revenue. The share of locally taxed revenue will increase as the Group obtains additional local gaming licences.

REVENUE FOR FULL YEAR

Group revenue totaled SEK 5,419.8 (4,716.5) million, an increase of 15 percent. The increase was mainly due to growth in Western Europe and Nordics for the Casino product. Gross profit amounted to SEK 3,859.9 (3,419.4) million.

Group revenue



EXPENSES FOR THE QUARTER

Cost of services provided were at SEK 418.5 (353.5) million for the quarter, an increase of 18 percent. Currency exchange rate fluctuations had a negative impact of SEK 19.5 million on Cost of services provided. See table on page 18.

Gross profit amounted to SEK 1,018.1 (903.0) million, corresponding to a gross margin of 70.9 (71.9) percent. The decrease in gross profit margin was mainly due to increased payment fees and an additional provision of SEK 10.3 million related to recalculation of retrospective gaming taxes in a regulated market.

Operating expenses amounted to SEK 676.6 (684.6) million, organic operating expenses were SEK 641.9 million. The operating expenses are mainly in EUR and exchange rates fluctuations had a negative impact of SEK 34.7 million compared with the same quarter last year.

Marketing expenses amounted to SEK 254.0 (269.2) million. The organic marketing expenses were SEK 242.0 million. Marketing expenses are impacted by improved data driven attribution models, which enables higher return on marketing investments.

Personnel expenses amounted to SEK 199.6 (208.4) million, the organic personnel expenses were SEK 190.4 million.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, amounted to SEK 191.0 (184.6) million. Other external expenses include a provision at an amount of SEK 8.4 million regarding a receivable. The organic other external expenses were SEK 179.4 million.

Capitalised development costs amounted to SEK 49.1 (51.9) million. Amortisation of capitalised development was SEK 55.1 (53.7) million. Total depreciation and amortisation for the quarter was SEK 77.9 (70.4) million.

EARNINGS FOR THE QUARTER

Operating income (EBIT) amounted to SEK 341.5 (218.4) million, and the operating margin was 23.8 (17.4) percent. 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. The operating income recalculated with the currency exchange rate that prevailed during the same period 2017 was SEK 365.8 million.

Net financial items amounted to SEK -12.7 (-8.7) million and are mainly attributable to interest costs.

Net income amounted to SEK 313.6 (198.9) million, corresponding to SEK 2.27 (1.44) per share.

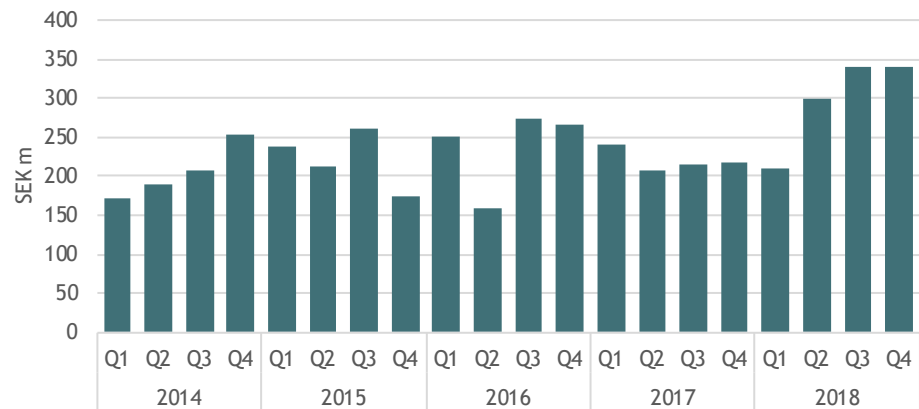
The reported corporate tax amounted to SEK 15.2 (10.8) million, corresponding to 4.7 (5.1) percent of profit before taxes. For the full year 2018, corporate tax amounted to SEK 74.3 (56.5) million, which corresponds to 6.4 (6.7) percent of profit before taxes. The effective tax rate may fluctuate between 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 FULL YEAR

Operating income for the full year 2018 amounted to SEK 1,193.7 (882.2) million. The increase is due to revenue growth as a result of improved products in combination with efficiency gains in marketing as well as internal processes. Net income amounted to SEK 1,078.1 (786.5) million, corresponding to SEK 7.79 (5.68) per share.

