

Betsson AB (publ) year-end report, 1 January-31 December 2017

12% revenue growth driven by Sportsbook

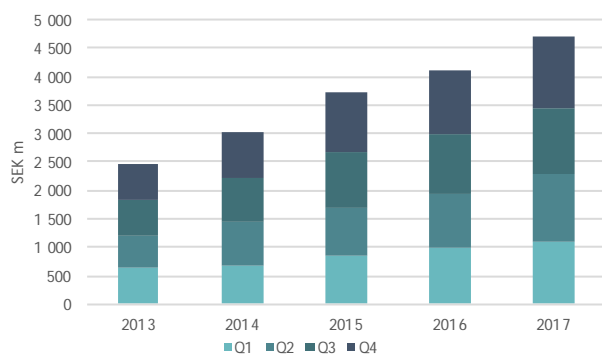
QUARTER: OCTOBER - DECEMBER 2017

- Group revenue was SEK 1,256.4 (1,118.5) million, an increase of 12 percent, with 10 percent organic growth.
- Sportsbook revenues grew by 36 percent due to a high sportsbook margin of 8.2 percent. Organic growth in Sportsbook turnover was 7 percent.
- Operating income (EBIT) was SEK 218.4 (265.1) million, a decline of 18 percent, mainly due to negative currency impact, negative contribution from recent acquisitions and increased marketing.
- The operating margin for the quarter was 17.4 (23.7) percent.
- After the quarter:** Company has implemented efficiency measures that will reduce net costs with SEK 50-60 million annually. Restructuring costs of approx. SEK 15 million will be taken in Q1 2018.

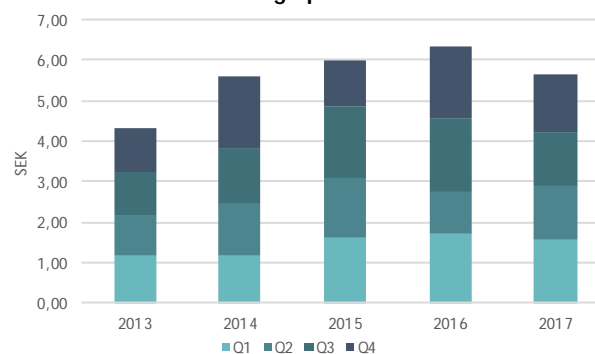
PERIOD: FULL YEAR 2017

- Group revenue increased by 15 percent to SEK 4,716.5 (4,117.3) million, with 9 percent organic growth.
- Operating income (EBIT) was SEK 882.2 (946.4) million.
- Net profit was SEK 786.5 (878.0) million, corresponding to SEK 5.68 (6.34) per share.
- Operating cash flow amounted to SEK 946.7 (1,168.5) million.
- The Board of Directors proposes to the AGM that SEK 393.1 (658.9) million, which corresponds to SEK 2.84 (4.76) per share, is distributed to shareholders. This is according to the new dividend policy, as communicated in March 2017.

Revenue



Earnings per share



KEY DATA

| SEK m | Q4 2017 | Q4 2016 | Δ | Jan-Dec 2017 | Jan-Dec 2016 | Δ |
|-----------------------------------|---------|---------|------|--------------|--------------|------|
| Revenue | 1,256.4 | 1,118.5 | 12% | 4,716.5 | 4,117.3 | 15% |
| Gross profit | 903.0 | 830.6 | 9% | 3,419.4 | 3,078.0 | 11% |
| Operating income (EBIT) | 218.4 | 265.1 | -18% | 882.2 | 946.4 | -7% |
| EBIT margin | 17.4% | 23.7% | -6% | 18.7% | 23.0% | -4% |
| Net income | 198.9 | 243.6 | -18% | 786.5 | 878.0 | -10% |
| Earnings per share (SEK) | 1.44 | 1.76 | -18% | 5.68 | 6.34 | -10% |
| Operating cash flow | 278.9 | 332.2 | -16% | 946.7 | 1,168.5 | -19% |
| Casino revenue | 867.3 | 823.7 | 5% | 3,437.9 | 2,907.8 | 18% |
| Sportsbook gross turnover | 5,965.4 | 6,117.7 | -2% | 23,117.5 | 24,392.1 | -5% |
| Sportsbook revenue | 359.3 | 264.4 | 36% | 1,140.3 | 1,080.4 | 6% |
| Sportsbook margin after free bets | 8.2% | 6.6% | | 6.9% | 6.5% | |
| Deposits | 4,362.4 | 3,947.1 | 11% | 16,308.0 | 14,457.6 | 13% |
| Active customers | 615,499 | 573,277 | 7% | | | |



The new flatter organisation will enable the Company to work more efficiently.

Pontus Lindwall
CEO Betsson AB

MESSAGE FROM THE CEO

“Revenue for the fourth quarter was SEK 1,256.4 (1,118.5) million, an increase by 12 percent compared to the same quarter 2016. The growth was driven by sportsbook, where we saw a high margin of 8.2 percent and growth in gross turnover excluding currency effects. The growth indicates that Betsson’s new mobile web sportsbook, which was launched on core brands during the quarter, has been well received by customers so far. Casino revenue growth was strong in region Western Europe, but the region Nordics showed a decline in Casino due to strong competition.

Operational income for the quarter was SEK 218.4 (265.1) million, a decline by 18 percent compared to the same quarter 2016. Increased marketing spend, currency effects and negative contribution from acquired companies had a negative impact on earnings.

ACTIONS TO IMPROVE BUSINESS

We have identified and started to implement a number of improvements on both the product and the marketing side. The launch of the new front-end system for Casino and Sportsbook on desktop and apps should be completed during 2018. Betsson will focus marketing spend on key markets with the ambition to achieve a higher return on investment. As an example, we have scaled back on marketing volumes for the UK.

During the first quarter 2018, Betsson restructured the operations. The new flatter organisation will enable the Company to work more efficiently.

In order to ensure that the operational companies owned by Betsson AB lead the way within responsible gaming, Betsson AB ordered an independent review in December 2017. The report recognised that responsible gaming is taken seriously at Betsson and also offers players a wide selection of responsible gaming tools, but it also pointed out some potential enhancements to improve work further within this area. Actions are in place and the results will be followed up closely by Betsson AB management and the Board of Directors, and also by reporting KPI’s in the interim reports going forward.

When I stepped in as CEO in September, my first action was to analyse the situation the company was in and together with management set a plan on how to bring Betsson back to higher growth and earnings. It will take some time until I am satisfied, but we are systematically implementing actions to improve performance and expect to see results towards the end of the year.”

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 eleven 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

Founded in

1963



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

Ticker: BETS B



Betsson Group operates 17 brands

11

Gaming licences in 11 jurisdictions.

REVENUE AND EARNINGS

REVENUE FOR THE QUARTER

Group revenue was SEK 1,256.4 (1,118.5) million, an increase of 12 percent, with 10 percent organic growth. (As of the year-end report 2017, organic growth is being adjusted for both acquisitions and currency effects.) The revenue increase was mainly from Sportsbook growth in region Nordics, Casino growth in region Western Europe and acquisitions. Currency fluctuations had a negative impact on revenues of SEK 48 million.

During the quarter, licence revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) amounted to SEK 92.0 (139.4) million, corresponding to 7 (12) percent of total Group revenue. Continued negative currency fluctuations impacted licence revenue related to Realm by SEK 25 million, compared with the fourth quarter 2016. The underlying performance in the business is stable compared to the previous quarter.

Mobile revenue in the fourth quarter amounted to SEK 740.8 (546.8) million, an increase of 35 percent. Mobile revenue was 59 (49) percent of total revenue.

