betsson ab

This document is a translation of the Swedish original annual report.

BETSSON AB 2015

ANNUAL REPORT

Betsson AB's Core Business consists of investing and administering shareholdings in companies that, through partners or by themselves, offer games to end users via the internet. The Group offers Casino, Sportsbook, Poker, Scratchcards, Bingo and other games. Customers are primarily from the Nordic countries and other parts of Europe. Betsson AB is listed on Nasdaq Stockholm, Large Cap List (BETS).

21
brands, of which eighteen are B2C brands.

23%
increase in revenues compared with 2014.

105%
increase in revenues in mobile gaming solutions delivered 1.2 billion in revenues in 2015.

23%
increase in customer deposits resulted in deposits of 13 billion in 2015.

1,790
personnel on three continents, 1,639 employees and 151 full-time consultants.

42
nationalities represented by Betsson employees.

More about Betsson:
Betsson's company presentation can be found at: www.betssonab.com.
You will also find reports, presentations and press releases there.

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COMPANY DESCRIPTION

BETSSON AB

Business concept
Betsson AB's business concept is to invest in and manage fast-growing companies operating in the online gaming industry.

Objective
Betsson AB aims to grow faster than the market in a profitable and sustainable way in order to provide shareholders with the best returns possible in the long term.

Strategy
Betsson AB and its subsidiaries will grow organically or via acquisitions, both within and outside the EU.

BETSSON SUBSIDIARY COMPANIES

Vision
Betsson will provide the best customer experience in the industry.

Strategy
Betsson's strategy is to be the most customer centric company in the industry. We are transforming our business by being a Data led, best in class digital marketing company that leverages multi-brand and a single technological platform.

Business model
Betsson subsidiary companies are internet companies that develop technologies and operate gaming sites for today's modern and demanding consumers. These sites offer customers opportunities to enjoy big wins. Our gaming sites operate on an in-house developed platform. The platform is the core of our offer and the customer experience. It processes and hosts payments, customer information, accounts, customer transactions and a range of games.

Revenues are generated via a margin on customer stakes, the so-called Gross Game win from primarily sportbook and Casino Games. First class customer experiences are crucial and Betsson continuously invests in innovation and technology to reinforce its leading position.

A WORD FROM THE CEO

I was appointed CEO and President of Betsson AB on the 1st of March 2016. However I have worked within the group since 2012 as the CEO for the core investment, Betsson Malta ltd, a role I will continue with in parallel with my new assignment.

It is an exciting time for our company as we are investing in an industry effected by many of the mega trends we see in the world around us. Our job will be to makes sure our group is ready to capitalize on the opportunities that these changes bring to the table.

2015

Betsson reported strong financial results in 2015. The revenues grew by 22.6%, reaching a record SEK 3 722 million. EBIT was SEK 831.7 million and earnings per share grew to 6.02 SEK. The high growth went in tandem with one of the highest margins in the industry allowing the Betsson share to significantly outperform index in 2015.

LONGER TERM VIEW

The online gaming industry is still in its infancy. 90 percent of gaming worldwide is still offline. In the next few years we will continue to see structural growth as customers move online and in this process we will see a weakening and a breakdown of old monopolies across Europe. This environment represents a strong tail wind for our business.

At Betsson we take a long term view. We have faced many challenges since the company was founded in 1963 – new regulations, changing technology, competition, various taxes.

Despite this Betsson has prospered, and evidence of this is that Betsson has been one of the best investments on the Stockholm Stock Exchange in the last 10 years (in competition with companies like H&M, Ericsson and Autoliv). Betsson has a remarkable ability to reinvent itself and we will continue to do so.

Innovation is in our DNA, and I have experienced this first hand during my almost 4 years as CEO for our operational business in Malta. Whatever challenges may come our way we will adapt and find the solution so we can continue to grow and deliver value to you, our shareholders.

OUR COMPANIES

In the Betsson subsidiaries we have passionate employees that relentlessly work day in and day out to improve the customer's experiences. There is a fundamental belief in people and their ability to influence and have an impact. On top of that the very strong strategy based on five big ideas: Customer centricity, Data, Digital Marketing, Multi-brand and One Platform, provide the foundation for excellence. The strategy and the ability to execute the strategy have delivered great value the last few years. We have a firm believe that this development will continue.

THE ROLE OF BETSSON AB

Betsson AB's business idea is to invest in and govern fast-growing companies operating in the online gaming industry. It is important for you as a shareholder to understand the macro-environment we operate in as it directly affect Betsson's operation.

STRUCTURAL MARKET GROWTH

While many seem to be chasing the next big thing. Betsson knows that the next big thing is already here. As I mentioned above we see structural growth in our markets as players continue to move online and to mobile devices. Globally only 10 percent is playing online and in Sweden this figure is still low, at around 35 percent. This provides for a significant opportunity in the next few years.

REGULATION AND COMPLIANCE

Today Betsson already has businesses with licenses in Malta, Denmark, UK, Italy, Belgium, Estonia and Georgia. We see a wave of local regulation across Europe taking place and you will see the businesses moving into new markets by applying for more local licenses during 2016.

As with any heavily regulated industry, evolving regulation drives complexity in our operation and an increase in costs of compliance. One of these costs are local revenue taxes, so called point of consumption taxes.

However, increased cost for compliance creates investment opportunities, as some competitors that do not have critical volume will be forced to leave certain markets. It also represents a growth opportunity, as monopolies for the first time will be exposed to real and fair competition. As a consequence, we want to increase the share of sustainable revenue, which to us is revenue that is locally taxed and/or locally regulated.

CONSOLIDATION

In the midst of the above mentioned regulation there is also wave of consolidation sweeping over the industry, as players want to secure economies of scale in the face of these increased compliance costs. Betsson has been active in this consolidation with the acquisition of Europe-bet in 2015 and Oranje & Kroon in 2014 and we will continue to be a buyer in the consolidation of the fragmented online gaming industry.

INVESTMENT STRATEGY FOR BETSSON

We want to capitalize on the opportunities our macro environment is providing. Consequently we will continue to search for attractive acquisition targets, primarily in Europe that operates on markets that is locally regulated or are about to be locally regulated. However, we are also opportunistic and will always consider a good opportunity that does not necessarily fit in that framework.

For 2016 you as a shareholder should not expect any big changes in the course of direction:

1) We will continue to actively look for acquisition opportunities
2) We will aim to grow sustainable revenues
3) We will ensure that our investments deliver operational excellence and execute on their strategy

I feel enormously fortunate to be part of the remarkable Betsson journey. There are of course plenty of challenges presented along the road, but I feel we have a strong foundation. You can always count on us to work hard, find new ideas to improve and grow our business and take advantage of the opportunities unfolding in front of us.

Ulrik Bengtsson
CEO and President Betsson AB

MANAGEMENT REPORT

The Board of Directors and the CEO of Betsson AB (publ), CIN 556090-4251, with its registered office in Stockholm, hereby present the annual report for the 2015 financial year for the Parent Company and the Group. The formal annual report, including the auditor's report, can be found on pages 5-9 and 13-53.

The results of operations for the year and the financial position of the Parent Company and the Group are presented in the Management Report and in the subsequent income statements, balance sheets, cash flow statements and statements of changes in equity, with associated notes and comments.

The reporting currency for the Parent Company and the Group is the Swedish krona (SEK). The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be presented for adoption at the Annual General Meeting on 12 May 2016.

MANAGEMENT REPORT

Group business is oriented to internet gaming and the development of technology for internet gaming. The Parent Company, Betsson AB, invests in and manages gaming and gambling companies operating within the online gaming industry. The Parent Company does not conduct any gaming operations.

Via partnerships and the Malta-based subsidiary company websites, our subsidiary companies offer Poker, Casino, Sportsbook, Scratchcards, Bingo and other games to customers primarily in the Nordic countries and the rest of Europe. In addition, the subsidiaries offer systems solutions to other gaming operators.

For reasons of simplicity, Betsson is used throughout this annual report when describing the Group's gaming operations. This primarily relates to our Maltese subsidiary company gaming activities that in 2015 operated via European gaming licences in Malta, and local gaming licences in Denmark, Estonia, Italy, Belgium and Great Britain. Since mid-2015, Betsson also includes Europe-Bet, following the acquisition of this gaming company that operates gaming activities based on a local gaming licence in Georgia.

GROUP REVENUES AND INCOME

The Group's revenues amounted to MSEK 3,722.0 (3,035.1), which is equivalent to an increase of 23 per cent.

Gross profit was MSEK 2,675.6 (2,231.3), which is an increase of 20 per cent. Operating income increased to MSEK 886.4 (821.2) and operating margin amounted to 23.8 (27.1) per cent.

Income before tax increased to MSEK 883.0 (814.8) and net income amounted to MSEK 831.7 (770.7), which is the equivalent of SEK 6.02 (5.64) per share.

PRODUCTS

Casino games are Betsson's major product and accounted for 68.3 (69.0) per cent of revenues during the year, followed by Sportsbook with 27.2 (25.7) per cent, Poker 3.2 (3.8) per cent and Other products that accounted for 1.3 (1.5) per cent of revenues.

CUSTOMERS

At the end of the year, there were 9,022,161 (7,732,416) registered customers, an increase of 17 per cent compared with the end of the previous year. There were 526,291 (390,700) active customers, an increase of 35 per cent compared with the previous year.

An active customer is defined as a customer who has played for real money during the previous three-month period. Consequently, the definition also includes players who have played free spins/bets based on special offers.

MATERIAL EVENTS IN 2015

Quarter 1

Betsson was granted a gaming licence in UK in the first quarter of the year. Our KroonCasino brand was migrated to our shared technology platform.

Quarter 2

In June, Betsson signed an agreement to acquire Georgian gaming company, Europe-Bet. The Triobet brand was migrated during the quarter to the shared technology platform, Techsson, and a sportsbook was launched under the KroonCasino brand. CEO Magnus Silfverberg, announced that he would be resigning after six years with Betsson.

Quarter 3

Mr Smith was migrated to the company's shared platform, Techsson. The acquisition of Georgian gaming operator Europe-Bet was completed.

Quarter 4

The OranjeCasino brand was migrated to the shared technology platform, Techsson, and a next-generation sportsbook was launched on Betsson.com. A Provision of MSEK 112 for local tax in Germany is made in the accounts.

INVESTMENTS AND DEPRECIATION/AMORTISATION

The year's investments in tangible and intangible fixed assets amounted to MSEK 235.1 (156.3), of which MSEK 146.9 (123.1) related to capitalised development expenditure.

Depreciation/amortisation for the year totalled MSEK 160.7 (128.0), of which MSEK 118.7 (90.2) referred to the amortisation of capitalised development expenditure.

Investments were made in domains, IT hardware, development of gaming platforms, integration of games and payment solutions and the conversion and furnishing of offices.

SHAREHOLDERS' EQUITY

On balance day, shareholders' equity in the Group amounted to MSEK 3,153.7 (3,073.8), which corresponds to SEK 22.78 (22.27) per share after the transfer to shareholders via a redemption procedure of SEK 3.98 (3.05) per share, which took place in the second quarter. Return on equity was 27 (30) per cent.

FINANCING, CASH, CASH FLOW AND GAMING LIABILITIES

Betsson's operations are financed through company resources, while executed acquisitions have been financed through company resources, new share issues and bank loans. As of the end of the year, the equity/assets ratio amounted to 55 (61) per cent. Liabilities to credit institutions amounted to MSEK 733.5 (523.3) and unutilized credit facilities amounted to MSEK 788.6 (330.0). Cash and cash equivalents were negatively impacted during the year by MSEK 549.7 (421.5) due to a distribution of funds to shareholders (redemption procedure). Cash and cash equivalents at the end of the year amounted to MSEK 524.9 (478.1).

Gaming liabilities, including reserves for accumulated jackpots, amounted to MSEK 366.7 (354.9) on the balance sheet date. Due to gaming authority regulations, this amount limits utilisation of the company's cash and cash equivalents. The liabilities are partially covered by the Group's current receivables from payment services suppliers for outstanding customer payments, which amounted to MSEK 316.2 (318.6).

PERSONNEL

At the end of the year, Betsson had 1,639 (870) employees. The average number of employees in the Group during the year amounted to 1,584 (850), of which 760 (622) were based in Malta. In addition, the Group made use of 151 (173) consultants on a full-time basis.

MATERIAL EVENTS AFTER THE END OF THE YEAR

Up to publication of the year-end report on 5 February 2016, first quarter revenues in 2016 were below the average level of the fourth quarter of 2015 due to lower sportsbook margins. The underlying activity follows normal seasonal pattern.
To assure the availability of high class technology expertise, Betsson opened a development centre in London in early 2016.
On 1 March, Pontus Lindwall reverted to his previous role as working Chairman of the Board and Ulrik Bengtsson was appointed CEO of the Group. Ulrik Bengtsson will also continue as CEO for the operating companies in Malta.

PARENT COMPANY

The operations of the Parent Company, Betsson AB (publ), are primarily focused on Group management and administration. The company provides services to Group companies in the areas of finance, communication, accounting and administration. The Parent Company's turnover for the entire year was MSEK 16.8 (17.6), and income before tax amounted to MSEK 789.0 (765.2). Net financial items included MSEK 822.0 (845.9) referring to dividends received from subsidiaries.

During the year, the Parent Company invested MSEK 0.9 (0) in property, plant and equipment. Cash and cash equivalents totalled MSEK 103.3 (143.3). At year-end, the company had utilised bank credit facilities of MSEK 723.5 (486.9), which were secured in conjunction with acquisitions. During the year, the Parent Company executed a share redemption program, which implied a distribution of MSEK 549.7 (421.5) to the shareholders. In conjunction with this share redemption program, a bonus issue of a total of MSEK 23.3 (46.0) was under-taken in order to restore the company's share capital.

PROSPECTS FOR 2016

Betsson is confident the online gaming market will continue to enjoy strong growth. Large parts of the world population have no or poor access to the internet. The number of internet users is growing fast which acts as a driving force in the sector. In those regions in which the internet is available, the confidence in the internet and e-commerce is increasing as more people use the internet to perform their banking and stock market transactions, insurance business and other purchases. This behaviour and increasing confidence in e-commerce is important for the development of the market.

Increasing demand for mobile consumer solutions is contributing to a strong increase in gaming via mobile devices and tablets. Management expects Betsson's major markets as a whole to grow by 9 per cent in 2016, based on analyses and estimates from H2 Gambling. Betsson aims to continue to grow faster than the market in general over time. Management also deems that mobile revenues will continue to grow strongly during the next twelve months.

SIGNIFICANT RISKS AND UNCERTAINTY FACTORS

General legal risks

In the majority of the national markets, gambling and gaming are regulated by law and all such gaming operations are, in principle, required to obtain permits. Betsson operates its businesses under gaming licences on Malta and via local licences in Denmark, Estonia, Georgia, United Kingdom and Italy. As operations are subject to licences, political decisions can affect Betsson's operations, and Betsson is dependent on the legal premises for the gaming industry, in particular those within the EU, where the majority of the company's customers are located. This legislation pertains primarily to the legal status of gaming operations aimed at other EU member states from Malta.
In a number of high-profile or precedent-setting rulings (the Schindler, Läärä, Gambelli, Lindman, Placanica, WinnerWetten, Carmen Media, Engelman, Ince and other rulings), the European Court of Justice ruled that many of the government restrictions on the gaming industry within the EU are, in principle to be regarded as violations of basic EU legal principles. As the current, major purpose behind the majority of these national monopolies is to generate funds to the respective governments, the resultant limitations on the free movement of services created by the states through these monopolies is not possible to defend in terms of compliance with applicable EU legal principles. In spite of this, a number of member states have maintained these types of restrictions with the aim of protecting their domestic monopoly companies and making it more difficult, or impossible, for private online gaming operators to compete. In 2014, the European Commission instigated a case against Sweden in the European Court of Justice claiming that Swedish legislation is not in compliance with EU law with regard to online gambling. To summarise, management concludes, that due to the view of European Court of Justice and the criticism expressed by the European Commission, it will continue to be difficult for domestic courts to rule, within their "margin of appreciation" in favour of the monopolies. Several European gaming monopolies are also currently being challenged in national court cases. At present it is, however difficult to obtain a clear view regarding the manner in which the legal status of these matters will influence the commercial premises for Betsson and other online gaming operators.

In light of the above developments, pressure continues to be put on EU countries to adapt their national legislation to comply with applicable EU law, and a number of countries have announced that they are working on new legislation in line with EU requirements. The Netherlands is expected to implement new legislation in 2017 and Sweden is planning a similar move the year after. It is still unclear when such new legislation may be introduced into Betsson's other major markets, excluding Denmark, which was re-regulated at the start of 2012, but when this does take place, Betsson will enjoy increased opportunities for marketing and market presence.

Legal risks in specific countries

In terms of specific countries, Norway has, since 2010, implemented a prohibition against the execution of payments for gaming arranged outside Norway. This law negatively impacts, amongst others, banks providing redemption services in conjunction with the payment of gaming via credit and debit cards with foreign gaming companies are prohibited. Betsson's assessment is that this legislation is in conflict with EU law. However, the new Norwegian government has explicitly stated that it intends to re-regulate the Norwegian market and permit foreign companies to operate in the country. This topic is the subject of political debate in Norway at present. In 2012 in Sweden, the Supreme Court quashed national legislation that prohibits the promotion of gambling, the so-called Gerdin/Sjöberg ruling. In 2014, the European Commission instigated a case against Sweden in the European Court of Justice claiming that Swedish legislation is not in compliance with EU law as regard online gambling. The risk that the prohibition on promotion would be used against Betsson has, consequently, been reduced. Furthermore, there is, since 2012, a parliamentary majority in favour of introducing a licensing system, instead of the current gaming monopoly. The present government has also expressed support for implementing a licensing system and has appointed an investigator to evaluate possible re-regulation of the market. The government aims to present a new proposal for legislation by 1 July 2018 at the latest. However, there is a clear risk that this can be delayed until after the next general election.

Germany has two different regulatory frameworks for gaming, federal sports betting legislation and regional legislation that covers casino and poker business. Both these regulatory frameworks have faced extensive criticism for many years. The European Court of Justice recently criticised (in the Ince case) this federal sports betting legislation and ruled that EU law prevents Germany authorities from introducing restrictions on gaming operators that are licensed in another EU country. The court ruling has boosted the movement to reform gaming legislation and there is now a real chance of revising this entire legislation and initiate a new licensing system. However, it is too early to say if and when such a process could be initiated.

In the Netherlands, the ruling coalition government has agreed on new gaming legislation and the Dutch parliament will debate the proposal in spring 2016. If the parliament approves the proposal, it will probably be sent to the upper house, the Senate, for further debate in autumn 2016. If the Senate approves the proposal, further steps would then await agreeing and passing the licensing process, followed by a licensing period before licences can be granted. A reasonable estimate is that licences can be in place in Q2 2017. The legislative proposal includes a highly controversial tax of 29% of GGR. Although many parts of the legislative process remain outstanding, and an amendment to the tax rate is very possible, 29% is the main proposal of the government coalition at this point in time (April 2016).

In 2007, Turkey introduced legislation against internet gaming that did not fall within the local regulatory framework, and reinforced parts of this legislation in 2013. The objective of the legislation was primarily to protect the domestic nationalised gaming monopoly. A Betsson partner that has its own gaming license in Malta, and is owned and managed separately, accepts that Turkish gamblers bet under this license. The internet based gaming operations of Betsson's partners are of a clearly defined, cross-border character, implying that international law is applicable. According to the principle of the sovereignty of states, each country's laws are of equal value; consequently, the laws of one country cannot take precedence over those of another. The market place of Betsson's partners is primarily Malta, where operations are undertaken in accordance with Maltese legislation and governed by the Maltese legal system.

As operators within Malta's market place, Betsson's partners is able to claim immunity as regards, among other local regulations, Turkish legislation. According to expert legal opinion, Turkey and other countries have accepted this principle via their membership of the WTO and other international agreements. In addition, Turkey seeks to join the EU and has accepted the principles of the EU Treaty on the free movement of goods and services between member states. Turkey has also signed an Association Agreement that will regulate the country's accession into the EU. According to the company's legal advisers, Turkish gaming legislation is in breach of EU law and, furthermore, is not strictly in line with the signed Association Agreement.

Nonetheless, the Turkish legislation has made operations more difficult for Betsson's partner on the Turkish market, even though Turkey, either now or previously, has not been able to apply any sanctions against Betsson's business partner or Betsson itself, due to the sovereignty principle. Since Betsson divested its Turkish customer base to a partner at the start of 2011, licence revenues for this systems delivery have been reported in the B2B segment. A portion of this income originates from players in Turkey. Pursuant to the legal situation described above, income originating from Turkey can be regarded to comprise a higher operational risk than income from other markets. Consequently, Betsson's future indirect income from Turkey may be regarded as more uncertain than the income generated by its other markets.

In this context, it should be further emphasised that Betsson does not offer services to customers resident in the USA. This is due to legislation regarding a ban on intermediary payment transactions for internet gaming in the USA that came into force in October 2006. France, Bulgaria and Spain all have local licensing systems for gaming in which Betsson has chosen not to participate, and players from these countries are accordingly also blocked. End users from Portugal are also blocked.

Other legal risks

Betsson is accredited by the G4 organization, which works to prevent gambling addiction and, as part of its commitment to this work, the company has adapted its websites so that they offer full support to players based on the guidelines established by G4. In addition, Betsson has created a department for responsible gaming. Competent, experienced personnel have been recruited so that Betsson will be able to maintain its position as a leader in the field of responsible gaming.

Despite this, individuals with a gambling dependency can come to sue companies within the Betsson Group for Betsson's role in the individual becoming addicted. Even though such claims would most likely be dismissed in court, they could give rise to considerable costs and could also reduce confidence in the Betsson Group, which could ultimately lead to decreased revenues. However, Betsson implements on-going measures to reduce this risk.

