

Betsson AB (publ) interim report April - June 2020

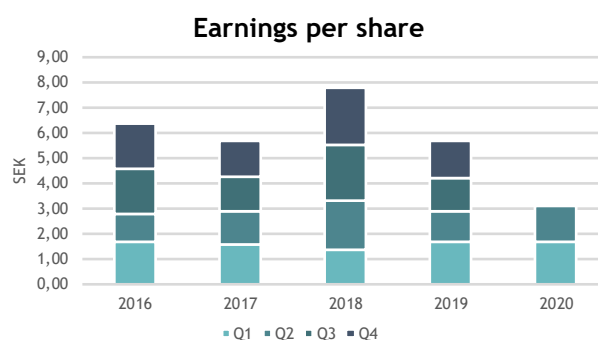
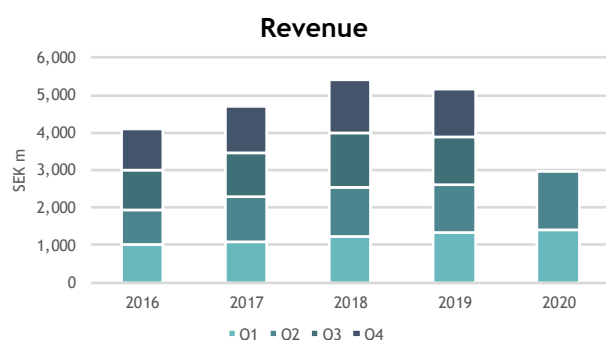
“Betsson has delivered all-time high revenues under the most challenging conditions”

QUARTER APRIL - JUNE 2020

- Group revenue was SEK 1,532.8 (1,277.7) million, an increase of 20% with an organic increase of 12%.
- Casino revenue increased by 40%. Sportsbook revenue decreased by 34% and the sportsbook margin was 6.9% (7.8%).
- Operating income (EBIT) was SEK 217.7 (196.9) million. The EBIT margin was 14.2% (15.4%).
- Operating cash flow was 343.9 (390.6) million.
- Acquisition of GiG’s B2C vertical completed plus new market entries into the USA and Kenya.
- The AGM in June resolved on dividend paid to shareholders in July of SEK 2.88 per share, corresponding to SEK 393.6 million.

PERIOD JANUARY-JUNE 2020

- Group revenue was SEK 2,950.3 (2,608.3) million, an increase of 13% with an organic increase of 9%.
- Operating income (EBIT) was SEK 478.3 (452.1) million. The EBIT margin was 16.2% (17.3%).
- Net income was SEK 422.5 (400.9) million, corresponding to SEK 3.08 (2.90) per share.
- Operating cash flow was SEK 665.8 (605.1) million, an increase of 10% compared to the same period last year.



KEY DATA

SEK m	Q2 2020	Q2 2019	Δ	Jan-Jun 2020	Jan-Jun 2019	Δ	Jan-Dec 2019
Revenue	1,532.8	1,277.7	20%	2,950.3	2,608.3	13%	5,173.0
Gross profit	958.5	858.9	12%	1,902.3	1,758.0	8%	3,427.6
EBITDA	304.2	287.4	6%	657.1	633.2	4%	1,229.7
EBITDA margin %	19.8	22.5	-	22.3	24.3	-	23.8
Operating income (EBIT)	217.7	196.9	11%	478.3	452.1	6%	865.0
EBIT margin %	14.2	15.4	-	16.2	17.3	-	16.7
Net income	192.9	171.6	12%	422.5	400.9	5%	787.1
Earnings per share (SEK)	1.40	1.24	13%	3.08	2.90	6%	5.69
Operating cash flow	343.9	390.6	-12%	665.8	605.1	10%	1,150.3
Casino revenue	1,286.3	917.8	40%	2,300.5	1,930.6	19%	3,837.0
Sportsbook gross turnover	4,829.7	6,157.3	-22%	11,663.6	12,513.6	-7%	25,927.8
Sportsbook revenue	226.5	341.0	-34%	611.3	638.8	-4%	1,265.0
Sportsbook margin after free bets %	6.9	7.8	-	7.8	7.0	-	7.2
Deposits	6,592.0	4,662.0	41%	12,333.5	9,403.0	31%	19,851.6
Active customers (number of)	820,512	658,957	25%				



Pontus Lindwall
President and
CEO Betsson AB

CEO COMMENT

"I am proud that Betsson has delivered all-time high revenues under the most challenging conditions."

"The second quarter was strong and followed the positive trend from the start of the year despite market challenges during this extraordinary period. The global pandemic had immediate effect on the Company from March onwards. We responded quickly and decisively to make changes in the offer, and I am particularly pleased to see the strong performance in casino. Sports betting revenues continued to be impacted in the second quarter by the pandemic as expected, however benefited from the progressive return of football and other sporting events at the end of the quarter. Our business has remained financially robust and resilient to this impact, being both diversified and flexible.

Our key focus areas remain the health and safety of both our employees and the societies in which we operate. Early on, we proactively took actions to enable both a safe and effective working environment for the whole Group and to ensure delivery of products and services to customers with uninterrupted quality.

From March to date, we have seen many changes in habits of how people work, interact, shop and enjoy entertainment, many enabled by advancements in technology and the use of digital devices. We believe the ongoing transition from offline to online has been further accelerated as a consequence of the global lockdowns. This will benefit the strategic direction of our business both short and long term.

In the quarter, we continued executing our strategic priorities, pushing through projects in accordance with the strategic plan. Betsson successfully completed the acquisition of the B2C operation from GiG and remotely onboarded approximately 60 new colleagues. We signed an agreement with Dostal Alley Casino in Colorado to enter the high-potential US market. Initially, we will start with B2C sports betting in the state of Colorado, with the ambition to sell our proprietary sportsbook to B2B customers in the future. In this quarter, we have also taken the first steps into Kenya by partnering with local partners. After the quarter, we have taken further steps to strengthen our position in South America where Betsson has expanded its presence in the only regulated market by acquiring 70% of the Colombian based operator Colbet. This deal will give us access to the Colombian market for online sport betting and casino.

The majority of our employees have been working from home and in the true 'One Betsson' spirit, we have all continued striving towards creating the best user experiences. This has been delivered through the full dedication of the teams, enabled by the quality of both our technical infrastructure and digital content. I am enormously proud of and thankful to all our people for their continued hard work and commitment to keeping the business momentum.

During this pandemic, governments have been modelling a range of scenarios of potential impact, several governments took immediate temporary actions on our industry such as either suspending gambling both offline and online or implementing restrictions on marketing. In the beginning of the third quarter, when most countries had removed Corona-related restrictions, Sweden sadly enough implemented restrictions on online casino, without empirical evidence. This measure will unfortunately push even more consumers to play outside of the Swedish regulation.

The immediate outlook is naturally uncertain, however Betsson is in good shape and we are in it for the long term. Our proprietary technology is a strategic advantage, our diversification in markets, verticals and brands makes us resilient to market fluctuations and our financials are rock solid. This makes me optimistic about the prospects for Betsson."

Founded in

1963



Betsson AB's 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

Betsson completed the acquisition of Gaming Innovation Group's B2C vertical Zecure Gaming Limited on 16 April 2020. Details can be found under the 'Acquisitions 2020' section on page 26 in this report.

