

Betsson AB (publ) interim report, 1 January-30 September 2017

Q3 revenue growth was 11% and revenue amounted to SEK 1,181 million

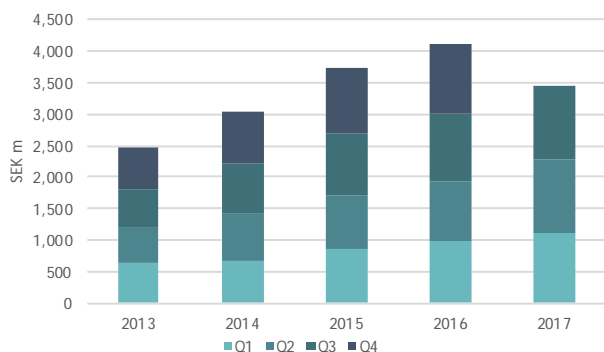
QUARTER: JULY - SEPTEMBER

- Group revenue was SEK 1,180.6 (1,063.3) million, an increase of 11 percent, with 2 percent organic growth.
- Revenue in region Western Europe grew 63 percent, with a 31 percent organic growth.
- Improved product offering drives continued strong growth in mobile Casino.
- Operating income (EBIT) was SEK 216.0 (272.9) million, a decline of 21 percent, mainly due to negative currency impacts, increased betting duties and negative contribution from recent acquisitions. The operating margin was 18.3% (25.7).
- Strong growth in active customers, increase by 20 percent.

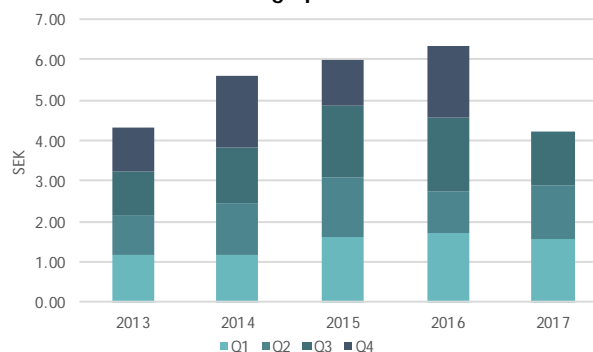
PERIOD: JANUARY - SEPTEMBER

- Group revenue increased by 15 percent to SEK 3,460.0 (2,998.8) million. Casino revenue increased by 23 percent.
- Operating income (EBIT) amounted to SEK 663.8 (681.3) million.
- Profit before tax amounted to SEK 633.3 (676.4) million.
- Net profit amounted to SEK 587.6 (634.5) million, corresponding to SEK 4.25 (4.58) per share.
- Operating cash flow amounted to SEK 667.7 (836.3) million.

Revenue



Earnings per share



KEY DATA

SEK m	Q3 2017	Q3 2016	Δ	Jan-Sep 2017	Jan-Sep 2016	Δ	Jan-Dec 2016
Revenue	1,180.6	1,063.3	11%	3,460.0	2,998.8	15%	4,117.3
Gross profit	859.0	807.0	6%	2,516.4	2,247.4	12%	3,078.0
Operating income (EBIT)	216.0	272.9	-21%	663.8	681.3	-3%	946.4
EBIT margin	18.3%	25.7%	-7%	19.2%	22.7%	-4%	23.0%
Net income	187.0	254.1	-26%	587.6	634.5	-7%	878.0
Earnings per share (SEK)	1.35	1.84	-27%	4.25	4.58	-7%	6.34
Operating cash flow	220.4	294.4	-25%	667.7	836.3	-20%	1,168.5
Casino revenue	871.1	731.8	19%	2,570.6	2,084.1	23%	2,907.8
Sportsbook gross turnover	5,391.0	5,548.0	-3%	17,152.1	18,274.4	-6%	24,392.1
Sportsbook revenue	275.1	300.2	-8%	781.0	816.0	-4%	1,080.4
Sportsbook margin after free bets	7.1%	7.6%	-	6.5%	6.5%	-	6.5%
Deposits	4,100.1	3,521.2	16%	11,945.6	10,510.6	14%	14,457.6
Active customers, 000's	619.0	515.1	20%				573



The product offering has probably never been better, but I acknowledge that there is room for further improvements in the operations.

Pontus Lindwall
CEO Betsson AB

MESSAGE FROM THE CEO

“Group revenue in the third quarter 2017 amounted to SEK 1,181 million, which gave a reported growth of 11 percent and an organic growth of 2 percent compared to the same quarter last year. The operating income (EBIT) was SEK 216 million, which was a decline of 21 percent following the strong third quarter in 2016.

Despite a good finish to the quarter, we are not satisfied with the overall growth in the quarter and Betsson has taken action to improve performance. Moreover, NetPlay, which Betsson acquired in April 2017, has not developed as well as planned and measures have been taken to get the business back on track. The Group is committed to continue to develop the product offerings and to achieve good returns on marketing spend in order to further capture growth.

The customer activity in Betsson’s operations is strong and both active customers and deposits reached an all-time-high in the third quarter.

Betsson has made significant investments in the product offering and we have seen a positive impact in customer activity and mobile casino revenues. The roll-out of the new mobile Sportsbook will continue in the fourth quarter, which should put the company in a favourable position for the football World Cup in 2018. Betsson plans to launch the front-end framework OBG for Casino and Sportsbook on apps and desktop during 2018.

FOCUS ON OPERATIONS

I took over as CEO of Betsson AB in September and I can conclude that the product offering has probably never been better, but also acknowledge that there is room for further improvements in the operations and changes are being made. One example is that marketing is now organised by region in order to better leverage the multi-brand strategy and achieve higher return on marketing investments.

We have good control of the business and the Betsson team and I are committed to achieve the long-term growth and earnings that I believe the company is capable of.”

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

Reported Group revenues for the quarter was SEK 1,180.6 (1,063.3) million, an increase of 11 percent compared to the third quarter 2016, of which 2 percent was organic growth. The increase was mainly from growth in Western Europe, Casino and acquisitions. Currency fluctuations had a negative impact on revenues of SEK 32 million and, adjusted for currency effects, the organic growth was 5 percent during the quarter.

During the quarter, licence revenue for system deliveries to the gaming operator Realm Entertainment Ltd. (Realm) amounted to SEK 94.3 (132.0) million, corresponding to 8.0 (12.4) percent of total Group revenue. Continued negative currency fluctuations impacted licence revenue related to Realm by SEK 24.6 million, compared with the third quarter 2016. The underlying performance in the business is stable.

