

## Betsson AB (publ) interim report January - March 2020

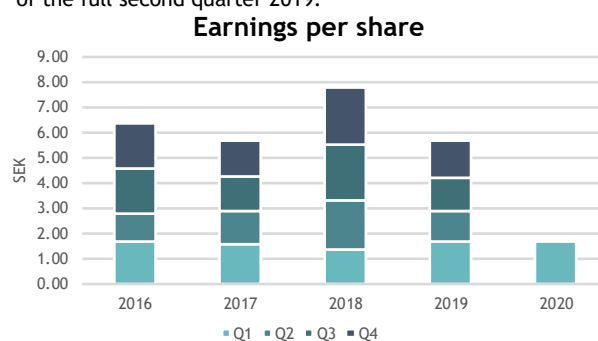
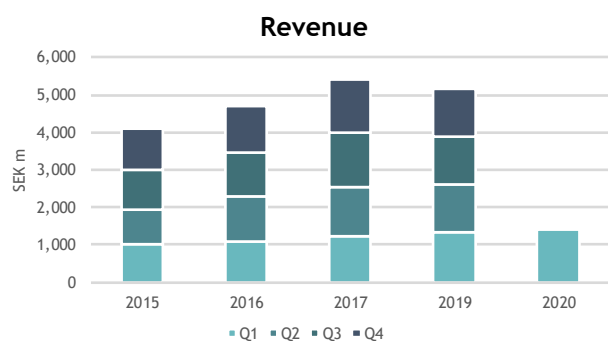
### “Strong first quarter in all areas”

#### QUARTER JANUARY - MARCH 2020

- Group revenue was SEK 1,417.5 (1,330.6) million, an increase of 7%, reported and organic.
- Casino revenue was in line with the same quarter last year. Sportsbook revenue increased by 29% and the sportsbook margin was 8.5 (6.3)%.
- Operating income (EBIT) was SEK 260.6 (255.2) million. The EBIT margin was 18.4 (19.2)%.
- Operating cash flow was SEK 321.9 (214.5) million, an increase of 50% compared to the same quarter last year.

#### SIGNIFICANT EVENTS AND OUTLOOK

- Launch of Jalla Casino, an in-house developed fast and easy to play mobile casino.
- Betsson acquired Gaming Innovation Group’s B2C vertical and strengthens its position in some of its key markets. This is expected to be earnings accretive from 16 april 2020.
- Betsson reached a milestone by signing its first pure B2B sportsbook customer for the provision of its odds and technical platform.
- Share buy-back of SEK60 million (average price SEK 34.05 per share) to improve the capital structure of the Company by reducing the number of shares.
- The daily average revenue in the second quarter 2020 until 16 April was 0% (2% organic) higher than the average daily revenue of the full second quarter 2019.



#### KEY DATA

SEK m	Q1 2020	Q1 2019	Δ	Jan-Dec 2019
Revenue	1,417.5	1,330.6	7%	5,173.0
Gross profit	943.9	899.1	5%	3,427.6
EBITDA	352.9	345.8	2%	1,229.7
EBITDA margin %	24.9	26.0	-	23.8
Operating income (EBIT)	260.6	255.2	2%	865.0
EBIT margin %	18.4	19.2	-	16.7
Net income	229.6	229.3	0%	787.1
Earnings per share (SEK)	1.68	1.66	1%	5.69
Operating cash flow	321.9	214.5	50%	1,150.3
Casino revenue	1,014.2	1,012.8	0%	3,837.0
Sportsbook gross turnover	6,833.9	6,356.3	8%	25,927.8
Sportsbook revenue	384.9	297.8	29%	1,265.0
Sportsbook margin after free bets %	8.5	6.3	-	7.2
Deposits	5,741.1	4,740.8	21%	19,851.6
Active customers (number of)	680,938	686,635	-1%	



Pontus Lindwall  
President and  
CEO Betsson AB

## CEO COMMENT

**"We had a strong first quarter in all areas and I look forward to the future with confidence. We reached a milestone in signing our first pure sportsbook customer, we have made a value accretive acquisition and we have launched a new casino product."**

"'ibet' is our first pure B2B sportsbook customer with the plan to launch in time for the Euro 2020. Due to the current situation, launch has been postponed until the leagues and tournaments resume. Our intention is to sell our highly competitive sportsbook to external operators and we are seeing strong interest in this.

Betsson has the ambition to grow faster than the market, organically and via acquisitions. This quarter, we acquired an online gambling B2C business which is included in our books from mid-April and is expected to contribute positively to our earnings from day one.

We see strong interest in our products which are being continually optimised to create a compelling choice of entertainment and UX for the consumers. One example is the recent launch of 'Jalla Casino', a fast, fun and easy to play mobile casino which has received positive feedback from consumers.

The sportsbook has shown healthy growth in the first quarter. Most recently, the positive trend has been broken due to the cancellation of sporting events. However, we now see a shift to sports such as table tennis and eSports, it is an interesting increase in breadth which could be long term positive. We have added further events to our offering and believe that when sporting events gradually re-enter the betting market, our sportsbook offering will be even more powerful than before.

I am impressed with how well the Company has adopted to the current global challenge. We are performing surprisingly well with no major disruption to the business and we see no need to make any changes to our strategy or the way we operate. We will continue investing in our technology and product portfolio and will launch new products and features as planned.

The health and safety of our employees always come first, to ensure that and to contribute to society via social distancing, we are all working from home. There has been a seamless transition to remote working which reflects on the quality and dedication of our hardworking people. I am very proud to see the unique morale, commitment, passion and the way we work as a team at Betsson, which is critical to the successes of the Company.

We are a historic performer with a strong track record of creating shareholder value, we have demonstrated resilience to market fluctuations and delivered in both good times and tough times. We have a well-diversified and secure supplier base, high and stable profit margins and a strong balance sheet.

Looking ahead, when the situation has normalised, I am confident we will come out of this extraordinary situation even stronger, benefiting from our sustainable growth strategy. The offline to online transition is likely to be accelerated globally as a result of the covid-19 pandemic, creating consolidation opportunities for strong businesses. Our successful strategy continues, I am proud of this quarter's performance and look forward to the future with confidence."

Founded in

# 1963



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

Ticker: BETS B



Betsson Group operates 20 brands

# 12

Licensed for gaming in 12 jurisdictions

## SIGNIFICANT EVENTS AND OUTLOOK

### SIGNIFICANT EVENTS DURING THE QUARTER

The mobile casino Jalla Casino was, in the latter part of March, launched on the Swedish market. Jalla Casino offers its end users access to a competitive portfolio of slots and live casino through smart log-in solutions.

Betsson has acquired Gaming Innovation Group's B2C vertical. The revenue of the acquired business was in 2019, EUR 77 million with an EBIT of EUR 7.6 million. The initial purchase price of EUR 31 million on a debt-free basis, is a combination of the initial consideration and advance payment for part of the estimated platform fees to the seller. This transaction both strengthens and complements Betsson's presence and opportunities in key strategic markets and opens further opportunities with new brands in Croatia and Spain. Betsson expects the acquisition to both increase scale and unleash synergies in the business as well as positively contribute to revenue and result from the second quarter 2020. The deal was completed on 16 April 2020. (For further details, see press releases on 14 February and 16 April 2020.)