The interpretation of the current Maltese VAT regulations was amended in 2007 and this may impact on costs for Maltese subsidiary companies. In 2008, Betsson took steps to reduce the risk of additional VAT liabilities in 2008 and beyond. Betsson has reported the tax amounts it believes to be correct and reasonable, considering the uncertainty inherent in the situation, to the Maltese tax authorities. These amounts may, however, prove to be inadequate if the Maltese tax authorities favour an interpretation of the VAT rules which is more restrictive than the assessment Betsson has made, and which Betsson currently considers to be correct.

Other risks

Betsson is vulnerable to both seasonal and economic climate variations. Seasonal variations can significantly affect the company's operations during periods of lower gaming activity and fluctuating results in different sporting events. The current economic situation has not, to date, 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. The company aims to reduce currency exposure through effective cash management and currency hedging. However, the Group will continue to be more or less exposed to exchange rate fluctuations. Within the EU, new regulations for VAT will apply from 1 January 2015. A handful of European countries have local legislation which can possibly levy VAT on certain services provided by Betsson. With the introduction of the new regulations, these countries' local VAT rules will be tested for the first time on the basis of EU law. This test will determine whether the local laws are appropriate with consideration of EU legal principles regarding tax neutrality, proportionality and non-discrimination. Betsson has made the assessment, together with local experts and EU law specialists, based on the services the company offers in the markets impacted, that the company is liable to pay VAT on certain markets. The legal situation is complex and lacks clarity, which implies that Betsson may need to adjust this assessment. Due to this, Betsson is closely monitoring the ongoing developments within this area. In the event that a local tax authority would make another assessment than Betsson, expenses can arise both directly for VAT and indirectly in the case of a dispute.

DISPUTES

The company has no ongoing material disputes.

RESEARCH AND DEVELOPMENT

Expenditure attributable to the development of gaming platforms and the integration of games and payment solutions is capitalised in the extent the future assessed financial gains are estimated to accrue.

ENVIRONMENT AND SUSTAINABILITY

Betsson does not conduct any operations requiring permits or registration under the Environmental Code. For information regarding sustainability, please see the separate section on "Sustainability and Betsson" on page 10.

GUIDELINES FOR SALARIES AND OTHER REMUNERATION FOR SENIOR EXECUTIVES

For a description of the guidelines for salaries and other remuneration to senior executives as determined by the Annual General Meeting 2015, see Note 8.

PROPOSED GUIDELINES FOR SALARIES AND OTHER REMUNERATION TO SENIOR MANAGEMENT

The Board proposes that the Annual General Meeting adopts the following guidelines for remuneration to senior executives. The category "senior executive" relates to Group management, which comprises the CEO, CFO and Communications Director of the Parent Company, the CEO of Betsson Malta and the Group's Head of Legal Affairs. If the Chairman of the Board is employed by the company these guidelines will also include that position. Remuneration is to be market-based and competitive, in order to be able to attract and retain skilled senior executives. Remuneration is to comprise fixed salary and, when necessary, variable remuneration, pensions and other benefits such as, in some cases, a company car.

Variable remuneration will be paid only when pre-determined financial goals, established by the Board, have been achieved. Variable remuneration will be based on the extent to which the targets have been achieved or exceeded. If the financial targets are exceeded at the highest level (out-performed), the estimated cost for variable remuneration to senior executives Group including the Chairman of the Board would be a maximum of approximately MSEK 8.6. The normal retirement age is 65. Pension terms are to be market-based and based on defined-contribution pension solutions.

The period of notice ought normally be six to twelve months if such notice is given by the company, and six months if notice is given by the executive. Upon termination initiated by the company, the executive will be awarded severance pay corresponding to a maximum of twelve months' salary.

The Board may take decisions diverging from these guidelines in individual cases, under special circumstances.

SHARES AND OWNERSHIP STRUCTURE

In 2015, a 3:1 share split was effected, whereby the number of registered shares in the company at the end of the year totalled 143,109,081 of which 16,260,000 were Class A shares, 122,155,730 were Class B shares and 3,693,351 Class C shares. Each Class A share entitles the holder to ten votes, whilst each Class B share entitles the holder to one vote. C shares are held by the company and are not represented at shareholders' meetings. The shares have equal access to Betsson's assets and profit.

In association with the exercising of employee options in 2015, 362,250 C shares were converted into B shares and in December 2015, in line with the Annual General Meeting mandate, 3,490,500 C shares were issued to assure the company's commitments under outstanding incentive programmes. The company's Class B shares are listed on the NASDAQ Stockholm Large Cap List (BETS). At the end of the period, the company had 35,156 (21,443) shareholders. The three shareholders with the greatest proportion of the voting power were Per Hamberg and companies with 3.7 per cent of the outstanding capital and 18 per cent of the outstanding votes, the Knutsson family and companies with 4.8 per cent of the outstanding capital and 10.7 per cent of the outstanding votes, and Rolf Lundström and companies with 3.1 per cent of the outstanding capital and 9.6 per cent of the outstanding votes.

MANDATE TO THE BOARD

The Annual General Meeting of 8 May 2015 resolved to authorise the Board of Directors up until the next annual general meeting, on one or several occasions, to resolve on an non-cash issue of shares and/or convertible preferred stock up to a maximum total of 14.1 million B shares, corresponding to a dilution of approximately 10 per cent of the share capital and five per cent of the voting rights. The 2015 Annual General Meeting further resolved to authorise the Board to resolve on acquiring in total as many shares held by the company such that holdings at no time exceed 10 per cent of the total number of shares in the company. This mandate was not exercised during the 2015 financial year.

The Board was further authorised to resolve on the sale of the company's own shares for cash in conjunction with acquisitions of companies or operations at a price corresponding to the market price on the transfer date.

To expense the supply of shares or in every event assure the company's costs, including costs for social charges, the Annual General Meeting resolved to authorise the Board to resolve on a directed share issue of C shares to a bank or a securities company and that the Board be mandated to resolve on the buy back of shares from subscribers. C shares will be held by the company during the vesting period of the options. When exercising options or employee options, a requisite number of C shares can, on conversion to B shares, be transferred to participants in accordance with the terms and conditions of the options, or alternatively, be held to expense costs in association with the programmes, including social costs. In 2015, 3,490,500 C shares were issued.

PROPOSED DIVIDEND

The Board proposes that the Annual General Meeting, of 12 May 2016, resolve that no share dividend be paid, but that SEK 4.51 (3.98) per share by distributed to the shareholders, provided the number of shares remains unchanged up to the record date. This represents a transfer of funds to shareholders of MSEK 623.8 (549.7) on the condition that the current number of shares remains unchanged up to the record day. The Board intends to propose to the Annual General Meeting that the transfer to shareholders be executed through a share redemption program. The Board's full proposal will be presented well in advance of the Annual General Meeting.

According to the dividend policy which the Board determined would come into force as of 2008, it is the Board's ambition to distribute up to 75 per cent of the Group's income after tax to the shareholders, provided that an appropriate capital structure can be maintained.

SUSTAINABILITY AT BETSSON

Within the parameters of the company's sustainability work, Betsson addresses issues that impact on society and the environment. Sustainability work is focused on contributing to more responsible gaming, however Betsson also addresses issues relating to anti-corruption, responsible marketing, customer integrity and creating attractive working environments.

In autumn 2015, the company initiated further development of its sustainability work and reporting of such. This is a gradual project spanning the next few years with the goal of comprehensive GRI (G4) reporting for the 2017 financial year.

One of the first steps was to perform a materiality analysis. This was done to determine which areas the company should focus its sustainability work on moving forwards. In 2016, the company is going to establish procedures and develop tools for measuring various aspects of sustainability.

The following aspects are considered to be the most relevant for Betsson's sustainability work.

- Responsible marketing
- Responsible gaming
- Anti-corruption
- Attractive and healthy workplaces
- Financial stability
- Personnel development
- Customer integrity and IT security
- Diversity and equality in company workplaces

As part of its development work, Betsson launched a more comprehensive code of conduct in 2015 that now forms part of the company's induction programme. The company has also implemented an external whistleblowing system to ensure that cases of breaches of the code of conduct are handled professionally and confidentially.

Betsson's sustainability work is based on the Group's code of conduct and various Group policies. Information on the Code of Conduct and external guidelines is published at www.betssonab.com.

RESPONSIBLE GAMING

Responsible gaming is one of the most important component parts of Betsson's sustainability work and this issue is pursued at several different levels. Betsson wants gaming to be enjoyable and entertaining for everyone and the company is convinced that playing in a controlled and responsible way is the key to satisfaction, security and loyal customers. This work is therefore given a high priority and is relevant for both customer well-being and the company's success. The company's gaming responsibilities can be seen in all areas of our organisation. They dictate company development work and procedures, and act as a working tool on a daily basis and as a guide when making business decisions. Responsible gaming is etched in Betsson's corporate culture.

What is responsible gaming?

Responsible gaming is when an operator offers information, knowledge and tools that can help the end user stick to a pre-determined level when gaming. Problem gaming can arise if the end user continuously fails when playing at a certain level and to combat problem gaming, end users can sign an agreement with their Betsson gaming company. This specifies a pre-determined gaming level at which the end user can play and Betsson provides tools to enable the user to view their own gaming volume and tools that restrict continued gaming opportunities in the event their gaming volume exceeds the level set.

Fewer than 1% of all customer inquiries processed by Betsson's customer service are related to Responsible Gaming.

Self-help tools that Betsson gaming companies offer:

Budget	The customer can set up a budget for gaming so that he or she never plays for more than intended. The budget can be set per day, week or month.
Self-help program	If the customer wishes to take control over their gaming, Betsson offers a free, online self-help programme, "Gaming help", which has been developed by Sustainable Interaction.
Self-test	Betsson offers "GamTest", a self-test that customers can take to determine whether their own level of gaming is healthy or not. This service is accessible to everyone, customers and non-customers alike.
Gaming overview	The customer has a gaming overview that clearly shows his/her individual gaming history. The tool is designed to help the players have control.

These tools are designed to help Betsson customers maintain control and a sense of security and in so doing, enjoy a pleasant gaming experience

Every year, Betsson organises a number of activities designed to promote and support responsible gaming. Betsson is one of the organisations behind such initiatives as membership of BOS (Industry Association for Online Gaming), a lobbying body that seeks to influence Swedish legislation in a positive directions where responsible gaming is an important ingredient.

Mandatory responsible gaming training for all employees

In Betsson's gaming companies, investments are made on a continuous basis to improve the tools provided on the gaming sites. To maintain and further develop one of the world's highest standards when it comes to responsible gaming, Betsson aims to ensure all employees in the Group whatever their position, are trained in gaming dependence issues.

The aim is for all employees to gain a basic understanding of the importance of promoting healthy gambling. Employees who have direct contact with customers also receive more in-depth additional training. This in-depth training addresses things such as signs of problem gambling and includes practical exercises with anonymised customer situations and a closer look at the company's responsible gaming tools. Such courses are developed and evaluated on a regular basis. All communication with customers is documented, categorised and reviewed, which gives Betsson opportunities to regularly further develop its procedures. In 2015, 290 new employees underwent responsible gaming training and 139 employees took the in-depth course.

Cooperation for enhanced responsible gaming

In the area of employee training, Betsson works closely with the Global Gambling Guidance Group (G4), an internationally recognised responsible gaming training organisation that also audits and certifies gaming pages. Betsson also works with Sustainable Interaction that possesses expert know-how in this area.

Betsson looks to support research that can contribute to preventative actions and greater understanding of gaming problematic in general. During the course of the year, Betsson has participated in a number of surveys and seminars on responsible gaming, such as a survey that compared the various responsible gaming actions taken by Nordic gaming companies.

Awards

Betsson aims to be one of the highest ranking operators when it comes to responsible gaming. In 2015, Betsson's responsible gaming initiatives were internationally recognised yet again in the shape of nomination to and a finalist in all European sector events that include the category Social Responsibility. For example, the company has been a finalist in the Most Responsible Game Operator category at the EGR Awards in London and for the Most Responsible Online Operator at the International Gaming Awards in London for several years in succession.

Indirect and direct financial support

In Malta, where the majority of Group employees are based, Betsson is an important contributor to the *Malta Community Chest Fund*. This fund is an independent charity organisation that provides financial grants to voluntary non-profit and non-governmental organisations that work with projects to help socially vulnerable groups. This is the largest individual social project supported by Betsson that has contributed to the fund for the past five years. Government and local authority resources in Malta are nothing like those available in the Nordic countries. This means Betsson's contributions are important and give our employees a feel-good factor. In addition to Betsson's contributions, many of our employees also make private donations.

ATTRACTIVE EMPLOYER

Knowledgeable personnel and career development are just two of the reasons behind Betsson's success. To attract the best employees, the company focuses on individual development plans, job satisfaction and health and wellness.

The company policy is for everyone in the Group to have at least one personal appraisal each year. In these talks, each individual is given feedback on their work and a personal skill development plan is also drawn up. 92 per cent of Group employees had had at least one personal appraisal in 2015.

The annual Group employee survey offers the company an effective opportunity to gain indications of which focus areas employees would like the company to focus its development efforts on.

Betsson protects employee rights and terms and conditions and executive management is proud of the high scores the company achieves in its Employee Satisfaction Index (ESI). The index score in 2015 was 76. The key figure for ESI is also used in the Betsson bonus system for higher level managers. One of the targets for 2015 was that Betsson would be above the general average score for employee satisfaction, something Betsson achieved by a wide margin. The rating was also higher than the previous year.

Diversity

Betsson's conviction is that the company will get stronger and more competitive by employing people of different genders, varying backgrounds, different experiences and different cultures. At year-end, there were 42 nationalities in the Group and women account for 44 per cent of the employees. Betsson wishes to increase diversity in the workplace and when recruiting, in the event of two equally qualified candidates, the company guidelines dictate that the candidate from an under-represented group should be the preferred choice in the first instance.

Betsson supports the UN conventions on human rights and there are clear directives in the company's steering documents for how the company should relate to gender equality and discrimination. In Malta, where the majority of Group employees are based, Betsson has received Equality Mark certification by NCPE (The National Commission for the Promotion of Equality) for the second successive time. Certification is valid for three years and is issued to organisations that prioritise and demonstrate commitment to gender equality.

Employees by age group – Betsson employees:

- 18-19 – 0.5%
- 20-29 – 44%
- 30-39 – 45%
- 40-49 – 9%
- 50-59 – 1.5%

**excl. Europe-Bet*

Health and wellness

Proactive health care has always been an important part of Betsson's culture and the company works systematically to preserve the health of its employees. The company finances part of the employee's personal wellness activities and joint exercise activities and competitions are also coordinated in the company to support a healthier and fitter workforce. "Betsson Training Challenge" is a voluntary competition that is based on the employees having the opportunity to compete with themselves and each other in exercise activities by logging all activities in a downloadable app. This app allows them to see their own progress as well as the progress of their colleagues and their team. The target for 2015 was to increase the number of employees participating in the competition, and this target was successfully achieved compared with the previous year.

Betsson also aims to improve health, safety and the environment for employees. A work environment group has been appointed to give employees the opportunity to bring up areas in need of improvement.

Cooperation with the University of Malta

Betsson works closely with the University of Malta where e.g. students from the Department of Statistics & Operations Research are invited to apply to join the company's internship programme – the Betsson Group Academy. This cooperation aims to improve the students' practical skills and giving them professional experience. As interns, students become salaried Betsson staff and learn more about various different projects in the company. In 2015, five students took part in the programme that is proving a success. This cooperation has resulted in three final year students being offered permanent employment in the company. The project is continuously assessed in cooperation with the University of Malta and the initiative has proved so successful that we are planning to expand the programme.

RESPONSIBLE BUSINESS

Betsson's Code of Conduct acts as a supporting document for company employees who are expected to show integrity and sound judgement and take a long-term approach in work-related duties. The Code of Conduct is based on the ten principles of the UN Global Compact, our corporate values and the practical knowledge we have acquired as a company from over 50 years in this sector. A new intranet will be implemented in 2016, whereby the code of conduct and other policy documents will be more readily available online for everyone within the Group. The code of conduct will be published in full on the Parent Company website.

In addition to the code of conduct, the company has several other policies and supporting documents that contain more detailed guidance. The documents concern diversity, discrimination and harassment, remuneration issues, job security and fair and equal treatment. Betsson has begun a systematic effort to improve and clarify all guidelines at a Group level. The Group HR Director is responsible for ensuring compliance with the company's code of conduct, values and policies.

In association with the launch of the finalised code of conduct, Betsson made training in this a mandatory part of its induction programme. This course explains what the code of conduct entails and how employees should act in accordance with it. As of year-end, 93 per cent of company employees had taken the code of conduct training course.

During the course of the year, Betsson acquired the privately owned Georgian gaming operator, Europe-Bet. Following the acquisition, all Europe-Bet employees have been given training in Betsson's values, code of conduct and in the company's whistleblowing system and procedures.

Anti-corruption

Betsson has clear guidelines and follows applicable rules and regulations and other legislation in relation to gifts, services and benefits. In 2015, the company published even clearer rules within the company concerning the value of gifts received and clearer guidelines on how individual decisions are to be made on accepting such gifts. To further reduce the risk of conflicts of interest, the company has also implemented a Four-Eye Principle, whereby at least two individuals in the company must review and approve in writing agreements between Betsson and another party. During the year, all managers have been made aware of the company's stance on anti-corruption. These managers have then discussed such issues with their respective employees, in turn.

Betsson had an anti-corruption related incident in 2015 that was discovered via the company's own checking systems. The case was referred to the authorities and has resulted in changes and improvements to our internal procedures. Following this incident, Betsson implemented improvement measures such as further restrictions on access to certain systems, incorporated additional levels that govern individual employee access plus checking systems where authorisation by the employee's immediate manager is required.

New whistleblowing procedures

One of Betsson's goals is to ensure that all employees feel secure in reporting deviations in the Group. In association with the introduction of a new code of conduct, the company implemented an external whistleblowing system in 2015 to ensure potential cases of breach of this code of conduct will be handled professionally and confidentially. As part of the implementation process of this system, employees were given training explaining in particular what to do in the event of wishing to report something. There is a link to and information on the system on the company intranet.

The web-based whistleblowing system encrypts information to assure anonymity to the person reporting a concern. Only members of the whistleblowing-group, which consists of individuals outside the operational business, have access to read cases via a common and personal password. The group then resolves on what actions are required. The group can also ask the person reporting a concern additional questions via a dialogue in the system, where the person can remain anonymous.

Responsible marketing

Betsson complies with local rules and legislation on marketing in countries where the company operates. Marketing and product related restrictions in countries where the company has gaming licences are also adhered to. In 2015, the company organised a number of internal training courses and worked closely with local authorities to improve guidelines and to ensure the company operates in accordance with relevant principles.

IT Security

Betsson uses Websense Data Security for IT security and data leakage. Betsson monitors the flow of sensitive data, such as bank card details, extracts from customer databases and source codes. Over the past year, Betsson has minimised the risk of data leakage by blocking access to systems that the company does not have total control of, such as cloud storage solutions and USB memory sticks. The company has also implemented a sandbox solution, which means you can open files in an isolated and secure environment and check if they contain any virus or other malicious code, without allowing the content to harm the host device.

Customer integrity

All data processing is done in a secure and legally compliant way with the very latest security systems in an environment that satisfies all the latest requirements. Customer data are only accessible to personnel whose role and work-related duties require this. Customer data are stored in a safe device that only a limited number of employees with specific authorisation rights can access. Logs are kept of all updates and all activities on a customer account to guarantee an audit trail.

ENVIRONMENT

Betsson operates an online business and as such has little environment impact. As a modern company, however, Betsson views reducing its carbon footprint as a natural aim.

Reduced energy consumption

Betsson's server farm has been identified as the most important area for energy efficiency measures. At the end of 2015, the company server farm consisted of 203 physical and 1,160 virtual servers that, together with IT hardware in offices, consume 2,600 MWh per year, or the equivalent of 100 average size Swedish houses. In 2015, 85 per cent of our servers were virtual.

**excl. Europe-Bet*

Electricity consumption (MWh)	2015	2014	Change
IT hardware in offices	495	424	17%
Physical servers	1,048	1,509	-31%
Virtual servers	1,095	1,035	6%

Carbon dioxide emissions[1] (Tonne CO_2)	2015	2014	Change
IT hardware in offices	198	170	17%
Physical servers	419	604	-31%
Virtual servers	438	414	6%

[1] *Betsson uses an emission factor of 400 g CO_2/kWh for its environment calculations of electricity usage.*

Virtual meetings

Betsson used numerous different tools for virtual conferences, such as Jabber, Webex and Skype. Altogether, Betsson has saved around 3,300 tons of carbon dioxide by using 13 different video conference rooms, instead of employees travelling between different offices.