Operating income (EBIT)



CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of December 2018 amounted to SEK 488.7 (479.5) million. Customer liabilities, including reserves for accumulated jackpots, amounted to SEK 402.7 (374.6) 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 696.2 (448.5) million. These vary as a result of higher activities, depending on when deposits are made and at the same time payment terms differ dependent on what payment provider is used.

Cash flow from operating activities during the fourth quarter was SEK 289.3 (278.9) million and the cash flow from financing activities SEK -331.6 (-166.3) million respectively. For the full year 2018 the cash flow from operating activities was SEK 1,273.3 (946.7) million and the cash flow from financing activities SEK -990.5 (-389.7) million.

The financing activities refer mainly to repayment of bank loans at the amount of SEK 577.4 million and SEK 393.1 million for the share redemption program.

As per 31 December 2018, total available bank credit facilities were SEK 880.0 (1,089.7) million, of which SEK 91.6 (663.9) million were utilised.

External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	91.6	708.4	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2020
Bond (SEK m)	997.1	997.1	0.0	Nov, 2019

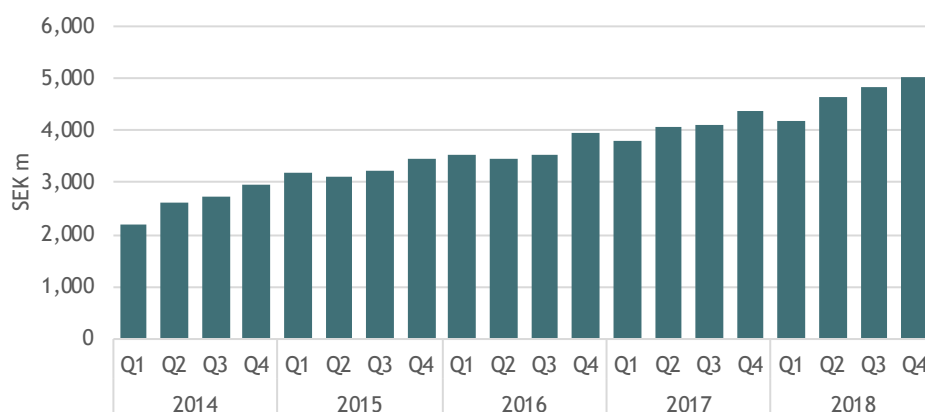
CUSTOMER ACTIVITY

Customer deposits in all Betsson's gaming solutions during the quarter amounted to SEK 5,017.6 (4,362.4) million, an increase of 15 percent. Development in deposits should be evaluated over a longer period than a quarter due to normal quarterly variances.

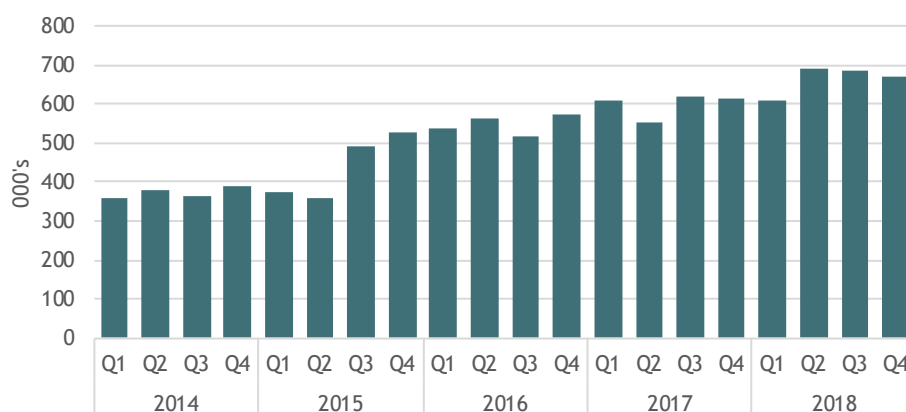
By the end of the fourth quarter, the number of registered customers was 14.0 (13.0) million, an increase of 8 percent.

Active customers during the quarter amounted to 668,721 (615,499), an increase of 9 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

In the fourth quarter 2018, Betssons operational subsidiaries received licenses for online gaming in Sweden.

Betsson Group received the eCOGRA Safe and Fair Seal certificate for its long-term work within Responsible Gaming.

