

betsson ab

Q1 2020

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OUTLINE

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Product & Technology update

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Summary

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HIGHLIGHTS

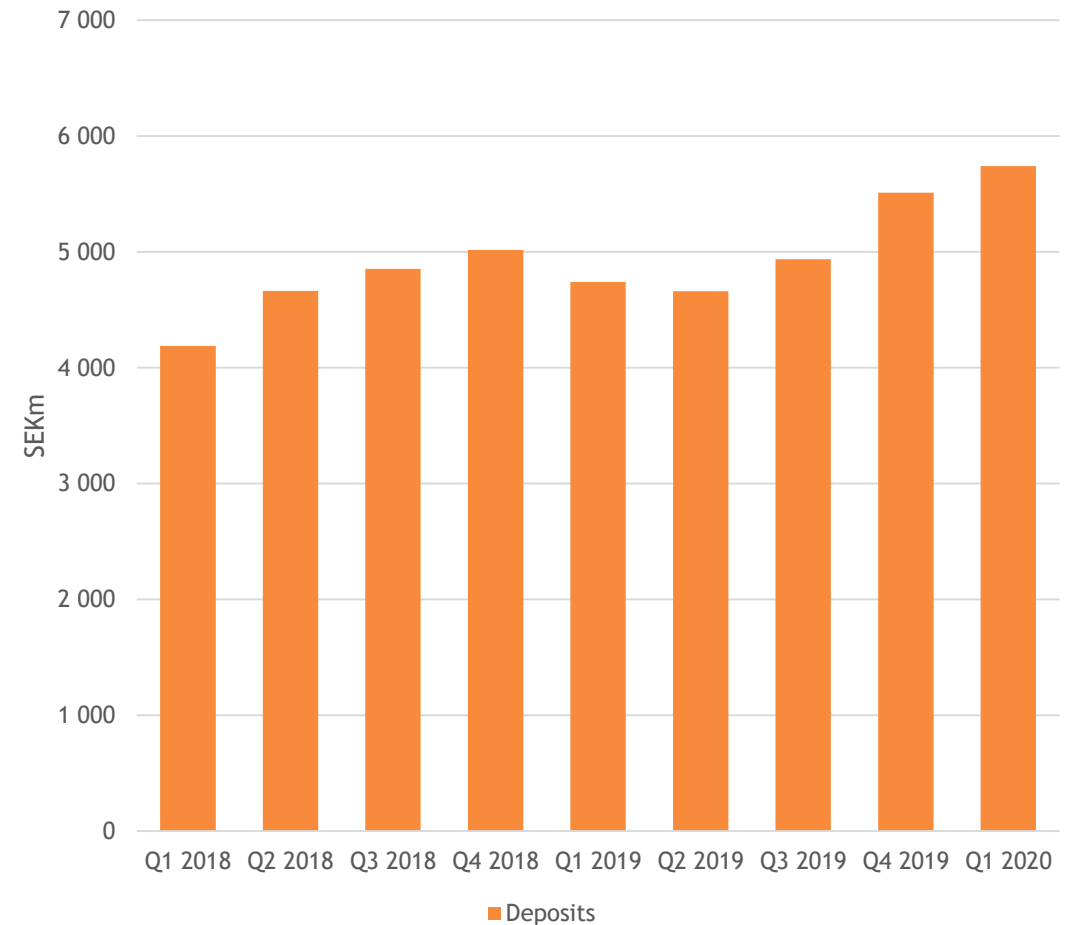
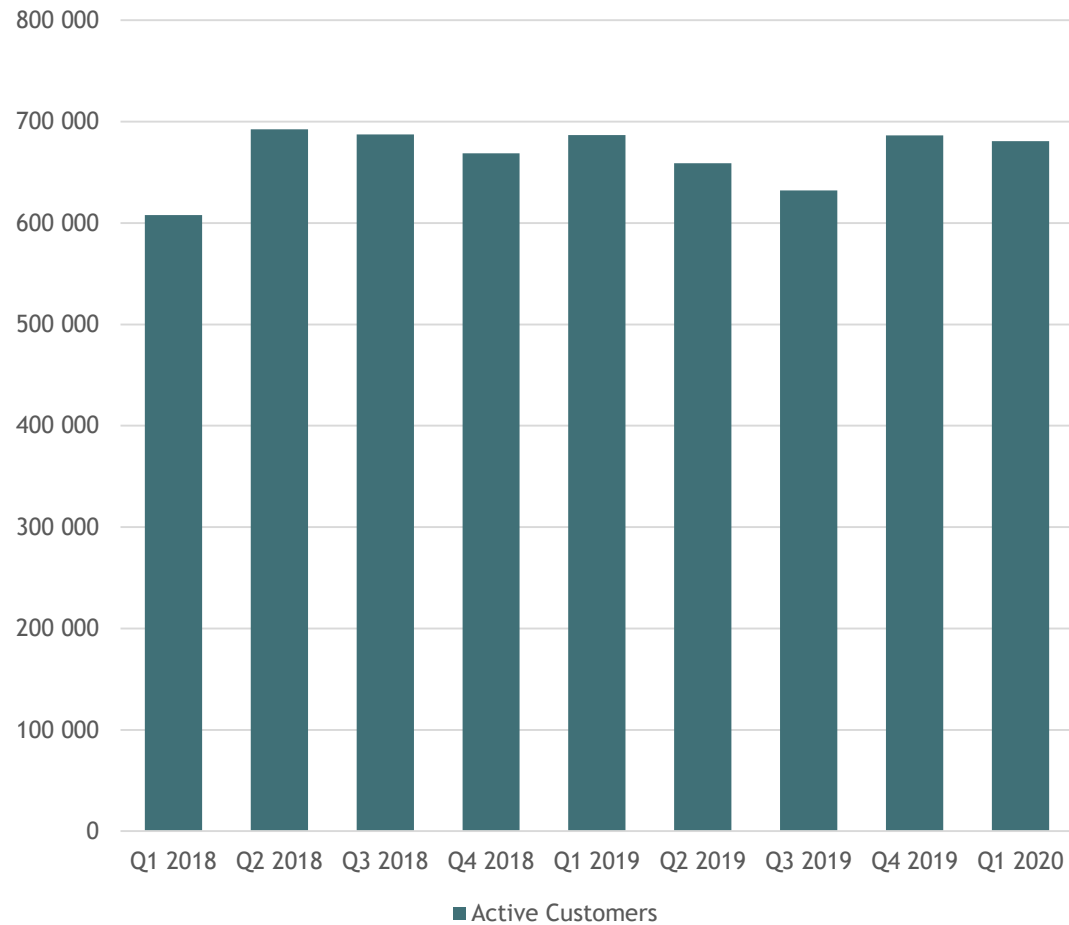
- Strong results in all areas
- Sustainable growth strategy delivers
- Revenue SEK1,418m +7% Y/Y
- EBIT SEK261m, EBIT margin 18.4%
- Sportsbook revenue growth +29% All-Time High revenue
- Launch of new mobile casino product
- Acquisition of GiGs B2C vertical completed
- Milestone reached for sportsbook B2B
- Share buy-back of SEK60m to improve capital structure by reducing number of shares