Sustainability area	Target 2014-2018	Focus in 2016
Responsible gaming	• Improved information/tools for customers • Maintain a high level of responsible gaming expertise among our employees • Being ranked among the most responsible operators	• Evaluation of the self-help tool "Gaming help" • Reporting of discrepancies • Continued employee education initiatives in responsible gaming
Responsible Business	• Increase employee awareness of the code of conduct • Deviations from the code of conduct are to be managed professionally • Reporting according to GRI • Permanent employment for a total of nine students	• New whistleblowing procedures implemented • Implement more measurement instruments for our sustainability reporting • Develop students in partnership with the University of Malta
Attractive employer	• Increase understanding of diversity and equal opportunities • Employ more women in the organisation • Improve employee health and wellness • Employee Satisfaction Index (ESI) should be above average • Increase internal awareness of rules regarding discrimination	• New and improved equal opportunities plan to be established • New code of conduct with clearer directives on equal opportunities • Annual employee survey • Encourage participation in our wellness programme and take up of wellness allowance
Environment	• Increase the number of virtual servers • Increase the number of virtual meetings	• Replace servers with more efficient hardware • Continue the campaign to reduce business travel in the company
Finances	• Grow faster than the market and provide a long-term financial profit and contribute to economic growth in Sweden and abroad	• Economic growth

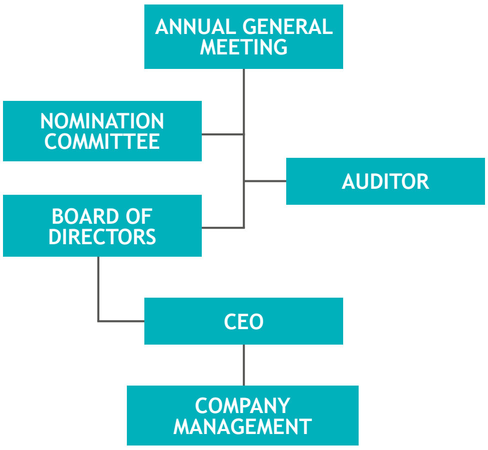
CORPORATE GOVERNANCE REPORT

GOOD GOVERNANCE AND CONTROL SUPPORTS SUSTAINABLE AND PROFITABLE GROWTH

Betsson has demonstrated strong growth in recent years. One contributing factor to this development has been a good balance between ambition and attention to detail. For our part, good corporate governance means preserving a dynamic, hungry company culture in which individuals are rewarded and shown appreciation for their efforts, and where risks are managed on a sound commercial basis. A company such as Betsson, which operates in a high-speed, dynamic environment, has to be able to respond quickly and, consequently, each employee must be given the space to act on his or her own initiative, within a set framework. Good government and control thereby enhances the commercial conditions for a company.

Pontus Lindwall
Chairman of the Board of Directors

COMPANY BODIES FOR GOVERNANCE AND CONTROL



EXTERNAL REGULATORY FRAMEWORKS
- Swedish Companies Act
- Swedish and international accounting legislation
- NASDAQ rules for issuers
- Swedish Code of Corporate Governance

INTERNAL REGULATORY FRAMEWORKS
- Articles of Association
- Formal work plan for the Board of Directors
- Terms of reference for the CEO
- Group policies
- Business plan and strategies
- Code of Conduct

CORPORATE GOVERNANCE REPORT 2015

In addition to the regulations stipulated in applicable legislation or other statutes, Betsson applies the Swedish Code of Corporate Governance, a regulatory code based on the framework for internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

Betsson hereby presents its Corporate Governance Report for 2015. The company applies the Code in full, with no deviations. This report comprises part of our management reporting and has been reviewed by the company auditors.

AREAS OF RESPONSIBILITIES

The shareholders exercise their influence over Betsson AB at the Annual General Meeting of Shareholders, which is the company's highest decision-making body, whilst the responsibility for the company's organisation and the management of the company's affairs lies with the Board of Directors and the CEO, in accordance with the Swedish Companies Act, other rules and regulations, applicable regulations for listed companies, the Articles of Association and the Board's internal control instruments.

SHAREHOLDERS

Betsson has been a listed company since 1996, and has been listed on the Stockholm Stock Exchange since 2000. The company's Class B shares are listed on Nasdaq Stockholm Large Cap List (BETS). At the end of the period, the company had 35,156 (21,443) shareholders. The three strongest shareholders in terms of votes were Per Hamberg with 3.7 per cent of the capital and 18 per cent of the votes, the Knutsson family with 4.8 per cent of the capital and 10.7 per cent of the votes and Rolf Lundström with 3.1 per cent of the capital and 9.6 per cent of the votes.

ARTICLES OF ASSOCIATION

The Articles of Association define the number and responsibilities of the directors and auditors, the kind of business to be undertaken, and the means by which the shareholders exert control over the Board of directors. The company's Articles of Association stipulate no limitations regarding the number of votes which each shareholder is entitled to exercise at the Annual General Meeting. No specific regulations are stated in the company's Articles of Association regarding the appointment and dismissal of Board Members. For the current Articles of Association, adopted by the Annual General Meeting of 08/05/2015, please go to www.betssonab.com:

ANNUAL GENERAL MEETING

The Annual General Meeting is the highest decision-making body in Betsson AB. The Annual General Meeting, which is held within six months of the end of the financial year, votes on the adoption of the income statement and balance sheet, and resolves on the proposed dividend. Directors are also elected and their fees and other remuneration set. In certain cases, auditors are elected and the Annual General Meeting resolves on their fees. Furthermore, other statutory matters and other proposals from the Board and shareholders are addressed, and resolutions are made regarding guidelines for remuneration to senior executives.

All shareholders registered in the shareholders' register on a given record day, and who have notified their attendance in due time, have the right to participate in the meeting and vote for their total holding of shares. Shareholders may be represented by proxies.

ANNUAL GENERAL MEETING 2015

The Annual General Meeting for 2015 was held on 8 May 2015. The Meeting was attended by shareholders, in person or by proxy, representing 55 per cent of the voting rights and 35 per cent of the capital. Pontus Lindwall was elected Chairman of the Meeting.

Resolutions

The minutes from this meeting can be found on Betsson's website.
The resolutions made by the Annual General Meeting included:
- Mandating the Board of Directors to resolve on the non-cash issue of shares and/or convertible preferred stock that entails the issuing or conversion of a maximum total of 14.1 million B shares (after the share split), corresponding to a dilution of approximately 10 per cent of the share capital and five per cent of the voting rights.

- Mandating the Board of Directors to resolve on the combined acquisition of as many shares as required such that the company holding, at any given time, does not exceed 10 per cent of all shares in the company. This mandate was not exercised during the 2015 financial year.
- The Board was further authorised to resolve on the sale of the company's own shares for cash in conjunction with acquisitions of companies or operations at a price corresponding to the market price on the transfer date.
- To establish an incentive programme that would principally mean that the company would offer senior executives and other key personnel the right to acquire share options or to receive employee share options in the company. The maximum number of options that could be issued in accordance with the programme should be 3,490, 500 corresponding to a dilution effect of approximately 2.5 per cent of the share capital and approximately 1.23 per cent of the voting rights in the company after dilution.
- To issue 3,490,500 C shares to expense the company's costs in outstanding incentive programmes.
- To approve the Board's proposal to distribute the equivalent of SEK 3.98 per share for 2015, through an automatic redemption procedure.
- To re-elect Board members Kicki Wallje-Lund, Patrick Svensk, Lars Linder-Aronson and re-elect Pontus Lindwall as working Chairman of the Board. To elect Martin Wattin and Jan Nord.

ANNUAL GENERAL MEETING 2016

The Betsson AB (publ) Annual General Meeting will be held on Thursday 12 May 2016 at 10:00AM in Filmstaden Sergel, Slöjdgatan 6, Hötorget, Stockholm, theatre 6. For further information regarding the Annual General Meeting 2016, please refer to the company's website: www.betssonab.com.

THE NOMINATION COMMITTEE

In accordance with the resolution adopted at the Annual General Meeting of 2015, the Chairman of the Board has been assigned to convene the meetings of the company's Nomination Committee and to invite representatives of the company's larger shareholders to join the Committee. The Nomination Committee is to consist of a minimum of three members, and the majority of the Nomination Committee's members may not be formed of employees or members of the Board. The Nomination Committee shall prepare a list of proposed Board Members, as well as a proposal for the Chairman and auditors, and shall also propose remuneration for Board Members, Board committees and auditors. These proposals are to be submitted to the Annual General Meeting 2016 for resolution. The composition of the Nomination Committee was announced on 22 October in Betsson's Interim Report for the third quarter of 2015 and on the company's website.

The Nomination Committee for the Annual General Meeting 2016 is comprised of:

- John Wattin, representing the Per Hamberg and companies with a total of 18 per cent of the votes,
- Michael Knutsson, representing the Knutsson family and company, with a total of 10.7 per cent of the votes,
- Christoffer Lundström, representing the Rolf Lundström family and company, with a total of 9.6 per cent of the votes,
- Pontus Lindwall, Chairman of the board of Betsson AB and convener of the Nomination Committee.

From the formation of the Nomination Committee on 22 September 2015 until 1 March 2016 inclusive, Lars Linder-Aronson as Chairman of the Board, replaced Pontus Lindwall as convener of the Nomination committee. The Nomination Committee represents a participating interest which, at year-end, amounted to 38.3 per cent of the votes in the company. An important source of information for the Nomination Committee's work is the yearly evaluation of the Board's performance.

The Nomination Committee seeks to identify candidates for nomination who, together with the existing members, are able to provide the Board with the appropriate combined competence. This entails experience from executive positions in listed companies, expertise in the financial and gaming sectors or experience from international service companies.

The Nomination Committee also proposes, ahead of the Annual General Meeting, fees and remuneration to all Board members including the working Chairman of the Board.

The Nomination Committee's complete proposals and background information, to be presented to the Annual General Meeting 2016, will be published on the company's website, www.betssonab.com, in advance of the Annual General Meeting.

Shareholders wishing to submit proposals to the Nomination Committee should do so by email to valberedning@betssonab.com or by mail to the company's headquarters.

THE BOARD AND ITS WORK

The Members of the Board are elected annually by the Annual General Meeting for the period until the conclusion of the following Annual General Meeting. There are no rules in place stipulating the maximum period of time a member may serve on the Board. Betsson's Board is comprised of six members elected by the Annual General Meeting, with no deputies.
At the 2015 Annual General Meeting, Kicki Wallje-Lund, Patrick Svensk, Lars Linder-Aronson and Pontus Lindwall were re-elected as members. Pontus Lindwall was re-elected as Chairman. And Martin Wattin and Jan Nord were elected. The members of the Board are presented on pages 18-19.

The company's former CEO resigned on 20 July, whereupon Pontus Lindvall was appointed CEO and Lars Linder-Aronson Chairman of the Board.

The Group President and CEO participate in the board meetings with different presentations. The Group's CFO, Fredrik Rüdén, participates both to present reports and to serve as secretary. Other executives in the Group participate from time to time in Board meetings as required, either to present specific issues or to serve as secretary.

The Board's independence

According to the definition applied by the Stockholm Stock Exchange, the number of Board Members elected at the Annual General Meeting who are independent of the company is 5 (83 per cent) and the number of Board Members elected at the Annual General Meeting who are independent of the company's major shareholders is 6 (100 per cent). All members meet NASDAQ Stockholm's requirements concerning professional experience. Pontus Lindwall cannot be considered independent of the company given his role as working Chairman of the Board or as CEO. With this composition, Betsson's Board fulfils the regulations for listed companies and the regulations of the Swedish Code of Corporate Governance, which require that the majority of elected members are independent of the company and company management, and that at least two of these are also independent of the company's major shareholders. All Board members and all members of the Group management team have undergone the NASDAQ Stockholm course in Stock Exchange regulations

Board meetings

In 2015, the Board held nineteen (twenty) minuted meetings, of which one (one) was the statutory meeting and one (five) was a per capsulam meeting. The Board had a four (six) per cent absence rate during the year's Board meetings.

All of the meetings comprise the CEO's review of developments within the operations and current issues concerning important events, the risk aspects of significant contracts, potential acquisitions and legal trends in the gaming market. The Board has paid particular attention to strategic financial matters and issues concerning acquisitions, internal control and major investments during the year.

The attendance of Board Members at Board meetings is shown below, as a percentage (figures in brackets refer to the previous year).

Pontus Lindwall, member, working Chairman of the Board until 20 July 2015 incl.	100 (100)
John Wattin, member until June 2015 incl.	67 (100)
Kicki Wallje-Lund, Member	100 (90)
Carl Lewenhaupt, member up to June 2015	100 (83)
Lars Linder-Aronson, Chairman from 20 July 2015, member	100 (100)
Patrick Svensk, Member	93 (100)
Martin Wattin, member from June 2015 incl.	100 (-)
Jan Nord, member from June 2015 incl.	80 (-)

Average attendance at Board and Committee meetings was 96 (94) per cent.

Information provided to the Board of Directors

The work of the Board follows a specific plan in order to ensure that the Board receives all relevant information. The company's auditors report their observations based on the audit of the financial statements and their assessment of the company's internal procedures and controls to the Board. The Board receives, on a monthly basis, a detailed operational report in which management describes developments.

Internal control and risk management

The Board applies a formal work plan including decision-making rules, as well as instructions for its own work and that of the Remuneration Committee, the Audit Committee and terms of reference to the CEO, with the aim of achieving an efficient management of the operational risks, refer to the section on significant risks and factors of uncertainty in the Management Report. The Board updates, as necessary, and adopts, yearly, the formal work plan for the Board, terms of reference to the CEO, decision-making rules and authorization routines.

The Audit Committee

The Audit Committee's responsibility is to ensure compliance with established principles for financial reporting and internal controls. In accordance with the rules of procedure adopted after the 2015 Annual General Meeting, the Audit Committee continues to comprise three members, none of whom is to be Chairman of the Board. The members of the Committee are Lars Linder-Aronson, Kicki Wallje-Lund and Martin Wattin.

The Audit Committee is responsible for monitoring and following up the reporting of Corporate Responsibility issues. The Audit Committee also acts as a finance committee tasked with supporting and monitoring financial operations and evaluating and proposing changes to treasury policy. The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures to be taken are addressed by the Board on a continual basis. The Group auditors and Group CFO report to the Audit Committee. There was a 100 per cent attendance record at the four audit committee meetings.

The Remuneration Committee

New rules of procedure for the Board were adopted at the end of the 2015 Annual General Meeting. It was resolved that the Remuneration Committee should consist of two members, neither of whom should be the Chairman of the Board. The Committee's members are Kicki Wallje-Lund and Patrick Svensk. The Remuneration Committee held two meetings during the year and their discussions included considering proposals for a new incentive programme (options).

The main responsibility of the Remuneration Committee is to address the remuneration and terms of employment of the CEO based on the guidelines for remuneration and terms of employment for the CEO adopted by the Annual General Meeting. Attendance at the two Remuneration Committee meetings during the year was 100 per cent.

AREAS OF RESPONSIBILITY OF THE CHAIRMAN OF THE BOARD AND CEO

Up until 21 July, the company had a working Chairman of the Board who primarily worked in the following areas; planning of long-term strategy issues that lie outside the CEO's strategic brief within the applicable business plans, monitoring of regulatory and other legal changes in countries that can be of significance for Group activities and geographic expansion, regular evaluation of strategic alliances and larger company acquisitions of a strategic nature, and support of Group management in strategic projects and in association with the recruitment of key expertise.

CEO AND GROUP MANAGEMENT

Betsson's President and CEO is responsible for the day-to-day management of both the Parent Company and the Group, a responsibility which does not include decision-making in operating online game activities. The CEO leads the work in the Parent Company and makes executive decisions in consultation with other senior executives. At the end of 2015, there were five (five) senior executives, including one woman; please see page 20. The senior executives hold regular operational reviews under the leadership of the CEO.

The operations of the Parent Company (Betsson AB) consist of the management and administration of the company's investments and the evaluation of potential acquisitions or divestments of business operations. Group gaming activities are operated from Malta, via several wholly owned subsidiary companies, each of which as its own Board and an operational management group that manages operational decisions in Betsson gaming businesses.

Each respective CEO in the wholly owned subsidiaries act in accordance with a set of CEO instructions which are in line with the Group CEO instructions.

REMUNERATION

Remuneration to the Members of the Board and the guidelines for remuneration to senior executives are determined at the Annual General Meeting. Remuneration paid to the President of the Group is determined by the Remuneration Committee. Remuneration for executives directly subordinate to the CEO is determined by the CEO after consultation with the Remuneration Committee. The Group applies the principle that a manager's immediate manager must approve any decisions regarding remuneration.

In the case of senior executives, the following principles adopted by the 2015 Annual General Meeting apply:

- Remuneration is to be market-based and competitive, in order to be able to attract and retain skilled senior executives. Remuneration is to comprise a fixed salary and, when necessary, variable remuneration, pensions and other benefits such as, in some cases, a company car.
- Any variable remuneration which may be offered to senior executives will be decided on the basis of pre-determined Group-wide and individual goals relating to the management of the company and the company's financial development, and taking into account the personal development of the individual concerned. Current variable remuneration to senior executives is described in more detail in Note 8.

The Board may make decisions diverging from these guidelines for individual instances, under special circumstances.

AUDIT

At the 2015 Annual General Meeting, PricewaterhouseCoopers AB was elected, with Authorised Public Accountant Niklas Renström as senior auditor.

The audit of the annual financial statements is carried out in January-February. The annual report is audited in March and April. A general audit is performed in association with the company's interim reports for the third quarter. In addition, audits of internal procedures and control systems are regularly performed during the year and reported to the Group CFO, management group and the Board. In addition to the auditing assignment, Betsson has engaged PricewaterhouseCoopers AB for consultation in VAT and tax issues, accounting matters, and for various other studies.

INTERNAL AUDIT

Betsson's profitable growth stems from a willingness and desire to constantly improve the operations. The internet-based gaming industry is constantly exposed to a rapidly changing environment, such as changes in legal systems, seasonality and currency fluctuations. To be able to manage this, an educational and adaptive approach is crucial. At the same time, it is important that Betssons customers feel safe and secure with the gaming companies' games and payment solutions. This permeates all company and Group customer offerings.

Betsson has commissioned Ernst & Young to conduct specific audit assignments, like those that a separate internal audit department would normally perform. Since 2012, the company has a Global Tax Manager to ensure that it complies with current tax regulations, and in 2013, internal control was strengthened by a separate business controller function, with responsibility in the budget and follow-up process.

As a complement to this, the operations of several independent parties are also checked. Betsson is licensed in Malta by the Malta Gaming Authority (MGA). In order to obtain and maintain licences, the company's routines and processes must meet certain quality standards. MGA carefully inspects business operations to ensure the company satisfies all requirements. Betsson companies are also PCI-compatible for secure card transactions, and has agreements with several major banks. As a result, all credit card information is handled securely and the company meets the highest security standards as regards payments, withdrawals and deposits.

All private information sent to and from Betsson sites is encrypted and monitored. The random number generator behind Betsson's casino games, which guarantees fair gaming, has been tested and approved by independent third parties, including Itech Labs, Gaming Laboratories International (GLI), Quinel, and eCogra. To ensure that poker software always produces random numbers, independent inspectors test the random number generator (RNG) on a monthly basis. These monthly reports are published on an ongoing basis. Players who use a poker bot to make decisions during a game are cheating. To ensure players feel comfortable and secure in having a level playing field in terms of technology in relation to other poker players, Betsson's poker suppliers have developed internal control systems that are evaluated at the same time as external control systems.

The Audit Committee bears the preparatory responsibility within the Board to ensure compliance with the established principles of internal control. The President and CFO are responsible, on a continuous basis, for taking appropriate steps to maintain good internal control. Each company function is responsible for executing the internal control within its relevant operational area, based on stated conditions. Reports are prepared on an on-going basis at all levels.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT OF FINANCIAL REPORTING

In accordance with the Annual Accounts Act, the Board of Directors is to submit, on an annual basis, a description of the most important measures in the company's system for internal control and risk management regarding financial reporting.

Control environment

The control environment is the basis for the internal control of the financial reporting. The company's internal control structure is based on, among other things, a clear allocation of responsibilities and work assignments, both between the Board and the CEO and within the operations. Policies and guidelines are documented and assessed on a continuous basis by management and the Board. Governing documents and detailed process descriptions are communicated via established information an communication paths and have therefore been made available and known to the personnel concerned.

Risk assessment

The company identifies, analyses and makes decisions regarding the management of the risk of misstatement in the financial reporting. The Board deals with the outcome of the company's processes for risk assessment and risk management in order to ensure that these cover all significant areas, and identifies, when appropriate, any necessary measures to be implemented. The company's largest operational risks are related to the rapidly evolving environment characterising the gaming industry, including, for example, changes in legal systems, seasonality and currency fluctuations. The financial reporting can be influenced by the risk of errors in allocation to periods when settling accounts with partners and the risk of errors in the valuation of intangible assets.

Control measures

On the basis of risk assessments carried out within the Group, control measures of both a preventive and a detective nature are implemented to ensure that any errors are addressed. We have placed a special emphasis on mapping and assessing the most significant risks in the accounting practices as regards allocation to periods. Intangible assets are assessed on a continuous basis against the return they generate in order to ensure that the values reported in the company's balance sheet are correct.

Information and communication

The internal information and external communication are regulated at a comprehensive level by, among other things, an information policy. The internal communication to and from the Board and management takes place via, for example, regular information meetings. The company's intranet is another channel. The internal policies, guidelines, instructions and similar documents governing and supporting operations are published on the intranet.

Follow-up

The company assesses, on a continuous basis, the internal control regarding financial reporting by asking questions and participating in the work of the finance function. Both company management and the Board receive daily turnover reports and monthly income statements and cash flow reports, including management comments on how business operations are progressing. The financial situation is considered at each scheduled meeting of the Board. The company's auditor participates in the Board meetings at least once a year and shares any observations regarding practices and control systems. During this meeting, the members of the Board have the opportunity to ask questions. The Board re-evaluates the significant risk areas and assesses the internal control on an annual basis.

INVESTOR RELATIONS

Betsson shares information with shareholders by means of annual reports, arranged capital market days, year-end reports, quarterly reports and press releases and through the company's website. Reports and press releases from previous years are also available on the website, www.betssonab.com. Communication and transparency are key to Betsson, to allow the company's investors and analysts to make objective assessments of the company's development and, consequently, make informed decisions in their work. The company attaches great importance to investor relations, in which the aim is to inform the capital market of Betsson's financial position, operations and development so as to increase knowledge and interest in the company, and obtain a fair valuation of the company. During 2015, Betsson arranged a capital market day and, also participated in a number of IR activities, such as seminars, investor meetings and road shows in both Europe and the USA.

BOARD OF DIRECTORS

Pontus Lindwall
Chairman of the Board of Directors

Born 1965, lives in Stockholm

Member of the Board since 2011, Chairman of the Board from 2011 to 20 July 2015 and from 1 March 2016 Group president and CEO 1998-2011 and from 21 July 2015 to 29 February 2016 Employed in the Group since 1991.

Other directorships:
Board member of Net Entertainment NE AB (publ), Nya Solporten Fastighets AB, Mostphotos AB and several companies within the Betsson Group.