59%

Mobile share of revenue

Revenue by product



- Casino (69%)
- Sportsbook (29%)
- Other (2%)

Revenue by product

Casino revenue in the fourth quarter amounted to SEK 867.3 (823.7) million, an increase of 5 percent, of which 3 percent was organic. Casino represented 69 (74) percent of Group revenue.

Growth in mobile Casino revenue was 38 percent and amounted to a total of SEK 507.0 (366.9) million. Betsson launched a new mobile web Casino on core brands in the fourth quarter 2016.

Sportsbook revenue in the fourth quarter amounted to SEK 359.3 (264.4) million, an increase of 36 percent. This was mainly due to a higher turnover related to B2C brands and a high Sportsbook margin compared to the same quarter 2016. Sportsbook represented 29 (24) percent of the Group's revenue.

Gross turnover in Sportsbook, in all Betsson's gaming solutions, amounted to SEK 5,965.4 (6,117.7) million. Organic gross turnover growth was 7 percent.

The margin after free bets in Sportsbook was 8.2 (6.6) percent due to very favourable sports results in the quarter. The eight-quarter rolling average margin was 6.7 percent.

Mobile Sportsbook revenue amounted to SEK 230.1 (175.5) million, an increase of 31 percent. Betsson launched a new mobile web sportsbook on core brands during the fourth quarter 2017, which had a positive impact on revenue.

Other revenue represented 2 percent of total revenues and amounted to SEK 29.7 (30.4) million. This product category includes poker.

Revenue by region



- Nordic (48%)
- Western Europe (29%)
- CEECA (19%)
- ROW (4%)

Revenue by region

Revenue from region Nordics was SEK 606.6 (556.9) million. The growth was 9 percent, with 11 percent organic, compared with the fourth quarter last year.

Revenue from region Western Europe amounted to SEK 362.2 (255.9) million, an increase of 42 percent, of which 14 percent was organic growth.

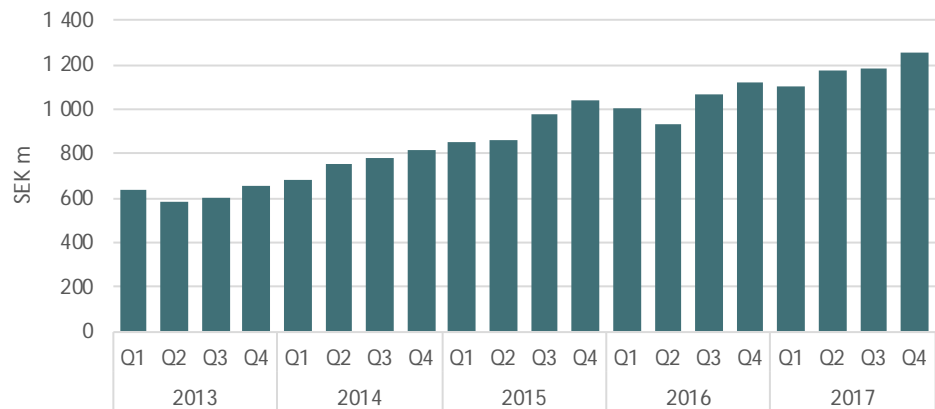
Revenue from region Central & Eastern Europe and Central Asia (CEECA) amounted to SEK 241.1 (279.1) million, a decline of 14 percent, with flat organic growth.

Locally taxed revenue (revenue from markets where Betsson pays local betting duties) has increased by 33 percent since the fourth quarter last year and amounted to SEK 294.4 (221.3) million, corresponding to 23.4 (19.8) percent of total revenue. The share of locally taxed revenue is expected to increase as the Company obtains additional local gaming licences.

REVENUE FOR FULL YEAR

Group revenue totaled SEK 4,716.5 (4,117.3) million, an increase of 15 percent. Gross profit amounted to SEK 3,419.4 (3,078.0) million.

Revenue



EXPENSES FOR THE QUARTER

Cost of services provided were at SEK 353.5 (288.0) million for the quarter, an increase of 23 percent. This is attributable to increased betting duties, an increase in total licence fees to game providers and increased commission for affiliates and partners as a result of regional revenue mix. Currency exchange rate fluctuations had a positive impact of SEK 7.4 million on Cost of services provided. See table on page 19.

Gross profit amounted to SEK 903.0 (830.6) million, corresponding to a gross margin of 71.9 (74.3) percent. The decrease in gross margin is attributable to changes in revenue mix.

Operating expenses amounted to SEK 684.6 (565.5) million. The increase was mainly attributable to acquired companies and increased marketing expenses.

Marketing expenses amounted to SEK 269.2 (206.3) million. Marketing expenses adjusted for acquisitions amounted to SEK 246.3 million, an increase of 19 percent compared to the same quarter previous year.

Personnel expenses amounted to SEK 208.4 (175.9) million. The increase compared with the previous year is mainly attributable to acquired entities and increased headcount. Personnel expenses adjusted for acquisitions amounted to SEK 192.1 million.

Other external expenses, which primarily include sportsbook costs, consultants and software licences, amounted to SEK 184.6 (166.4) million. The increase was fully related to contribution from acquired entities. Other external expenses adjusted for acquisitions amounted to SEK 162.5 million.

Betsson's operating expenses are mainly in EUR and currency fluctuations had no material impact this quarter.

Capitalised development costs amounted to SEK 51.9 (55.6) million. Amortisation of capitalised development was SEK 53.7 (45.4) million. Depreciation for the quarter was SEK 16.7 (16.4) million.

EARNINGS FOR THE QUARTER

Operating income (EBIT) amounted to SEK 218.4 (265.1) million, and the operating margin was 17.4 (23.7) percent. The organic operating income was SEK 267.9 million, corresponding to a 1 percent organic growth.

Net financial items amounted to SEK -8.7 (-5.5) million, the increase was mainly attributable to interest costs related to the bond issued in November 2016.

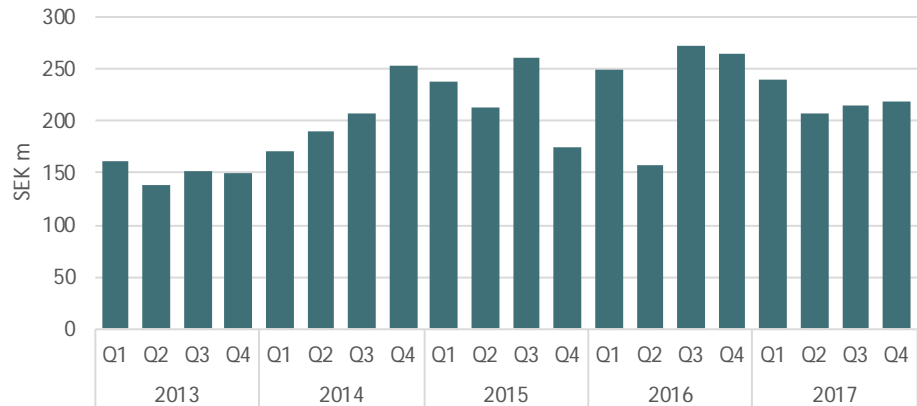
The Group's income before tax amounted to SEK 209.6 (259.6) million and net income amounted to SEK 198.9 (243.6) million, corresponding to SEK 1.44 (1.76) per share.

The reported corporate tax amounted to SEK 10.8 (16.0) million, corresponding to 5.1 (6.2) percent of profit before taxes. For the full-year, corporate tax amounted to SEK 56.5 (58.0) million, which corresponds to 6.7 (6.2) percent of profit before taxes. The average tax rates may fluctuate between quarters, depending on the tax base in the countries where Betsson has subsidiaries. For example, corporate taxes in certain countries are based on dividend distribution which may result in a difference between the effective and statutory rate.

