

Betsson AB (publ) year-end report, 1 January - 31 December 2019

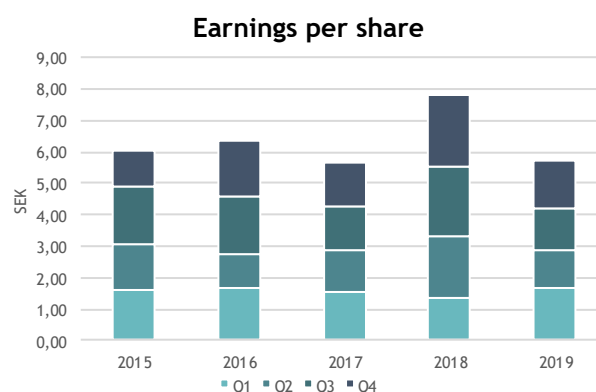
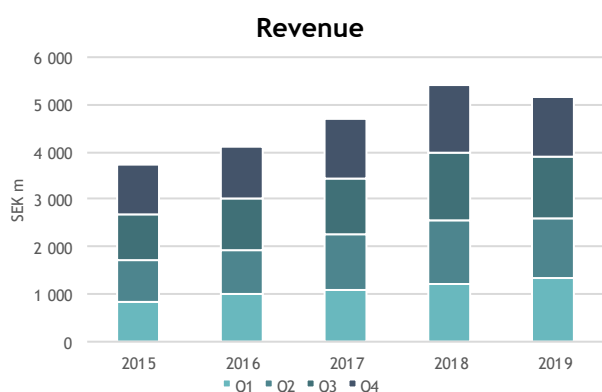
Strong full-year operating profit thanks to geographical spread and efficient organisation

QUARTER OCTOBER - DECEMBER 2019

- Group revenue was SEK 1,289.5 (1,436.6) million, a decrease of 10 percent with an organic decrease of 11 percent.
- Casino revenue declined by 10 percent and Sportsbook revenue declined by 9 percent. The sportsbook margin was 6.8 (7.3) percent.
- Operating income (EBIT) was SEK 200.5 (341.5) million. The variance was mainly due to decreased revenue. The EBIT margin was 15.5 (23.8) percent.
- Operating cash flow amounted to SEK 237.8 (289.3) million.

FULL YEAR 2019

- Group revenue was SEK 5,173.0 (5,419.8) million, a decrease of 5 percent, reported and organic.
- Operating income (EBIT) was SEK 865.0 (1,193.8) million, corresponding to an operating margin of 16.7 (22.0) percent.
- Net income was SEK 787.1 (1,078.1) million, corresponding to SEK 5.69 (7.79) per share.
- Operating cash flow amounted to SEK 1,150.3 (1,273.3) million.
- The Board of Directors proposes to the AGM that SEK 393.1 (538.4) million, which corresponds to SEK 2.84 (3.89) per share, is distributed to shareholders.



KEY DATA

SEK m	Q4 2019	Q4 2018	Δ	Jan-Dec 2019	Jan-Dec 2018	Δ
Revenue	1,289.5	1,436.6	-10%	5,173.0	5,419.8	-5%
Gross profit	838.8	1,018.1	-18%	3,427.6	3,859.9	-11%
EBITDA	292.3	419.4	-30%	1,229.7	1,505.2	-18%
EBITDA margin	22.7%	29.2%	-	23.8%	27.8%	-
Operating income (EBIT)	200.5	341.5	-41%	865.0	1,193.7	-28%
EBIT margin	15.5%	23.8%	-	16.7%	22.0%	-
Net income	204.4	313.6	-35%	787.1	1,078.1	-27%
Earnings per share (SEK)	1.48	2.27	-35%	5.69	7.79	-27%
Operating cash flow	237.8	289.3	-18%	1,150.3	1,273.3	-10%
Casino revenue	964.1	1,071.7	-10%	3,837.0	4,077.4	-6%
Sportsbook gross turnover	7,235.3	6,300.9	15%	25,927.8	24,451.8	6%
Sportsbook revenue	311.6	341.4	-9%	1,265.0	1,244.0	2%
Sportsbook margin after free bets	6.8%	7.3%	-	7.2%	6.9%	-
Deposits	5,511.8	5,017.6	10%	19,851.6	18,726.0	6%
Active customers (number of)	686,499	668,721	3%			



We are proud to report a 2019 full-year operating profit of SEK 865 million. This shows that Betsson has the ability to run a profitable business, even during a year of challenges.

Despite a notch in the growth curve, our ambition is to grow more than the market, organically and through acquisitions.

Pontus Lindwall
President and
CEO Betsson AB

FOURTH QUARTER

Revenue for the fourth quarter was SEK 1,289.5 million, a decrease compared to the same quarter last year but an increase compared to the previous quarter. Development in Sweden, Norway and the Netherlands have continued to be weak, while other markets in which Betsson operates, locally regulated and non-locally regulated, have performed well. The sportsbook margin for the fourth quarter was 6.8 percent, slightly lower than both the average and the previous two quarters, which this impacted the sportsbook's revenue for the quarter negatively. Sportsbook gross turnover on the other hand, have developed strongly both during the fourth quarter and the full year 2019, with an increase during the quarter of 15 percent compared with the same period last year and 6 percent for the full year. Operating profit (EBIT) for the fourth quarter amounted to SEK 200.5 million, which corresponds to an operating margin of 15.5 percent.

CEO COMMENTS

2019 full-year operating profit of SEK 865 million shows that Betsson can deliver despite several market challenges

"We are proud to present an operating profit for the full year 2019 of SEK 865 million. The operating profit shows Betsson's ability to deliver profitability, also during the challenges that 2019 entailed. We had expected some recovery in the closing fourth quarter, above all in the Swedish market, but we did not reach our objectives there. Up until now, one year after the Swedish re-regulation, we have still not seen the market consolidation that we expect due to the great number of operators, many of them showing no profitability. On the other hand, we have seen declining channelisation, which makes it difficult for the licensed operators who pay 18 percent gaming tax and it also jeopardizes consumer protection. High channelisation contributes to competition on equal terms for the companies in the sector that operate in the Swedish market.