Betsson will enter the US online sports betting market in Colorado and plans to launch its proprietary sportsbook to end consumers in the first part of 2021, after regulatory approval. The Company has signed an initial 10-year agreement with Dostal Alley Casino who will provide market access for sports betting on digital devices within the state of Colorado.

This is a first and cautious step into the US market, designed to benefit Betsson with key learnings, brand presence and initial customers. The initiative also gives Betsson an opportunity to showcase its sportsbook in the US market, supporting the ambition to sell its proprietary sportsbook to Business-to-Business (B2B) customers in the future.

Betsson is expanding into Africa by entering the Kenyan market and will build local presence with the Betsafe brand for both online sports betting and casino during the autumn 2020. The brand has also entered sponsorship agreements to support two of the leading Kenyan football clubs.

UPDATE ON THE IMPACT OF COVID-19

Betsson is constantly reviewing its risk assessment and business conduct to ensure business continuity. Important parameters are financial stability, technical stability and safety, diversification and an ability to mitigate any unforeseen risks to prevent and avoid disruption to the business.

Betsson is one of the largest gambling companies in Europe, with a broad geographical presence and a product mix covering all verticals in online gambling. The Company has a strong and sustainable financial position, low gearing, high margins and an efficient and effective organisation. The Company is well-equipped 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 Group's employees, its customers and communities. Remote working was initiated in mid-March to support the health and safety of both the employees and people in the communities where the Group operates. The whole business is operating well and the people of Betsson have delivered products and services with dedication, to the same high quality and standards as prior to this extraordinary situation.

The positive trend in casino continued in the second quarter, this was further supported by the gradual resumption of football and other sporting events towards the end of the quarter. However, the absence of sporting events in the first part of the quarter had a negative impact on sportsbook revenues for the full second quarter.

The ongoing consolidation seen amongst gambling companies is accelerated by 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 potentially increase Betsson's organic growth opportunities and create opportunities for strategic acquisitions at attractive prices.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Betsson has acquired 70% of the Colombian operator Colbet, the acquisition gives Betsson access to a licence in the only regulated online gambling market in South America.

Betsson will migrate the Colbet business to Betsson's technology and provide the Colombian market with a cutting edge sportsbook and casino along with a wide array of payment solutions.

In June, the AGM resolved on distributing SEK 393.6 (538.4) million, which corresponds to SEK 2.88 (3.89) per share, to shareholders.

TRADING UPDATE

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

The average daily revenue in the third quarter 2020 until 16 July was 35% (23% organic) higher than the average daily revenue of the full third quarter 2019.

There are uncertainties as to if the high level of casino seen in the second quarter is replicable at the same level during the rest of the third quarter. Further, the start of the third quarter has a disproportionately heightened volume of sporting events due to the previously cancelled events from the proceeding months.

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

LONG TERM OUTLOOK

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

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 user experiences 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.

CUSTOMER ACTIVITY

Customer deposits in all operational subsidiaries' gaming solutions during the quarter were SEK 6,592.0 (4,662.0) million, an increase of 41%.

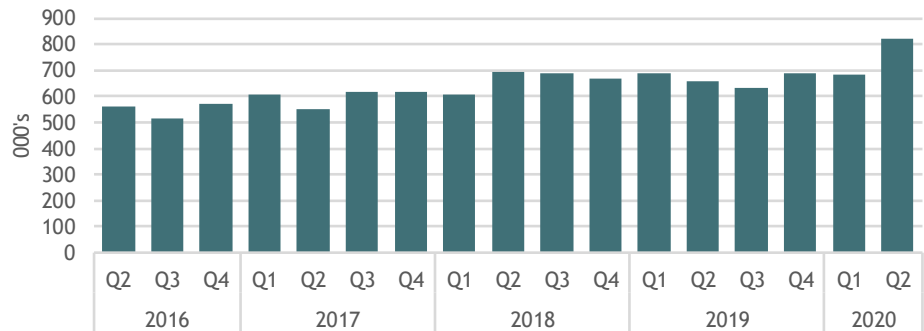
By the end of the second quarter, the number of registered customers was 18.5 (14.6) million, an increase of 27%.

Active customers during the quarter were 820,512 (658,957), an increase of 25%.

Customer deposits



Active customers



REVENUE AND EARNINGS

REVENUE FOR THE QUARTER

Group revenue was SEK 1,532.8 (1,277.7) million, an increase of 20%, of which 12% was organic. The revenue growth was attributable to the regions Western Europe, CEECA and ROW. Currency fluctuations had a negative effect on revenue of SEK 58.6 million compared with the second quarter 2019.

Mobile revenue was SEK 1106.5 (897.3) million, representing 72% (70%) of total revenue.

Licence revenue for system delivery to the gaming operator Realm Entertainment Ltd. (Realm) was SEK 208.9 (120.8) million and corresponded to 14% (9%) of Group revenue. The increase is mainly due to enhanced performance in the products delivered by Betsson. Currency fluctuations had a negative impact on licence revenues of SEK 29.7 million compared with the second quarter 2019.

Revenue by product

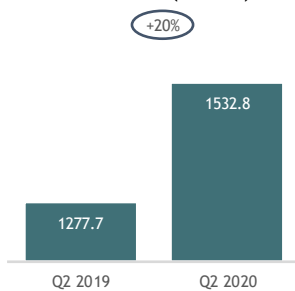
Casino revenue was SEK 1,286.3 (917.8) million, an increase of 40%, with 29% organic growth. Casino represented 84% (72%) of Group revenue.

Mobile Casino revenue was SEK 925.6 (631.1) million and accounted for 72% (69)% of total casino revenue.

Gross turnover in sportsbook in all Betsson's gaming solutions, was SEK 4,829.7 (6,157.3) million, which is a decline of 22% compared to the second quarter last year. Organic gross turnover decreased by 16%.

Sportsbook revenue in the second quarter was SEK 226.5 (341.0) million, a decline of 34% reported and organic, due to a significantly lower number of sporting events than normal caused by the covid-19 pandemic. Sportsbook represented 15% (27%) of Group revenue.

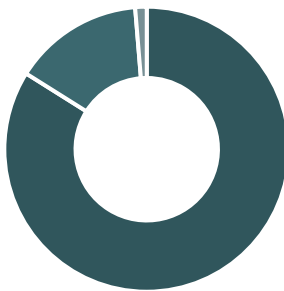
Revenue (msek)



72%

Share of mobile revenue

Revenue by product



- Casino (84%)
- Sportsbook (15%)
- Other (1%)

Revenue by region



- Nordic (32%)
- Western Europe (36%)
- CEECA (24%)
- ROW (8%)

The sportsbook margin was 6.9% (7.8%). The eight-quarter rolling average margin was 7.4%.

Mobile sportsbook revenue was SEK 174.4 (261.5) million, representing 77% (77%) of total sportsbook revenue.

Revenue from other products was SEK 20.1 (18.9) million, an increase of 6%, representing 1% (2%) of total revenues.

Locally taxed revenue from markets where Betsson pays local betting duties, increased by 30% compared to the second quarter last year and was SEK 596.3 (457.4) million, corresponding to 38.9% (35.8)% of total Group revenue. The increase is mainly related to revenue from Italy and Germany.