EARNINGS FOR THE PERIOD

Operating income for the full year 2017 amounted to SEK 882.2 (946.4) million. Net income amounted to SEK 786.5 (878.0) million, corresponding to SEK 5.68 (6.34) per share.

Operating income (EBIT)



CASH FLOW AND FINANCIAL POSITION

LIQUID FUNDS AND CUSTOMER LIABILITIES

Cash and cash equivalents at the end of December 2017 amounted to SEK 479.5 (444.3) million. During the quarter, Betsson repaid SEK 163.7 million of its bank loans. Customer liabilities, including reserves for accumulated jackpots, amounted to SEK 374.6 (380.9) million. Gaming regulations require the Company 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 448.5 (307.0) million.

CASH FLOW

Cash flow from operating activities during the quarter amounted to SEK 278.9 (332.2) million.

FINANCING

Betsson has a strong cash flow from operating activities and only uses external financing for acquisitions. As per 31 December 2017, total available credit facilities were 1.089,7 (1.366.8) million, whereof SEK 663.9 (334.8) million were utilised. In addition, the Company has issued a bond amounting to SEK 993.9 (990.8) million.

External financing

| Credit facility | Amount | Utilised | Unutilised | Maturity date |
|------------------------|--------|----------|------------|---------------|
| RCF (EUR m) | 35.0 | 17.5 | 17.6 | Feb, 2018 |
| RCF (SEK m) | 700.0 | 492.1 | 207.9 | Jun, 2018 |
| Bank overdraft (SEK m) | 45.0 | 0.0 | 45.0 | - |
| Bond (SEK m) | 993.9 | 993.9 | 0.0 | Nov, 2019 |

Betsson AB's net income for 2017 was SEK 786.5 million. The Board of Directors proposes to the annual general meeting (AGM) that SEK 393.1 (658.9) million, which corresponds to SEK 2.84 (4.76) per share, is distributed to shareholders through an automatic redemption process. This is according to the new dividend policy communicated in March 2017. It should be noted that if the number of shares change it will affect the amount per share.

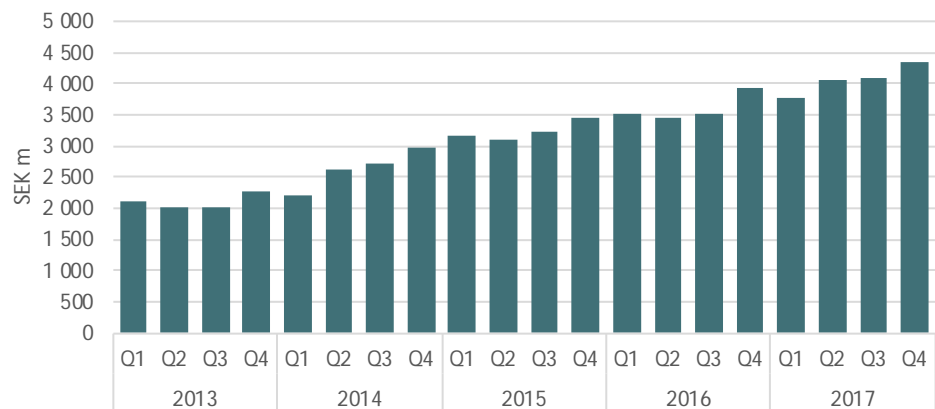
CUSTOMER ACTIVITY

Customer deposits in all Betsson's gaming solutions during the quarter amounted to SEK 4,362.4 (3,947.1) million, an increase of 11 percent. Growth in deposits should be evaluated over a longer period than a quarter due to normal quarterly variances.

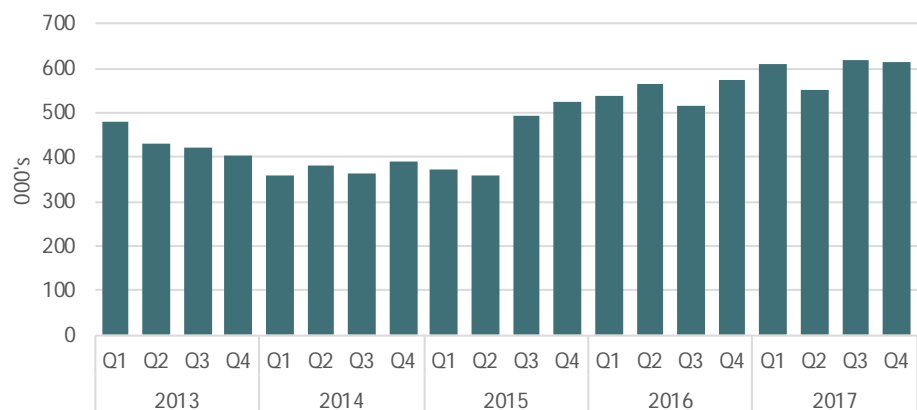
By the end of the fourth quarter, the number of registered customers was 13.0 (10.1) million, an increase of 29 percent.

Active customers during the quarter amounted to 615,499 (573,277). Trends in active customers should be evaluated over a longer period than a quarter due to normal quarterly variances.

Customer deposits



Active customers



SIGNIFICANT EVENTS AND OUTLOOK

OTHER SIGNIFICANT EVENTS DURING THE QUARTER

Jesper Svensson was appointed CEO of Betsson's operational subsidiaries. He has been with the Betsson Group since 2013 and has served as acting CEO of Betsson's operational subsidiaries since September 2017.

There have been no other significant events during the period.

SIGNIFICANT EVENTS AFTER THE QUARTER

The daily revenue in the first quarter 2018 up until 5 February was 14 percent (10 percent organic) higher than the average daily revenue of the full first quarter 2017. This trading update is not a forecast for the revenue of the first quarter, but an indication of how the quarter has started.

In January 2018, Betsson announced that it will restructure and streamline the organisation with the ambition to make it more efficient. As a consequence, total headcount in the Group will be reduced by approximately 160 employees. Annual net savings is estimated to be around SEK 50-60 million with a restructuring cost of approximately SEK 15 million that that will be booked in the first quarter 2018.

With effect from 1 January 2018, Malta has changed its VAT treatment of certain gambling services, in principle bringing some casino-type games into the scope of VAT. For Betsson, these changes will have the main effects that Maltese VAT of 18 percent will be charged on these games where they are provided to players established in Malta, and that any input VAT incurred in relation to the provision of taxable games can be recovered, regardless of where the player is established. The changes are not expected to have any significant effect on Betsson's financial statements.

The Dutch government continues to pursue a re-regulation of the Dutch gaming market. Until a new regulation is in place, the Dutch gaming authority KSA has announced its intention to enforce under the current Dutch betting and gaming act. Betsson's ambition is to channel customers into any future locally regulated environment.

There have been no other significant events after the end of the reporting period.

OUTLOOK

The company plans to invest in marketing to capitalise on the increased interest in gaming around the football World Cup 2018.

The management expects that revenues from regulated markets will continue to grow and thereby increased betting duties paid. Betting duties are mainly recognised in Cost of Services Provided.

OTHER INFORMATION

PERSONNEL

At the end of the fourth quarter, the Group had 1,873 (1,821) employees including 99 employees related to companies acquired during 2017. The average number of employees in the Group during the third quarter amounted to 1,867 (1,661) of which 1,084 (952) were based in Malta.

In addition, the Group employed 190 (224) full-time consultants at the end of the quarter, mainly within product development. The cost of consultants is recognised under Other external costs.

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 | Q4 2017 | Q4 2016 |
|-------------|---------|---------|
| Employees | 1,867 | 1,661 |
| Contractors | 190 | 224 |

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

Revenue for 2017 amounted to SEK 29.9 (17.2) million, and earnings before tax amounted to SEK 998.9 (919.3) million.

Cash and cash equivalents in the Parent Company was SEK 145.2 (45.3) million.