Mobile revenue in the third quarter amounted to SEK 672.4 (504.1) million, an increase of 33 percent. Mobile revenue was 57 (47) percent of total revenue, the reason for the increase was growth in mobile Casino.

Revenue by product

Casino revenue in the third quarter amounted to SEK 871.1 (731.8) million, an increase of 19 percent, of which 12 percent was organic. Casino represented 74 (69) percent of Group revenue.

Growth in mobile Casino revenue was 63 percent and amounted to a total of SEK 498.0 (306.2) million. The good development is a result of product improvements.

Gross turnover in Sportsbook, in all Betsson's gaming solutions, amounted to SEK 5,391.0 (5,548.0) million. The decline is mainly attributable from currency fluctuations in TRY, which had a negative impact of SEK 556.6 million on Gross turnover in Sportsbook. The share of Sportsbook turnover generated from mobile devices amounted to 70 (66) percent. The margin after free bets in Sportsbook was 7.1 (7.6) percent. The eight-quarter rolling average margin was 6.5 percent.

Sportsbook revenue in the third quarter amounted to SEK 275.1 (300.2) million, a decrease of 8 percent, from currency and lower Sportsbook margin compared to the third quarter 2016. Sportsbook represented 23 (28) percent of the Group's revenue. Mobile Sportsbook revenue amounted to SEK 177.3 (193.7) million

Other revenue amounted to SEK 34.4 (31.3) million. This product category includes poker.

Revenue by region

Revenue from region Nordics was SEK 562.4 (554.6) million with flat development year on year. Growth for the region was offset by a decline in Sportsbook revenue as a result of lower Sportsbook margins.

Revenue from region Western Europe amounted to SEK 355.2 (218.3) million, an increase of 63 percent, of which 31 percent was organic growth.

Revenue from region Central & Eastern Europe and Central Asia (CEECA) amounted to SEK 223.2 (258.7) million, a decline of 14 percent. The decrease was mainly a result of continued negative currency fluctuations. Sportsbook revenue for the region amounted to SEK 94.3 (119.1) million.

Locally taxed revenue (revenue from markets where Betsson pays local betting duties) has increased by 50 percent since the third quarter last year and amounted to SEK 296.3 (197.6) million, corresponding 25.1 (18.6) percent of total revenue. The ongoing conversion of the revenue base to an increased share of locally taxed revenue is in line with the Company's strategy to obtain local gaming licences where commercially viable.

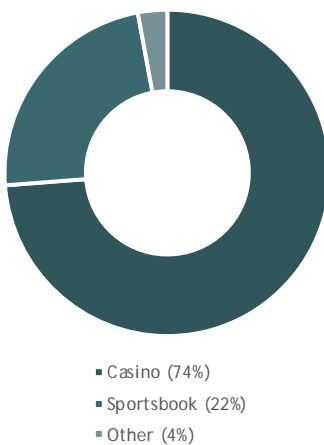
REVENUE FOR THE PERIOD

Group revenue totaled SEK 3,460.0 (2,998.8) million, an increase of 15 percent. Gross profit amounted to SEK 2,516.4 (2,247.4) million.

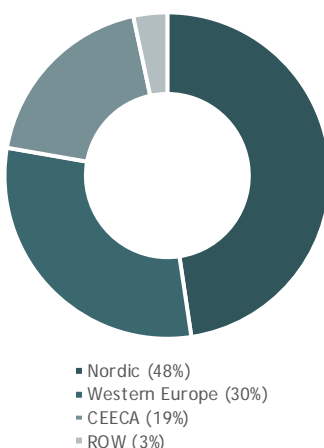
57%

Mobile share of revenue

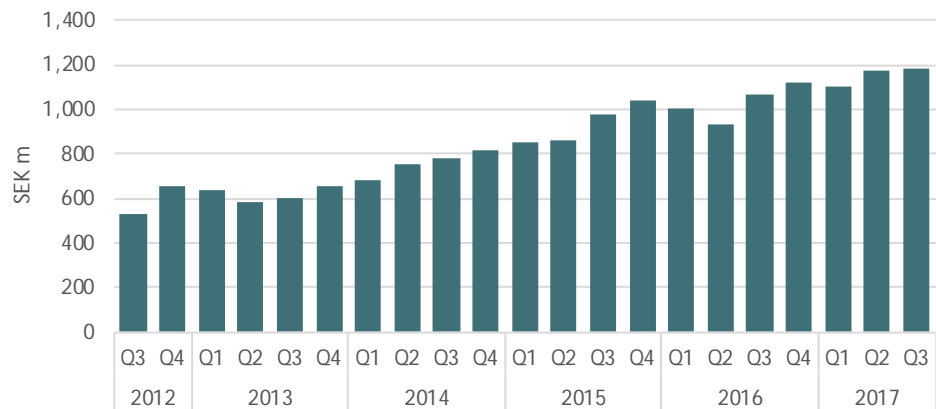
Revenue by product



Revenue by region



Revenue



EXPENSES

Cost of services provided were at SEK 321.6 (256.2) million for the quarter, an increase of 25.5 percent. The increased Cost of services provided is attributable to increased betting duties and increased licence fees to game providers attributable to growth in Casino revenue. Betting duties related to local gaming licences amounted to SEK 52.0 (33.5) million.

Commission for affiliates and partners, reported under Cost of services provided, amounted to SEK 83.5 (72.5) million of which SEK 1.5 million is related to acquisitions.

Currency exchange rate fluctuations had a positive impact of SEK 2.7 million on Cost of services provided.

Gross profit amounted to SEK 859.0 (807.0) million, corresponding to a gross margin of 72.8 (75.9) percent. The decrease in gross margin is attributable to the revenue mix.

Operating expenses amounted to SEK 643.0 (534.2) million. The increase was mainly attributable to acquired companies and increased marketing expenses.

Marketing expenses amounted to SEK 242.5 (200.1) million. Marketing expenses adjusted for acquisitions amounted to SEK 216.2 million, an increase of 8 percent compared to the same quarter previous year where marketing spend was lower than normal.

Personnel expenses amounted to SEK 195.8 (171.2) million. Figures in the third quarter included a non-recurring item of SEK 7.2 million related to management changes in the Group. The increase compared with the previous year is mainly attributable to acquired entities and further investments in technology and product development. Personnel expenses adjusted for acquisitions amounted to SEK 181.5 million.

