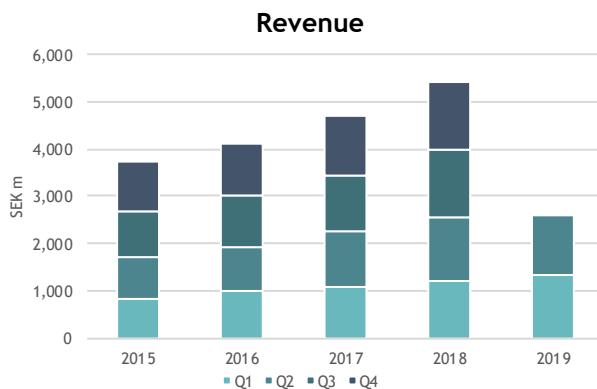


Betsson AB (publ) interim report, 1 January - 30 June 2019

## Geographical spread and cost control provide profitability despite market challenges

### QUARTER APRIL - JUNE 2019

- Group revenue was SEK 1,277.7 (1,346.4) million, a decrease of 5 percent with an organic decrease of 4 percent.
- Casino revenue declined by 10 percent and Sportsbook revenue grew by 14 percent, with a sportsbook margin of 7.8 (6.3) percent.
- Operating income (EBIT) was SEK 196.9 (300.7) million, equivalent to an EBIT margin of 15.4 (22.3) percent.
- The underlying EBIT (adjusted for a SEK 19 million fine) was SEK 215.9 million, equivalent to a margin of 16.9 percent.
- Operating cash flow amounted to 390.6 (271.2), an increase of 44 percent.



### KEY DATA

SEK m	Q2 2019	Q2 2018	Δ	Jan-Jun 2019	Jan-Jun 2018	Δ	Jan-Dec 2018
Revenue	1,277.7	1,346.4	-5%	2,608.3	2,556.4	2%	5,419.8
Gross profit	858.9	968.0	-11%	1,758.0	1,832.3	-4%	3,859.9
EBITDA	287.4	379.6	-24%	633.2	662.2	-4%	1,505.2
EBITDA margin	22.5%	28.2%	-	24.3%	25.9%	-	27.8%
Operating income (EBIT)	196.9	300.7	-35%	452.1	512.1	-12%	1,193.7
EBIT margin	15.4%	22.3%	-	17.3%	20.0%	-	22.0%
Net income	171.6	271.4	-37%	400.9	459.4	-13%	1,078.1
Earnings per share (SEK)	1.24	1.96	-37%	2.90	3.32	-13%	7.79
Operating cash flow	390.6	271.2	44%	605.1	583.3	4%	1,273.3
Casino revenue	917.8	1,016.6	-10%	1,930.6	1,939.5	-	4,077.4
Sportsbook gross turnover	6,157.3	6,226.5	-1%	12,513.6	11,999.6	4%	24,451.8
Sportsbook revenue	341.0	300.2	14%	638.8	563.7	13%	1,244.0
Sportsbook margin after free bets	7.8%	6.3%	-	7.0%	6.4%	-	6.9%
Deposits	4,662.0	4,664.7	-	9,403.0	8,855.0	6%	18,726.0
Active customers (number of)	658,957	692,431	-5%				

### PERIOD JANUARY - JUNE 2019

- Group revenue was SEK 2,608.3 (2,556.4) million, an increase of 2 percent with an organic growth of 1 percent.
- Operating income (EBIT) was SEK 452.1 (512.1) million, a decrease of 12 percent.
- Net income was SEK 400.9 (459.4) million, corresponding to SEK 2.90 (3.32) per share.
- Operating cash flow amounted to SEK 605.1 (583.3) million.
- SEK 538.4 million was distributed to shareholders in June.





*Betsson's long-term strategy and focus is clear and is not affected by temporary downturns in individual markets.*

*We have a good financial position and a high degree of proprietary technology, which make us strongly positioned in the industry.*

Pontus Lindwall  
President and CEO Betsson AB

## SECOND QUARTER

"Revenue was SEK 1,277.7 million, a decrease of 5 percent compared to the second quarter 2018. The geographical spread, together with the product mix, explain the good revenue level despite the challenging Swedish market and the decline in the Netherlands. The Sportsbook performance developed well compared to the second quarter last year, which was positively impacted by the World Cup; the organic turnover growth was 7 percent, revenue increased by 14 percent and the Sportsbook margin was 7.8 percent. The operating profit (EBIT), which amounted to SEK 196.9 (300.7) million for the second quarter was negatively affected by increasing betting duties, increased payment costs as well as by a fine from the SGA at an amount of SEK 19 million. Despite these challenges and thanks to continued good cost control the EBIT margin was 15.4 percent, while the underlying EBIT margin, adjusted for the fine, was 16.9 percent.

## CEO COMMENTS

### Market challenges for the industry but long-term good opportunities for Betsson

"The gaming industry is facing changes and the second quarter posed challenges in several of Betsson's important markets. In Sweden, the SGA revoked one license while other operators have received warnings and fines, including one of Betsson's operational subsidiaries. Betsson has appealed the fine based on the opinion that the company was operating within the given guidelines.

As we reported for the first quarter, the operational subsidiaries have made adjustments to the Dutch customer offering to be in a position to obtain a license as soon as possible. Following a negative impact on revenues in direct connection with these adjustments, revenues have stabilised and we are convinced that Betsson is properly positioned for long-term development and growth in the Netherlands. Current information does not allow a definite and precise assessment of the timeline of the licensing process, but we welcome the KSA's clear ambition to meet a high degree of channelisation. Another market that faced challenges during the second quarter is Norway, where payment blockings make it difficult for operators to offer the customers efficient payment solutions.

At the same time other markets, locally regulated as well as non-regulated in which we operate, have developed strongly, which proves Betsson's ability to compete successfully when market conditions stabilise. I am confident in my view of Betsson's capacity and in our strategic opportunities to pursue long-term profitable business with growth and good margins in regulated markets. We also have a geographical spread that compensates for temporary downturns in individual markets.

During 2018, we took several measures to absorb higher gaming taxes amongst other things and we could quickly show the results of these measures. We have a strong, competent and efficient organisation as well as an efficient cost structure. Our proprietary technology enables rapid market adaptations and cost-effective growth. Naturally, the results are affected when several changes in significant markets take place simultaneously, but this does not affect our belief that Betsson is strongly positioned in the industry.

We have a good financial position and we continuously evaluate additional markets to grow in the future. Betsson's good cost control and proprietary technology provide good opportunities to meet market changes and offering competitive product solutions."

Founded in  
**1963**



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

Ticker: BETS B



Betsson Group operates 17 brands

# 12

Licenced for gaming  
in 12 jurisdictions.

## REVENUE AND EARNINGS

### REVENUE FOR THE QUARTER

Group revenue was SEK 1,277.7 (1,346.4) million, a decrease of 5 percent, with an organic decrease of 4 percent. The second quarter last year included revenue from the football World Cup. Currency fluctuations had a positive impact from the Euro but a negative impact from the Turkish lira. In total, currency fluctuations had a negative effect on revenue of SEK 8.4 million.