EQUITY

Equity in the Group amounted to SEK 3,666.9 (3,502.9) million, corresponding to SEK 26.49 (25.31) 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 40,009 (41,056) 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 31 December 2017

| 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 | 695 143 | 38 005 143 | 3,1% | 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 | 1 950 400 | 27 525 400 | 3,1% | 9,7% |
| Lindwall, Berit | 1 683 000 | 70 000 | 16 900 000 | 1,2% | 5,9% |
| Swedbank Robur Funds | 0 | 12 508 331 | 12 508 331 | 8,7% | 4,4% |
| DNB Technology | 0 | 5 535 549 | 5 535 549 | 3,8% | 1,9% |
| Försäkringsaktiebolaget Avanza pension | 0 | 4 713 360 | 4 713 360 | 3,3% | 1,7% |
| Svenska Handelsbanken For PB | 450 000 | 119 238 | 4 619 238 | 0,4% | 1,6% |
| Norden | 0 | 3 221 109 | 3 221 109 | 2,2% | 1,1% |
| Other | 30 000 | 88 766 516 | 89 066 516 | 61,5% | 31,3% |
| Betsson treasury shares | 0 | 6 078 592 | 0 | 4,2% | 0,0% |
| Total | 16 260 000 | 128 233 238 | 284 754 646 | 100,0% | 0,0% |

MARKET

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth close to EUR 380 billion with an expected growth of 2 percent annually up until 2021. Online gaming is expected to increase its share of the total market to increase from 10 percent in 2017, to a predicted share of 12 percent in 2021.

Annual growth in Betsson's core markets in Europe, which in aggregate are worth close to EUR 12 billion, is expected to be 7 percent during the years 2017-2021. Sweden is expected to show strong growth in 2019 as a result of the re-regulation of the Swedish gaming market, which is expected to come into effect in January 2019. (Data source: H2GC.)

The growth in the online gaming market is driven by higher e-commerce in general, as well as parallel usage of several screens such as a mobile phone, computer and tablet. Customers also expect to have games easily accessible when and where they want.

Another important driving force is that an increasing number of European countries are introducing local regulations for online gaming. The licence 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

7%

Estimated CAGR on Betsson's core markets in Europe 2017-2021

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 licences in Malta and ten more local jurisdictions. There are lasting values in offering regulated gaming services within the EU and other markets from Malta.

The Swedish government is planning to present a bill regarding re-regulation of the online gaming market and a new regulation in Sweden is expected to be implemented in 2019.

The new Dutch government has the ambition to introduce a new gaming regulation in the Netherlands, which could come into force in 2019.

PRODUCTS

The gaming sites operate on an in-house developed platform, which is 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. First class customer experiences are crucial and Betsson continuously invests in innovation and technology to reinforce its leading position.

Betsson's Casino comprises of 2,485 (1,758) different games, of which 1,934 (1,246) are available on mobile devices. Slots is the largest games category in Betsson's Casino followed by live casino.

Roll-out of the new mobile web sportsbook, built on the OBG framework, is completed on Betsson's core brands. More sports and markets are continuously added to the Sportsbook offering. Betsson's front-end framework OBG is planned to be launched for casino and sportsbook on apps and desktop in 2018.

SUSTAINABILITY

Responsible gaming is one of the most important parts of Betsson's sustainability work. Betsson ordered an independent review of its responsible gaming tools and processes in December 2017. The report recognises that Betsson has high ambitions within responsible gaming, but it also points out potential enhancements.

Two of the key factors of responsible gaming are employee training and giving players tools to control their gaming. For example, Betsson encourages players to set a deposit limit.

In the fourth quarter 2017, 164 (217) employees received responsible gaming training and 12.6 (10.5) percent of all new depositing customers (NDC's) choose to set a deposit limit.

Betsson's Board of Directors has decided that Betsson shall be climate neutral and therefore the Company has compensated 3,600 tonnes of greenhouse gas emissions for 2016 by sponsoring a Gold Standard renewable energy project. Betsson is also actively trying to reduce its climate footprint.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The Annual General Meeting of shareholders in Betsson AB will be held on Tuesday, 15 May 2018, at Scandic Haymarket Stockholm at 10:00 CET.

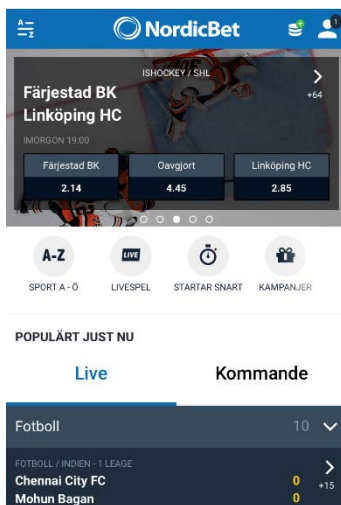
Shareholders who would like to make proposals to the Nomination Committee may do so by email to info@betssonab.com or by post to Betsson AB, Nomination Committee, Regeringsgatan 28, 111 53 Stockholm, Sweden.

The annual report will be available at the Company and at the Company's website www.betssonab.com no later than 24 April 2018.

Stockholm, 8 February 2018

Pontus Lindwall
President and CEO

This year-end report has not been subject to review by the Company's auditors.



ACQUISITIONS

Premier Casino

During the first quarter 2017, Betsson acquired the locally licenced Spanish online gaming operator Premier Casino.

The purchase price payable in cash was EUR 3.0 million and the acquisition was closed in March 2017.

NetPlay

Betsson acquired NetPlay at the end of March 2017. NetPlay operates three brands, Jackpot247, Supercasino and Vernon's, using mainly third-party systems for backend and content. Betsson has a long-term view on NetPlay and will achieve significant cost synergies and operational improvements over time.

The purchase price was GBP 26.4 million.

Accounting implications

During the fourth quarter, these acquired entities contributed SEK 52.2 million to revenue and decreased the operating income with SEK 23.2 million. During 2017 these acquired entities contributed SEK 178.8 million to revenue and decreased the operating income with SEK 42.9 million.

If these acquired entities had been consolidated from 1 January 2017, Betsson's revenue would have been SEK 4,792.0 million instead of the reported SEK 4,716.5 million and operating income would have been SEK 890.9 million instead of the actual reported SEK 882.2 million. This includes amortisation of the customer base from 1 January 2017, which arises in the acquisitions, but excludes any acquisition cost related to the acquisitions of NetPlay TV and Premier Casino.

Premier Casino was consolidated in the first quarter 2017, while NetPlay was consolidated from the start of the second quarter 2017.

The table below summarises the purchase consideration paid, and fair value of recognised assets and liabilities. Current receivables and liabilities do not involve any derivatives and their fair values are equivalent to their reported values. The acquired customer bases have been valued at SEK 9.9 million and the ongoing amortisation of this item will be charged to the Group's income over a period of two years. No portion of this amortisation is expected to be tax deductible. Goodwill amounting to SEK 189.7 million is attributable to expected cost and revenue synergies. Goodwill is not expected to be tax deductible.

The main changes compared to the preliminary purchase price allocation presented in the previous quarters have been adjustments to the Intangible assets and the eliminations of them against current liabilities within NetPlay. The review in this final purchase price allocation resulted in a net of SEK 29 million in additional assets being recognised.