Betsson announced in January 2020, it had signed its first pure B2B sportsbook agreement for the provision of oddscompiling and technical platform, the first agreement is with online gaming operator 'ibet'. Launch was planned to coincide with UEFA Euro 2020 in May. However, with this and most other sporting events being cancelled, launch is postponed until the sports calendar resumes. The deal is a milestone in Betsson's ambition to leverage its competitive sportsbook by selling it to external customers. (For further details, see press release on 13 January and the Q4 2019 report on 13 February 2020.)

Between 24 to 26 March 2020, Betsson conducted a share buy-back for SEK 60 million. The aim with the share buy-back is to improve the capital structure of the Company by reducing the number of shares. The average price was SEK 34.05 per share.

### UPDATE ON THE IMPACT OF COVID-19

Betsson is constantly reviewing its risk assessment and business conduct to ensure business continuity. Important parameters and areas are financial stability, technical stability and safety, diversification and an ability to mitigate any other unforeseen risks to prevent and avoid disruption to the business. Some circumstances such as covid-19 are however hard to predict.

Betsson has a broad geographical presence with a product mix covering all verticals in online gambling and is one of the largest gambling companies in Europe. The Company has a strong and sustainable financial position, low gearing, high margins and an efficient and effective organisation. The Company is in very good shape to manage market fluctuations and take advantage of growth opportunities.

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

Overall, in both March and April, there has been both an influx of new consumers and an increase in both casino and eSports activity per end user, which has partly mitigated the sudden shortfall in sport betting events. The absence of sporting events since mid-March has had a large impact on sportsbook revenues for that period of time.

The ongoing consolidation seen amongst gambling companies is likely to be accelerated due to changed prerequisites in the financial market which means that companies with stable finances and low gearing are well positioned to make acquisitions of companies under financial stress. The transition from offline to online gambling is likely to be accelerated as numerous land-based casinos, betting shops and similar have been forced to suspend business, making consumers look at online alternatives for entertainment. These trends

increase Betsson's organic growth opportunities and create opportunities for strategic acquisitions at attractive prices.

## SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Betsson completed the acquisition of Gaming Innovation Group's B2C vertical Zecure Gaming Limited on 16 April 2020, where the assets, operations, front-end, middleware technology and gaming licences attributable to the acquired brands are included. The acquisition has been formally approved by antitrust regulators. (For further information, see press releases on 14 February and 16 April 2020.)

Betsson's Annual General Meeting is postponed to 11 June 2020 from the previous date 28 April 2020 due to the recommendations from the Public Health Agency of Sweden's (Folkhälsomyndigheten) to limit the spread of covid-19. The Notification will be published no later than 14 May 2020.

Betsson has, pursuant to a request by one of its shareholders, during April 2020 reclassified 349,000 A shares into B shares. As at the 20 April 2020, the total number of votes in the Company amounts to 287,692,238. The total number of shares in Betsson is 144,493,238, of which 15,911,000 are A shares, 122,504,730 B shares and 6,077,508 C shares.

## TRADING UPDATE

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

The daily average revenue in the second quarter 2020, until 16 April was 0% (2% organic) higher than the average daily revenue of the full second quarter 2019.

At present, it is very hard to draw any short-term conclusions on the revenue development due to the great uncertainty of when major sporting events will resume and the overall duration of the corona crisis.

## LONG TERM OUTLOOK

The gaming industry is changing and Betsson's assessment is that a higher part of revenues from locally regulated markets impact on operating profit as betting duties increase. New market conditions mean that Betsson continuously adopt its business model and at the same time evaluate both new markets and opportunities in order to grow revenue and earnings.

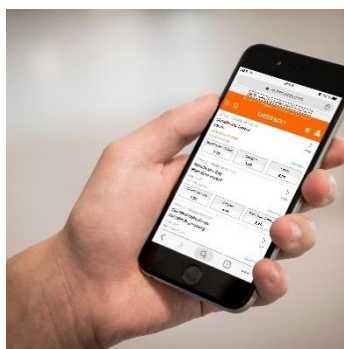
Betsson is a company with a long term view, which over time, has delivered consistent growth whilst retaining strong margins. The Company has, during its long history shown stronger growth than the market, this aim remains its long term goal. Betsson's vision of creating the best UX is the engine which will drive organic growth, while acquisitions will be enabled by an efficient organisation, strong cash flow and a robust financial position.

## PRODUCTS AND TECHNOLOGY

Betsson's opportunity starts with the customer, its vision is to offer the best UX in the industry. First-class user experiences are critical, investments in innovation and technology are made ongoing to strengthen the product offering. Betsson's gaming sites are run on a proprietary platform, which makes up the core of the offering and UX. Here, games, transactions, payments, customer information, account management are all handled. Betsson owns and develops its proprietary sportsbook.

The Company offers its customers entertainment both in casino, where its in-house brands deliver a wide array of gaming options, and in sports betting, offered both to its own brands and now also sold B2B.

The gaming products mainly consist of casino and sportsbook, with the largest category within the casino vertical being slots, followed by live casino, poker, lottery and bingo. The casino offering includes approximately 2,700 games, whereof more than 2,000 are available on mobile devices. The various brands offer a selection of games suitable for their target group and are continuously optimising the games on offer. The key focus is on building compelling entertainment for the end user. One example in casino is the fast, safe and fun Jalla Casino which was launched in the first quarter 2020. Jalla Casino offers its customers easy access to its site with a wide range of games with quick deposits in a secure environment.



Betsson is investing in building its proprietary sportsbook, creating both a solid technical platform and flexible odds compiling which can be optimised depending on the market demand and availability of sporting events. The flexibility has proven to be of the highest importance in the times we are now experiencing, where traditional sporting events such as football, ice hockey and basketball have been replaced by other type of events such as eSports, virtual sports and table tennis. The sportsbook is currently being optimised to suit new markets.

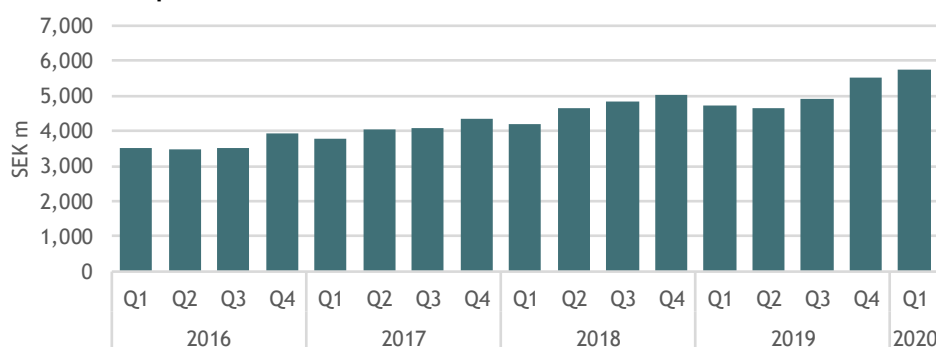
## CUSTOMER ACTIVITY

Customer deposits in all operational subsidiaries' gaming solutions during the quarter were SEK 5,741.1 (4,740.8) million, an increase of 21%.