The Betsson Group is geographically diversified. The revenue decrease in the Nordics and Western Europe was partly mitigated by growth in many of the other markets the company operate in.

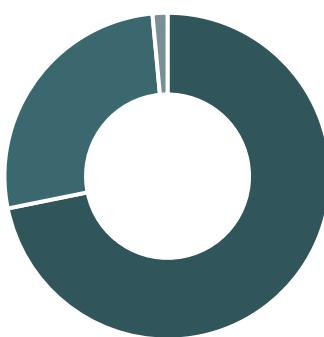
Mobile revenue amounted to SEK 897.3 (816.4) million, an increase of 10 percent and represented 70 (61) percent of total revenue.

License revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) amounted to SEK 120.8 (64.1) million, and corresponded to 9 (5) percent of Group revenue. TRY depreciation had a negative impact on license revenue related to Realm of SEK 28.4 million, compared with the second quarter 2018.

# 70%

Mobile share of revenue

Revenue by product



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

Revenue by region



- Nordic (41%)
- Western Europe (31%)
- CEECA (22%)
- ROW (6%)

### Revenue by product

Casino revenue amounted to SEK 917.8 (1,016.6) million, a decrease of 10 percent, of which 10 percent was organic. Casino represented 72 (76) percent of Group revenue.

Mobile Casino revenue was SEK 631.1 (612.4) million, an increase of 3 percent compared to the same quarter last year.

Sportsbook revenue in the second quarter amounted to SEK 341.0 (300.2) million, an increase of 14 percent with 17 percent organic growth. Sportsbook represented 27 (22) percent of the Group's revenue.

Gross turnover in Sportsbook, in all Betsson's gaming solutions, amounted to SEK 6,157.3 (6,226.5) million, a decrease of 1 percent. Organic gross turnover increased with 7 percent.

The margin after free bets in Sportsbook was 7.8 (6.3) percent. The eight-quarter rolling average margin was 7.1 percent.

Mobile Sportsbook revenue amounted to SEK 261.5 (199.0) million, an increase of 31 percent. Mobile accounts for 77 (66) percent of Sportsbook revenue.

Revenue from other products amounted to SEK 18.9 (29.6) million, a decline of 36 percent, and represented 1 (2) percent of total revenues.

### Revenue by region

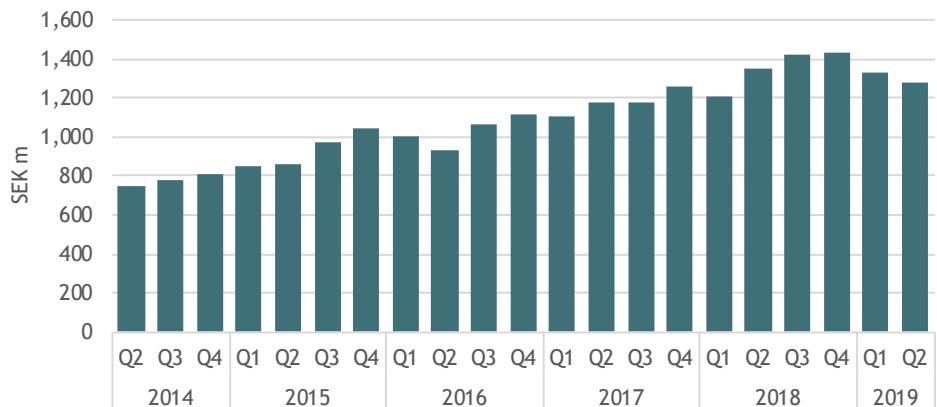
Revenue from the Nordics was SEK 519.3 (621.9) million, a decrease of 17 percent, with 18 percent organic decrease.

Revenue from Western Europe amounted to SEK 392.2 (443.5) million, a decrease of 12 percent, with 14 percent organic decrease.

Revenue from Central & Eastern Europe and Central Asia (CEECA) amounted to SEK 284.2 (214.4) million, an increase of 33 percent. The organic growth was 46 percent.

Locally taxed revenue (revenue from markets where Betsson pays local betting duties) increased by 42 percent compared to the second quarter last year and amounted to SEK 457.4 (323.2) million, corresponding to 35.8 (24.0) percent of Group revenue. The increase is mainly due to revenue from Sweden and Italy.

## Group revenue



## EXPENSES FOR THE QUARTER

Cost of services provided were SEK 418.8 (378.5) million for the quarter. Currency exchange rate fluctuations had a negative impact of SEK 1.7 million on Cost of services provided. See table on page 18.

Gross profit amounted to SEK 858.9 (968.0) million, corresponding to a gross profit margin of 67.2 (71.9) percent. The decrease in gross profit margin were mainly due to increased betting duties related to Sweden and Italy as well as increased payment costs.

Operating expenses amounted to SEK 662.0 (667.3) million. The amount includes a one-off cost for a fine issued by the Swedish Gaming Authority (SGA) of SEK 19 million. The organic operating expenses excluding the fine were SEK 629.1 million which represents a 6% decrease compared to second quarter 2018. The decrease was due to continuous work on efficiencies.

**6%**

Decrease in operating expenses

Marketing expenses amounted to SEK 231.8 (249.3) million. The organic marketing expenses were SEK 228.1 million.

Personnel expenses amounted to SEK 197.8 (207.2) million. The organic personnel expenses were SEK 193.9 million.

Other external expenses, which primarily include sportsbook related costs, consultants and software licences, amounted to SEK 184.5 (184.5) million. The amount includes a one-off cost for a fine of SEK 19 million from the SGA. The organic other external expenses excluding the fine were SEK 160.3 million. The decrease was mainly due to IFRS 16 Leasing with SEK 13.5 million of rental costs reported as depreciation and financial expenses.

Capitalised development costs amounted to SEK 49.2 (52.8) million. Amortisation of capitalised development costs was SEK 55.9 (60.8) million. See table on page 18. Total amortisation and depreciation for the quarter was SEK 90.5 (78.9) million. The increase was mainly due to the above mentioned impact of IFRS 16 Leasing.

## EARNINGS FOR THE QUARTER

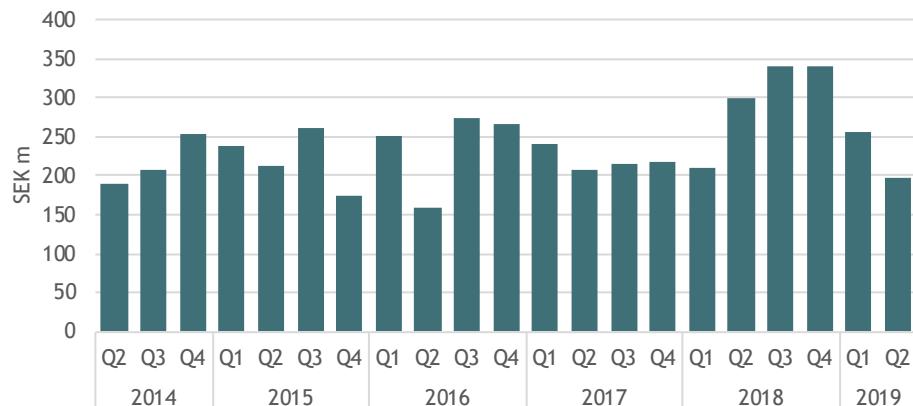
Operating income (EBIT) amounted to SEK 196.9 (300.7) million, and the operating margin was 15.4 (22.3) percent. The operating income recalculated with the currency exchange rate that prevailed during the same period 2018, and excluding the SEK 19 million fine, was SEK 239.9 million.