The logo for Jalla! CASINO is displayed on a purple background. The word "Jalla!" is written in a large, white, rounded font, and "CASINO" is written below it in a smaller, yellow, bold, sans-serif font. The background features faint, stylized icons of a smartphone, a laptop, and a roulette wheel.

**SVERIGES STÖRSTA
PAY & PLAY CASINO**

Åldersgräns 18 år | stodlinjen.se | Spela ansvarsfullt

ACTIVE CUSTOMERS AND DEPOSITS



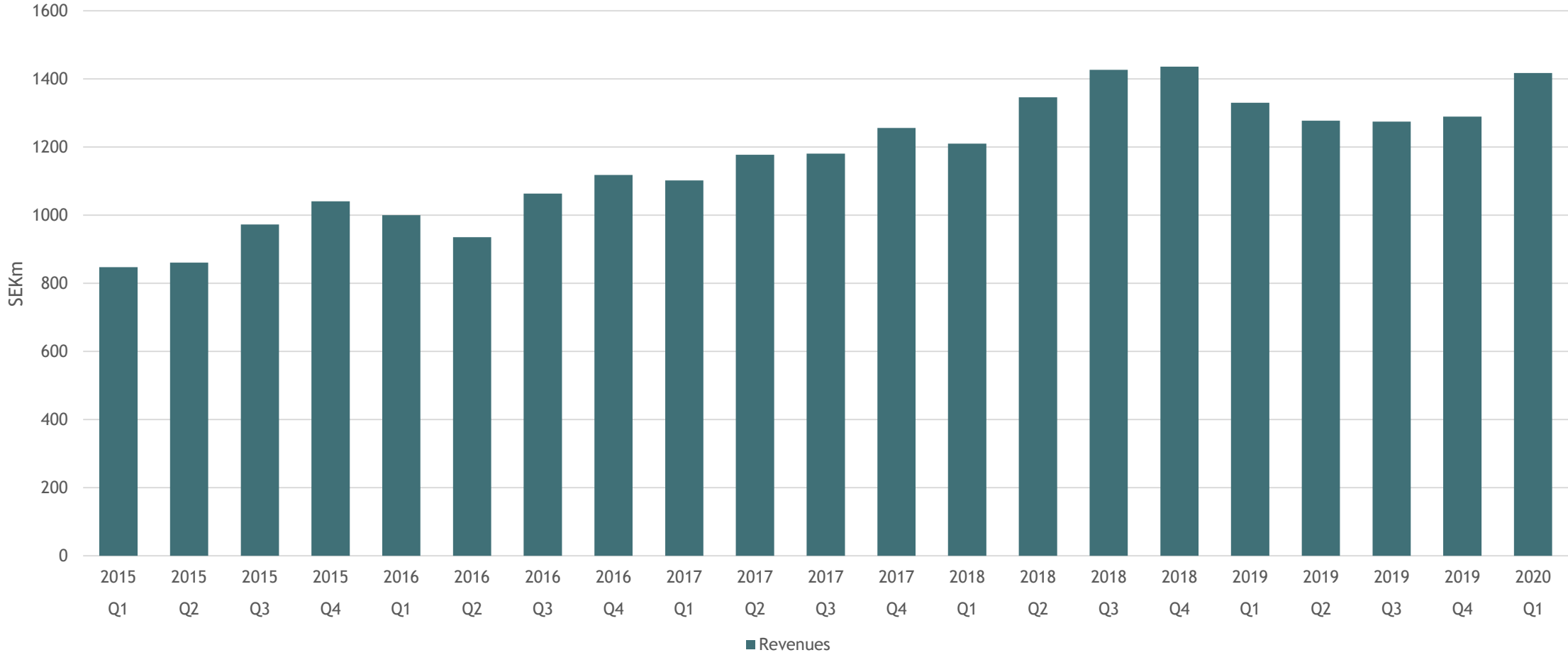
COVID-19 UPDATE

- Managing health and safety via remote working - the whole business is operating well
- Products and services delivered to the same high quality, passion and standards as prior to the crisis
- Increase in casino activity partly mitigates the impact on sportsbook revenues from absence of sporting events
- Strong and sustainable financial position, low gearing and high margins enable concurrent handling of market fluctuations and exploring growth opportunities