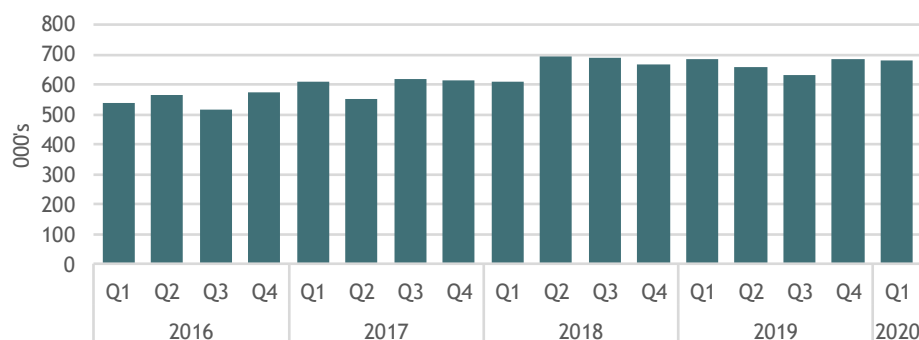
By the end of the first quarter, the number of registered customers was 15.5 (14.3) million, an increase of 8%.

Active customers during the quarter were 680,938 (686,635).

### Customer deposits



### Active customers



## REVENUE AND EARNINGS

### REVENUE FOR THE QUARTER

Group revenue was SEK 1,417.5 (1,330.6) million, an increase of 7%, reported and organic. The revenue growth was attributable to the CEECA region and ROW. Currency fluctuations had a negative effect on revenue of SEK 8,5 million compared with the first quarter 2019.

Mobile revenue was SEK 987.2 (907.4) million and represented 70 (68)% of total revenue.

# 70%

Mobile share of revenue

Licence revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) was SEK 230.2 (87.3) million and corresponded to 16 (7)% of Group revenue. The increase is mainly due to enhanced performance in the sportsbook delivered by Betsson. Currency fluctuations had a negative impact on licence revenues of SEK 17.9 million compared with the first quarter 2019.

## Revenue by product



- Casino (72%)
- Sportsbook (27%)
- Other (1%)

## Revenue by product

Casino revenue was SEK 1014.2 (1,012.8) million, in line with the same quarter last year, reported and organic. Casino represented 72 (76)% of Group revenue.

Mobile Casino revenue was SEK 674.8 (664.6) million and accounted for 67 (66)% of total casino revenue.

Sportsbook revenue in the first quarter was SEK 384.9 (297.8) million, an increase of 29% with 30% organic. Sportsbook represented 27 (22)% of Group revenue.

Gross turnover in sportsbook in all Betsson's gaming solutions, was SEK 6,833.9 (6,356.3) million, which is an increase of 8% compared to the first quarter last year. Organic gross turnover increased by 11%.

The sportsbook margin was 8.5 (6.3)%. The eight-quarter rolling average margin was 7.3%.

Mobile sportsbook revenue was SEK 312.3 (239.4) million, representing an increase of 30% and accounted for 81 (80)% of total sportsbook revenue.

Revenue from other products was SEK 18.5 (20.0) million, a decline of 8% and represented 1 (2)% of total revenues.

## Revenue by region



- Nordic (34%)
- Western Europe (29%)
- CEECA (30%)
- ROW (7%)

## Revenue by region

Revenue from the Nordics was SEK 482.7 (580.6) million, a decline of 17%, with 16% organic.

Revenue from Western Europe was SEK 406.5 (430.8) million, a decline of 6%, with 8% organic.

Revenue from Central & Eastern Europe and Central Asia (CEECA) was SEK 424.7 (248.2) million, an increase of 71%. The organic growth was 77%.

Locally taxed revenue from markets where Betsson pays local betting duties, increased by 20% compared to the first quarter last year and was SEK 504.6 (422.2) million, corresponding to 35.6 (31.7)% of total Group revenue.

## Group revenue



## EXPENSES FOR THE QUARTER

Cost of services provided was SEK 473.7 (431.5) million. The increase is mainly due to increased betting duties as well as increased payment costs. The organic cost of services provided was SEK 471.2 million.

Gross profit was SEK 943.9 (899.1) million, corresponding to a gross profit margin of 66.6 (67.6)%.

Operating expenses were SEK 683.2 (643.9) million and the organic operating expenses were SEK 668.2 million.

Marketing expenses were SEK 247.0 (241.2) million and the organic marketing expenses were SEK 244.2 million.

Personnel expenses were SEK 211.7 (198.8) million and the organic personnel expenses were SEK 207.7 million. By the end of the first quarter, the Group had 1,641 (1,542) employees.

Average FTE	Q1 2020	Q1 2019
Employees	1,565	1,496
Contractors	188	168

The increase in personnel expenses is due to investments in employees to develop the technology in Betsson's product offering, mainly in the sportsbook. The average number of full-time employees in the Group during the first quarter was 1,565 (1,496) of which 967 (890) were based in Malta.

In addition, the Group employed 188 (168) full-time consultants during the quarter, mainly within product development. The cost of consultants is recognised under other external expenses.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, were SEK 202.7 (162.1) million. The organic other external expenses were SEK 195.1 million. The external costs during the first quarter reflect increased activities to broaden the product offering and to investigate further geographical spread.

Capitalised development costs were SEK 62.2 (48.3) million. Amortisation of capitalised development costs was SEK 52.8 (54.9) million. See table on page 22. Total amortisation and depreciation for the quarter was SEK 92.3 (90.6) million.

## EARNINGS FOR THE QUARTER

Operating income (EBIT) was SEK 260.6 (255.2) million with an operating margin of 18.4% (19.2%). The organic operating income was SEK 281.8 million.

Net financial items were SEK -18.8 (-10.4) million and are primarily related to interest costs.

Net income was SEK 229.6 (229.3) million, corresponding to SEK 1.68 (1.66) per share.

The reported corporate tax for the first quarter was SEK 12.3 (15.5) million, corresponding to 5.1 (6.3)% 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.

## Operating income (EBIT)



## CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of March 2020 was SEK 908.9 (619.1) million. Customer liabilities, including reserves for accumulated jackpots, were SEK 409.6 (419.8) 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 564.8 (752.8) million. The balance varies as a result of activity depending on when deposits are made, and at the same time payment terms differ depending on which payment providers are used.

Cash flow from operating activities during the first quarter was SEK 321.9 (214.5) million including a positive impact of SEK 56.2 million related to changes in working capital. Cash flow from financing activities was SEK -2.7 (-15.2) million, which is primarily explained by utilisation of a revolving credit facility and acquisition of own shares.

As at 31 March 2020, total available bank credit facilities were SEK 880.0 (880.0) million, of which SEK 73.9 (85.6) million were utilised.

## External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	73.9	726.1	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2021
Bond (SEK m)	987.5	987.5	0.0	Sep, 2022

## OTHER INFORMATION

### PARENT COMPANY

The Parent Company Betsson AB's (publ) business consists of investing in and administering shareholdings in companies, which, through partners or by themselves, offer games 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 first quarter 2020 was SEK 7.2 (8.2) million, and profit before tax was SEK 36.7 (-12.7) million.

Cash and cash equivalents in the Parent Company was SEK 315.7 (295.3) million.

### EQUITY

Equity in the Group was SEK 5,430.3 (4,914.8) million, corresponding to SEK 39.73 (35.51) per share.