Purchase price allocation (final), SEK m

| | |
|---|--------------|
| Total purchase price | 323.0 |
| Reported amount of identifiable acquired assets and taken over liabilities: | |
| Cash and cash equivalents | 81.9 |
| Property, plant and equipment | 7.6 |
| Intangible assets | 0.2 |
| Customer base | 9.9 |
| Brands | 67.3 |
| Current receivables | 48.1 |
| Current liabilities | -81.6 |
| Total identifiable net assets | 133.4 |
| Goodwill | 189.7 |

CONSOLIDATED INCOME STATEMENT

| SEK m | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|---------------------------------|---------|---------|--------------|--------------|
| Revenue | 1,256.4 | 1,118.5 | 4,716.5 | 4,117.3 |
| Cost of services provided | -353.5 | -288.0 | -1,297.1 | -1,039.3 |
| Gross profit | 903.0 | 830.6 | 3,419.4 | 3,078.0 |
| Marketing expenses | -269.2 | -206.3 | -969.6 | -822.3 |
| Personnel expenses | -208.4 | -175.9 | -786.4 | -657.9 |
| Other external expenses | -184.6 | -166.4 | -719.4 | -638.4 |
| Capitalised development costs | 51.9 | 55.6 | 214.1 | 211.8 |
| Amortisation and depreciation | -70.4 | -61.8 | -267.6 | -211.9 |
| Other operating income/expenses | -3.9 | -10.6 | -8.3 | -12.9 |
| Operating expenses | -684.6 | -565.5 | -2,537.2 | -2,131.6 |
| Operating income | 218.4 | 265.1 | 882.2 | 946.4 |
| Financial income and expenses | -8.7 | -5.5 | -39.3 | -10.4 |
| Income before tax | 209.6 | 259.6 | 842.9 | 936.0 |
| Tax | -10.8 | -16.0 | -56.5 | -58.0 |
| Net income | 198.9 | 243.6 | 786.5 | 878.0 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEK m | Q4 2017 | Q4 2016 | Jan-Dec 2017 | Jan-Dec 2016 |
|---|---------|---------|--------------|--------------|
| Net income | 198.9 | 243.6 | 786.5 | 878.0 |
| <u>Other comprehensive income</u> | | | | |
| Revenue/expenses recognised directly in equity: | | | | |
| Hedge of net investments in foreign currency incl. deferred tax | -12.5 | -12.0 | -11.5 | -51.6 |
| Exchange differences in translating foreign operations | 90.1 | -72.6 | 44.4 | 143.9 |
| Other comprehensive income of the period (after tax) | 77.6 | -84.6 | 32.9 | 92.3 |
| Total comprehensive income for the period | 276.5 | 159.0 | 819.3 | 970.3 |

CONSOLIDATED BALANCE SHEET

| SEK m | 31/12/2017 | 31/12/2016 |
|--|----------------|----------------|
| Intangible fixed assets | 4,943.4 | 4,627.5 |
| Property, plant and equipment | 97.7 | 85.9 |
| Financial assets | 9.2 | 12.6 |
| Deferred tax receivables | 43.8 | 34.9 |
| Other longterm receivables | 2.6 | 0.0 |
| Total non-current assets | 5,096.6 | 4,760.8 |
| Current receivables | 1,241.9 | 1,057.4 |
| Cash and cash equivalents | 479.5 | 444.3 |
| Total current assets | 1,721.3 | 1,501.7 |
| Total assets | 6,817.9 | 6,262.5 |
| Equity | 3,666.9 | 3,502.9 |
| Provision gaming tax | 12.9 | 20.1 |
| Deferred tax liabilities | 29.3 | 1.0 |
| Total Provisions | 42.2 | 21.0 |
| Bond | 993.9 | 990.8 |
| Non-current liabilities to credit institutions | 0.0 | 334.8 |
| Total non-current liabilities | 993.9 | 1,325.6 |
| Current liabilities to credit institutions | 663.9 | 0.0 |
| Other current liabilities | 1,451.0 | 1,412.9 |
| Total current liabilities | 2,114.9 | 1,412.9 |
| Total equity and liabilities | 6,817.9 | 6,262.5 |

CONSOLIDATED CASH FLOW STATEMENT

| SEK m | Q4 2017 | Q4 2016 | 31/12/2017 | 31/12/2016 |
|---|---------------|---------------|---------------|----------------|
| Income after financial items | 209.6 | 259.6 | 842.9 | 936.0 |
| Adjustments for non-cash items | 72.3 | 59.9 | 274.5 | 217.8 |
| Taxes paid | -1.8 | -30.5 | -58.5 | -101.9 |
| Cash flow from operating activities | | | | |
| before changes in working capital | 280.1 | 289.0 | 1,058.9 | 1,051.9 |
| Changes in working capital | -1.2 | 43.2 | -112.2 | 116.6 |
| Cash flow from operating activities | 278.9 | 332.2 | 946.7 | 1,168.5 |
| Investments | -75.6 | -91.0 | -282.9 | -316.7 |
| Sale of property, plant and equipment | 0.0 | 0.0 | 0.0 | 2.8 |
| Acquisition of cash and cash equivalents | 0.0 | 35.0 | 81.9 | 35.0 |
| Acquisition of shares in subsidiaries | 0.0 | -370.0 | -323.0 | -370.0 |
| Cash flow from investing activities | -75.6 | -426.0 | -524.0 | -648.9 |
| Cash paid upon redemption of warrants | 0.0 | -0.1 | -0.3 | -0.7 |
| Paid gaming tax provision | -0.0 | 0.0 | -7.2 | -90.2 |
| Bond issue | 0.0 | 993.0 | 0.0 | 993.0 |
| Settled purchase consideration | -0.0 | -41.8 | -54.7 | -430.7 |
| Changes in bank loans | -163.7 | -930.7 | 333.6 | -464.8 |
| Guarantees | -2.6 | 0.0 | -2.6 | 0.0 |
| Share redemption programme | 0.0 | 0.0 | -658.9 | -624.3 |
| Warrant premiums received | -0.0 | -0.0 | 0.3 | 0.7 |
| Cash flow from financing activities | -166.3 | 20.4 | -389.7 | -617.0 |
| Changes to cash and cash equivalents | 37.1 | -73.4 | 32.9 | -97.4 |
| Cash and cash equivalents at beginning of period | 437.0 | 522.3 | 444.3 | 524.9 |
| Exchange differences | 5.3 | -4.6 | 2.3 | 16.8 |
| Cash and cash equivalents at end of period | 479.5 | 444.3 | 479.5 | 444.3 |

CHANGE IN GROUP EQUITY

| SEK m | 31/12/2017 | 31/12/2016 |
|--|----------------|----------------|
| Opening balance | 3,502.9 | 3,153.7 |
| Total comprehensive income for the period | 819.3 | 970.3 |
| Total change excluding owner transactions | 819.3 | 970.3 |
| Share redemption programme | -658.9 | -624.3 |
| Warrants paid premium | 0.3 | 0.7 |
| Payment on exercise of options | -0.3 | -0.7 |
| Share options - value of employee services | 3.5 | 3.1 |
| Equity at end of period | 3,666.9 | 3,502.9 |
| Attributable to: | | |
| Parent company's shareholders | 3,666.9 | 3,502.9 |

PARENT COMPANY, INCOME STATEMENT

| SEK m | Jan-Dec 2017 | Jan-Dec 2016 |
|--------------------|--------------|--------------|
| Revenue | 29.9 | 17.2 |
| Operating expenses | -71.9 | -62.7 |
| Operating income | -42.0 | -45.4 |
| Financial items | 1,040.9 | 964.7 |
| Income before tax | 998.9 | 919.3 |
| Tax | 0.0 | 0.0 |
| Net income | 998.9 | 919.3 |