Net financial items amounted to SEK -14.7 (-9.3) million and are mainly attributable to interest costs.

Net income amounted to SEK 171.6 (271.4) million, corresponding to SEK 1.24 (1.96) per share.

The corporate tax amounted to SEK 10.5 (20.0) million, corresponding to 5.8 (6.9) percent of profit before taxes. The effective tax rate may fluctuate between quarters, depending on the tax base in the countries where Betsson has subsidiaries. For example, corporate taxes in certain countries are based on dividend distribution, which may result in a difference between the effective and statutory rate.

## Operating income (EBIT)



## CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of June 2019 amounted to SEK 491.5 (561.6) million. Customer liabilities, including reserves for accumulated jackpots, amounted to SEK 428.6 (425.6) million. Gaming regulations require the Group to reserve a certain share of cash to cover player liabilities and accumulated jackpots. Current receivables from payment providers for unsettled customer deposits were SEK 560.6 (550.0) million. By end of the first quarter 2019, the balance was SEK 752.8 million. The balance varies as a result of higher activities, depending on when deposits are made and at the same time payment terms differ dependent on what payment provider is used.

Cash flow from operating activities during the second quarter was SEK 390.6 (271.2) million and the cash flow from financing activities SEK -463.4 (-83.9) million respectively to be explained mainly by the settlement of the share redemption process.

As per 30 June 2019, total available bank credit facilities were SEK 880.0 (880.0) million, of which SEK 184.8 (729.1) million were utilised.

SEK 538.4 million was distributed to shareholders through an automatic redemption process during the second quarter.

### External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	184.8	615.2	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2020
Bond (SEK m)	998.7	998.7	0.0	Nov, 2019

## CUSTOMER ACTIVITY

Customer deposits in all Betsson's gaming solutions during the quarter amounted to SEK 4,662.0 (4,664.7) million. Development in deposits should be evaluated over a longer period than a quarter due to normal quarterly variances.

By the end of the second quarter, the number of registered customers was 14.6 (13.5) million, an increase of 8 percent.

Active customers during the second quarter amounted to 658,957 (692,431), a decrease of 5 percent.

### Customer deposits



### Active customers



## SIGNIFICANT EVENTS AND OUTLOOK

### OTHER SIGNIFICANT EVENTS DURING THE QUARTER

During the second quarter, Betsson finalised the rebranding of the two Dutch brands. Also, the brand LiveRoulette has been launched.

During the quarter, Betsson has also filed an application for online gaming license in the province of Buenos Aires in Argentina.

NGG Nordic Ltd, an operational subsidiary in the Betsson Group, which operates the brand NordicBet in Sweden, was fined SEK 19 million by the Swedish Gambling Authority, the SGA for having offered commercial incentives to customers in Sweden in a manner deemed by the SGA as incompatible with the new gambling legislation. Betsson has appealed the fine.

At the Annual General Meeting (AGM) on May 7, 2019, the shareholders resolved to re-elect Patrick Svensk, Fredrik Carlsson, Mathias Hedlund, Johan Lundberg, Jan Nord and Kicki Wallje-Lund as members of the Board of Directors. Eva Leach was elected new member of the Board of Directors. Patrick Svensk was elected Chairman of the Board of Directors.

The AGM resolved to distribute SEK 538.4 million to the shareholders of the Company through an automatic redemption process. The AGM also resolved to authorise the Board of Directors to issue shares and/or convertible bonds for payment in kind or by way of set-off, involving the issue of or conversion into up to 14.4 million Class B shares (corresponding to a dilution of about 10.0 percent of the share capital and about 5.1 percent of the shareholders' votes). In addition, the AGM resolved to authorise the Board of Directors to resolve to repurchase, on one or several occasions prior to the next AGM, as many shares as may be purchased without the Company's holding at any time exceeding 10 percent of the total number of shares in the Company. For full information on the AGM's resolution, please see the Company website.

### SIGNIFICANT EVENTS AFTER THE SECOND QUARTER

The daily average revenue in the third quarter up until July 14, 2019 was 17 percent (17 percent organic) lower than the average daily revenue of the full third quarter 2018, a quarter with positive impact from the football world cup. Daily deposits are on par with Q2. This trading update represent 14 of 92 days of the third quarter and is not a revenue forecast, but an indication of how the quarter has started.

### LONG TERM OUTLOOK

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

## OTHER INFORMATION

### PERSONNEL

At the end of the second quarter, the Group had 1,577 (1,547) employees. The average number of employees in the Group during the second quarter amounted to 1,494 (1,546) of which 927 (889) were based in Malta.

In addition, the Group employed 155 (189) full-time consultants during the quarter, mainly within product development. The cost of consultants is recognised under Other external expenses.

### PARENT COMPANY

The Parent Company Betsson AB's (publ) business consists of investing in and administering shareholdings in companies, which, through partners or by themselves, offer games to end

Average FTE	Q2 2019	Q2 2018
Employees	1,494	1,546
Contractors	155	189

users online. The Company provides and sells internal services related to financing, communication, accounting and administration to certain Group companies.

Revenue for the second quarter 2019 amounted to SEK 7.4 (5.3) million, and net income amounted to SEK 127.1 (-20.0) million.

Cash and cash equivalents in the Parent Company was SEK 161.4 (263.7) million.

## EQUITY

Equity in the Group amounted to SEK 4,573.3 (4,090.1) million, corresponding to SEK 33.04 (29.55) per share.

## OWNERSHIP STRUCTURE AND SHARES OUTSTANDING

The Company's Series B shares are listed on Nasdaq Stockholm Large Cap List (BETS). At the end of the period, the Company had 26,720 (36,581) shareholders.

The total number of shares and votes in Betsson amounts to 144,493,238 and 290,833,238, divided into 16,260,000 Series A shares with ten votes each, 122,155,730 Series B shares with one vote each and 6,077,508 Series C shares which may not be represented at general meetings of shareholders. Betsson treasury shares amounted to 1,084 Series B shares, which have been acquired in previous years at an average price of SEK 19.42, and 6,077,508 Series C shares.