During its long history, Betsson has grown more than the market. In 2019, we had a notch in this curve, but our long-term ambition to grow more than the market, organically and through acquisitions, remains. Our efficient organisation, the strong cash flow and the strong financial position provide a good foundation for acquisitions. During the fourth quarter we made a minor strategic acquisition and continue to analyse several opportunities, both in locally regulated markets and in markets that will be regulated. By further increasing the geographical distribution, we can reduce the impact of temporary downturns in individual markets.

The geographical and product distribution provide stability and also gives us the opportunity to be sustainable in our long-term efforts to run a profitable business with growth and good margins. Betsson is continuously investing in the development of the product offering and it is gratifying to get an acknowledgment that we do the right things. We saw an increase in active customers during the fourth quarter by 3 percent compared to the fourth quarter of last year 9 percent compared to the third quarter. Our in-house developed sportsbook with constantly improved performance delivers good customer experiences, sales growth and good profitability. The high performance also makes it an attractive third-party product. We have previously stated that our ambition is to offer the sportsbook to external customers and we have concluded the first deal with a third party at the beginning of the current year. We are now looking forward to the European Football Championship in June."

Founded in

1963



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

Ticker: BETS B



Betsson Group operates 16 brands

12

Licensed for gaming in 12 jurisdictions.

REVENUE AND EARNINGS

REVENUE FOR THE QUARTER

Group revenue was SEK 1,289.5 (1,436.6) million, a decrease of 10 percent, with an organic decrease of 11 percent. Currency fluctuations had a positive effect on revenue of SEK 13.1 million.

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

Mobile revenue amounted to SEK 920.4 (948.0) million and represented 71 (66) percent of total revenue.

License revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) amounted to SEK 175.4 (102.1) million and corresponded to 14 (7) percent of Group revenue. The increase is mainly due to enhanced performance in the Sportsbook delivered by Betsson. Currency fluctuations had a negative impact on license revenues of SEK 5.1 million, compared with the fourth quarter 2018.

Revenue by product

Casino revenue amounted to SEK 964.1 (1,071.7) million, a decrease of 10 percent, with 11 percent organic decrease. Casino represented 75 (75) percent of Group revenue.

Mobile Casino revenue was SEK 654.9 (683.5) million and accounted for 68 (64) percent of total Casino revenue.

Sportsbook revenue in the fourth quarter amounted to SEK 311.6 (341.4) million, a decrease of 9 percent with 10 percent organic decrease. Sportsbook represented 24 (24) percent of the Group's revenue.

Gross turnover in Sportsbook, in all Betsson's gaming solutions, amounted to SEK 7,235.3 (6,300.9) million, which is an increase of 15 percent compared to the fourth quarter last year. Organic gross turnover increased with 15 percent.

The Sportsbook margin was 6.8 (7.3) percent. The eight-quarter rolling average margin was 7.0 percent.

Mobile Sportsbook revenue amounted to SEK 260.1 (260.2) million, in line with the fourth quarter last year. Mobile Sportsbook accounted for 83 (76) percent of Sportsbook revenue.

Revenue from other products amounted to SEK 13.8 (23.5) million, a decline of 41 percent, and represented 1 (2) percent of total revenues.

Revenue by region

Revenue from the Nordics was SEK 450.2 (659.3) million, a decrease of 32 percent, reported and organic.

Revenue from Western Europe amounted to SEK 387.7 (455.1) million, a decrease of 15 percent, with 18 percent organic decrease.

Revenue from Central & Eastern Europe and Central Asia (CEECA) amounted to SEK 369.9 (269.8) million, an increase of 37 percent. The organic growth was 38 percent.

Locally taxed revenue, from markets where Betsson pays local betting duties, increased by 41 percent compared to the fourth quarter last year and amounted to SEK 464.9 (330.9) million, corresponding to 36.1 (23.0) percent of total Group revenue. The increase is mainly related to revenue from Sweden and Italy.

71%

Mobile share of revenue

Revenue by product



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

Revenue by region

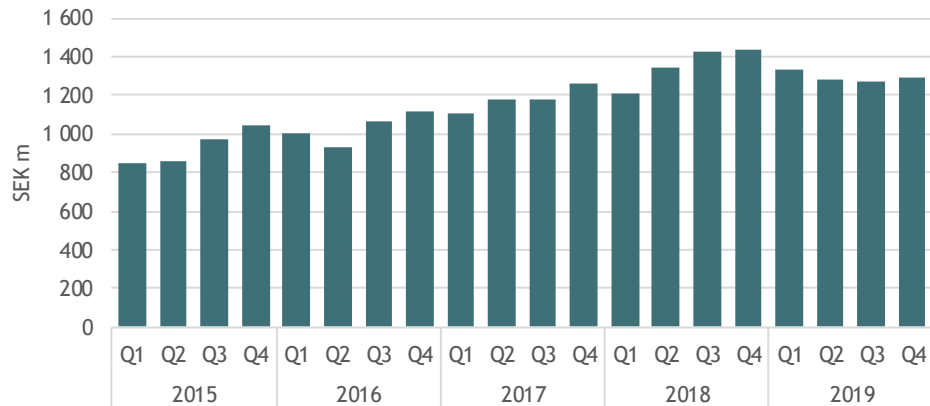


- Nordic (35%)
- Western Europe (30%)
- CEECA (29%)
- ROW (6%)

REVENUE AND GROSS PROFIT FOR THE FULL YEAR

Group revenue totaled SEK 5,173.0 (5,419.8) million, a decrease of 5 percent, reported and organic. Gross profit amounted to SEK 3,427.6 (3,860.0) million.

Group revenue



EXPENSES FOR THE QUARTER

Cost of services provided were SEK 450.6 (418.5) million for the quarter. The increase is mainly due to increased betting duties in Italy and Sweden as well as increased payment costs. Currency exchange rate fluctuations had a negative impact of SEK 5.9 million.

Gross profit amounted to SEK 838.8 (1,018.1) million, corresponding to a gross profit margin of 65.1 (70.9) percent.

Operating expenses amounted to SEK 638.3 (676.6) million which is a 6 percent decrease compared to the fourth quarter last year. The organic operating expenses were SEK 622.8 million. The decrease was due to continuous work on cost efficiencies. At the same time, the external costs during the fourth quarter reflects increased activities to broaden the product offering and to investigate further geographical spread.