Revenue by region

Revenue from the Nordics was SEK 485.0 (519.3) million, a decline of 7%, with 14% organic decline.

Revenue from Western Europe was SEK 550.2 (392.2) million, an increase of 40%, of which 20% was organic.

Revenue from Central & Eastern Europe and Central Asia (CEECA) was SEK 363.6 (284.2) million, an increase of 28%. The organic growth was 41%.

REVENUE AND GROSS PROFIT FOR THE PERIOD

Group revenue for the first six months 2020 amounted to SEK 2,950.3 (2,608.3) million, an increase of 13% with an organic growth of 9%. Gross profit amounted to SEK 1,902.3 (1,758.0) million.

Group revenue



EXPENSES FOR THE QUARTER

Cost of services provided was SEK 574.3 (418.8) million. The increase is mainly explained by the change in revenue mix as revenue from casino carries a higher cost of services provided than revenue generated from the proprietary sportsbook. Betting duties and payment cost has also increased and contributed to the overall higher cost of services provided. The organic cost of services provided was SEK 505.8 million.

Gross profit was SEK 958.5 (858.9) million, corresponding to a gross profit margin of 62.5% (67.2%).

Operating expenses were SEK 740.8 (662.0) million and the organic operating expenses were SEK 674.5 million.

Marketing expenses were SEK 256.8 (231.8) million and the organic marketing expenses were SEK 221.1 million.

Personnel expenses were SEK 219.9 (197.8) million and the organic personnel expenses were SEK 211.2 million. The increase in personnel expenses is due to both investments in employees to develop the technology in Betsson's product offering, mainly in the sportsbook, plus the approximately 60 employees added as a result of the B2C acquisition in the quarter. The average number of full-time employees in the Group during the second quarter was 1,642 (1,577) of which 1027 (927) were based in Malta.

Average FTE	Q2 2020	Q2 2019
Employees	1,642	1,577
Contractors	216	155

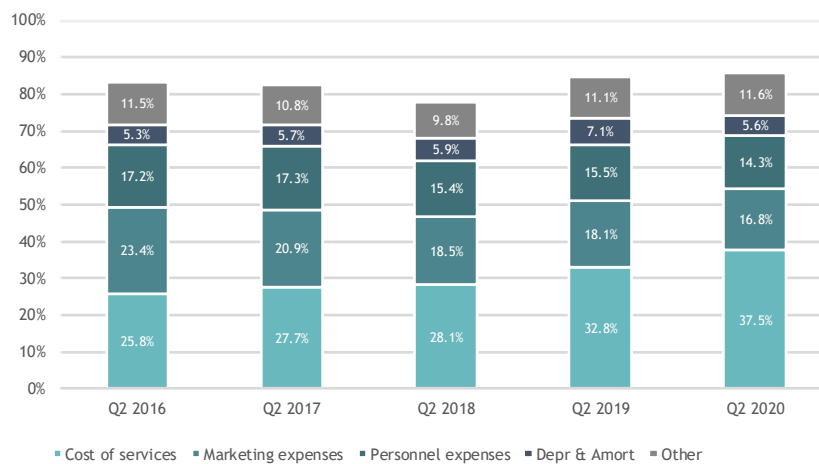
In addition, the Group employed 216 (155) full-time consultants during the quarter, mainly within product development. The cost of consultants is recognised under other external expenses.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, were SEK 223.0 (184.5) million. The organic other external expenses were SEK 204.1 million. The external costs during the second quarter reflect increased activities to broaden the product offering and to investigate further geographical spread.

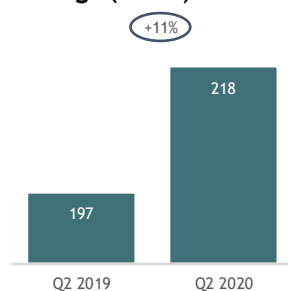
Capitalised development costs were SEK 62.4 (49.2) million. Amortisation of capitalised development costs was SEK 52.3 (55.9) million. See table on page 21. Total amortisation and depreciation for the quarter was SEK 86.5 (90.5) million.

Operating expenses for the quarter included a non-recurring item of SEK 20 million for a fine issued by the Swedish Gambling Authority. Furthermore, a SEK 17 million exchange loss was recorded in the quarter due to internal receivables on Group companies. The latter is reported as "Other operating income/expenses" in the income statement.

Costs as a percentage of revenues



Earnings (msek)



EARNINGS FOR THE QUARTER

Operating income (EBIT) was SEK 217.7 (196.9) million with an operating margin of 14.2% (15.4%). The organic operating income was SEK 246.4 million.

Net financial items were SEK -11.0 (-14.7) million and are primarily related to interest costs.

Net income was SEK 192.9 (171.6) million, corresponding to SEK 1.40 (1.24) per share.

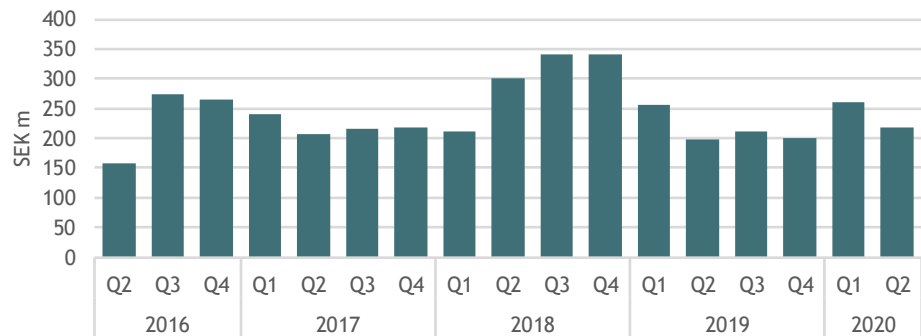
The reported corporate tax for the second quarter was SEK 13.8 (10.5) million, corresponding to 6.7% (5.8%) of profit before taxes.

The effective tax rate may fluctuate between quarters depending on the tax base in the countries where Betsson has subsidiaries. For example, corporate taxes in certain countries are based on dividend distribution which may result in a difference between the effective and statutory rate.

EARNINGS FOR THE PERIOD

Operating income for the first six months 2020 amounted to SEK 478.3 (452.1) million. Net income amounted to SEK 422.5 (400.9) million, corresponding to SEK 3.08 (2.90) per share.

Operating income (EBIT)



CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of June 2020 was SEK 980.5 (491.5) million. Customer liabilities, including reserves for accumulated jackpots, were SEK 450.0 (428.6) million. Gaming regulations require the Group to reserve a certain share of cash to cover player liabilities and accumulated jackpots. Current receivables from payment providers for unsettled customer deposits were SEK 582.3 (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 second quarter was SEK 343.9 (390.6) million including a positive impact of SEK 33.5 million related to changes in working capital. Cash flow from financing activities was SEK 159.6 (-463.4) million, which is primarily explained by utilisation of the revolving credit facility.

As at 30 June 2020, total available bank credit facilities were SEK 880.0 (880.0) million, of which SEK 248.1 (184.8) million were utilised.