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

The new gaming law in Sweden came into force on January 1, 2019 with betting duties at 18 percent.

The daily average revenue in the first quarter up until February 10, 2019 was 10 percent (8 percent organic) higher than the average daily revenue of the full first quarter 2018. This trading update is not a revenue forecast for the first quarter, but an indication of how the quarter has started.

The Dutch Senate is debating a new gaming legislation and voting on the bill, based on the proposal from 2016, is planned for February 19. Betsson is closely monitoring the development and hope to see a new EU adapted gaming legislation which achieves a high level of channelization to ensure customer protection.

Italy has announced increased betting duties from January 1, 2019, in Casino from 20 to 25 percent.

OUTLOOK

The gaming industry is changing and the expectation is that larger revenues from regulated markets will have an impact on operating profit as betting duties increase. There is continuous work being done to adopt business models to these new market conditions in order to grow revenues and earnings.

After the re-regulation of the Swedish market, Betsson estimates revenue share from regulated markets will increase from 24 percent in 2018 to 30-40 percent in 2019.

OTHER INFORMATION

PERSONNEL

At the end of the fourth quarter, the Group had 1,547 (1,873) employees. The average number of employees in the Group during the fourth quarter amounted to 1,531 (1,867) of which 868 (1,084) were based in Malta.

In addition, the Group employed 171 (190) 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 2018 amounted to SEK 27.9 (29.9) million, and earnings before tax amounted to SEK 1,103.9 (998.9) million.

Cash and cash equivalents in the Parent Company was SEK 188.3 (145.2) million.

EQUITY

Equity in the Group amounted to SEK 4,589.3 (3,366.9) million, corresponding to SEK 33.16 (26.49) per share.

Average FTE	Q4 2018	Q4 2017
Employees	1,531	1,867
Contractors	171	190

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 28,636 (40,009) 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 31 December 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	499,000	37,809,000	2.9%	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%
State Street Bank & Trust Co	0	10,232,108	10,232,108	7.1%	3.6%
Swedbank Robur Funds	0	8,541,479	8,541,479	5.9%	3.0%
DNB Technology	0	7,083,935	7,083,935	4.9%	2.5%
SEB Investment Management	0	6,686,967	6,686,967	4.6%	2.3%
Svenska Handelsbanken for PB	450,000	56,300	4,556,300	0.4%	1.6%
Other	30,000	82,459,457	82,759,457	57.1%	29.1%
Betsson treasury shares	0	6,078,592	0	4.2%	0.0%
Total	16,260,000	128,233,238	284,754,646	100.0%	100.0%

5%

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

MARKET

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth close to EUR 390 billion with an expected growth of 2.5 percent annually up until 2022. Online gaming is expected to increase its share of the total market to increase from 11 percent in 2018, to an estimated share of 13 percent in 2022. (data source: H2GC.)

Annual growth in Betsson Group's core markets in Europe, which in aggregate are worth close to EUR 13 billion, is expected to be 5 percent during the years 2018-2022. (data source: H2GC.)

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

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



PRODUCTS

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

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

During 2018 there has been significant improvements in the product offering and site speed. In addition, the OBG frontend framework was launched on mobile for Betsson Group's core brands. The launch of OBG for desktop has started during the fourth quarter 2018.

In the fourth quarter product modification has been carried out for Swedish compliance as the Swedish market is regulated starting from 1 January 2019.

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 fourth quarter 2018, 207 (164) employees received responsible gaming training and 10.7 (12.6) percent of all new depositing customers (NDC's) choose to set a deposit limit.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The Annual General Meeting of shareholders in Betsson AB will be held on Tuesday, 7 May 2019 at 13:00 CET, at venue "Bond", GT30, Grev Turegatan 30, Stockholm.

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.

The annual report will be available at the Company and at the Company's website www.betssonab.com no later than 16 April 2019.

Stockholm, 14 February 2019

Pontus Lindwall
President and CEO Betsson AB

This year-end report has not been subject to review by the Company's auditors.