Marketing expenses amounted to SEK 211.8 (254.0) million. The organic marketing expenses were SEK 209.4 million.

Personnel expenses amounted to SEK 201.5 (199.6) million. The organic personnel expenses were SEK 196.7 million.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, amounted to SEK 183.9 (191.0) million. The organic other external expenses were SEK 176.1 million. The decrease was mainly due to IFRS 16 Leasing with SEK 13.9 million of rental costs reported as depreciation and financial expenses.

Capitalised development costs amounted to SEK 53.5 (49.1) million. Amortisation of capitalised development costs was SEK 55.5 (55.1) million. See table on page 18. Total amortisation and depreciation for the quarter was SEK 91.8 (77.9) million. The increase was mainly due to the impact of IFRS 16 Leasing.

EARNINGS FOR THE QUARTER

Operating income (EBIT) was SEK 200.5 (341.5) million, and the operating margin was 15.5 (23.8) percent. The decrease is mainly explained by lower revenue. The operating income recalculated with the currency exchange rate that prevailed during the same period 2018 was SEK 207.9 million.

Net financial items amounted to SEK -13.5 (-12.7) million and is primarily related to interest costs.

Net income amounted to SEK 204.4 (313.6) million, corresponding to SEK 1.48 (2.27) per share.

The calculated corporate tax for the fourth quarter amounted to SEK -8.1 (-15.3) million, corresponding to 4.3 (4.7) percent of profit before taxes. The reported tax in the fourth quarter, SEK 17.4 million, included an amount of SEK 25.5 million related to a historical tax reserve that has been revoked.

6%

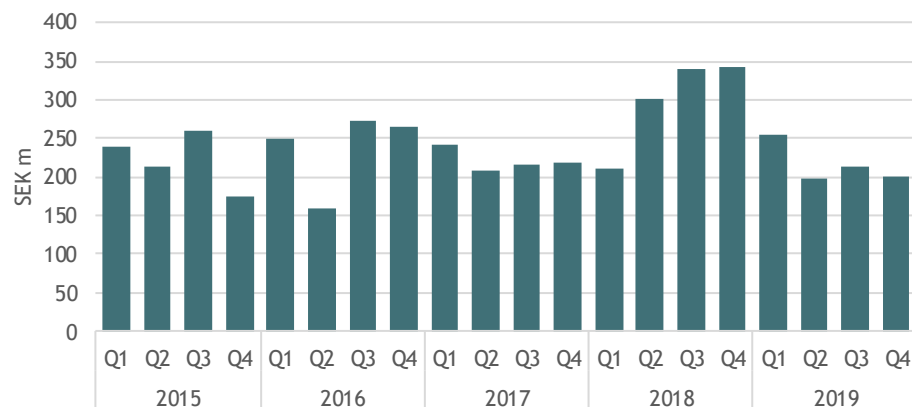
Decrease in operating expenses due to continued cost efficiencies.

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 FULL YEAR

Operating income for the full year 2019 amounted to SEK 865.0 (1,193.8) million. The amount includes a one-off cost for a fine issued by the Swedish Gaming Authority (SGA) of SEK 19 million. Net income amounted to SEK 787.1 (1,078.1) million, corresponding to SEK 5.69 (7.79) per share.

Operating income (EBIT)



CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of December 2019 amounted to SEK 639.2 (488.7) million. Customer liabilities, including reserves for accumulated jackpots, amounted to SEK 415.4 (402.7) 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 amounted to SEK 566.6 (696.2) million. The balance varies as a result of activity, 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 237.8 (289.0) million including a negative impact of SEK 61.1 million related to changes in working capital. Cash flow from financing activities was SEK -470.4 (-331.6) million, which is primarily explained by the redemption of a bond and repayment of bank loans.

As per 31 December 2019, total available bank credit facilities were SEK 880.0 (880.0) million, of which SEK 0.0 (91.6) million were utilised.

External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	0.0	800.0	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2021
Bond (SEK m)	986.3	986.3	0.0	Sep, 2022

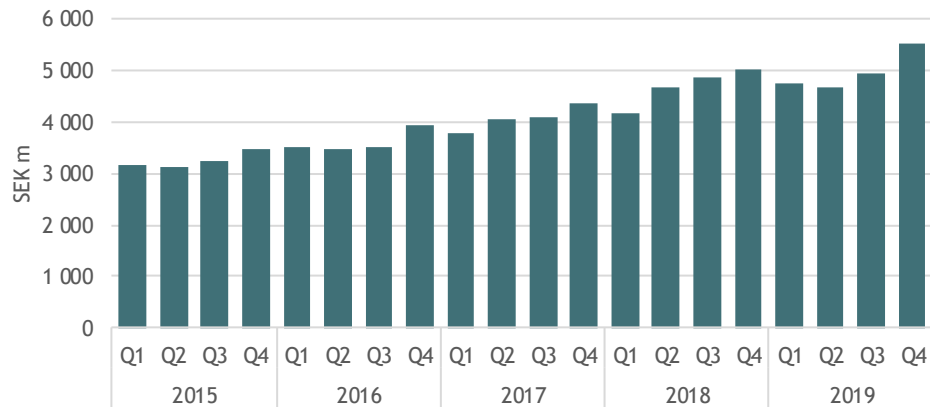
CUSTOMER ACTIVITY

Customer deposits in all operational subsidiaries' gaming solutions during the quarter amounted to SEK 5,511.8 (5,017.6) million.