Relevant background:
Many years of experience in the gaming industry, in both offline and online gaming, including founder of Net Entertainment, Group president and CEO of Cherryföretagen. Lindwall has an MSc in Civil Engineering from the Royal Institute of Technology (KTH), Stockholm,

Shareholding:
30,000 A shares and 1,423,782 B shares (including holdings via related parties)

Shareholdings in companies that Betsson has significant business dealings with:
NETENT AB (PUBL)

Shareholding: 841,000 Class B shares

Investments in endowment insurance: 351,500 A shares and 120,070 B shares

Kicki Wallje-Lund
Board Member

Born 1953, lives in Nyköping

Board member since 2006. CEO Wellnet AB.

Other directorships:
Board member of Wellnet AB. Director C-RAD AB.

Relevant background:
Kicki Wallje-Lund has experience in business and operational development from various international companies in which she has primarily worked within the bank and finance areas. Kicki has held senior positions within NCR, Digital Equipment, AT&T, Philips, ICL and Unisys.

Shareholding:
1,350 Class B shares

Patrick Svensk
Board Member

Born 1966, lives in Stockholm

Board member since 2005. CEO Patos Konsult

Other directorships:
Director of Bright Group Nordic. Board member of Patos Konsult.

Relevant background:
Experience from various executive positions in listed companies. Svensk has been Group president and CEO of Zodiak Television, CEO of Kanal 5 and TV3 Sweden. Svensk has a degree in business and economics from the Stockholm School of Economics.

Shareholding:
5,000 B shares

Jan Nord
Board Member

Born 1955, lives in Lidingö

Board member since 2015.

Other directorships:
Director of Svenska Brasserier AB.

Relevant background:
Creative Director focusing on brand strategy Many years' experience as a creative director at H&M and Esprit over the past fifteen years. Previously head of the Nord & Co ad agency. Nord is a graduate of Stockholm University.

Lars Linder-Aronson
Board Member

Born 1953, lives in Nacka

Director since 2008, Chairman of Board from 20 July 2015 to 29 February 2016. Chairman of Board of AB Svensk Exportkredit.

Other directorships:
Director of Facility Labs AB, eCapital AB and Morco Förvaltning AB.

Relevant background:
Many years of experience of the financial and capital markets, primarily within investment banking in London, New York and Stockholm. Linder-Aronson was previously Head of Enskilda Securities and has worked for investment bank Dillon, Read & Co. Linder-Aronson has a degree in business and economics from the Stockholm School of Economics.

Shareholding:
142,035 B shares (including holdings via companies and related parties)

Martin Wattin
Board Member

Born 1974, lives in Stockholm

Board member since 2015.
CEO of Inbox Capital AB

Other directorships:
Chairman of Rabble Communication, director of Apotekslinsen AB, Smart Payments Nordic AB and Mostphotos AB.

Relevant background:
Many years' experience of online companies as an entrepreneur and investor. Was also previously a director of Cherry AB. Wattin founded IT company Contur Software AB that was acquired by Accelrys Inc in 2011, since which time he has concentrated on his own investments. Wallin has a Master of Finance degree from the University of Colorado.

Shareholding:
23,160 B shares (including holdings via companies and related parties)

AUDITOR
Niklas Renström

Authorized Public Accountant
PricewaterhouseCoopers AB

Senior Auditor since 2015.

Born 1974, lives in Saltsjö-Boo

SENIOR EXECUTIVES

Ulrik Bengtsson
President and CEO, Betsson AB
CEO, BML Group Ltd

Born 1972, lives in Malta

Employed in the Group since 2012. CEO, BML Group Ltd since 2012 and his role was expanded in 2016 as Group president and CEO of Betsson AB.

Other directorships:
Board member of a number of internal Boards.

Relevant background:
Bengtsson has a consumer services background. Most recently, prior to Betsson, he was CEO of MTG's pay TV services in Eastern Europe having previously been CEO of Viasat in Sweden. Bengtsson has also worked for Telenor and IBM. He has a B Comm from Dalhousie University in Canada.

Shareholding:
55,000 Class B shares
330,000 employee stock options

Fredrik Rüdén
CFO, Betsson AB

Born 1970, lives in Stockholm

Employed in the Group since 2008.

Other directorships:
Board member of a number of internal boards.

Relevant background:
Rüdén has held various positions at Ernst and Young, Industriförvaltnings AB Kinnevik, Hallvard Leröy AS and Teligent AB. He has an LL.B. in business law and an MBA from Mälardalen University College.

Shareholding:
33,000 B shares (in endowment policy)
30,000 share options

Malin Sparf Rydberg
Director of Communications, Betsson AB

Born 1969, lives in Stockholm

Employed in the Group since 2014.

Other directorships:
Director of BOS, the sector organisation for online games.

Relevant background:
Sparf Rydberg was previously Director of Communications at the Friends Arena and also worked for Tele2 for several years as Director of Sustainability and Information Director. Sparf Rydberg studied business administration at IHM Business School.

Shareholding:
1,950 Class B shares
150,000 share options

Martin Thorvaldsson
Head of Legal Affairs

Born 1970, lives in Malta

Employed in the Group since 2010.

Other directorships:
Board member of a number of internal boards.

Relevant background:
Thorvaldsson previously worked for Boss Media AB for 13 years (subsequently GTECH/Lottomatica). He has LL.M from Lund University.

Shareholding:
60,660 Class B shares
150,000 employee stock options

THE SHARE AND SHAREHOLDERS

Betsson's Class B share is listed on the Nasdaq Stockholm Large Cap List.

SHARE STRUCTURE

A 3:1 share split was performed during the year. At year-end, Betsson had 143,109,081 shares divided into 16,260,000 A shares, 122,155,730 B shares and 4,693,351 C shares. Each A share carries ten votes. Each B share carries one vote, while C shares do not carry any voting rights. The shares have equal access to Betsson's assets and profit.

REPURCHASED SHARES

On balance day, Betsson held 1,173 (1,173) B shares and 4,693,351 (1,565,100) C shares in the company. Class B shares were purchased at an average price of SEK 58.27 in 2007 – 2008. The C shares were acquired at nominal value. The number of shares outstanding at year-end, excluding repurchased shares, amounted to 143,109,081 shares, of which 16,260,000 were Class A shares and 122,155,730 were Class B.

SHARE SPLIT AND REDEMPTION PROGRAMME

The Annual General Meeting of 8 May 2015 resolved on a share split (3:1) and an automatic redemption programme.

As a result of the redemption program, MSEK 549.7, or SEK 3.98 per share, was distributed to the company's shareholders on 16 June 2015.

BONUS ISSUE

In conjunction with the redemption procedure, a bonus issue of MSEK 23.3 was implemented to restore the company's share capital.

NEW ISSUE AND CONVERSION OF C TO B SHARES

In 2015, 3,490,500 C shares were issued to expense the incentive programme in 2015/2018, and 362,250 C shares were converted to B shares and distributed to employee stock option holders in association with expiration of the incentive programme 2013/2015.

OWNERSHIP STRUCTURE

As of 31 December 2015, there were 35,156 (21,443) shareholders in Betsson. The proportion of foreign share shareholders was 5 (5) percent. Foreign share ownership amounted to 35 (36) per cent of the share capital and 30 (25) per cent of the votes.

SHARE LIQUIDITY

A total of 161.9 (104.7) million shares changed hands during the year, which is the equivalent of 133 (87) per cent of the average number of outstanding Class B shares. On average approximately 645,000 (420,000) shares were traded each day. On average there were 2,152 (9735) completed trades on each trading day.

SHARE PRICE MOVEMENTS AND TURNOVER

The share price during the year increased by 70 (35) per cent. The share price (last paid) on closing day was SEK 155.50 (91.67), which represented a market value of SEK 21.5 (12.7) billion.

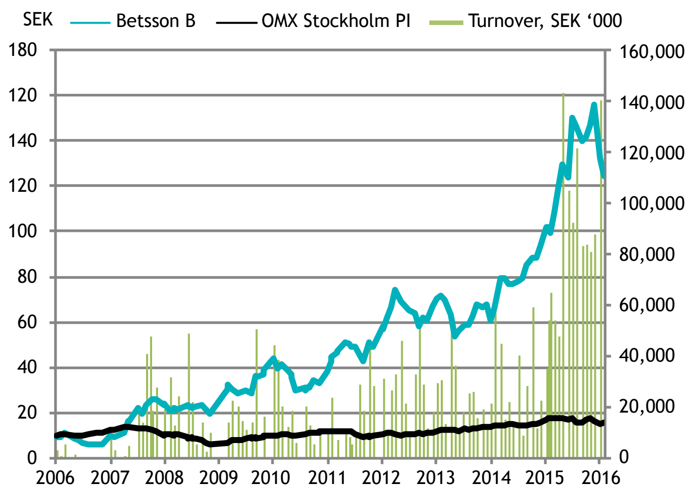
The share reached a high for 2015 of SEK 160.00 (94.33) on 7 December, while the low for the year was SEK 91.3 (59.33) on 7 February. The average share price during the year was SEK 127.59 (77.15).

Total share turnover for the year was MSEK 20,600 (8,100), which corresponds to an average of MSEK 82.3 (32.5) per trading day and an average of approximately SEK 38,000 (44,000) per trade.

DIVIDEND POLICY AND PROPOSED DIVIDEND

The Board proposes that the Annual General Meeting resolve to approve a transfer to shareholders of SEK 4.51 (3.98) per share for the 2015 financial year, which, provided the outstanding number of shares does not change, corresponds to MSEK 623.8 (549.7).

Under the company's dividend policy, 75 per cent of earnings may be transferred to the shareholders, provided that a suitable capital structure can be maintained. The Board intends to propose to the Annual General Meeting that the transfer to shareholders be executed through a share redemption program. The Board's full proposal will be presented well in advance of the Annual General Meeting.



ANALYSTS COVERING BETSSON

Martin Arnell
DNB Bank ASA

Sharish Aziz
Danske Bank

Mikael Laséen
Carnegie

Mathias Lundberg
Swedbank

Olof Larshammar
SEB Enskilda

Anders Hillerborg
ABG Sundal Collier

Rasmus Engberg
Handelsbanken

Christian Hellman
Nordea

MAJOR SHAREHOLDERS AS PER 31 DECEMBER 2015

Shareholder[1]	Number of Class A shares	Number of B and C shares	Equity capital, %	Voting share (%)
Hamberg family and companies	5,098,500	225,000	3.7	18.0
Knutsson family and companies	2,610,000	4,275,000	4.8	10.7
Provobis Property & Leisure AB	2,557,500	1,860,000	3.1	9.6
Lars Kling	2,331,000	0	1.6	8.2
Berit Lindwall	1,683,000	60,000	1.2	5.9
Danske Bank International S.A.	1,500,000	25,900	1.1	5.3
Svenska Handelsbanken S.A.	450,000	0	0.3	1.6
Swedbank Robur fonder	-	10,510,815	7.3	3.7
Handelsbanken Fonder AB	-	3,854,650	2.7	1.4
AMF - Försäkring och fonder	-	3,529,549	2.5	1.2
UBS(Lux) Equity Sicav - European	-	3,527,685	2.5	1.2
Försäkringsbolaget Avanza Pension	-	3,336,514	2.3	1.2
CBNY - Norges Bank	-	2,483,174	1.7	0.9
SEB Investment Management	-	2,412,521	1.7	0.8
JPM Chase	-	2,131,264	1.5	0.7
Lannebo fonder	-	2,105,678	1.5	0.7
Länsförsäkringar fondförvalning AB	-	2,047,231	1.4	0.7
Pontus Lindwall	30,000	1,273,782	0.9	0.6
State Street Bank & Trust Com.	-	1,572,550	1.1	0.6
Svea Ekonomi	-	1,529,076	1.1	0.5
Nordea Investment Funds	-	1,385,127	1.0	0.5
Carnegi fonder	-	1,376,072	1.0	0.5
Tredje AP-fonden	-	1,234,013	0.9	0.4
Norden	-	1,223,985	0.9	0.4
Other owners	-	70,174,970	49.0	24.6
External owners	**16,260,000**	**122,154,556**	**96.7**	**100.0**
Betsson AB (of which C 4,693,351)	-	4,694,525	3.3	0.0
Total	16,260,000	126,849,081	100.0	100.0

[1] Information on ownership based on information from Euroclear Sweden, which means that equity managers may be included in the table and that the actual owners are not indicated as a result.

SHARE CAPITAL COMPOSITION AS PER 31 DECEMBER 2015

	Votes	Number of shares	Number of votes	Quota value	TSEK
Shares, Class A	10	16,260,000	162,600,000	0.67	10,840
Shares, Class B	1	122,155,730	122,155,730	0.67	81,437
Shares, Class C	0	4,693,351	4,693,351	0.67	3,129
Total shares	-	143,109,081	289,449,081	0.67	95,406

SHARE DISTRIBUTION AS PER 31 DECEMBER 2015

Number of shares	Number of shareholders	Proportion of total number of shareholders (%)	Number of shares	Number of total number of shares (%)	Share of voting rights (%)
1-500	25,049	71.3%	3,699,715	2.6%	1.3
501-1,000	4,505	12.8%	3,385,374	2.4%	1.2
1,001-2,000	2,640	7.5%	3,902,284	2.7%	1.4
2,001-5,000	1796	5.1%	5,686,305	4.0%	2.0
5,001-10,000	564	1.6%	4,036,637	2.8%	1.4
10,001-20,000	208	0.6%	2,965,074	2.1%	1.0
20,001-50,000	156	0.4%	4,835,047	3.4%	1.7
50,001-100,000	70	0.2%	4,986,997	3.5%	1.7
100,001-500,000	116	0.3%	27,027,509	18.9%	9.3
500,001-1,000,000	22	0.1%	14,796,173	10.3%	6.5
1,000,001-	30	0.1%	67,787,966	47.4%	72.5
Total	35,156	100%	143,109,081	100.0%	100.0

FIVE-YEAR SUMMARY

Amounts in MSEK unless otherwise stated	2015	2014	2013	2012	2011
Income Statement					
Revenues	3,722.0	3,035.1	2,476.7	2,203.7	1,736.6
Gross profit	2,675.6	2,231.3	1,772.6	1,549.3	1,146.1
Operating income	886.4	821.2	601.2	577.1	559.7
Profit/loss before tax	883.0	814.8	596.2	573.6	555.4
Income after tax from continuing operations	831.7	770.7	562.0	547.8	527.8
Income for the year (attributable to the Parent company's shareholders)	831.7	770.7	562.0	547.8	527.8
Balance Sheet					
Intangible fixed assets	3,980.3	3,402.2	2,037.9	1,664.6	982.3
Property, plant and equipment	57.0	50.9	53.8	28.5	26.9
Financial fixed assets	16.9	25.1	26.6	25.2	10.2
Deferred tax receivables	21.2	29.3	11.7	18.4	14.4
Current receivables	1,126.9	1,027.0	823.5	752.7	729.6
Liquid funds	524.9	478.1	562.5	467.2	509.7
Total assets	5,727.4	5,012.6	3,515.9	2,956.6	2,273.1
Shareholders' Equity	3,153.7	3,073.8	2,032.2	1,577.8	1,334.3
Appropriations	115.8	5.4	4.1	9.3	8.0
Interest-bearing non-current liabilities	505.2	523.4	0.0	344.5	-
Current liabilities	1,952.7	1,410.1	1,479.6	1,025.0	930.8
Total equity and liabilities	5,727.4	5,012.6	3,515.9	2,956.6	2,273.1
Cash Flow					
Cash flow from operating activities	1,154.5	868.3	683.5	666.1	537.2
Cash flow from investing activities	-620.5	-496.6	-154.3	-634.4	-248.5
Cash flow from financing activities	-469.2	-479.3	-447.5	-70.2	-273.8
Total cash flow for continuing operations	64.7	-107.6	81.6	-38.4	14.9
Revenues per segment					
B2B, Business to Business	803.3	690.5	609.7	622.8	460.3
B2C, Business to Consumers	2,918.7	2,344.6	1,867.0	1,580.9	1,276.3
Total	3,721.9	3,035.1	2,476.7	2,203.7	1,736.6
Revenue per product					
Casino	2,543.6	2,094.9	1,639.2	1,524.7	1,199.0
Poker	117.8	116.2	148.3	164.5	124.2
Odds	1,012.7	778.9	617.7	459.6	354.4
Other products	47.9	45.0	71.7	55.0	59.0
Total	3,722.0	3,035.1	2,476.8	2,203.7	1,736.6
B2C, revenues per geographical area					
Norden	1,784.6	1,713.6	1,539.0	1,278.5	891.7
EU, outside Nordic countries	896.2	600.0	305.6	276.0	290.9
Rest of Europe	17.7	11.7	10.7	7.9	33.9
Rest of the world	220.2	19.4	11.8	18.6	59.9
Total	2,918.7	2,344.6	1,867.0	1,580.9	1,276.3
Number of customers					
Number of registered customers (thousands)	9,022.2	7,732.4	6,732.7	5,777.9	3,662.4
Number of active customers (thousands)	526.3	390.7	401.4	520.4	403.6
Profitability and financial position					
Gross margin (%)	71.9%	73.5%	71.6%	70.3%	66.0%
EBITDA margin (%)	28.1%	31.3%	28.6%	30.9%	36.5%
Operating margin (%)	23.8%	27.1%	24.3%	26.2%	32.2%
Profit margin (%)	23.7%	26.8%	24.1%	26.0%	32.0%
Return on equity (%)	27%	30.0%	31.0%	38.0%	49.0%
Equity/assets ratio (%)	55%	61.0%	58.0%	53.0%	59.0%

Amounts in MSEK unless otherwise stated	2015	2014	2013	2012	2011
Deposited amounts					
Customer deposits, all gaming solutions (MSEK)	12,999.2	10,540.3	8,421.1	6,889.0	5,237.9
Investments					
Investments	235.1	156.3	138.5	101.0	50.9
Personnel					
Average number of employees	1,584	850	789	591	340
Number of employees at year-end	1,639	870	839	748	412
The share					
Share capital	95.4	93.1	86.9	84.5	82.8
Number of shares outstanding at year-end	143,109,081	139,618,581	130,299,009	126,805,410	124,170,510
Ongoing share issue (number of shares) at year-end	-	-	-	300,000.0	-
Number of own shares at year-end	4,694,524	1,566,279	1,914	1,914	12,666
Average number of shares outstanding	138,239,023	136,698,507	129,857,226	125,998,572	120,730,569
Average number of shares outstanding after dilution	138,239,023	136,779,423	129,947,070	126,651,543	120,852,612
Number of registered shareholders	35,156	21,443	18,825	17,225	12,507
Average share price (SEK)	127.59	77.15	63.86	63.35	45.51
Share price at year-end (SEK)	155.5	91.67	68.00	66.83	50.50
Market capitalisation at year-end (MSEK)	21,523.5	12,654.8	8,860.3	8,474.8	6,097.5
Earnings per share for continuing operations (SEK)	6.02	5.64	4.33	4.35	4.37
Earnings per share after dilution (SEK)	6.02	5.63	4.33	4.33	4.37
Equity per share (SEK)	22.78	22.27	15.60	12.44	10.72
Dividend or equivalent per share (SEK)	4.51	3.98	3.05	3.15	3.36

CONSOLIDATED INCOME STATEMENT

Amounts in TSEK unless stated otherwise	Note	2015	2014
Revenues	3,4,5,20	3,721,987	3,035,096
Total		3,721,987	3,035,096
Operating costs in gaming operations		-1,046,382	-803,748
Gross profit		2,675,606	2,231,348
Work performed by the company for its own use and capitalised		146,867	123,097
Marketing expenses		-752,918	-548,233
Other external expenses	6.7	-475,221	-439,994
Personnel costs	8	-543,477	-448,126
Depreciation	9	-160,676	-127,966
Other operating income/expenses	10	-3,768	31,105
Total operating expenses		-1,789,193	-1,410,118
Operating income		886,412	821,230
Net financial items	11, 12		
Financial income		8,632	2,550
Financial expenses		-12,063	-8,983
Total net financial items		-3,431	-6,433
Profit/loss before tax		882,981	814,797
Tax	13	-51,245	-44,125
Reported profit/loss		831,736	770,671
Of which attributable to:			
- shareholders in the Parent Company		831,736	770,671
- minority interests			
Earnings per share in continuing operations			
- before dilution (SEK)	14	6.02	5.63
- after dilution (SEK)	14	6.02	5.64
Proposed/paid dividend per share (SEK)[1)]	15	4.51	3.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in TSEK unless stated otherwise		2015	2014
Net income for the period		831,736	770,671
Other comprehensive income			
Items that can subsequently be reversed in the income statement			
Hedging of net investments in foreign currency	13	36,378	-67,189
Deferred tax on hedging of net investments in foreign currency		-8,003	15,868
Exchange rate differences on translation of foreign operations		-209,574	228,974
Other comprehensive income for the period (after tax)		-181,199	177,653
Total comprehensive income for the period		650,537	948,324

CONSOLIDATED BALANCE SHEET

Amounts in TSEK	Note	2015	2014
Assets			
Fixed assets			
Intangible fixed assets	16	3,980,337	3,402,215
Property, plant and equipment	17	57,045	50,909
Financial fixed assets	20	16,903	23,255
Other non-current receivables	19	-	1,800
Deferred tax assets	13	21,242	29,286
Total fixed assets		4,075,527	3,507,465
Current assets			
Tax assets	13	474,951	423,872
Other receivables	21	553,341	512,021
Prepaid expenses and accrued income	22	98,642	91,093
Cash and cash equivalents	23	524,897	478,122
Total current assets		1,651,831	1,505,108
Total assets		5,727,357	5,012,573
Equity and liabilities			
Shareholders' Equity	24		
Share capital		95,406	93,079
Other contributed capital		1,436,798	1,434,785
Reserves		24,060	205,259
Retained earnings including net income for the year		1,597,453	1,340,644
Total shareholders' equity attributable to Parent Company shareholders		3,153,717	3,073,767
Provisions			
Provisions for gaming tax		109,873	-
Deferred tax liabilities	13	5,905	5,368
Total provisions		115,778	5,368
Non-current liabilities to credit institutions	25	505,166	523,353
Current liabilities			
Liabilities to credit institutions	25	228,375	-
Accounts payable		76,792	57,754
Tax liabilities	13	553,173	486,922
Other liabilities	26	808,064	627,867
Accrued expenses and deferred income	27	286,292	237,542
Total current liabilities		1,952,697	1,410,085
Total equity and liabilities		5,727,357	5,012,573
Pledged assets and contingent liabilities	28, 29		
Pledged assets	28	None	None