### Shareholders at 30 June 2019

Name	A shares	B and C shares	Votes (outstanding)	% Capital (total capital)	% Votes (votes outstanding)
Hamberg family and companies	5,098,500	225,000	51,210,000	3.7%	18.0%
Danske Bank International S.A	3,731,000	669,000	37,979,000	3.0%	13.3%
Knutsson family and companies	2,710,000	4,350,000	31,450,000	4.9%	11.0%
Lundström family and companies	2,557,500	1,950,600	27,525,600	3.1%	9.7%
Lindwall, Berit	1,683,000	70,000	16,900,000	1.2%	5.9%
DNB	0	11,462,343	11,462,343	7.9%	4.0%
State Street Bank & Trust Co	0	11,004,611	11,004,611	7.6%	3.9%
SEB Investment Management	0	5,975,267	5,975,267	4.1%	2.1%
Swedbank Robur	0	5,707,374	5,707,374	3.9%	2.0%
CACEIS Bank, Luxembourg Branch	0	4,931,441	4,931,441	3.4%	1.7%
Other	480,000	75,809,010	80,609,010	52.8%	28.3%
Betsson treasury shares	0	6,078,592	0	4.2%	0.0%
Total	16,260,000	128,233,238	284,754,646	100.0%	100.0%

## MARKET

5%

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

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth close to EUR 402 billion with an expected growth of 3 percent annually up until 2023. Online gaming is expected to increase its share of the total market to increase from 12 percent in 2019, to an estimated share of 14 percent in 2023. (Source: H2GC, July 2019.)

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

Apart from market growth, an important driving force is an increasing number of European countries introducing local regulations for online gaming. The license gives gaming companies the chance to compete on equal terms and to gain access to more effective marketing channels and payment solutions. Local regulations entail increased demands, and benefit operators that have a scalable, proprietary platform. This is resulting in increased consolidation in the locally regulated markets, which creates acquisition opportunities for Betsson.

Betsson's subsidiaries are operating under licenses in Malta and 11 more local jurisdictions. There are lasting values in offering regulated gaming services within the EU and other markets from Malta.



## PRODUCTS

The gaming sites operate on an in-house developed platform, which is at the core of the offer and the customer experience. It processes and hosts payments, customer information, accounts, customer transactions and games. The games are mainly casino and sportsbook, but the offer also includes poker, scratch cards, bingo and other games. Betsson owns and develops its Sportsbook products. First class customer experiences are crucial and there are continuous investments in innovation and technology to reinforce the leading position.

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

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

## SUSTAINABILITY

Responsible gaming is one of the most important parts of Betsson's sustainability work. Two of the key factors of responsible gaming are employee training and giving players tools to control their gaming. Betsson has taken measures to raise awareness and encourages new depositing customers to set a deposit limit.

In the second quarter 2019, 883 (191) employees received responsible gaming training and 35.4 (12.2) percent of all new depositing customers (NDC's) choose to set a deposit limit.

## DECLARATION BY THE BOARD

The Board and the CEO in Betsson AB hereby confirm that this interim report gives a fair view of the operations, balance sheet and income statement of the Parent Company and the Group and that it describes the material risks faced by the Company and the Group.

**Stockholm, 19 July 2019**

Pontus Lindwall  
President and CEO

Patrick Svensk  
Chairman of the Board

Fredrik Carlsson  
Board member

Mathias Hedlund  
Board member

Johan Lundberg  
Board member

Jan Nord  
Board member

Eva Leach  
Board member

Kicki Wallje-Lund  
Board member

*This interim report has not been subject to review by the Company's auditors.*

## CONSOLIDATED INCOME STATEMENT

SEK m	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Revenue</b>	<b>1,277.7</b>	<b>1,346.4</b>	<b>2,608.3</b>	<b>2,556.4</b>	<b>5,419.8</b>
Cost of services provided	-418.8	-378.5	-850.4	-724.1	-1,559.9
<b>Gross profit</b>	<b>858.9</b>	<b>968.0</b>	<b>1,758.0</b>	<b>1,832.3</b>	<b>3,859.9</b>
Marketing expenses	-231.8	-249.3	-473.0	-493.7	-994.5
Personnel expenses	-197.8	-207.2	-396.6	-416.7	-813.9
Other external expenses	-184.5	-184.5	-346.6	-366.8	-741.0
Capitalised development costs	49.2	52.8	97.4	107.9	201.5
Amortisation and depreciation	-90.5	-78.9	-181.1	-150.1	-311.4
Other operating income/expenses	-6.5	-0.3	-6.0	-0.9	-6.9
Operating expenses	-662.0	-667.3	-1,305.9	-1,320.2	-2,666.2
<b>Operating income</b>	<b>196.9</b>	<b>300.7</b>	<b>452.1</b>	<b>512.1</b>	<b>1,193.7</b>
Financial income and expenses	-14.7	-9.3	-25.1	-19.1	-41.3
<b>Income before tax</b>	<b>182.1</b>	<b>291.5</b>	<b>426.9</b>	<b>492.9</b>	<b>1,152.4</b>
Tax	-10.5	-20.0	-26.0	-33.5	-74.3
<b>Net income</b>	<b>171.6</b>	<b>271.4</b>	<b>400.9</b>	<b>459.4</b>	<b>1,078.1</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Net income</b>	<b>171.6</b>	<b>271.4</b>	<b>400.9</b>	<b>459.4</b>	<b>1,078.1</b>
<b>Other comprehensive income</b>					
<b>Revenue/expenses recognised directly in equity:</b>					
Hedge of net investments in foreign currency incl. deferred tax	9.5	-6.7	11.5	-7.5	-5.4
Exchange differences in translating foreign operations	15.4	93.4	106.3	362.7	239.6
<b>Other comprehensive income of the period (after tax)</b>	<b>24.9</b>	<b>86.7</b>	<b>117.8</b>	<b>355.1</b>	<b>234.2</b>
<b>Total comprehensive income for the period</b>	<b>196.5</b>	<b>358.1</b>	<b>518.7</b>	<b>814.5</b>	<b>1,312.3</b>

