

BETSSON AB ANNUAL REPORT 2012



Betsson AB's core business consists of investing and administering shareholdings in companies which, through partners or by themselves, offer gaming to end users via the Internet. Betsson AB owns Betsson Malta which operates games directed at end consumers from its own websites and through partnerships. Betsson Malta offers Poker, Casino, Sportsbook, Scratchcards, Bingo and Games. Customers primarily originate from the Scandinavian countries and other parts of Europe. Betsson AB is listed on NASDAQ OMX Nordic Mid Cap List, (BETS).

26

brands on our platform, where of eleven B2C

30%

increase in gross profit compared with 2011

31

nationalities employed

6.9 BILLION

in deposits during 2012
- an increase of 32 per cent

748

employees on three continents

23

mobile gaming solutions
accounted for 7 per cent of
revenues in the fourth quarter

More about Betsson:

Betsson's Annual report can be found at www.betssonab.com.

This site also provides reports, presentations and press releases

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COMPANY DESCRIPTION

BETSSON AB

BUSINESS CONCEPT

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

OBJECTIVE

Betsson's objective is to generate long-term growth and profitability in a responsible manner, in order to provide shareholders with the best possible returns in the long term.

STRATEGY

Betsson AB and its subsidiaries will grow organically, or via acquisition, inside and outside the EU.

BETSSON'S SUBSIDIARIES

VISION

The Betsson Group "shall have a stake in every online bet".

MISSION

"We deliver fun, fair and creative online gaming experiences to the people. We strive to be the best where we choose to play. We are a creative and dynamic company built by passionate employees."

BUSINESS MODEL

Betsson operates a number of gaming sites through its subsidiaries, both for web-based and mobile-based gaming. Betsson refers to this as a multi-brand strategy. The motivation behind this strategy is that the Betsson Group can, in this manner, focus on a larger number of customer segments with various niched sites, thereby reaching a broader circle of customers. It is also generally known that the customers prefer to be active on a number of gaming sites simultaneously. Due to this, Betsson is of the opinion that it is better if the players spend their entire gaming budget on Betsson's sites, rather than those players' gaming being shared with competitors.

The multi-brand strategy is reflected in our B2C and B2B segments. The profiling of the different brands primarily takes place via Betsson's internally-developed platform. This platform contains all of the functionality required to simultaneously operate a number of gaming sites. The platform handles, for example, the accounts, payments, bonuses, CRM, business intelligence, etc., and is the core of the entire offering, and is very scalable. Betsson's various games are also integrated within the platform and these are developed either by Betsson, itself, or are purchased in the market. When Betsson decides to purchase a game, we are very careful to choose between a number of different suppliers. In this manner, the customers are always offered the best and most attractive product mix. A first class offering is decisive for success in the industry and Betsson works hard to maintain its prominent position via innovation and technology. Betsson adds new products and suppliers when the possibilities and requirements arise.

A WORD FROM THE CEO



For 50 years, Betsson has been managing and adapting to change. During its long history, the company has repeatedly faced significant regulatory and technological challenges.

In the 1970s, slot machines were banned in Sweden, forcing the company to change its entire business model. In the 1990s, the Internet came about and the company decided to explore that opportunity, resulting in the fantastically successful Internet gaming practice that is Betsson (and Net Entertainment) today.

Since starting our Internet operations some 14 years ago, Betsson has been working in a fast-growing market environment. The market is growing due to some fundamental macroeconomic, technological and demographic factors that are working to our advantage. First, the Internet is becoming more and more accepted as a channel for consumption. Secondly, Internet payments are becoming safer and more sophisticated, and third, as the younger generation gets older, gaming on the Internet, instead of in land-based venues, is becoming an obvious and preferred choice.

The speed of change in this environment, coupled with the growing market, makes our business a fascinating and fun one to work in. Managing change is in our DNA and it is one of the company's most significant skills. This ability to manage change will continue to be important in a continuously changing environment. It builds our culture and forces us to be creative, dynamic and passionate about what we do.

We accomplished a lot in 2012 within the Betsson Group. One of the major events was the acquisition of NGG. This acquisition gives Betsson a stronger brand portfolio, a product mix more geared towards Sportsbook, and a stronger presence in the market-place. During the year, the integration of Betsafe was also completely finalised. Now the Betsafe brand runs on the same technology platform as the majority of the other brands in the Group. This will give many advantages going forward, such as less duplication of technology development, a broader product offering for the brand, and synergies in the Sportsbook operations.

Betsson has also been active on the mobile development side. With 22 brands having a mobile site, Betsson now has 80 per cent of all the brands covered from a mobile perspective. Having built our own mobile Sportsbook gives us an edge against the competition since it adds a lot of flexibility and improves the user experience. Our belief is that mobile solutions will be increasingly more important for the e-gaming business and Betsson is preparing for that future.

Betsson is strengthening and developing its multi-brand and multi supplier strategy. During 2012, the Group added five new B2C brands, launched four brands with a Danish specific site and added one B2B franchisee. The Group has continuously added new suppliers and now has more than 25 suppliers integrated into its platforms. This expansion will build the broadest games portfolio in the industry, improving the consumer choice as well as enabling Betsson to cover more segments of the market with its broad range of brands.

Today, Betsson is the largest non state-owned publicly traded online gaming operator in the Nordic countries. With that said, we believe that there is still plenty of room for growth in this market. Just some 20 per cent of all gaming occurs online and that figure will continue to grow. However, Betsson is also keen on adding another major market to our stronghold in the Nordic region. There are currently two major initiatives within the Group taking that direction. First, Betsson is exploring opportunities for participating in online gaming in Asia. Secondly, in 2012, Betsson launched a casino-focused site in Italy under the new Italian license. With this initiative, the Group is trying to take advantage of the recently allowed range of online games, such as online slots. The site launch was accompanied by a big marketing campaign, with the aim of leaving a footprint in the Italian market.

These growth initiatives, together with the product and brand expansion on Betsson's core markets, will enable the Group to continue growing faster than the market and to continue building a stronger company for the future, drawing on our experience from 50 years of embracing change.

Stockholm in April 2013

Magnus Silfverberg
President and CEO

ANNUAL REPORT 2012

The Board of Directors and the CEO of Betsson AB (publ), Corporate Identity Number 556090-4251, with its registered office in Stockholm, hereby present the annual report for the financial year 2012 for the Parent Company and the Group. The formal annual report, including the audit report, covers pages 5-48.

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

The reporting currency for the Parent Company and the Group is the Swedish krona (SEK).

The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 8 May 2013.

MANAGEMENT REPORT

The Group's operations are focused on Internet gaming. The Parent Company, Betsson AB, invests in and administers gaming and gambling companies operating within the online gaming industry. The Parent Company does not conduct any gaming operations.

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

In this annual report, and for the sake of simplicity, "Betsson" is used throughout to refer to the Group's gaming operations, consisting of the gaming operations of the subsidiary Betsson Malta, which are operated on the basis of gaming licenses in Malta and in Denmark, Estonia and Italy.

THE GROUP'S REVENUES AND INCOME

The Group's revenues amounted to MSEK 2,203.7 (1,736.6), an increase of 27 per cent.

Gross profit was MSEK 1,853.7 (1,428.9), which is an increase of 30 per cent. Operating income increased to MSEK 577.1 (559.7) and the operating margin amounted to 26.2 (32.2) per cent.

Income before tax increased to MSEK 573.6 (555.4) and net income amounted to MSEK 547.8 (527.8), which is the equivalent of SEK 13.04 (13.12) per share, a decrease of 0.6 per cent.

PRODUCTS

Casino games are Betsson's major product and accounted for 68 (67) per cent of the total gross profit during the year, followed by Sportsbook with 23 (23) per cent, Poker with 6 (6) per cent and Other products which, together, accounted for 3 (4) per cent of gross profit.

CUSTOMERS

At the end of the year, there were 5,777,900 (3,662,400) registered customers, an increase of 58 per cent compared with the end of the previous year.

There were 520,400 (403,600) active customers, an increase of 29 per cent compared with the previous year. An active customer is defined as a customer who has played for real money during the previous three-month period. Consequently, the definition also includes all players who have played free spins/bets based on offerings from Betsson, Betsafe, NGG or Betsson's partners.

SIGNIFICANT EVENTS IN 2012

QUARTER 1

In the first quarter, Betsson launched four new sites on the newly regulated Danish market. On 23 January, Betsson was awarded the title "Online Sportsbook Operator of the Year" by the IGA.

QUARTER 2

Betsson completed the acquisition of NGG, the formal transfer of possession taking place on 20 June. The first gaming solution under the Company's own license on the Italian market was launched.

QUARTER 3

All shares in the subsidiary, Angler Gaming, were distributed to the shareholders.

QUARTER 4

Betsson was named "Casino Operator of the Year" at the 2012 EGR gala in London.

INVESTMENTS AND DEPRECIATION/AMORTIZATION

The year's investments in tangible and intangible fixed assets amounted to MSEK 101.0 (50.9), of which MSEK 81.0 (41.4) referred to capitalized development expenditure.

Depreciation and amortization for the year totaled MSEK 105.0 (73.8), of which MSEK 67.0 (54.7) referred to the depreciation of capitalized development expenditure.

Investments were made in the development of gaming platforms, the integration of game and payment solutions, domains, IT hardware for the operation of the Internet games and the renovation and furnishing of offices.

EQUITY

As at balance sheet date, equity in the Group amounted to MSEK 1,577.8 (1,334.3), which was equivalent to SEK 37.33 (32.15) per share following the transfer to shareholders of SEK 9.42 (7.00) per share via a redemption procedure, which took place during the second (third) quarter.

Return on equity was 38 (49) per cent.

FINANCING, CASH, CASH FLOW AND GAMING LIABILITIES

Betsson's operations are financed through Company resources. As of the end of the year, the equity/assets ratio amounted to 53 (59) per cent. The acquisition of the NGG Group was funded with own resources and bank loans. As of year-end, the bank loans amounted to MSEK 344.5.

Cash flow from operating activities amounted to MSEK 666.1 (537.2), an increase of 24 per cent. Cash flow from investing activities amounted to MSEK -634.4 (-248.6), primarily due to the acquisition of the NGG Group (comparative figures were affected by the acquisition of Betsafe in 2011). In addition, the distribution of funds to shareholders (share redemption program) had a negative impact on cash flow of MSEK 395.6 (275.8). At year-end, cash and bank balances amounted to MSEK 467.2 (509.7).

Gaming liabilities, including reserves for accumulated jackpots, amounted to MSEK 280.9 (202.9) at the end of the year. The liabilities are partially covered by the Group's current receivables from payment services suppliers, referring to outstanding customer payments amounting to MSEK 250.2 (206.9).

PERSONNEL

At the end of the year, the Company had 748 (412) employees, of whom 107 employees have been added through the acquisition of NGG.

During the year, the average number of employees in the Group was 591 (340), of whom 432 (252) were based in Malta. In addition, the Group made use of 184 (169) consultants on a full-time basis, of whom 62 were based in Kiev.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

On 19 February, the Automaten brands, Sverigeautomaten.com, Norgesautomaten.com and Danmarksautomaten.com were acquired from Cherry, for a purchase consideration of MSEK 286, of which MSEK 60 represents additional purchase consideration. Based on the 2012 activity level, the acquisition implies annual royalty cost savings of approximately MSEK 52.7 per year. The effect on income will be absorbed as of Q2.

No other significant events took place after the end of the year.

THE PARENT COMPANY

The operations of the Parent Company, Betsson AB (publ), are primarily focused on Group management and administration. The Company provides and sells financial, administrative and management services to a number of other Group companies.

The Parent Company's turnover for the entire year was MSEK 159 (15.6), and income before taxes amounted to MSEK 575.7 (483.9).

Net financial items included MSEK 591.9 (517.1) in respect of dividends from subsidiaries.

The Parent Company's investments for the year amounted to MSEK 0.6 (1.1). Cash and cash equivalents totaled MSEK 114.2 (68.0).

At the end of the year, the Company had utilized bank overdraft facilities of MSEK 344.5, as a result of the acquisition of NGG. During the year, the Parent Company has executed a share redemption program, which has implied a distribution of MSEK 395.6 (275.8) to the shareholders.

In conjunction with this share redemption program, a bonus issue of a total of MSEK 42.0 (39.7) was undertaken in order to restore the Company's share capital.

OUTLOOK FOR 2013

Betsson is of the opinion that the online gaming market will continue to develop strongly. Large numbers of people around the world have no, or very little, access to the Internet; still, the number of Internet users across the globe is growing rapidly, which is a fundamental driver for the industry. In those regions in which the Internet is available, the confidence in Internet and e-commerce is increasing as more people use the Internet to perform their banking and stock market transactions, insurance business and other purchases. This change in behavior and increasing confidence in e-commerce is important for the online gaming industry.

The increasing demand for mobile consumer solutions contributes to a strong increase in games via smartphones and tablets. This development will continue during the near future. H2 Gambling Capital made the assessment in November 2012 that the global Internet gaming market will increase by 9.1 per cent during 2013. Betsson intends to continue growing at a rate faster than the market rate.

SIGNIFICANT RISKS AND FACTORS OF UNCERTAINTY

Betsson's operations are financed through Company resources, and the Group's financial policy is characterized by low levels of risk. The financial risks are described in Note 32.

GENERAL LEGAL RISKS

In the majority of national markets, gambling and gaming are regulated by law and all such operations are, in principle, required to obtain permits. Betsson has such permits and undertakes its operations on the basis of gaming licenses in Malta, and also on the basis of local licenses in Italy, Denmark and Estonia. Consequently, political decisions may affect Betsson's operations, and Betsson is dependent on the legal premises for the gaming industry, in particular those within the EU, where the majority of the Company's customers are located. This legislation pertains primarily to the legal status of gaming operations aimed at other EU member states from a base in Malta.

In a number of high-profile or precedent-setting rulings (the Schindler, Läärä, Gambelli, Lindman, Placanica, WinnerWetten, Carmen Media and Engelman rulings, among others), the European Court of Justice ruled that many of the government restrictions on the gaming industry within the EU are, in principle, to be regarded as violations of basic EU principles. As the current, major purpose behind the majority of these national monopolies is to generate cash flow to the respective governments, the resultant limitations on the free movement of services created by the states through these monopolies is impossible to defend in terms of compliance with applicable EU laws. In spite of this, a number of member states are maintaining these types of restrictions with the aim of protecting their domestic monopolies, hence making it more difficult, or impossible, for private online operators to become established. Due to this, during 2012, the European Commission repeated its criticism against nine member states and presented new criticism towards a total of seventeen member states. To summarize, management concludes, that due to the EU Court and the criticism expressed by the European Commission, it will continue to be difficult for domestic courts to rule, within their "margin of appreciation", in favor of the monopolies. Several European gaming monopolies are also currently facing challenges in the form of national court cases. At present, it is, however, difficult to obtain a clear view regarding the manner in which the legal status of these matters will influence the commercial premises for Betsson and other online gaming operators.

In light of the above development, 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. One example is the Netherlands, which is expected to announce proposed legislation some time during 2013. It is still unclear when such new legislation will be introduced into Betsson's other major markets, excluding Denmark, which was re-regulated at the start of 2012, but when this does take place, Betsson will enjoy increased opportunities for marketing and market presence.

LEGAL RISKS IN SPECIFIC COUNTRIES

In terms of specific countries, Norway has, since 2010, implemented a prohibition against the execution of payments for gaming arranged outside Norway. This law negatively impacts, amongst others, banks providing redemption services in conjunction with the payment of gaming via credit, and payment cards with foreign gaming companies are prohibited. Betsson's assessment is that this legislation is in conflict with EU law. This prohibition had a negative impact on the Group's income during 2012. In Sweden, the Supreme Court invalidated, in 2012, the then-applicable Swedish prohibition on promotion in the so-called Gerdin/Sjöberg decision. The risk that the prohibition on promotion would be used against Betsson has, consequently, been reduced. Furthermore, there is, since 2012, a parliamentary majority in favor of introducing a licensing system, instead of the current gaming monopoly, but it is too early to say how this intended legislation will develop, and a proposal is expected first in the next mandate period.