CONSOLIDATED CASH FLOW STATEMENT

Amounts in TSEK	Note	2015	2014
Operating activities [1]			
Income after financial items		882,981	814,797
Adjustments for items not included in cash flow			
- Depreciation	9	160,676	127,966
- Provision for gaming tax		109,872	-
- Change to share price in conjunction with new share issue (additional purchase consideration)		-	-
- Capital gains/losses from divestments/write-down/payment of additional purchase consideration	10	-	-38,302
- Share of shareholders' equity and share of profit in associated company		3,995	7,048
- Share-based remuneration		2,219	1,066
- Unrealised currency effects		3,768	
Paid company tax	13	-27,720	-45,434
Cash flow from operating activities before changes in working capital		1,135,791	867,141
Changes in working capital			
Changes in current receivables		3,433	-29,336
Changes in current liabilities		15,237	30,469
Cash flow from operating activities		1,154,461	868,274
Investing activities			
Acquisition of intangible fixed assets	16	-185,815	-143,500
Acquisition of property, plant and equipment	17	-14,622	-12,752
Acquisition of shares in associated companies	19	-	-1,800
Acquisition of shares in subsidiary companies	5	-442,998	-374,518
Acquired cash and cash equivalents	5	22,918	35,962
Cash flow from investing activities		-620,517	-496,608
Financing activities			
Share redemption programme		-549,719	-421,520
Raised bank loans		436,700	378,002
Repayment of bank loans		-200,084	-211,247
- Additional purchase consideration		-137,109	-207,084
Premiums received for issued warrants		2,013	-
Cash paid upon redemption of warrants and employee stock options		-20,991	-17,388
Cash flow from financing activities		-469,190	-479,237
Change in cash and cash equivalents		64,754	-107,571
Cash and cash equivalents at the beginning of the year	23	478,122	562,481
Exchange rate differences in cash and cash equivalents		-17,979	23,212
Cash and cash equivalents at year-end		524,897	478,122
Additional information [1]			
Unutilised credit facilities amounted to		788,610	333,043
Interest paid during the year amounted to		-12,251	-8,598
Interest received during the year amounted to		1,151	2,553

CHANGES IN EQUITY FOR THE GROUP

Amounts in TSEK	Share capital	Other contributed capital	Translation reserve	Retained earnings including net income for the year	Total equity
Shareholders' equity, 1 Jan 2014	86,866	908,761	27,606	1,008,987	2,032,220
Comprehensive income for the year 2014					
Profit/loss for the year				770,671	770,671
Hedging of net investments in foreign currency	-	-	-51,321	-	-51,321
Exchange rate differences on translation of foreign operations	-	-	228,974	-	228,974
Total comprehensive income for the period	-	-	177,653	770,671	948,324
Transactions with the company's owners					
Share redemption	-46,017	-	-	-375,503	-421,520
Bonus issue	46,017	-	-	-46,017	0
Transaction costs for redemption programme	-	-	-	-100	-100
New share issue C-shares	1,043	-	-	-	1,043
C-shares, treasury shares	-	-	-	-1,043	-1,043
Warrants, value of employee services	-	-	-	1,066	1,066
Redemption of employee stock options and warrants	44	-	-	-17,417	-17,373
New share issue, for Oranje and Kroon Casino	5,126	526,024	-	-	531,150
Closing equity, 31 Dec 2014	93,079	1,434,785	205,259	1,340,644	3,073,767
Total comprehensive income for the year					
Profit/loss for the year	-	-	-	831,736	831,736
Hedging of net investments in foreign currency	-	-	28,375	-	28,375
Exchange rate differences on translation of foreign operations	-	-	-209,574	-	-209,574
Total comprehensive income for the period			-181,199	831,736	650,537
Transactions with the company's owners					
Share redemption	-23,270	-	-	-526,449	-549,719
Bonus issue	23,270	-	-	-23,270	0
New share issue C-shares	2,327	-	-	-	2,327
C-shares, treasury shares	-	-	-	-2,327	-2,327
Warrants, value of employee services	-	-	-	2,219	2,219
Redemption of employee stock options and warrants	-	-	-	-25,100	-25,100
Premiums received for warrants	-	2,013	-	-	2,013
Shareholders' equity, 31 Dec 2015	95,406	1,436,798	24,060	1,597,453	3,153,718

PARENT COMPANY INCOME STATEMENT

Amounts in TSEK unless stated otherwise	Note	2015	2014
Revenues	3	16,828	17,610
Total		16,828	17,610
Operating expenses			
Other external expenses	6, 7	-28,090	-39,281
Personnel costs	8	-28,657	-35,823
Depreciation	9	-680	-1,432
Total operating expenses		-57,427	-76,536
Operating income		-40,599	-58,926
Financial items	12		
Income from participations in Group companies		820,306	822,187
Profit/loss from interests in Group companies, Group contributions		30,780	16,799
Interest income and similar profit/loss items		102	1,337
Interest expenses and similar profit/loss items		-21,619	-16,219
Total net financial items		829,570	824,104
Income after financial items		788,970	765,178
Profit/loss before tax		788,970	765,178
Tax	13	-	-
Profit/loss for the year[1]		788,970	765,178
Proposed/paid dividend per share (SEK)	15	4.51	3.98

[1] The Parent Company reports no items in Other comprehensive income and as such, profit/loss for the year in the income statement corresponds to Total comprehensive income for the year.

PARENT COMPANY BALANCE SHEET

Amounts in TSEK	Note	2015	2014
Assets			
Fixed assets			
Property, plant and equipment			
Equipment	17	1,208	1,052
Total tangible fixed assets		1,208	1,052
Financial fixed assets			
Participations in Group companies	18	3,900,966	3,456,746
Deferred tax receivables	13	11,660	11,660
Other non-current receivables	19	-	1,800
Total financial fixed assets		3,912,626	3,470,206
Total fixed assets		3,913,834	3,471,258
Current assets			
Current receivables			
Receivables from Group companies		422,313	429,861
Tax assets	13	848	1,470
Other receivables	21	1,026	305
Prepaid expenses and accrued income	22	2,675	2,973
Total current receivables		426,862	434,610
Cash and bank balances		103,259	143,349
Total current assets		530,121	577,959
Total assets		4,443,955	4,049,217
Equity and liabilities			
Shareholders' Equity	24		
Restricted equity			
Shares capital		95,406	93,079
Statutory reserve fund		253,279	253,279
Total restricted equity		348,685	346,358
Non-restricted equity			
Share premium reserve		1,192,794	1,192,408
Retained earnings		1,122,581	932,972
Profit/loss for the year		788,970	765,178
Total non-restricted equity		3,104,346	2,890,558
Total equity		3,453,031	3,236,916
Liabilities to credit institutions	25	502,204	486,888
Current liabilities			
Liabilities to credit institutions	25	221,300	-
Accounts payable		2,262	1,760
Liabilities to Group companies		115,519	40,019
Other liabilities	26	140,363	269,724
Accrued expenses and deferred income	27	9,277	13,911
Total current liabilities		488,721	325,414
Total equity and liabilities		4,443,955	4,049,217
Pledged assets and contingent liabilities	28, 29	None	None

PARENT COMPANY CASH FLOW STATEMENT

Amounts in TSEK	Note	2015	2014
Operating activities [1]			
Income after financial items		788,970	765,178
Adjustments for items not included in cash flow			
- Depreciation	9	680	1,432
- Impairment of assets		1,788	-
Capital gains/losses from divestments/disposals		0	23,733
- Exchange differences and other		6,305	7,757
Cash flow from operating activities before changes in working capital		797,743	798,100
Changes in working capital			
Changes in operating receivables		7,747	38,774
Changes in operating liabilities		68,651	-3,227
Cash flow from operating activities		874,142	833,647
Investing activities			
Acquisition of property, plant and equipment		-836	-
Acquisitions of shares and participations, subsidiaries	5	-444,219	-374,516
Acquisitions of other shares and participations		12	-1,800
Cash flow from investing activities		-445,043	-376,316
Financing activities			
Share redemption		-549,719	-421,520
Premiums received for issued warrants		2,013	-
Cash paid upon redemption of warrants and employee stock options		-20,991	-17,837
Raised bank loans		436,701	378,002
Repaid loans		-200,084	-211,247
Repaid additional purchase consideration		-137,109	-207,084
Cash flow from financing activities		-469,190	-479,686
Change in cash and cash equivalents		-40,091	-22,355
Cash and cash equivalents at the beginning of the year		143,349	165,705
Exchange rate differences in cash and cash equivalents			
Cash and cash equivalents at year-end	23	103,259	143,350
Additional information [1]			
Unutilised credit facilities amounted to		788,610	333,043
Interest paid during the year amounted to		-10,951	-10,819
Interest received during the year amounted to		102	1,335

CHANGES IN CAPITAL FOR THE PARENT COMPANY

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY			
Amounts in TSEK	Share capital	Statutory reserve fund	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Shareholders' equity, 1 Jan 2014	86,866	253,279	666,383	691,965	681,451	2,379,944
Appropriation according to AGM	-	-	-	681,451	-681,451	-
- Share redemption	-46,017	-	-	-375,503	-	-421,520
- Bonus issue	46,017	-	-	-46,017	-	-
Oranje Kroon purchase consideration issue	5,126	-	526,025	-	-	531,151
Registered new issue (C shares held by company)	1,043	-	-	-1,043	-	-
Redemption of employee stock options and warrants	44	-	-	-17,881	-	-17,837
Group contributions	-	-	-	-	16,799	16,799
Profit/loss for the year, excl, Group contributions	-	-	-	-	748,379	748,379
Closing equity, 31 Dec 2014	93,079	253,279	1,192,408	932,972	765,178	3,236,916
Appropriation according to AGM	-	-	-	765,178	-765,178	-
- Share redemption	-23,270	-	-	-526,449	-	-549,719
- Bonus issue	23,270	-	-	-23,270	-	-
Transaction costs for redemption programme	-	-	-	-49	-	-49
Premium paid for options 2015-2018	-	-	2,013	-	-	2,013
Registered new issue (C shares held by company)	2,327	-	-	-2,327	-	-
Redemption of employee stock options and warrants	-	-	-	-25,100	-	-25,100
Group contributions	-	-	-	-	30,780	30,780
Profit/loss for the year, excl, Group contributions	-	-	-	-	758,190	758,190
Shareholders' equity, 31 Dec 2015	95,406	253,279	1,194,421	1,120,955	788,970	3,453,031

NOTE 1 General information

Betsson AB (Parent Company, CIN 556090-4251) conducts gaming operations over the internet through its subsidiaries. Business activities are primarily operated via companies in Sweden, Malta, Gibraltar and Georgia.

The Parent Company is a limited company with registered address in Stockholm. The address of the company's registered office is Regeringsgatan 28, 111 53 Stockholm. The Parent Company is listed on Nasdaq Stockholm Large Cap List.

These consolidated financial statements were approved by the Board for publication on 1 April 2016. All amounts stated in these Notes are in TSEK, unless stated otherwise.

NOTE 2 Summary of important accounting and valuation principles

The most important accounting principles applied in these consolidated financial statements are described below. These principles have been applied consistently for all years presented, unless stated otherwise.

Basis for preparation of statements

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups, and International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The accounts have been prepared using the cost method except for financial assets and liabilities (including derivative instruments), which have been measured at fair value through profit and loss.

The Parent Company has prepared its annual report according to the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR implies that the Parent Company, in its annual report for the legal entity, will apply all IFRS statements as adopted by the EU, as far as is possible within the framework of the Swedish Annual Accounts Act, and taking into account the correlation between accounting and taxation. Any differences between the Parent Company's annual financial statements and the consolidated financial statements relate mainly to the presentation of the income statements and the balance sheets, which, for the Parent Company, follow the format stipulated in the Swedish Annual Accounts Act.

New standards, amendments and interpretations applied by the Group

The following standards have been applied by the Group for the first time for the financial year commencing on 1 January 2014 and have had an impact on the Group's financial statements:

IFRS 10 Consolidated Financial Statements are based on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in the determination of this control where this is difficult to assess. The standard has not had a significant impact on the Group's financial statements.

IFRS 11 Joint Arrangements focus on the rights and obligations incumbent on entities jointly controlling an arrangement, rather than on the legal form of the arrangement. There are two types of joint arrangements: joint operations and joint ventures. A joint operation is an arrangement in which the parties with joint control have direct rights to the assets and obligations for the liabilities relating to that arrangement. Joint operations are accounted for according to the party's relative share of jointly controlled assets, liabilities, income and expenses. A joint venture is an arrangement in which the parties with joint control have rights to the net assets of the arrangement.

Joint ventures are accounted for using the equity accounting method, as the option to account for joint ventures using proportionate consolidation has been removed. See Note 19 for a summary of the impact on the financial statements.

IFRS 12 Disclosures of Interests in Other Entities include disclosure requirements for subsidiaries, joint arrangements, associated companies and structured entities which have not been consolidated.

A number of new standards and interpretations come into force for financial years starting after 1 January 2015 and these have not been applied when producing this financial report. None of these is expected to have any material effect on the Group financial reports except for the below.

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

Investments in equity instruments are to be valued at fair value through profit and loss, although the option exists for initial recognition of the instrument at fair value through other comprehensive income. In the event that this option is exercised, no reclassification to the income statement is permitted upon the sale of the instrument. IFRS 9 also introduces a new model for the calculation of credit loss reserves which is based on anticipated credit losses. For financial liabilities, there is no change to classification or valuation, with the exception of cases where a liability is reported at fair value via the income statement on the basis of the fair value alternative. Changes in value attributable to changes in the entity's own credit risk should, in such cases, be reported in other comprehensive income. IFRS 9 reduces hedge accounting requirements, in that the 80-125 criterion is replaced with requirements related to the economic relationship between the hedging instrument and the hedged item, and that the hedge ratio is identical to the ratio applied in risk management. Hedging documentation has also been changed slightly compared with documentation prepared pursuant to IAS 39. The new model for calculating credit loss reserves is based on estimated credit losses, which can entail earlier reporting of credit losses. The standard is mandatorily effective for financial years beginning on or after 1 January 2018. Early adoption is permitted. The standard has not yet been adopted by the EU. The Group is yet to evaluate the effects of the implementation of the standard.

IFRS 15 Revenue from contracts with customers addresses the manner in which revenues are to be reported The principles on which IFRS 15 is based provide the user of financial reports with more usable information regarding the entity's revenues. The extended disclosure requirements entail that information regarding type of revenue, date of payment, uncertainties related to the revenue recognition and cash flows attributable to the entity's contracts with customers are to be presented. According to IFRS 15, revenue is to be recognised when the customer assumes control over the sold item or service and has the ability to use and obtain benefit from those items or services.

IFRS 15 replaces IAS 18 “Revenues” and IAS 11 “Construction Contracts” and associated SIC and IFRIC. IFRS 15 is effective from 1 January 2018. Early adoption is permitted. The standard has not yet been adopted by the EU. The Group is yet to evaluate the effects of the implementation of the standard.
IFRS 16 Leases was published by IASB in January 2016. The standard regulates the accounting of leasing and will replace IAS 17 Leasing Contracts and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities attributable to all leasing contracts, with some exceptions, to be reported in the balance sheet. This report is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for this right. Reporting for the lessor will essentially be unchanged. The standard is applicable for financial years beginning on or after 1 January 2019. Early adoption is permitted. The EU has not yet adopted the standard. The Group has yet to evaluate the effects of IFRS 16.

None of the other IFRS or IFRIC interpretations yet to enter into force are expected to have any impact on the Group’s financial statements.

Applied basis of valuation and classification

The Parent Company’s functional currency is the Swedish krona (SEK), which is also the reporting currency of the Parent Company and the Group. All amounts are rounded up/down to the nearest thousand, unless stated otherwise.

Assets and liabilities are reported at acquisition cost, except for certain financial instruments which are reported at fair value. Financial assets and liabilities reported at fair value consist of financial instruments classified as financial assets measured at fair value through profit and loss.

Assets are classified as current assets if they are expected to be sold or are intended for sale or consumption during the company’s normal operating cycle, if they are held primarily for trading purposes, if they are expected to be realized within twelve months of the closing date, or if they comprise cash and cash equivalents. All other assets are classified as fixed assets.

Liabilities are classified as current liabilities if they are expected to be settled during the company’s normal operating cycle, if they are held primarily for trading purposes, if they are expected to be settled within twelve months of the closing date or if the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the closing date. All other liabilities are classified as non-current liabilities.

Assessments and estimates in the financial statements

In order to prepare financial statements in accordance with IFRS, the application of various important assessments and estimates for accounting purposes is required. Management is also required to make assessments regarding the application of the Group’s accounting principles. The areas including a high degree of assessment, which are complex, or in which estimations and assumptions are of material importance for the consolidated financial statements, include assumptions regarding the impairment testing of goodwill and of other intangible assets with indefinite useful lifetimes (for further information, see Note 16), as well as including the valuation of the liability for the additional purchase consideration attributable to the acquisition of Euro-Bet (for further information, see Note 5).

Basis for consolidation

The consolidated financial statements include the Parent Company and companies in which the Parent Company, directly or indirectly, holds more than fifty per cent of the voting rights or otherwise exercises a controlling interest.

The consolidated financial statements have been prepared in accordance with the purchase method. The acquisition method means that the Parent Company indirectly acquires the subsidiary company’s assets and assumes its liabilities. The difference between the purchase consideration and the fair value of the acquired identifiable net assets on acquisition date represents the cost of goodwill, which is recognised as an asset in the balance sheet. If the difference is negative, it is reported as revenue in the income statement. Costs related to acquisitions are expensed as they arise.

Subsidiaries are all companies (including structured entities) over which the Group exercises a controlling influence. The Group is considered to exercise control over a company when it is exposed or entitled to variable returns on the basis of its participation in the company and is able to impact this return through its influence in the company.

Subsidiary companies are included in the consolidated financial statements with effect from the day controlling interest is transferred to the Group. They are excluded in the consolidated financial statements with effect from the day controlling interest expires. Revenues, expenses, assets and liabilities which are attributable to subsidiaries are included in the consolidated financial statements from the date on which control is assumed (acquisition date) and until the date on which such control is relinquished. Intra-Group receivables and liabilities, and transactions between Group companies, with associated gains, are eliminated in full.

Associated companies

Associated companies are companies in which the Group has a significant, but not controlling, influence, which generally applies to shareholdings corresponding to between 20 and 50 per cent of the votes. Holdings in associated companies are reported in accordance with the equity accounting method. When applying the equity accounting method, participations in associated companies are reported in accordance with the equity method, according to which investments are initially valued at acquisition cost, after which the carrying value is subsequently decreased or increased in order to reflect the Group’s share of the associated company’s profit or loss after the acquisition date. The value of participations in associated companies reported by the Group includes goodwill identified upon acquisition.

The Group's profit arising after the acquisition reported in the income statement, and the Group's share of changes in Other comprehensive income after the acquisition, are reported in the Other comprehensive income, with a corresponding change in the carrying value of the participating interest.

Reporting per segment

The Group's operations are reported on the basis of one single operating segment, in accordance with the definition of an operating segment as stated in the applicable accounting principles. The basis applied for identifying operating segments for which separate reports can be prepared is the internal reporting presented to and monitored by the Group's most senior executive decision-maker, in Betsson AB's case, the CEO. The CEO monitors operating income for the entire operations as one operating segment in a matrix organisation.

Foreign currencies

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are valued at the closing rate of exchange. Exchange rate differences arising on translation are recognised in the income statement.

Translation of foreign business operations

Operations with a currency other than Swedish krona (SEK) are translated into SEK through the translation of all assets, provisions and other liabilities at the balance day rate and the translation of all items in the income statement at the average exchange rate. Exchange rate differences arising from this translation, referred to as translation differences, are reported in other comprehensive income.

On the disposal of a foreign entity, the accumulated translation differences attributable to the business are realised in the consolidated income statement after deduction of any hedging agreements.

Revenues

Invoiced licence revenue regarding the provision of the technical platform and revenue from the Group's gaming operations are reported as revenues. Marginal revenue generated from sold services and unrelated to gaming are also included.

Gaming transactions in which the company's revenue consists of a commission, fixed percentage of winnings or similar are accounted for in accordance with IAS 18 "Revenue". Gaming revenues are reported net after deduction for player winnings, bonuses, jackpot contributions and costs for loyalty programmes. This applies to Poker, Casino, Scratchcards, Bingo and Games.

Revenue attributable to gaming transactions in which the company assumes an open position against the player are reported net after deduction of player winnings, bonuses and loyalty programmes. The revenue reported in this manner refers to Sportsbook.

The portion of revenue reserved for customer bonus points in Betsson's loyalty program is reported only when the customers actually redeem the points.

Revenue from systems solutions offered to external gaming operators is recognised as licensing revenue at invoiced cost, based on the terms of the respective contract with the customer.

Revenue from services sold is reported exclusive of VAT and discounts and after the elimination of intra-Group sales. Services sold include consultancy, rental and management revenues. The majority of these services relate to intra-Group sales from the Parent Company to subsidiaries. External revenue from services sold is negligible.

Other revenues

Other revenues include revenues from activities not conducted as a part of normal operations. This item is, primarily, composed of recovered written-off receivables, exchange rate gains from operations in the Parent Company, as well as gains on sales of non-current assets in the Parent Company.