### EMPLOYEES

Betsson has three corporate values: One Betsson, Passion and Fair Play. These values set the tone for how employees should treat each other, customers, suppliers and other stakeholders, and for how employees should approach their work and assignments. Betsson's ambition is to be the best workplace in the industry embracing diversity. In the first quarter 2020, the Company employed 1,641 employees representing 55 different nationalities. Diversity and equal opportunity are key topics included as a natural part of an innovative corporate culture. Skilled and engaged employees are a prerequisite in order to achieve the vision of providing the best customer experience, new employees are hired based on skills, attitude and values. The Company believes the key to success is that people of different backgrounds and experience work well together towards a common goal, promoting knowledge-sharing and cooperation.

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

### OWNERSHIP STRUCTURE AND SHARES OUTSTANDING

The Company's Series B shares are listed at Nasdaq Stockholm Large Cap list (BETS). At the end of the period, the Company had 25,476 (27,059) 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's treasury shares were 1,763,400 Series B shares and 6,077,508 Series C shares.



## Shareholders as at 31 March 2020

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%	18.1%
Danske Bank International S.A	3,731,000	809,000	38,119,000	3.1%	13.5%
Knutsson family and companies	2,710,000	4,350,000	31,450,000	4.9%	11.1%
Lundström family and companies	2,557,500	90,600	25,665,600	1.8%	9.1%
Lindwall, Berit	1,683,000	70,000	16,900,000	1.2%	6.0%
State Street Bank & Trust Co	-	13,919,210	13,919,210	9.6%	4.9%
DNB	-	11,462,343	11,462,343	7.9%	4.1%
JPM Chase	-	5,662,913	5,662,913	3.9%	2.0%
CACEIS Bank, Luxemburg filial	-	4,933,989	4,933,989	3.4%	1.7%
Skandia fonder	-	4,154,438	4,154,438	2.9%	1.5%
Other	480,000	74,714,837	79,514,837	52.0%	28.1%
Betsson treasury shares	-	7,840,908	-	5.4%	0.0%
<b>Total</b>	<b>16,260,000</b>	<b>128,233,238</b>	<b>282,992,330</b>	<b>100.0%</b>	<b>100.0%</b>

## SUSTAINABILITY

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

In order to develop and clarify the business strategy regarding corporate responsibility and sustainability, the Board of Directors adopted a new sustainability framework in November 2019. The framework stipulates five focus areas for Betsson's sustainability priorities. The focus area *Business compliance* is the cornerstone of the framework since compliance with legislation and regulations in the different jurisdictions is the very basis for the Group's existence. The focus area *Responsible gaming* is the core of Betsson's operations and a prerequisite for long-term customer relations. Success in this area is crucial to maintaining trust among employees, investors, customers and authorities. Therefore, Betsson has far-reaching processes and tools in place, and strives for the highest standard of support provided to customers. It is about giving customers the opportunity to make their own choices and having a healthy relationship to gambling. The remaining focus areas in the framework are *Employee impact*, *Carbon footprint* and *Social impact*. The focus areas enable Betsson to take up a clear position to direct change and create its business case.

Responsible and safer gambling 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 developed an analysis tool which monitors players' behaviour and which is used to detect, prevent and manage gaming problems. All information is managed taking into consideration customers' right to privacy and in line with applicable standards of information security and privacy. Betsson's Responsible Gaming Prediction Tool monitors players' behaviour on an ongoing basis and assesses customers' risk as low, medium or high. Based on the result, a warning is sent to Betsson if potentially increased risk behaviour is detected. Trained employees can immediately intervene and decide on the best way of proceeding based on the customer profile. This includes discussing available tools for responsible gaming and the possibility of the customer limiting their gaming or self-excluding. Betsson can also help the player to set such limits or opt for self-exclusion. For more information on Betsson's focus on sustainability, please see the Annual Report.

In the first quarter 2020, 95 (78) employees received responsible gaming training and 39.3 (36.3)% of all new depositing customers (NDCs) chose to set a deposit limit.

## ANNUAL GENERAL MEETING AND ANNUAL REPORT

The Annual General Meeting of shareholders in Betsson AB will be held on Thursday 11 June 2020 at 09:00 am CET, at venue "Bond", GT30, Grev Turegatan 30, Stockholm. Shareholders who would like to make proposals to the Nomination Committee may do so by e-mail to [info@betssonab.com](mailto:info@betssonab.com) or by post to Betsson AB, Nomination Committee, Regeringsgatan 28, 111 53 Stockholm, Sweden. (Please note the day of the Meeting has been changed from the original date of 28 April, see press release on 30 March 2020.)

The 2019 Annual Report is available on the Company website [www.betssonab.com](http://www.betssonab.com). Shareholders can request a printed version of the report via email: [ir@betssonab.com](mailto:ir@betssonab.com)

## MARKET AND LEGISLATION

The value of the total offline and online gaming market is estimated at approximately EUR 384 billion in 2020 and is expected to grow by 4.9% per year until 2024. Online gaming is expected to grow, as a share of the total gaming market, from 15% in 2020 to 17% in 2024. (Source: H2GC, April 2020)

Online gaming in Betsson's core markets in Europe has a total market value of EUR 15 billion, expected to grow at 5% annually in 2020 - 2024. (Source: H2GC, April 2020)

Other important drivers for digital transition of online gambling are:

More countries are introducing local regulations for online gambling requiring gaming companies to apply for a local licence. The licence gives the operators the opportunity 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 with scalable, proprietary platforms that can share costs and drive consolidation, creating acquisition opportunities for Betsson in those regulated markets. The offline to online transition is also supported by regulation as it enables brick and mortar operators to offer their entertainment online.

Increased use of smart mobile devices and technological advancement is further accelerating growth in online gambling.

Betsson's subsidiaries operate under licence in Malta and an additional 11 local jurisdictions. There are lasting values in offering regulated gaming activities vis-à-vis the EU and other markets from Malta, enabling reach to a broader customer base where the operator can support safer and sustainable entertainment for the end user.

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

A new gaming law came into effect on 1 January 2019 in Sweden. The new regulation allows room for interpretation of bonus restriction rules whereas the regulator has not provided sufficient guidance to support the framework. Consequently, the regulator has fined a number of operators for various breaches to the bonus rules. Betsson's operational subsidiary NGG Nordic Ltd, was fined SEK 19,000,000 in June 2019 for its alleged breach of the bonus restrictions. NGG Nordic Ltd has appealed the decision and similar decisions have also been disputed by competitors. While the proceedings are pending, there remains a lack of clarity as regards to the rules for prohibited and allowed types of customer incentives in

# 5%

Estimated CAGR on Betsson's core markets in Europe 2020 - 2024

Sweden. Further, due to the Swedish government's dissatisfaction with the industry's efforts for "moderate advertising", there is a risk that new rules for gambling advertising may be introduced; this may include severe restrictions or even a ban on gambling advertising in Sweden.

Since 2010, Norway has implemented a prohibition against the execution of payments for gaming arranged outside Norway. As of January 1, 2020, the regulator gained 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.

With effect from 1 January 2020, Denmark updated its online gambling certification programme to include requirements for players to set deposit limits before gambling and for operators to automate self-exclusion processes. At the end of 2019, the Danish government also agreed to increase the rate of online gambling tax from the current 20 percent to 28 percent, on the grounds that taxes are lower for online than for land-based venues. This tax hike is expected to take effect in 2021.