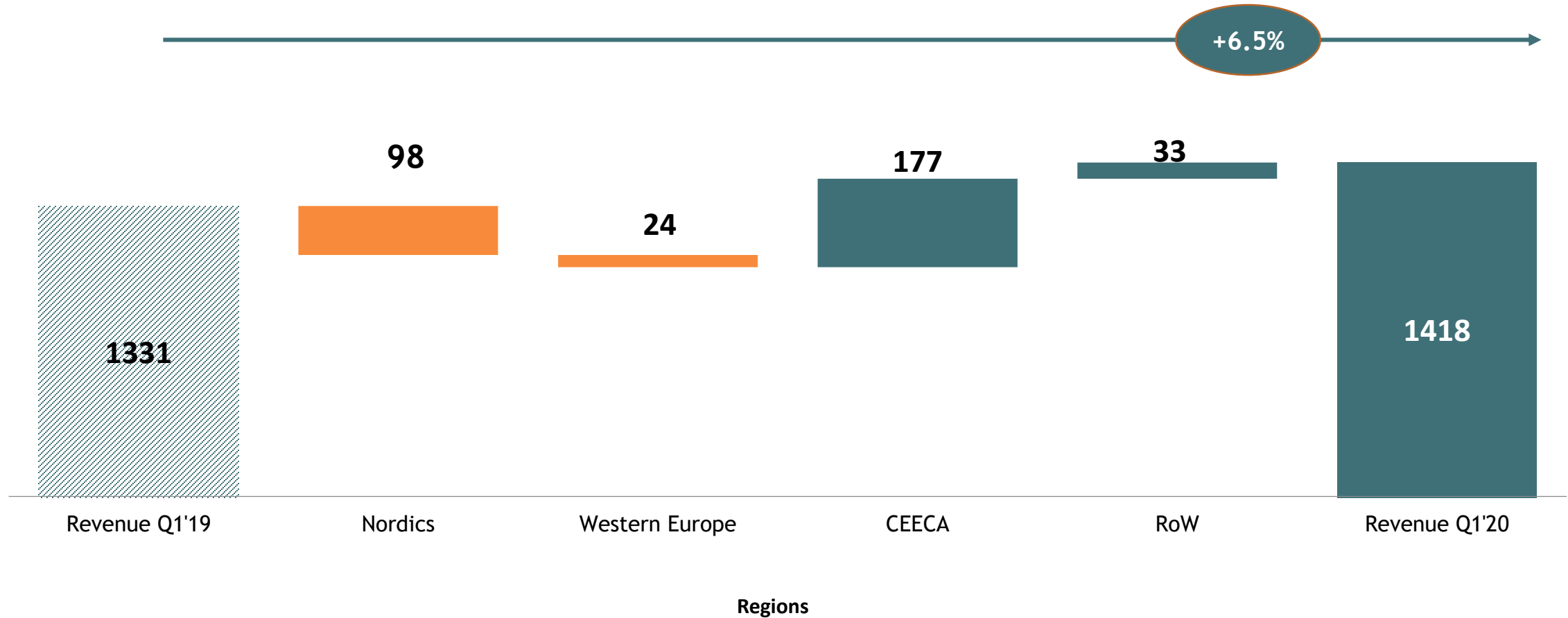


FINANCIAL OVERVIEW & TRADING UPDATE

5Y REVENUE DEVELOPMENT

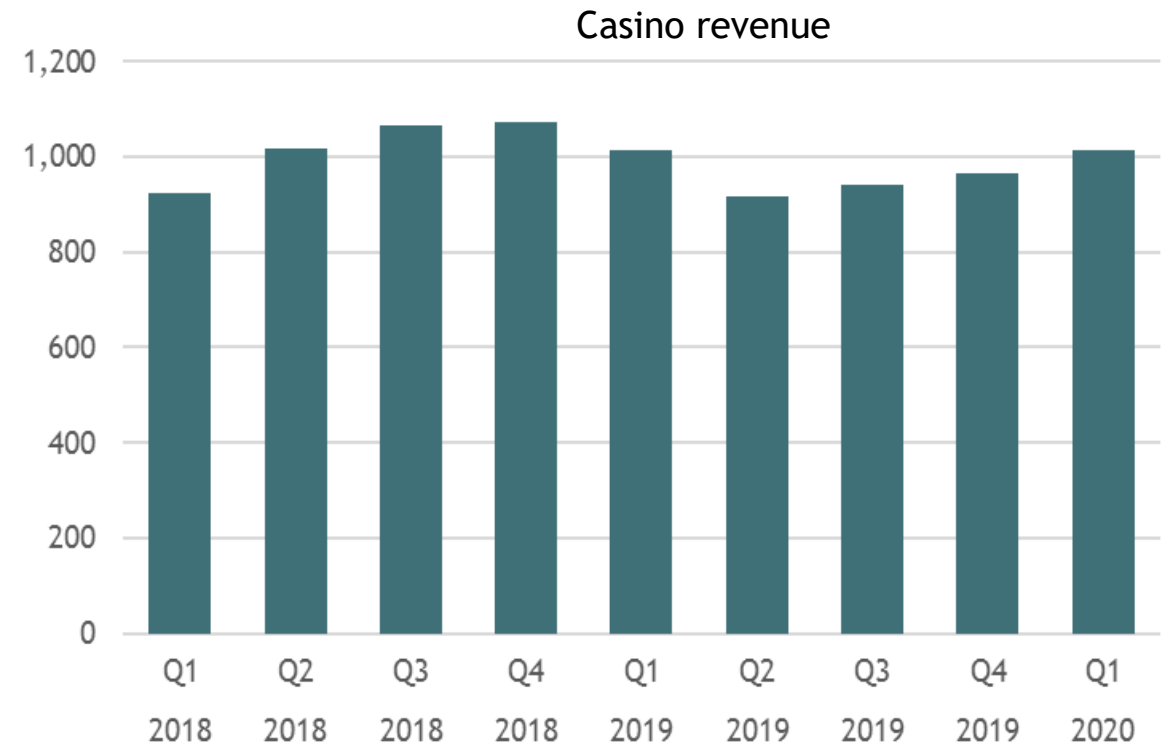


REVENUE DEVELOPMENT BY REGION



CASINO DEVELOPMENT

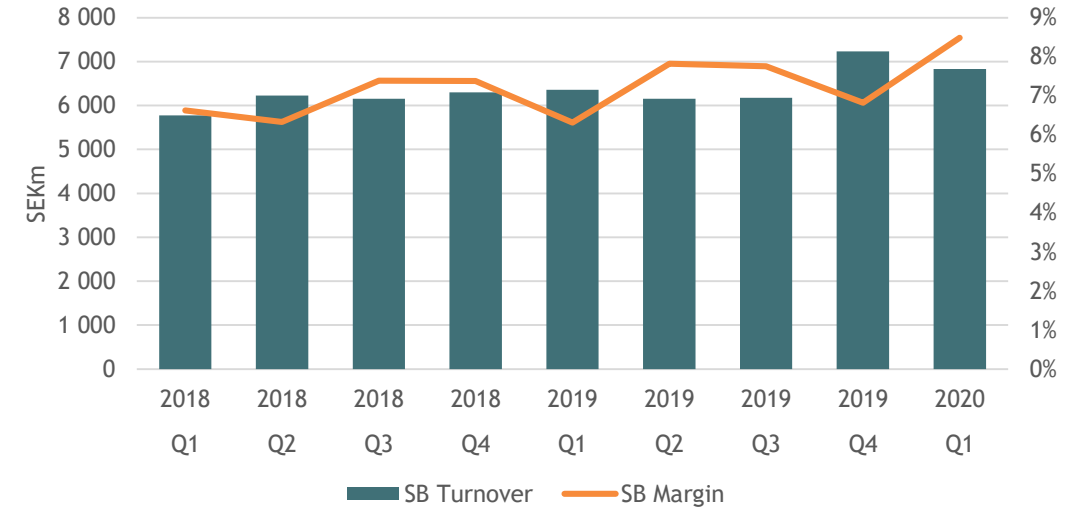
- Casino revenue performed in line with Q1 2019, representing 72% of total revenues
- Gaming on mobile devices 67% (66%) of total casino revenues
- New casino product added late March with compelling UX
- Live casino share of total casino revenue is 22%