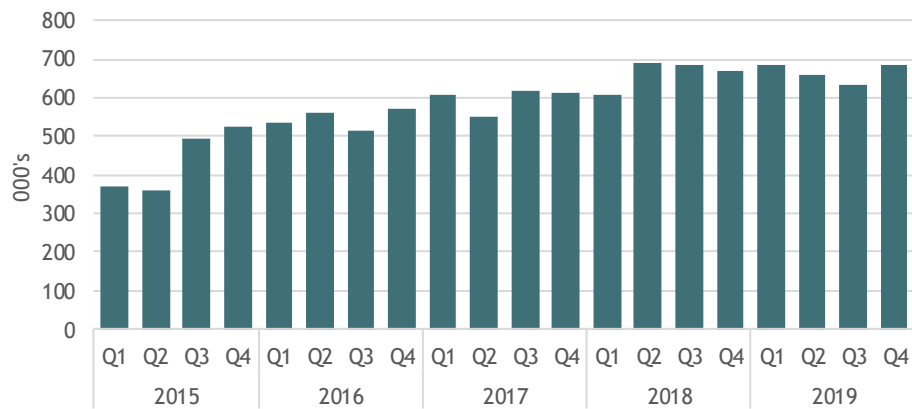
By the end of the fourth quarter, the number of registered customers was 15.1 (14.0) million, an increase of 8 percent.

Active customers during the quarter amounted to 686,499 (668,721), an increase of 3 percent.

Customer deposits



Active customers



3%

Increase in number of active customers compared to the fourth quarter 2018

SIGNIFICANT EVENTS AND OUTLOOK

OTHER SIGNIFICANT EVENTS DURING THE QUARTER

In December 2019, Betsson acquired 75 percent of the Brazilian Sportsbook operator Suaposta ahead of the expected regulation of the sportsbook market in Brasil.

In October 2019, MSCI (Morgan Stanley Capital International) re-newed their assessment of Betsson from an ESG (Environment, Social and Governance) perspective. Once again, Betsson got the highest rating AAA.

SIGNIFICANT EVENTS AFTER THE FOURTH QUARTER

In January 2020, Betsson signed a Sportsbook B2B deal with ibet. Ibet is run by Malta-based Claymore Group whose management team also runs one of the largest Asian gaming operators, LeTou. For the coming European launch of ibet, Betsson has been selected as their sportsbook provider, including both the technology platform and odds compiling.

The daily average revenue in the first quarter 2020, up until February 9, was 6 percent (6 percent organic) higher than the average daily revenue of the full first quarter 2019. The sportsbook margin has been beneficial so far during the first quarter 2020. This trading update is not a revenue forecast, but an indication of how the quarter has started.

LONG TERM OUTLOOK

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

OTHER INFORMATION

PERSONNEL

At the end of the fourth quarter, the Group had 1,589 (1,547) employees. The average number of full-time employees in the Group during the fourth quarter amounted to 1,572 (1,531) of which 967 (868) were based in Malta.

In addition, the Group employed 165 (171) full-time consultants during the quarter, mainly within product development. The cost of consultants is recognised under Other external expenses.

PARENT COMPANY

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

Revenue for the full year 2019 amounted to SEK 32.1 (27.9) million, and net income amounted to SEK 977.0 (1,103.9) million.

Cash and cash equivalents in the Parent Company was SEK 239.5 (188.3) million.

EQUITY

Equity in the Group amounted to SEK 4,899.0 (4,589.3) million, corresponding to SEK 35.38 (33.16) per share.

Average FTE	Q4 2019	Q4 2018
Employees	1,572	1,531
Contractors	165	171

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 25,421 (28,636) 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 2019

Name	A shares	B and C shares	Votes (outstanding)	% Capital (total capital)	% Votes (votes outstanding)
Hamberg family and companie	5,098,500	225,000	51,210,000	3.7%	18.0%
Danske Bank International S.A	3,731,000	669,000	37,979,000	3.0%	13.3%
Knutsson family and companie	2,710,000	4,350,000	31,450,000	4.9%	11.0%
Lundström family and compan	2,557,500	1,950,600	27,525,600	3.1%	9.7%
Lindwall, Berit	1,683,000	70,000	16,900,000	1.2%	5.9%
State Street Bank & Trust Co	-	13,783,313	13,783,313	9.5%	4.8%
DNB	-	11,462,343	11,462,343	7.9%	4.0%
JPM Chase	-	4,971,122	4,971,122	3.4%	1.7%
CACEIS Bank, Luxemburg filial	-	4,932,921	4,932,921	3.4%	1.7%
Skandia fonder	-	4,154,438	4,154,438	2.9%	1.5%
Other	480,000	75,585,909	80,385,909	52.6%	28.2%
Betsson treasury shares	-	6,078,592	-	4.2%	0.0%
Total	16,260,000	128,233,238	284,754,646	100.0%	100.0%

5%

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

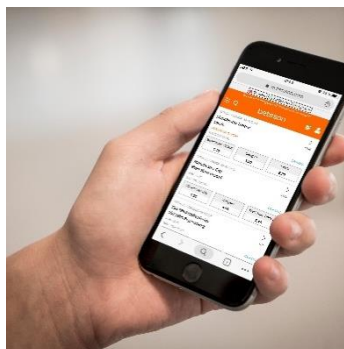
MARKET

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth close to EUR 404 billion with an expected growth of 3 percent annually up until 2023. Online gaming is expected to increase its share of the total market from 12 percent in 2019, to an estimated share of 14 percent in 2023. (Source: H2GC, January 2020.)

Annual online gaming growth in Betsson's core markets in Europe, which in aggregate are worth close to EUR 14 billion, is expected to be 5 percent during the years 2019-2023. (Source: H2GC, January 2020.)

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 Betsson 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. Betsson's subsidiaries also own and develop its proprietary Sportsbook.

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

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

SUSTAINABILITY

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

In the fourth quarter 2019, 303 (207) employees received responsible gaming training and 35.8 (10.7) 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, 28 April 2020 at 09:00 am CET, at venue "Bond", GT30, Grevuregatan 30 i Stockholm. Shareholders who would like to make proposals to the Nomination Committee may do so by e-mail 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 7 April 2020.