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. Assuming the current schedule holds, the online gambling market is expected to open on 1 July 2021. Gaming tax will be applicable at the rate of 29% + 2% fees of GGR, 31% in total. In order to be in a position to apply for a Dutch remote gambling licence when the market opens, the Dutch regulator (the KSA) is mandating that all operators verify player age before completion of the player registration process as from January 2020.

Further, the regulator was expected to apply a two-year "cooling off period" for those applicants who had actively targeted the Dutch market in the past (e.g. through use of local payment instruments such as iDeal, by advertising aimed at the Netherlands or through use of a Dutch domain name). In March 2020, the Dutch government announced plans to extend the cooling off period by another six months. This means that many operators cannot immediately apply for a Dutch online gambling licence for having actively targeted the Dutch market at any time in the 30 months in total prior to the date of their licence application.

The licensed sports betting market opened in Germany on 1 January 2020 thereby establishing an interim sports betting licensing regime until July 2021. While the cap on sports betting licences was removed under the new regime, it still maintains a federal ban on online casino, in addition to restriction on live betting, and setting monthly wagering limits for players.

At the Prime Ministerial Conference in March 2020, changes to the Interstate Treaty regarding online casino (for period after 30 June 2021) were adopted, introducing a highly restrictive regime that favours the offline incumbents. For example, similarly to land-based casinos, in online slot games, maximum stakes must be set at €1 per spin, with a minimum spin duration of five seconds and no major jackpots allowed. As regards online table games, those will be licensed on a state-by-state basis whereas states may choose to run these products under a monopoly or choose a licensing model at their discretion. These newly adopted changes will need to be ratified by the parliaments of each of Germany's 16 states before coming into force in July 2021.

In early April 2020, the German sports betting licensing came to a halt after a Darmstadt court determined the licensing process was non-transparent and discriminatory.

While the above amendments aim to create more legal certainty in the German market, the continued adherence to heavy restrictions and the missed chance of a true online casino regulation, makes the German developments only a partly satisfying solution for gaming

operators. It also remains doubtful whether the temporary nature of the current regime and the restrictive nature of the future regime adhere to the EU law.

In late March 2020, the covid-19 outbreak saw Latvia introduce conflicting emergency measures designed to slow the spread of the virus. The measures required that all gambling venues should be closed, except for online gambling and lotteries. However, the same law later instructed the gambling regulator to suspend all gambling licences, including online licences. Accordingly, the regulator suspended also the online licence of a Betsson Latvian subsidiary. Due to said measures being unconstitutional, Betsson filed a complaint in the local administrative court against the suspension decision of the regulator in early April 2020.

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

## RISKS

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

For a more detailed description of the risks mentioned above and other risks and uncertainties, please refer to the Annual Report 2019.

## CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

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

	2020	2019	Δ
EUR/SEK	10,6647	10,4173	+2,4%
GBP/SEK	12,3685	11,9423	+3,6%
GEL/SEK	3,4068	3,4159	-0,3%
NOK/SEK	1,0213	1,0689	-4,5%
TRY/SEK	1,5817	1,7049	-7,2%

### Balance Sheet (closing rate)

	2020-03-31	2019-03-31	Δ
EUR/SEK	11,0832	10,4221	+6,3%
GBP/SEK	12,3879	12,0818	+2,5%
GEL/SEK	3,6046	3,4487	+4,5%

## TRANSACTIONS WITH RELATED PARTIES

No significant transactions took place between Betsson and related parties that affected Betsson's financial position and performance in the period. The extent and nature of transactions with related parties in the period are consistent with previous year's transactions with related parties, as described in the 2019 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 2.88 (3.89) per share, is distributed to shareholders through an automatic redemption process. This is according to the dividend policy.

**Stockholm, 23 April 2020**

Pontus Lindwall  
President and CEO

*This quarterly report has not been subject to review by the Company's auditor.*

## CONSOLIDATED INCOME STATEMENT

SEK m	Q1 2020	Q1 2019	Jan-Dec 2019
<b>Revenue</b>	<b>1,417.5</b>	<b>1,330.6</b>	<b>5,173.0</b>
Cost of services provided	-473.7	-431.5	-1,745.4
<b>Gross profit</b>	<b>943.9</b>	<b>899.1</b>	<b>3,427.6</b>
Marketing expenses	-247.0	-241.2	-898.1
Personnel expenses	-211.7	-198.8	-790.2
Other external expenses	-202.7	-162.1	-701.8
Capitalised development costs	62.2	48.3	202.4
Amortisation and depreciation	-92.3	-90.6	-364.7
Other operating income/expenses	8.3	0.5	-10.1
Operating expenses	-683.2	-643.9	-2,562.5
<b>Operating income</b>	<b>260.6</b>	<b>255.2</b>	<b>865.0</b>
Financial income and expenses	-18.8	-10.4	-54.2
<b>Income before tax</b>	<b>241.8</b>	<b>244.8</b>	<b>810.9</b>
Tax	-12.3	-15.5	-23.8
<b>Net income</b>	<b>229.5</b>	<b>229.3</b>	<b>787.1</b>
Net income attributable to:			
Equity holders of the Parent Company	229.6	229.3	787.5
Non-controlling interests	-0.1	-	-0.4

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q1 2020	Q1 2019	Jan-Dec 2019
<b>Net income</b>	<b>229.5</b>	<b>229.3</b>	<b>787.1</b>
<b>Other comprehensive income</b>			
<b>Revenue/expenses recognised directly in equity:</b>			
Hedge of net investments in foreign currency incl. deferred tax	37.7	2.0	15.9
Exchange differences in translating foreign operations	323.9	90.9	43.0
<b>Other comprehensive income of the period (after tax)</b>	<b>361.6</b>	<b>92.9</b>	<b>58.9</b>
<b>Total comprehensive income for the period</b>	<b>591.1</b>	<b>322.2</b>	<b>846.0</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Parent Company	591.1	322.2	846.0
Non-controlling interests	0.1	-	0.4