Other external expenses amounted to SEK 186.2 (167.2) million. The increase was fully related to contribution from acquired entities. Other external expenses adjusted for acquisitions amounted to SEK 167.5 million.

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

Capitalised development costs amounted to SEK 51.4 (59.5) million. Capitalisation can vary over time depending on projects in development. Amortisation of capitalised development was SEK 51.1 (40.9) million.

EARNINGS FOR THE QUARTER

Operating income (EBIT) amounted to SEK 216.0 (272.9) million, and the operating margin was 18.3 (25.7) percent. The operating income adjusted for the past 12 months' acquisitions amounted to SEK 221.0 million. The acquired companies Premier Casino and NetPlay had a negative impact on operating income for the quarter. The turnaround of NetPlay is behind plans and measures have been taken to get the business back on track.

Acquired entities over the past 12 months had a negative effect on the operating income with SEK 5 million and currency fluctuations had a negative impact of SEK 27.4 million on operating income. Operating income adjusted for acquisitions and constant currency amounted to SEK 248.4 million for the third quarter.

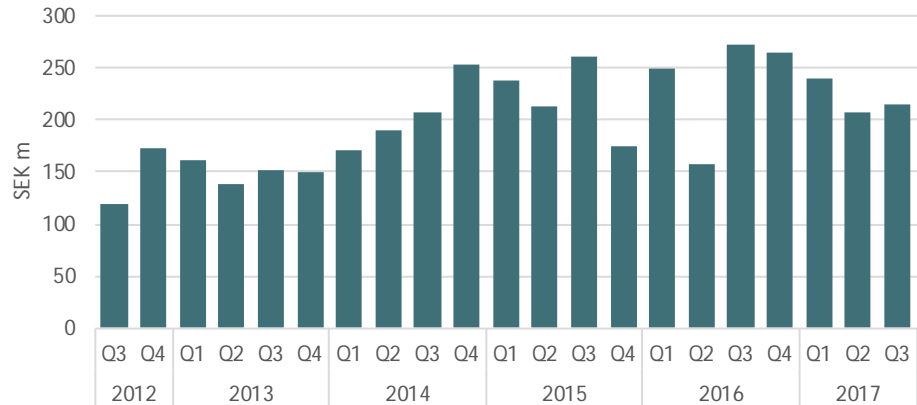
Net financial items amounted to SEK 9.7 (1.8) million, the increase was mainly attributable to interest costs related to the bond issued in November 2016.

The Group's income before tax amounted to SEK 206.3 (271.1) million and net income amounted to SEK 187.0 (254.1) million, corresponding to SEK 1.35 (1.84) per share.

EARNINGS FOR THE PERIOD

Operating income for the first three quarters 2017 amounted to SEK 663.8 (681.3) million. Net income amounted to SEK 587.6 (634.5) million, corresponding to SEK 4.25 (4.58) per share.

Operating income (EBIT)



CASH FLOW AND FINANCIAL POSITION

LIQUID FUNDS AND CUSTOMER LIABILITIES

Cash and cash equivalents at the end of September 2017 amounted to SEK 437.0 (522.3) million. During the quarter, Betsson made a repayment of bank loans with SEK 146.7 million. Customer liabilities, including reserves for accumulated jackpots, amounted to SEK 371.5 (381.2) million. Due to the regulations of gaming authorities, this amount limits utilisation of the Company's cash and cash equivalents. Current receivables from payment providers for unsettled customer deposits were SEK 399.0 (292.6) million.

CASH FLOW

Cash flow from operating activities during the quarter amounted to SEK 220.4 (294.4) million.

FINANCING

Betsson has a strong cash flow from operating activities and only uses external financing for acquisitions. At the end of the third quarter, available credit facilities amounted to SEK 1,081.0 (1,326.1) million, of which SEK 819.2 (1,258.9) million was utilised and SEK 261.8 (67.2) million was unutilised. In addition, Betsson has issued a senior unsecured bond, which after deduction of fees is now at SEK 993.2 million.

External financing

Credit facility	Amount	Utilised	Unutilised
RCF (EUR m)	35.0	26.6	8.5
RCF (SEK m)	700.0	564.5	135.5
Bank overdraft	45.0	0.0	45.0
Bond (SEK m)	993.2	993.2	0.0

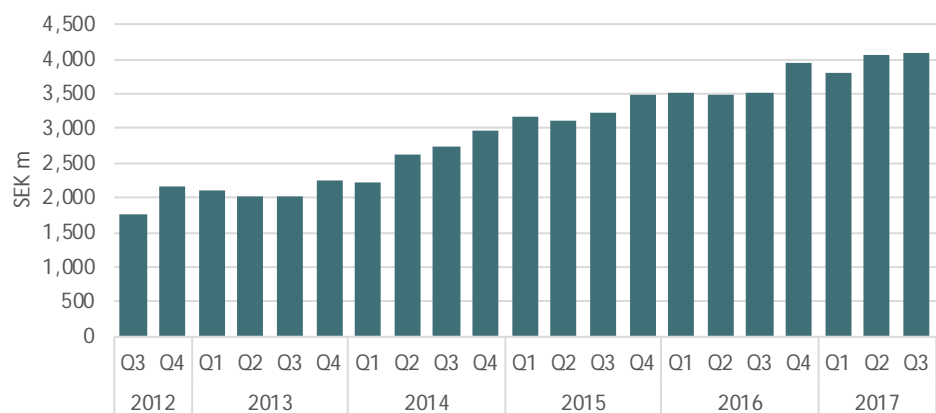
CUSTOMER ACTIVITY

Customer deposits in all Betsson's gaming solutions during the quarter amounted to SEK 4,100.1 (3,521.2) million, an increase of 16 percent, of which 10 percent was organic growth. Growth in deposits should be evaluated over a longer period than a quarter due to normal quarterly variances.