Stockholm, 13 February 2020

Pontus Lindwall
President and CEO

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

CONSOLIDATED INCOME STATEMENT

SEK m	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	1,289.5	1,436.6	5,173.0	5,419.8
Cost of services provided	-450.6	-418.5	-1,745.4	-1,559.9
Gross profit	838.8	1,018.1	3,427.6	3,859.9
Marketing expenses	-211.8	-254.0	-898.1	-994.5
Personnel expenses	-201.5	-199.6	-790.2	-813.9
Other external expenses	-183.9	-191.0	-701.8	-741.0
Capitalised development costs	53.5	49.1	202.4	201.5
Amortisation and depreciation	-91.8	-77.9	-364.7	-311.4
Other operating income/expenses	-2.8	-3.2	-10.1	-6.9
Operating expenses	-638.3	-676.6	-2,562.5	-2,666.2
Operating income	200.5	341.5	865.0	1,193.7
Financial income and expenses	-13.5	-12.7	-54.2	-41.3
Income before tax	187.0	328.8	810.9	1,152.4
Tax	17.4	-15.2	-23.8	-74.3
Net income	204.4	313.6	787.1	1,078.1
Net income attributable to:				
Equity holders of the Parent Company	204.8	313.6	787.5	1,078.1
Non-controlling interests	-0.4	-	-0.4	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net income	204.4	313.6	787.1	1,078.1
Other comprehensive income				
Revenue/expenses recognised directly in equity:				
Hedge of net investments in foreign currency incl. deferred tax	0.6	-1.6	15.9	-5.4
Exchange differences in translating foreign operations	-144.1	-13.2	43.0	239.6
Other comprehensive income of the period (after tax)	-143.5	-14.8	58.9	234.2
Total comprehensive income for the period	60.9	298.8	846.0	1,312.3
Total comprehensive income attributable to:				
Equity holders of the Parent Company	60.9	298.8	846.0	1,312.3
Non-controlling interests	0.4	-	0.4	-

CONSOLIDATED BALANCE SHEET

SEK m	12/31/2019	12/31/2018
Intangible fixed assets	5,218.9	5,164.5
Property, plant and equipment	74.4	95.5
Right-of-use assets	99.0	-
Financial assets	13.7	1.4
Deferred tax receivables	50.0	57.1
Other longterm receivables	1.2	0.0
Total non-current assets	5,457.1	5,318.4
Current receivables	1,597.5	1,664.1
Cash and cash equivalents	639.2	488.7
Total current assets	2,236.7	2,152.8
Total assets	7,693.9	7,471.2
Total equity	4,899.0	4,589.3
Provision gaming tax	14.5	32.7
Deferred tax liabilities	14.6	41.9
Total Provisions	29.1	74.6
Bond	986.3	-
Non-current liabilities to credit institutions	0.0	93.5
Lease liabilities	34.2	-
Total non-current liabilities	1,020.5	93.5
Bond	0.0	997.1
Lease liabilities	51.3	-
Other current liabilities	1,694.0	1,716.7
Total current liabilities	1,745.3	2,714.7
Total equity and liabilities	7,693.9	7,471.2

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Income after financial items	187.0	328.8	810.9	1,152.4
Adjustments for non-cash items	89.3	85.8	361.5	318.7
Taxes paid	22.6	-4.1	-64.0	-43.5
Cash flow from operating activities before changes in working capital	298.9	410.5	1,108.3	1,427.6
Changes in working capital	-61.1	-121.3	42.0	-154.3
Cash flow from operating activities	237.8	289.2	1,150.3	1,273.3
Investments in intangibles/tangibles	-60.9	-82.2	-265.1	-294.2
Acquisition of shares in subsidiaries and associates	-15.1	0.0	-28.5	0.0
Cash flow from investing activities	-76.0	-82.2	-293.5	-294.2
Cash paid upon redemption of warrants	0.0	-0.2	-0.1	-0.2
Bond issue	0.1	0.0	985.1	0.0
Bond redemption	-266.0		-1,000.0	-
Settled purchase consideration	0.0	0.0	-10.3	-20.3
Lease payments	-22.5		-59.6	-
Changes in bank loans	-182.0	-331.9	-91.6	-577.4
Share redemption programme	0.0	0.0	-538.4	-393.1
Warrant premiums received	0.0	0.5	0.4	0.5
Cash flow from financing activities	-470.4	-331.6	-714.4	-990.5
Changes to cash and cash equivalents	-308.5	-124.5	142.5	-11.3
Cash and cash equivalents at beginning of period	960.4	604.5	488.7	479.5
Exchange differences	-12.7	8.7	8.0	20.5
Cash and cash equivalents at end of period	639.2	488.7	639.2	488.7

CHANGES IN GROUP EQUITY

SEK m	12/31/2019	12/31/2018
Attributable to the Equity holders of the Parent Company		
Opening balance	4,589.3	3,666.9
Total comprehensive income for the period	846.0	1,312.3
Total change excluding owner transactions	846.0	1,312.3
Share redemption programme	-538.4	-393.1
Warrants paid premium	0.4	0.5
Payment on exercise of options	-0.1	-0.2
Share options - value of employee services	1.8	2.9
Equity at end of period	4,899.0	4,589.3
Attributable to:		
Equity holders of the Parent Company	4,899.0	4,589.3
Non-controlling interests	-1.4	-

PARENT COMPANY, INCOME STATEMENT

SEK m	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Revenue	8.2	7.4	32.1	27.9
Operating expenses	-22.8	-22.8	-82.7	-70.9
Operating income	-14.7	-15.4	-50.7	-43.0
Financial income and expenses	905.7	1,162.9	1,027.7	1,146.9
Income before tax	891.1	1,147.5	977.0	1,103.9
Tax	0.0	0.0	0.0	0.0
Net income	891.1	1,147.5	977.0	1,103.9

PARENT COMPANY, BALANCE SHEET

SEK m	12/31/2019	12/31/2018
Property, plant and equipment	5.1	1.2
Financial assets	5,168.9	5,035.6
Total non-current assets	5,174.0	5,036.8
Current receivables	995.6	901.9
Cash and cash equivalents	239.5	188.3
Total current assets	1,235.0	1,090.2
Total assets	6,409.1	6,127.0
Restricted equity	351.0	349.6
Unrestricted equity	4,887.2	4,449.6
Total equity	5,238.2	4,799.2
Bond	986.3	0.0
Non-current liabilities to credit institutions	0.0	91.6
Total non-current liabilities	986.3	91.6
Bond	0.0	997.1
Other current liabilities	184.6	293.1
Total current liabilities	184.6	1,236.2
Total equity and liabilities	6,409.1	6,127.0