External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	248.1	551.9	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2021
Bond (SEK m)	988.8	988.8	0.0	Sep, 2022

OTHER INFORMATION

PARENT COMPANY

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

Revenue for the second quarter 2020 was SEK 14.3 (7.4) million, and net income was SEK -72.3 (127.1) million. The decrease is mainly explained by foreign exchange losses.

Cash and cash equivalents in the Parent Company was SEK 475.3 (161.4) million.

EQUITY

Equity in the Group was SEK 5,215.9 (4,573.3) million, corresponding to SEK 38.17 (33.04) per share.

EMPLOYEES

In the second quarter 2020, the Group employed 1,722 employees representing 55 nationalities.

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

The Group has, over time, retained people in leading positions, enabling its consistent delivery of its long term strategic direction. To further inspire and support the people, leadership programmes, career development and 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 25,622 (26,720) shareholders.

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

Shareholders as at 30 June 2020*

Name	A shares	B and C shares	Votes (outstanding)	% Capital (total capital)	% Votes (votes outstanding)
Hamberg family and companies	5,098,500	-	50,985,000	3.5%	18.2%
Danske Bank International S.A	3,931,000	500,000	39,810,000	3.1%	14.2%
Knutsson family and companies	3,010,000	972,000	31,072,000	2.8%	11.1%
Lindwall, Berit	1,683,000	85,000	16,915,000	1.2%	6.0%
State Street Bank & Trust Co	-	14,080,582	14,080,582	9.7%	5.0%
Novobis AB	1,323,500	-	13,235,000	0.9%	4.7%
DNB	-	11,180,563	11,180,563	7.7%	4.0%
JPM Chase	-	6,058,133	6,058,133	4.2%	2.2%
BNY Mellon NA	-	4,877,561	4,877,561	3.4%	1.7%
Other	865,000	82,987,491	91,637,491	58.0%	32.7%
Betsson treasury shares	-	7,840,908	-	5.4%	0.0%
Total	15,911,000	128,582,238	279,851,330	100.0%	100.0%

*The numbers in the table above represent the number of shares, excluding the redemption shares used for the automatic redemption scheme to pay dividends to the

shareholders. The automatic redemption scheme temporarily increases the number of shares and votes in a 2:1 share split, which is restored after completion in July 2020.

SUSTAINABILITY

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

The Board of Directors adopted a new sustainability framework in November 2019. The framework stipulates five focus areas for Betsson's sustainability priorities, which will enable Betsson to take up a clear position to direct change and create its business case. The focus area *Business compliance* is the cornerstone of the framework since compliance with legislation and regulations in the different jurisdictions within which Betsson operates is fundamental for the Group's existence. The focus area *Responsible Gaming (RG)* is the core of Betsson's operations and a for long-term sustainable customer relations. Success in this area is crucial to maintaining trust among employees, investors, customers and authorities, therefore, the Company has far-reaching processes and tools in place, striving for the highest standard of support provided to customers. It is about empowering customers to make their own choices and maintain a healthy relationship to gambling. The remaining focus areas in the framework are *Social impact*, *Employee impact* and *Carbon footprint*.

Responsible and safer gambling is one of the most important parts of Betsson's sustainability work. Two of the key factors of responsible gambling are giving players tools to control their gaming and employee training for tailored customer support. Betsson has developed an analysis tool monitoring players' behaviour which is used to detect, prevent and manage gambling problems, while taking into consideration customers' rights and applicable standards of privacy and information security. Betsson's Responsible Gaming Prediction Tool monitors players' behaviour on an ongoing basis and assesses customers' risk profile as low, medium or high. Based on the result, a warning is sent to Betsson if potentially increased risk behaviour is detected. Trained employees can immediately intervene and decide on the best way of proceeding based on the customer profile, this includes discussing available tools for responsible gaming and the possibility of the customer limiting their gaming or self-excluding. Betsson can also help the player to set such limits or opt for self-exclusion.

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

In the second quarter 2020, 42.5% of NDCs started with a deposit limit, comparable to 42.7% in the first quarter 2020.

In recognition of the particular circumstances related to the covid-19 pandemic, Betsson increased its RG interactions (both manual and automatic) significantly from 26,300 in the first quarter 2020 to 55,300 in the second quarter 2020 to ensure customers remained aware and could make informed choices. Betsson also decided to increasingly push real-time responsible gambling notifications to its customers, up from 18,000 in the first quarter 2020 to 42,000 notifications in the second quarter 2020. Further, the Company proactively carried out approximately 1,500 customer interventions across its markets in the second quarter, up 13% from the first quarter 2020. For more information on Betsson's focus on sustainability, please see the Annual Report.

SUSTAINABILITY INITIATIVES TAKEN WITH RESPECT TO COVID-19

Local community engagements

Betsson has funded five Patient Monitoring stations to be used in curing covid-19 patients at the Foundation for the Development of the Heim Pál Children's Hospital in Budapest, Hungary. In Sweden, the Group supported healthcare workers through a programme called, "Stötta en vårdhjalte med lunch" (Support a Careworker Hero with Lunch).

In Malta, Betsson sponsored 'Malta Together - a Festival of Gratitude and Inspiration'. The organisers also used the Betsson HQ office's internet network and related infrastructure in order to securely stream the festival on social media channels.

Employee engagements

Betsson prioritises the wellbeing of its employees and when covid-19 started spreading in Europe, the Company quickly asked the vast majority of its employees to work from home. It conducted two inhouse surveys, one survey in April and one in June, with the aim to inform and if required adapt to these changes. On both occasions, the Company found that the vast majority of its people coped really well with working from home.

Betsson organised multiple internal initiatives to ensure that all employees retained a great employee experience when working remotely. On a global level, the Company organised a Betsson Group Value Award, where employees could nominate teams whom they believed lived and breathed each of the three values, 'One Betsson', 'Passion' and 'Fair Play'.

All offices are operating in accordance to the public health guidelines imposed in every respective country and the company is following guidance such as hygiene measures, social distancing, and the wearing of masks or visors. Where guidelines from authorities have started to ease Betsson has started reopening some of its offices, mostly on a voluntary basis.

ANNUAL GENERAL MEETING

At the Annual General Meeting (AGM) on 11 June 2020, the shareholders resolved to re-elect Patrick Svensk, Fredrik Carlsson, Eva Leach, Johan Lundberg and Jan Nord as members of the Board of Directors. Andrew McCue was elected new member of the Board of Directors. Patrick Svensk was elected Chairman of the Board of Directors.

New board member

Andrew McCue has been active in the online gambling industry for more than ten years and has previously, among other things, held the role as Chief Executive Officer of Paddy Power Betfair in Ireland. He will contribute with his international and strategic experience of leading companies in expansion phases in new markets.

The AGM resolved to distribute SEK 393.6 (538.4) million, corresponding to SEK 2.88 (3.89) per share to the shareholders through an automatic redemption process. The AGM also resolved to authorise the Board to issue shares and/or convertible bonds for payment in kind or by way of set-off, involving the issue of or conversion into up to 14.4 million B shares (corresponding to a dilution of approximately 10% of the share capital and approximately 5.1% of the shareholders' votes). In addition, the AGM resolved to authorise the Board to resolve to repurchase, on one or several occasions prior to the next AGM, as many shares as may be purchased without the Company's holding at any time exceeding 10% of the total number of shares in the Company. For full information on the AGM's resolutions, please see the Company website.