In 2007, Turkey introduced legislation against Internet gaming. The objective of the legislation was to protect its state-owned gaming company, IDDAA. Betsson's Maltese gaming companies offered gaming to Turkish speakers up until February 2011, when the Turkish customer base was divested. The Internet-based gaming operations of Betsson's partners are of a clearly-defined, cross-border character, implying that international law is applicable. According to the principle of the sovereignty of states, each country is of equal value; consequently, the laws of one country cannot take precedence over those of another. Betsson's partners' market place is, primarily, Malta, where operations are undertaken in accordance with Maltese legislation and are governed by the Maltese legal system. As operators within Malta's market place, Betsson's partners' are able to claim immunity to, among other things, the Turkish regulations which previously prevented Betsson from carrying out its operations. According to legal experts, this is a principle that Turkey and other countries have accepted through their membership in WTO and through other international agreements. In addition to the above, Turkey is aiming to become a full member of the EU and has accepted, in principle, the EU Treaty concerning the free movement of goods and services between member states. Turkey has signed an Association Agreement which will regulate the country's accession into the EU. According to the Company's legal advisers, Turkish gaming legislation is in breach of EU law and is not strictly in line with the Association Agreement. The Turkish legislation has made operations more difficult for Betsson's partners on the Turkish market, even though Turkey has previously been, and is also currently, unable to apply any sanctions against Betsson due to the principle of sovereignty. Since Betsson divested its Turkish customer base at the start of 2011, it has also had license income for systems delivery to a gaming operator, which is reported in the B2B segment. A portion of this income originates from players in Turkey. Income originating from Turkey can be regarded to comprise a higher operational risk than income from other markets. Consequently, Betsson's future income from Turkey may be regarded as more uncertain than the income generated by its other markets.

In this context, it should be further emphasized that Betsson does not offer services to customers resident in the USA, following the proposed legislation regarding a ban on intermediary payment transactions for Internet gaming in the USA gaining legal force in October 2006.

OTHER LEGAL RISKS

It is possible that people suffering from gambling addiction may sue companies within the Betsson Group for their addiction. Even though such claims would probably be rejected in the courts, they could give rise to considerable costs and could also reduce confidence in the Betsson Group, which could ultimately lead to decreased revenues. Betsson is accredited by the G4 organization, which works to prevent gambling addiction and, as part of their commitment to this work, the Company has adapted its websites so that they offer full support to players based on the guidelines established by G4. In addition, Betsson has created a department for responsible gaming. Competent, experienced personnel have been recruited so that Betsson will be able to maintain its position as a leader in the field of responsible gaming. One result of Betsson's efforts in managing long-term gambling addiction issues was that, in December 2009, the Company was designated as the world's most socially responsible gaming operator.

The interpretation of the current Maltese VAT regulations was amended in 2007 and this may impact the expenses of the Maltese subsidiaries. In 2008, Betsson made efforts to reduce the risk of additional VAT for 2008 and onwards. Betsson has reported the VAT amounts it believes to be correct and reasonable, considering the uncertainty inherent in the situation, to the Maltese tax authorities.

These amounts may, however, prove to be inadequate if the Maltese tax authorities favor an interpretation of the VAT rules which is more restrictive than the assessment Betsson has made, and which Betsson currently considers to be correct.

OTHER RISKS

Betsson is vulnerable to both seasonal and economic climate variations. Seasonal variations can significantly affect the Company's operations during periods of lower gaming activity and fluctuating results in different sporting events. The current economic situation has not, to date, affected the operations to any significant degree.

Betsson is an international company with operations that are constantly exposed to various currencies. Changes in exchange rates affect Group income. The Company aims to reduce currency exposure through effective cash management and currency hedging. The Group will, however, continue to be more or less exposed to exchange rate fluctuations.

DISPUTES

In 2001, Betsson reported the Swedish Government to the Chancellor of Justice (JK) as the government had not notified its prohibition on prize and wheel of fortune games and also failed to apply reasonable transition regulations. This neglect has cost Betsson considerable sums. Betsson requested that the Chancellor of Justice investigate whether the state was liable for these losses. The Chancellor of Justice ruled, in 2003, that this was not the case. The reason for the decision was not clearly defined and Betsson has, therefore, sought external legal expertise in order to investigate the possibility of suing the state and claiming damages for breach of EU law. The findings of this study established that the Swedish state was, in fact, in the wrong when it failed to notify the 1997 legislative changes (Wheel of Fortune) under the provisions on technical regulations stipulated in Directive 98/34 EC. The ban is, consequently, void and cannot be applied to Betsson. The Swedish government has, in this context, been guilty of a breach of EU law. Based on this assessment, there are, consequently, good prospects for the success of a claim for damages regarding the 1997 amendments. This conclusion finds further support in recent rulings of the EU Court and the Supreme Court. On 1 November 2006, Betsson filed a lawsuit against the Swedish state making a claim for damages of MSEK 102 plus interest. In September 2010, the Stockholm District Court ruled against Betsson in spite of the fact that the ban was illegal. Betsson appealed the ruling to the Svea Court of Appeal, which granted leave to appeal. The Court of Appeal upheld the District Court's ruling in November 2011. Betsson appealed to the Swedish Supreme Court, but the Supreme Court announced in March 2013 that leave to appeal would not be granted. Parallel with making this attempt at an appeal, Betsson has commenced proceedings by which it is directly petitioning the Swedish Supreme Court on, in principle, the same issue, but in a separate claim for damages from the Swedish Government. This claim is now being considered.

RESEARCH AND DEVELOPMENT

Betsson does not conduct any research operations. Expenditure attributable to the development of gaming platforms and the integration of games and payment solutions is capitalized to the extent by which the expenses are expected to provide future financial benefits.

ENVIRONMENT AND SUSTAINABILITY

Betsson does not conduct any operations requiring permits or registration under the Environmental Code. For information regarding sustainability, see the separate section on "Sustainable development" on page 9.

AGREED GUIDELINES FOR SALARIES AND OTHER REMUNERATION TO SENIOR EXECUTIVES

For a description of the guidelines for salaries and other remuneration to senior executives as determined by the Annual General Meeting 2012, see Note 8.

PROPOSAL FOR GUIDELINES FOR SALARIES AND OTHER REMUNERATION TO SENIOR EXECUTIVES

The Board proposes that the Annual General Meeting adopt the following guidelines for remuneration for senior executives. The category "senior executives" includes the management of the Parent Company, which comprises the CEO and CFO of the Parent Company, the CEO of BML Group Ltd (Betsson Malta) and the Group's Head of Legal Affairs. Remuneration is to be market-based and competitive in order for the Group to be able to attract and maintain competent senior executives. Remuneration is to be market-based and competitive in order for the Group to be able to attract and maintain competent senior executives. Remuneration is to comprise fixed salary and, when necessary, variable remuneration, pensions and other benefits such as, in some cases, a company car.

Variable remuneration will be paid only when certain financial targets, established by the Board, have been achieved. Variable remuneration will be based on the extent to which the targets have been achieved or exceeded. If the financial targets are exceeded at the highest level (out-performed), the estimated cost for variable remuneration to senior executives Group would be a maximum of approximately MSEK 10.2.

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

The normal period of notice should be six to twelve months if employment is terminated by the Company, and six months if terminated by the executive. If employment is terminated by the Company, severance payment shall apply for an amount corresponding to a maximum of twelve months' salary.

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

SHARES AND OWNERSHIP STRUCTURE

The number of shares in the Company at the end of the year totaled 42,269,108, of which 5,420,000 were Class A shares and 36,849,108 Class B shares. Each Class A share entitles the holder to ten votes, whilst each Class B share entitles the holder to one vote. All shares entitle equal right to Betsson's assets and profits. From the end of the year until today's date, a total of 1,163,895 Class B shares have been issued (100,000 for the redemption of warrants and 1,063,895 as liquidity for the Automaten Group).

The Company's Class B shares are listed on NASDAQ OMX Nordic List, (BETS). At the end of the period, the Company had 17,225 (12,507) shareholders.

The largest shareholders (owners of more than 10 per cent of the votes) were Per Hamberg with 8.3 per cent of the capital and 20.6 per cent of the votes, the Knutsson family with 6.0 per cent of the capital and 10.7 per cent of the votes, and Rolf Lundström with 3.7 per cent of the capital and 10.2 per cent of votes.

AUTHORIZATION FOR THE BOARD OF DIRECTORS

The Annual General Meeting of 11 May 2012 resolved to authorize the Board of Directors to decide on a non-cash issue of shares, not to exceed a total of 4 million Class B shares (corresponding to a dilution of approximately 10 per cent) on one or more occasions during the period before the next Annual General Meeting. This mandate was utilized in the acquisition of the NGG Group in June, and, after the end of the financial year, in February 2013 in the acquisition of

the Automaten brands. In total, 1,281,869 new Class B shares have been issued since the Annual General Meeting 2012.

The Annual General Meeting 2012 further resolved to authorize the Board of Directors to determine whether to acquire a total number of own shares whilst ensuring that the Company's holding, at any given point in time, does not exceed 10 per cent of all shares in the Company. This mandate was not utilized during the financial year 2012.

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

PROPOSED DISTRIBUTION

The Board proposes that the Annual General Meeting, to be held on 8 May 2013, resolve that no share dividend be paid, but that SEK 9.46 (10.08) per share be distributed to the shareholders, on the condition that the number of shares remains unchanged up to the record day. This represents a transfer of funds to shareholders of MSEK 410.9 (395.6). The amount per share to be transferred has changed compared with the amount reported in the year-end report for 2012, as the number of shares has increased through a new share issue in conjunction with the acquisition of the Automaten brands. The total amount of the transfer, however, is unchanged.

The Board intends to propose to the Annual General Meeting that the distribution to shareholders is to take place through a share redemption program. The Board's proposal will be presented in full well in advance of the Annual General Meeting.

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

SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT

For Betsson, sustainable development is an integral part of the Company's business model, the reason being that Betsson's operations broadly challenge the old land-based structures that, inherently, have a greater negative impact on the environment and on issues related to gaming responsibility. Sustainable development is for Betsson, in the first instance, about taking social responsibility in issues related to gaming responsibility and, in the second instance, about work ethics guidelines, social participation and concern for the environment.

If Betsson is to have a positive influence within sustainable development, it is vital that the Group's financial situation does not significantly deteriorate. Betsson's goal is to grow faster than the market while maintaining stable profitability, which Betsson has achieved. This strong development proves that Betsson is fulfilling its commitment to create and provide attractive Internet-based gaming solutions while also providing positive conditions for responsible gameplay to more and more end users.

Betsson's work with sustainability is an integral part of the value chain and is based on the Group's Code of Conduct, which is expressed in terms of specific values and through various Group policies. These have also been summarized in Betsson's Employee Handbook.

THE CODE OF CONDUCT

The Code of Conduct covers both all employees in the Group, and also suppliers and other stakeholders. The Code is based on strong cultural values which have been formulated in a democratic manner through in a series of workshops. Betsson monitors compliance with the Code of Conduct and behavior violating the Code is, of course, discouraged.

The Code of Conduct is available to all employees and it is the duty of each employee to follow the Code and principles related to it. Employees may report violations of the Code to Human Resources, who deal with such reports anonymously, so-called whistle-blowing.

BETSSON'S WORKING METHODS

Betsson follows the Swedish Code for Corporate Governance. Compliance with the Code is reported on an annual basis in conjunction with the preparation of the annual report.

The Corporate Governance Report is reviewed by the auditors.

The Code describes responsibilities and working methods for the Annual General Meeting, Betsson's Board of Directors and the executive Group management. Issues relating to sustainability are one aspect of the Board's work, and this is described in the Corporate Governance Report. All questions associated with sustainable development are important to the Board. The Board pays particular attention to issues concerning the distribution of the Company's products via the Internet, instead of physical distribution, and the overall guidelines for maintaining the Company's profitability.

Betsson's Human Resources Director is responsible for the manner in which the Code of Conduct and social and ethical values are complied with. Betsson has appointed a special CSR manager who implements decisions on an ongoing basis and points out problem areas and other issues to the management Group and to the Human Resources Department. (For further information about Betsson's CSR activities, see The Online Gaming Magazine nos. 11 and 12, which are available online at www.betssonab.com). The subsidiaries' management groups are responsible for ensuring that the Code of Conduct is complied with and that reports are submitted to the Parent Company.

Personnel are continuously informed about developments in the Company by means of video conferences, intranet, an electronic employee newsletter and, on an annual basis, through a downloadable magazine. The internal information exchange primarily takes place through various types of Internet solutions, which reduces not

only distribution costs, but also has a positive effect on the environment compared with the alternative of face-to-face meetings.

BETSSON – A RESPONSIBLE EMPLOYER

Betsson's largest asset in terms of value is its employees, as it is these personnel who secure the Group's current operations and create conditions for future growth. Betsson safeguards its employees' rights and conditions, which include job security, fair and equal treatment and various remuneration issues. In the locations in which Betsson operates, the Group's remuneration levels are generally higher than the lowest levels applied in those locations. Betsson's ambition is to be viewed as an attractive employer, not only in terms of remuneration, but also as regards the work environment and its work assignments. In Malta, where the majority of the Group's employees reside, our Maltese company has received the equality mark certification awarded by the National Council for the Promotion of Equality, NCPE.

Betsson has drawn up a personnel policy, which is available to all employees. This policy includes descriptions and attitudes based on the Group's common values. The policy includes, for example, more detailed descriptions of the Group's position regarding the equal treatment of individuals and a ban on discrimination. The employees are encouraged, in all work situations, to consider all colleagues to be equal regardless of ethnicity, culture, religion, sexual preference or gender.

Betsson applies the freedom of association and has signed collective agreements in the Group.

Furthermore, all employees have the opportunity to express their opinions anonymously in the annual employee surveys. This work will be expanded in 2013 and a condensed form of the survey will be executed each quarter in addition to the large annual surveys. Based on these studies, managers are evaluated at target levels of employee satisfaction. Specific initiatives are undertaken by management after the presentation of the results. In general, the results of the surveys have indicated the employee satisfaction to be above normal levels. The goal is to remain above the average level.

Betsson's health care program

For several years, Betsson has worked to maintain good health among the Group's employees. Betsson finances portions of the employees' individual preventative health activities. In addition, a number of group training activities are organized within the Company to promote an active and healthy workforce. Especially popular are the recurring Training Challenges, during which hundreds of personnel compete against each other in various physical exercise activities. All of these activities are logged and stored in a downloadable app where the progress of colleagues can be tracked. Betsson's goal is to continue to keep a healthy profile by maintaining the level of these initiated activities.

BETSSON – A RESPONSIBLE CITIZEN

Responsible gaming

The work with issues related to gaming responsibilities is the most significant component in Betsson's work with sustainability. This work is conducted on various levels and in various forms, and affects almost every stakeholder, from end users and employees to suppliers.

Responsible gaming is successfully achieved when an operator offers tools which can assist the end user to maintain a level of playing previously determined by that end user. Gaming problems can arise if the end user continually fails to keep to the predetermined level of gaming. In order to prevent gaming problems, the end user can sign a binding agreement with Betsson's gaming companies, in which the end user states a predetermined gaming level and

Betsson provides both the tools giving the end user an overview of his own gaming volume and the tools restricting continued gaming opportunities should the gaming level exceed the level predetermined by that end user. Solutions on the Internet challenge traditional land-based gaming, which is often less well-equipped to deal with gaming addiction issues as they often lack a deeper insight into the end users activities.

Within Betsson, a number of activities are initiated each year aimed at creating better premises for responsible gaming. Betsson is, amongst other things, a member of BOS (Industry Association for Online Gaming) whose purpose is to influence Swedish legislation in ways which are positive for the end user, where the handling of responsible gaming is an important ingredient.

A further initiative which is underway is the unique pilot study in conjunction with Spelinsitutet (which changed its name to SiLabs in September 2012), in which Betsson's subsidiaries are participating. This study is aimed at end users looking for information and skills to assist them in modifying their gaming, or to terminate their gaming entirely. The study is evaluating a new online self-help tool which, based on the individual's requirements and motivation level, will offer tailor-made programs. The program will be based on a CBT and MI concept, is 10 weeks long with homework, and includes virtual therapy contact and follow-up after the completed treatment. After the outcome of the study has been analyzed, which is expected to take place during the first half year of 2013, the plan is that the modified final tool is to be offered to all of Betsson's end users.

In Betsson's gaming companies, investments are made on a continuous basis to improve the tools provided on the gaming sites. In order to maintain and further develop one of the world's highest standards in responsible gaming, all employees in the Betsson Group, regardless of their roles, are trained in basic issues related to gaming addictions. The majority of employees also receive continuous training, both internally and externally. The aim of this continuous training is to ensure that all employees possess a basic understanding of the importance of promoting sound gambling. Regarding employee training, Betsson collaborates with Global Gambling Guidance Group (G4) and the Swedish Spelinstitutet (SiLabs).