QUARTERLY DATA

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK m	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0
Cost of services provided	-450.6	-444.4	-418.8	-431.5	-418.5	-417.3	-378.5	-345.6
Gross profit	838.8	830.8	858.9	899.1	1,018.1	1,009.5	968.0	864.3
Marketing expenses	-211.8	-213.3	-231.8	-241.2	-254.0	-246.8	-249.3	-244.4
Personnel expenses	-201.5	-192.2	-197.8	-198.8	-199.6	-197.7	-207.2	-209.5
Other external expenses	-183.9	-171.2	-184.5	-162.1	-191.0	-183.3	-184.5	-182.3
Capitalised development costs	53.5	51.5	49.2	48.3	49.1	44.5	52.8	55.1
Amortisation and depreciation	-91.8	-91.7	-90.5	-90.6	-77.9	-83.3	-78.9	-71.3
Other operating income/expenses	-2.8	-1.3	-6.5	0.5	-3.2	-2.8	-0.3	-0.6
Operating expenses	-638.3	-618.3	-662.0	-643.9	-676.6	-669.4	-667.3	-652.9
Operating income	200.5	212.5	196.9	255.2	341.5	340.2	300.7	211.4
Financial items, net	-13.5	-15.6	-14.7	-10.4	-12.7	-9.5	-9.3	-9.9
Income before tax	187.0	197.0	182.1	244.8	328.8	330.7	291.5	201.4
Tax	17.4	-15.2	-10.5	-15.5	-15.2	-25.6	-20.0	-13.5
Net income	204.4	181.8	171.6	229.3	313.6	305.1	271.4	187.9

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK m	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Non-current assets	5,457.2	5,587.2	5,512.8	5,517.6	5,318.4	5,331.6	5,460.9	5,368.8
Current assets	2,236.7	2,591.9	2,027.1	2,300.7	2,152.8	2,050.8	1,918.5	1,812.7
Total assets	7,693.9	8,179.1	7,539.9	7,818.3	7,471.2	7,382.5	7,379.4	7,181.6
Equity	4,899.0	4,837.7	4,573.3	4,914.8	4,589.3	4,289.6	4,090.1	4,123.7
Provisions and non-current liabilities	1,049.6	1,294.0	311.1	233.4	168.1	1,472.9	1,772.3	1,039.3
Current liabilities	1,745.2	2,047.4	2,655.5	2,670.1	2,713.8	1,620.0	1,517.0	2,018.6
Total equity and liabilities	7,693.9	8,179.1	7,539.9	7,818.3	7,471.2	7,382.5	7,379.4	7,181.6

CONSOLIDATED CASH FLOW STATEMENT, IN SUMMARY

SEK m	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Operating cash flow	237.8	307.0	390.6	214.5	289.3	400.8	271.2	312.2
Cash flow from investing activities	-76.0	-82.0	-58.1	-77.1	-82.1	-58.7	-76.6	-76.7
Cash flow from financing activities	-470.4	234.6	-463.4	-15.2	-331.6	-294.8	-83.9	-280.2
Cash and cash equivalents at end of period	639.2	459.5	-130.9	122.3	-124.5	47.2	110.7	-44.8

KEY RATIOS

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Key financial ratios								
Gross Margin (% of revenue)	65.1	65.2	67.2	67.6	70.9	70.8	71.9	71.4
EBITDA-margin (% of revenue)	22.7	23.9	22.5	26.0	29.2	29.7	28.2	23.4
EBIT-margin (% of revenue)	15.5	16.7	15.4	19.2	23.8	23.8	22.3	17.5
Profit margin (% of revenue)	14.5	15.4	14.3	18.4	22.9	23.2	21.6	16.6
Marketing expenses (% of revenue)	16.4	16.7	18.1	18.1	17.7	17.3	18.5	20.2
Basic earnings per share (SEK)	1.48	1.31	1.24	1.66	2.27	2.20	1.96	1.36
Diluted earnings per share (SEK)	1.48	1.31	1.24	1.66	2.27	2.20	1.96	1.36
Equity per share (SEK)	35.38	34.95	33.04	35.51	33.16	30.99	29.55	29.79
Executed dividend/redemption per share (SEK)	0.00	0.00	3.89	0.00	0.00	0.00	2.84	0.00
Equity/assets ratio (%)	64	59	61	63	61	58	55	57
Return on equity (%; 12 months)	16	19	21	24	24	23	21	20
Return on total capital (%; 12 months)	11	13	15	16	16	15	13	12
Return on capital employed (%; 12 months)	14	17	19	21	21	19	17	16
Net debt (SEK m)	186	402	544	53	245	586	970	874
Net debt / EBITDA (Multiple, 12 months)	0.2	0.3	0.4	0.0	0.2	0.4	0.8	0.8
Shares								
Average share price (SEK)	46.42	51.32	65.00	78.62	72.19	69.08	60.45	66.06
Share price at end of period (SEK)	43.68	46.65	56.80	70.53	73.00	68.48	54.38	63.12
Highest share price (SEK)	51.70	58.70	76.28	88.86	82.47	81.80	69.50	70.40
Lowest share price (SEK)	42.30	46.30	54.20	70.02	63.51	51.61	52.57	60.04
Number of shareholders at end of period	25,421	26,139	26,720	27,059	28,636	30,555	36,581	38,158
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	1,572	1,526	1,494	1,496	1,531	1,584	1,612	1,679
Number of employees at end of period	1,589	1,588	1,577	1,542	1,547	1,505	1,547	1,567

CUSTOMERS

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Registered customers (000's)	15,115	14,865	14,595	14,304	14,010	13,743	13,457	13,288
Active customers (000's)	686	632	659	687	669	687	692	608

CUSTOMER DEPOSITS

SEK m	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Customer deposits	3,845.1	3,657.8	3,675.1	3,920.9	4,030.5	4,153.7	3,906.1	3,450.5
Customer deposits, all gaming solutions	5,511.8	4,937.0	4,662.0	4,740.8	5,017.6	4,853.4	4,664.7	4,190.3