## CONSOLIDATED BALANCE SHEET

SEK m	30/06/2019	30/06/2018	31/12/2018
Intangible fixed assets	5,256.2	5,308.8	5,164.5
Property, plant and equipment	87.6	100.5	95.5
Right-of-use assets	117.0	-	-
Financial assets	1.0	5.5	1.4
Deferred tax receivables	49.9	46.2	57.1
Other longterm receivables	1.1	-	1.1
<b>Total non-current assets</b>	<b>5,512.8</b>	<b>5,460.9</b>	<b>5,319.5</b>
Current receivables	1,535.7	1,356.9	1,663.0
Cash and cash equivalents	491.5	561.6	488.7
<b>Total current assets</b>	<b>2,027.1</b>	<b>1,918.5</b>	<b>2,151.7</b>
<b>Total assets</b>	<b>7,539.9</b>	<b>7,379.4</b>	<b>7,471.2</b>
<b>Total equity</b>	<b>4,573.3</b>	<b>4,090.1</b>	<b>4,589.3</b>
Provision gaming tax	33.5	12.3	32.7
Deferred tax liabilities	40.1	35.4	41.9
<b>Total Provisions</b>	<b>73.6</b>	<b>47.7</b>	<b>74.6</b>
Bond	-	995.5	-
Non-current liabilities to credit institutions	184.8	729.1	93.5
Lease liabilities	52.7	-	-
<b>Total non-current liabilities</b>	<b>237.5</b>	<b>1,724.6</b>	<b>93.5</b>
Bond	998.7	-	997.1
Lease liabilities	46.6	-	-
Other current liabilities	1,610.2	1,517.0	1,716.7
<b>Total current liabilities</b>	<b>2,655.5</b>	<b>1,517.0</b>	<b>2,713.8</b>
<b>Total equity and liabilities</b>	<b>7,539.9</b>	<b>7,379.4</b>	<b>7,471.2</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q2 2019	Q2 2018	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
Income after financial items	182.1	291.5	426.9	492.9	1,152.4
Adjustments for non-cash items	100.2	82.5	189.1	156.1	318.7
Taxes paid	-4.8	-22.9	-48.3	-28.3	-43.5
Cash flow from operating activities					
before changes in working capital	277.6	351.1	567.8	620.8	1,427.6
Changes in working capital	113.0	-79.9	37.3	-37.5	-154.3
<b>Cash flow from operating activities</b>	<b>390.6</b>	<b>271.2</b>	<b>605.1</b>	<b>583.3</b>	<b>1,273.3</b>
Investments	-58.1	-76.6	-135.1	-153.3	-295.5
Acquisition of shares in subsidiaries	-	-	-	-	-0.1
<b>Cash flow from investing activities</b>	<b>-58.1</b>	<b>-76.6</b>	<b>-135.1</b>	<b>-153.3</b>	<b>-295.6</b>
Cash paid upon redemption of warrants	-0.1	-	-0.1	-	-0.2
Settled purchase consideration	-	-	-10.3	-20.3	-20.3
Lease payments	-18.3	-	-18.3	-	-
Changes in bank loans	93.4	309.2	88.5	49.3	-577.4
Paid deposits	-	-	-	-	1.4
Share redemption programme	-538.4	-393.1	-538.4	-393.1	-393.1
Warrant premiums received	-	-	-	-	0.5
<b>Cash flow from financing activities</b>	<b>-463.4</b>	<b>-83.9</b>	<b>-478.6</b>	<b>-364.1</b>	<b>-989.1</b>
<b>Changes to cash and cash equivalents</b>	<b>-130.9</b>	<b>110.7</b>	<b>-8.6</b>	<b>65.9</b>	<b>-11.4</b>
Cash and cash equivalents at beginning of period	619.1	446.2	488.7	479.5	479.5
Exchange differences	3.2	4.7	11.3	16.2	20.7
<b>Cash and cash equivalents at end of period</b>	<b>491.5</b>	<b>561.6</b>	<b>491.5</b>	<b>561.6</b>	<b>488.7</b>

## CHANGE IN GROUP EQUITY

SEK m	30/06/2019	30/06/2018	31/12/2018
<b>Opening balance</b>	<b>4,589.3</b>	<b>3,666.9</b>	<b>3,666.9</b>
Total comprehensive income for the period	518.7	814.5	1,312.3
<b>Total change excluding owner transactions</b>	<b>518.7</b>	<b>814.5</b>	<b>1,312.3</b>
Share redemption programme	-538.4	-393.1	-393.1
Warrants paid premium	-	-	0.5
Payment on exercise of options	-0.1	-	-0.2
Share options - value of employee services	3.8	1.8	2.9
<b>Equity at end of period</b>	<b>4,573.3</b>	<b>4,090.1</b>	<b>4,589.3</b>
Attributable to:			
Parent company's shareholders	4,573.3	4,090.1	4,589.3

## PARENT COMPANY, INCOME STATEMENT

SEK m	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Revenue</b>	<b>15.6</b>	<b>10.4</b>	<b>27.9</b>
Operating expenses	-36.4	-30.5	-70.9
<b>Operating income</b>	<b>-20.8</b>	<b>-20.1</b>	<b>-43.0</b>
Financial income and expenses	135.2	-13.5	1,146.9
<b>Income before tax</b>	<b>114.4</b>	<b>-33.6</b>	<b>1,103.9</b>
<b>Net income</b>	<b>114.4</b>	<b>-33.6</b>	<b>1,103.9</b>

## PARENT COMPANY, BALANCE SHEET

SEK m	30/06/2019	30/06/2018	31/12/2018
Property, plant and equipment	5.7	1.8	1.2
Financial assets	5,168.8	4,967.6	5,035.6
<b>Total non-current assets</b>	<b>5,174.5</b>	<b>4,969.4</b>	<b>5,036.8</b>
Current receivables	441.8	401.6	901.9
Cash and cash equivalents	161.4	263.7	188.3
<b>Total current assets</b>	<b>603.2</b>	<b>665.3</b>	<b>1,090.2</b>
<b>Total assets</b>	<b>5,777.7</b>	<b>5,634.7</b>	<b>6,127.0</b>
Restricted equity	349.6	349.6	349.6
Unrestricted equity	4,025.5	3,311.9	4,449.6
<b>Total equity</b>	<b>4,375.1</b>	<b>3,661.5</b>	<b>4,799.2</b>
Bond	-	995.5	-
Non-current liabilities to credit institutions	182.0	696.6	91.6
<b>Total non-current liabilities</b>	<b>182.0</b>	<b>1,692.1</b>	<b>91.6</b>
Bond	998.7	-	997.1
Other current liabilities	221.9	281.1	293.1
<b>Total current liabilities</b>	<b>1,220.6</b>	<b>281.1</b>	<b>1,236.2</b>
<b>Total equity and liabilities</b>	<b>5,777.7</b>	<b>5,634.7</b>	<b>6,127.0</b>

## QUARTERLY DATA

### INCOME STATEMENT

SEK m	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Revenue	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6
Cost of services provided	-418.8	-431.5	-418.5	-417.3	-378.5	-345.6	-353.5	-321.6
<b>Gross profit</b>	<b>858.9</b>	<b>899.1</b>	<b>1,018.1</b>	<b>1,009.5</b>	<b>968.0</b>	<b>864.3</b>	<b>903.0</b>	<b>859.0</b>
Marketing expenses	-231.8	-241.2	-254.0	-246.8	-249.3	-244.4	-269.2	-242.5
Personnel expenses	-197.8	-198.8	-199.6	-197.7	-207.2	-209.5	-208.4	-195.8
Other external expenses	-184.5	-162.1	-191.0	-183.3	-184.5	-182.3	-184.6	-186.2
Capitalised development costs	49.2	48.3	49.1	44.5	52.8	55.1	51.9	51.4
Amortisation and depreciation	-90.5	-90.6	-77.9	-83.3	-78.9	-71.3	-70.4	-69.1
Other operating income/expenses	-6.5	0.5	-3.2	-2.8	-0.3	-0.6	-3.9	-1.0
<b>Operating expenses</b>	<b>-662.0</b>	<b>-643.9</b>	<b>-676.6</b>	<b>-669.4</b>	<b>-667.3</b>	<b>-652.9</b>	<b>-684.6</b>	<b>-643.0</b>
<b>Operating income</b>	<b>196.9</b>	<b>255.2</b>	<b>341.5</b>	<b>340.2</b>	<b>300.7</b>	<b>211.4</b>	<b>218.4</b>	<b>216.0</b>
Financial items, net	-14.7	-10.4	-12.7	-9.5	-9.3	-10.0	-8.7	-9.7
Income before tax	182.1	244.8	328.8	330.7	291.5	201.4	209.6	206.3
Tax	-10.5	-15.5	-15.2	-25.6	-20.0	-13.5	-10.8	-19.3
<b>Net income</b>	<b>171.6</b>	<b>229.3</b>	<b>313.6</b>	<b>305.1</b>	<b>271.4</b>	<b>187.9</b>	<b>198.9</b>	<b>187.0</b>