CONSOLIDATED INCOME STATEMENT

SEK m	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Revenue	1,436.6	1,256.4	5,419.8	4,716.5
Cost of services provided	-418.5	-353.5	-1,559.9	-1,297.1
Gross profit	1,018.1	903.0	3,859.9	3,419.4
Marketing expenses	-254.0	-269.2	-994.5	-969.6
Personnel expenses	-199.6	-208.4	-813.9	-786.4
Other external expenses	-191.0	-184.6	-741.0	-719.4
Capitalised development costs	49.1	51.9	201.5	214.1
Amortisation and depreciation	-77.9	-70.4	-311.4	-267.6
Other operating income/expenses	-3.2	-3.9	-6.9	-8.3
Operating expenses	-676.6	-684.6	-2,666.2	-2,537.2
Operating income	341.5	218.4	1,193.7	882.2
Financial income and expenses	-12.7	-8.7	-41.3	-39.3
Income before tax	328.8	209.6	1,152.4	842.9
Tax	-15.2	-10.8	-74.3	-56.5
Net income	313.6	198.9	1,078.1	786.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Net income	313.6	198.9	1,078.1	786.5
Other comprehensive income				
Revenue/expenses recognised directly in equity:				
Hedge of net investments in foreign currency incl. deferred tax	-1.6	-12.5	-5.4	-11.5
Exchange differences in translating foreign operations	-13.2	90.1	239.6	44.4
Other comprehensive income of the period (after tax)	-14.8	77.6	234.2	32.9
Total comprehensive income for the period	298.8	276.5	1,312.3	819.3

CONSOLIDATED BALANCE SHEET

SEK m	31/12/2018	31/12/2017
Intangible fixed assets	5,164.5	4,943.4
Property, plant and equipment	95.5	97.7
Financial assets	1.4	9.2
Deferred tax receivables	57.1	43.8
Other longterm receivables	-0.0	2.6
Total non-current assets	5,318.4	5,096.6
Current receivables	1,664.1	1,241.9
Cash and cash equivalents	488.7	479.5
Total current assets	2,152.8	1,721.3
Total assets	7,471.2	6,817.9
Equity	4,589.3	3,666.9
Provision gaming tax	32.7	12.9
Deferred tax liabilities	41.9	29.3
Total Provisions	74.6	42.2
Bond	0.0	993.9
Non-current liabilities to credit institutions	93.5	0.0
Total non-current liabilities	93.5	993.9
Bond	997.1	0.0
Current liabilities to credit institutions	0.0	663.9
Other current liabilities	1,716.7	1,451.0
Total current liabilities	2,713.8	2,114.9
Total equity and liabilities	7,471.2	6,817.9

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q4 2018	Q4 2017	Jan-Dec 2018	Jan-Dec 2017
Income after financial items	328.8	209.6	1,152.4	842.9
Adjustments for non-cash items	85.8	72.4	318.7	274.5
Taxes paid	-4.1	-1.8	-43.5	-58.5
Cash flow from operating activities before changes in working capital	410.5	280.1	1,427.6	1,058.9
Changes in working capital	-121.3	-1.2	-154.3	-112.2
Cash flow from operating activities	289.2	278.9	1,273.3	946.7
Investments	-82.2	-75.6	-294.2	-282.9
Acquisition of cash and cash equivalents	0.0	0.0	0.0	81.9
Acquisition of shares in subsidiaries	0.0	-0.0	0.0	-323.0
Cash flow from investing activities	-82.2	-75.6	-294.2	-524.0
Cash paid upon redemption of warrants	-0.2	0.0	-0.2	-0.3
Paid gaming tax provision	0.0	-0.0	0.0	-7.2
Settled purchase consideration	0.0	-0.0	-20.3	-54.7
Changes in bank loans	-331.9	-163.7	-577.4	333.6
Guarantees	0.0	-2.6	0.0	-2.6
Share redemption programme	0.0	0.0	-393.1	-658.9
Warrant premiums received	0.5	0.0	0.5	0.3
Cash flow from financing activities	-331.6	-166.3	-990.5	-389.7
Changes to cash and cash equivalents	-124.5	37.1	-11.3	32.9
Cash and cash equivalents at beginning of period	604.5	437.0	479.5	444.3
Exchange differences	8.8	5.3	20.5	2.3
Cash and cash equivalents at end of period	488.7	479.5	488.7	479.5