PARENT COMPANY, BALANCE SHEET

| SEK m | 31/12/2017 | 31/12/2016 |
|--|------------|------------|
| Property, plant and equipment | 2.1 | 2.6 |
| Financial assets | 4,967.6 | 4,741.6 |
| Total non-current assets | 4,969.7 | 4,744.2 |
| Current receivables | 809.8 | 572.1 |
| Cash and cash equivalents | 145.2 | 45.3 |
| Total current assets | 955.0 | 617.4 |
| Total assets | 5,924.6 | 5,361.6 |
| Restricted equity | 350.4 | 349.6 |
| Unrestricted equity | 3,737.8 | 3,397.8 |
| Total equity | 4,088.2 | 3,747.4 |
| Bond | 993.9 | 990.8 |
| Non-current liabilities to credit institutions | -0.0 | 313.6 |
| Total non-current liabilities | 993.9 | 1,304.4 |
| Current liabilities to credit institutions | 647.3 | 0.0 |
| Other current liabilities | 195.2 | 309.8 |
| Total current liabilities | 842.5 | 309.8 |
| Total equity and liabilities | 5,924.6 | 5,361.6 |

QUARTERLY DATA

INCOME STATEMENT

| SEK m | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 1,256.4 | 1,180.6 | 1,177.5 | 1,102.0 | 1,118.5 | 1,063.3 | 935.4 | 1,000.1 |
| Cost of services provided | -353.5 | -321.6 | -326.4 | -295.7 | -288.0 | -256.2 | -240.9 | -254.3 |
| Gross profit | 903.0 | 859.0 | 851.1 | 806.3 | 830.6 | 807.0 | 694.6 | 745.8 |
| Marketing expenses | -269.2 | -242.5 | -246.5 | -211.4 | -206.3 | -200.1 | -219.2 | -196.7 |
| Personnel expenses | -208.4 | -195.8 | -203.2 | -179.1 | -175.9 | -171.2 | -160.6 | -150.2 |
| Other external expenses | -184.6 | -186.2 | -182.0 | -166.7 | -166.4 | -167.2 | -156.7 | -148.0 |
| Capitalised development costs | 51.9 | 51.4 | 56.8 | 54.0 | 55.6 | 59.5 | 50.8 | 45.9 |
| Amortisation and depreciation | -70.4 | -69.1 | -67.5 | -60.6 | -61.8 | -56.0 | -49.3 | -44.7 |
| Other operating income/expenses | -3.9 | -1.0 | -2.2 | -1.3 | -10.6 | 0.9 | -1.3 | -2.0 |
| Operating expenses | -684.6 | -643.0 | -644.2 | -565.4 | -565.5 | -534.2 | -536.3 | -495.7 |
| Operating income | 218.4 | 216.0 | 206.9 | 240.9 | 265.1 | 272.9 | 158.3 | 250.1 |
| Financial items, net | -8.7 | -9.7 | -10.3 | -10.6 | -5.5 | -1.8 | -1.9 | -1.2 |
| Income before tax | 209.6 | 206.3 | 196.6 | 230.4 | 259.6 | 271.1 | 156.4 | 248.9 |
| Tax | -10.8 | -19.3 | -10.5 | -16.0 | -16.0 | -17.0 | -10.1 | -14.9 |
| Net income | 198.9 | 187.0 | 186.1 | 214.4 | 243.6 | 254.1 | 146.4 | 234.0 |

BALANCE SHEET

| SEK m | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Non-current assets | 5,096.6 | 5,084.9 | 5,188.0 | 5,062.8 | 4,760.8 | 4,372.1 | 4,256.2 | 4,126.2 |
| Current assets | 1,721.3 | 1,463.9 | 1,324.9 | 1,828.8 | 1,501.7 | 1,576.3 | 1,457.1 | 1,601.0 |
| Total assets | 6,817.9 | 6,548.9 | 6,512.9 | 6,891.7 | 6,262.5 | 5,948.4 | 5,713.2 | 5,727.2 |
| Equity | 3,666.9 | 3,389.3 | 3,301.7 | 3,746.8 | 3,502.9 | 3,343.3 | 3,028.1 | 3,412.1 |
| Provisions and non-current liabilities | 1,036.1 | 1,016.3 | 1,023.0 | 1,614.2 | 1,346.7 | 721.2 | 701.0 | 677.7 |
| Current liabilities | 2,114.9 | 2,143.2 | 2,188.3 | 1,530.6 | 1,412.9 | 1,883.9 | 1,984.2 | 1,637.4 |
| Total equity and liabilities | 6,817.9 | 6,548.9 | 6,512.9 | 6,891.7 | 6,262.5 | 5,948.4 | 5,713.2 | 5,727.2 |
| Consolidated cash flow statement | | | | | | | | |
| Operating cash flow | 278.9 | 220.4 | 242.4 | 204.9 | 332.2 | 294.4 | 211.9 | 330.0 |
| Cash flow from investing activities | -75.6 | -70.9 | -368.8 | -8.8 | -426.1 | -82.2 | -78.1 | -62.6 |
| Cash flow from financing activities | -166.3 | -183.2 | -276.1 | 235.9 | 20.4 | -115.2 | -182.3 | -339.8 |
| Total cash flow | 37.1 | -33.7 | -402.5 | 432.1 | -73.5 | 97.1 | -48.6 | -72.3 |

KEY RATIOS

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Key financial ratios | | | | | | | | |
| Gross Margin (% of revenue) | 71.9 | 72.8 | 72.3 | 73.2 | 74.3 | 75.9 | 74.2 | 74.6 |
| EBITDA-margin (% of revenue) | 23.0 | 24.2 | 23.3 | 27.4 | 29.2 | 30.9 | 22.2 | 29.5 |
| EBIT-margin (% of revenue) | 17.4 | 18.3 | 17.6 | 21.9 | 23.7 | 25.7 | 16.9 | 25.0 |
| Profit margin (% of revenue) | 16.7 | 17.5 | 16.7 | 20.9 | 23.2 | 25.5 | 16.7 | 24.9 |
| Marketing expenses (% of revenue) | 21.4 | 20.5 | 20.9 | 19.2 | 18.4 | 18.8 | 23.4 | 19.7 |
| Basic earnings per share (SEK) | 1.44 | 1.35 | 1.34 | 1.55 | 1.76 | 1.84 | 1.06 | 1.69 |
| Diluted earnings per share (SEK) | 1.44 | 1.35 | 1.34 | 1.55 | 1.76 | 1.84 | 1.06 | 1.69 |
| Equity per share (SEK) | 26.49 | 24.49 | 23.85 | 27.07 | 25.31 | 24.15 | 21.88 | 24.65 |
| Executed dividend/redemption per share (SEK) | 0.00 | 0.00 | 4.76 | 0.00 | 0.00 | 0.00 | 4.51 | 0.00 |
| Equity/assets ratio (%) | 54 | 52 | 51 | 54 | 56 | 56 | 53 | 60 |
| Return on equity (%) | 5 | 5 | 6 | 6 | 7 | 7 | 5 | 7 |
| Return on total capital (%) | 3 | 3 | 3 | 4 | 4 | 5 | 3 | 4 |
| Return on capital employed (%) | 4 | 4 | 5 | 5 | 4 | 6 | 4 | 5 |
| Net debt (SEK m) | 1,208 | 1,404 | 1,553 | 1,061 | 955 | 780 | 974 | 460 |
| Shares | | | | | | | | |
| Average share price (SEK) | 64.46 | 74.38 | 77.29 | 80.50 | 88.47 | 79.61 | 94.88 | 125.14 |
| Share price at end of period (SEK) | 60.50 | 74.25 | 73.00 | 78.00 | 87.90 | 94.80 | 70.10 | 126.00 |
| Highest share price (SEK) | 76.00 | 80.50 | 82.40 | 91.95 | 96.05 | 96.20 | 128.30 | 153.00 |
| Lowest share price (SEK) | 57.70 | 68.30 | 72.85 | 73.10 | 79.25 | 63.05 | 63.35 | 104.30 |
| Number of shareholders at end of period | 40,009 | 41,312 | 42,847 | 43,474 | 41,056 | 42,237 | 41,492 | 36,771 |
| 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 | 143.1 | 143.1 | 143.1 |
| Personnel | | | | | | | | |
| Average number of employees (accumulated) | 1,867 | 1,889 | 1,878 | 1,848 | 1,661 | 1,595 | 1,624 | 1,554 |
| Number of employees at end of period | 1,873 | 1,888 | 1,887 | 1,902 | 1,821 | 1,680 | 1,766 | 1,631 |