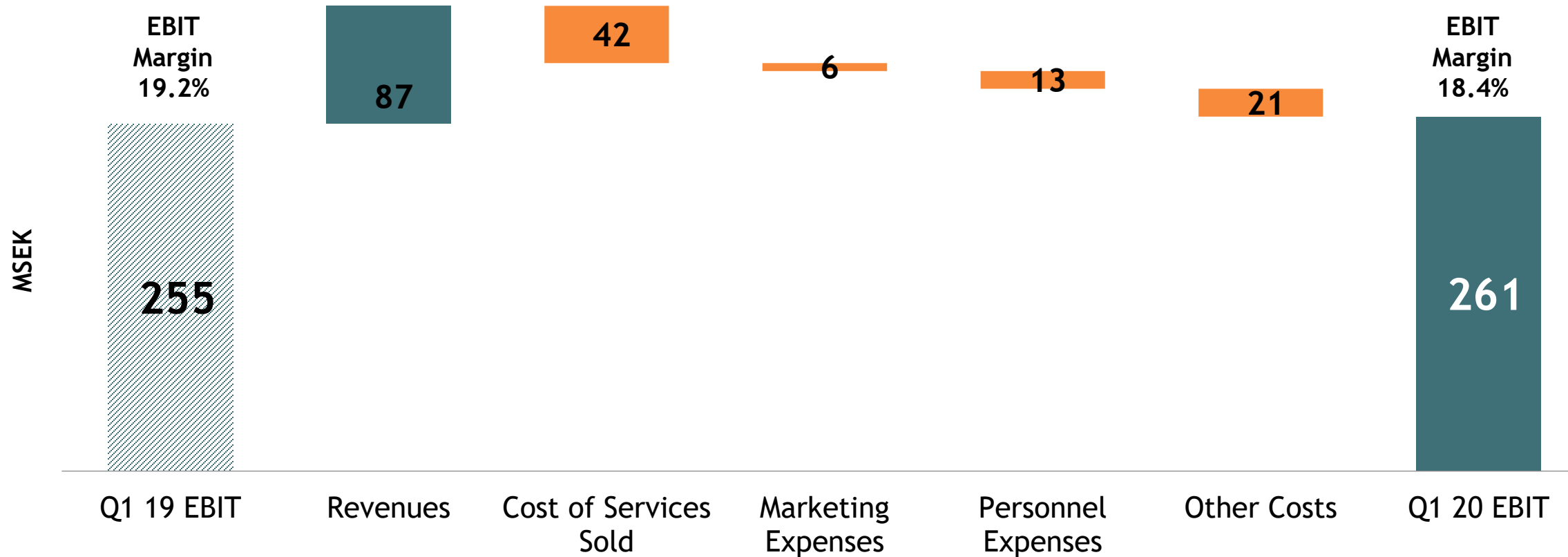
SPORTSBOOK DEVELOPMENT



- Sportsbook gross turnover growth +8% Y/Y
- Sportsbook margin 8.5% (6.3%)
- All-time high sportsbook revenue +29%
- Sportsbook revenue 27% of total revenue
- Mobile accounted for 81% of total sportsbook revenue
- 50,108 live betting events - competitive offering



EBIT DEVELOPMENT YOY



CASH FLOW & FINANCIAL POSITION