Cost of services provided

Cost of services provided refers to expenditure within the gaming operations for gaming taxes, licensing fees to games providers, costs for payment services via bank and credit cards for deposited bets and payment of winnings and costs for fraud. Regarding games reported as financial instruments, the cost of gaming taxes and licensing fees which are calculated based on the outcome of the game are deducted from the revenue reported from the game.

The cost of goods sold also includes commission to partners and affiliates. Payment to partners and affiliates is volume-related and reflects the volume of the end customers' mediated gaming transactions.

Gross profit

Betsson has chosen to recognise revenue as the result arising from transactions with end customers, namely, the players. At this level, success in the games themselves can be measured.

The gross profit also includes profits from transactions with third parties, i.e. partners, affiliates, game suppliers and payment service suppliers. This means that how successful Betsson has been in negotiations with suppliers can be measured.

Gross profit from the Group's gaming operations consists of the net amount of deposited bets and paid out winnings after deductions for bonuses, jackpot contributions, loyalty programmes, gaming taxes, licensing fees to game suppliers, commission to partners and affiliates, net income/expense for payment services via banks and bank cards for payment of winnings and costs for fraud (unapproved payment transactions).

Work performed by the company for its own use and capitalised

Work performed by the company for its own use and capitalised refers to direct expenditure for the period on salaries, other payroll-related costs and services purchased, as well as indirect costs attributed to development projects, recorded as assets in the balance sheet.

Marketing expenses

This post includes external costs for production and distribution of marketing in different media.

Leasing

Leases are classified as either financial leases or operational leases in the consolidated financial statements. Leasing of fixed assets, whereby the Group essentially, is subject to the same risks and benefits as direct ownership, are classified as financial leasing. The leased asset is reported as a fixed asset and the corresponding leasing liability is reported in interest-bearing liabilities. Leasing of assets under which the lessor, essentially, remains the owner of the asset is classified as operational leasing, and leasing fees are written off on a straight-line basis over the term of the lease.

All of Betsson's current leasing contracts are classified as operational leases. The extent of paid leasing fees is reported in Note 6.

Share-based remunerations

The Group has a number of share-based remuneration plans in which settlement is based on the provision of shares and where the company receives services from employees as compensation for the Group's issued equity instruments (options).

The fair value of the services entitling employees to be allocated options is expensed. The total amount to be written off is based on the fair value of the allocated options, excluding the impact of any non-market-related services and vesting conditions for the options (for example, profitability, targets for sales increases and that the employee remains with the company for a specified time period). Non-market-related conditions for vesting are taken into consideration in the assumptions applied as regards the number of options expected to be earned. The total amount to be expensed is distributed over the entirety of the vesting period, which is the period during which all of the stated vesting conditions are to be fulfilled. On each closing date, the company reviews all of its estimates regarding the number of shares expected to be earned, based on the non-market related vesting conditions. Any deviations from initial assessments noted in such a review are reported in the income statement and corresponding adjustments are made in shareholders' equity.

Payments received, after deduction for any directly attributable transaction costs, are credited to share capital (quotient value) and other contributed capital when the options are exercised.

Social security contributions arising on the allocation of options are regarded as an integral component of the allocation, and these expenses are managed as a share-based payment paid in cash.

Pension costs

Group payments concerning defined-contribution pension plans are expensed during the period in which the employee renders the services to which the contribution relates.

Commitments for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance cover with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 3, this is a defined-benefit plan involving several employers. For the 2015 financial year, the Group has not had access to information enabling it to report its proportional share of the plan's obligations plan assets and expenses, implying that it has been impossible to report this plan as a defined-benefit plan. The ITP pension plan that is secured through insurance in Alecta is, consequently, reported as a defined-contribution plan. The premium for the defined-contribution plan is individual and is determined on the basis of, among other things, the age, salary and previous earned pension of the insured. Expected fees for the next reporting period for pension insurance secured with Alecta amount to SEK 696,000. The Group's share of the plan is immaterial. The collective funding ratio consists of the market value of Alecta's assets as a percentage of insurance undertakings calculated according to Alecta's actuarial assumptions, which do not comply with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 per cent. If Alecta's collective funding ratio is less than 125 per cent or greater than 155 per cent, measures shall be taken in order to create the conditions for the funding ratio to return to the normal range. In the event that the collective funding ratio exceeds 155 per cent, Alecta's surplus may be distributed to the policyholders and/or the insured. However, Alecta implements premium reductions to avoid a surplus arising.

At the end of 2015, Alecta's surplus in the form of the collective funding ratio amounted to 153 per cent (143 per cent).

Other operating income/expenses

Expenses for secondary activities conducted within the course of ordinary operations concerning receipts and payments are reported as other operating expenses. These include, primarily, exchange rate gains and losses on operations and gains and losses from sales, disposals or depreciation/amortization of fixed assets or businesses. In order to reduce exposure to exchange rate fluctuations, Betsson has entered into forward exchange agreements in order to hedge portions of future cash flows. These derivatives are reported at fair value and changes in value are reported in the income statement, as with other operating income or expenses. Hedge accounting is not applied to these instruments.

Taxes

Tax reported in the income statement is comprised of current tax and deferred tax. Current tax consists of tax to be paid or received during the current year. This amount also includes the adjustment of current tax attributable to prior periods. Taxes are reported in the income statement, except when the tax relates to items reported in Other comprehensive income or directly in shareholders' equity. Deferred tax is calculated, using the balance sheet method, based on temporary differences between the reported and fiscal values of assets and liabilities by applying the tax rates and tax rules that have been determined or announced as of balance day. Temporary differences are not taken into consideration in consolidated goodwill, nor are temporary differences attributable to participations in subsidiaries and associated companies, which are not expected to be taxed in the foreseeable future.

Deferred tax assets on deductible temporary differences and tax loss carry forwards are reported to the extent that it is probable that these will be utilised and will result in lower tax payments in the future.

Financial assets and liabilities

Financial assets that are subject to IAS 39 Financial Instruments: Recognition and Measurement are to be classified according to the following categories:

- Financial assets and liabilities measured at fair value through profit and loss
- Loans and receivables

Financial instruments are initially recognised at cost, equivalent to the instrument's fair value plus transaction costs, except as regards financial instruments measured at fair value through profit and loss, for which transaction costs are expensed immediately. The subsequent accounting treatment depends on the manner in which the instruments have been classified according to the definitions below.

Financial assets and liabilities measured at fair value through profit and loss

Financial assets and liabilities, in the form of derivatives, are recognised at fair value in the income statement in cases in which hedge accounting is not applied. The earnings effects for the games that are classified as derivatives are reported in revenue in the income statement, whilst other derivatives' earnings effects are reported as other operating income and other operating expenses.

Loans and receivables

Loans and receivables are financial assets that are not derivatives with fixed payments or definable payments and which are not quoted on an active market. Loans are valued at accrued cost, which is determined based on the effective annual rate of interest calculated on the acquisition date. Accounts receivable are recorded in the amounts that are expected to be received after deductions for estimated, undiscounted bad debts. The impairment of accounts receivable is reported in operating expenses.

Other financial liabilities

Financial liabilities not held for trading purposes are measured at accrued cost, which is determined on the basis of the effective interest rate when the liability was incurred. Consequently, any surplus and deficit values, as well as direct issue costs, are allocated over the term of the liability.

Intangible fixed assets

Goodwill and intangible fixed assets with indefinite useful lives

Goodwill and brands are expected to have an indefinite useful lifetime and are not subject to annual amortisation. These assets are assessed as having a useful life for which no expiry date has been determined and the value of these assets, therefore, remains unchanged, as long as the anticipated discounted net inflow from the intangible assets is equal to or greater than the assets' respective carrying values. Tests are conducted annually to identify any possible impairment requirement and, if such a requirement is identified, the asset's value is reduced by accumulated impairment.

Development expenditure and other intangible fixed assets
Intangible fixed assets also include development expenditure and acquired expenses in the form of other brands/domains and customer databases, etc. Development expenditure is capitalised as assets in the balance sheet to the extent that it is expected to provide future financial benefits. Only expenses incurred in conjunction with the development phase of online gaming products, gaming systems, gaming platforms and the integration of these and payment solutions are capitalised. Assets are recorded from the point in time at which the decision to proceed with the respective project is undertaken and the conditions are in place to do so. The carrying value includes costs for materials, services purchased, direct spending on salaries and indirect expenses which can be attributed to the asset in a reasonable and consistent manner. Development expenditure is included at acquisition cost with deductions for accumulated depreciation/amortisation and impairment.

Other intangible assets are reported in the balance sheet at cost with deductions for accumulated amortisation and impairment.

The valuation of intangible assets' ability to generate revenue is undertaken continuously in order to identify any impairment requirements.

Maintenance costs for games, gaming systems and gaming platforms are expensed as they arise.

Property, plant and equipment
Property, plant and equipment are reported at cost after deductions for accumulate depreciation and any impairment. Repairs and maintenance are expensed as they arise.

Depreciation/amortisation and impairment
Depreciation/amortisation is based on the original cost reduced by estimated residual value, taking into account prior impairment. Depreciation/amortisation is applied on a straight-line basis over the asset's estimated useful life.

The following useful lifetimes are applied:

Brands, domain names	Indefinite
Customer databases	2-3 years
Capitalised development expenditure for games, gaming systems and gaming platforms	max 3 years
Office equipment and fittings	5-7 years
Servers and similar	5 years
Other hardware	5 years
Computers within technology and development	expensed directly
Vehicles	3-5 years

The assessment of an asset's residual value and useful life are reviewed on an annual basis.

If there are any indications that the property, plant and equipment or intangible fixed assets of the Group have an exceedingly high carrying value, an analysis is undertaken in which the specific type of the asset, or naturally related types of assets, is determined as either the net realisable value or the value in use, whichever is the higher. Value in use is measured as the expected future discounted cash flow. Intangible assets which are not yet ready for use or sale are tested annually for impairment, regardless of whether there is an indication of a decrease in value.

Any impairment consists of the difference between the carrying value and the recoverable amount. Impairment is reversed when it is no longer justified. Such reversals are recognised at a maximum value, not to exceed the carrying value that would have been reported, with deduction for depreciation/amortisation, if no impairment had taken place. Goodwill impairments are not reversed.

Accounts payable
Accounts payable are obligations to pay for goods or services acquired in the normal course of operations from suppliers. Accounts payable are classified as current liabilities if they fall due for payment within one year or earlier (or during the normal operational cycles, whichever is longer). If these conditions are not met, they are classified as non-current liabilities. Accounts payable trade are initially reported at fair value and, subsequently, at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents consist of cash and immediately available balances at banks and similar institutions plus short-term liquid investments maturing less than three months from acquisition date and which are subject only to an insignificant risk of value fluctuations.

Accounting principles for the Parent Company
The Parent Company applies the same principles as the Group, except for the fact that the Parent Company accounts are prepared in accordance with RFR 2. Accounting for legal entities and Swedish Financial Reporting Board statements.

The differences between the Group's and the Parent Company's accounting principles are justified by the constraints imposed by the Swedish Annual Accounts Act on the application of IFRS in the Parent Company and the taxation regulation permitting different accounting for legal entities than for the Group.

Group contributions and shareholder contributions
Group contributions and shareholder contributions are reported in accordance with a statement issued by the Swedish Financial Reporting Board, RFR2. Shareholder contributions are recognised directly against shareholders' equity by the recipient and are capitalised as shares and participations by the provider to the extent that no impairment is necessary Group contributions are reported according to their economic significance. This implies, for example, that Group contributions provided or received in order to minimise the total amount of tax payable by the Group are reported in the income statement, similar to tax effects.

Group companies
Participations in Group companies are reported in the Parent Company at cost, less any impairment.

The values of subsidiaries are re-assessed when there is an indication of impairment. Dividends received from subsidiaries are reported as financial income. Transaction costs associated with the acquisition of companies is reported as part of the cost. Contingent purchase consideration is reported as part of the cost if it is likely to be required. If, in subsequent periods, it becomes evident that the initial assessment is in need of revision, then the cost must be adjusted.

Division into restricted and non-restricted equity
In the Parent Company's balance sheet, equity is classified as either restricted or non-restricted equity in accordance with the Swedish Annual Accounts Act.

Untaxed reserves and balance sheet appropriations
In the Parent Company, due to the relationship between accounting and taxation, deferred tax liabilities on untaxed reserves are reported as part of untaxed reserves,

Definitions

Revenue. Revenue from gaming business is reported after payment/payout of players' winnings, with deductions for jackpot contributions, loyalty programmes and bonuses and other operating income. Revenues from Sportsbook are also reduced by gaming taxes and licence charges to game suppliers. Licence charges from invoicing for the maintenance of technical platforms to external game suppliers.

Gross profit. Revenue, as above, less commission to partners and affiliates, gaming taxes, licensing fees to games suppliers, payments to payment suppliers and so-called fraud (unapproved payments).

Average total capital. The balance sheet total at the beginning of the financial year plus the balance sheet total at the end of the financial year, divided by two.

Average capital employed. The balance sheet total less non-interest bearing liabilities at the end and at the beginning of the financial year, divided by two.

Average equity. Equity at the beginning of the financial year plus equity at the end of the financial year added and divided by two.
Return on total capital. Income after financial items with the addition of financial costs in relation to average total capital.

Return on capital employed. Income after financial items with the addition of financial expenses in relation to average capital employed.

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

Profit margin. Income after financial items in relation to the revenue for the period.

Operating margin. Operating income after financial items in relation to the revenue for 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.

Cash liquidity. Current assets in relation to current liabilities including proposed but not adopted dividends.

Interest coverage ratio (multiple). Income after financial items plus interest expenses in relation to interest expenses.

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

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

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

Average number of outstanding shares. Weighted average number of outstanding shares during the period.

Earnings per share. Income after tax in relation to the average number of outstanding shares during the period.

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

Equity per share. Equity in relation to the number of outstanding shares at the end of the period.

Dividend per share. Actual/proposed dividend. Also includes share redemption programs.

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

NOTE 3 Revenues

	Group		Parent Company	
	2015	2014	2015	2014
Revenues				
- Gaming operations	3,028,846	2,469,040	-	-
- Licensing revenues	693,141	566,056	-	-
- Consultancy, management			2,552	2,400
- Rental fees and office services			14,275	15,210
Total	3,721,987	3,035,096	16,828	17,610

NOTE 4 Reporting per segment

Segment Information

The Group's operations are reported on the basis of one single operating segment, in accordance with the definition of an operating segment as stated in the applicable accounting principles. The basis applied for identifying operating segments for which separate reports can be prepared is the internal reporting presented to and followed-up on by the Group's most senior executive decision-making body, which is, in Betsson AB's case, the CEO. The CEO monitors operating income for the entire operations as one operating segment in a matrix organisation.

The CEO assesses the operations of subsidiary companies from a customer perspective, divided between B2C and B2B. These two parts have historically been referred to internally as the two segments. Betsson's operational matrix also consists of geographic and product-related perspectives. For accounting purposes, within B2C, Betsson reports revenues per geographical region and per product group. This specification is shown in the five-year summary on page 23, and in the following table.

The CEO evaluates segment performance based on the revenue metric. Revenues from Group operational units consist of invoiced licences for the provision of a technology platform and net of gaming stakes received and gaming winnings paid. Betsson operates an integrated business model and, therefore, does not allocate assets and liabilities according to customer category, geographical region or product category.

Betsson AB, which has its registered office in Sweden, has no external revenues in Sweden. The distribution of income in the Group per function is shown in Note 3 and the table below. The Group has one B2B customer, Realm Entertainment ltd, with revenues accounting for 18 (18) per cent of total revenues.
Of the company's non-current assets, 0.3 (0.4) per cent are attributable to Sweden.

Revenues by customer category

2015	B2C	B2B	Total
Revenues	2,918.7	803.3	3,722.0

2014	B2C	B2B	Total
Revenues	2,344.6	690.5	3,035.1

Revenues per product (MSEK)

	Casino	Poker	Odds	Other products	Total
2015	2,543.6	117.8	1,012.7	47.9	3,722.0
2014	2,094.9	116.2	778.9	45.0	3,035.1

Revenues B2C per geographic area

	Norden	EU, outside Nordic countries	Rest of Europe	Rest of the world	Total gross profit
2015	1,784.6	896.2	17.7	220.2	2,918.7
2014	1,713.6	600.0	11.7	19.4	2,344.6

NOTE 5 Business acquisitions

Financial effects of the acquisition

On 29 June, 100% of the shares in Chempionebi 111 LLC (and associate companies) were acquired. Through the acquisition Betsson gained a strategic stronghold in the region and became one of the largest parties on the Georgian market.

The company has successfully established and runs the Europe-Bet brand with several competitive product offers on the locally regulated market in Georgia. Together with Betsson's technology, there is a good basis for profitable, sustainable growth both within and outside of Georgia.

Betsson acquired the shares at an initial purchase consideration corresponding to MUSD 50. In addition to the initial purchase consideration, an additional purchase consideration for the business corresponding to a maximum of MUSD 35 can come to be paid after one year at the most, which is based on gaming regulations in Georgia, remaining unchanged as expected. This means a maximum total purchase consideration for the business corresponding to MUSD 85. In the first quarter of 2016, Betsson paid part of the additional purchase consideration, corresponding to MUSD 5.0. In addition to this, Betsson paid MGEL 1,655 (approximately MUSD 0.69) for recorded income in Europe-Bet, for the period before closing, i.e. 22 July.

The acquisition was financed via a renewal of a credit facility of MEUR 35 plus a new credit facility of MSEK 700. Both are revolving facilities, which create an attractive capital structure.

Integration and cost synergies for the development of the acquired gaming platform and revenue synergies explain the total surplus value in goodwill. None of the reported goodwill is expected to be deductible at taxation.

Reporting effects

During the course of the year, the acquired business has contributed MSEK 171.3 to Group revenues, MSEK 40.0 to Group operating and MSEK 31.4 to net profits.

The tables below show how the acquisition has contributed to Betsson's earnings in 2015.

Europe-Bet contributions during the year (MSEK)

	Betsson excluding Europe-Bet	Europe-Bet	Betsson
Revenue	3,550.7	171.3	3,722.0
EBIT	846.5	39.9	886.4
Net	800.3	31.4	831.7

Betsson if Europe-Bet had been acquired before 1 January 2015.[1] (MSEK)

	Betsson excluding Europe-Bet	Europe-Bet	Betsson adjusted
Revenue	3550.7	348.4	3899.1
Ebit	846.5	92.4	938.8
Net	800.3	79.4	879.7

[1]) In addition to the operating contribution, an expense of MSEK 7.5 was reported for the depreciation of the customer base, of which MSEK 4.2 relates to the period before 22 July. Acquisition costs of MSEK 5.4 and a cost of MSEK 2.1 related to administrative fees for the financing have been reversed. A new expense of MSEK 4.2 for depreciation of the customer base was also recorded for the period 1 January - 21 July 2015.

The table below summarises the purchase consideration paid, and fair value of acquired assets and assumed liabilities.

Current receivables and liabilities do not involve any derivatives and their fair values are equivalent to their reported values. The acquired customer base has been valued at MSEK 24.1 and the ongoing amortisation of this item will be charged to the Group's income over a period of three years. No portion of this amortisation is expected to be tax-deductible. The integration and development of the acquired gaming platform and the cost synergies lie behind the surplus value of goodwill. No portion of the reported goodwill is expected to be deductible against income tax.

	msek
Purchase consideration	
Purchase consideration paid, cash and cash equivalents on 31 December 2015	443.0
Additional purchase consideration, conditional, of which MUSD 5 was paid in February 2016	297.2
Total purchase consideration	740.2
Reported amount of identifiable acquired assets and assumed liabilities	
Cash and cash equivalents	22.9
Property, plant and equipment	15.0
Other intangible assets	1.9
Customers	24.1
Brands	384.1
Current receivables	60.2
Current liabilities	-49.7
Total identifiable net assets	458.6
Goodwill	281.6

NOTE 6 Leasing

Leasing fees for vehicles, rental fees for premises and other rented equipment included in operational leasing amounted to:

	Group		Parent Company	
	2015	2014	2015	2014
Expensed leasing and rental fees	30,683	27,513	9,316	9,499

Future minimum fees referring to non-cancellable operational leasing and rental agreements are estimated as follows:

	Group		Parent Company	
	2015	2014	2015	2014
Within one year	52,437	18,767	7,926	7,906
Within two to five years	43,994	60,077	9,835	16,631
After five years	-	-	-	-
Total	96,431	78,844	17,761	24,537

NOTE 7 Fees to auditors

The following remuneration has been paid to auditors and auditing companies for auditing and other review procedures undertaken according to relevant legislation, and for the provision of advisory services and other assistance arising as a result of observations made during the audit. Remuneration has also been paid for other independent advisory services, relating primarily to on-going tax consultations, and advice on accounting issues.