CUSTOMERS

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Registered customers (000's) | 12,993 | 12,705 | 12,381 | 12,159 | 10,101 | 9,676 | 9,489 | 9,244 |
| Active customers (000's) | 615 | 619 | 551 | 607 | 573 | 515 | 563 | 538 |

CUSTOMER DEPOSITS

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Customer deposits (SEK m) | 3,564.4 | 3,349.7 | 3,240.0 | 3,024.1 | 3,090.8 | 2,737.1 | 2,624.1 | 2,630.7 |
| Customer deposits, all gaming solutions (SEK m) | 4,362.4 | 4,100.1 | 4,056.3 | 3,789.2 | 3,947.1 | 3,521.2 | 3,472.8 | 3,516.6 |

SPORTSBOOK MARGIN

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Gross turnover, all gaming solutions (SEK m) | 5,965.4 | 5,391.0 | 5,755.0 | 6,006.1 | 6,117.7 | 5,548.0 | 6,008.7 | 6,717.7 |
| of which gross turnover live betting (SEK m) | 4,126.0 | 3,864.8 | 3,982.2 | 4,353.2 | 4,492.0 | 4,216.9 | 4,326.1 | 5,029.4 |
| Margin after free bets (%) | 8.2 | 7.1 | 6.4 | 6.1 | 6.6 | 7.6 | 5.7 | 6.1 |
| Revenue (SEK m) | 359.3 | 275.1 | 255.6 | 250.3 | 264.4 | 300.2 | 223.0 | 292.8 |
| Gross margin, Sportsbook (%) ¹⁾ | 6.0 | 5.1 | 4.4 | 4.2 | 4.3 | 5.4 | 3.7 | 4.4 |

¹⁾ Margin after allocated costs

REVENUE BY PRODUCT

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|----------------|
| Revenue (SEK m) | | | | | | | | |
| Casino | 867.3 | 871.1 | 876.6 | 822.9 | 823.7 | 731.8 | 683.2 | 669.1 |
| Sportsbook | 359.3 | 275.1 | 255.6 | 250.3 | 264.4 | 300.2 | 223.0 | 292.8 |
| Other products | 29.8 | 34.4 | 45.3 | 28.8 | 30.4 | 31.3 | 29.2 | 38.2 |
| Total | 1,256.4 | 1,180.6 | 1,177.5 | 1,102.0 | 1,118.5 | 1,063.3 | 935.4 | 1,000.1 |

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Share of total revenue (%) | | | | | | | | |
| Casino | 69 | 74 | 74 | 75 | 74 | 69 | 73 | 67 |
| Sportsbook | 29 | 23 | 22 | 23 | 24 | 28 | 24 | 29 |
| Other products | 2 | 3 | 4 | 3 | 3 | 3 | 3 | 4 |

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Growth, compared with previous quarter (%) | | | | | | | | |
| Casino | -0 | -1 | 7 | -0 | 13 | 7 | 2 | -2 |
| Sportsbook | 31 | 8 | 2 | -5 | -12 | 35 | -24 | -6 |
| Other products | -13 | -24 | 57 | -5 | -3 | 7 | -24 | -14 |
| Total | 6 | 0 | 7 | -1 | 5 | 14 | -6 | -4 |

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Growth, compared with same period previous year (%) | | | | | | | | |
| Casino | 5 | 19 | 28 | 23 | 20 | 11 | 11 | 14 |
| Sportsbook | 36 | -8 | 15 | -15 | -15 | 9 | 8 | 34 |
| Other products | -2 | 10 | 55 | -25 | -32 | -22 | -20 | -15 |
| Total | 12 | 11 | 26 | 10 | 7 | 9 | 9 | 18 |

REVENUE BY REGION

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|--------------|----------------|
| Sportsbook (SEK m) | | | | | | | | |
| Nordics | 190.6 | 133.0 | 118.2 | 106.3 | 118.0 | 152.5 | 80.0 | 112.0 |
| Western Europe | 45.3 | 32.5 | 34.4 | 24.8 | 11.5 | 15.6 | 7.6 | 41.6 |
| Central & Eastern Europe and Central Asia | 102.1 | 94.3 | 90.7 | 106.8 | 127.1 | 119.1 | 128.3 | 131.8 |
| Other | 21.3 | 15.3 | 12.3 | 12.4 | 7.8 | 13.0 | 7.1 | 7.4 |
| Total | 359.3 | 275.1 | 255.6 | 250.3 | 264.4 | 300.2 | 223.0 | 292.8 |
| Other products - casino and other games (SEK m) | | | | | | | | |
| Nordics | 416.1 | 429.4 | 440.5 | 424.0 | 438.9 | 402.1 | 355.2 | 355.1 |
| Western Europe | 316.9 | 322.7 | 317.4 | 256.8 | 244.3 | 202.7 | 200.8 | 202.1 |
| Central & Eastern Europe and Central Asia | 139.0 | 128.9 | 135.8 | 145.9 | 152.0 | 139.7 | 138.8 | 136.3 |
| Other | 25.2 | 24.4 | 28.3 | 25.0 | 18.9 | 18.6 | 17.6 | 13.9 |
| Total | 897.1 | 905.5 | 921.9 | 851.7 | 854.1 | 763.1 | 712.4 | 707.4 |
| Total per region (SEK m) | | | | | | | | |
| Nordics | 606.6 | 562.4 | 558.7 | 530.3 | 556.9 | 554.6 | 435.1 | 467.1 |
| Western Europe | 362.2 | 355.2 | 351.8 | 281.6 | 255.9 | 218.3 | 208.4 | 243.7 |
| Central & Eastern Europe and Central Asia | 241.1 | 223.2 | 226.5 | 252.7 | 279.1 | 258.7 | 267.2 | 268.1 |
| Other | 46.5 | 39.7 | 40.6 | 37.3 | 26.6 | 31.6 | 24.7 | 21.2 |
| Total | 1,256.4 | 1,180.6 | 1,177.5 | 1,102.0 | 1,118.5 | 1,063.3 | 935.4 | 1,000.1 |
| Share per region (%) | | | | | | | | |
| Nordics | 48 | 48 | 47 | 48 | 50 | 52 | 47 | 47 |
| Western Europe | 29 | 30 | 30 | 26 | 23 | 21 | 22 | 24 |
| Central & Eastern Europe and Central Asia | 19 | 19 | 19 | 23 | 25 | 24 | 29 | 27 |
| Other | 4 | 3 | 3 | 3 | 2 | 3 | 3 | 2 |
| Growth, compared with previous quarter (%) | | | | | | | | |
| Nordics | 8 | 1 | 5 | -5 | 0 | 27 | -7 | -2 |
| Western Europe | 2 | 1 | 25 | 10 | 17 | 5 | -14 | 0 |
| Central & Eastern Europe and Central Asia | 8 | -1 | -10 | -9 | 8 | -3 | -0 | -12 |
| Other | 17 | -2 | 9 | 40 | -16 | 28 | 16 | 19 |
| Growth, compared with same period previous year (%) | | | | | | | | |
| Nordics | 9 | 1 | 28 | 14 | 17 | 22 | -1 | 7 |
| Western Europe | 42 | 63 | 69 | 16 | 5 | -8 | 3 | 45 |
| Central & Eastern Europe and Central Asia | -14 | -14 | -15 | -6 | -8 | -2 | 36 | 18 |
| Other | 75 | 26 | 64 | 76 | 49 | 71 | 3 | 21 |