In addition, Betsson has, for several years, offered research grants, in Sweden and Malta, with the aim of stimulating interest in and knowledge of gaming and problematic gambling, and into research and development of preventative measures to prevent or reduce the existence of gambling problems. With regard to the grants, Betsson collaborates with the University of Malta and the Lottery and Gambling Authority (LGA, the gaming authority in Malta) and, in Sweden, the grant is awarded by an independent jury

Betsson's goal is to be on the industry's big annual rankings (EGR and IGA) of the operators who are most socially responsible. Betsson's work on these issues has been internationally recognized by the Company receiving or being nominated for various awards in the field. For example, the Company has been a finalist for Most Responsible Game Operator for three consecutive years at the EGR Awards in London, and most recently was nominated for the Most Responsible Online Operator at the International Gaming Awards 2012 in London. For further information concerning Betsson's initiatives regarding responsible gaming, see *The Online Gaming Magazine*, nos. 11 and 12, which are available on www.betssonab.com.

Competition

Betsson's operations contribute to increased competition in the gaming sector which has, to date, been dominated by monopolies with restricted offerings to the end customer. Betsson offers end customers a broader selection and cheaper games which, to a great extent, contributes to an increased variety on the market and attractive products for the players.

Indirect and direct financial support

Betsson also supports a number of important community projects providing the opportunity for vulnerable children and young people to take part in activities having a positive effect and encouraging their development. Among other things, Betsson makes financial contributions to activities promoting children's rights to a drug-free environment and to organizations fighting against the sexual exploitation of children. In Malta, where most of the Group's employees are based, Betsson is an important contributor to a fund providing financial grants to voluntary non-profit and non-governmental organizations working with projects aimed at socially vulnerable groups.

Betsson also supports activities promoting a more sustainable utilization of the world's limited resources. One such example is the Schools2Communities project in Malta, the aim of which is to provide training in global environmental responsibility through everyday choices, such as choosing locally sourced products or products without unnecessary packaging.

SUSTAINABLE INTERACTIVITY BETWEEN BETSSON AND THE ENVIRONMENT

Betsson's business model relies on moving as much as possible of the traditional land-based gaming to gaming on the Internet. This shift toward the Internet has an inherently positive impact on the environment, both by eliminating the need for the physical manufacturing of tickets and forms, as well as by eliminating travel to and from the various game retailers.

As an Internet-based company, Betsson's daily impact on the environment is limited, but some impact is inevitable. In order to focus on the environmental concerns, Betsson has been in contact with the Environmental Management Council to assess an environmental certification in accordance with EMAS (EU Environmental Management and Audit Scheme), which is based on ISO 14001 and supplemented with requirements for external auditing.

Betsson has conducted a current status analysis where significant environmental indicators have been identified and quantified. Based on these indicators, concrete objectives have been formulated and the result of the progress towards these objectives will be published externally each year, together with the Company's annual report. The consumption of electricity has various effects on the environment, depending on the source of the energy, which can be coal, water, nuclear or another source, or a combination of energy sources. In the following calculations, it is assumed that 1kWh consumes 400 grams of carbon dioxide (CO₂), which is largely consistent with average European consumption (the European residual mix from 2011 was, according to Reliable Disclosure (converting kWh to CO₂), 368 g/kWh).

Workstations and environmental objectives

Energy consumption per workstation, through the use of PCs, laptops, monitors and thin clients, has been identified as an area where potential improvements are continually assessed and subsequently implemented. The workstations at Betsson consumed, during 2012, a total of 102 tons of carbon dioxide, corresponding to an average of 0.17 tons of carbon dioxide per employee. By using thin clients and energy efficient equipment, Betsson aims to reduce its emissions of carbon dioxide. In 2012, the use of thin clients reduced consumption by 1.7 tons of carbon dioxide, corresponding to 1.7 per cent of the energy consumption attributable to the Company's workstations.

The targets for 2013 are to reduce the energy consumption by more than 1.7 per cent through the use of thin clients and to ensure that the consumption of carbon dioxide per workstation is reduced to below 0.17 tons per employee.

Server farm and environmental targets

Betsson's server farm has been identified as an important area for the work with environmental improvement measures. The Company's server farm was, at the end of 2012, composed of 150 physical servers and 702 virtual servers which, including energy for cooling, collectively consume 718 tons of carbon dioxide annually. There is a latent demand to constantly seek carbon dioxide synergies in the context of Betsson's planned expansion of its operations. This will be achieved through the use of more energy efficient equipment and by utilizing virtual servers, instead of physical servers. In 2012, virtual servers represented 82 per cent of all servers and, with this high proportion of virtual servers, carbon dioxide consumption was reduced by 1,847 tons. The goal in 2013 is an additional reduction of 10 per cent, equivalent to 186 tons of carbon dioxide, through the increased use of virtual servers, compared with the outcome had physical servers been used.

Conference facilities

The Company has saved a further 768 tons of carbon dioxide by using 10 different video conference rooms, instead of having employees travel between locations. As these conference rooms are in almost constant use, it is difficult to save more through higher utilization. Still, the ambitious target for 2013 is to be even more efficient in the utilization of the rooms and, by doing so, to save more than 768 tons.

Table of consumption and savings of carbon dioxide:

Operating consumption	Number	kWh	tons CO ₂
Monitors	1,352	216,320	87
Laptops	318	9,025	4
Other computers	261	22,566	9
Thin clients	104	4,800	2
Total workstations	2,035	252,711	102
Physical servers	150	1,133,400	453
Virtual servers	702	662,688	265
Total servers	852	1 796,088	718
Savings			
Thin clients			2
Virtual servers			1,847
Video conference room			768

OTHER

In addition to the general environmental indicators mentioned above, a number of activities to improve environmental aspects, while contributing to the company's profitability, have been initiated. The sorting of waste and recycling of paper and aluminum cans is undertaken within the Group. Betsson pays for emission allowances to offset part of the carbon dioxide emissions created by employee travel. Projects have been implemented aimed at reducing the amount of paper consumed by printers, whereby printers' default setting is to print duplex and documents can only be printed by employees entering their personal codes into the printer. This contributes to increased security, lower costs and lower consumption of natural resources. Furthermore, energy efficient equipment is utilized, and both internal and external communication is primarily undertaken electronically, which has a positive impact on the environment.

The elements of the Group's undertaken from Betsson's office in Stockholm, where 109 people are employed, have been environmentally offset by the landlord. The landlord has, since 2006, calculated the environmental impact according to the internationally

recognized GHG Protocol. The Company's landlord has been working long term to shift to renewable energy sources and to create energy efficient buildings. In addition, the landlord compensates all remaining consumption of energy in the property by buying shares in the UN-controlled environmental projects aimed at reducing greenhouse gas emissions. Based on this, a large portion of the consumption described above is already environmentally neutral.

The largest positive effect on the environment from Betsson's operations, however, can be seen to be the challenging of the traditional physical gaming industry in which, for example, lottery tickets are made of material which has a negative impact on the environment and in which participation in the various games requires travel. In this way, sustainable development is a significant part of our services and their production.

BETSSON AND HUMAN RIGHTS

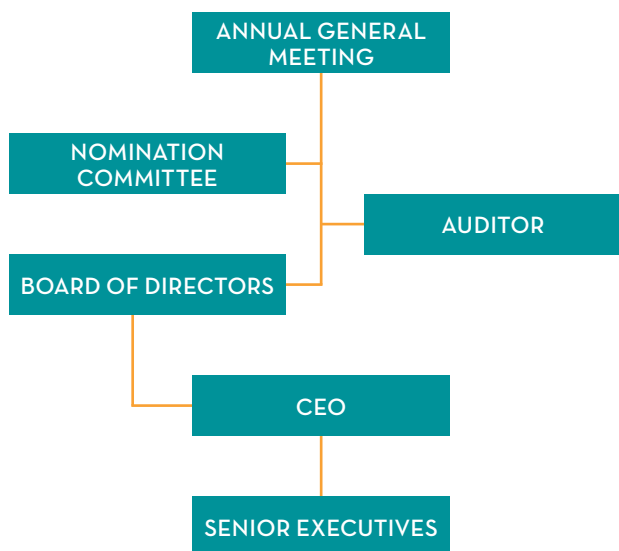
Betsson supports all UN conventions on human rights and freedoms. These conventions permeate the entirety of Betsson's operations and are reflected in codes of conduct and personnel policies. For further information regarding Betsson's codes of conduct, see www.betssonab.com.

CORPORATE GOVERNANCE REPORT

GOOD GOVERNANCE AND CONTROL SUPPORTS STABLE GROWTH

Betsson has developed strongly in recent years. One contributing factor to this significant, profitable development has been a good balance between ambition and attention to detail. As we understand it, good corporate governance means promoting a dynamic, hungry corporate culture, in which individuals are rewarded and appreciated for their positive efforts, and where risks are managed on a sound commercial basis. A gaming company which provides players with quick, secure payment solutions has a clear competitive advantage, as this contributes to strengthening confidence in the Company. This is one example of how good internal control improves the commercial premises for a gaming company.

Pontus Lindwall
Chairman of the Board of Directors



EXTERNAL REGULATORY FRAMEWORKS	INTERNAL REGULATORY FRAMEWORKS
<ul style="list-style-type: none"> Swedish Companies Act Swedish and international accounting legislation NASDAQ OMX rules for issuers Swedish Code of Corporate Governance 	<ul style="list-style-type: none"> Articles of association Formal work plan for the Board of Directors Terms of reference for the CEO Group policies Business plan and strategies

COMPANY GOVERNANCE REPORT 2012

In addition to statutory regulations, Betsson applies the Swedish Code of Corporate Governance, a regulatory code based on the framework of internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

Betsson hereby presents its Corporate Governance Report for 2012. The Company applies the Code in full, with no deviations or omissions. The report constitutes a part of the Management Report and has, as such, been reviewed by the Company's auditor.

ALLOCATION OF RESPONSIBILITIES

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

SHAREHOLDERS

Betsson has been a listed company since 1996, and has been listed on the Stockholm Stock Exchange since 2000. The Company's Class B shares are listed on NASDAQ OMX Nordic Mid Cap (BETS). At the end of the period, the Company had 17,225 (12,507) shareholders. The largest shareholders (owners of more than 10 per cent of the votes) were Per Hamberg, with 8.3 per cent of the capital and 20.6 per cent of votes, the Knutsson family, with 6.0 per cent of the capital and 10.7 per cent of votes, and Rolf Lundström, with 3.7 per cent of the capital and 10.2 per cent of votes.

ARTICLES OF ASSOCIATION

The Articles of Association regulate the Company's established operations, the number of Board Members and auditors, the manner in which the Annual General Meetings are convened, the issues addressed at the Annual General Meeting and the location of the meeting. The Company's Articles of Association stipulate no limitations regarding the number of votes to which each shareholder is entitled at the Annual General Meeting. The Company's Articles of Association lack specific regulations regarding the appointment and dismissal of Board Members. For the current Articles of Association adopted by the Annual General Meeting 2012, please visit the Company's website: www.betssonab.com

ANNUAL GENERAL MEETING

The Annual General Meeting is the highest decision-making body in Betsson AB. At the Annual General Meeting - which is held within six months after the end of the financial year - the income statements and balance sheets are adopted, dividends are determined, the Board of Directors are elected and their fees determined, and auditors, when applicable, are appointed and their fees determined. Furthermore, other statutory matters and other proposals from the Board and shareholders are addressed, and resolutions are made regarding guidelines for remuneration to senior executives.

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

ANNUAL GENERAL MEETING 2012

The Annual General Meeting for 2012 was held on 11 May 2012. The meeting was attended by shareholders, in person or by proxy, representing 66 per cent of the votes and 42 per cent of capital. Pontus Lindwall was elected Chairman of the meeting.

Resolutions

The minutes from this meeting can be found on the Betsson website. The resolutions made by the Annual General Meeting included:

- To approve the Board's proposal to distribute the equivalent of SEK 9.42 per share for 2011, through an automatic redemption procedure, and to distribute the shares in the subsidiary Angler Gaming, corresponding to SEK 0.66 per share.
- To re-elect the Board Members John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt and Lars

Linder-Aronson, and to re-elect Pontus Lindwall as working Chairman of the Board.

- To authorize the Board to resolve on a new share issue of a maximum of 4 million Class B shares (equivalent to a dilution of 10 per cent).

ANNUAL GENERAL MEETING 2013

The Annual General Meeting of Betsson AB (publ) will be held on 8 May 2013 at 10 a.m. at the Company's headquarters, located at Regeringsgatan 28, Stockholm. For further information regarding the Annual General Meeting 2012, please refer to the company website www.betssonab.com.

THE NOMINATION COMMITTEE

In accordance with the resolution adopted at the Annual General Meeting 2012, the Chairman of the Board has been assigned to convene the meetings of the Company's Nomination Committee and to invite representatives of the Company's larger shareholders to join the Nomination Committee. The Nomination Committee is to consist of a minimum of three members, and the majority of the Nomination Committee members may not be employees or members of the Board. The Nomination Committee shall prepare a list of proposed Board Members, as well as a proposal for the Chairman and auditors, and shall also propose remuneration for Board Members, Board committees and auditors. These proposals are to be submitted to the Annual General Meeting 2013 for resolution. The composition of the Nomination Committee was announced on 26 October in Betsson's Interim Report for the third quarter of 2012 and on the Company's website.

The Nomination Committee for the Annual General Meeting 2013 is comprised of:

- John Wattin, representing the Per Hamberg family and companies, with a total of 20.6 per cent of the votes.
- Michael Knutsson, representing the Bertil Knutsson family and companies, with a total of 10.7 per cent of the votes.
- Christoffer Lundström, representing the Rolf Lundström family and companies, with a total of 10.2 per cent of the votes.
- Pontus Lindwall, Chairman of the Board of Betsson AB and convener of the committee.

The Nomination Committee represents an ownership interest which, at year end, amounted to 42 per cent of the votes in the Company. The Nomination Committee has not held any meetings but has maintained email and telephone contact. An important source of information for the Nomination Committee's work is the yearly evaluation of the Board's performance.

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

The Nomination Committee's complete proposals and background information, to be presented to the Annual General Meeting 2013, will be published on the Company's website, www.betssonab.com, in advance of the Annual General Meeting.

Shareholders wishing to submit proposals to the Nomination Committee should do so by e-mail at valberedning@betssonab.com or by mail to the Company's headquarters.

THE BOARD OF DIRECTORS AND ITS WORK

The Members of the Board are elected annually by the Annual General Meeting for the period until the next Annual General Meeting. There are no rules in place stipulating the maximum period

of time a member may serve on the Board. Betsson's Board is comprised of seven members elected by the Annual General Meeting, with no deputies. The CEO is not a member of the Board. At the Annual General Meeting 2012, the following individuals were re-elected as Board Members: John Wattin, Per Hamberg, Kicki Wallje-Lund, Patrick Svensk, Carl Lewenhaupt, Lars Linder-Aronson and Pontus Lindwall. Pontus Lindwall was re-elected as Chairman. The Board is presented on pages 16-17.

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

The Board's independence

According to the Stockholm Stock Exchange's definition, the number of Board Members elected at the Annual General Meeting and who are independent of the Company is six (86 per cent) and the number of Board Members elected at the Annual General Meeting who are independent of the Company's major shareholders is six (86 per cent). All members meet NASDAQ OMX's requirements concerning professional experience. The Board Member Per Hamberg holds 8.3 per cent of the capital and 20.6 per cent of the votes and is, thus, not considered to be independent of the Company's major shareholders. Pontus Lindwall cannot be considered independent in relation to the Company, given his role as working Chairman of the Board. With this composition, Betsson's Board fulfills the regulations for listed companies and of the Swedish Code of Corporate Governance, which requires that the majority of elected members are independent of the Company and Company management, and that at least two of these are also independent of the Company's major shareholders. All Board Members and all members of the Group management team have undergone NASDAQ OMX's training in Stock Exchange regulations.

Board meetings

In 2012, the Board held sixteen (twenty-two) recorded meetings, of which one (one) followed election and five (seven) were per capsulam meetings. The Board had a seven (five) per cent non-attendance rate during the year's Board meetings.

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

Attendance of Board Members at Board meetings in percentage is shown below (figures in brackets refer to the previous year).

Pontus Lindwall, Chairman	100 (100)
John Wattin, Member (Chairman up to 4 July 2011)	100 (91)
Per Hamberg, Member	100 (100)
Kicki Wallje-Lund, Member	100 (95)
Carl Lewenhaupt, Member	94 (95)
Lars Linder-Aronson, Member	81 (95)
Patrick Svensk, Member	75 (91)

Average attendance at Board and committee meetings was 93 (95) per cent.

Information provided to the Board of Directors

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

Internal control and risk management

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

The Audit Committee

The Audit Committee's primary task is to ensure compliance with established principles for financial reporting and internal controls. In accordance with the work plan adopted for the Board after the Annual General Meeting 2012, the Audit Committee will continue to comprise of three members, none of whom is to serve as Chairman of the Board. The members of the Committee are Lars Linder-Aronson (Chairman), Per Hamberg and Carl Lewenhaupt.