SPORTSBOOK DATA

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Gross turnover, all gaming solutions (SEK m)	7,235.3	6,178.9	6,157.3	6,356.3	6,300.9	6,151.3	6,226.5	5,773.1
of which gross turnover live betting (SEK m)	5,019.6	4,549.2	4,299.4	4,252.3	3,984.8	4,089.2	4,072.5	3,904.8
Sportsbook margin after free bets (%)	6.8	7.8	7.8	6.3	7.3	7.4	6.3	6.6
Revenue (SEK m)	311.6	314.6	341.0	297.8	341.4	338.9	300.2	263.5

REVENUE BY PRODUCT

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue (SEK m)								
Casino	964.1	942.2	917.8	1,012.8	1,071.7	1,066.3	1,016.6	922.8
Sportsbook	311.6	314.6	341.0	297.8	341.4	338.9	300.2	263.5
Other products	13.8	18.4	18.9	20.0	23.5	21.6	29.6	23.6
Total	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0

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

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Growth, compared with previous quarter (%)								
Casino	2	3	-9	-5	1	5	10	6
Sportsbook	-1	-8	15	-13	1	13	14	-27
Other products	-25	-3	-6	-15	9	-27	25	-21
Total	1	-0	-4	-7	1	6	11	-4

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Growth, compared with same period previous year (%)								
Casino	-10	-12	-10	10	24	22	16	12
Sportsbook	-9	-7	14	13	-5	23	17	5
Other products	-41	-15	-36	-15	-21	-37	-35	-18
Total	-10	-11	-5	10	14	21	14	10

REVENUE BY REGION

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Sportsbook (SEK m)								
Nordics	112.3	111.4	140.2	132.1	170.4	165.8	139.0	130.2
Western Europe	28.7	34.9	38.2	41.3	30.5	35.6	43.2	34.0
Central & Eastern Europe and Central Asia	129.6	118.0	107.4	85.1	109.4	91.2	78.2	83.2
RoW	41.0	50.3	55.2	39.3	31.1	46.3	39.8	16.1
Total	311.6	314.6	341.0	297.8	341.4	338.9	300.2	263.5
	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Casino (SEK m)								
Nordics	334.4	360.3	374.3	443.0	482.7	493.7	471.3	428.9
Western Europe	358.1	357.5	349.4	387.2	417.4	400.5	385.8	345.0
Central & Eastern Europe and Central Asia	232.4	194.1	168.8	153.9	151.8	146.0	132.0	128.0
RoW	39.2	30.3	25.3	28.7	19.9	26.1	27.5	20.9
Total	964.1	942.2	917.8	1,012.8	1,071.8	1,066.3	1,016.6	922.8
	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Total, for all products, per region (SEK m)								
Nordics	450.2	476.7	519.3	580.6	659.3	668.2	621.9	568.3
Western Europe	387.7	396.7	392.2	430.8	455.1	446.2	443.5	390.0
Central & Eastern Europe and Central Asia	369.9	319.6	284.2	248.2	269.8	241.0	214.4	215.3
RoW	81.7	82.2	82.0	71.0	52.4	71.4	66.7	36.4
Total	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0
	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Share per region (%)								
Nordics	35	37	41	44	46	47	46	47
Western Europe	30	31	31	32	32	31	33	32
Central & Eastern Europe and Central Asia	29	26	22	19	19	17	16	18
RoW	6	6	6	5	3	5	5	3
	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Growth, compared with previous quarter (%)								
Nordics	-6	-8	-11	-12	-1	7	9	-6
Western Europe	-2	1	-9	-5	2	1	14	8
Central & Eastern Europe and Central Asia	16	12	15	-8	12	12	-0	-11
RoW	-1	0	16	35	-27	7	83	-22
	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Growth, compared with same period previous year (%)								
Nordics	-32	-29	-17	2	9	19	11	7
Western Europe	-15	-11	-12	10	26	26	26	38
Central & Eastern Europe and Central Asia	37	33	33	15	12	8	-5	-15
RoW	56	15	23	95	13	80	64	-2

SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Licence fees	134.3	129.9	123.8	128.0	129.7	132.8	127.7	117.7
Betting duties	94.6	88.4	90.6	84.6	73.6	69.4	62.1	56.6
Affiliates and partners commission	90.3	100.1	97.7	109.0	114.6	117.5	108.2	96.1
Other cost of services provided	131.5	126.0	106.7	110.0	100.6	97.6	80.5	75.3
Total	450.6	444.4	418.8	431.5	418.5	417.3	378.5	345.6

SPECIFICATION OF AMORTISATION AND DEPRECIATION

SEK m	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Depreciation property, plant, and equipment	14.0	13.0	11.9	12.0	11.9	12.1	11.7	10.0
Depreciation right-of-use assets	12.9	13.1	12.5	12.8	-	-	-	-
Amortisation intangible fixed assets (whereof amortisation of capitalised development costs)	64.9	65.6	66.1	65.8	66.0	71.2	67.2	61.3
Total	91.8	91.7	90.5	90.6	77.9	83.3	78.9	71.3

ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Reported revenues	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0
- Revenue from acquisitions ¹	-1.0	-	-	-	-	0.0	0.0	-53.5
- Currency effects	-13.1	-11.5	8.4	-25.8	-29.9	-54.4	-36.0	-7.4
Organic revenues	1,275.4	1,263.7	1,286.1	1,304.8	1,406.7	1,372.4	1,310.4	1,149.1
Organic growth (YoY)	-11%	-11%	-4%	8%	12%	16%	11%	4%
Reported growth (YoY)	-10%	-11%	-5%	10%	14%	21%	14%	10%
Reported operating income (EBIT)	200.5	212.5	196.9	255.2	341.5	340.2	300.7	211.4
- Result from acquisitions ¹	1.4	-	-	-	-	0.0	0.0	15.2
- Currency effects	6.0	1.1	24.0	17.4	24.3	20.9	10.5	15.3
Organic operating income	207.9	213.6	220.9	272.6	365.8	361.1	311.2	241.9
Organic growth (YoY)	-39%	-37%	-27%	29%	68%	67%	50%	0%
Reported growth (YoY)	-41%	-38%	-35%	21%	56%	57%	45%	-12%

¹ For 2019 Q4, Simulcasting Brasil
For 2018 Q1, NetPlay and Premier Casino.