	Group		Parent Company	
	2015	2014	2015	2014
Audit assignment				
PricewaterhouseCoopers	2,392	2,925	670	640
Other auditing firms	45	143	-	-
Audit activities other than the audit assignment				
PricewaterhouseCoopers	767	101	301	101
Other auditing firms	497		497	
Tax advisory services				
PricewaterhouseCoopers	445	227	34	8
Other auditing firms			-	
Other services				
PricewaterhouseCoopers	184	70	-	31
Other auditing firms	523	1,577	-	69
Total	4,853	5,043	1,502	849

NOTE 8 Employees, salaries and fees

Average number of employees	2015		2014	
	Total	Of whom women, %	Total	Of whom women, %
Parent Company				
Sweden	12	58	11	50
Total, Parent Company	12	58	11	50
Subsidiaries				
Sweden	111	17	91	19
Denmark	8	13	8	11
Gibraltar	4	25	6	17
Philippines	0	0	55	33
China	4	25	4	25
Italy	3	67	3	67
Estonia	52	33	50	22
Poland	0	0	0	0
Malta	760	33	622	32
Georgia	630	62	0	0
Total subsidiary companies	1,572	44	839	29
Group total	1,584	44	850	30

Proportion of women in executive management	Group		Parent Company	
	2015	2014	2015	2014
Boards of Directors (per cent)	22	25	17	17
Other senior executives (per cent)	20	20	33	33

Salaries, other remuneration and social security contributions

	2015				2014			
	Salaries and remuneration	Of which CEO, Board & senior executives	Social costs	Of which pension costs	Salaries and remuneration	Of which CEO, Board & senior executives	Social security contributions	Of which pension costs
Parent Company	20,115	16,357	7,196	3,445	25,111	19,368	11,692	3,173
Subsidiaries	438,453	22,004	53,755	5,057	342,825	8,722	40,220	4,699
Total Group	458,568	38,361	60,951	8,502	367,936	28,090	51,912	7,872

Remuneration and other benefits to management and the Board of Directors

	2015				2014			
	Salary/fee	Variable remuneration	Pension costs	Variable remuneration	Basic salary/fee	Variable remuneration	Pension costs	Share-based remuneration
Pontus Lindwall, CEO as of 20 July 2015	3,600	3,511	1,358		3,600	3,484	1,281	0
John Wattin, up to May 2015	273				642			
Patrick Svensk	478				371			
Kicki Wallje-Lund	487				429			
John Wattin, up to May 2015	137				353			
Lars Linder-Aronson	460				384			
Martin Wattin, as of 1 June 2015	278							
Jan Nord, as of 1 June 2016	233							
Total Board fees including Chairman's fees, Parent Company	5,946	3,511	1,358	0	5,779	3,484	1,281	0
Board fees, foreign subsidiaries	1,867				1,706			
Magnus Silfverberg, up to July 2015	2,140	179	530	240	3,000	2,656	762	599
Other Group management	7,596	5,378	991	11,505	6,544	4,023	677	299
Total	17,549	9,068	2,879	11,745	17,029	10,163	2,720	898

Comments on the table above:
As CEO Pontus Lindwall has not received any additional remuneration other than he was entitled to as Chairman of the Board. Variable remuneration refers to bonuses that are based on quarterly revenue and operating income targets, annual business-driven key figures and that are paid in the year in which they are earned and in the following year. The Group has only defined-contribution pension plans (except for portions of pensions for employees in the Parent Company in Alecta, which are defined-benefit pension plans but which are reported as defined-contribution pension plans, see Note 2). Pension costs refer to the costs that have affected net income for the year. The present Chairman of the Board, Pontus Lindwall, is the working Chairman and receives the same salary, company car benefits, bonuses, etc. from the company as in his previous position as CEO, in accordance with the resolution made at the Annual General Meeting. For current executive managers please see page 20. Basic salaries stated above include, where appropriate, fees for consulting services within the Group.

Share-based remunerations
Share-based remuneration includes the Group's accrued costs for employee stock options and the company's future bonus remuneration upon redemption of warrants, plus expenses arising in conjunction with the exercise of warrants (option gains).

Decision-making and process planning
Fees are paid to the Chairman of the Board and Directors in accordance with decision of the Annual General Meeting.

Annual General Meeting (2015) guidelines for remuneration to senior executives
Here, senior executives means CEO, Director of Communications and CFO of the Parent Company, CEO BML and Group Legal Counsel. Remuneration is to be market-based and competitive, in order to be able to attract and retain competent senior executives. Remuneration is to comprise fixed salary and, when necessary, variable remuneration, pensions and other benefits such as, in some cases, a company car.

Any variable remuneration which may be offered to senior executives will be decided on the basis of pre-determined Group-wide and individual goals relating to the management of the company and the company's financial development, and taking into account the personal development of the individual concerned. The amount of variable remuneration that may be payable to senior executives may not exceed their basic salary.

The normal retirement age is 65. Pension terms are to be market-based and based on defined-contribution pension solutions.

Periods of notice are normally six to twelve months if the termination takes place on the initiative of the company, and six months if the termination takes place on the initiative of the executive. On notice of termination by the company, the executive will receive severance pay corresponding to a maximum of twelve months' salary.

The Board may take decisions diverging from these guidelines in individual cases, if special circumstances arise.

Bonuses

For the current CEO/Group President, the bonus for 2015 amounted to SEK 2,341,000 (2,594,000) This bonus equalled 86 (86) per cent of basic salary. The working Chairman of the Board, earned a bonus for 2015 of SEK 1,224,000 (3,406,000). This bonus corresponded to 68 (95) per cent of basic salary.

Other senior executives received bonuses for 2015 totally SEK 5,330,000 (4,023,000). The bonus for other senior executives corresponded to an average of 70 (61) per cent of basic salary.

Pensions

The pensionable age for the CEO is 65 years. For other senior executives, retirement ages vary between 60 and 65. The pension agreement specifies that pension premiums are based on pensionable salary, which means basic salary, variable salary and benefits.

Severance pay

Upon termination on the initiative of Betsson, the CEO is entitled to a period of notice corresponding to six months and severance pay equivalent to twelve months' salary. Deductions from severance payments do not apply if salary is received from other employment. Upon termination on the initiative of the individual, the period of notice is six months. Severance pay is not payable when an employee resigns.

For other senior executives, the mutual period of notice is six months. When termination of employment takes place on the initiative of the company, the employee is entitled to severance pay equivalent to up to twelve months' salary. Severance pay is not payable when an employee resigns.

NOTE 9 Depreciation/Amortisation

Depreciation/amortisation specified according to category of fixed asset:

	Group		Parent Company	
	2015	2014	2015	2014
Gaming products, systems and platforms	121,140	91,320	-	-
Customer databases	16,591	19,075	-	-
Inventories and IT equipment, etc.	22,945	17,571	680	1,432
Total	160,676	127,966	680	1,432

NOTE 10 Other operating income and other operating expenses

	Group		Parent Company	
	2015	2014	2015	2014
Profit/loss from participations in Group companies (repayment NGG purchase consideration):		38,378	-	-
Profit/loss from divestment of associated companies	-1,788	-	-	-
Capital losses on sale/ disposal/depreciation/write down of non-current assets	-1,224	66	-	-
Profit/loss from sale/disposal of non-current assets	-3,011	38,444	-	-
Operational exchange gains	4,606	-	-	-
Operational exchange losses	-5,363	-5,426	-	-
Gains/losses on forward exchange agreements		-1,913	-	-
Currency effects	-757	-7,339	-	-
Total other operating income/ costs	-3,768	31,105	-	-

NOTE 11 Forward contracts

Outstanding forward exchange rate contracts at year-end and their effects, are presented below:

Effects of outstanding contracts	Group		Parent Company	
	2015	2014	2015	2014
Exchange rate forward contracts EUR	-	-1,899	-	1,899
Exchange rate forward contracts USD	-6,143	-	-6,143	-
Total, TSEK	-6,143	-1,899	-6,143	1,899
Outstanding nominal amounts in local currency				
Exchange rate forward contracts EUR	-	38,000,000	-	38,000,000
Exchange rate forward contracts USD	34,420,000	-	34,420,000	-

All of the Group's forward exchange agreements mature within 12 months. Betsson intends to sign, on a continuous basis, new forward exchange agreements or equivalent hedging instruments, in order to minimize currency exposure.

All outstanding forward exchange agreements are reported as current liabilities, see Note 26. The effect on income of the forward exchange agreements is reported within operating expenses as Income from forward exchange agreements, see Note 10 above. Forward exchange agreements are not subject to offsetting.

NOTE 12 Net financial items

Group	2015	2014
Interest income	1,168	2,553
Liquidation profit/loss	66	-2
Exchange rate fluctuations in financial assets	7,397	-
Financial income	8,632	2,550
Interest expenses	12,063	8,634
Exchange rate fluctuations in financial liabilities	-	350
Financial expenses	12,063	8,983
Total net financial items	-3,431	-6,433

Parent Company	2015	2014
Dividends from subsidiaries	822,047	845,920
Group contributions from Swedish subsidiaries	30,780	16,799
Income from participations in Group companies	-1,741	0
Impairment of shares in subsidiaries		-23,732
Total income from participations in Group companies	851,087	838,986
Interest income, other	102	1,337
Total financial income and similar profit/loss items	851,189	1,337
Interest expenses, other	10,906	8,298
Exchange rate fluctuations, financial assets and liabilities	10,714	7,921
Total financial expenses and similar profit/ loss items	21,619	16,219
Total net financial items	829,570	824,105

NOTE 13 Tax

Tax reported in income statements:

Distribution between current and deferred tax	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Current tax	-56,595	-46,096	-	-
Deferred tax	5,350	1,971	-	-
Total	-51,245	-44,125	-	-

Reported tax is distributed as follows:

Current tax	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Sweden	0	-3,696	-	-
Outside Sweden	-56,595	-42,401	-	-
Total current tax	-56,595	-46,096	-	-
Deferred tax				
Sweden	0	3,696	-	-
Outside Sweden	5,350	-1,725	-	-
Total deferred tax	5,350	1,971	-	-
Difference between tax expense and tax based on applicable tax rate				
Reported income before tax	882,981	814,797	788,970	765,178
Tax according to current tax rate (22.0%)	-194,256	-179,255	-173,573	-168,339
Tax attributable to previous years				
Difference in tax in foreign operations	147,638	132,615		
Tax effect of non-deductible items	-4,628	-7,592	-437	-5,336
Tax effect of non-taxable items	0	10,107	174,010	173,675
Reported tax expense	-51,245	-44,125	0	0
Specification of deferred tax expense				
Changes in tax on temporary differences	5,350	1,971	-	-
Deferred tax on hedges in net investments in foreign currency	-8,003	15,868	-	-

Tax reported in balance sheets:

Non-current receivables	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Deferred tax on temporary differences	21,242	29,286	11,660	11,660
Current receivables				
Tax assets	474,951	423,872	848	1,470
Tax provisions				
Deferred tax on untaxed reserves	-	-	-	-
Deferred tax on temporary differences	5,905	5,368	-	-
Total	5,905	5,368	-	-
Current liabilities				
Tax liabilities	553,173	486,922	-	-

NOTE 14 Earnings per share

Group	2015	2014
Income after tax attributable to Parent Company shareholders	831,736	770,671
Average number of shares		
Average total number of shares	139,744,627	138,234,786
Reduced by average number of repurchased shares	-1,505,604	-1,566,279
Average number of outstanding shares before dilution	138,239,023	136,668,507
Employee stock options	0	110,916
Average number of shares outstanding after dilution	138,239,023	136,779,423
Earnings per share		
- before dilution (SEK)	6.02	5.64
- after dilution (SEK)	6.02	5.63

See note 2, Definitions, for calculation method. Average share price 2015, SEK 127.59 (77.15).

NOTE 15 Dividend per share

In recent years, Betsson has elected to utilise automatic share redemption programmes instead of paying traditional dividends. Transfers to shareholders paid in this manner in 2015 amounted to SEK 549,700 (421,500), which corresponded to SEK 3.98 (3.05) per share. At the Annual General Meeting of 12 May 2016, a share redemption for the 2015 financial year of SEK 4.51 per share will be proposed. Provided there is no change in the number of outstanding shares, this will amount to MSEK 624.2. The proposed transfer to shareholders has not been recognised as a liability in this report.

NOTE 16 Intangible assets

Group	Gaming products, systems & platforms	Brands	Customer databases	Goodwill	Total
Accumulated cost					
Opening balance 1 Jan 2014	467,047	321,286	71,539	1,604,092	2,463,964
Assets developed by the Group	127,966	-	-	-	127,966
Investments	-	15,534	-	-	15,534
Acquisitions	11,371	588,498	37,606	489,579	1,127,054
Exchange rate fluctuations	36,999	65,357	6,815	137,033	246,204
Closing balance, 31 Dec 2014	643,383	990,675	115,960	2,230,704	3,980,722
Assets developed by the Group	143,394	-	-	-	143,394
Investments	12,408	64,558	-	-	76,966
Acquisitions	6,801	384,119	24,075	281,621	696,615
Exchange rate fluctuations	-29,644	-73,392	-6,295	-111,395	-220,725
Closing balance 31 Dec 2015	776,343	1,365,960	133,740	2,400,930	4,676,973
Accumulated depreciation and impairment					
Opening balance 1 Jan 2014	329,785	-	60,040	36,273	426,098
Depreciation/amortisation for the year	95,404	-	19,075	-	114,479
Acquisitions	7,277	-	-	-	7,277
Exchange rate fluctuations	26,292		4,361		30,653
Closing balance, 31 Dec 2014	458,758	-	83,476	36,273	578,507
Depreciation/amortisation for the year	121,397		16,591		137,988
Acquisitions	5,064	-	-	-	5,064
Exchange rate fluctuations	-21,429	-	-3,495	-	-24,923
Closing balance 31 Dec 2015	563,791	-	96,573	36,273	696,637
BOOK VALUE					
As per 31 Dec 2013	137,262	321,286	11,499	1,567,819	2,037,866
As per 31 Dec 2014	184,625	990,675	32,484	2,194,431	3,402,215
As of 31 Dec 2015	212,552	1,365,960	37,167	2,364,657	3,980,336

Impairment testing of goodwill and trademarks with indefinite useful lives

The Group's reported goodwill and brands derive from the acquisition of Net Entertainment (casinoeuro.com) in 2000, the acquisition of Betsson (Betsson.com) at the beginning of 2005, the acquisition of the Betsafe Group (betsafe.com) in 2011, the acquisition of the NGG Group in 2012 and from the acquisition of the Automaten brands in 2013, the acquisitions of the Class One Holding (Oranje & Kroon Casino) Group in 2014 and the acquisition of the Europ-Bet Group in 2015. All of these assets which, together, have a carrying value of SEK 3,730,617,000 (of which goodwill amounts to SEK 2,364,657,000 and brands of SEK 1,365,960,000) are part of a single cash-generating unit.

As these assets are not amortised, an impairment test was performed in conjunction with the 2015 annual accounts by calculating the recoverable amount based on their value in use. This test showed that the recoverable amount significantly exceeded the carrying value, and that no impairment requirement for goodwill and brands with indefinite useful lives existed.

Intangible assets which are not yet ready for use, are tested annually for impairment, regardless of whether there is an indication of a decrease in value.

Important variables and methods for the estimating of values

The recoverable amount was based on the cash flow projections reflecting actual income from operations in 2015, the budget for 2015 as confirmed by the Board, and an estimate for years 2015-2018 in which an average annual rate of growth of 10 (10) per cent was assumed. Cash flows for years following 2017 were extrapolated with an annual growth rate of around 2 (2) per cent, which corresponded to an assumed average future rate of inflation.

The projected cash flows were discounted by 15 (15) per cent before tax. The effective tax rate was estimated at 6 (6) per cent.

Company management’s method for determining the values inherent to each significant assumption is based on experience and expectations regarding the performance of the market.

Betsson has conducted a sensitivity analysis as regards the following variables in the impairment testing of goodwill: discount rate, sales volume and growth rate. The sensitivity analysis indicates that there are good margins in the calculation.

NOTE 17 Tangible non-current assets

Inventories, fixtures and fittings, servers, hardware, vehicles, etc.

	Group	Parent Company
Accumulated cost		
Opening balance 1 Jan 2014	123,603	9,714
Investments	12,752	-
Acquisitions	6,084	-
Exchange rate fluctuations	7,314	-
Closing balance, 31 Dec 2014	149,753	9,714
Investments	14,824	-
Acquisitions	44,990	836
Sales/disposals	-2,607	-
Exchange rate fluctuations	-5,460	-
Closing balance 31 Dec 2015	201,500	10,550
Accumulated depreciation and impairment		
Opening balance 1 Jan 2014	69,838	7,230
Acquisitions	2,643	-
Depreciation/amortisation for the year	21,766	1,432
Exchange rate fluctuations	4,596	-
Closing balance, 31 Dec 2014	98,843	8,662
Acquisitions	30,824	-
Depreciation/amortisation for the year	18,877	680
Exchange rate fluctuations	-4,089	-
Closing balance 31 Dec 2015	144,455	9,342
Carrying value		
As of 1 Jan 2014	53,764	2,484
As per 31 Dec 2014	50,909	1,052
As of 31 Dec 2015	57,045	1,208

NOTE 18 Participations in Group companies

Company	IN	Registered offices	Participating interest (%)	Number of shares	Parent Company 2015	Parent Company 2014
Betsson Technologies AB	556651-8261	Stockholm	100%	1,000	607	107
Betsson PR & Media AB	556118-8870	Stockholm	100%	18,000	5,577	5,577
Shopsson AB	556750-4930	Stockholm	100%	1,000	100	100
Shopsson S.B. AB	556824-7141	Stockholm	100%	500	50	50
Betsson Malta Holding Ltd	C37767	Malta	100%	10,000	1,188,586	1,188,586
- BML Group Ltd	C34836	Malta	100%	-		
- Betsson Business Consulting Co. Ltd		China	1%	-		
- Scandinavian Slots Ltd	C59181	Malta	100%	-	285,000	285,000
- Betsson Payments ApS	34081506	Denmark	100%	-		
Sargo Management Ltd	C56645	Malta	100%	-		
- Clearpay Ltd	C47336	Malta	100%	-		
- Betsson Services Ltd	C44114	Malta	100%	-		
- Betsson Business Consulting Co. Ltd		China	1%	-		
- Betsson Platform Solutions Ltd	C41277	Malta	100%	-		
BSG Limited	103233	Gibraltar	100%	2,000	23	23
BSI S.R.L.	1311596	Italy	100%		93	93
Great Pike Investments AB	556205-2307	Stockholm	100%	6,000	27,066	27,066
- Betsson Business Consulting Co. Ltd		China	98%	-		
- Media Sports Development Co. Ltd		China	49%	-		
AB Restaurang Rouletter	556133-3153	Solna	100%	1,000	131	131
Intact Technology Stockholm AB	556561-4814	Stockholm	100%	1,000	901	901
Cherry Leisure AB	556169-9843	Solna	100%	2,500	290	290
Transvectio Ltd	11079281	Malta	100%	1,000	774,076	774,076
- Nordic Gaming Ltd	C37993	Malta	100%	-		
- Nordic Poker Ltd	C38467	Malta	100%	-		
- Nordic Odds Ltd	C38454	Malta	100%	-		
- Double Zero Casino Ltd	C38461	Malta	100%	-		
- Estneti OU	10858474	Estonia	100%	-		
- Triogames OU	11079281	Estonia	100%	-		
Betsson Perch Investments AB		Stockholm	100%	500	443,719	
- Championebi LLC		Georgia	100%	-		
- Europebet LLC		Georgia	100%			
- Geoslot LLC		Georgia	100%	-		
- Europebet Gori LLC		Georgia	100%	-		
- Europebet Rustavi LLC		Georgia	100%	-		
- Vip Beti LLC		Georgia	100%	-		
Betting Technologies Inc		Philippines	100%	-	3,504	3,504
Class One Holdings Ltd		Malta	100%	-	1,171,243	1,171,243
-Continent Publishing Ltd		Malta	100%	-		
- Corona Ltd		Malta	100%	-		
- Oranje Casino Ltd		Malta	100%	-		
- Swissgame Ltd		Malta	100%	-		
Total					3,900,966	3,456,747

Changes in participations in Group companies

	2015	2014
Opening cost	3,456,747	2,340,511
Acquisitions	443,669	1,171,243
Shareholder contributions	500	-
Investment of share capital in start-ups	50	-
Corrected additional purchase considera-tion NGG Tranvectico	-	-29,888
Voluntary liquidation of wholly-owned subsidiaries	-	-25,119
Closing carrying value	3,900,966	3,456,747

NOTE 19 Other long term securities holdings

Company	Share		Value	
	2015	2014	2015	2014
Rush Sports AB	-	19.90%	-	1,800

In 2015, holdings in Rush Sports AB were divested.

NOTE 20 Participations in associated companies

Company	Participating interest (%)	Group 2015	Group 2014
Media Sports Development Co. Ltd (China)	49	16,903	23,255
Consolidated carrying value		16,903	23,255
Changes in participations in Group companies, reported according to the equity method			
Opening cost		23,255	26,608
Share of income		-3,995	-7,045
Exchange rate differences		-2,357	3,692
Closing carrying value		16,903	23,255

Betsson cooperates with Media Sports Development to develop gaming solutions for the Chinese market. Reported assets, liabilities and profits in the associated companies' accounts are presented, in TSEK, in the table below. An amount of TSEK 888 (863) of the liabilities refers to current liabilities related to disbursements made by companies in the Betsson Group.

	2015	2014
Fixed assets	9,744	10,376
Current assets	8,991	16,083
Current liabilities	1,933	2,851
Net assets	16,802	23,608
Income and comprehensive income	-8,153	-14,384
Profit/loss from continuing operations	-8,153	-14,384
Total comprehensive income	-8,153	-14,384
Dividends received	-	-

NOTE 21 Receivables from payment system suppliers and other receivables

The Group and Parent Company have no other non-current receivables reported as fixed assets.

Other receivables reported as current assets:

	Group		Parent Company	
At year-end	2015	2014	2015	2014
Tax account	473	245	177	1
Receivables from payment system suppliers	316,198	318,490	-	-
Receivables from B2B/market partners	168,372	138,644	-	-
Receivables from associated companies	888	869	-	-
Deposits made to payment system suppliers and other deposits	29,000	27,700	-	-
VAT	36,157	21,365	701	232
Other products	2,253	4,708	148	72
Total	553,341	512,021	1,026	305

Receivables from payment service providers refer to receivables from banks and other credit institutions serving as credit providers (issuers of credit cards or similar) to Betsson customers. Here, the risk of bad debts refers to the individual players not being able to cover their purchases. Betsson has reported no provisions for bad debts on outstanding receivables. Betsson's assessment, based on historical losses, is that credit losses in outstanding receivables are marginal in relation to the Group's income. Receivables from gaming suppliers and payment system suppliers are to be settled within 90 days, while no significant amounts under other items were due as per closing date.