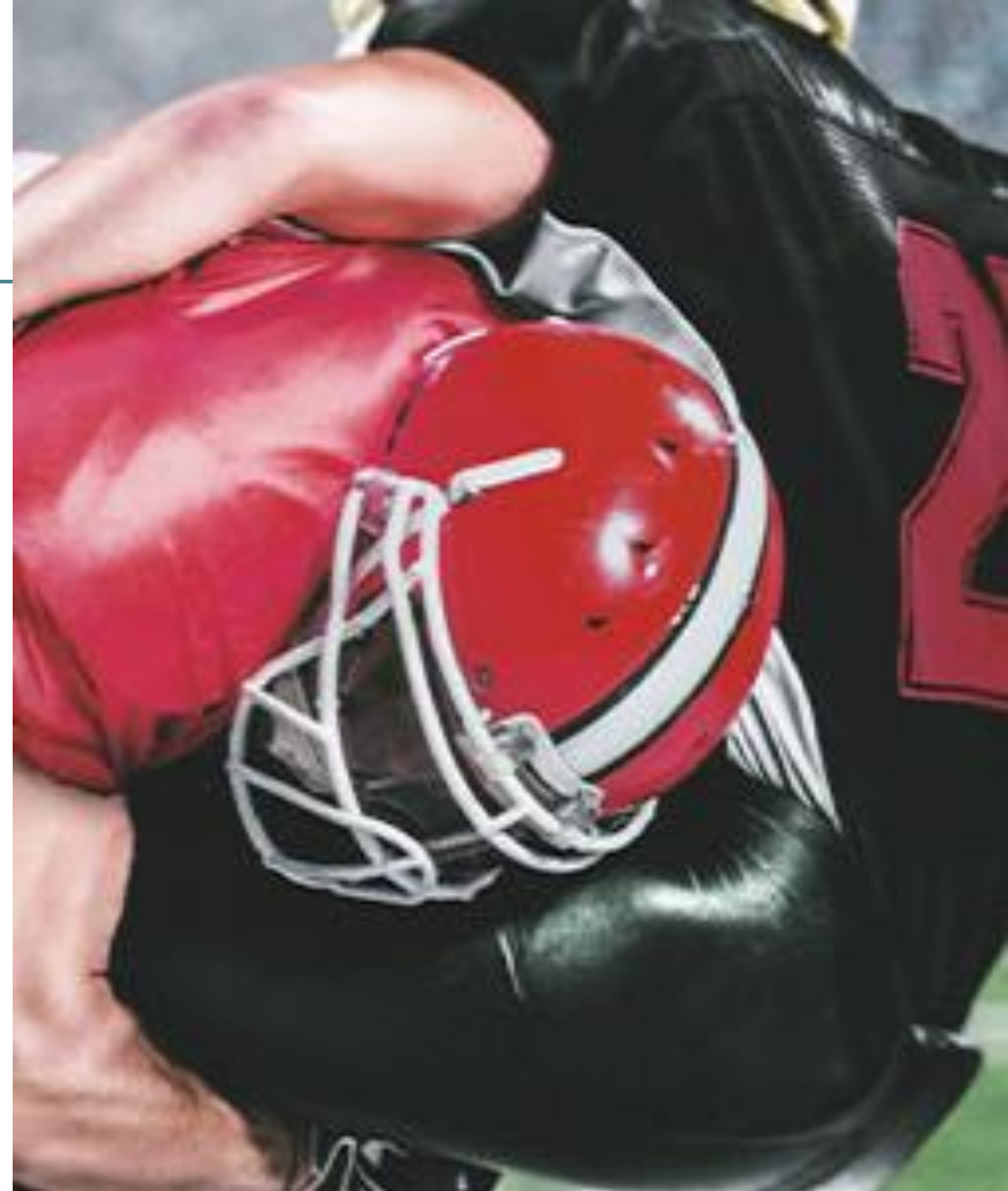
- Operating cash flow SEK 322 million
 - Mainly driven by operating income and positive impact from changes in working capital
- Investments
 - Driven by investments in Betsson’s proprietary technology
- Financing activities
 - Include buy-back of own shares and utilisation of RCF
- Net debt SEK 26 million (53)
 - Net debt/EBITDA 0.0 (0.0)
- Equity/assets ratio 67% (63%)