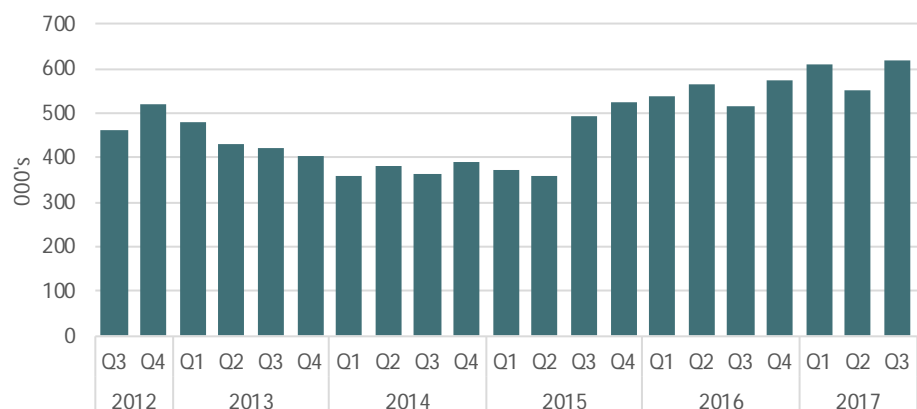
By the end of the third quarter, the number of registered customers was 12.7 (9.7) million, an increase of 31 percent. The KPI includes the net of additional customers related to acquisitions, restructuring of customer bases and organic growth.

Active customers during the quarter amounted to 619,032 (515,101). 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

At the Extraordinary General Meeting in Betsson AB (publ) held on 7 August 2017, the shareholders resolved to elect Fredrik Carlsson as a new member of the Board of Directors.

In September, the Board of Directors and Ulrik Bengtsson agreed that Ulrik Bengtsson should leave the position as President and CEO of Betsson AB. The Board decided to appoint Pontus Lindwall CEO of Betsson AB. In connection with this appointment, Pontus Lindwall's role as Chairman of the Board was assumed by the Board member Patrick Svensk. Jesper Svensson, Chief Commercial Officer of BML Group, has been appointed acting CEO in Betsson's operational subsidiary in Malta.

The Betsson AB management team was strengthened with Petra Zackrisson, Vice President Corporate Development and Fredric Lundén, Vice President Governance, Risk and Compliance.

There have been no other significant events during the period.

SIGNIFICANT EVENTS AFTER THE QUARTER

The daily revenue in the fourth quarter up until 17 October was 10 percent (7 percent organic) higher than the average daily revenue of the full fourth quarter 2016. This trading update is not a forecast for the revenue of the fourth quarter, but an indication of how the quarter has started.

In July, Betsson filed an official complaint to the European Commission requesting the re-opening of infringement proceedings against the Netherlands that were initiated in 2006. The European Commission has made a decision not to, at this time, pursue complaints relating to gambling. Due to this change in policy by the Commission, no further action will be taken by the European Commission in relation to Netherland's ongoing infringement.

Betsson was unsuccessful in seeking an injunction to prevent the Dutch authority KSA enforcement in the Dutch courts. Betsson has decided not to appeal this decision. However, Betsson is still considering initiating full proceedings if an understanding cannot be found with the KSA to enable channeling Betsson's customers to the future locally regulated environment. Betsson's reference at all times is to seek a compromise that would be an acceptable solution for all parties however, Betsson will defend its legal rights should any enforcement action be initiated by the KSA.

Kaaren Hilsen assumed the position as CFO of Betsson AB on 2 October.

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

OUTLOOK

The fourth quarter is seasonally a strong quarter and the company plans to invest more in marketing to capitalise on the improved product offering.

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 third quarter, the Group had 1,888 (1,680) employees including 182 employees related to acquired companies. The average number of employees in the Group during the third quarter amounted to 1,889 (1,595) of which 1,073 (903) were based in Malta.

In addition, the Group employed 212 (223) full-time consultants at the end of the quarter, mainly within product development. The cost of consultants is recognised under Other external costs.

FTE	Q3 2017	Q3 2016
Employees	1,889	1,595
Contractors	212	223

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

Revenue for the third quarter amounted to SEK 6.5 (4.4) million, and earnings before tax amounted to SEK 70.1 (122.9) million.

Cash and cash equivalents in the Parent Company was SEK 47.0 (88.2) million.

EQUITY

Equity in the Group amounted to SEK 3,389.3 (3,343.3) million, corresponding to SEK 24.49 (24.15) 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 41,312 (42,237) 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 September 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	699,443	38,009,443	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	1,950,000	27,525,000	3.1%	9.7%
Lindwall, Berit	1,683,000	70,000	16,900,000	1.2%	5.9%
Swedbank Robur Funds	0	13,146,466	13,146,466	9.1%	4.6%
Svenska Handelsbanken For PB	450,000	600,321	5,100,321	0.7%	1.8%
Försäkringsaktiebolaget Avanza pension	0	4,243,518	4,243,518	2.9%	1.5%
Didner & Gerge Funds	0	4,233,244	4,233,244	2.9%	1.5%
DNB Teknologi	0	3,285,916	3,285,916	2.3%	1.2%
Other	30,000	89,350,738	89,650,738	61.9%	31.5%
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

The entire gaming market, including both offline and online gaming, is worth close to EUR 300 billion, and it is growing by approximately 2 percent per year. Online gaming only constitutes 11 percent of the entire gaming market. Annual growth in Betsson's core markets in Europe is expected to be 8.5 percent during the years 2017-2021. (Data source: H2 Gambling Capital.)

The growth 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 whereby gaming companies can apply for a local licence and thus pay local gaming tax. The licence gives gaming companies the chance to compete on equal terms and to gain access to more effective marketing channels and

8.5%

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

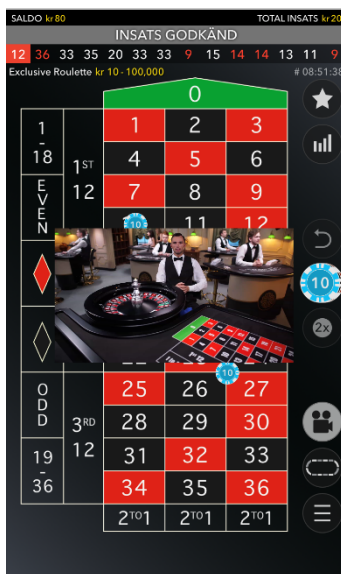
payment solutions. The markets that have introduced local regulations have also experienced a substantial growth increase in the years following regulation. Local regulations entail increased demands, and benefit operators that have a scalable, proprietary platform. This is resulting in increased consolidation in the locally regulated markets, which creates acquisition opportunities for Betsson.

Betsson's subsidiaries are operating under 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 could be implemented in 2019.