CHANGE IN GROUP EQUITY

SEK m	31/12/2018	31/12/2017
Opening balance	3,666.9	3,502.9
Total comprehensive income for the period	1,312.3	819.3
Total change excluding owner transactions	1,312.3	819.3
Share redemption programme	-393.1	-658.9
Warrants paid premium	0.5	0.3
Payment on exercise of options	-0.2	-0.3
Share options - value of employee services	2.9	3.5
Equity at end of period	4,589.3	3,666.9
Attributable to:		
Parent company's shareholders	4,589.3	3,666.9

PARENT COMPANY, INCOME STATEMENT

SEK m	Jan-Dec 2018	Jan-Dec 2017
Revenue	27.9	29.9
Operating expenses	-70.9	-71.9
Operating income	-43.0	-42.0
Financial income and expenses	1,146.9	1,040.9
Income before tax	1,103.9	998.9
Tax	0.0	0.0
Net income	1,103.9	998.9

PARENT COMPANY, BALANCE SHEET

SEK m	31/12/2018	31/12/2017
Property, plant and equipment	1.2	2.1
Financial assets	5,035.6	4,967.6
Total non-current assets	5,036.8	4,969.7
Current receivables	901.9	809.8
Cash and cash equivalents	188.3	145.2
Total current assets	1,090.2	955.0
Total assets	6,127.0	5,924.6
Restricted equity	349.6	349.6
Unrestricted equity	4,449.6	3,738.6
Total equity	4,799.2	4,088.2
Bond	0.0	993.9
Non-current liabilities to credit institutions	91.6	-0.0
Total non-current liabilities	91.6	993.9
Bond	997.1	0.0
Current liabilities to credit institutions	0.0	647.3
Other current liabilities	293.1	195.2
Total current liabilities	1,236.2	842.5
Total equity and liabilities	6,127.0	5,924.6

QUARTERLY DATA

INCOME STATEMENT

SEK m	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Revenue	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6	1,177.5	1,102.0
Cost of services provided	-418.5	-417.3	-378.5	-345.6	-353.5	-321.6	-326.4	-295.7
Gross profit	1,018.1	1,009.5	968.0	864.3	903.0	859.0	851.1	806.3
Marketing expenses	-254.0	-246.8	-249.3	-244.4	-269.2	-242.5	-246.5	-211.4
Personnel expenses	-199.6	-197.7	-207.2	-209.5	-208.4	-195.8	-203.2	-179.1
Other external expenses	-191.0	-183.3	-184.5	-182.3	-184.6	-186.2	-182.0	-166.7
Capitalised development costs	49.1	44.5	52.8	55.1	51.9	51.4	56.8	54.0
Amortisation and depreciation	-77.9	-83.3	-78.9	-71.3	-70.4	-69.1	-67.5	-60.6
Other operating income/expenses	-3.2	-2.8	-0.3	-0.6	-3.9	-1.0	-2.2	-1.3
Operating expenses	-676.6	-669.4	-667.3	-652.9	-684.6	-643.0	-644.2	-565.4
Operating income	341.5	340.2	300.7	211.4	218.4	216.0	206.9	240.9
Financial items, net	-12.7	-9.5	-9.3	-9.9	-8.7	-9.7	-10.3	-10.6
Income before tax	328.8	330.7	291.5	201.4	209.6	206.3	196.6	230.4
Tax	-15.2	-25.6	-20.0	-13.5	-10.8	-19.3	-10.5	-16.0
Net income	313.6	305.1	271.4	187.9	198.9	187.0	186.1	214.4

BALANCE SHEET

SEK m	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Non-current assets	5,318.4	5,331.6	5,460.9	5,368.8	5,096.6	5,084.9	5,188.0	5,062.8
Current assets	2,152.8	2,050.8	1,918.5	1,812.7	1,721.3	1,463.9	1,324.9	1,828.8
Total assets	7,471.2	7,382.5	7,379.4	7,181.6	6,817.9	6,548.9	6,512.9	6,891.7
Equity	4,589.3	4,289.6	4,090.1	4,123.7	3,666.9	3,389.3	3,301.7	3,746.8
Provisions and non-current liabilities	168.1	1,472.9	1,772.3	1,039.3	1,036.1	1,016.3	1,023.0	1,614.2
Current liabilities	2,713.8	1,620.0	1,517.0	2,018.6	2,114.9	2,143.2	2,188.2	1,530.6
Total equity and liabilities	7,471.2	7,382.5	7,379.4	7,181.6	6,817.9	6,548.9	6,512.9	6,891.7
Consolidated cash flow statement								
Operating cash flow	289.3	400.8	271.2	312.2	278.9	220.4	242.4	204.9
Cash flow from investing activities	-82.1	-58.7	-76.6	-76.7	-75.6	-70.9	-368.8	-8.8
Cash flow from financing activities	-331.6	-294.8	-83.9	-280.2	-166.3	-183.2	-276.1	235.9
Total cash flow	-124.5	47.2	110.7	-44.8	37.1	-33.7	-402.6	432.1