The Audit Committee is responsible for monitoring and following up the reporting of corporate responsibility issues. The Audit Committee also fulfills the functions of a finance committee, with the task of supporting and following financial operations and of evaluating and proposing amendments to the Treasury Policy. The results of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and measures to be taken are addressed by the Board on a continual basis. The Group's auditors and the CFO present reports to the Audit Committee. Attendance at the Audit Committee's two meetings during the year was 100 per cent.

The Remuneration Committee

After the Annual General Meeting 2012, a new formal work plan for the Board was adopted, in which it was determined that the Remuneration Committee should comprise of three members, and the Chairman of the Board is not to be included as one of these three members. The Committee's members are Kicki Wallje-Lund (Chairman), Patrick Svensk and John Wattin. The Remuneration Committee held two meetings during the year. The main topic addressed at these meetings was the proposed new incentive program (employee stock options/warrants).

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

CEO AND GROUP MANAGEMENT

Betsson's President and CEO is responsible for the day-to-day management of both the Parent Company and the Group. This excludes decision-making in operating online game activities.

The CEO leads the work in the Parent Company and makes decisions in consultation with the other senior executives comprising the heads of business areas and staff functions. At the end of 2012, the Senior Executives were four (four); see the section on Senior Executives on page 18.

The Senior Executives hold regular operational reviews under the leadership of the CEO.

The operations of the Parent Company (Betsson AB) consist of the management and administration of the Company's investments and the evaluation of potential acquisitions or divestments of business operations. The Group's gaming operations are conducted in Malta, through several wholly-owned subsidiaries, each of which has a separate Board working under an operative management team making the operational decisions for Betsson's gaming operations.

Terms of reference have been established for the respective CEO of each wholly-owned subsidiary. These terms are consistent with the terms of reference to Parent Company's CEO.

REMUNERATION

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

The following principles, adopted at the Annual General Meeting 2012, apply to senior executives in the Group:

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

The Board may take decisions diverging from these guidelines if special circumstances prevail.

AUDIT

At the Annual General Meeting 2012, PricewaterhouseCoopers AB was re-elected, with Authorized Public Accountant Michael Bengtsson as Auditor-in-Charge.

Michael Bengtsson has been an Authorized Public Accountant since 1988. His other engagements include Haldex, Enea, Nordic Service Partners and Carnegie.

The audit of the annual financial statements is carried out in January-February. The audit of the annual report takes place during March-April. The Company's interim reports are also subject to review by the auditor. In addition, audits of the internal procedures and control systems are undertaken continuously during the year and reported to the Group's CFO, the management team and the Board.

In addition to the auditing assignment, Betsson has engaged PricewaterhouseCoopers AB for consultation in VAT and tax issues, accounting matters, and for various other studies.

INTERNAL AUDIT

Betsson's profitable growth stems from a willingness and desire to constantly improve the operations. The Internet-based gaming industry is constantly exposed to a rapidly changing environment, such as changes in legal systems, seasonality and currency fluctuations. In order to be able to manage these situations, it is of great importance that Group can learn and adapt, but, at the same time, it is vital that Betsson's customers feel safe and secure with Betsson's gaming and payment solutions. This permeates all Company and Group customer offerings.

Betsson does not have a separate internal auditing function but has, instead, determined that it will execute the internal audit function through its existing organization. The Board and the Audit Committee regularly reassess whether the introduction of an internal auditing function would be of benefit to Betsson. During 2012, the Company appointed a Global Tax Manager in order to further ensure that the Company complies with applicable tax regulations.

As a complement to this, operations are also monitored by several independent parties. Betsson is licensed in Malta by the Lotteries and Gaming Authorities (LGA). In order to obtain and maintain licenses, the Company's routines and processes must meet certain quality standards. LGA scrutinizes operations in order to ensure that the Company meets all of the requirements. Betsson's companies are also PCI-compatible for secure card transactions, and cooperate with several large banks. As a result, all credit card information is handled securely and the Company meets the highest security standards as regards payments, withdrawals and deposits.

All private information transferred to and from Betsson sites is encrypted by Verisign SSL and is monitored 24 hours a day, 7 days a week. The random number generator behind Betsson's casino games, which guarantees equitable gaming, has been tested and approved by two independent third parties, the National Laboratory of Forensic Science in Sweden and Technical Systems Testing in Canada. In order to ensure that the poker software always produces random numbers, independent controllers test the random number generator (RNG) on a monthly basis. These monthly reports are published on an ongoing basis. Players using "poker bot" programs to make decisions during the game are cheating. Betsson has secured the poker table against the use of these programs via Botguard; this is so that players can feel secure and confident that they have the same technical conditions as all of the other poker players.

In order to ensure that the poker software consistently produces numbers entirely by chance, the random number generator which Entraction Solutions AB uses has been evaluated by iTech Labs, and it has been determined that this generator meets the requirements of the RNG standard.

The Audit Committee bears the ultimate responsibility for ensuring that the established principles for internal control are complied with. The President and CFO are responsible, on a continuous basis, for taking appropriate steps to maintain sound internal control. Each Company function is responsible for executing the internal control within its relevant operational area, based on stated conditions. Reporting is ongoing at all levels.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

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

Control environment

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

Risk assessment

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

Control measures

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

Information and communication

The internal information and external communication are regulated on an overall level by, among other things, an information policy. The internal communication to and from the Board and management takes place via, for example, regular information meetings. The Company's intranet is another channel.

The internal policies, guidelines, instructions and similar documents governing and supporting operations are published on the intranet.

Follow-up

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

INVESTOR RELATIONS

Betsson shares information with the shareholders by means of annual reports, year-end reports, quarterly reports, press releases and through the Company's website. Reports and press releases from previous years are also available on the website, www.betssonab.com.

Communication and transparency are important to Betsson, to allow the Company's investors and analysts to make objective assessments of the Company's development and, consequently, take informed decisions in its work. The Company attaches great importance to investor relations, in which the aim is to inform the capital market of Betsson's financial position, operations and development so as to increase knowledge and interest in the Company, and to obtain a fair valuation of the Company.

During the year, Betsson has participated in a number of IR activities, such as seminars, investor meetings and road shows in both Europe and the USA.

BOARD OF DIRECTORS



Pontus Lindwall

CHAIRMAN

Born 1965, Stockholm

Board Member since 2011, Chairman from 5 July 2011.

Employed in the Group since 1991.

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

Relevant background: Pontus Lindwall has many years of experience in the gaming industry, both as regards off-line and online gaming, amongst other things, as founder of Net Entertainment, President and CEO of Betsson AB and Cherryföretagen. Pontus has a Masters Degree in Engineering from KTH.

Shareholding: 10,000 Class A shares, 624,594 Class B shares, 90,000 warrants.



Per Hamberg

BOARD MEMBER

Born 1943, Ekerö

Board Member since 1974.

Other directorships: Honorary Chairman of Cherryföretagen AB. Board Member in Nya Solporten Fastighets AB and Chairman of the Board in Hamberg Forvaltning AB.

Relevant background: Per Hamberg is one of the founders of Betsson AB (prev. Cherryföretagen AB). He worked as CEO for a period and has been Chairman of the Group and its subsidiaries. Per previously studied business and political science.

Shareholding: 1,699,500 Class A shares, 1,802,758 Class B shares (including holdings via companies and related parties).



Carl Lewenhaupt

BOARD MEMBER

Born 1958, Stockholm

Board Member since 2008.

CEO of the advertising agency Calleolle AB

Relevant background: Carl Lewenhaupt is a Creative Director and has many years' experience in international marketing. He has founded, owned and operated several advertising agencies. Carl studied at IHR Stockholm, NYU in New York and at the School of Visual Arts in New York. Carl is a member of the Platinum Academy.

Shareholding: 590 Class B shares.



Lars Linder-Aronson

BOARD MEMBER

Born 1953, Saltsjöbaden

Board Member since 2008.

Other directorships: Chairman of Svensk Exportkredit, Facility Labs AB and Centini AB. Board Member of e-Capital AB and Ventshare AB.

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

Shareholding: 120,375 Class B shares (including holdings via companies and related parties).



AUDITOR

PricewaterhouseCoopers AB

Michael Bengtsson

AUDITOR-IN-CHARGE since 2008.

Born 1959, Stockholm

Authorized Public Accountant



Patrick Svensk

BOARD MEMBER

Born 1966, Stockholm

Board Member since 2005.

Executive Vice President in Content MTG

Other directorships:

Board Member of internal companies within MTG.

Relevant background:

Patrick Svensk has experience from various management positions in listed companies. He has been the CEO and Group President for Zodiak Television, CEO of Kanal5 and TV3 Sweden. Patrick has a degree in business and economics from the Stockholm School of Economics.

Shareholding:

5,000 Class B shares.



Kicki Wallje-Lund

BOARD MEMBER

Born 1953, Nyköping

Board Member since 2006.

CEO of Wellnet AB

Other directorships:

Board Member of Wellnet AB.

Relevant background:

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

Shareholding:

450 Class B shares.



John Wattin

BOARD MEMBER

Born 1947, Stockholm

Board Member since 1989, Chairman of the Board up to 4 July 2011.

CEO of Investering i Kunskap AB

Other directorships:

Chairman of Sturehof AB. Board Member of Nabak AB and Silentium AB.

Relevant background:

John Wattin has had many years of international experience of working on boards, with an emphasis on company development and transformation in listed and unlisted companies. He is one of the founders of Enator, Sigma and a number of other companies. John has been working with his own investments for the last 15 years.

Shareholding:

115,000 Class B shares (including holdings via companies and related parties).

SENIOR EXECUTIVES



Magnus Silfverberg
PRESIDENT and CEO, BETSSON AB

Born 1973, Djursholm

Employed in the Group since 2009. President and CEO since 5 July 2011.

Board Member of several internal companies. Chairman of BOS, Industry Association for Online Gaming.

Before beginning at Betsson, Magnus worked in the IT industry for ten years, holding positions at, among others, Hewlett-Packard and Accenture. Magnus has an MBA from INSEAD and has a degree in business and economics from the Stockholm School of Economics.

Shareholding:
20,000 Class B shares,
100,000 warrants.



Ulrik Bengtsson
CEO, BML GROUP LTD

Born 1972, Malta

Employed in the Group since 2012.

Shareholding:
1,200 Class B shares.



Fredrik Rüdén
CFO, BETSSON AB

Born 1970, Nacka

Employed in the Group since 2008.

Shareholding:
10,000 Class B shares,
50,000 warrants.



Martin Thorvaldsson
CEO, BSG LTD, GROUP
GENERAL COUNSEL

Born 1970, Gibraltar

Employed in the Group since 2010.

Shareholding:
6,664 Class B shares,
13,380 employee stock options.

THE SHARE AND OWNERS

Betsson's Class B shares are listed on the NASDAQ OMX Nordic Mid Cap List.

SHARE STRUCTURE

At the end of the year, Betsson had 42,269,108 shares, of which 5,420,000 were Class A shares and 36,849,108 were Class B shares. Each Class A share entitles the holder to 10 to ten votes, whilst each Class B share entitles the holder to one vote. All shares entitle equal right to Betsson's assets and profits.

REPURCHASED SHARES

In conjunction with the redemption of the incentive program for 2010/2012 in November and December 2012, a total of 3,584 Class B shares were transferred to key individuals within the Company. The Company's holdings of its own shares amounted, on closing day, to 638 (4,222) Class B shares which had been acquired at an average price of SEK 58.27 during the period 2007-2008. The number of shares outstanding, excluding repurchased shares, amounted, on closing day, to 42,268,470 shares, of which 5,420,000 were Class A shares and 36,848,470 were Class B shares.

COMPLETED REDEMPTION PROGRAM

The Annual General Meeting on 12 May 2012 resolved to execute a share split of 2:1 and to undertake an automatic redemption program of the redeemable shares arising from the share split.

The redemption procedure resulted in the transfer of MSEK 395.6, the equivalent of SEK 9.42 per share, to the Company's shareholders on 20 June 2012.

BONUSES ISSUE, ETC.

In conjunction with the redemption procedure, a bonus issue was executed for a total of MSEK 42.0 in order to restore the Company's share capital.

NEW SHARE ISSUE IN CONJUNCTION WITH ACQUISITION AND REDEMPTION OF WARRANTS AND EMPLOYEE STOCK OPTIONS

In order to pay the additional purchase consideration for the acquisition of the Betsafe Group, a total of 606,817 newly-issued Class B shares were transferred in March 2012. In conjunction with the acquisition of the NGG Group in June 2012, 217,974 new Class B shares were issued as partial payment. In conjunction with the redemption of the incentive program for 2010/2012 in November and December 2012, a total of 49,925 new Class B shares were

issued to key individuals within the Company. All programs in progress and the effects of these are described in Note 31.

OWNERSHIP STRUCTURE

As per 31 December 2012, there were 17,225 (12,507) shareholders in Betsson. The proportion of foreign shareholders amounted to 5 (6) per cent. Foreign share ownership amounted to 33 (34) per cent of share capital and 23 (24) per cent of the votes.

The proportion of private individuals owning shares was 86 (87) per cent. The proportion of shares owned by private individuals was 25 (23) per cent of share capital and 25 (24) per cent of the votes.

SHARE LIQUIDITY

A total of 32.3 (30.9) million shares changed hand during the year, which is the equivalent of 88 (89) per cent of the average number of outstanding Class B shares. On average, 129,000 (122,000) shares changed hand per trading day, and the number of trades averaged 634 (515) per trading day.

SHARE PRICE DEVELOPMENT AND TURNOVER

The share price during the year increased by 32 (29) per cent. The share price (last paid) on closing day was SEK 200.50 (151.50), which represented a market value of SEK 8.5 (6.1) billion.

The highest price quotation during 2012 was SEK 234.00 (163.00) on 14 May (16 May), and the lowest quotation was SEK 152.00 (109.75) on 2 January (29 August). The average share price during the year was SEK 190.05 (136.54).

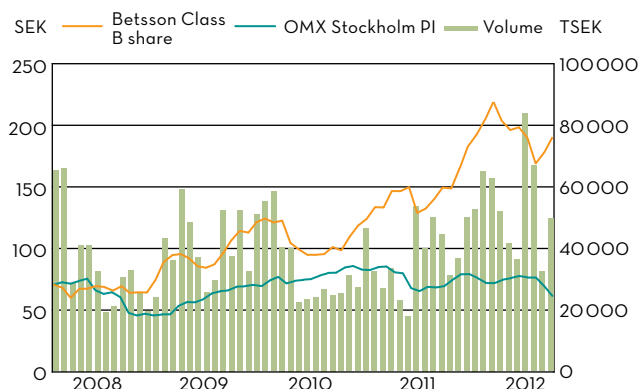
Total turnover of shares during the year was MSEK 6.133 (4,218), which is equal to an average of MSEK 24.5 (16.6) per trading day and approximately SEK 38,000 (32,000) per deal, on average.

DIVIDEND POLICY AND PROPOSED DISTRIBUTION

The Board proposes that the Annual General Meeting resolve to approve a distribution to shareholders totaling MSEK 410.9 (395.6), which, on the condition that the outstanding number of shares remains unchanged, represents SEK 9.46 (10.08) per share for the financial year 2012.

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

SHARE PRICE DEVELOPMENT



ANALYSTS MONITORING BETSSON

Dawid Myslinski
Redeye

Johan Löchen
Remium AB

Mikael Löfdahl
Carnegie

Stefan Nelson
SEB Enskilda

Bile Daar
Danske Bank

Rasmus Engberg
Handelsbanken

Johan Grabe
Nordea

Christian Andersson
Swedbank

Anders Hillerborg
ABGSC

MAJOR SHAREHOLDERS AS PER 31 DECEMBER 2012

Owner ¹	Number of Class A shares	Number of Class B shares	Share of Capital (%)	Number of votes (%)
Per Hamberg, family and company	1,699,500	1,802,758	8.3	20.6
Bertil Knutsson, family and company	800,000	1,741,000	6.0	10.7
Rolf Lundström, family and company	852,500	722,191	3.7	10.2
Lars Kling	797,000	76,245	2.1	8.8
Svenska Handelsbanken S.A.	700,000	222,112	2.2	7.9
Berit Lindvall	561,000	20,000	1.4	6.2
Swedbank Robur Fonder		3,272,728	7.7	3.6
JPM Chase		2,382,796	5.6	2.9
Handelsbanken Fonder AB		1,716,122	4.1	1.9
Försäkringsaktiefbolaget Avanza Pension		938,509	2.2	1.0
SSB CL Omnibus AC OMO7 (I5PCT)		899,079	2.1	1.0
SEB Investment Management		851,452	2.0	0.9
Pontus Lindvall	10,000	534,594	1.3	0.7
The Second AP Fund		549,708	1.3	0.6
Other owners		26,539,176	50.0	23.0
External owners	5,420,000	36,848,470	100.0	100.0
Betsson AB		638	0.0	0.0
Total	5,420,000	36,849,108	100.0	100.0

1) Information on ownership based on information from Euroclear Sweden, which implies that that the nominee shareholders' holdings may be included in the table and that the actual owners are, as a consequence, not indicated.