The new Dutch government has the ambition to introduce a new regulation by July 2018, which then could come into force in 2019.

Betsson is planning to launch a brand that also offers Sportsbook in Spain and has therefore signed a two-year contract with the third party provider BetConstruct for that market. BetConstruct's platform is compliant with Spanish licence requirements and the agreement will shorten time to market for the Betsson brands.



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 2,305 (1,543) different games, of which 1,739 (676) are available on mobile devices. In the third quarter, Betsson launched a new live dealer studio in cooperation with Evolution Gaming.

Betsson has integrated acquired company Racebet's horse racing product to the Betsson sportsbook platform and racing is being launched on Betsson's brands. Roll-out of the new mobile sportsbook, built on the OBG framework, continues and will be completed within the coming months. Betsson's front-end framework OBG is planned to be launched for casino and sportsbook on apps and desktop in 2018.

Stockholm, 20 October 2017

Pontus Lindwall
President and CEO



Auditor's report

Betsson AB (publ) reg. no. 556090-4251

Introduction

We have reviewed the condensed interim financial information (interim report) of Betsson AB (publ) as of 30 September 2017 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 20 October 2017

PricewaterhouseCoopers AB

Niklas Renström

Authorized Public Accountant

ACQUISITIONS

Premier Casino

During the first quarter, Betsson entered the Spanish market by acquiring the locally licensed online gaming operator Premier Casino. Premier Casino is a pure-play casino operator, but also holds General licences for sports betting and other games online.

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. The acquisition strengthened Betsson's position in the UK, which is the world's largest locally regulated gaming market. 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 third quarter, these acquired entities contributed SEK 55.4 million to revenue and decreased the operating income with SEK 11.4 million. Up to the third quarter, these acquired entities contributed SEK 126.6 million to revenue and decreased the operating income with SEK 19.7 million

If these acquired entities had been consolidated from 1 January, Betsson's revenue would have been SEK 3,535.5 million instead of the reported SEK 3,460.0 million and operating income would have been SEK 672.5 million instead of the actual reported SEK 663.8 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 acquired assets and assumed liabilities. Current receivables and liabilities do not involve any derivatives and their fair values are equivalent to their reported values. The acquired customer 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 218.6 million is attributable to expected cost and revenue synergies. Goodwill is not expected to be tax deductible.

Purchase price allocation (preliminary), 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	8.3
Intangible assets	53.4
Customer base	9.9
Brands	74.2
Current receivables	48.1
Current liabilities	-171.4
Total identifiable net assets	104.4
Goodwill	218.6

CONSOLIDATED INCOME STATEMENT

SEK m	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue	1,180.6	1,063.3	3,460.0	2,998.8	4,117.3
Cost of services provided	-321.6	-256.2	-943.6	-751.4	-1,039.3
Gross profit	859.0	807.0	2,516.4	2,247.4	3,078.0
Marketing expenses	-242.5	-200.1	-700.4	-616.0	-822.3
Personnel expenses	-195.8	-171.2	-578.0	-481.9	-657.9
Other external expenses	-186.2	-167.2	-534.9	-471.9	-638.4
Capitalised development costs	51.4	59.5	162.2	156.1	211.8
Amortisation and depreciation	-69.1	-56.0	-197.2	-150.0	-211.9
Other operating income/expenses	-1.0	0.9	-4.4	-2.3	-12.9
Operating expenses	-643.0	-534.2	-1,852.6	-1,566.1	-2,131.6
Operating income	216.0	272.9	663.8	681.3	946.4
Financial income and expenses	-9.7	-1.8	-30.5	-4.9	-10.4
Income before tax	206.3	271.1	633.3	676.4	936.0
Tax	-19.3	-17.0	-45.7	-42.0	-58.0
Net income	187.0	254.1	587.6	634.5	878.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Net income	187.0	254.1	587.6	634.5	878.0
Other comprehensive income					
Revenue/expenses recognised directly in equity:					
Hedge of net investments in foreign currency incl. deferred tax	3.8	-22.9	0.9	-39.6	-51.6
Exchange differences in translating foreign operations	-103.3	83.2	-45.7	216.5	143.9
Other comprehensive income of the period (after tax)	-99.5	60.3	-44.8	176.9	92.3
Total comprehensive income for the period	87.6	314.4	542.8	811.3	970.3

CONSOLIDATED BALANCE SHEET

SEK m	30/09/2017	30/09/2016	31/12/2016
Intangible fixed assets	4,943.0	4,257.4	4,627.5
Property, plant and equipment	92.1	69.5	85.9
Financial assets	9.3	13.7	12.6
Deferred tax receivables	40.5	31.6	34.9
Total non-current assets	5,084.9	4,372.1	4,760.8
Current receivables	1,026.9	1,053.9	1,057.4
Cash and cash equivalents	437.0	522.3	444.3
Total current assets	1,463.9	1,576.3	1,501.7
Total assets	6,548.9	5,948.4	6,262.5
Equity	3,389.3	3,343.3	3,502.9
Provision gaming tax	12.9	20.2	20.1
Deferred tax liabilities	10.2	1.0	1.0
Total Provisions	23.1	21.2	21.0
Bond	993.2	0.0	990.8
Non-current liabilities to credit institutions	0.0	700.0	334.8
Total non-current liabilities	993.2	700.0	1,325.6
Current liabilities to credit institutions	819.2	558.9	0.0
Other current liabilities	1,324.1	1,325.0	1,412.9
Total current liabilities	2,143.2	1,883.9	1,412.9
Total equity and liabilities	6,548.9	5,948.4	6,262.5