SPECIFICATION OF COST OF SERVICES PROVIDED

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| COST OF SERVICES PROVIDED | | | | | | | | |
| Licence fees | 116.6 | 111.3 | 108.9 | 96.8 | 99.3 | 88.6 | 80.7 | 84.0 |
| Betting duties | 56.2 | 52.1 | 53.9 | 43.3 | 35.4 | 33.5 | 31.2 | 28.8 |
| Affiliates and partners commission | 102.1 | 83.5 | 92.3 | 85.8 | 84.6 | 72.5 | 72.0 | 81.0 |
| Other cost of services provided | 78.6 | 74.7 | 71.2 | 69.7 | 68.7 | 61.6 | 56.9 | 60.5 |
| Total | 353.5 | 321.6 | 326.4 | 295.7 | 288.0 | 256.2 | 240.9 | 254.3 |

ORGANIC GROWTH

| | 2017 Q4 | 2017 Q3 | 2017 Q2 | 2017 Q1 | 2017 Jan-Dec 2017 |
|--|----------------|----------------|----------------|----------------|----------------------|
| CALCULATIONS FOR ORGANIC GROWTH | | | | | |
| Reported revenues | 1,256.4 | 1,180.6 | 1,177.5 | 1,102.0 | 4,716.5 |
| - Revenue from acquisitions | -74.1 | -91.9 | -103.6 | -32.6 | -302.2 |
| - Currency effects | 48.2 | 32.4 | 8.3 | 4.0 | 92.9 |
| Organic revenues | 1,230.5 | 1,121.1 | 1,082.2 | 1,073.4 | 4,507.2 |
| Organic growth (YoY) | 10% | 5% | 16% | 7% | 9% |
| Reported growth (YoY) | 12% | 11% | 26% | 10% | 15% |
| | | | | | |
| Reported operating income | 218.4 | 216.0 | 206.9 | 240.9 | 882.2 |
| - Income from acquisitions | 15.5 | 5.0 | -6.8 | -3.9 | 9.8 |
| - Currency effects | 34.0 | 27.4 | 17.8 | 19.1 | 98.3 |
| Organic operating income | 267.9 | 248.4 | 217.9 | 256.1 | 990.3 |
| Organic growth (YoY) | 1% | -9% | 38% | 2% | 5% |
| Reported growth (YoY) | -18% | -21% | 31% | -4% | -7% |

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 2016. Detailed information about the Group's accounting and valuation principles can be found in the Annual Report for 2016 (Note 2), which is available on www.betssonab.com or at the Company's head office.

As of 1 January 2018 IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments are applicable. During 2017 a project was initiated in order to analyse the potential effects of these standards. The project was completed during Q4 2017.

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.

Betsson is primarily an online casino operator and the revenue streams mainly result from casino games and sports book activities. The payout for wagers placed on these gaming activities typically is known at the time the wager is placed. This form of wagering is referred to as "fixed odds wagering." Such wagering contracts meet the definition of a financial instrument within the scope of IFRS 9 Financial Instruments and are excluded from the scope of IFRS 15. Applying IFRS 9 instead of IFRS 15 does not impact the revenue recognition or the financial statements since timing, amounts etc. remains the same regardless of which standard is applied. Betsson deems that IFRS 9 is to be applied to contracts relating to fixed odds wagering and IFRS 15 is not applicable with regards to these revenue streams. The company concludes that this is in line with the view of IASB. No effects in the financial statements have been identified when applying IFRS 9.

IFRS 15 Revenue from contracts with customers addresses the manner in which revenues are to be reported. 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. Within Betssons operations there is revenue streams relating to license fee of which IFRS 15 is applied. Betsson has assessed the effects and the conclusion is that IFRS 15 will not have any effects of the Groups Financial Statement.

As of 2019, **IFRS 16 Leases** will be enforced. IFRS 16 require that assets and liabilities attributable to all leases, with some exceptions, 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 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, the company will not use early application. The standard is adopted by the EU. The standard will primarily affect the accounting of the Group's operating leases.

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 to enable them to fully analyse the Betsson business and trends. The APMs are not meant to replace but to complement the performance measures defined under IFRS.

RISKS

In the majority of national markets, gambling is regulated by the law, and all such operations, in principle, require permits. Betsson operates its businesses under gaming licences in Malta, as well as in Denmark, Estonia, Georgia, Spain, Germany, Ireland, Italy, Latvia, Lithuania and the UK. Political decisions, new interpretations of laws and new regulations can significantly affect Betsson's earnings and financial position since operations are subject to licences.

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. When new legislation is adopted it is often unclear if there will be requirements, in relation to receiving a licence or in general at the time of regulating or re-regulating of markets, demanding the settlement of any form of historic obligation and also the size of any such obligation.

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.

The Swedish government is planning to present a bill regarding re-regulation of the online gaming market and a new regulation in Sweden is expected to be implemented in 2019.

The European Commission has questioned whether the Dutch gambling framework is compliant with EU law. The new Dutch government has the ambition to introduce a new regulation, which could come into force in 2019. Betsson is watching the developments carefully to ensure compliance with EU law.

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

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 2016.

CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

Income Statement (average year-to-date rate)

| | 2017 | 2016 | Δ |
|---------|--------|--------|--------|
| EUR/SEK | 9.6326 | 9.4704 | +1.7% |
| TRY/SEK | 2.3419 | 2.8339 | -17.4% |
| GEL/SEK | 3.3886 | 3.6178 | -6.3% |
| NOK/SEK | 1.0330 | 1.0199 | +1.3% |

Balance sheet (closing rate)

| | 31/12/2017 | 31/12/2016 | Δ |
|---------|------------|------------|--------|
| EUR/SEK | 9.8497 | 9.5669 | +3.0% |
| TRY/SEK | 2.1775 | 2.5796 | -15.6% |
| GEL/SEK | 3.0472 | 3.4734 | -12.3% |
| NOK/SEK | 1.0011 | 1.0540 | -5.0% |

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 annual report 2016.

DISTRIBUTION TO SHAREHOLDERS

The Board of Directors proposes to the annual general meeting (AGM) that SEK 393.1 (658.9) million, which corresponds to SEK 2.84 (4.76) per share, is distributed to shareholders through an automatic redemption process. This is according to the dividend policy. It should be noted that if the number of shares change it will affect the amount per share.

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 KPIs 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 during the period.

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. Also includes share redemption programmes.

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

EBITDA margin: Operating income plus depreciation 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, gaming taxes, 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 margin (EBIT): Operating income after financial items as a percentage of revenue for the period.

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 after financial items as a percentage of revenue for the period.

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

| | |
|--------------------------------|-----------------|
| January-March and Q1 2018: | 25 April 2018 |
| Annual General Meeting | 15 May 2018 |
| January-June and Q2 2018: | 19 July 2018 |
| January-September and Q3 2018: | 24 October 2018 |
| Year-end report and Q4 2018: | 7 February 2019 |

INFORMATION ON PRESENTATION

Betsson invites media, analysts and investors to Betsson's office at Regeringsgatan 28, Stockholm, Sweden, on Thursday, 8 February, 2018 at 09:00 CET, for the presentation of the interim report with CEO Pontus Lindwall and CFO Kaaren Hilsen. The presentation will be held in English and followed by a questions and answers session. It is also available via webcast and conference call.

To participate by phone, please dial:

UK: +44 2033645374

SE: +46 850556474

US: +1 8557532230

To watch the webcast of the presentation, visit www.betssonab.com or <https://edge.media-server.com/m6/p/o23u2imd>



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