KEY RATIOS

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Key financial ratios								
Gross Margin (% of revenue)	70,9	70,8	71,9	71,4	71,9	72,8	72,3	73,2
EBITDA-margin (% of revenue)	29,2	29,7	28,2	23,4	23,0	24,2	23,3	27,4
EBIT-margin (% of revenue)	23,8	23,8	22,3	17,5	17,4	18,3	17,6	21,9
Profit margin (% of revenue)	22,9	23,2	21,6	16,6	16,7	17,5	16,7	20,9
Marketing expenses (% of revenue)	17,7	17,3	18,5	20,2	21,4	20,5	20,9	19,2
Basic earnings per share (SEK)	2,27	2,20	1,96	1,36	1,44	1,35	1,34	1,55
Diluted earnings per share (SEK)	2,27	2,20	1,96	1,36	1,44	1,35	1,34	1,55
Equity per share (SEK)	33,16	30,99	29,55	29,79	26,49	24,49	23,85	27,07
Executed dividend/redemption per share (SEK)	0,00	0,00	2,84	0,00	0,00	0,00	4,76	0,00
Equity/assets ratio (%)	61	58	55	57	54	52	51	54
Return on equity (%)	7	7	7	5	5	5	6	6
Return on total capital (%)	5	5	4	3	3	3	3	4
Return on capital employed (%)	5	6	6	4	4	4	5	5
Net debt (SEK m)	612	826	1 173	970	1 208	1 404	1 553	1 061
Shares								
Average share price (SEK)	72,19	69,08	60,45	66,06	64,46	74,38	77,29	80,50
Share price at end of period (SEK)	73,00	68,48	54,38	63,12	60,50	74,25	73,00	78,00
Highest share price (SEK)	82,47	81,80	69,50	70,40	76,00	80,50	82,40	91,95
Lowest share price (SEK)	63,51	51,61	52,57	60,04	57,70	68,30	72,85	73,10
Number of shareholders at end of period	28 636	30 555	36 581	38 158	40 009	41 312	42 847	43 474
Number of shares outstanding at end of period (million)	138,4	138,4	138,4	138,4	138,4	138,4	138,4	138,4
Number of shares at end of period (million)	144,5	144,5	144,5	144,5	144,5	144,5	144,5	144,5
Personnel								
Average number of employees	1 531	1 584	1 612	1 679	1 867	1 889	1 878	1 848
Number of employees at end of period	1 547	1 505	1 547	1 567	1 873	1 888	1 887	1 902

CUSTOMERS

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Registered customers (000's)	14,010	13,743	13,457	13,288	12,993	12,705	12,381	12,159
Active customers (000's)	669	687	692	608	615	619	551	607

CUSTOMER DEPOSITS

SEK m	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Customer deposits	4,030.5	4,153.7	3,906.1	3,450.5	3,564.4	3,349.7	3,240.0	3,024.1
Customer deposits, all gaming solutions	5,017.6	4,853.4	4,664.7	4,190.3	4,362.4	4,100.1	4,056.3	3,789.2

SPORTSBOOK DATA

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Gross turnover, all gaming solutions (SEK m)	6,300.9	6,151.3	6,226.5	5,773.1	5,965.4	5,391.0	5,755.0	6,006.1
of which gross turnover live betting (SEK m)	3,984.8	4,089.2	4,072.5	3,904.8	4,126.0	3,864.8	3,982.2	4,353.2
Margin after free bets (%)	7.3	7.4	6.3	6.6	8.2	7.1	6.4	6.1
Revenue (SEK m)	341.4	338.9	300.2	263.5	359.3	275.1	255.6	250.3
Gross margin, Sportsbook (%)	5.4	5.5	4.8	4.6	6.0	5.1	4.4	4.2