SHARE CAPITAL COMPOSITION AS PER 31 DECEMBER 2012

	Votes	Number of shares	Number of votes	Quotient value	Tkr
Shares, Class A	10	5,420,000	54,200,000	2	10,840
Shares, Class B	1	36,849,108	36,849,108	2	73,698
Total shares		42,269,108	91,049,108		84,538

SHARE DISTRIBUTION AS PER 31 DECEMBER 2012

Number of shares	Number of shareholders	Proportion of number of shareholders (%)	Number of shares	Proportion of number of shares (%)	Proportion of number of votes (%)
1-500	13,816	80.2	2,003,189	4.7	2.2
501-1,000	1,797	10.4	1,502,770	3.6	1.7
1,001-2,000	723	4.2	1,135,529	2.7	1.3
2,001-5,000	467	2.7	1,522,144	3.6	1.7
5,001-10,000	148	0.9	1,085,388	2.6	1.2
10,001-20,000	91	0.5	1,319,461	3.1	1.5
20,001-50,000	68	0.4	2,170,122	5.1	2.4
50,001-100,000	51	0.3	3,747,172	8.9	4.2
100,001-500,000	48	0.3	10,341,523	24.5	11.4
500,001-1,000,000	8	0.0	5,664,235	13.4	26.6
1,000,001-	8	0.0	11,777,575	27.9	46.0
Total	17,225	100.0	42,269,108	100.0	100.0

FIVE-YEAR REVIEW

Amounts in MSEK unless stated otherwise	2012	2011	2010	2009	2008
INCOME STATEMENT					
Revenues	2,203.7	1,736.6	1,603.2	1,299.7	1,037.8
Gross profit	1,853.7	1,428.9	1,282.1	1,045.0	828.1
Operating income	577.1	559.7	380.6	316.9	276.6
Income before tax	573.6	555.4	382.5	318.9	280.7
Income after tax for continuing operations	547.8	527.8	365.7	303.3	267.3
Income from discontinued operations	-	-	-	-	-
Income after tax (attributable to Parent Company shareholders)	547.8	527.8	365.7	303.3	267.3
BALANCE SHEET					
Intangible fixed assets	1,664.6	982.3	450.2	464.2	441.7
Tangible fixed assets	28.5	26.9	25.7	17.2	18.5
Financial fixed assets	25.2	10.2	-	-	-
Deferred tax assets	18.4	14.4	6.1	1.5	2.4
Current receivables	752.7	729.6	509.0	380.2	312.6
Cash and cash equivalents	467.2	509.7	497.1	529.1	373.2
Total assets	2,956.6	2,273.1	1,488.1	1,392.2	1,148.4
Equity	1,577.8	1,334.3	825.6	820.4	720.2
Interest-bearing non-current liabilities	344.5	-	-	-	-
Other non-current liabilities	9.3	8.0	4.2	4.5	4.3
Other current liabilities	1,025.0	930.8	658.3	567.3	423.9
Total equity and liabilities	2,956.6	2,273.1	1,488.1	1,392.2	1,148.4
CASH FLOW					
Cash flow from operating activities	666.1	537.2	396.5	424.9	384.3
Cash flow from investing activities	-634.4	-248.5	-44.9	-58.5	-67.5
Cash flow from financing activities	-70.2	-273.8	-351.2	-200.3	-199.7
Total cash flow from continuing operations	-38.4	14.9	0.4	166.1	117.1
GROSS PROFIT PER PRODUCT					
B2B, Business to Business	526.3	568.0	724.1	452.4	275.2
B2C, Business to Consumers	1,327.4	860.9	558.0	592.6	552.9
Total	1,853.7	1,428.9	1,282.1	1,045.0	828.1
GROSS PROFIT PER PRODUCT					
Casino	1,248.8	955.9	745.4	670.4	481.3
Poker	116.7	83.9	106.7	131.9	158.5
Sportsbook	432.0	326.9	367.7	206.6	159.0
Other products	56.1	62.2	62.3	36.1	29.3
Total	1,853.7	1,428.9	1,282.1	1,045.0	828.1
B2C, GROSS PROFIT PER GEOGRAPHICAL AREA					
Nordic countries	1,081.3	659.5	416.6	466.5	450.2
EU, outside Nordic region	224.3	183.1	139.2	124.0	97.2
Other Europe	6.3	3.9	0.2	-0.3	3.2
Rest of the world	15.4	14.4	5.0	2.4	2.3
Total	1,327.4	860.9	558.0	592.6	552.9

Amounts in MSEK unless stated otherwise	2012	2011	2010	2009	2008
NUMBER OF CUSTOMERS					
Number of registered customers (in thousands)	5,777.9	3,662.4	3,158.2	2,117.8	1,499.9
Number of active customers (in thousands)	520.4	403.6	300.5	288.7	167.4
PROFITABILITY AND FINANCIAL POSITION					
Gross margin (%)	84.1	82.3	80.0	80.4	79.8
EBITDA margin (%)	30.9	36.5	26.8	27.2	28.6
Operating margin (%)	26.2	32.2	23.7	24.4	26.7
Profit margin (%)	26.0	32.0	23.9	24.5	27.0
Return on equity (%)	38	49	44	39	40
Equity/assets ratio (%)	53	59	55	59	63
DEPOSITED AMOUNTS					
Customer deposits, all gaming solutions (MSEK)	6,889.0	5,237.9	3,894.1	3,258.0	2,279.7
INVESTMENTS					
Investments	101.0	50.9	44.9	58.5	67.8
PERSONNEL					
Average number of employees	591	340	268	225	154
Number of employees at year-end	748	412	282	258	185
THE SHARE					
Share capital	84.5	82.8	79.1	79.1	79.1
Number of shares outstanding at year-end	42,268,470	41,390,170	39,294,165	39,243,720	39,243,720
Ongoing share issue (number of shares) at year-end	100,000	-	100,000	-	-
Number of own shares at year-end	638	4,222	259,555	310,000	310,000
Average number of shares outstanding	41,999,524	40,243,523	39,245,400	39,243,720	39,256,835
Average number of shares outstanding after dilution	42,217,181	40,284,204	39,245,400	39,269,264	39,256,835
Number of registered shareholders	17,225	12,507	11,484	9,905	5,790
Average share price (SEK)	190.05	136.54	109.79	95.09	66.08
Share price at year-end (SEK)	200.5	151.50	117.00	109.75	68.50
Market Cap at year-end (MSEK)	8,474.8	6,097.5	4,627.8	4,341.0	2,709.4
Earnings per share for continuing operations (SEK)	13.04	13.12	9.32	7.73	6.81
Earnings per share after dilution (SEK)	12.98	13.10	9.32	7.72	6.81
Equity per share (SEK)	37.33	32.15	20.96	20.91	18.34
Dividend or equivalent per share (SEK) ¹	9.46	10.08	7.00	9.00	5.10

1) The dividend for 2013 refers to the proposed redemption program which, on the condition that the outstanding number of shares remains unchanged, amounts to SEK 9.46 per share. The value for 2012 amounts to SEK 9.42 per share referring to the completed redemption program and SEK 0.66 per share referring to the subsidiary Angler plc.

CONSOLIDATED INCOME STATEMENT

Amounts in TSEK unless stated otherwise	Note	2012	2011
Revenues	3, 4	2,203,711	1,736,565
Other revenues	3, 4	-	-
Total revenues		2,203,711	1,736,565
Cost of services provided		-350,017	-307,676
Gross profit		1,853,694	1,428,889
Work performed by the Company for its own use and capitalized		80,962	41,397
Marketing expenses		-626,794	-414,822
Other external expenses	5, 6, 7	-329,317	-232,709
Personnel costs	8	-290,944	-197,007
Depreciation/amortization	9	-104,983	-73,819
Other operating income/expenses	10, 11	-5,556	7,813
Operating expenses		-1,276,632	-869,147
Operating income		577,062	559,742
NET FINANCIAL ITEMS	12		
Financial income		4,370	2,859
Financial expenses		-7,860	-7,184
Total net financial items		-3,490	-4,325
Income before tax		573,572	555,417
Tax	13	-25,771	-27,596
NET INCOME FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		547,801	527,821
Earnings per share			
– before dilution (SEK)	14	13.04	13.12
– after dilution (SEK)	14	12.98	13.10
Proposed/paid dividend per share (SEK) ¹⁾	15	9.46	10.08

1) The dividend for 2013 refers to the proposed redemption program which, on the condition that the outstanding number of shares remains unchanged, amounts to SEK 9.46 per share. The value for 2012 amounts to SEK 9.42 per share referring to the completed redemption program and SEK 0.66 per share referring to the subsidiary Angler plc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in TSEK unless stated otherwise	2012	2011
NET INCOME FOR THE YEAR	547,801	527,821
Other comprehensive income		
<i>Revenues and expenses reported directly in equity</i>		
Hedging of net investments in foreign currency, including deferred tax	10,730	
Exchange rate differences on translation of foreign operations	-57,052	-20,372
Other comprehensive income for the year (after tax)	-46,322	-20,372
Total comprehensive income for the year	501,479	507,449

CONSOLIDATED BALANCE SHEET

Amounts in TSEK	Note	2012	2011
ASSETS			
FIXED ASSETS			
Intangible fixed assets	16	1,664,625	982,355
Tangible fixed assets	17	28,528	26,860
Participations in associated companies	19	25,194	10,205
Deferred tax assets	13	18,416	14,414
Total fixed assets		1,736,763	1,033,834
CURRENT ASSETS			
Tax assets	13	309,036	318,268
Other receivables	20	416,326	390,815
Prepaid expenses and accrued income	21	27,330	20,510
Cash and cash equivalents	22	467,186	509,672
Total current assets		1,219,878	1,239,265
TOTAL ASSETS		2,956,641	2,273,099
EQUITY AND LIABILITIES			
EQUITY			
Share capital	23	84,538	82,789
Other contributed capital		673,769	505,691
Reserves		-47,099	-777
Retained earnings including net income for the year		866,591	746,634
Total equity attributable to Parent Company shareholders		1,577,799	1,334,337
NON-CURRENT LIABILITIES			
Liabilities to credit institutions		344,547	-
Deferred tax liabilities	13	9,280	8,020
Total non-current liabilities		353,827	8,020
CURRENT LIABILITIES			
Accounts payable		73,169	27,011
Tax liabilities	13	361,351	373,283
Other liabilities	24	437,792	384,871
Accrued expenses and deferred income	25	152,703	145,577
Total current liabilities		1,025,015	930,742
TOTAL EQUITY AND LIABILITIES		2,956,641	2,273,099
<i>Pledged assets and contingent liabilities</i>			
Pledged assets	26	none	35,600

CASH FLOW STATEMENT FOR THE GROUP

Amounts in TSEK	Note	2012	2011
OPERATING ACTIVITIES			
Income after financial items		573,572	555,417
Adjustments for items not included in cash flow:			
– Depreciation/amortization	9	104,983	73,819
– Adjustment to share of equity in associated company		-	858
– Change to share price in conjunction with new share issue (additional purchase consideration)		3,486	5,994
– Capital gains/losses from divestments/impairments	10	-	-17,115
– Share-based payment		-	497
– Translation differences		1,889	-934
Income tax paid	13	2,703	-10,887
Cash flow from operating activities changes in working capital		686,633	607,649
<i>Changes in working capital</i>			
Changes in current receivables		-66,246	-33,836
Changes in current liabilities		45,681	-36,576
Cash flow from operating activities¹		666,068	537,238
INVESTING ACTIVITIES			
Acquisition of intangible fixed assets	16	-91,046	-43,831
Acquisition of tangible fixed assets	17	-9,967	-7,109
Acquisition of shares in associated companies	19	-15,001	-11,003
Acquisition of shares in subsidiaries	5	-518,350	-203,788
Disposals of fixed assets	10, 16, 17		17,164
Cash flow from investing activities		-634,364	-248,567
FINANCING ACTIVITIES			
Dividend		-21,750	-
Raised bank loans		431,800	-
Repayment of bank loans		-74,087	-
Share redemption program		-395,612	-275,759
Repaid dividend		-	8
Costs for redemption program		-	-206
Tax effects of costs for redemption program		-	54
Premiums received for warrants		-	2,690
New share issue (redemption of warrants)		-	-
Cash paid upon redemption of warrants and employee stock options		-10,402	-563
Cash flow from financing activities		-70,051	-273,776
CHANGES IN CASH AND CASH EQUIVALENTS		-38,347	-14,895
Cash and cash equivalents at the beginning of the year		509,672	497,076
Exchange rate differences in cash and cash equivalents		-4,139	-2,299
CASH AND CASH EQUIVALENTS AT YEAR-END	22	467,186	509,672
<i>Additional information</i>			
Unutilized credit facilities amounted to		133,557	50,000
Interest paid during the year amounted to ¹		-2,683	-1,222
Interest received during the year amounted to ¹		3,914	3,053

1) The cash flow from the operations include paid interest of 2,683 and received interest of 3,914.

CHANGES IN EQUITY FOR THE GROUP

Amounts in TSEK	Share capital	Other contributed capital	Translation reserve	Retained earnings including net income for the year	Total equity
OPENING EQUITY, 1 JAN 2011	79,107	245,774	19,595	481,162	825,638
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Net income for the year 2011				527,821	527,821
Other comprehensive income			-		
Exchange rate differences on translation of foreign operations			-20,372		-20,372
Total comprehensive income for the year			-20,372	527,821	507,449
TRANSACTIONS WITH THE COMPANY'S OWNERS					
Share redemption	-39,654			-236,105	-275,759
Bonus issue	39,654			-39,654	-
Transaction costs for redemption program				-206	-206
Tax effects of transaction costs for redemption program				54	54
Acquisition of Betsafe (payment in own shares and new share issue)	1,369	116,323		13,700	131,392
Additional purchase consideration for 1 Betsafe (offset issue)	2,113	141,104			143,217
Registered new share issue, see current new share issue 2010	200	-200			
Warrants, value of employee services				497	497
Premiums received for issued warrants		2,690			2,690
Cash payments for redemption of warrants				-563	-563
Changes in share of equity in associated companies				-80	-80
Repaid, non-distributed dividends				8	8
CLOSING EQUITY, 31 DEC 2011	82,789	505,691	-777	746,634	1,334,337
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Net income for the year 2012				547,801	547,801
Other comprehensive income			-		
Exchange rate differences on translation of foreign operations			-46,322		-46,322
Total comprehensive income for the year			-46,322	547,801	501,479
TRANSACTIONS WITH THE COMPANY'S OWNERS					
Share redemption	-42,001			-353,611	-395,612
Bonus issue	42,001			-42,001	-
Dividend				-21,764	-21,764
Transaction costs for redemption program				-149	-149
Tax effects of transaction costs for redemption program				39	39
New share issue, (offset debt, earn-out 2 Betsafe)	1,214	114,083		-	115,296
New share issue, acquisition of NGG	436	43,849			44,284
New share issue, redemption of employee stock options	100	-		118	218
Warrants, value of employee services				1,156	1,156
Premiums received for issued warrants		-			-
Redemption of employee stock options and warrants				-11,632	-11,632
Changes in share of equity in associated companies		10,147		-	10,147
Repaid, non-distributed dividends				-	-
CLOSING EQUITY, 31 DEC 2012	84,538	673,769	-47,099	866,591	1,577,799

PARENT COMPANY INCOME STATEMENT

Amounts in TSEK unless stated otherwise	Note	2012	2011
Revenues	3	15,892	15,596
Total revenues		15,892	15,596
OPERATING EXPENSES			
Other external expenses	5, 6, 7	-33,092	-38,539
Personnel costs	8	-24,840	-27,360
Depreciation/amortization	9	-1,808	-1,703
Other operating income/expenses	10, 11	-	-790
Total operating expenses		-59,741	-68,392
Operating income		-43,849	-52,796
FINANCIAL ITEMS			
	12		
Income from participations in Group companies		615,694	535,058
Interest income and similar profit/loss items		6,896	1,693
Interest expenses and similar profit/loss items		-3,004	-497
Total financial items		619,586	536,254
Income after financial items		575,737	483,458
Appropriations	25	-	413
Income before tax		575,737	483,871
Tax	13	2,053	7,456
NET INCOME FOR THE YEAR²		577,790	491,327
Proposed/paid dividend per share (SEK) ¹	15	9.46	10.08

1) The dividend for 2013 refers to the proposed redemption program which, on the condition that the outstanding number of shares remains unchanged, amounts to SEK 9.46 per share. The value for 2012 amounts to SEK 9.42 per share referring to the completed redemption program and SEK 0.66 per share referring to the subsidiary Angler plc.