### BALANCE SHEET

SEK m	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Non-current assets	5,512.8	5,517.6	5,318.4	5,331.6	5,460.9	5,368.8	5,096.6	5,084.9
Current assets	2,027.1	2,300.7	2,152.8	2,050.8	1,918.5	1,812.7	1,721.3	1,463.9
<b>Total assets</b>	<b>7,539.9</b>	<b>7,818.3</b>	<b>7,471.2</b>	<b>7,382.5</b>	<b>7,379.4</b>	<b>7,181.6</b>	<b>6,817.9</b>	<b>6,548.9</b>
Equity	4,573.3	4,914.8	4,589.3	4,289.6	4,090.1	4,123.7	3,666.9	3,389.3
Provisions and non-current liabilities	311.1	233.4	168.1	1,472.9	1,772.3	1,039.3	1,036.1	1,016.3
Current liabilities	2,655.5	2,670.1	2,713.8	1,620.0	1,517.0	2,018.6	2,114.9	2,143.2
<b>Total equity and liabilities</b>	<b>7,539.9</b>	<b>7,818.3</b>	<b>7,471.2</b>	<b>7,382.5</b>	<b>7,379.4</b>	<b>7,181.6</b>	<b>6,817.9</b>	<b>6,548.9</b>
<b>Consolidated cash flow statement</b>								
Operating cash flow	390.6	214.5	289.3	400.8	271.2	312.2	278.9	220.4
Cash flow from investing activities	-58.1	-77.1	-82.1	-58.7	-76.6	-76.7	-75.6	-70.9
Cash flow from financing activities	-463.4	-15.2	-331.6	-294.8	-83.9	-280.2	-166.3	-183.2
<b>Total cash flow</b>	<b>-130.9</b>	<b>122.3</b>	<b>-124.5</b>	<b>47.2</b>	<b>110.7</b>	<b>-44.8</b>	<b>37.1</b>	<b>-33.7</b>

## KEY RATIOS

	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Key financial ratios</b>								
Gross Margin (% of revenue)	67.2	67.6	70.9	70.8	71.9	71.4	71.9	72.8
EBITDA-margin (% of revenue)	22.5	26.0	29.2	29.7	28.2	23.4	23.0	24.2
EBIT-margin (% of revenue)	15.4	19.2	23.8	23.8	22.3	17.5	17.4	18.3
Profit margin (% of revenue)	14.3	18.4	22.9	23.2	21.6	16.6	16.7	17.5
Marketing expenses (% of revenue)	18.1	18.1	17.7	17.3	18.5	20.2	21.4	20.5
Basic earnings per share (SEK)	1.24	1.66	2.27	2.20	1.96	1.36	1.44	1.35
Diluted earnings per share (SEK)	1.24	1.66	2.27	2.20	1.96	1.36	1.44	1.35
Equity per share (SEK)	33.04	35.51	33.16	30.99	29.55	29.79	26.49	24.49
Executed dividend/redemption per share (SEK)	3.89	0.00	0.00	0.00	2.84	0.00	0.00	0.00
Equity/assets ratio (%)	61	63	61	58	55	57	54	52
Return on equity (%)	4	5	7	7	7	5	5	5
Return on total capital (%)	3	4	5	5	4	3	3	3
Return on capital employed (%)	4	4	5	6	6	4	4	4
Net debt (SEK m)	692	467	612	826	1,173	970	1,208	1,404
<b>Shares</b>								
Average share price (SEK)	65.00	78.62	72.19	69.08	60.45	66.06	64.46	74.38
Share price at end of period (SEK)	56.80	70.53	73.00	68.48	54.38	63.12	60.50	74.25
Highest share price (SEK)	76.28	88.86	82.47	81.80	69.50	70.40	76.00	80.50
Lowest share price (SEK)	54.20	70.02	63.51	51.61	52.57	60.04	57.70	68.30
Number of shareholders at end of period	26,720	27,059	28,636	30,555	36,581	38,158	40,009	41,312
Number of shares outstanding at end of period (million)	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4
Number of shares at end of period (million)	144.5	144.5	144.5	144.5	144.5	144.5	144.5	144.5
<b>Personnel</b>								
Average number of employees	1,494	1,496	1,531	1,584	1,546	1,679	1,867	1,889
Number of employees at end of period	1,577	1,542	1,547	1,505	1,547	1,567	1,873	1,888

## CUSTOMERS

	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Registered customers (000's)	14,595	14,304	14,010	13,743	13,457	13,288	12,993	12,705
Active customers (000's)	659	687	669	687	692	608	615	619

## CUSTOMER DEPOSITS

SEK m	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Customer deposits	3,675.1	3,920.9	4,030.5	4,153.7	3,906.1	3,450.5	3,564.4	3,349.7
Customer deposits, all gaming solutions	4,662.0	4,740.8	5,017.6	4,853.4	4,664.7	4,190.3	4,362.4	4,100.1

## SPORTSBOOK DATA

	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Gross turnover, all gaming solutions (SEK m)	6,157.3	6,356.3	6,300.9	6,151.3	6,226.5	5,773.1	5,965.4	5,391.0
of which gross turnover live betting (SEK m)	4,299.4	4,252.3	3,984.8	4,089.2	4,072.5	3,904.8	4,126.0	3,864.8
Sportbook margin after free bets (%)	7.8	6.3	7.3	7.4	6.3	6.6	8.2	7.1
Revenue (SEK m)	341.0	297.8	341.4	338.9	300.2	263.5	359.3	275.1