SEK m	Q1 2020	Q1 2019	FY 2019
Operating cash flow	322	215	1,150
Cash flow from investing activities	-87	-77	-294
Cash flow from financing activities	-3	-15	-714
Cash flow for the period	232	122	142
Cash and cash equivalents, end of period	909	619	639

Q2 2020 TRADING UPDATE*

- Daily average revenue until 16 April was equal to (2% organic) the full second quarter 2019
- Near-term trading hard to predict due to:
 - uncertainty on major sporting events' timetable
 - duration of the covid-19 impact
- All major business activities remain as normal

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



PRODUCT & TECHNOLOGY UPDATE

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LAUNCH OF NEW CASINO PRODUCT



The advertisement is split into two main color sections: purple on the left and yellow on the right. On the purple background, a cartoon cowboy character with a black hat, a mustache, and a goatee is shown from the waist up. He is wearing a dark suit jacket over a white shirt and a dark tie. He has a lit cigarette in his mouth and is holding a silver revolver in his right hand, with a bright light emanating from the barrel. To the right of the character, the text 'Inget hassle här' is written in white, 'Sveriges tyngsta mobilcasino' in yellow, and a green button with the white text 'SPELA HÄR' is positioned below. On the yellow background, the 'Jalla! CASINO' logo is displayed inside a purple speech bubble. At the bottom right of the yellow section, the text '18+ | stödlinjen.se | Spela ansvarsfullt' is written in black.

Inget hassle här
Sveriges tyngsta mobilcasino

SPELA HÄR

Jalla!
CASINO

18+ | stödlinjen.se | Spela ansvarsfullt

- A mobile casino with smart access and payment methods launched in Sweden mid-March
- Based on simplicity in: Registration, Deposits and Quick withdrawals
- This segment represents apprx. 20% of the Swedish online casino gambling market