Stockholm, 21 July 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	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenue	1,532.8	1,277.7	2,950.3	2,608.3	5,173.0
Cost of services provided	-574.3	-418.8	-1,048.0	-850.4	-1,745.4
Gross profit	958.5	858.9	1,902.3	1,758.0	3,427.6
Marketing expenses	-256.8	-231.8	-503.8	-473.0	-898.1
Personnel expenses	-219.9	-197.8	-431.6	-396.6	-790.2
Other external expenses	-223.0	-184.5	-425.7	-346.6	-701.8
Capitalised development costs	62.4	49.2	124.5	97.4	202.4
Amortisation and depreciation	-86.5	-90.5	-178.8	-181.1	-364.7
Other operating income/expenses	-17.0	-6.5	-8.7	-6.0	-10.1
Operating expenses	-740.8	-662.0	-1,424.0	-1,305.9	-2,562.5
Operating income	217.7	196.9	478.3	452.1	865.0
Financial income and expenses	-11.0	-14.7	-29.9	-25.1	-54.2
Income before tax	206.7	182.1	448.5	426.9	810.9
Tax	-13.8	-10.5	-26.0	-26.0	-23.8
Net income	192.9	171.6	422.5	400.9	787.1
Net income attributable to:					
Equity holders of the Parent Company	191.8	171.6	421.3	400.90	787.50
Non-controlling interests	1.1	-	1.2	-	-0.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net income	192.8	171.6	422.5	400.9	787.1
Other comprehensive income					
Revenue/expenses recognised directly in equity:					
Hedge of net investments in foreign currency incl. deferred tax	-20.0	9.5	17.7	11.5	15.9
Exchange differences in translating foreign operations	-387.5	15.4	-63.8	106.3	43.0
Other comprehensive income of the period (after tax)	-407.5	24.9	-46.1	117.8	58.9
Total comprehensive income for the period	-214.7	196.5	376.4	518.7	846.0
Total comprehensive income attributable to:					
Equity holders of the Parent Company	-215.8	196.5	375.2	518.7	846.0
Non-controlling interests	1.1	0.0	1.2	0.0	0.4

CONSOLIDATED BALANCE SHEET

SEK m	6/30/2020	6/30/2019	12/31/2019
Intangible fixed assets	5,619.3	5,256.2	5,218.9
Property, plant and equipment	71.8	87.6	74.4
Right-of-use assets	111.2	117.0	99.0
Financial assets	18.3	1.0	13.7
Deferred tax receivables	53.4	49.9	50.0
Other longterm receivables	1.1	1.1	1.2
Total non-current assets	5,875.1	5,512.8	5,457.1
Current receivables	1,371.9	1,535.7	1,597.5
Cash and cash equivalents	980.5	491.5	639.2
Total current assets	2,352.4	2,027.1	2,236.7
Total assets	8,227.6	7,539.9	7,693.9
Total equity	5,215.9	4,573.3	4,899.0
Provision gaming tax	14.3	33.5	14.5
Deferred tax liabilities	15.7	40.1	14.6
Total Provisions	30.0	73.6	29.1
Bond	988.8	-	986.3
Non-current liabilities to credit institutions	0.0	184.8	0.0
Lease liabilities	60.7	52.7	34.2
Total non-current liabilities	1,049.5	237.5	1,020.5
Current liabilities to credit institutions	241.0	0.0	0.0
Bond	0.0	998.7	0.0
Lease liabilities	36.6	46.6	51.3
Other current liabilities	1,654.5	1,610.2	1,694.0
Total current liabilities	1,932.1	2,655.5	1,745.3
Total equity and liabilities	8,227.6	7,539.9	7,693.9

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Income after financial items	206.7	182.1	448.5	426.9	810.9
Adjustments for non-cash items	108.7	100.2	197.9	189.1	361.5
Taxes paid	-5.0	-4.8	-70.4	-48.3	-64.0
Cash flow from operating activities					
before changes in working capital	310.4	277.6	576.0	567.8	1,108.3
Changes in working capital	33.5	113.0	89.8	37.3	42.0
Cash flow from operating activities	343.9	390.6	665.8	605.1	1,150.3
Investments in intangibles/tangibles	-78.7	-58.1	-161.0	-135.1	-265.1
Acquisition of shares in subsidiaries	-371.4	0.0	-371.4	0.0	0.0
Acquired cash and cash equivalents	61.6	0.0	61.6	0.0	0.0
Acquisition of shares in associates	0.0	0.0	-4.7	0.0	-28.5
Cash flow from investing activities	-388.5	-58.1	-475.5	-135.1	-293.5
Cash paid upon redemption of warrants	0.0	-0.1	0.0	-0.1	-0.1
Bond issue	0.0	0.0	0.0	0.0	985.1
Bond redemption	0.0	0.0	0.0	0.0	-1,000.0
Settled purchase consideration	0.0	0.0	0.0	-10.3	-10.3
Lease payments	-14.6	-18.3	-31.2	-18.3	-59.6
Changes in bank loans	174.3	93.4	248.2	88.5	-91.6
Share redemption programme	0.0	-538.4	0.0	-538.4	-538.4
Warrant premiums received	0.0	0.0	0.0	0.0	0.4
Repurchase own shares	0.0	0.0	-60.1	0.0	0.0
Cash flow from financing activities	159.6	-463.4	156.9	-478.6	-714.4
Changes to cash and cash equivalents	115.0	-130.9	347.1	-8.6	142.5
Cash and cash equivalents at beginning of period	908.9	619.1	639.2	488.7	488.7
Exchange differences	-43.4	3.2	-5.8	11.3	8.0
Cash and cash equivalents at end of period	980.5	491.5	980.5	491.5	639.2

CHANGES IN GROUP EQUITY

SEK m	6/30/2020	6/30/2019	12/31/2019
Opening balance	4,899.0	4,589.3	4,589.3
Total comprehensive income for the period	376.4	518.7	846.0
Total change excluding owner transactions	376.4	518.7	846.0
Share redemption programme	0.0	-538.4	-538.4
Warrants paid premium	0.0	0.0	0.4
Payment on exercise of options	0.0	-0.1	-0.1
Share options - value of employee services	0.6	3.8	1.8
Repurchase own shares	-60.1	0.0	0.0
Equity at end of period	5,215.9	4,573.3	4,899.0
Attributable to:			
Equity holders of the Parent Company	5,215.7	4,573.3	4,899.0
Non-controlling interests	0.2	-	-1.4

PARENT COMPANY, INCOME STATEMENT

SEK m	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Revenue	14.4	7.4	21.5	15.6	32.1
Operating expenses	-46.8	-15.3	-50.6	-36.4	-82.7
Operating income	-32.4	-7.9	-29.1	-20.8	-50.7
Financial income and expenses	-39.8	135.0	-6.5	135.2	1,027.7
Income before tax	-72.2	127.1	-35.6	114.4	977.0
Tax	0.0	0.0	0.0	0.0	0.0
Net income	-72.2	127.1	-35.6	114.4	977.0