## CONSOLIDATED BALANCE SHEET

SEK m	3/31/2020	3/31/2019	12/31/2019
Intangible fixed assets	5,553.3	5,245.7	5,218.9
Property, plant and equipment	81.7	84.7	74.4
Right-of-use assets	137.3	130.2	99.0
Financial assets	18.4	1.2	13.7
Deferred tax receivables	45.6	54.5	50.0
Other longterm receivables	1.3	1.3	1.2
<b>Total non-current assets</b>	<b>5,837.8</b>	<b>5,517.6</b>	<b>5,457.1</b>
Current receivables	1,358.5	1,681.6	1,597.5
Cash and cash equivalents	908.9	619.1	639.2
<b>Total current assets</b>	<b>2,267.4</b>	<b>2,300.7</b>	<b>2,236.7</b>
<b>Total assets</b>	<b>8,105.2</b>	<b>7,818.3</b>	<b>7,693.9</b>
<b>Total equity</b>	<b>5,430.3</b>	<b>4,914.8</b>	<b>4,899.0</b>
Provision gaming tax	15.2	32.7	14.5
Deferred tax liabilities	16.6	40.9	14.6
<b>Total Provisions</b>	<b>31.8</b>	<b>73.6</b>	<b>29.1</b>
Bond	987.5	-	986.3
Non-current liabilities to credit institutions	77.6	88.6	0.0
Lease liabilities	83.9	71.2	34.2
<b>Total non-current liabilities</b>	<b>1,149.0</b>	<b>159.8</b>	<b>1,020.5</b>
Current liabilities to credit institutions	0.0	997.9	0.0
Lease liabilities	43.8	42.7	51.3
Other current liabilities	1,450.3	1,629.5	1,694.0
<b>Total current liabilities</b>	<b>1,494.1</b>	<b>2,670.1</b>	<b>1,745.3</b>
<b>Total equity and liabilities</b>	<b>8,105.2</b>	<b>7,818.3</b>	<b>7,693.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q1 2020	Q1 2019	Jan-Dec 2019
Income after financial items	241.8	244.8	810.9
Adjustments for non-cash items	89.2	88.9	361.5
Taxes paid	-65.4	-43.5	-64.0
Cash flow from operating activities before changes in working capital	265.6	290.2	1,108.3
Changes in working capital	56.2	-75.6	42.0
<b>Cash flow from operating activities</b>	<b>321.9</b>	<b>214.6</b>	<b>1,150.3</b>
Investments in intangibles/tangibles	-82.3	-77.1	-265.1
Acquisition of shares in subsidiaries and associates	-4.7	0.0	-28.5
<b>Cash flow from investing activities</b>	<b>-87.0</b>	<b>-77.1</b>	<b>-293.5</b>
Cash paid upon redemption of warrants	0.0	0.0	-0.1
Bond issue	0.0	0.0	985.1
Bond redemption	0.0	0.0	-1,000.0
Settled purchase consideration	0.0	-10.3	-10.3
Lease payments	-16.6	0.0	-59.6
Changes in bank loans	74.0	-4.9	-91.6
Share redemption programme	0.0	0.0	-538.4
Warrant premiums received	0.0	0.0	0.4
Repurchase own shares	-60.1	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-2.7</b>	<b>-15.2</b>	<b>-714.4</b>
<b>Changes to cash and cash equivalents</b>	<b>232.2</b>	<b>122.3</b>	<b>142.5</b>
Cash and cash equivalents at beginning of period	639.2	488.7	488.7
Exchange differences	37.6	8.1	8.0
<b>Cash and cash equivalents at end of period</b>	<b>908.9</b>	<b>619.1</b>	<b>639.2</b>

## CHANGES IN GROUP EQUITY

SEK m	3/31/2020	3/31/2019	12/31/2019
<b>Opening balance</b>	<b>4,899.0</b>	<b>4,589.3</b>	<b>4,589.3</b>
Total comprehensive income for the period	591.1	322.2	846.0
<b>Total change excluding owner transactions</b>	<b>591.1</b>	<b>322.2</b>	<b>846.0</b>
Share redemption programme	0.0	0.0	-538.4
Warrants paid premium	0.0	0.0	0.4
Payment on exercise of options	0.0	0.0	-0.1
Share options - value of employee services	0.3	3.4	1.8
Repurchase own shares	-60.1	0.0	0.0
<b>Equity at end of period</b>	<b>5,430.3</b>	<b>4,914.8</b>	<b>4,899.0</b>
Attributable to:			
Equity holders of the Parent Company	5,429.2	4,914.8	4,899.0
Non-controlling interests	1.1	-	-1.4



## PARENT COMPANY, INCOME STATEMENT

SEK m	Q1 2020	Q1 2019	Jan-Dec 2019
Revenue	7.2	8.2	32.1
Operating expenses	-3.8	-21.1	-82.7
<b>Operating income</b>	<b>3.3</b>	<b>-12.9</b>	<b>-50.7</b>
Financial income and expenses	33.3	0.2	1,027.7
<b>Income before tax</b>	<b>36.7</b>	<b>-12.7</b>	<b>977.0</b>
Tax	0.0	0.0	0.0
<b>Net income</b>	<b>36.7</b>	<b>-12.7</b>	<b>977.0</b>

## PARENT COMPANY, BALANCE SHEET

SEK m	3/31/2020	3/31/2019	12/31/2019
Property, plant and equipment	4.9	1.6	5.1
Financial assets	5,168.9	5,035.6	5,168.9
<b>Total non-current assets</b>	<b>5,173.8</b>	<b>5,037.2</b>	<b>5,174.0</b>
Current receivables	966.3	817.7	995.6
Cash and cash equivalents	315.7	295.3	239.5
<b>Total current assets</b>	<b>1,282.0</b>	<b>1,113.0</b>	<b>1,235.0</b>
<b>Total assets</b>	<b>6,455.8</b>	<b>6,150.2</b>	<b>6,409.1</b>
Restricted equity	351.0	349.6	351.0
Unrestricted equity	4,863.9	4,436.9	4,887.2
<b>Total equity</b>	<b>5,214.8</b>	<b>4,786.5</b>	<b>5,238.2</b>
Bond	987.5	-0.0	986.3
Non-current liabilities to credit institutions	74.0	85.6	0.0
<b>Total non-current liabilities</b>	<b>1,061.5</b>	<b>85.6</b>	<b>986.3</b>
Bond	-0.0	997.9	0.0
Other current liabilities	179.4	280.2	184.6
<b>Total current liabilities</b>	<b>179.4</b>	<b>1,278.1</b>	<b>184.6</b>
<b>Total equity and liabilities</b>	<b>6,455.8</b>	<b>6,150.2</b>	<b>6,409.1</b>

## QUARTERLY DATA

### CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK m	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Revenue	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4
Cost of services provided	-473.7	-450.6	-444.4	-418.8	-431.5	-418.5	-417.3	-378.5
<b>Gross profit</b>	<b>943.9</b>	<b>838.8</b>	<b>830.8</b>	<b>858.9</b>	<b>899.1</b>	<b>1,018.1</b>	<b>1,009.5</b>	<b>968.0</b>
Marketing expenses	-247.0	-211.8	-213.3	-231.8	-241.2	-254.0	-246.8	-249.3
Personnel expenses	-211.7	-201.5	-192.2	-197.8	-198.8	-199.6	-197.7	-207.2
Other external expenses	-202.7	-183.9	-171.2	-184.5	-162.1	-191.0	-183.3	-184.5
Capitalised development costs	62.2	53.5	51.5	49.2	48.3	49.1	44.5	52.8
Amortisation and depreciation	-92.3	-91.8	-91.7	-90.5	-90.6	-77.9	-83.3	-78.9
Other operating income/expenses	8.3	-2.8	-1.3	-6.5	0.5	-3.2	-2.8	-0.3
<b>Operating expenses</b>	<b>-683.2</b>	<b>-638.3</b>	<b>-618.3</b>	<b>-662.0</b>	<b>-643.9</b>	<b>-676.6</b>	<b>-669.4</b>	<b>-667.3</b>
<b>Operating income</b>	<b>260.6</b>	<b>200.5</b>	<b>212.5</b>	<b>196.9</b>	<b>255.2</b>	<b>341.5</b>	<b>340.2</b>	<b>300.7</b>
Financial items, net	-18.8	-13.5	-15.6	-14.7	-10.4	-12.7	-9.5	-9.3
Income before tax	241.8	187.0	197.0	182.1	244.8	328.8	330.7	291.5
Tax	-12.3	17.4	-15.2	-10.5	-15.5	-15.2	-25.6	-20.0
<b>Net income</b>	<b>229.5</b>	<b>204.4</b>	<b>181.8</b>	<b>171.6</b>	<b>229.3</b>	<b>313.6</b>	<b>305.1</b>	<b>271.4</b>

### CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK m	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Non-current assets	5,837.8	5,457.2	5,587.3	5,512.7	5,517.6	5,318.4	5,331.6	5,460.9
Current assets	2,267.4	2,236.7	2,591.9	2,027.1	2,300.7	2,152.8	2,050.8	1,918.5
<b>Total assets</b>	<b>8,105.2</b>	<b>7,693.9</b>	<b>8,179.1</b>	<b>7,539.9</b>	<b>7,818.3</b>	<b>7,471.2</b>	<b>7,382.5</b>	<b>7,379.4</b>
Equity	5,430.3	4,899.0	4,837.7	4,573.3	4,914.8	4,589.3	4,289.6	4,090.1
Provisions and non-current liabilities	1,180.8	1,049.6	1,294.0	311.1	233.4	168.1	1,472.9	1,772.3
Current liabilities	1,494.1	1,745.2	2,047.4	2,655.5	2,670.1	2,713.8	1,620.0	1,517.0
<b>Total equity and liabilities</b>	<b>8,105.2</b>	<b>7,693.9</b>	<b>8,179.1</b>	<b>7,539.9</b>	<b>7,818.3</b>	<b>7,471.2</b>	<b>7,382.5</b>	<b>7,379.4</b>

### CONS

SEK m	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Operating cash flow	321.9	237.8	307.0	390.6	214.5	289.3	400.8	271.2
Cash flow from investing activities	-87.0	-76.0	-82.0	-58.1	-77.1	-82.1	-58.7	-76.6
Cash flow from financing activities	-2.7	-470.4	234.6	-463.4	-15.2	-331.6	-294.8	-83.9
<b>Total cash flow</b>	<b>232.2</b>	<b>-308.6</b>	<b>459.5</b>	<b>-130.9</b>	<b>122.3</b>	<b>-124.5</b>	<b>47.2</b>	<b>110.7</b>

## OLIDATED CASH FLOW STATEMENT, IN SUMMARY

### KEY RATIOS

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
<b>Key financial ratios</b>								
Gross Margin (% of revenue)	66.6	65.1	65.2	67.2	67.6	70.9	70.8	71.9
EBITDA-margin (% of revenue)	24.9	22.7	23.9	22.5	26.0	29.2	29.7	28.2
EBIT-margin (% of revenue)	18.4	15.5	16.7	15.4	19.2	23.8	23.8	22.3
Profit margin (% of revenue)	17.1	14.5	15.4	14.3	18.4	22.9	23.2	21.6
Marketing expenses (% of revenue)	17.4	16.4	16.7	18.1	18.1	17.7	17.3	18.5
Basic earnings per share (SEK)	1.68	1.48	1.31	1.24	1.66	2.27	2.20	1.96
Diluted earnings per share (SEK)	1.68	1.48	1.31	1.24	1.66	2.27	2.20	1.96
Equity per share (SEK)	39.73	35.38	34.95	33.04	35.51	33.16	30.99	29.55
Executed dividend/redemption per share (SEK)	0.00	0.00	0.00	3.89	0.00	0.00	0.00	2.84
Equity/assets ratio (%)	67	64	59	61	63	61	58	55
Return on equity (% , 12 months)	16	16	19	21	24	24	23	21
Return on total capital (% , 12 months)	11	11	13	15	16	16	15	13
Return on capital employed (% , 12 months)	14	14	17	19	21	21	19	17
Net debt (SEK m)	26	186	402	544	53	245	586	970
Net debt / EBITDA (Multiple, 12 months)	0.02	0.2	0.3	0.4	0.0	0.2	0.4	0.8
<b>Shares</b>								
Average share price (SEK)	43.47	46.42	51.32	65.00	78.62	72.19	69.08	60.45
Share price at end of period (SEK)	39.94	43.68	46.65	56.80	70.53	73.00	68.48	54.38
Highest share price (SEK)	58.45	51.70	58.70	76.28	88.86	82.47	81.80	69.50
Lowest share price (SEK)	25.70	42.30	46.30	54.20	70.02	63.51	51.61	52.57
Number of shareholders at end of period	25,476	25,421	26,139	26,720	27,059	28,636	30,555	36,581
Number of shares outstanding at end of period	136.7	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
<b>Personnel</b>								
Average number of employees	1,565	1,572	1,526	1,494	1,496	1,531	1,584	1,612
Number of employees at end of period	1,641	1,589	1,588	1,577	1,542	1,547	1,505	1,547

### CUSTOMERS

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Registered customers (000's)	15,490	15,115	14,865	14,595	14,304	14,010	13,743	13,457
Active customers (000's)	681	686	632	659	687	669	687	692

### CUSTOMER DEPOSITS

SEK m	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Customer deposits	3,765.1	3,845.1	3,657.8	3,675.1	3,920.9	4,030.5	4,153.7	3,906.1
Customer deposits, all gaming solutions	5,741.1	5,511.8	4,937.0	4,662.0	4,740.8	5,017.6	4,853.4	4,664.7

## SPORTSBOOK DATA

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Gross turnover, all gaming solutions (SEK m)	6,833.9	7,235.3	6,178.9	6,157.3	6,356.3	6,300.9	6,151.3	6,226.5
of which gross turnover live betting (SEK m)	5,018.5	5,019.6	4,549.2	4,299.4	4,252.3	3,984.8	4,089.2	4,072.5
Sportbook margin after free bets (%)	8.5	6.8	7.8	7.8	6.3	7.3	7.4	6.3
Revenue (SEK m)	384.9	311.6	314.6	341.0	297.8	341.4	338.9	300.2

## REVENUE BY PRODUCT

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
<b>Revenue (SEK m)</b>								
Casino	1,014.2	964.1	942.2	917.8	1,012.8	1,071.7	1,066.3	1,016.6
Sportsbook	384.9	311.6	314.6	341.0	297.8	341.4	338.9	300.2
Other products	18.5	13.8	18.4	18.9	20.0	23.5	21.6	29.6
<b>Total</b>	<b>1,417.5</b>	<b>1,289.5</b>	<b>1,275.2</b>	<b>1,277.7</b>	<b>1,330.6</b>	<b>1,436.6</b>	<b>1,426.8</b>	<b>1,346.4</b>

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

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
<b>Growth, compared with previous quarter (%)</b>								
Casino	5	2	3	-9	-5	1	5	10
Sportsbook	24	-1	-8	15	-13	1	13	14
Other products	35	-25	-3	-6	-15	9	-27	25
<b>Total</b>	<b>10</b>	<b>1</b>	<b>-0</b>	<b>-4</b>	<b>-7</b>	<b>1</b>	<b>6</b>	<b>11</b>

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
<b>Growth, compared with same period previous year (%)</b>								
Casino	0	-10	-12	-10	10	24	22	16
Sportsbook	29	-9	-7	14	13	-5	23	17
Other products	-8	-41	-15	-36	-15	-21	-37	-35
<b>Total</b>	<b>7</b>	<b>-10</b>	<b>-11</b>	<b>-5</b>	<b>10</b>	<b>14</b>	<b>21</b>	<b>14</b>