SPORTSBOOK ENABLED FOR B2B AND NEW MARKETS

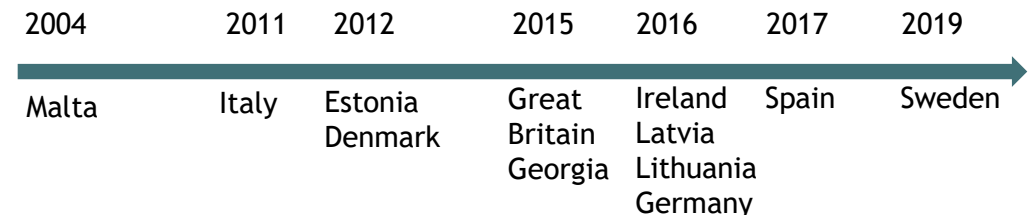
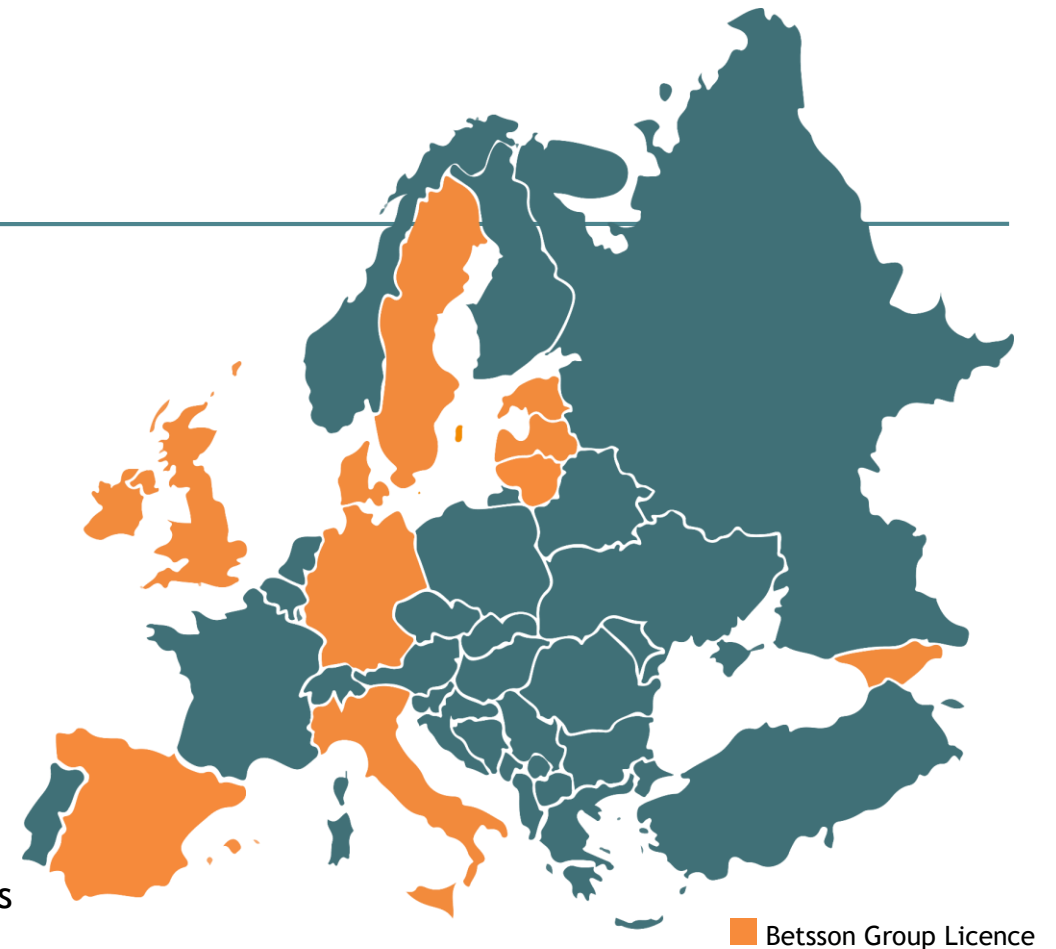


- Investments in building a flexible and competitive sportsbook enabled for B2B
- The solid technical platform and flexible odds compiling drive revenue to relevant events
- Additional markets and new features such as partial cash out added to enhance UX
- Ongoing development of the sportsbook to be compliant in new markets

REGULATION & SUSTAINABILITY

REGULATORY UPDATE

- The Netherlands
 - Market opening postponed to July 2021
 - Dutch government has extended the 24 months cooling-off period by six months
- Germany
 - Licensed sport betting market opened on 1 Jan 2020, interim regime until July 2021, federal ban on online casino and wagering limits
 - The sports betting licensing came to a halt early April as the licensing process was seen non-transparent and discriminatory by a Darmstadt court, creating further delays
- Latvia
 - Emergency measure taken due to covid-19, requiring all gambling venues incl. online gambling to be closed, Betsson filed a complaint in the local administrative court
- Spain
 - Temporary ban of all gambling advertising due to the covid-19 outbreak



SUSTAINABILITY - COMMUNITY ENGAGEMENTS

Betsson support its local communities through covid-19, some examples:

- Remote working for social distancing
- Supporting local health organisations
- Company apartments to frontline healthcare
- Personal Protective equipment (PPE)



Sustainability framework

People
impact

Climate
impact

Community
impact

Responsible
gaming

Business
compliance

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

SUMMARY

- Strong quarter in all areas proving strategic direction
- New casino product launched, enhancing UX
- Milestone reached by signing first B2B sportsbook customer
- All-time high revenue in sportsbook
- Acquisition of profitable gaming vertical
- Share buy-back to improve capital structure
- Resilience to market fluctuations, high and stable profit margins plus a strong balance sheet create the opportunity for both organic and acquisitive growth

Proprietary technology and scale
secure the future

Strong financials to deliver
strategy

Diversified business through
multi-brand strategy and
geographical spread

Transition from land-based to
online gaming drives industry
growth

Operational excellence,
passionate and skilled people

Many years of
extensive
gaming
industry
experience

LEGAL DISCLAIMER

Betsson AB gives forecasts. Certain statements in this report presentation are forward-looking and the actual outcome may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, the effectiveness of copyright for computer systems, technological developments, fluctuation in exchange rates, interest rates and political risks.

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