PARENT COMPANY, BALANCE SHEET

SEK m	6/30/2020	6/30/2019	12/31/2019
Property, plant and equipment	4.5	5.7	5.1
Financial assets	5,168.9	5,168.8	5,168.9
Total non-current assets	5,173.4	5,174.5	5,174.0
Current receivables	941.3	441.8	995.6
Cash and cash equivalents	475.3	161.4	239.5
Total current assets	1,416.6	603.2	1,235.0
Total assets	6,590.0	5,777.7	6,409.1
Restricted equity	351.0	349.6	351.0
Unrestricted equity	4,791.6	4,025.5	4,887.2
Total equity	5,142.5	4,375.1	5,238.2
Bond	988.8	-	986.3
Non-current liabilities to credit institutions	0.0	182.0	0.0
Total non-current liabilities	988.8	182.0	986.3
Bond	0.0	998.7	0.0
Current liabilities to credit institutions	248.1	0.0	0.0
Other current liabilities	210.6	221.9	184.6
Total current liabilities	458.7	1,220.6	184.6
Total equity and liabilities	6,590.0	5,777.7	6,409.1

QUARTERLY DATA

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK m	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Revenue	1,532.8	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8
Cost of services provided	-574.3	-473.7	-450.6	-444.4	-418.8	-431.5	-418.5	-417.3
Gross profit	958.5	943.9	838.8	830.8	858.9	899.1	1,018.1	1,009.5
Marketing expenses	-256.8	-247.0	-211.8	-213.3	-231.8	-241.2	-254.0	-246.8
Personnel expenses	-219.9	-211.7	-201.5	-192.2	-197.8	-198.8	-199.6	-197.7
Other external expenses	-223.0	-202.7	-183.9	-171.2	-184.5	-162.1	-191.0	-183.3
Capitalised development costs	62.4	62.2	53.5	51.5	49.2	48.3	49.1	44.5
Amortisation and depreciation	-86.5	-92.3	-91.8	-91.7	-90.5	-90.6	-77.9	-83.3
Other operating income/expenses	-17.0	8.3	-2.8	-1.3	-6.5	0.5	-3.2	-2.8
Operating expenses	-740.8	-683.2	-638.3	-618.3	-662.0	-643.9	-676.6	-669.4
Operating income	217.7	260.6	200.5	212.5	196.9	255.2	341.5	340.2
Financial items, net	-11.0	-18.8	-13.5	-15.6	-14.7	-10.4	-12.7	-9.5
Income before tax	206.7	241.8	187.0	197.0	182.1	244.8	328.8	330.7
Tax	-13.8	-12.3	17.4	-15.2	-10.5	-15.5	-15.2	-25.6
Net income	192.9	229.5	204.4	181.8	171.6	229.3	313.6	305.1

CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK m	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Non-current assets	5,875.1	5,837.8	5,457.2	5,587.3	5,512.7	5,517.6	5,318.4	5,331.6
Current assets	2,352.4	2,267.4	2,236.7	2,591.9	2,027.1	2,300.7	2,152.8	2,050.8
Total assets	8,227.6	8,105.2	7,693.9	8,179.1	7,539.9	7,818.3	7,471.2	7,382.5
Equity	5,215.9	5,430.3	4,899.0	4,837.7	4,573.3	4,914.8	4,589.3	4,289.6
Provisions and non-current liabilities	1,079.5	1,180.8	1,049.6	1,294.0	311.1	233.4	168.1	1,472.9
Current liabilities	1,932.1	1,494.1	1,745.2	2,047.4	2,655.5	2,670.1	2,713.8	1,620.0
Total equity and liabilities	8,227.6	8,105.2	7,693.9	8,179.1	7,539.9	7,818.3	7,471.2	7,382.5

CONSOLIDATED CASH FLOW STATEMENT, IN SUMMARY

SEK m	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Operating cash flow	343.9	321.9	237.8	307.0	390.6	214.5	289.3	400.8
Cash flow from investing activities	-388.5	-87.0	-76.0	-82.0	-58.1	-77.1	-82.1	-58.7
Cash flow from financing activities	159.6	-2.7	-470.4	234.6	-463.4	-15.2	-331.6	-294.8
Total cash flow	115.0	232.2	-308.6	459.5	-130.9	122.3	-124.5	47.2

KEY RATIOS

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Key financial ratios								
Gross Margin (% of revenue)	62.5	66.6	65.1	65.2	67.2	67.6	70.9	70.8
EBITDA-margin (% of revenue)	19.8	24.9	22.7	23.9	22.5	26.0	29.2	29.7
EBIT-margin (% of revenue)	14.2	18.4	15.5	16.7	15.4	19.2	23.8	23.8
Profit margin (% of revenue)	13.5	17.1	14.5	15.4	14.3	18.4	22.9	23.2
Marketing expenses (% of revenue)	16.8	17.4	16.4	16.7	18.1	18.1	17.7	17.3
Basic earnings per share (SEK)	1.40	1.68	1.48	1.31	1.24	1.66	2.27	2.20
Diluted earnings per share (SEK)	1.40	1.68	1.48	1.31	1.24	1.66	2.27	2.20
Equity per share (SEK)	38.17	39.73	35.38	34.95	33.04	35.51	33.16	30.99
Executed dividend/redemption per share (SEK)	0.00	0.00	0.00	0.00	3.89	0.00	0.00	0.00
Equity/assets ratio (%)	63	67	64	59	61	63	61	58
Return on equity (% , 12 months)	15	16	16	19	21	24	24	23
Return on total capital (% , 12 months)	11	11	11	13	15	16	16	15
Return on capital employed (% , 12 months)	14	14	14	17	19	21	21	19
Net debt (SEK m)	116	26	186	402	544	53	245	586
Net debt / EBITDA (Multiple, 12 months)	0.1	0.00	0.2	0.3	0.4	0.0	0.2	0.4
Shares								
Average share price (SEK)	55.34	43.47	46.42	51.32	65.00	78.62	72.19	69.08
Share price at end of period (SEK)	64.80	39.94	43.68	46.65	56.80	70.53	73.00	68.48
Highest share price (SEK)	68.90	58.45	51.70	58.70	76.28	88.86	82.47	81.80
Lowest share price (SEK)	34.92	25.70	42.30	46.30	54.20	70.02	63.51	51.61
Number of shareholders at end of period	25,622	25,476	25,421	26,139	26,720	27,059	28,636	30,555
Number of shares outstanding at end of period	136.7	136.7	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	1,642	1,565	1,572	1,526	1,494	1,496	1,531	1,584
Number of employees at end of period	1,722	1,641	1,589	1,588	1,577	1,542	1,547	1,505

CUSTOMERS

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Registered customers (000's)	18,490	15,490	15,115	14,865	14,595	14,304	14,010	13,743
Active customers (000's)	821	681	686	632	659	687	669	687

CUSTOMER DEPOSITS

SEK m	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Customer deposits	4,658.5	3,765.1	3,845.1	3,657.8	3,675.1	3,920.9	4,030.5	4,153.7
Customer deposits, all gaming solutions	6,592.5	5,741.1	5,511.8	4,937.0	4,662.0	4,740.8	5,017.6	4,853.4