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q3 2017	Q3 2016	30/09/2017	30/09/2016	31/12/2016
Income after financial items	206.3	271.1	633.3	676.4	936.0
Adjustments for non-cash items	70.7	56.9	202.2	157.9	217.8
Taxes paid	-19.9	-7.4	-56.7	-71.5	-101.9
Cash flow from operating activities before changes in working capital	257.1	320.6	778.8	762.9	1,051.9
Changes in working capital	-36.7	-26.2	-111.1	73.4	116.6
Cash flow from operating activities	220.4	294.4	667.7	836.3	1,168.5
Investments	-70.9	-82.2	-207.4	-225.7	-316.7
Sale of property, plant and equipment	0.0	0.0	0.0	2.8	2.8
Acquisition of cash and cash equivalents	0.0	0.0	81.9	0.0	35.0
Acquisition of shares in subsidiaries	0.0	0.0	-323.0	0.0	-370.0
Cash flow from investing activities	-70.9	-82.2	-448.5	-222.9	-648.9
Cash paid upon redemption of warrants	-0.3	-0.6	-0.3	-0.6	-0.7
Paid gaming tax provision	-7.2	0.0	-7.2	-90.2	-90.2
Bond issue	0.0	0.0	0.0	0.0	993.0
Settled purchase consideration	-28.6	-208.2	-54.7	-388.9	-430.7
Changes in bank loans	-146.7	92.9	497.4	465.9	-464.8
Share redemption programme	0.0	0.0	-658.9	-624.3	-624.3
Warrant premiums received	-0.4	0.7	0.3	0.7	0.7
Cash flow from financing activities	-183.2	-115.2	-223.4	-637.4	-617.0
Changes to cash and cash equivalents	-33.7	97.0	-4.1	-24.0	-97.4
Cash and cash equivalents at beginning of period	470.1	412.8	444.3	524.9	524.9
Exchange differences	0.7	12.5	-3.1	21.3	16.8
Cash and cash equivalents at end of period	437.0	522.3	437.0	522.3	444.3

CHANGE IN GROUP EQUITY

SEK m	30/09/2017	30/09/2016	31/12/2016
Opening balance	3,502.9	3,153.7	3,153.7
Total comprehensive income for the period	542.8	811.3	970.3
Total change excluding owner transactions	542.8	811.3	970.3
Share redemption programme	-658.9	-624.3	-624.3
Warrants paid premium	0.3	0.7	0.7
Payment on exercise of options	-0.3	-0.6	-0.7
Share options - value of employee services	2.4	2.3	3.1
Equity at end of period	3,389.3	3,343.3	3,502.9
Attributable to:			
Parent company's shareholders	3,389.3	3,343.3	3,502.9

PARENT COMPANY, INCOME STATEMENT

SEK m	Jan-Sep 2017	Jan-Sep 2016	Jan-Dec 2016
Revenue	23.5	12.8	17.2
Operating expenses	-50.8	-43.4	-62.7
Operating income	-27.3	-30.6	-45.4
Financial items	88.4	128.6	964.7
Income before tax	61.1	98.0	919.3
Net income	61.1	98.0	919.3

PARENT COMPANY, BALANCE SHEET

SEK m	30/09/2017	30/09/2016	31/12/2016
Property, plant and equipment	2.1	2.7	2.6
Financial assets	4,961.9	4,163.5	4,741.6
Total non-current assets	4,964.1	4,166.2	4,744.2
Current receivables	117.0	51.5	572.1
Cash and cash equivalents	47.0	88.2	45.3
Total current assets	164.0	139.7	617.4
Total assets	5,128.1	4,305.9	5,361.6
Restricted equity	350.4	348.7	349.6
Unrestricted equity	2,800.0	2,577.6	3,397.8
Total equity	3,150.3	2,926.2	3,747.4
Bond	993.2	0.0	990.8
Non-current liabilities to credit institutions	0.0	700.0	313.6
Total non-current liabilities	993.2	700.0	1,304.4
Current liabilities to credit institutions	811.0	504.5	0.0
Other current liabilities	173.6	175.2	309.8
Total current liabilities	984.6	679.7	309.8
Total equity and liabilities	5,128.1	4,305.9	5,361.6

QUARTERLY DATA

INCOME STATEMENT

SEK m	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Revenue	1,180.6	1,177.5	1,102.0	1,118.5	1,063.3	935.4	1,000.1	1,041.1
Cost of services provided	-321.6	-326.4	-295.7	-288.0	-256.2	-240.9	-254.3	-369.6
Gross profit	859.0	851.1	806.3	830.6	807.0	694.6	745.8	671.4
Marketing expenses	-242.5	-246.5	-211.4	-206.3	-200.1	-219.2	-196.7	-215.2
Personnel expenses	-195.8	-203.2	-179.1	-175.9	-171.2	-160.6	-150.2	-152.1
Other external expenses	-186.2	-182.0	-166.7	-166.4	-167.2	-156.7	-148.0	-127.9
Capitalised development costs	51.4	56.8	54.0	55.6	59.5	50.8	45.9	42.5
Amortisation and depreciation	-69.1	-67.5	-60.6	-61.8	-56.0	-49.3	-44.7	-44.7
Other operating income/expenses	-1.0	-2.2	-1.3	-10.6	0.9	-1.3	-2.0	0.4
Operating expenses	-643.0	-644.2	-565.4	-565.5	-534.2	-536.3	-495.7	-497.1
Operating income	216.0	206.9	240.9	265.1	272.9	158.3	250.1	174.4
Financial items, net	-9.7	-10.3	-10.6	-5.5	-1.8	-1.9	-1.2	-3.0
Income before tax	206.3	196.6	230.4	259.6	271.1	156.4	248.9	171.4
Tax	-19.3	-10.5	-16.0	-16.0	-17.0	-10.1	-14.9	-12.3
Net income	187.0	186.1	214.4	243.6	254.1	146.4	234.0	159.1

BALANCE SHEET

SEK m	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Non-current assets	5,084.9	5,188.0	5,062.8	4,760.8	4,372.1	4,256.2	4,126.2	4,075.5
Current assets	1,463.9	1,324.9	1,828.8	1,501.7	1,576.3	1,457.1	1,601.0	1,651.8
Total assets	6,548.9	6,512.9	6,891.7	6,262.5	5,948.4	5,713.2	5,727.2	5,727.4
Equity	3,389.3	3,301.7	3,746.8	3,502.9	3,343.3	3,028.1	3,412.1	3,153.7
Provisions and non-current liabilities	1,016.3	1,023.0	1,614.2	1,346.7	721.2	701.0	677.7	620.9
Current liabilities	2,143.2	2,188.3	1,530.6	1,412.9	1,883.9	1,984.2	1,637.4	1,952.7
Total equity and liabilities	6,548.9	6,512.9	6,891.7	6,262.5	5,948.4	5,713.2	5,727.2	5,727.4
Consolidated cash flow statement								
Operating cash flow	220.4	242.4	204.9	332.2	294.4	211.9	330.0	278.2
Cash flow from investing activities	-70.9	-368.8	-8.8	-426.1	-82.2	-78.1	-62.6	-54.8
Cash flow from financing activities	-183.2	-276.1	235.9	20.4	-115.2	-182.3	-339.8	-203.3
Total cash flow	-33.7	-402.5	432.1	-73.5	97.1	-48.6	-72.3	20.1