2) The Parent Company reports no items in Other comprehensive income, for which reason the item Net income for the year in the income statement is equivalent to Total comprehensive income for the year.

PARENT COMPANY BALANCE SHEET

Amounts in TSEK	Note	2012	2011
ASSETS			
FIXED ASSETS			
<i>Tangible fixed assets</i>			
Equipment	17	3,967	5,393
Total tangible fixed assets		3,967	5,393
<i>Financial fixed assets</i>			
Participations in Group companies	18	2,055,511	1,243,012
Deferred tax assets	13	15,660	13,654
Total financial fixed assets		2,071,171	1,256,666
Total fixed assets		2,075,138	1,262,059
CURRENT ASSETS			
<i>Current receivables</i>			
Receivables from Group companies		301,051	439,764
Tax assets	13	724	510
Other receivables	20	501	760
Prepaid expenses and accrued income	21	2,834	2,204
Total current receivables		305,110	443,238
Cash and cash equivalents	22	114,231	67,954
Total current assets		419,341	511,192
TOTAL ASSETS		2,494,479	1,773,251
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>			
Share capital	23	84,538	82,789
Paid in, unregistered share capital		-	-
Statutory reserve fund		253,279	253,279
Total restricted equity		337,817	336,068
<i>Non-restricted equity</i>			
Share premium reserve		431,391	273,461
Retained earnings		534,394	477,216
Net income for the year		577,790	491,327
Total non-restricted equity		1,543,575	1,242,004
Total equity		1,881,392	1,578,072
Liabilities to credit institutions	24	353,810	-
CURRENT LIABILITIES			
Accounts payable		1,169	2,677
Liabilities to Group companies		71,966	65,910
Other liabilities	26	178,149	116,377
Accrued expenses and deferred income	27	7,992	10,215
Total current liabilities		259,277	195,179
TOTAL EQUITY AND LIABILITIES		2,494,479	1,773,251
Pledged assets		None	35 600

CASH FLOW STATEMENT FOR THE PARENT COMPANY

Amounts in TSEK	Note	2012	2011
OPERATING ACTIVITIES			
Income after financial items		575,737	483,458
Adjustments for items not included in cash flow:			
– Depreciation/amortization	9	1,808	1,703
– Impairment of assets	12	-	-
– Capital gains/losses from disposals	17	210	-413
– Unrealized currency effects		-982	2
Income tax paid		-166	-100
Cash flow from operating activities changes in working capital		576,607	484,650
Changes in working capital			
Changes in operating receivables		133,179	-68,783
Changes in operating liabilities		2,421	-82,047
Cash flow from operating activities		712,208	333,820
INVESTING ACTIVITIES			
Acquisition of tangible fixed assets	17	-592	-1,142
Acquisition of shares and participations, subsidiaries	18	-591,244	-248,288
Shareholders' contributions paid to subsidiaries	18	-	-26,255
Liquidation/merger of wholly-owned subsidiaries	18	-	636
Cash flow from investing activities		-591,836	-275,049
FINANCING ACTIVITIES			
Share redemption		-395,612	-275,759
Costs for redemption program		-110	-206
Tax effects of costs for redemption program		-	54
Premiums received for warrants		-	2,690
Raised bank loans		416,310	-
Repayment of bank loans		-62,531	-
Cash paid upon redemption of warrants and employee stock options		-10,402	-563
Dividend		-21,750	-
Repaid dividend		-	8
Cash flow from financing activities		-74,095	-273,776
CHANGES IN CASH AND CASH EQUIVALENTS			
		46,277	-215,005
Cash and cash equivalents at the beginning of the year		67,954	282,961
Exchange rate differences in cash and cash equivalents		-	-2
CASH AND CASH EQUIVALENTS AT YEAR-END	22	114,231	67,954
<i>Additional information</i>			
Unutilized credit facilities amounted to		133,557	50,000
Interest paid during the year amounted to ¹⁾		2,001	497
Interest received during the year amounted to ¹⁾		1,934	1,857

1) The cash flow from the operations include paid interest of 2,001 and received interest of 1,934.

CHANGES IN EQUITY FOR THE PARENT COMPANY

Amounts in TSEK	RESTRICTED EQUITY			NON-RESTRICTED EQUITY			Total equity
	Share capital	Unregistered share capital	Statutory reserve fund	Share premium reserve	Retained earnings	Net income for the year	
OPENING EQUITY, 1 JAN 2011	79,107	200	253,279	13,343	399,401	340,359	1,085,689
Appropriation according to AGM					340,359	-340,359	-
– Share redemption	-39,654				-236,105		-275,759
– Bonus issue	39,654				-39,654		-
Transaction costs for redemption program					-206		-206
Tax effects of transaction costs for redemption program					54		54
Registered new share issue, redemption of warrants 2010	200	-200					
Acquisition of Betsafe, payment in own shares and new share issue	1,369			116,323	13,700		131,392
Additional purchase consideration for Betsafe (offset issue)	2,113			141,104			143,217
Merger gains from absorption of wholly-owned subsidiary					223		223
Cash paid upon redemption of warrants and employee stock options					-563		-563
Premiums received for issued warrants				2,690			2,690
Net income for the year						491,327	491,327
Repaid, non-distributed dividend					8		8
CLOSING EQUITY, 31 DEC 2011	82,789	0	253,279	273,460	477,217	491,327	1,578,072
Appropriation according to AGM					491,327	-491,327	-
– Share redemption	-42,001				-353,611		-395,612
– Bonus issue	42,001				-42,001		-
Transaction costs for redemption program					-149		-149
Tax effects of transaction costs for redemption program					39		39
Dividend					-26,915		-26,915
New share issue, (offset debt, earn-out 2 Betsafe)	1,214			114,082	-		115,296
New share issue, acquisition of NGG	436			43,849			44,285
New share issue, redemption of employee stock options	100				118		218
Redemption of employee stock options and warrants					-11,632		-11,632
Premiums received for issued warrants				-			-
Net income for the year						577,790	577,790
Repaid, non-distributed dividend					-		-
CLOSING EQUITY, 31 DEC 2012	84,539	0	253,279	431,391	534,393	577,790	1,881,392

NOTES

Note 1 General information

Betsson AB (Parent Company, Corporate Identity Number 556090-4251) conducts gaming operations over the Internet through its subsidiaries. The Parent Company and its subsidiaries are collectively referred to as the Group. Operations are primarily carried out in companies in Sweden, Malta and Gibraltar.

The Parent Company is a limited liability company registered and based in Stockholm. The address of the Company's registered office is Regeringsgatan 28, 111 53 Stockholm. The Parent Company is listed on the NASDAQ OMX Nordic Mid Cap List.

These consolidated financial statements were approved by the Board for publication on 15 April 2013.

Note 2 Summary of important accounting and valuation principles

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

Basis of preparation

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

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

Changes in accounting principles and information

New and amended standards applied by the Group

- None of the IFRS or IFRIC interpretations which were obligatory for the first time for the financial year commencing on 1 January 2012, have had a significant impact on the Group.

New standards, amendments and interpretations to existing standards that have not yet entered into force and have not been early adopted by the Group.

- Amendments have been introduced to IAS 1 "Presentation of Financial Statements" regarding the reporting of Other comprehensive income. The most significant change to the amended IAS 1 is the requirement that the items reported under "Other comprehensive income" are to be classified according to two categories. This classification is based on whether or not the items can be reclassified to an item in the income statement (reclassification adjustments). The change does not address the matter of which items are to be included in "Other comprehensive income".
- IFRS 9 "Financial Instruments" addresses the classification, valuation and accounting of financial liabilities and assets. IFRS 9 replaces those aspects of IAS 39 which refer to the classification and measurement of financial instruments. IFRS 9 stipulates that financial assets be classified into two different categories: valued at fair value or valued at accrued acquisition value. Classification is determined at initial recognition according to the company's business model and the characteristics in the contractual cash flows. There will be no major differences compared with IAS 39, as regards financial liabilities. The largest difference implies changes to liabilities which are valued at fair value. The following is applied to such liabilities: the portion of the change in fair value which is attributable to the company's own credit risk is to be recognized in Other comprehensive income, instead of in Net profit/loss, so long as this does not result in an accounting mismatch. The Group intends to apply the new standard no later than the financial year beginning 1 January 2015 and has not yet evaluated the effects.

- IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in the determination of this control where this is difficult to assess. The Group intends to apply IFRS 10 for the financial year beginning 1 January 2013 and has not yet evaluated the full effects on the consolidated financial statements.
- IFRS 13 "Fair Value Measurement" aims at more consequent and less complex valuations at fair value by providing an exact definition and a common source in IFRS for valuations at fair value and associated disclosures. The standard provides guidance regarding valuations at fair value for all types of assets and liabilities, both financial and non-financial. The requirements do not extend the area of application as to when fair value should be applied but provide guidance regarding the manner in which fair value should be applied in areas where other IFRS already require, or allow, valuation at fair value. The Group has not yet evaluated the full effects of IFRS 13 on the financial statements. The Group intends to apply the new standard no later than the financial year beginning 1 January 2013.

No other of the IFRS or IFRIC interpretations yet to enter into force are expected to have any significant impact on the Group.

Applied basis of valuation and classification

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

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

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

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

Estimations and assumptions in the financial statements

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

Basis for consolidation

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

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

Revenues and expenses, as well as assets and liabilities, which are attributable to subsidiaries are included in the consolidated financial statements from the date on which control is assumed (acquisition date) and until the date on which such control is relinquished. Intra-Group receivables and liabilities, and transactions between Group companies, with associated gains, are eliminated in full.

Contd. **Note 2** Summary of important accounting and valuation principles

Associated companies

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

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

Segment reporting

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

Foreign currencies

Receivables and liabilities in foreign currencies

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

Translation of foreign operations

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

On the disposal of a foreign business, the accumulated translation differences attributable to the business are realized in the consolidated income statement, after deductions for any hedging activities.

Revenues

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

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

Revenue attributable to gaming transactions in which the Company assumes an open position against the player are reported net after deductions for player winnings, bonuses, loyalty programs, licensing fees and gaming taxes, which are calculated according to the outcome of the game. Outstanding amounts are derivatives and are reported at fair value according to IAS 39 "Financial Instruments". The revenue reported in this manner refers to Sportsbook.

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

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

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

Other revenues

Other revenues include income from activities not conducted as a part of normal operations. This item is, primarily, composed of recovered

written-off receivables, exchange rate gains from operations in the Parent Company, as well as gains on sales of fixed assets in the Parent Company.

Cost of services provided

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

Gross profit

Several gaming companies describe their gross profit as revenue from gaming operations (games surpluses or equivalent) and, thus, report licensing fees to games providers and costs for payment services as a reduction of revenue. Betsson recognizes these costs as expenses for services sold (except for Sportsbook which is identified as a financial instrument and reported net), but has also introduced the income level Gross profit in order to simplify comparison with other gaming companies.

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

Gross profit also includes the results arising from transactions with third parties, that is, games providers and payment services providers, which implies that the success of Betsson's negotiations with suppliers can also be measured.

Gross profit from the Group's gaming operations consists of the net amount of received bets and paid out winnings after deductions for bonuses, jackpot contributions, loyalty programs, gaming taxes, licensing fees to gaming providers, net income/expense for payment services via banks and credit cards for payment of winnings and costs for fraud (unapproved payment transactions).

Work performed by the Company for its own use and capitalized

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

Marketing expenses

This item includes external production costs and costs for the distribution of marketing material for Betsson and Betsson's games in various media, as well as the costs associated with collaboration partners and affiliates. Payment to partners and affiliates is volume-related and reflects the end customers' gaming transactions with Betsson.

Leasing

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

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

Share-based payment

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

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

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

The social security contributions arising upon the allocation of options are regarded as part of the integrated portion of the allocation, and the expenses are managed as a share-based payment paid in cash.

Pension costs

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

Portions of commitments for retirement pensions and family pensions for salaried employees in the Parent Company in Sweden are secured through insurance cover with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan involving several employers. For the financial years 2012 and 2011, the Company had no access to information enabling it to report this plan as a defined benefit plan. The ITP pension plan that is secured through insurance in Alecta is, consequently, reported as a defined contribution plan. The year's pension contributions covered by Alecta amounted to TSEK 1,169 (492). Alecta's surplus can be distributed to policyholders and/or the insured. At the end of 2012, the Alecta surplus in the form of collective consolidation ratio was 129 (113) per cent. The collective consolidation ratio consists of the market value of Alecta's assets as a percentage of insurance undertakings calculated according to Alecta's actuarial assumptions, which do not comply with IAS 19.

Other operating income/expenses

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

Taxes

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

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

Financial assets and liabilities

Financial assets subject to IAS 39 Financial Instruments, measurement are to be classified in one of the following classes:

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

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

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

Loans and receivables

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

Other financial liabilities

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

Intangible fixed assets

Goodwill and intangible fixed assets with indefinite useful lives

Goodwill and the Betsson brand are expected to have an indefinite useful lifetime and are not subject to annual amortization. These assets are assessed annually to identify any possible impairment requirement and are reported at acquisition value less accumulated impairment.

Development costs and other intangible fixed assets

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

Other intangible assets are reported in the balance sheet at acquisition value with deductions for accumulated amortization and impairment.

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

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

Tangible fixed assets

Tangible fixed assets are reported at acquisition value after deductions for accumulated depreciation and any impairment. Repairs and maintenance are charged to income as they arise.

Depreciation and impairment

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

The following useful lifetimes are applied:

Brands, domain names	Indefinite
Customer databases	2 years
Leaseholds	3-5 years

Capitalized development costs for gaming, gaming systems and gaming platforms are determined on the basis of the nature of the asset and amount to

- investments made up to and including 2008	max 5 years
- investments made from 2009	max 3 years
Office equipment and fittings	5 years
Servers and similar	5 years
Other hardware	5 years
Computers within technology and development	written off directly
Vehicles	3-5 years

The assessment of an asset's residual value and useful life are reviewed on an annual basis. If there are any indications that the tangible or intangible fixed assets of the Group have an exceedingly high book value, an analysis is undertaken in which the specific type of the asset, or naturally coherent type of the assets, is determined as either the net realizable value or the value in use, whichever is the higher.

Value in use is measured as the expected future discounted cash flow. Any impairment consists of the difference between the book value and the recoverable amount. Impairment is reversed when it is no longer justified. Such reversals are recognized at a maximum value, not to exceed the book value that would have been reported, with deduction for depreciation, if no impairment had taken place. Goodwill is not impaired.

Contd. **Note 2** Summary of important accounting and valuation principles

In conjunction with the preparation of the annual financial statements for 2008, management conducted a review of the useful lifetime of capitalized development costs of games, gaming systems, gaming platforms and payment solutions. In view of current and expected market and competition situations, it was deemed difficult to justify a depreciation period of five years. Consequently, for investments made from 2009 onwards, the depreciation period has been reduced to a maximum of three years. The new evaluation has not led to impairment requirements for existing platforms, etc. in excess of depreciation according to plan.

Accounts payable

Accounts payable are obligations to pay for goods or services acquired in the normal course of operations from suppliers. Accounts payable are classified as current liabilities if they fall due for payment within one year or earlier (or during the normal operational cycles, whichever is longer). If these conditions are not met, they are classified as non-current liabilities.

Accounts payable – trade are initially reported at fair value and, subsequently, at amortized cost using the effective interest method.

Cash and cash equivalents

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

Accounting principles for the Parent Company

The Parent Company applies the same principles as the Group, except for the fact that the Parent Company's accounts are prepared in accordance with RFR 2.2 Accounting for legal entities.

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

Group contributions and shareholders' contributions

Group contributions and shareholders' contributions are reported in accordance with the Swedish Financial Reporting Board's statement RFR 2. Shareholders' contributions are recognized directly against equity by the recipient and are capitalized as shares and participations by the provider to the extent that no impairment is necessary. Group contributions are reported according to their economic significance. This implies, for example, that Group contributions provided or received in order to minimize the total amount of tax payable by the Group are reported in the income statement, similar to tax effects.

Group companies

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

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

Division into restricted and non-restricted equity

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

Untaxed reserves and balance sheet appropriations

The Parent Company reports deferred tax liabilities on untaxed reserves as a part of untaxed reserves, due to the relationship between accounting and taxation.

Definitions

Revenue. Revenue from gaming business after payment/payout of players' winnings, with deductions for jackpot contributions, loyalty programs and bonuses and other operating income. Gaming taxes and license charges for game suppliers are also deducted from revenues for games recognized as financial instruments. License charges from invoicing for the maintenance of technical platforms to external game suppliers.