## REVENUE BY REGION

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
<b>Sportsbook (SEK m)</b>								
Nordics	142.3	112.3	111.4	140.2	132.1	170.4	165.8	139.0
Western Europe	33.6	28.7	34.9	38.2	41.3	30.5	35.6	43.2
Central & Eastern Europe and Central Asia	143.7	129.6	118.0	107.4	85.1	109.4	91.2	78.2
RoW	65.3	41.0	50.3	55.2	39.3	31.1	46.3	39.8
<b>Total</b>	<b>384.9</b>	<b>311.6</b>	<b>314.6</b>	<b>341.0</b>	<b>297.8</b>	<b>341.4</b>	<b>338.9</b>	<b>300.2</b>
<b>Casino (SEK m)</b>								
Nordics	336.0	334.4	360.3	374.3	443.0	482.7	493.7	471.3
Western Europe	372.0	358.1	357.5	349.4	387.2	417.4	400.5	385.8
Central & Eastern Europe and Central Asia	270.1	232.4	194.1	168.8	153.9	151.8	146.0	132.0
RoW	36.0	39.2	30.3	25.3	28.7	19.9	26.1	27.5
<b>Total</b>	<b>1,014.2</b>	<b>964.1</b>	<b>942.2</b>	<b>917.8</b>	<b>1,012.8</b>	<b>1,071.8</b>	<b>1,066.3</b>	<b>1,016.6</b>
<b>Total, for all products, per region (SEK m)</b>								
Nordics	482.7	450.2	476.7	519.3	580.6	659.3	668.2	621.9
Western Europe	406.5	387.7	396.7	392.2	430.8	455.1	446.2	443.5
Central & Eastern Europe and Central Asia	424.7	369.9	319.6	284.2	248.2	269.8	241.0	214.4
RoW	103.6	81.7	82.2	82.0	71.0	52.4	71.4	66.7
<b>Total</b>	<b>1,417.5</b>	<b>1,289.5</b>	<b>1,275.2</b>	<b>1,277.7</b>	<b>1,330.6</b>	<b>1,436.6</b>	<b>1,426.8</b>	<b>1,346.4</b>
<b>Share per region (%)</b>								
Nordics	34	35	37	41	44	46	47	46
Western Europe	29	30	31	31	32	32	31	33
Central & Eastern Europe and Central Asia	30	29	26	22	19	19	17	16
RoW	7	6	6	6	5	3	5	5
<b>Growth, compared with previous quarter (%)</b>								
Nordics	7	-6	-8	-11	-12	-1	7	9
Western Europe	5	-2	1	-9	-5	2	1	14
Central & Eastern Europe and Central Asia	15	16	12	15	-8	12	12	0
RoW	27	-1	0	16	35	-27	7	83

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
<b>Growth, compared with same period previous year (%)</b>								
Nordics	-17	-32	-29	-17	2	9	19	11
Western Europe	-6	-15	-11	-12	10	26	26	26
Central & Eastern Europe and Central Asia	71	37	33	33	15	12	8	-5
RoW	46	56	15	23	95	13	80	64

## SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Licence fees	142.6	134.3	129.9	123.8	128.0	129.7	132.8	127.7
Betting duties	99.6	94.6	88.4	90.6	84.6	73.6	69.4	62.1
Affiliates and partners commission	91.9	90.3	100.1	97.7	109.0	114.6	117.5	108.2
Other cost of services provided	139.6	131.5	126.0	106.7	110.0	100.6	97.6	80.5
<b>Total</b>	<b>473.7</b>	<b>450.6</b>	<b>444.4</b>	<b>418.8</b>	<b>431.5</b>	<b>418.5</b>	<b>417.3</b>	<b>378.5</b>

## SPECIFICATION OF AMORTISATION AND DEPRECIATION

SEK m	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Depreciation property, plant, and equipment	10.8	14.0	13.0	11.9	12.0	11.9	12.1	11.7
Depreciation right-of-use assets	13.2	12.9	13.1	12.5	12.8	-	-	-
Amortisation intangible fixed assets (whereof amortisation of capitalised development costs)	68.3	64.9	65.6	66.1	65.8	66.0	71.2	67.2
	52.8	55.5	55.8	55.9	54.9	55.1	66.1	60.8
<b>Total</b>	<b>92.3</b>	<b>91.8</b>	<b>91.7</b>	<b>90.5</b>	<b>90.6</b>	<b>77.9</b>	<b>83.3</b>	<b>78.9</b>

## ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Reported revenues	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4
- Revenue from aquisitions <sup>1</sup>	-4.7	-1.0	-	-	-	-	-	-
- Currency effects	8.5	-13.1	-11.5	8.4	-25.8	-29.9	-54.4	-36.0
<b>Organic revenues</b>	<b>1,421.3</b>	<b>1,275.4</b>	<b>1,263.7</b>	<b>1,286.1</b>	<b>1,304.8</b>	<b>1,406.7</b>	<b>1,372.4</b>	<b>1,310.4</b>
Organic growth (YoY)	7%	-11%	-11%	-4%	8%	12%	16%	11%
Reported growth (YoY)	7%	-10%	-11%	-5%	10%	14%	21%	14%
Reported operating income (EBIT)	260.6	200.5	212.5	196.9	255.2	341.5	340.2	300.7
- Result from aquisitions <sup>1</sup>	0.3	1.4	-	-	-	-	-	-
- Currency effects	20.9	6.0	1.1	24.0	17.4	24.3	20.9	10.5
<b>Organic operating income</b>	<b>281.8</b>	<b>207.9</b>	<b>213.6</b>	<b>220.9</b>	<b>272.6</b>	<b>365.8</b>	<b>361.1</b>	<b>311.2</b>
Organic growth (YoY)	10%	-39%	-37%	-27%	29%	68%	67%	50%
Reported growth (YoY)	2%	-41%	-38%	-35%	21%	56%	57%	45%

<sup>1</sup> For 2019 Q4, Simulcasting Brasil

## ACCOUNTING POLICIES

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

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

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

## GLOSSARY AND DEFINITIONS

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

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

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

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

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

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

**B2B: Business-to-Business**

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

**Deposits:** Customers' deposits to gaming accounts.

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

**Earnings per share after dilution:** Net income, 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.

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

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

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



**NDC:** New Depositing Customer

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

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

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

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

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

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

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

## ABOUT BETSSON

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

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

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

Learn more about the Group on [www.betssonab.com](http://www.betssonab.com)

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



## FINANCIAL CALENDAR

Annual General Meeting	11 June 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

## PRESENTATION OF THE INTERIM REPORT

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

Dial-in numbers:

SE: +46 856642651

UK: +44 3333000804

US: +1 6319131422

PIN: 48401271#

Audiocast link:

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



## CONTACTS

Pontus Lindwall, Koncernchef och VD Betsson AB  
+46 8 506 403 00 [pontus.lindwall@betssonab.com](mailto:pontus.lindwall@betssonab.com)

Martin Öhman, CFO Betsson AB  
+46 8 506 403 00 [martin.ohman@betssonab.com](mailto:martin.ohman@betssonab.com)

Anna-Lena Åström, Head of Investor Relations  
+46 761 80 55 46 [anna-lena.astrom@betssonab.com](mailto:anna-lena.astrom@betssonab.com)