KEY RATIOS

	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Key financial ratios								
Gross Margin (% of revenue)	72.8	72.3	73.2	74.3	75.9	74.2	74.6	64.5
EBITDA-margin (% of revenue)	24.2	23.3	27.4	29.2	30.9	22.2	29.5	21.0
EBIT-margin (% of revenue)	18.3	17.6	21.9	23.7	25.7	16.9	25.0	16.7
Profit margin (% of revenue)	17.5	16.7	20.9	23.2	25.5	16.7	24.9	16.5
Marketing expenses (% of revenue)	20.5	20.9	19.2	18.4	18.8	23.4	19.7	20.7
Basic earnings per share (SEK)	1.35	1.34	1.55	1.76	1.84	1.06	1.69	1.15
Diluted earnings per share (SEK)	1.35	1.34	1.55	1.76	1.84	1.06	1.69	1.15
Equity per share (SEK)	24.49	23.85	27.07	25.31	24.15	21.88	24.65	22.78
Executed dividend/redemption per share (SEK)	0.00	4.76	0.00	0.00	0.00	4.51	0.00	0.00
Equity/assets ratio (%)	52	51	54	56	56	53	60	55
Return on equity (%)	5	6	6	7	7	5	7	5
Return on total capital (%)	3	3	4	4	5	3	4	3
Return on capital employed (%)	4	5	5	4	6	4	5	3
Net debt (SEK m)	1,404	1,553	1,061	955	780	974	460	633
Shares								
Average share price (SEK)	74.38	77.29	80.50	88.47	79.61	94.88	125.14	145.12
Share price at end of period (SEK)	74.25	73.00	78.00	87.90	94.80	70.10	126.00	155.50
Highest share price (SEK)	80.50	82.40	91.95	96.05	96.20	128.30	153.00	160.00
Lowest share price (SEK)	68.30	72.85	73.10	79.25	63.05	63.35	104.30	127.10
Number of shareholders at end of period	41,312	42,847	43,474	41,056	42,237	41,492	36,771	35,156
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	143.1	143.1	143.1	143.1
Personnel								
Average number of employees (accumulated)	1,889	1,878	1,848	1,661	1,595	1,624	1,554	1,584
Number of employees at end of period	1,888	1,887	1,902	1,821	1,680	1,766	1,631	1,639

CUSTOMERS

	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Registered customers (000's)	12,705	12,381	12,159	10,101	9,676	9,489	9,244	9,022
Active customers (000's)	619	551	607	573	515	563	538	526

CUSTOMER DEPOSITS

	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Customer deposits (SEK m)	3,349.7	3,240.0	3,024.1	3,090.8	2,737.1	2,624.1	2,630.7	2,605.0
Customer deposits, all gaming solutions (SEK m)	4,100.1	4,056.3	3,789.2	3,947.1	3,521.2	3,472.8	3,516.6	3,471.4

SPORTSBOOK MARGIN

	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Gross turnover, all gaming solutions (SEK m)	5,391.0	5,755.0	6,006.1	6,117.7	5,548.0	6,008.7	6,717.7	6,428.8
of which gross turnover live betting (SEK m)	3,864.8	3,982.2	4,353.2	4,492.0	4,216.9	4,326.1	5,029.4	4,715.1
Margin after free bets (%)	7.1	6.4	6.1	6.6	7.6	5.7	6.1	7.1
Revenue (SEK m)	275.1	255.6	250.3	264.4	300.2	223.0	292.8	312.6
Gross margin, Sportsbook (%) ¹⁾	5.1	4.4	4.2	4.3	5.4	3.7	4.4	4.9

¹⁾ Margin after allocated costs

REVENUE BY PRODUCT

	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Revenue (SEK m)								
Casino	871.1	876.6	822.9	823.7	731.8	683.2	669.1	684.0
Sportsbook	275.1	255.6	250.3	264.4	300.2	223.0	292.8	312.6
Other products	34.4	45.3	28.8	30.4	31.3	29.2	38.2	44.5
Total	1,180.6	1,177.5	1,102.0	1,118.5	1,063.3	935.4	1,000.1	1,041.1

	2017 Q3	2017 Q2	2016 Q1	2016 Q4	2016 Q3	2016 Q2	2015 Q1	2015 Q4
Share of total revenue (%)								
Casino	74	74	75	74	69	73	67	66
Sportsbook	23	22	23	24	28	24	29	30
Other products	3	4	3	3	3	3	4	4

	2017 Q3	2017 Q2	2016 Q1	2016 Q4	2016 Q3	2016 Q2	2015 Q1	2015 Q4
Growth, compared with previous quarter (%)								
Casino	-1	7	-0	13	7	2	-2	4
Sportsbook	8	2	-5	-12	35	-24	-6	13
Other products	-24	57	-5	-3	7	-24	-14	11
Total	0	7	-1	5	14	-6	-4	7

	2017 Q3	2017 Q2	2016 Q1	2016 Q4	2016 Q3	2016 Q2	2015 Q1	2015 Q4
Growth, compared with same period previous year (%)								
Casino	19	28	23	20	11	11	14	18
Sportsbook	-8	15	-15	-15	9	8	34	62
Other products	10	55	-25	-32	-22	-20	-15	7
Total	11	26	10	7	9	9	18	28