REVENUE BY PRODUCT

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Revenue (SEK m)								
Casino	1,071.7	1,066.3	1,016.6	922.8	867.3	871.1	876.6	822.9
Sportsbook	341.4	338.9	300.2	263.5	359.3	275.1	255.6	250.3
Other products	23.5	21.6	29.6	23.6	29.8	34.4	45.3	28.8
Total	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6	1,177.5	1,102.0

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

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Growth, compared with previous quarter (%)								
Casino	1	5	10	6	-0	-1	7	-0
Sportsbook	1	13	14	-27	31	8	2	-5
Other products	9	-27	25	-21	-13	-24	57	-5
Total	1	6	11	-4	6	0	7	-1

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Growth, compared with same period previous year (%)								
Casino	24	22	16	12	5	19	28	23
Sportsbook	-5	23	17	5	36	-8	15	-15
Other products	-21	-37	-35	-18	-2	10	55	-25
Total	14	21	14	10	12	11	26	10

REVENUE BY REGION

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Sportsbook (SEK m)								
Nordics	170.4	165.8	139.0	130.2	190.6	133.0	118.2	106.3
Western Europe	30.5	35.6	43.2	34.0	45.3	32.5	34.4	24.8
Central & Eastern Europe and Central Asia	109.4	91.2	78.2	83.2	102.1	94.3	90.7	106.8
RoW	31.1	46.3	39.8	16.1	21.3	15.3	12.3	12.4
Total	341.4	338.9	300.2	263.5	359.3	275.1	255.6	250.3

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Casino (SEK m)								
Nordics	482.7	493.7	471.3	428.9	405.5	418.4	426.4	410.3
Western Europe	417.4	400.5	385.8	345.0	305.3	309.3	304.3	248.4
Central & Eastern Europe and Central Asia	151.8	146.0	132.0	128.0	134.5	124.2	129.8	139.9
RoW	19.9	26.1	27.5	20.9	22.0	19.2	16.1	24.3
Total	1,071.8	1,066.3	1,016.6	922.8	867.3	871.1	876.6	822.9

2018/Q4

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Total, for all products, per region (SEK m)								
Nordics	659.3	668.2	621.9	568.3	606.6	562.4	558.7	530.3
Western Europe	455.1	446.2	443.5	390.0	362.2	355.2	351.8	281.6
Central & Eastern Europe and Central Asia	269.8	241.0	214.4	215.3	241.1	223.2	226.5	252.7
RoW	52.4	71.4	66.7	36.4	46.5	39.7	40.6	37.3
Total	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6	1,177.5	1,102.0

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Share per region (%)								
Nordics	46	47	46	47	48	48	48	48
Western Europe	32	31	33	32	29	30	30	26
Central & Eastern Europe and Central Asia	19	17	16	18	19	19	19	23
RoW	3	5	5	3	4	3	3	3

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Growth, compared with previous quarter (%)								
Nordics	-1	7	9	-6	8	1	5	-5
Western Europe	2	1	14	8	2	1	25	10
Central & Eastern Europe and Central Asia	12	12	-0	-11	8	-1	-10	-9
RoW	-27	7	83	-22	17	-2	9	40

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Growth, compared with same period previous year (%)								
Nordics	9	19	11	7	9	1	28	14
Western Europe	26	26	26	38	42	63	69	16
Central & Eastern Europe and Central Asia	12	8	-5	-15	-14	-14	-15	-6
RoW	13	80	64	-2	75	26	64	76

SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Licence fees	129.7	132.8	127.7	117.7	116.6	111.3	108.9	96.8
Betting duties	73.6	69.4	62.1	56.6	56.2	52.1	53.9	43.3
Affiliates and partners commission	114.6	117.5	108.2	96.1	102.1	83.5	92.3	85.8
Other cost of services provided	100.6	97.6	80.5	75.3	78.6	74.7	71.2	69.7
Total	418.5	417.3	378.5	345.6	353.5	321.6	326.4	295.7

ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Reported revenues	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6	1,177.5	1,102.0
- Revenue from acquisitions ¹	0.0	0.0	0.0	-53.5	-74.1	-91.9	-103.6	-32.6
- Currency effects	-29.9	-54.4	-36.0	-7.4	48.2	32.4	8.3	4.0
Organic revenues	1,406.7	1,372.4	1,310.4	1,149.1	1,230.5	1,121.1	1,082.2	1,073.4
Organic growth (YoY)	12%	16%	11%	4%	10%	5%	16%	7%
Reported growth (YoY)	14%	21%	14%	10%	12%	11%	26%	10%
Reported operating income (EBIT)	341.5	340.2	300.7	211.4	218.4	216.0	206.9	240.9
- Result from acquisitions ¹	0.0	0.0	0.0	15.2	15.5	5.0	-6.8	-3.9
- Currency effects	24.3	20.9	10.5	15.3	34.0	27.4	17.8	19.1
Organic operating income	365.8	361.1	311.2	241.9	267.9	248.4	217.9	256.1
Organic growth (YoY)	68%	67%	50%	0%	1%	-9%	38%	2%
Reported growth (YoY)	56%	57%	45%	-12%	-18%	-21%	31%	-4%

¹ For 2018 Q1, NetPlay and Premier Casino.
 2017 Q4, Racebets, NetPlay and Premier Casino.
 2017 Q2 & 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 material 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 and is adopted by the EU.

Betsson will use the modified retrospective method and hereby disclose and quantify expected and significant impact in relation to the adoption of IFRS 16. The major part of leases relates to rental of properties within the Group. The net present value of contracts in scope for IFRS 16 amounts to SEK 130 million and will be disclosed in the balance sheet 1st January 2019 as a right-of-use asset and lease liability respectively.

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 licenses issued in Malta, as well as in Denmark, Estonia, Georgia, Great Britain, Germany, Ireland, Italy, Latvia, Lithuania, Spain and Sweden, where national governments have regulated the industry, necessitating businesses to obtain licenses in order to operate gambling in the territory.

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 Dutch government has the ambition to introduce a new regulation in the country. On 18 December 2018, the Dutch Senate decided to move the draft gambling act to a plenary debate and vote in February 2019. It is expected that the Senate would pass the decision to adopt the new law in February 2019, and that the new law would go into force in either 2020 or 2021. Secondary legislation linked to the new gaming regulation is also up for consultation in the Dutch Senate. 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 December 2018, Italian legislator approved the government's last minute proposals to hike online and land-based taxes in an attempt to balance its budget. With effect from 1 January 2019, tax for online games increased from 20 to 25 percent of GGR.

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

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

For a more detailed description of the risks mentioned above and other risks and uncertainties, please refer to the Annual Report for 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	10.257	9.633	+6.5%
GBP/SEK	11.593	10.990	+5.5%
GEL/SEK	3.432	3.389	+1.3%
NOK/SEK	1.069	1.033	+3.5%
TRY/SEK	1.837	2.342	-21.6%

Balance sheet (closing rate)

	31/12/2018	31/12/2017	Δ
EUR/SEK	10.275	9.850	+4.3%
GBP/SEK	11.348	11.105	+2.2%
GEL/SEK	3.357	3.047	+10.2%

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.

PROPOSAL ON DIVIDENDS TO SHAREHOLDERS

The Board of Directors proposes to the Annual General Meeting (AGM) that SEK 539.0 (393.1) million, which corresponds to SEK 3.89 (2.84) per share, is distributed to shareholders through an automatic redemption process. This is according to the dividend policy.

GLOSSARY AND DEFINITIONS

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

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

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

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

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

Deposits: Customers' deposits to gaming accounts.

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

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

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

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

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

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

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

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

Mobile revenue: Revenues customers using mobile devices.

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

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

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

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

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

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

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

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

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

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



CALENDAR

Interim report January-March 2019:	7 May 2019
Annual General Meeting	7 May 2019
Interim report Q2 and January-June 2019:	19 July 2019
Interim report Q3 and January-September 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 Thursday, 14 February, 2019 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: +44 203 008 9801

SE: +46 8 566 42 663

US: +1 646 502 5116

To watch the webcast of the presentation, visit www.betssonab.com or <https://edge.media-server.com/m6/p/j4jkx286>



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