EBITDA RECALCULATED UNDER IFRS 16

SEK m	Q4 2019	Q3 2019	Q2 2019	Q1 2019
EBITDA recalculated under IFRS 16	292.3	304.2	287.4	345.8
Reversed rental costs previously recognized under IAS 17	13.9	14.0	13.5	13.4
EBITDA previously accounting principles	278.4	290.2	273.9	332.4
EBITDA margin recalculated under IFRS 16	22.7	23.9	22.5	26.0
EBITDA margin previously accounting principles	21.6	22.8	21.4	24.9

ACCOUNTING POLICIES

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

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

As of 1 January 2019 IFRS 16 Leasing is applicable.

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

Betsson is doing the modified retrospective method and the major part of leases relates to rental of properties within the Group. The calculation of net present value of contracts in scope for IFRS 16 Leases amounts to SEK 136 million as an opening balance. The incremental borrowing rate ranges between 3-7.5 % for the legal units.

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

RISKS

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

New gaming regulation came into effect on 1 January 2019 in Sweden. In light of the Swedish government not being satisfied with the industry's efforts in self-regulating as regards "moderate advertising", there is a risk that the government will push for severe restrictions on or even a ban on gambling advertising in Sweden. The local regulator has proposed banning bets on red and yellow cards, penalty kicks and double faults in tennis, as part of an effort to curb match-fixing. Further, the regulator continued to apply a very wide interpretation of the bonus prohibition under the new law. This led to Betsson operational subsidiary NGG Nordic Ltd being fined SEK 19 000 000 in June 2019 for its alleged breach of the bonus rules. NGG Nordic Ltd has appealed the fine decision and the proceedings are pending in court.

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

Since 2010, Norway has implemented a prohibition against the execution of payments for gaming arranged outside Norway. As of January 1, 2020, the regulator gains further rights to impede gambling payments by rejecting transactions based on company names, rather than just account numbers. This negatively affects payment service providers 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 conflicts with EU law. Norway has also notified to the EU Commission a proposal of amendments in the Norwegian Broadcasting Act. The proposed amendments aim to give to the local media authority the right to issue orders to prevent or impede illegal marketing of gambling services that are transmitted via television or on-demand audio-visual media services. In Betsson's view the proposal is contrary to EU law.

The adoption of the Remote Gambling Bill in the Netherlands in February 2019 was a positive milestone. It was a step forward for the Dutch market and consumers, as well as a positive development for Betsson towards locally regulated revenues. Due to delays in adoption of secondary legislation, licensing under the new law is postponed by six months to 1 January 2021, with the online gambling market opening on 1 July 2021. Gaming tax will be applicable at the rate of 29% + 2% fees of GGR, in total 31%. In order to be in a position to apply for a Dutch remote gambling license when the market opens, the Dutch regulator (the KSA) is mandating that processes for age verification are in place or updated by January 2020. Together with the new law, the Senate passed a motion instructing the government to apply a cooling off period of two years for "illegal operators", i.e. those who have actively targeted the Dutch market through local payment instruments such as iDeal, advertising aimed at the Netherlands or through use of a Dutch domain name. The motion is formalised by way of a KSA policy rule on integrity assessment of applicants. The KSA published its draft policy rule in July 2019 suggesting that in assessing applicant integrity they would consider the two years prior to the license application date. In late 2019, however, Minister Dekker declared that he would consult with the KSA whether the proposed cooling-off period of two years was sufficient considering the delayed market opening.

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

In March 2019, German state ministers approved amendments to the Interstate Treaty thereby establishing an interim sports-betting licensing regime from January 1, 2020. The amendments also lifted the cap on licenses in preparation for a future agreement on a more permanent regime from June 2021 onwards. However, the draft amendments maintain a federal ban on online casino set in 2012, except for Schleswig-Holstein (where online casino licenses already granted continue for the interim period), in addition to restriction on live betting and setting monthly wagering limits for players. While Betsson continues to follow developments in Germany, it maintains the view that the federal casino ban under German continues to be in breach of EU law.

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

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

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

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

CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

Income Statement (average rate during the period)

	2019	2018	Δ
EUR/SEK	10.5892	10.2570	+3.2%
GBP/SEK	12.0658	11.5928	+4.1%
GEL/SEK	3.3542	3.4320	-2.3%
NOK/SEK	1.0747	1.0687	+0.6%
TRY/SEK	1.6660	1.8370	-9.3%

Balance Sheet (closing rate)

	12/31/2019	12/31/2018	Δ
EUR/SEK	10.4336	10.2753	+1.5%
GBP/SEK	12.2145	11.3482	+7.6%
GEL/SEK	3.2527	3.3570	-3.1%

TRANSACTIONS WITH RELATED PARTIES

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

PROPOSAL ON DIVIDENDS TO SHAREHOLDERS

The Board of Directors proposes to the Annual General Meeting (AGM) that SEK 393.1 (538.4) million, which corresponds to SEK 2.84 (3.89) per share, is distributed to shareholders through an automatic redemption process. This is according to the dividend policy.

ABOUT BETSSON

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

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

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

Learn more about the Group on www.betssonab.com

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

GLOSSARY AND DEFINITIONS

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

All gaming solutions: In this term KPIs attributable to Betsson are consolidated with KPIs attributable to B2B associates.

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

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

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

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

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

Deposits: Customers' deposits to gaming accounts.

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

Earnings per share after dilution: Net income, 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: EBITDA as a percentage 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 less commission to partners and affiliates, betting duties, licensing fees to games suppliers, payments to payment suppliers and so called fraud (unapproved payments).

Mobile revenue: Revenues from customers using mobile devices.

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

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

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

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

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

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

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

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

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

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

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



FINANCIAL CALENDAR

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

INFORMATION ON THE PRESENTATION

Betsson invites media, analysts and investors to Betsson's office in Regeringsgatan 28, Stockholm, Sweden on Thursday, 13 February, 2020 at 09:00 CET, for the presentation of the interim report with CEO Pontus Lindwall and CFO Martin Öhman.

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

To participate by phone, please dial:

UK: +44 33 33 00 08 04

SE: +46 8 56 64 26 51

US: +1 63 19 13 14 22

Please use the confirmation Code: 60084865#

To watch the webcast, visit www.betssonab.com or <https://edge.media-server.com/mmc/p/79cmg2uv>



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