## REVENUE BY PRODUCT

	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Revenue (SEK m)</b>								
Casino	917.8	1,012.8	1,071.7	1,066.3	1,016.6	922.8	867.3	871.1
Sportsbook	341.0	297.8	341.4	338.9	300.2	263.5	359.3	275.1
Other products	18.9	20.0	23.5	21.6	29.6	23.6	29.8	34.4
<b>Total</b>	<b>1,277.7</b>	<b>1,330.6</b>	<b>1,436.6</b>	<b>1,426.8</b>	<b>1,346.4</b>	<b>1,210.0</b>	<b>1,256.4</b>	<b>1,180.6</b>
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2017 Q1	2017 Q4	2017 Q3
<b>Share of total revenue (%)</b>								
Casino	72	76	75	75	76	76	69	74
Sportsbook	27	22	24	24	22	22	29	23
Other products	1	2	1	1	2	2	2	3
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2017 Q1	2017 Q4	2017 Q3
<b>Growth, compared with previous quarter (%)</b>								
Casino	-9	-5	1	5	10	6	-0	-1
Sportsbook	15	-13	1	13	14	-27	31	8
Other products	-6	-15	9	-27	25	-21	-13	-24
<b>Total</b>	<b>-4</b>	<b>-7</b>	<b>1</b>	<b>6</b>	<b>11</b>	<b>-4</b>	<b>6</b>	<b>0</b>
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2017 Q1	2017 Q4	2017 Q3
<b>Growth, compared with same period previous year (%)</b>								
Casino	-10	10	24	22	16	12	5	19
Sportsbook	14	13	-5	23	17	5	36	-8
Other products	-36	-15	-21	-37	-35	-18	-2	10
<b>Total</b>	<b>-5</b>	<b>10</b>	<b>14</b>	<b>21</b>	<b>14</b>	<b>10</b>	<b>12</b>	<b>11</b>

## REVENUE BY REGION

	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Sportsbook (SEK m)</b>								
Nordics	140.2	132.1	170.4	165.8	139.0	130.2	190.6	133.0
Western Europe	38.2	41.3	30.5	35.6	43.2	34.0	45.3	32.5
Central & Eastern Europe and Central Asia	107.4	85.1	109.4	91.2	78.2	83.2	102.1	94.3
RoW	55.2	39.3	31.1	46.3	39.8	16.1	21.3	15.3
<b>Total</b>	<b>341.0</b>	<b>297.8</b>	<b>341.4</b>	<b>338.9</b>	<b>300.2</b>	<b>263.5</b>	<b>359.3</b>	<b>275.1</b>
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Casino (SEK m)</b>								
Nordics	374.3	443.0	482.7	493.7	471.3	428.9	405.5	418.4
Western Europe	349.4	387.2	417.4	400.5	385.8	345.0	305.3	309.3
Central & Eastern Europe and Central Asia	168.8	153.9	151.8	146.0	132.0	128.0	134.5	124.2
RoW	25.3	28.7	19.9	26.1	27.5	20.9	22.0	19.2
<b>Total</b>	<b>917.8</b>	<b>1,012.8</b>	<b>1,071.8</b>	<b>1,066.3</b>	<b>1,016.6</b>	<b>922.8</b>	<b>867.3</b>	<b>871.1</b>
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Total, for all products, per region (SEK m)</b>								
Nordics	519.3	580.6	659.3	668.2	621.9	568.3	606.6	562.4
Western Europe	392.2	430.8	455.1	446.2	443.5	390.0	362.2	355.2
Central & Eastern Europe and Central Asia	284.2	248.2	269.8	241.0	214.4	215.3	241.1	223.2
RoW	82.0	71.0	52.4	71.4	66.7	36.4	46.5	39.7
<b>Total</b>	<b>1,277.7</b>	<b>1,330.6</b>	<b>1,436.6</b>	<b>1,426.8</b>	<b>1,346.4</b>	<b>1,210.0</b>	<b>1,256.4</b>	<b>1,180.6</b>
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Share per region (%)</b>								
Nordics	41	44	46	47	46	47	48	48
Western Europe	31	32	32	31	33	32	29	30
Central & Eastern Europe and Central Asia	22	19	19	17	16	18	19	19
RoW	6	5	3	5	5	3	4	3
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Growth, compared with previous quarter (%)</b>								
Nordics	-11	-12	-1	7	9	-6	8	1
Western Europe	-9	-5	2	1	14	8	2	1
Central & Eastern Europe and Central Asia	15	-8	12	12	-0	-11	8	-1
RoW	16	35	-27	7	83	-22	17	-2
	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
<b>Growth, compared with same period previous year (%)</b>								
Nordics	-17	2	9	19	11	7	9	1
Western Europe	-12	10	26	26	26	38	42	63
Central & Eastern Europe and Central Asia	33	15	12	8	-5	-15	-14	-14
RoW	23	95	13	80	64	-2	75	26

## SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Licence fees	123.8	128.0	129.7	132.8	127.7	117.7	116.6	111.3
Betting duties	90.6	84.6	73.6	69.4	62.1	56.6	56.2	52.1
Affiliates and partners commission	97.7	109.0	114.6	117.5	108.2	96.1	102.1	83.5
Other cost of services provided	106.7	110.0	100.6	97.6	80.5	75.3	78.6	74.7
<b>Total</b>	<b>418.8</b>	<b>431.5</b>	<b>418.5</b>	<b>417.3</b>	<b>378.5</b>	<b>345.6</b>	<b>353.5</b>	<b>321.6</b>

## SPECIFICATION OF AMORTISATION AND DEPRECIATION

SEK m	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Depreciation property, plant, and equipment	11.9	12.0	11.9	12.1	11.7	10.0	10.2	9.9
Depreciation right-of-use assets	12.5	12.8	-	-	-	-	-	-
Amortisation intangible fixed assets ( <i>whereof amortisation of capitalised development costs</i> )	66.1	65.8	66.0	71.2	67.2	61.3	60.2	59.2
	55.9	54.9	55.1	66.1	60.8	55.8	53.7	51.1
<b>Total</b>	<b>90.5</b>	<b>90.6</b>	<b>77.9</b>	<b>83.3</b>	<b>78.9</b>	<b>71.3</b>	<b>70.4</b>	<b>69.1</b>

## ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Reported revenues	1,277.7	1,330.6	1,436.6	1,426.8	1,346.4	1,210.0	1,256.4	1,180.6
- Revenue from acquisitions <sup>1</sup>	-	-	-	-	-	-53.5	-74.1	-91.9
- Currency effects	8.4	-25.8	-29.9	-54.4	-36.0	-7.4	48.2	32.4
<b>Organic revenues</b>	<b>1,286.1</b>	<b>1,304.8</b>	<b>1,406.7</b>	<b>1,372.4</b>	<b>1,310.4</b>	<b>1,149.1</b>	<b>1,230.5</b>	<b>1,121.1</b>
Organic growth (YoY)	-4%	8%	12%	16%	11%	4%	10%	5%
Reported growth (YoY)	-5%	10%	14%	21%	14%	10%	12%	11%
Reported operating income (EBIT)	196.9	255.2	341.5	340.2	300.7	211.4	218.4	216.0
- Result from acquisitions <sup>1</sup>	-	-	-	-	-	15.2	15.5	5.0
- Currency effects	24.0	17.4	24.3	20.9	10.5	15.3	34.0	27.4
<b>Organic operating income</b>	<b>220.9</b>	<b>272.6</b>	<b>365.8</b>	<b>361.1</b>	<b>311.2</b>	<b>241.9</b>	<b>267.9</b>	<b>248.4</b>
Organic growth (YoY)	-27%	29%	68%	67%	50%	0%	1%	-9%
Reported growth (YoY)	-35%	21%	56%	57%	45%	-12%	-18%	-21%

<sup>1</sup> For 2018 Q1, NetPlay and Premier Casino.