REVENUE BY REGION

	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Sportsbook (SEK m)								
Nordics	133.0	118.2	106.3	118.0	152.5	80.0	112.0	113.0
Western Europe	32.5	34.4	24.8	11.5	15.6	7.6	41.6	51.1
Central & Eastern Europe and Central Asia	94.3	90.7	106.8	127.1	119.1	128.3	131.8	145.1
Other	15.3	12.3	12.4	7.8	13.0	7.1	7.4	3.4
Total	275.1	255.6	250.3	264.4	300.2	223.0	292.8	312.6
	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Other products - casino and other games (SEK m)								
Nordics	429.4	440.5	424.0	438.9	402.1	355.2	355.1	362.4
Western Europe	322.7	317.4	256.8	244.3	202.7	200.8	202.1	192.3
Central & Eastern Europe and Central Asia	128.9	135.8	145.9	152.0	139.7	138.8	136.3	159.4
Other	24.4	28.3	25.0	18.9	18.6	17.6	13.9	14.4
Total	905.5	921.9	851.7	854.1	763.1	712.4	707.4	728.5
	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Total per region (SEK m)								
Nordics	562.4	558.7	530.3	556.9	554.6	435.1	467.1	475.5
Western Europe	355.2	351.8	281.6	255.9	218.3	208.4	243.7	243.3
Central & Eastern Europe and Central Asia	223.2	226.5	252.7	279.1	258.7	267.2	268.1	304.5
Other	39.7	40.6	37.3	26.6	31.6	24.7	21.2	17.9
Total	1,180.6	1,177.5	1,102.0	1,118.5	1,063.3	935.4	1,000.1	1,041.1
	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Share per region (%)								
Nordics	48	47	48	50	52	47	47	46
Western Europe	30	30	26	23	21	22	24	23
Central & Eastern Europe and Central Asia	19	19	23	25	24	29	27	29
Other	3	3	3	2	3	3	2	2
	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Growth, compared with previous quarter (%)								
Nordics	1	5	-5	0	27	-7	-2	5
Western Europe	1	25	10	17	5	-14	0	2
Central & Eastern Europe and Central Asia	-1	-10	-9	8	-3	-0	-12	16
Other	-2	9	40	-16	28	16	19	-3
	2017 Q3	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4
Growth, compared with same period previous year (%)								
Nordics	1	28	14	17	22	-1	7	6
Western Europe	63	69	16	5	-8	3	45	42
Central & Eastern Europe and Central Asia	-14	-15	-6	-8	-2	36	18	70
Other	26	64	76	49	71	3	21	24

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.

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. IFRS 15 replaces IAS 18 'Revenues' and IAS 11 'Construction Contracts' and associated SIC and IFRIC. The IFRS 15 standard has been adopted by the EU and comes into force on 1 January 2018. Early adoption is permitted. The Group is currently evaluating the full impact of IFRS 15 on its financial statements and the indications is that the impact will be limited to Poker Gross winnings revenue. The share of Poker revenue is currently about 2% of the total revenue.

IFRS 9 'Financial instruments' address the classification, valuation and recognition of financial assets and liabilities. This replaces those parts of IAS 39 that deal with the classification and valuation of financial instruments. IFRS 9 retains a mixed valuation model, but simplifies certain aspects. There will be three valuation categories for financial assets; accrued acquisition cost, fair value through other comprehensive income and fair value through the income statement. The classification of an asset is based on the Company's business model and the characteristics of the instrument's contractual cash flows. Investments in equity instruments are to be valued at fair value through profit and loss, although the option exists for initial recognition of the instrument at fair value through other comprehensive income. In the event that this option is exercised, no reclassification to the income statement is permitted upon the sale of the instrument. IFRS 9 also introduces a new model for the calculation of credit loss reserves, which is based on anticipated credit losses. For financial liabilities, there is no change to classification or valuation, with the exception of cases where a liability is reported at fair value via the income statement on the basis of the fair value alternative. Changes in value attributable to changes in the entity's own credit risk should, in such cases, be reported in other comprehensive income. IFRS 9 reduces hedge accounting requirements, in that the 80-125 criterion is replaced with requirements related to the economic relationship between the hedging instrument and the hedged item, and that the hedge ratio is identical to the ratio applied in risk management. Hedging documentation has also been changed slightly compared with documentation prepared pursuant to IAS 39. The new model for calculating credit loss reserves is based on estimated credit losses, which can entail earlier reporting of credit losses. The standard has been adopted by the EU and is mandatorily effective for financial years beginning on 1 January 2018. Early adoption is permitted. The Group is evaluating the effects of the implementation of the standard, and no indications on material effects is expected.

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.

CALCULATIONS FOR ORGANIC GROWTH

SEK m	Q3 2017 excl. ac- quisitions and currency effects	Currency effects	Q3 2017 Organic	Impact from ac- quisitions the last 12 months	Q3 2017 Reported	Q3 2016 Reported
Revenue	1,121.1	-32.4	1,088.7	91.9	1,180.6	1,063.3
Revenue growth	5.4%		2.4%		11.0%	9.3%
Operating income (EBIT)	248.4	-27.4	221.0	-5	216.0	272.9
Operating margin	22.2%		20.3%		18.3%	25.7%

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. It is still unclear when such new legislation will be introduced in Betsson's major markets, but when this does take place, Betsson will have more opportunities for marketing and market presence. Furthermore, it is 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.

Sweden has taken a step towards regulation and in the official report on the re-regulation of the gaming market, a path for re-regulation has been proposed.

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 by July 2018, which then 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	9.5797	9.3731	+2.2%
TRY/SEK	2.3938	2.8600	-16.3%
GEL/SEK	3.4759	3.6157	-3.9%
NOK/SEK	1.0376	0.9997	+3.8%

Balance sheet (closing rate)

	30/09/2017	30/09/2016	Δ
EUR/SEK	9.5668	9.6320	-0.7%
TRY/SEK	2.2792	2.8653	-20.5%
GEL/SEK	3.2783	3.6877	-11.1%
NOK/SEK	1.0205	1.0652	-4.2%

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.

NOMINATION COMMITTEE AND ANNUAL GENERAL MEETING 2018

In accordance with a resolution at Betsson's Annual General Meeting on 11 May 2017, the members of the Nomination Committee for the 2018 Annual General Meeting were appointed:

John Wattin, appointed by the Hamberg family and Hamberg Förvaltning AB, Michael Knutsson, appointed by Knutsson Holdings AB, Christoffer Lundström, appointed by Novobis AB and the Lundström family, Patrick Svensk, Chairman of the Board of Betsson AB.

The Nomination Committee's assignment is to propose prior to the 2018 Annual General Meeting the number of Board members that should be elected at the Meeting, their fees, the composition of the Board, the Chair of the Board of Directors and the Chair of the Annual General Meeting. Furthermore, the Nomination Committee should propose new instructions for the Nomination Committee for the next annual general meeting.

The Annual General Meeting of shareholders in Betsson AB will be held on Tuesday, 15 May 2018, in Stockholm (time and place to be announced at a later date). 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.

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 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

Year-end report and Q4 2017:	8 February 2018
January-March and Q1 2018:	25 April 2018
Annual General Meeting	15 May 2018
January-June and Q2 2018:	19 July 2018
January-June 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 Friday, 20 October, 2017 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/hqb7qjz8>



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