Gross profit. Revenue, as above, less gaming taxes, licensing fees for games suppliers, payments to suppliers and costs for fraud (unapproved payments).

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

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

Average equity. Equity at the beginning of the financial year plus equity at the end of the financial year added and divided by two.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 3 Revenues

	Group		Parent Company	
	2012	2011	2012	2011
Revenues				
Revenues from gaming solutions	2,203,711	1,736,565	-	-
Consultancy, management	-	-	2,804	2,784
Rental fees and office services	-	-	13,088	12,812
Total	2,203,711	1,736,565	15,892	15,596

Note 4 Reporting per segment

Segment Information

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

The CEO assesses the operations of the subsidiaries, in the first instance from a customer perspective, in which the division is made into operations aimed directly at consumers (B2C) and business conducted with partners (B2B). These two portions of the operations are referred to internally as the two segments. The geographical perspective and product perspective are important components of the Betsson operational matrix. For accounting purposes, Betsson reports gross profit per geographical region and

per product. This division is shown in the five-year overview on page 21, as well as in the table below.

The CEO evaluates segment performance based on the gross profit metric. The gross profit from the Group's operating units is comprised of invoiced license fees for the provision of technical platforms and the net receipt of gaming stakes and winnings paid out after gaming taxes, license fees to gaming suppliers, net income and expenses for payment services through bank and credit cards for deposits of bets and payouts of gains and the cost of fraud (unauthorized payment transactions). Betsson operates an integrated business model and does not, therefore, allocate assets and liabilities according to customer category, geographical region or by product category.

Betsson AB, which is registered in Sweden, has no external revenues from Sweden. The distribution of income in the Group by function is shown in Note 3 and the table below. The Group has one B2B customer with income in excess of ten per cent but below 20 per cent of total revenues. These revenues are derived from a large number of end users. Of the Company's assets, 0.8 per cent derives from Sweden.

Gross profit per category of customer

2012	B2C	B2B	Group
Revenues	1,580.9	622.8	2,203.7
Gross profit	1,327.4	526.3	1,853.7
Gross margin (per cent)	84.0	84.5	84.1
2011	B2C	B2B	Group
Revenues	1,036.6	699.9	1,736.5
Gross profit	860.9	568.0	1,428.9
Gross margin (per cent)	83.0	81.1	82.3

Gross profit per product

	Casino	Poker	Odds	Other products	Group
2012	1,248.8	116.7	432.0	56.1	1,853.7
2011	955.9	83.9	326.9	62.2	1,428.9

Gross profit per geographical area, B2C

	Nordic countries	EU, outside Nordic region	Rest of Europe	Rest of the world	Group
2012	1,081.3	224.3	6.3	15.4	1,327.4
2011	659.5	183.1	3.9	14.4	860.9

Note 5 Business combinations

On April 18, 2012 Betsson AB announced that the NGG Group had been acquired. NGG is a gaming company based on Malta, with the brands NordicBet, Tobet and Triobet, offering Sportsbook, Casino and Poker to customers in, primarily, the Nordic and Baltic countries. On 20 June, it was announced that the acquisition had been completed, implying that the controlling influence over NGG's operations was transferred to Betsson from that date. The acquisition increases Betsson's presence and enables continued strong growth in Betsson's main markets in the Nordic countries. Seen from a longer perspective, the acquisition creates good premises for an efficient cost structure through synergy effects. Taken as a whole, this explains the surplus value of goodwill. No portion of reported goodwill is expected to be tax deductible upon taxation of income. The acquired customer base amounts to MSEK 33.5 and the ongoing amortization of this will impact the Group's net income for a period of two years. The table below summarizes the purchase consideration paid and the fair value of the acquired assets and assumed liabilities. Current receivables and liabilities include no derivatives, and fair value is equivalent to book value.

Acquisition analysis	MSEK
<i>Purchase consideration</i>	
Cash and cash equivalents	582.7
Equity instruments (217,974 Class B shares)	44.3
Total purchase consideration paid	627.0
<i>Remaining additional purchase consideration</i>	
Additional purchase consideration	177.0
Total purchase consideration	804.0
<i>Reported amounts of identifiable acquired assets and assumed liabilities</i>	
Cash and cash equivalents	65.8
Tangible fixed assets	9.5
Other intangible fixed assets	14.7
Customer base	33.5
Brands	130.1
Current receivables	115.6
Current liabilities	-123.9
Total identifiable net assets	245.3
Goodwill	558.7
Total acquisition value	804.0

Contd. Note 5 Business combinations

Financial effects of the acquisition

NGG has been consolidated as a wholly-owned subsidiary as of 20 June 2012. Since this date and until 31 December, NGG has contributed a total of MSEK 202.7 to the Group's gross profit and SEK 38.3 million to the Group's net income, including depreciation/amortization initiated in conjunction with the acquisition totaling MSEK 14.1 and restructuring costs of MSEK 5.8.

As well as the effects mentioned above, net income has been negatively impacted during the year by acquisition-related expenses for financial and legal advisory services amounting to MSEK 14.1.

Had NGG been a subsidiary for the full year, Betsson's gross profit would have amounted to MSEK 2,042.9 rather than MSEK 1,853.7. Net income would have been MSEK 585.1 rather than MSEK 547.8, excluding acquisition-related costs of MSEK 14.1 and restructuring costs of MSEK 5.8, but including amortization of the customer base and technical platform amounting to MSEK 26.8.

NGG's gross profit during the full year amounted to MSEK 392.0 and NGG's net income during the full year amounted to MSEK 79.5, including depreciation/amortization initiated in conjunction with the acquisition totaling MSEK 26.8 and restructuring costs of MSEK 5.8.

Purchase consideration

The purchase consideration is divided into an initial portion and an additional purchase consideration.

The initial purchase consideration was settled on 20 June 2012 and constituted delivery of cash and cash equivalents and 217,974 newly issued Betsson Class B shares, which altogether corresponds to a value of approximately MSEK 627.0.

An additional purchase consideration may be payable depending on the development of the acquired entity in 2012. Betsson has the right to choose to settle the supplementary purchase consideration by transferring cash and cash equivalents or newly issued shares in Betsson AB. The total additional purchase consideration is estimated to amount to a maximum of MEUR 20 (MSEK 177.0), which implies that the total maximum purchase consideration (without adjustments for changes in the market value of delivered Betsson shares) is MEUR 85. If any additional purchase consideration becomes payable, the final acquisition value will be determined by the market value of Betsson shares issued on the relevant date.

Note 6 Leasing

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

	Group		Parent Company	
	2012	2011	2012	2011
Expensed leasing and rental fees	18,520	12,517	8,514	8,064

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

	Group		Parent Company	
	2012	2011	2012	2011
Within one year	25,290	13,309	7,234	8,092
Within two to five years	56,731	7,687	19	7,220
After five years	-	-	-	-
Total	82,021	20,996	7,253	15,312

Note 7 Auditors' fees

The following remuneration has been paid to auditors and auditing companies for auditing and other review procedures undertaken according to relevant legislation, and for the provision of advisory services and other assistance arising as a result of observations made during the audit.

Remuneration has also been paid for other independent advisory services, relating primarily to on-going tax consultations, and advice on accounting issues.

	Group		Parent Company	
	2012	2011	2012	2011
Audit assignment				
PricewaterhouseCoopers	2,052	1,548	754	496
Other auditing firms	127	66	-	-
Audit activities other than the audit assignment				
PricewaterhouseCoopers	450	362	125	362
Tax advisory services				
PricewaterhouseCoopers	1,203	1,838	969	1,838
Other services				
PricewaterhouseCoopers	192	702	-	100
Other auditing firms	-	-	-	-
Total	4,024	4,516	1,848	2,796

Note 8 Employees, salaries and fees

	2012		2011	
	Total	Of whom women, %	Total	Of whom women, %
Parent Company				
Sweden	11	38	8	41
Total, Parent Company	11	38	8	41
Subsidiaries				
Sweden	74	17	69	12
Norway	-	-	2	50
Denmark	2	-	-	-
Malta	432	29	252	29
Gibraltar	5	17	4	25
Italy	2	50	1	-
China	11	18	4	25
Philippines	22	32	-	-
Estonia	25	28	-	-
Poland	7	100	-	-
Total, subsidiaries	580	28	332	25
Total, Group	591	28	340	25

Proportion of women in executive management

	Koncernen		Moderbolaget	
	2012	2011	2012	2011
Board of Directors, (per cent)	22	18	14	14
Other senior executives, (per cent)	-	8	-	-

Salaries, other remuneration and social security contributions

	2012				2011			
	Salaries and remuneration	Of which CEO, Board & senior executives	Social security contributions	Of which pension costs	Salaries and remuneration	Of which CEO, Board & senior executives	Social security contributions	Of which pension costs
Parent Company	16,477	11,879	9,569	3,531	18,205	12,237	8,125	3,392
Subsidiaries	211,887	4,245	31,886	4,243	144,769	11,610	20,181	2,674
Total, Group	228,364	16,124	41,455	7,774	162,974	23,847	28,306	6,066

Remuneration and other benefits to management and the Board of Directors

	2012				2011			
	Salary/ remuneration	Variable remuneration	Pension costs	Share-based payment	Salary/ remuneration	Variable remuneration	Pension costs	Share-based payment
Pontus Lindwall, Chairman as of 5 July	3,600	776	1,284	139	1,872	1,040	638	75
John Wattin, Chairman up to 4 July	532				619			
Per Hamberg	290				265			
Patrick Svensk	305				265			
Kicki Wallje-Lund	320				265			
Carl Lewenhaupt	309				265			
Lars Linder-Aronson	329				286			
Total Board fees including Chairman's fees, Parent Company	5,685	776	1,284	139	3,837	1,040	638	75
Board fees, foreign subsidiaries	898				1,259	-		-
Magnus Silfverberg, CEO as of 5 July 2011	3,000	582	869	261	1,505	780	291	33
Pontus Lindwall, CEO up to 4 July 2011					1,872	1,177	610	76
Other senior executives	5,446	634	537	249	8,686	3,691	584	3,848
Total	15,029	1,992	2,690	649	17,159	6,688	2,123	4,032

Notes on the above table:

Basic salary/fees refers to salary and other benefits including company car and fuel benefits. Variable remuneration refers to bonuses which are based on targets achieved on a quarterly basis and which are paid out during the year in which they are earned and in the following year. The Group has only defined contribution pension plans (except for parts of pensions for employees in the Parent Company in Alecta, which are defined benefit pension plans but which are reported as defined contribution pension plans, see Note 2). Pension costs refer to the costs that have affected net income for the year.

The present Chairman of the Board, Pontus Lindwall, is the working Chairman and receives the same salary, company car benefits, bonuses, etc. from the Company as in his previous position as the CEO, in accordance with the resolution made at the Annual General Meeting.

The senior executives are presented on page 17. Basic salaries stated above include, when appropriate, remuneration for consulting services within the Group.

Share-based payment

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

Decision-making and preparation process

The Chairman and members of the Board are paid fees in accordance with the resolution of the Annual General Meeting. No remuneration is paid for committee work.

Guidelines for remuneration to senior executives adopted by the Annual General Meeting for 2012

The category "senior executives" includes the CEO and CFO of the Parent Company, the CEO of Betsson Malta and the CEO of BSG Ltd.

Remuneration is to be market-based and competitive in order to be able to attract and maintain competent senior executives. Remuneration is to comprise fixed salary and, when necessary, variable remuneration, pensions and other benefits such as, in some cases, a company car.

Any variable remuneration which may be offered to senior executives is to be determined on the basis of achievement of previously-established Group and individual targets in relation to operating income and the Company's financial development, as well as executives' individual development.

The amount of variable remuneration that may be received by senior executives may not exceed the amount of fixed salary.

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

Periods of notice are normally six to twelve months if the termination takes place on the initiative of the Company, and six months if the termination takes place on the initiative of the executive. Upon termination initiated by the Company, the executive will be awarded severance pay corresponding to a maximum of twelve months' salary.

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

Bonuses

For the current CEO/President, the bonus for 2012 amounted to TSEK 582 (780). The bonus equaled 19 (50) per cent of basic salary. For the working Chairman of the Board, the bonus for 2012 amounted to TSEK 776 (2,217). This bonus equaled 22 (59) per cent of basic salary.

For other senior executives, bonuses for 2012 amounted to TSEK 634 (3,691). The bonus amount for other senior executives represented an average of 12 (43) per cent of basic salary.

Pensions

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

Severance pay

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

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

Note 9 Depreciation/amortization

Depreciation/amortization specified according to category of fixed asset:

	Group		Parent Company	
	2012	2011	2012	2011
Gaming products, systems and platforms	67,065	54,692	-	-
Customer databases	20,173	7,542	-	-
Rental agreements	-	407	-	-
Inventories and IT equipment	17,745	11,178	1,808	1,703
Total	104,983	73,819	1,808	1,703

Note 10 Other operating income and other operating expenses

	Group		Parent Company	
	2012	2011	2012	2011
Capital gains on sales of fixed assets	3	17,164	-	-
Capital losses on sales/ disposals/depreciation/amortization of fixed assets	-	-49	-	-
Capital gains/losses on sales/ disposals	3	17,115	-	-
Operational exchange gains	13,551	-	-	3,010
Operational exchange losses	-21,003	-5,023	-	-
Gains/losses on forward exchange agreements	1,893	-4,279	-	-3,800
Currency effects	-5,559	-9,302	-	-790
Total other operating income/ expenses	-5,556	7,813	-	-790

Note 11 Forward agreements

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

Effects of forward exchange agreements, TSEK	Group		Parent Company	
	2012	2011	2012	2011
Forward exchange agreements, EUR	489	2,713	489	2,713
Forward exchange agreements, USD	-	152	-	-
Total	489	2,865	489	2,713
Outstanding nominal amounts in local currencies				
Forward exchange agreements, TEUR	30,900	12,400	30,900	12,400
Forward exchange agreements, TUSD	-	300	-	-

All of the Group's forward exchange agreements mature within one year.

Betsson intends to sign, on continuous basis, new forward exchange agreements or equivalent hedging instruments, in order to minimize currency exposure.

All outstanding forward exchange agreements are reported as Other current liabilities, see Note 25. The effect on income of the forward exchange agreements is reported within operating expenses as Income from forward exchange agreements, see Note 10 above.

Note 12 Financial items

Group	2012	2011
Interest income	3,914	3,060
Loss on liquidation of subsidiary	-	-86
Exchange rate fluctuations in financial assets	456	-115
Financial income	4,370	2,859
Interest expenses	3,675	1,145
Change of share price in offset issue	-	5,994
Exchange rate fluctuations in financial liabilities	4,185	45
Financial expenses	7,860	7,184
Total net financial items	-3,490	-4,325

Parent Company	2012	2011
Dividends from subsidiaries	591,942	517,146
Group contributions from Swedish subsidiaries	23,752	17,499
Dividend from liquidation of subsidiary	-	413
Total income from participations in Group companies	615,694	535,058
Interest income, external	1,934	1,693
Exchange rate fluctuations, financial assets and liabilities	4,962	-
Total financial income and similar profit/loss items	6,896	1,693
Interest costs, internal	-	-
Interest costs, external	3,004	497
Total interest expenses and similar profit/loss items	3,004	497
Total financial items	619,586	536,254

Note 13 Tax

Tax reported in income statements

	Group		Parent Company	
	2012	2011	2012	2011
<i>Distribution between current and deferred tax</i>				
Current tax	-39,049	-40,640	-	-
Deferred tax	13,278	13,044	2,053	7,456
Total	-25,771	-27,596	2,053	7,456

Reported tax is distributed as follows:

	Group		Parent Company	
	2012	2011	2012	2011
<i>Current tax</i>				
Sweden	-6,276	-4,602	-	-
Outside Sweden	-32,773	-36,038	-	-
Total current tax	-39,049	-40,640	-	-
<i>Deferred tax</i>				
Sweden	8,300	12,070	2,053	7,456
Outside Sweden	4,978	974	-	-
Total deferred tax	13,278	13,044	2,053	7,456
<i>Difference between actual tax and tax based on applicable tax rate</i>				
Reported income before tax	573,572	555,417	575,737	483,871
Tax according to current tax rate (26.3%)	-150,849	-146,075	-151,419	-127,258
Tax attributable to previous years		-589		-
Difference in tax in foreign operations	134,653	123,224		-
Tax effect CFC taxation	-1,203	-1,049	-1,203	-1,049
Tax effect of non-deductible items	-8,371	-3,216	-80	-355
Tax effect of non-taxable items		109	154,755	136,118
Reported tax	-25,771	-27,596	2,053	7,456
<i>Specification of deferred tax</i>				
Changes in tax on temporary differences	13,278	12,070	2,053	7,456
Tax on appropriations	-	974	-	-
	13,278	13,044	2,053	7,456

Tax reported in balance sheets

	Group		Parent Company	
	2012	2011	2012	2011
<i>Non-current receivables</i>				
Deferred tax on temporary differences	18,416	14,414	15,660	13,654
<i>Current receivables</i>				
Tax assets	309,306	318,268	723	510
<i>Non-current liabilities</i>				
Deferred tax on untaxed reserves		-	-	-
Deferred tax on temporary differences	9,280	8,020	-	-
Total	5,451	8,020	-	-
<i>Current liabilities</i>				
Tax liabilities	361,351	373,283	-	-

Note 14 Earnings per share

Group	2012	2011
Income after tax attributable to Parent Company shareholders	547,800	527,821
<i>Average number of shares</i>		
Average total number of shares	42,003,547	40,362,650
Reduced by average number of repurchased own shares	-4,023	-119,127
Average number of outstanding shares before dilution	41,999,524	40,243,523
Employee stock options	217,657	40,681
Average number of outstanding shares after dilution	42,217,181	40,284,204
<i>Earnings per share</i>		
– before dilution (SEK)	13.04	13.12
– after dilution (SEK)	12.98	13.10

Please refer to Note 2, Definitions, for calculation method.
Average share price 2012 (2011): SEK 190.05 (136.54).