2017 Q4, Racebets, NetPlay and Premier Casino.

2017 Q3, Tonybet, Racebets, NetPlay and Premier Casino.

## APPENDIX

### ACCOUNTING POLICIES

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

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

As of 1 January 2019 IFRS 16 Leasing is applicable.

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

Betsson is doing the modified retrospective method and the major part of leases relates to rental of properties within the Group. The calculation of net present value of contracts in scope for IFRS 16 Leases amounts to SEK 143 million as an opening balance. The incremental borrowing rate ranges between 3-7,5 % for the legal units.

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

### RISKS

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

New gaming regulation came into effect on 1 January 2019 in Sweden. The Swedish regulator granted four licenses to Betsson operating subsidiaries to offer online gambling and betting to Swedish consumers under the Betsson, Betsafe, NordicBet and Sverigeautomaten brands respectively. In light of the Swedish government not being satisfied with the industry's efforts in self-regulating as regards "moderate advertising", there is a risk that the government will push for severe restrictions on or even a ban on gambling advertising in Sweden. The local regulator has also applied a very wide interpretation of the bonus prohibition under the new law, which led to Betsson operational subsidiary NGG Nordic Ltd being fined SEK 19 000 000 in June 2019 for its alleged breach of the bonus rules. NGG Nordic Ltd intends to appeal the fine decision.

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

Since 2010, Norway has implemented a prohibition against the execution of payments for gaming arranged outside Norway. This negatively affects banks in particular, as providing redemption services in conjunction with the payment of gaming via credit, and payment cards with foreign gaming companies is prohibited. Betsson's assessment is that this legislation is in conflict with EU law. Norway has also notified to the EU Commission a

proposal of amendments in the Norwegian Broadcasting Act. The proposed amendments aim to give to the local media authority the right to issue orders to prevent or impede illegal marketing of gambling services that are transmitted via television or on-demand audiovisual media services. In Betsson's view the proposal is contrary to EU law.

The adoption of the Remote Gambling Bill in the Netherlands in February 2019 was a positive milestone. It was a step forward for the Dutch market and consumers, as well as a positive development for Betsson towards locally regulated revenues. The new law is expected to enter into force earliest in Q3 of 2020, which is also when licensing commences. Gaming tax will be applicable at the rate of 29% + 2% fees of GGR, in total 31%. Together with the new law, the Senate passed a motion instructing the government to apply a cooling off period of two years for "illegal operators", i.e. those who have actively targeted the Dutch market through local payment instruments such as iDeal, advertising aimed at the Netherlands or through use of a Dutch domain name. It is still not clear how the motion will be formalised into a regulation and implemented. Betsson's understanding at this time is that: (i) international operators currently in the market are eligible for a Dutch license but such license may be issued with a delay reflecting the cooling off period; (ii) cooling off is not intended to be a blackout period. Betsson operational subsidiaries have taken swift measures to be in the best possible position to obtain a license at the earliest possible time. The measures include adjustments to the product offering, rebranding and payment solutions. Whilst Betsson expects this to have short term negative financial impact in the Netherlands, the measures ensure a sustainable outlook for the Dutch business and are long-term investments. Betsson continues to monitor these developments carefully to ensure compliance with EU law.

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

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

In December 2018, Italian legislator approved the government's last minute proposals to hike online and land-based taxes in an attempt to balance its budget. With effect from 1 January 2019, tax for online games increased from 20 to 25 percent of GGR.

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

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

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

## CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

### Income Statement (average year-to-date rate)

	2019	2018	Δ
EUR/SEK	10.5145	10.1448	+3.6%
GBP/SEK	12.0436	11.5293	+4.5%
GEL/SEK	3.4325	3.3970	+1.0%
NOK/SEK	1.0802	1.0571	+2.2%
TRY/SEK	1.6566	2.0569	-19.5%

### Balance sheet (closing rate)

	30/06/2019	30/06/2018	Δ
EUR/SEK	10.5581	10.4213	+1.3%
GBP/SEK	11.7546	11.7518	+0.0%
GEL/SEK	3.2635	3.6418	-10.4%

## TRANSACTIONS WITH RELATED PARTIES

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

## ABOUT BETSSON

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

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

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

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

## GLOSSARY AND DEFINITIONS

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

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

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

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

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

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

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

**Earnings per share after dilution:** Net income, divided by the weighted average number of shares outstanding during the year, adjusted for additional number of shares for options with dilutive effect.

**Earnings per share:** Net income in relation to the average number of shares outstanding.

**EBITDA:** Income before financial items, taxes, depreciation and amortisation.

**EBITDA margin:** Income before financial items, taxes, depreciation and amortisation as percent of revenue.

**Equity per share:** Equity as a percentage of the number of shares outstanding at the end of the period.

**Equity/assets ratio:** Equity at the end of the period as a percentage of the balance sheet total at the end of the period.

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

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

**Net debt:** Financial liabilities (bond, bank and remaining purchase considerations from acquisitions) less Cash and cash equivalents.

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

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

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

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

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

**Operational expenses:** Includes expenses for marketing, personnel, other external expenses, amortisation and depreciation, capitalized development costs and other operating income/expenses.

**Organic:** Excluding effects from currency fluctuations, in relation to the comparable period, and contribution from acquired entities over the past 12 months.

**Profit margin:** Income before taxes as a percentage of revenue.

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



## CALENDAR

Interim report Q3 and January-September 2019: 24 October 2019  
Year-end report and Q4 2019: 13 February 2020

## INFORMATION ON THE PRESENTATION

Betsson invites media, analysts and investors to Betsson's office in Regeringsgatan 28, Stockholm, Sweden on Friday, 19 July, 2019 at 09:00 CET, for the presentation of the interim report with CEO Pontus Lindwall and acting CFO Kristian Saliba.

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

To participate by phone, please dial:

UK: +44 33 33 00 08 04

SE: +46 8 56 64 26 51

US: +1 63 19 13 14 22

Please use the confirmation Code: 80494612#

To watch the webcast of the presentation, visit [www.betssonab.com](http://www.betssonab.com) or <https://edge.media-server.com/mmc/p/atn3unbm>

## CONTACTS

Pontus Lindwall, President and CEO  
+46 (0)8 506 403 00

Kristian Saliba, acting CFO  
[kristian.saliba@betssongroup.com](mailto:kristian.saliba@betssongroup.com)

Anna Ulinder, IR Manager  
+46 (0)8 506 403 00, [ir@betssonab.com](mailto:ir@betssonab.com)