NOTE 22 Prepaid expenses and accrued income

	Group		Parent Company	
	2015	2014	2015	2014
Rental fees	4,396	9,627	2,395	2,373
Production costs	46,852	52,492	-	-
Licensing costs/gaming tax	24,161	11,816	-	-
Consultants	573	1,190	-	-
IT equipment	497	0	-	-
Other prepaid expenses	22,162	15,968	280	600
Total	98,641	91,093	2,675	2,973

NOTE 23 Cash and cash equivalents

The following components comprise the item Cash and cash equivalents in the balance sheet and cash flow statement:

	Group		Parent Company	
	2015	2014	2015	2014
Cash and bank balances	507,629	334,173	103,259	16,225
Short-term deposits (bank deposit account)	17,268	143,950	-	127,124
Total	524,897	478,122	103,259	143,349

NOTE 24 Shareholders' equity

Composition of share capital

	2015		2014	
Parent Company	Number of shares	Share capital	Number of shares	Share capital
Shares, Class A (10 votes)	16,260,000	10,840	16,260,000	10,840
Shares, Class B (1 vote)	122,155,730	81,437	121,793,481	81,196
Shares, Class C (no voting right)	4,693,351	3,129	1,565,100	1,043
Total shares	143,109,081	95,406	139,618,581	93,079

During the period 2007-2008, the Parent Company repurchased a number of its own Class B shares. A certain number of these shares have been used in the exercise of employee stock options during 2010, 2011 and 2012 and as part of the purchase consideration paid for the Betsafe Group in 2011. As of year-end, the company held 1,173 B shares and 4,693,351 C shares.

The quota value of each share is SEK 0.667. Shares of both Class A and Class B entitle the holder to the same rights to the company's assets and profits. The composition of equity in the Group and the Parent Company is specified in Note 2. Reserves are reported in the summary of changes in equity for the Group.

NOTE 25 Liabilities to credit institutes

	Group		Parent Company	
	2015	2014	2015	2014
Bank loan, carrying value in SEK '000, long-term	505,166	523,353	502,204	486,888
Bank loan, carrying value in SEK '000, short-term	228,375	-	221,300	-
Nominal amount, TEUR	80,300	55,000	80,300	55,000

The loan amount denoted in EUR is reported on the basis of hedge accounting, implying that the currency effects are reported in the consolidated financial statements directly in Other comprehensive income. No currency translation is done in the Parent Company. The loans mature in March 2017. The average interest rate incurred by the loan has been 1.14 percent, and fixed interest rates are established for 30-90 day periods.

NOTE 26 Other liabilities

	Group		Parent Company	
Other current liabilities	2015	2014	2015	2014
Other current liabilities	11,543	8,288	846	1,345
Social security contributions	2,456	4,180	573	892
Forward exchange agreements	6,143	1,899	6,143	1,899
Market partners	50,428	41,504	-	-
Gaming tax	6,106	8,226	-	-
Licences	14,413	18,695	-	-
VAT	15,811	916	-	-
Player accounts	268,875	252,283	-	-
Additional purchase consideration Orange & Kroon	137,025	285,465	132,787	265,575
Additional purchase consideration Georgia (see note 5)	287,490	-	-	-
Other products	7,774	6,411	13	13
Total	808,064	627,867	140,362	269,724

NOT 27 Accrued costs and pre-paid income

	Group		Parent Company	
	2015	2014	2015	2014
Holiday pay liabilities	14,151	14,247	2,080	1,730
Social security contributions	11,047	10,203	1,569	2,141
Salaries	26,665	19,726	4,500	6,653
Jackpot reserve	97,830	95,567	-	-
Marketing expenses	51,551	49,392	-	-
Consultancy costs	2,452	7,943	707	3,000
Restructuring costs Manila	3,031	9,463	-	-
Interest	132	176	132	176
Domain costs	34,031	-	-	-
Other products	45,403	30,825	289	211
Total	286,293	237,542	9,277	13,911

NOTE 28 Pledged assets own liabilities

	Group		Parent Company	
	2015	2014	2015	2014
Floating charges	-	-		-
Total		-		-
Floating charges held by the Group/company	35,600	35,600	35,600	35,600

NOTE 29 Contingent liabilities and commitments

Neither the Betsson Group nor its subsidiaries have any significant contingent liabilities or commitments.

NOTE 30 Closely related parties

The Parent Company has a close relationship with its subsidiary companies, see Note 18.

Services sold between the Parent Company and its subsidiary companies mainly refer to accounting, IT and management services, plus rental fees and office expenses.

The Betsson Group leases three (three) apartments from Solporten Fastighets AB, in which CEO Pontus Lindwall and former director Per Hamberg are shareholders/directors. In 2015, purchases amounted to TSEK 230 (227).

Betsson Malta and Betsson AB commission legal services from WH Law, in which director in Betsson Malta, Dr Olga Finkel, is Managing Partner. In 2015, Group fees amounted to SEK 1,572,000 (2,459,000) , of which Betsson AB fees amounted to SEK 58,000 (275,000).

Transactions with related parties are priced at market conditions. No services have been supplied free of charge.

For information on Board holdings in the company, please refer to pages 18-19. For remuneration to directors and senior executives, please see Note 8.

Transactions with related parties.

Parent Company	2015	2014
Purchases of services from related parties		
Purchases from subsidiaries	960	960
Purchases from other related parties	288	502
Sales of services to related parties		
Sales to subsidiaries	16,811	17,610
Financial transactions with related parties		
Dividend from subsidiaries	822,047	845,920
Group contributions from Swedish subsidiaries	30,780	16,799
Capital gains/losses on liquidation of subsidiary company	-1,741	-23,732
Liabilities to related parties		
Liabilities to subsidiaries	49,579	40,019
Receivables from related parties		
Receivables from subsidiaries	529,220	429,861

NOTE 31 Financial instruments

	Items were reported at fair value via the income statement - Derivatives [1]	Loans & receivables	Other financial liabilities [2]	Total carrying value	Non-financial assets & liabilities	Total balance sheet
Group 2015						
Accounts receivable						
Other receivables	-	517,184	-	517,184	36,157	553,341
Cash and bank balances	-	524,897	-	524,897		524,897
Total financial assets	-	1,042,081	-	1,042,081	36,157	1,078,238
Non-current liabilities to credit institutions	-	-	505,166	505,166	-	505,166
Current liabilities to credit institutions	-	-	228,375	228,375	-	228,375
Accounts payable	-	-	76,792	76,792	-	76,792
Other liabilities (of which derivatives 6,143)	430,658	-	327,077	757,735	50,329	808,064
Total financial liabilities	430,658	0	1,137,410	1,568,068	50,329	1,618,397
Group 2014						
Other receivables	-	490,656	-	490,656	21,365	512,021
Cash and bank balances	-	478,122	-	478,122	-	478,122
Total financial assets	-	968,778	-	968,778	21,365	990,143
Current liabilities to credit institutions	-	-	523,353	523,353	-	523,353
Accounts payable	-	-	57,756	57,756	-	57,756
Other liabilities (of which derivatives 1,899)	287,364	-	300,198	587,562	40,305	627,867
Total financial liabilities	287,364	-	881,307	1,168,671	40,305	1,208,976
Parent Company 2015						
Receivables from Group companies	-	422,461	-	422,461	-	422,461
Other receivables	-	325	-	325	701	1,026
Cash and bank balances	-	103,259	-	103,259	-	103,259
Total financial assets	-	526,045	-	526,045	701	526,746
Non-current liabilities to credit institutions	-	-	502,204	502,204	-	502,204
Current liabilities to credit institutions	-	-	221,300	221,300	-	221,300
Accounts payable	-	-	2,262	2,262	-	2,262
Liabilities to Group companies	-	-	115,519	115,519	-	115,519
Other liabilities (of which derivatives 6,143)	6,143	-	132,787	138,930	1,433	140,363
Total financial liabilities	6,143	0	974,072	980,215	1,433	981,648
Parent Company 2014						
Receivables from Group companies	-	429,861	-	429,861	-	429,861
Other receivables	-	73	-	73	232	305
Cash and bank balances	-	143,349	-	143,349	-	143,349
Total financial assets	-	573,283	-	573,283	232	573,515
Non-current liabilities to credit institutions	-	-	486,888	486,888	-	486,888
Accounts payable	-	-	1,760	1,760	-	1,760
Liabilities to Group companies	-	-	40,019	40,019	-	40,019
Other liabilities (of which derivatives 1,899)	1,899	-	265,575	267,474	2,250	269,724
Total financial liabilities	1,899	-	794,242	796,141	2,250	798,391

[1] Financial instruments at fair value are classified according to a fair value hierarchy. The different levels of the value hierarchy are defined as follows:
- Listed prices (unadjusted) on active markets for identical assets or liabilities (Level 1)
- Observable data for the asset or liability other than listed prices included in Level 1, either directly (i.e. price listings) or indirectly (i.e. derived from price listings) (Level 2).
- Data for the asset or liability which is not based on observable market data (i.e. non-observable data) (Level 3)
- The company's items at fair value within Level 1 for 2015 consist of a forward exchange agreement of 6,143 and in Level 3, liabilities for additional purchase consideration of 424,515.
- The company's items at fair value within Level 1 for 2014 consist of a forward exchange agreement of 1,896 and, within Level 3, a liability for additional purchase consideration of 285,465.

Fair value

The fair values of financial assets and liabilities have been calculated based on market value, where possible. The fair values of interest-bearing financial assets and liabilities that are not derivatives are calculated based on future cash flows of principal and interest according to the effective interest method.

For current financial assets and liabilities, including liabilities to credit institutions, with variable interest rates and short terms to maturity (90 days), fair value is considered to be the same as carrying value. The fair value of current, interest-bearing receivables and liabilities is considered, because of the short duration of the term, to be equal to carrying value.

Outstanding bets in the games in which Betsson assumes open positions against the players are expensed (i.e. no profits are reported from games which have not been concluded as per the balance sheet date) and are included in the item Other financial liabilities at acquisition cost.

NOTE 32 Share-based remuneration

Betsson's incentive programmes were introduced at the end of 2008. The programmes are resolved on by the Annual General Meeting. Share warrants are allocated the Betsson's senior executives and other key employees as determined by the Board.

In total, five incentive programs have been resolved on and initiated since the beginning of 2008. Each incentive programme consists of various elements, where employees (in Sweden) are offered share options at the market price or offers (Sweden and abroad) compensation free employee stock options, provided the participants have invested in Betsson shares or that the company achieves a pre-determined turnover target. Share options are normally issued with a fixed redemption price amounting to 120-130 per cent (depending on the length of the programme) of the share market price on the allocation date. The Group assumes no legal or informal obligation to repurchase or settle the warrants in cash.

Employee stock options are conditional on the employee remaining in the service of the Company during the earnings period and that the employee has retained their initial investment in Betsson shares or that the company has reached a pre-determined turnover target.
For individuals holding share options, the Board may resolve on payment of a bonus corresponding to the amount of the option premium initially paid. Any bonus is conditional upon the employee exercising the warrants and remaining in the service of the Group at the time of exercise.

Share options are valued in accordance with the Black-Scholes option valuation model. The table below shows the fair value of the warrants and the assumptions included in calculations. Volatility has been determined on the basis of historic volatility and expected volatility adjusted for the growth in the size and stability of the company, and of the industry.

Type of instrument	Warrant	Employee stock option	Purchase option	Employee stock option	Purchase option	Employee stock option
Issue date	14/11/2011	14/11/2011	30/08/2013	30/08/2013	30/06/2015	30/06/2015
Average share price on issue date (SEK)	50.73	50.73	59.58	59.58	115.33	115.33
Redemption price per share (SEK)	60.88	60.88	71.54	71.54	149.93	149.93
Number of participants	21	25	15	28	16	79
Number of paid warrants/allocated employee stock options	1,347,000	1,185,990	489,000	1,076,100	565,406	2,839,600
Final redemption date	31/03/2014	31/03/2014	30/06/2015	30/06/2015	15/08/2018	15/08/2018
Anticipated duration (months)	27.5	27.5	22	22	37.8	37.8
Risk-free interest rate (per cent)	1.00	1.00	1.24	1.24	-0.27	-0.27
Expected volatility (per cent)	27.39	27.39	22.20	22.20	21.04	21.04
Fair value per option (SEK)	2.00	2.00	2.00	2.00	3.56	3.56

Changes in the number of outstanding employee stock options and their weighted average redemption price are presented in the table below:

	2015		2014		2013	
	Redemption price/option, (SEK)	Number of options	Redemption price/option, (SEK)	Number of options	Redemption price/option, (SEK)	Number of options
As per 1 January	71.54	1,022,100	69.15	1,387,140	60.88	924,990
Allocated	149.93	2,839,600	-	-	71.54	1,076,100
Forfeited	144.22	-358,100	71.54	-54,000	60.88	-613,950
Exercised	71.54	-996,000	60.88	-311,040	-	-
As per 31 December	149.93	2,507,600	71.54	1,022,100	69.15	1,387,140

NOTE 33 Financial risks

The Group's financial activities are conducted according to a financial policy adopted by the Board, which is characterized by the objective of minimizing risk levels in the Group.
Financial activities and financial risk management are coordinated via the Parent Company, Betsson AB, which is also responsible for the investment of surplus liquidity. Financing of the subsidiaries is primarily undertaken via the Parent Company. The wholly-owned operating subsidiaries are solely responsible for the management of their own financial risks, within the framework established by their respective Boards of Directors after coordination with the Parent Company.

Currency exchange risks

Profit/loss for the Group is exposed to exchange rate fluctuations when sales are made in currencies differing from those in which expenses are incurred (transaction exposure). Group revenue is affected, primarily, by fluctuations in NOK, SEK, EUR, GEL and TRY. Group costs are affected mainly by fluctuations in SEK, EUR and GEL.

As per year-end 2015, the Group had external loans amounting to MSEK 870.6 (consisting of bank loans amounting to 733.5 (MEUR 80.3) and liability regarding additional purchase consideration amounting to 137.0 (MEUR 15), denominated in EUR, for which hedge accounting is applied to protect against exchange rate fluctuations in net investments in foreign subsidiaries, i.e. no currency effects from the external loans impact net income for the year; these are reported in Other comprehensive income. See Note 25. The loans have been raised in order to finance acquisitions of companies whose assets are located in EUR countries and whose presentation currency, consequently, is EUR. The value of the loans is lower that the acquired assets, which amount to MEUR 130, and the hedging is 100 per cent effective. The amounts reported above are fair values and the values recognised in the consolidated balance sheet. With regard to the Europ-Bet acquisition there is an additional purchase consideration liability of MUSD 34.4 that has been hedged with a forward contract, see Note 11.

Income is also affected by exchange rate fluctuations when the financial results of foreign subsidiaries are translated to Swedish krona (translation exposure). The company's policy stipulates that management should not speculate on exchange rate fluctuations. Instead, management shall seek to minimise the impact of exchange rate fluctuations on the income statement. To the greatest extent possible, management works to match incoming and outgoing cash flows in the same currency. Betsson uses financial hedging instruments in order to offset currency effects.

Sensitivity analysis

Company exposure in various currencies is complex, and the company continually evaluates models for sensitivity analysis, but, to date, Betsson has yet to identify a model that has proved to be sufficiently accurate to be able to show, in a simple manner, how currency fluctuations impact the various items in the income statement.
Factors important in this context are revenues and expenses in varying currencies where the volume of such items in given currencies fluctuates over time. Furthermore, balance sheet items in various currencies invested in companies in various countries during given periods can produce a greater exposure than reported in the income statement as operational exposure. In addition to these factors, it can be pointed out that management actively seeks to minimise currency exposure and the degree to which Betsson succeeds in this effort also impacts, in the end, the company's income. Consequently, management has found that the models which have been analysed to date have not been sufficiently detailed to provide a true and fair view of the company's currency exposure, but, instead, have had a negative impact on the understanding of the actual currency exposure. For example, it is possible to produce a currency exposure analysis covering solely the company's total fixed expenses, but it is not possible to relate the outcome of this analysis directly to operating income, due to the fact that a portion of the currency effect would be counter-impacted by equivalent movements in revenues, and due to the fact that other fluctuations in revenues in other currencies would occur.

Refinancing risk, liquidity risk and capital management

The Group's operative gaming activities are financed via its own resources, while acquisitions have been financed via new share issues and external credit. The foreign subsidiaries are financed mainly through equity, and, if necessary, internal loans from the Parent Company. Since June 2012 (in association with the acquisition of NGG) and also in 2013, 2014 and 2015, external credit has been utilised. Betsson's goal, traditionally, has been to have a low level of debt, with an equity/assets ratio of at least 40 per cent. As shown in the five-year review earlier in the annual report, the equity/assets ratio has not dropped below 53% in the last 5 years. The Group's property, plant and equipment consist primarily of IT hardware and inventory. Future investments in property, plant and equipment are primarily expected to be financed via internally generated funds or leasing solutions.
It has also been determined that the procurement of external financing may also be necessary in connection with the expansion of Betsson's operations in the future, as well as for the possibility of larger company acquisitions.

Interest rate risk

Group revenue and cash flow from operations are essentially independent of changes to the market interest rates. Surplus liquidity in the Group is primarily used to pay revolving short-term bank credit. As of year-end 2015, the Group had bank loans amounting to MSEK 733.5, with rolling Euribor 1-3 month fixed interest periods, see Note 25. Prevailing interest rates may currently be low, but since the company's surplus liquidity is used to pay down bank loans, there are no inherent material risks in the effects of a change in interest rates.

Counterparty risk and credit risk

The Group's financial transactions give rise to credit risks on financial counterparties. Betsson has no significant concentration of credit risks.

Gaming operations conducted on the internet represent a credit risk for operators. The credit risk in e-commerce does not differ from the credit risk for other transactions using credit cards. To protect itself, Betsson has implemented internal systems that significantly reduce fraud. Betsson is of the opinion that it has taken sufficiently reasonable steps to protect itself against fraud and credit risks.

NOTE 34 Significant events after balance day

As a consequence of lower Sportsbook margins, the first quarter of 2016 (up to publication of the fourth quarter report) started with revenues just under the daily average for the fourth quarter of 2015. The underlying activity normally follows seasonal patterns. In early 2016, Betsson opened a development centre in London. The Applied Digital Technology Centre is designed to assure top class technology skills provision. There have been no other significant events after the end of the reporting period. On 1 March 2016, the CEO of Betsson Malta was appointed CEO and Group president of Betsson AB.

PROPOSED APPROPRIATION OF PROFITS

The Annual General Meeting of shareholders has the following profits in the Parent Company at its disposal:

Amounts in SEK	
Net profit/loss for financial year 2015	788,970,376
Retained earnings and non-restricted reserves	2,315,375,678
	3,104,346,054

The Board and the CEO propose that the entire amount, SEK 3,104,346,054, be carried forward.

TRANSFER TO SHAREHOLDERS

Ordinary transfer

The Board proposes to the Annual General Meeting that the amount of SEK 624,250,000 (provided that the number of outstanding shares does not change) be transferred to shareholders. No transfer will be made for the 1,173 Class B shares and the 4,693,351 Class C shares held by the Company. Reversal is proposed via a share split 2 for 1, with mandatory redemption of the second share at a price of SEK 4.51 per share. After implementation of the proposed appropriation of profits and the redemption program, retained earnings and non-restricted reserves, and total equity in the Parent Company Betsson AB will amount to SEK 2,480,096,000 and SEK 2,828,781,000 respectively.

The annual report and consolidated financial statements for Betsson AB (publ) for the year 2015 have been approved for publication in accordance with the Board's resolution on 1 April 2016. It is proposed that the annual report and consolidated financial statements be adopted by the Annual General Meeting on 12 May 2016.

The undersigned hereby declare that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the Group's and the Parent Company's financial position and results, and that the Group Management Report and the Parent Company Management Report provide an accurate overview of the development of Group's and the Parent Company's operations, financial position and results, as well as describing significant risks and factors of uncertainty faced by the companies included in the Group.

Stockholm 1 April 2016

Pontus Lindwall
Chairman of the Board of Directors

Lars Linder-Aronson
Board Member

Patrick Svensk
Board Member

Kicki Wallje-Lund
Board Member

Jan Nord
Board Member

Martin Wattin
Board Member

Ulrik Bengtsson
President and CEO, Betsson AB

Our audit report was submitted on 4 April 2016
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of Betsson AB (publ), corporate identity number 556090-4251

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Betsson AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 5-9, 13-52.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement of the parent company, the statement of comprehensive income of the group and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Betsson AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 04 April 2016
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

ANNUAL GENERAL MEETING AND OTHER INFORMATION

ANNUAL GENERAL MEETING

The Betsson AB (publ) Annual General Meeting will be held on Thursday 12 May 2016 at 10:00AM in Filmstaden Sergel Stockholm, Slöjdgatan 6, Hötorget, Stockholm, theatre 6.

Shareholders wishing to attend the Annual General Meeting must:

- be registered in the shareholder register maintained by Euroclear Sweden AB by no later than 6 May 2016 and
- have notified the company of their intention to participate in the Annual General Meeting by no later than 12:00PM on 9 May 2016.

Notification to attend the Annual General Meeting is to be made by the registration form at www.betssonab.com. Prospective attendees can also register by phone on +46 8506 403 00. Notification to attend shall include the attendee's name, civil registration number/company identification number, address, telephone number and shareholding. If participation is by proxy, notification to attend the General Meeting must include a power of attorney, incorporation certificate or other appropriate authorisation, sent to the Company (anders.eriksson@betssonab.com). A power of attorney form for shareholders wishing to attend by proxy will be available on the company website, www.betssonab.com. Shareholders whose shares are managed through nominee shareholders must, in order to be entitled to participate in the Annual General Meeting, temporarily register their shares in their own names with Euroclear Sweden AB. Shareholders wishing to re-register must notify their nominee well in advance of 6 May 2016.

OTHER INFORMATION

Betsson intends to publish financial information relating to the 2015 financial year as follows:

Quarterly Report Q1

Interim report January-March 2016__________ 20 April 2016

Quarterly Report Q2

Interim report January-June 2016___________ 21 July 2016

Quarterly Report Q3

Interim Report January-September 2016 20 October 2016

Quarterly Report Q4

Year-End Report January-December 2016 9 February 2017

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