SPORTSBOOK DATA

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Gross turnover, all gaming solutions (SEK m)	4,829.7	6,833.9	7,235.3	6,178.9	6,157.3	6,356.3	6,300.9	6,151.3
of which gross turnover live betting (SEK m)	3,632.1	5,018.5	5,019.6	4,549.2	4,299.4	4,252.3	3,984.8	4,089.2
Sportbook margin after free bets (%)	6.9	8.5	6.8	7.8	7.8	6.3	7.3	7.4
Revenue (SEK m)	226.5	384.9	311.6	314.6	341.0	297.8	341.4	338.9

REVENUE BY PRODUCT

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Revenue (SEK m)								
Casino	1,286.3	1,014.2	964.1	942.2	917.8	1,012.8	1,071.7	1,066.3
Sportsbook	226.5	384.9	311.6	314.6	341.0	297.8	341.4	338.9
Other products	20.1	18.5	13.8	18.4	18.9	20.0	23.5	21.6
Total	1,532.8	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8

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

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

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Growth, compared with same period previous year (%)								
Casino	40	0	-10	-12	-10	10	24	22
Sportsbook	-34	29	-9	-7	14	13	-5	23
Other products	7	-8	-41	-15	-36	-15	-21	-37
Total	20	7	-10	-11	-5	10	14	21

REVENUE BY REGION

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Sportsbook (SEK m)								
Nordics	77.8	142.3	112.3	111.4	140.2	132.1	170.4	165.8
Western Europe	29.6	33.6	28.7	34.9	38.2	41.3	30.5	35.6
Central & Eastern Europe and Central Asia	72.8	143.7	129.6	118.0	107.4	85.1	109.4	91.2
RoW	46.2	65.3	41.0	50.3	55.2	39.3	31.1	46.3
Total	226.5	384.9	311.6	314.6	341.0	297.8	341.4	338.9
Casino (SEK m)								
Nordics	401.8	336.0	334.4	360.3	374.3	443.0	482.7	493.7
Western Europe	519.8	372.0	358.1	357.5	349.4	387.2	417.4	400.5
Central & Eastern Europe and Central Asia	278.6	270.1	232.4	194.1	168.8	153.9	151.8	146.0
RoW	86.1	36.0	39.2	30.3	25.3	28.7	19.9	26.1
Total	1,286.3	1,014.2	964.1	942.2	917.8	1,012.8	1,071.8	1,066.3
Total, for all products, per region (SEK m)								
Nordics	485.0	482.7	450.2	476.7	519.3	580.6	659.3	668.2
Western Europe	550.2	406.5	387.7	396.7	392.2	430.8	455.1	446.2
Central & Eastern Europe and Central Asia	363.6	424.7	369.9	319.6	284.2	248.2	269.8	241.0
RoW	133.9	103.6	81.7	82.2	82.0	71.0	52.4	71.4
Total	1,532.8	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8
Share per region (%)								
Nordics	32	34	35	37	41	44	46	47
Western Europe	36	29	30	31	31	32	32	31
Central & Eastern Europe and Central Asia	24	30	29	26	22	19	19	17
RoW	9	7	6	6	6	5	3	5
Growth, compared with previous quarter (%)								
Nordics	0	7	-6	-8	-11	-12	-1	7
Western Europe	35	5	-2	1	-9	-5	2	1
Central & Eastern Europe and Central Asia	-14	15	16	12	15	-8	12	12
RoW	29	27	-1	0	16	35	-27	7
Growth, compared with same period previous year (%)								
Nordics	-7	-17	-32	-29	-17	2	9	19
Western Europe	40	-6	-15	-11	-12	10	26	26
Central & Eastern Europe and Central Asia	28	71	37	33	33	15	12	8
RoW	63	46	56	15	23	95	13	80

SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Licence fees	162.0	142.6	134.3	129.9	123.8	128.0	129.7	132.8
Betting duties	121.7	99.6	94.6	88.4	90.6	84.6	73.6	69.4
Affiliates and partners commission	120.2	91.9	90.3	100.1	97.7	109.0	114.6	117.5
Other cost of services provided	170.3	139.6	131.5	126.0	106.7	110.0	100.6	97.6
Total	574.3	473.7	450.6	444.4	418.8	431.5	418.5	417.3

SPECIFICATION OF AMORTISATION AND DEPRECIATION

SEK m	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Depreciation property, plant, and equipment	9.8	10.8	14.0	13.0	11.9	12.0	11.9	12.1
Depreciation right-of-use assets	11.4	13.2	12.9	13.1	12.5	12.8	-	-
Amortisation intangible fixed assets (whereof amortisation of capitalised development costs)	65.3 52.3	68.3 52.8	64.9 55.5	65.6 55.8	66.1 55.9	65.8 54.9	66.0 55.1	71.2 66.1
Total	86.5	92.3	91.8	91.7	90.5	90.6	77.9	83.3

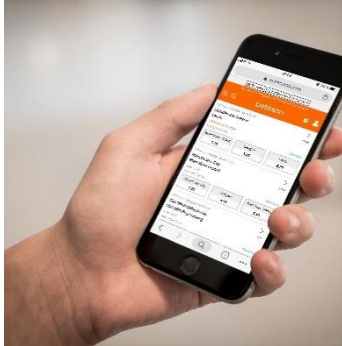
ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3
Reported revenues	1,532.8	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6	1,436.6	1,426.8
- Revenue from acquisitions ¹	-164.8	-4.7	-1.0	-	-	-	-	-
- Currency effects	58.6	8.5	-13.1	-11.5	8.4	-25.8	-29.9	-54.4
Organic revenues	1,426.6	1,421.3	1,275.4	1,263.7	1,286.1	1,304.8	1,406.7	1,372.4
Organic growth (YoY)	12%	7%	-11%	-11%	-4%	8%	12%	16%
Reported growth (YoY)	20%	7%	-10%	-11%	-5%	10%	14%	21%
Reported operating income (EBIT)	217.7	260.6	200.5	212.5	196.9	255.2	341.5	340.2
- Result from acquisitions ¹	-11.8	0.3	1.4	-	-	-	-	-
- Currency effects	40.5	20.9	6.0	1.1	24.0	17.4	24.3	20.9
Organic operating income	246.4	281.8	207.9	213.6	220.9	272.6	365.8	361.1
Organic growth (YoY)	25%	10%	-39%	-37%	-27%	29%	68%	67%
Reported growth (YoY)	11%	2%	-41%	-38%	-35%	21%	56%	57%

¹ For 2019 Q4, Simulcasting Brasil

For 2020 Q1, Simulcasting Brasil

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



PRODUCTS AND TECHNOLOGY

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

Betsson operational subsidiaries offers its customers entertainment both in casino, where its in-house brands deliver a wide array of gaming options, and in sports betting. Betsson owns and develops its proprietary sportsbook which it uses internally within the Group and now also sold externally B2B.

The products mainly consist of casino and sportsbook, with the largest category within the casino vertical being slots, followed by live casino, poker, lottery and bingo. The casino offering includes approximately 3,000 games, of which more than 2,500 are available on mobile devices. The various brands offer a selection of games and sports betting suitable for their target group and are continuously optimising the offering. The key focus is on building compelling entertainment for the end user.

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 for and availability of sporting events. This 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 temporarily been superseded by other type of events such as eSports, virtual sports and table tennis. The sportsbook is currently being optimised to suit new markets.

Examples of product and technology enabled development this quarter

Sportsbook

The user experience on sports betting has been enhanced by adding 'Early Payout' in football. This is a popular feature for customers who get paid out in full as soon as the team on which the bet is placed is two goals ahead at any time in the match, regardless of the bet's outcome. The 'Early Payout' is a good marketing tool for the operator and for the retention of customers.

Further sportsbook related features added in the quarter were an increased number of events and markets plus the addition of scoreboards to show live results for eSports and table tennis (one of the few sports live through the whole pandemic). The Group significantly increased its offering of Esports events across both pre-match and live, the layout of the virtual sports lobby was improved and introduced in multiple markets and brands. The table tennis offering was also strengthened with additional markets such as Point Markets (fast markets) and an improved user experience including streaming the content. The improvement in both virtual sports and table tennis and speed of adaption to market changes caused by the pandemic supported the mitigation of losses in the sportsbook offering.

Casino

The casino product was further enhanced by new categories such as 'on the high street' in certain jurisdictions, appealing to an audience used to retail casino. In order to increase the offering in live casino, an additional supplier was rapidly added to satisfy the growing market demand.

Payment methods

Withdrawals are being progressively enabled with one of the widely used payment methods in Sweden, 'Swish', further expanding the Group's fast and reliable payment methods.

THE MARKET

Market overview

The value of the total offline and online gambling market gross win is estimated at approximately EUR 321 billion in 2020 with an estimated compound annual growth rate of

8.3% from 2020 - 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, 2020).

Market trends

Regulation and the penetration of mobile digital devices are the key drivers for the digital transition of gambling. More countries are introducing local regulations with licensing regimes for online gambling, enabling operators to compete on equal terms, gaining access to new customers with more effective marketing channels and payment solutions, while protecting consumers in a safe and secure gambling environment. Regulation supports the offline to online transition as it enables brick and mortar operators to diversify online. This transition is being accelerated as numerous land-based casinos, betting shops and similar have been forced to suspend business, encouraging some of their end users to seek and adopt online alternatives for entertainment.

Local regulations entail increased demands and benefit operators with scalable, proprietary platforms that can share costs, driving consolidation and creating acquisition opportunities for Betsson. This is now accelerated by 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.

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

REGULATORY UPDATE

The gambling industry is largely regulated requiring businesses to obtain licences in order to operate in regulated territory. Betsson's operational subsidiaries operate its businesses under 12 gaming licences issued in Malta, Denmark, Estonia, Georgia, Great Britain, Germany, Ireland, Italy, Latvia, Lithuania, Spain and Sweden, where national governments have regulated the industry. Different political decisions, interpretations of law and developing regulation in various states can significantly affect Betsson's earnings and financial position.

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

Denmark

With effect from 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 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.

Germany

The licensed federal 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 restrictions on live betting and sets monthly wagering limits for players. 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.

A federal ban is still in place on online casino. At the Prime Ministerial Conference in March 2020, changes to the Interstate Treaty regarding online casino (for the period after 30 June 2021) were adopted, introducing a highly restrictive regime which favours the offline incumbents. Online table games, 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. 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. These newly adopted changes will need to be ratified by the parliaments of each of Germany's 16 states before they can come into force in July 2021.

While the above amendments aim to create more legal certainty in the German market, the continued adherence to heavy restrictions and the lost opportunity 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.

Latvia

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, a local constitutional court against the decision of the regulator in early April 2020.

Norway

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 of 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 marketing of certain gambling services that are transmitted via television or on-demand audio-visual media services.

Sweden

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

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

There also remains a risk that new rules for gambling advertising may be introduced in Sweden, which might include severe restrictions or even a ban on gambling advertising in Sweden.

The Netherlands

The adoption of the Remote Gambling Act 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 as well as the covid-19 pandemic, licensing under the new law will likely be postponed towards the end of Q1 in 2021. Assuming this schedule holds, the online gambling market is expected to open some six months later. 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) which is tasked with implementing said restriction as part of operator licensing process, is mandating that as from January 2020 all operators verify player age before completion of the player registration process.

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 a further six months. This means that many operators cannot immediately apply for a Dutch online gambling licence in 2021 due to having actively targeted the Dutch market at any time in the 30 months in total prior to the date of their licence application.

Although delayed, progress on secondary legislation has been made, an updated version of the Online Gambling Decree was submitted to the parliament for further deliberation in early 2020. In May 2020, the minister of legal protection responded to questions from members of parliament revealing the plan that online gambling operators, once licensed under the new Remote Gambling Act, will not be permitted to use their pre-established Dutch player databases. It is currently unclear how this new restriction would be enforced as the Dutch regulator, is yet to publish a draft policy on the same.

The court cases are pending; outcome of the same will bring clarity to whether online gambling operators would succeed in claiming compensation from the state caused by said suspension decisions of the regulator.

Normal online gambling operations resumed in early June when the parliament lifted the pandemic-triggered emergency measures.

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	10.6598	10.5145	+1.4%
GBP/SEK	12.1975	12.0436	+1.3%
GEL/SEK	3.2362	3.4325	-5.7%
NOK/SEK	0.9947	1.0802	-7.9%
TRY/SEK	1.4976	1.6566	-9.6%

Balance Sheet (closing rate)

	6/30/2020	6/30/2019	Δ
EUR/SEK	10.4804	10.5581	-0.7%
GBP/SEK	11.4693	11.7546	-2.4%
GEL/SEK	3.0488	3.2635	-6.6%

ACQUISITIONS 2020

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

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

Expenses related to the acquisition amount to SEK 6.9 million and refer to fees for consultants in connection with the acquisition and are recorded in operating costs.

Depreciation on customer databases amounts to SEK 1.6 million.

	MSEK
Total Purchase price	441
Reported amount of identifiable acquired assets and taken over liabilities: (Acquisition date 15 April 2020)	
Liquid funds	61
Customer base	16
Brands	77
Current receivables	28
Current liabilities	97
Total identifiable net assets	85
Goodwill	356

The value of net assets acquired has been provisionally phased, pending final valuation.

The acquired customer bases have been valued at SEK 16 million, the amortisation of this item will be charged to the Group's income over a period of two years. Goodwill is valued at SEK 356 million attributable to expected revenue and cost synergies. No part of the goodwill is expected to be deductible.

Cashflow attributable to the acquisition: (msek)

Consideration paid	-371.4
Acquired cash and cash equivalents	61.6
Net cash outflow 2020-06-30	-309.8

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.

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 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.



FINANCIAL CALENDAR

Q3 2020 January - September
Q4 2020 and Year-end report

23 October 2020
9 February 2021

PRESENTATION OF THE INTERIM REPORT

Betsson invites analysts, investors and media to participate in the results presentation of the second quarter at 10:00 21 July 2020. The results will be presented by CEO Pontus Lindwall and CFO Martin Öhman. The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the link or phone, see details below.

Dial-in numbers:

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

PIN: 7249979

Webcast link:

<https://edge.media-server.com/mmc/p/dy9pof39>



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ABOUT BETSSON

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

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

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

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