Note 15 Dividend per share

For the past few years, Betsson has chosen to apply automatic share redemption programs instead of traditional dividends. Transfers to shareholders paid in this manner in 2012 amounted to TSEK 395.6, which corresponded to SEK 9.42 per share. During 2012, an extraordinary dividend from the newly established subsidiary Angler plc was also paid to Betsson's shareholders, implying an extra dividend to shareholders of approximately MSEK 27.0, corresponding to approximately SEK 0.66 per share.

At the Annual General Meeting on 8 May 2013, a share redemption for the financial year 2012 of a total of TSEK 410.9 will be proposed, which, on the condition that the number of outstanding shares does not change, amounts to SEK 9.46 per share. The proposed transfer to shareholders has not been recognized as a liability in these financial statements.

Note 16 Intangible fixed assets

Group	Gaming products, systems & platforms	Brands	Customer databases	Lease/rental agreements acquired	Goodwill	Total
<i>Accumulated acquisition value</i>						
Opening balance, 1 Jan 2011	172,295	83,628	12,053	1,900	320,682	590,558
Assets developed by the Group	43,831	-	-	-	-	43,831
Acquisitions	14,356	67,697	22,871	-	471,372	576,296
Exchange rate fluctuations	-1,379	-2,038	-528	-	-15,016	-18,691
Closing balance, 31 Dec 2011	229,103	149,287	34,396	1,900	777,038	1,191,724
Assets developed by the Group	87,594		3,246			90,840
Investments		206				206
Acquisitions	41,825	130,077	33,457		558,677	764,035
Exchange rate fluctuations	-9,724	-8,889	-1,839		-41,820	-62,210
Closing balance, 31 Dec 2012	348,858	270,681	69,260	1,900	1,293,895	1,984,595
<i>Accumulated amortization and impairment</i>						
Opening balance, 1 Jan 2011	92,549	-	10,077	1,493	36,273	140,392
Amortization for the year	54,692	-	7,542	407	-	62,641
Acquisitions	7,324					7,324
Exchange rate fluctuations	-908	-	-80	-	-	-988
Closing balance, 31 Dec 2011	153,657	0	17,539	1,900	36,273	209,369
Amortization for the year	67,064		20,174			87,237
Acquisitions	26,689					26,689
Exchange rate fluctuations	-2,776		-551			-3,326
Closing balance, 31 Dec 2012	244,634	0	37,162	1,900	36,273	319,970
<i>Book value</i>						
As per 1 Jan 2011	79,746	83,628	1,976	407	284,409	450,166
As per 31 Dec 2011	75,446	149,287	16,857	-	740,765	982,355
As per 31 Dec 2012	104,224	270,681	32,097	-	1,257,622	1,664,625

Impairment testing of goodwill and brands with indefinite useful lives

Goodwill reported by the Group and brands derive from the acquisition of Net Entertainment (casinoeuro.com) in 2000, the acquisition of Betsson (Betsson.com) at the beginning of 2005, the acquisition of the Betsafe Group (betsafe.com) in 2011 and the acquisition of the NGG Group in 2012. All of these assets which, together, have a book value of SEK 1,528,303 (of which goodwill amounts to SEK 1,257,622 and brands SEK 270,681), belong to B2C which was the cash generating unit at the point in time of the acquisition.

As these assets had not been amortized, an impairment test was carried out in conjunction with the 2012 book-closing by calculating the recoverable value on the basis of the assets' value in use. This test showed that the recoverable amount significantly exceeded the book value, and that no impairment requirement for goodwill and brands with indefinite useful lives existed.

Important variables and methods for the estimating of values

The recoverable amount was based on the cash flow projections reflecting actual income from operations in 2012, the budget for 2013 as confirmed by the Board, and an estimate for years 2014-2015 in which an average annual rate of growth of 10 (10) per cent was assumed. Cash flows for years following 2015 were extrapolated to an annual growth rate of around 2 (2) per cent, representing the assumed average future pace of inflation.

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

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

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

Note 17 Tangible fixed assets

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

	Group	Parent Company
<i>Accumulated acquisition value</i>		
Opening balance, 1 Jan 2011	45,363	8,276
Investments	7,109	1,142
Acquisitions	6,516	-
Exchange rate fluctuations	-211	-
Closing balance, 31 Dec 2011	58,777	9,418
Investments	9,967	592
Acquisitions	18,726	-
Sales/disposals	-297	-297
Exchange rate fluctuations	-1,536	-
Closing balance, 31 Dec 2012	85,638	9,713
<i>Accumulated depreciation and impairment</i>		
Opening balance, 1 Jan 2011	19,713	2,322
Depreciation for the year	11,178	1,703
Acquisitions	1,189	-
Exchange rate fluctuations	-163	-
Closing balance, 31 Dec 2011	31,917	4,025
Depreciation for the year	17,746	1,808
Acquisitions	9,142	-
Sales/disposals	-291	-87
Exchange rate fluctuations	-1,404	-
Closing balance, 31 Dec 2012	57,110	5,746
<i>Book value</i>		
As per 1 Jan 2011	25,650	5,954
As per 31 Dec 2011	26,860	5,393
As per 31 Dec 2012	28,528	3,967

Note 18 Participations in Group companies

Company	Corporate Identity Number	Registered office	Participating interest (%)	Number of shares	Parent Company	
					2012	2011
Betsson Technologies AB	556651-8261	Stockholm	100	1,000	107	107
Betsson PR & Media AB	556118-8870	Stockholm	100	18,000	5,577	5,577
Shopsson AB	556750-4930	Stockholm	100	1,000	100	100
Shopsson S.B. AB	556824-7141	Stockholm	100	500	50	50
Betsson Malta Holding Ltd	C37767	Malta	100	10,000	571,519	571,519
• BML Group Ltd	C34836	Malta	100	-	-	-
• Betsson Business Consulting Co. Ltd		China	1	-	-	-
• Betsson Payments ApS	34081506	Denmark	100	-	-	-
• Sargo Management Ltd	C56645	Malta	100	-	-	-
• Clearpay Ltd	C47336	Malta	100	-	-	-
• Betsson Services Ltd	C44114	Malta	100	-	-	-
• Betsson Business Consulting Co. Ltd		China	1	-	-	-
• Betsson Platform Solutions Ltd	C41277	Malta	100	-	-	-
BSG Limited	103233	Gibraltar	100	2,000	-	-
Artic Invest A/S	988178535	Norway	100	13,191,307	23	23
• Betsafe AB	556831-6300	Malmö	100	-	642,186	637,155
• Impero Holding Ltd	C42112	Malta	100	2,000	-	-
• Safepay Ltd	C42114	Malta	100	240,000	-	-
• Clearnet Ltd	C47336	Malta	100	1,165	-	-
BSI S.R.L.	1311596	Italy	100	-	-	-
Great Pike Investments AB	556205-2307	Stockholm	100	6,000	93	93
• Betsson Business Consulting Co. Ltd		China	98	-	27,066	27,066
• Chusson Investment and Development Co. Ltd		China	100	-	-	-
• Chutian Media Sports Development Co. Ltd		China	49	-	-	-
AB Restaurang Rouletter	556133-3153	Solna	100	1,000	-	-
Intact Technology Stockholm AB	556561-4814	Stockholm	100	1,000	131	131
Cherry Leisure AB	556169-9843	Solna	100	2,500	901	901
Transvectio Ltd	11079281	Malta	100	1,000	290	290
• Nordic Gaming Ltd	C37993	Malta	100	-	803,964	-
• Nordic Poker Ltd	C38467	Malta	100	-	-	-
• Nordic Odds Ltd	C38454	Malta	100	-	-	-
• Double Zero Casino Ltd	C38461	Malta	100	-	-	-
• Estneti OU	10858474	Estonia	100	-	-	-
• Triogames OU	11079281	Estonia	100	-	-	-
• Inversiones Destino Caliente SA		Costa Rica	100	-	-	-
Betting Technologies Inc	CS201210210	The Philippines	100	-	-	-
Total					2 055 511	1 243 012

Changes in participations in Group companies

	2012	2011
Opening acquisition value	1,243,012	584,686
Investments	808,995	637,155
Shareholders' contributions		26,254
Investment share capital in start-ups	3,504	93
Absorption of wholly-owned subsidiary (merger)		-5,173
Voluntary liquidation of wholly-owned subsidiary		-3
Closing book value	2,055,011	1,243,012

Note 19 Participations in Group companies

Company	Registered office	Participating interest %	Group	
			2012	2011
Chutian Media Sports Development Co. Ltd	China	49	25,206	10,205
Consolidated book value			25,206	10,205
Changes in participations in Group companies			2012	2011
Opening acquisition value			10,205	-
Acquisition/capital contribution			9,997	11,003
Share of profits			-2,459	-858
Exchange rate differences			-770	140
Other changes in equity			8,233	-80
Closing book value			25,206	10,205

Assets, liabilities etc. reported in the financial statements of associated companies amount to the following for 2012 (TSEK):

Company	Registered office	Participating interest %	Assets	Liabilities	Revenues	Income
Chutian Media Sports Development Co. Ltd	China	49	14,350	957	-	-5,019

TSEK 721 of the liabilities refers to current liabilities concerning disbursements made by companies in the Betsson Group. Other changes in equity during 2012, amounting to TSEK 8,333, refer to reported, unregistered capital, which is to be registered during the first quarter of 2013.

Note 20 Receivables from payment system suppliers and other receivables

The Group and Parent Company have no other non-current receivables that are fixed assets.

Other receivables that are current assets

At year-end	Group		Parent Company	
	2012	2011	2012	2011
Tax accounts	4	4	-	1
Receivables from payment system suppliers	250,246	206,868	-	-
Receivables from B2B/market partners	124,708	139,847	-	-
Receivables from gaming suppliers	2,853	3,909	-	-
Receivables from associated companies	721	3,286	-	-
Deposits made to payment system suppliers and other deposits	15,020	6,590	-	-
Value Added Tax	19,792	24,088	-	741
Forward exchange agreements	489	-	489	-
Other	2,493	6,223	12	18
Total	416,326	390,815	501	760

Receivables from payment service providers refer to receivables relating to banks and other credit institutions who are credit providers (issuers of credit cards or similar) for Betsson's customers. The risk of bad debts here refers to the individual players not being able to cover their purchases. Betsson has not allocated reserves for possible losses on outstanding receivables. Betsson's assessment, based on historical losses, is that credit losses in outstanding receivables are marginal compared with Group income. During the year, written off bad debts relating to credit card sales amounted to MSEK 0 (0), corresponding to 0 (0) per cent of total Group revenue.

Receivables from gaming suppliers and payment service providers are settled within 90 days, while no significant amounts under the other items were due as per the closing date.

Note 21 Prepaid expenses and accrued income

	Group		Parent Company	
	2012	2011	2012	2011
Rental fees	4,667	3,559	2,647	2,004
Production costs	5,592	3,045	-	-
Marketing partners	5,309	1,655	-	-
License costs	4,520	4,957	-	-
Consultants	-	2,327	-	-
IT equipment	1,722	1,712	-	-
Other prepaid expenses	5,520	3,255	187	200
Total	27,330	20,510	2,834	2,204

Note 22 Cash and cash equivalents

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

	Group		Parent Company	
	2012	2011	2012	2011
Cash and bank balances	463,919	282,700	114,231	67,954
Short-term deposits (bank deposit account)	3,267	226,972	-	-
Total	467,186	509,672	114,231	67,954

Note 23 Equity

Composition of share capital

Parent Company	2012		2011	
	Number of shares	Share capital	Number of shares	Share capital
Shares, Class A (10 votes)	5,420,000	10,840	5,420,000	10,840
Shares, Class B (1 vote)	36,849,108	73,698	35,974,392	71,949
Total shares	42,269,108	84,538	41,394,392	82,789

During the period 2007-2008, the Parent Company repurchased a number of its own Class B shares. A certain amount of these shares have been used in the exercise of employee stock options during 2010, 2011 and 2012 and as part of the purchase consideration paid for the Betsafe Group in 2011. As of year-end, the Company's holding of own shares amounted to 638 (4,222) Class B shares.

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

Note 24 Non-current liabilities

Liabilities to credit institutions

	Group		Parent Company	
	2012	2011	2012	2011
Bank loan, book value in TSEK	344,547	-	353,810	-
Nominal amount, KEUR	39,986	-	39,986	-

The loan amount reported in EUR is reported on the basis of hedge accounting, implying that the currency effects are reported in the consolidated financial statements directly in Other comprehensive income. No currency translation is undertaken in the Parent Company. The loan matures in June 2014. The average interest rate incurred by the loan has been 1.55%, and fixed interest rates are established for periods of 90 days at a time.

Note 25 Untaxed reserves, appropriations

Income Statement	Parent Company	
	2012	2011
Difference between reported depreciation and depreciation according to plan	-	413
Total appropriations	-	413

Note 26 Other liabilities

Other current liabilities	Group		Parent Company	
	2012	2011	2012	2011
Personnel tax	8,768	3,049	513	1,120
Social security contributions	2,767	2,161	360	735
Liabilities to personnel	3,239	414	-	-
Marketing partners	30,582	104,208	-	-
Gaming tax	1,994	14,575	-	-
Licenses	15,839	1,219	-	-
VAT	4,562	1,495	284	-
Players' accounts	195,232	142,137	-	-
Additional purchase consideration for acquisitions	172,332	111,809	176,972	111,809
Forward exchange agreements	-	2,865	-	2,713
Other	2,477	939	20	-
Total	437,792	384,871	178,149	116,377

Note 27 Accrued expensed and deferred income

	Group		Parent Company	
	2012	2011	2012	2011
Holiday pay liabilities	8,423	6,294	1,297	1,204
Social security contributions	6,830	5,091	1,777	1,309
Salaries	8,256	17,779	2,626	5,302
Jackpot reserve	94,836	67,992	-	-
Marketing costs	19,103	11,881	-	-
Rental fees and office leases	-	2,307	-	-
Consultancy costs	1,897	15,629	500	2,110
Gaming suppliers and payment system suppliers	-	10,796	-	-
Interest	992	-	992	-
Other	12,366	7,808	800	290
Total	152,703	145,577	7,992	10,215

Note 28 Pledged assets concerning own liabilities

	Group		Parent Company	
	2012	2011	2012	2011
Floating charges	-	35,600	-	35,600
Total	-	35,600	-	35,600
Chattel mortgages held by the Company	35,600	-	35,600	-

Note 29 Commitments and contingent liabilities

The Betsson Group and its subsidiaries have no substantial commitments or contingent liabilities.

Note 30 Related parties

The Parent Company has related party relationships with its subsidiaries, see Note 18.

Services sold between the Parent Company and the subsidiaries mainly refer to accounting, IT and management services, as well as rental fees and office expenses.

The Betsson Group rents four (four) apartments from Solporten Fastighets AB, in which Chairman Pontus Lindwall and Board Member Per Hamberg are shareholders/Board Members. In 2012, purchases from Solporten Fastighets AB amounted to TSEK 245 (234).

Betsson Malta and Betsson AB purchase legal services from WH Law, in which Board Member in Betsson Malta, Dr. Olga Finkel, is the Managing Partner. The Group's purchases in 2012 amounted to TSEK 2,143 (1,742), of which Betsson AB's purchases accounted for TSEK 16 (229).

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

Board Member Per Hamberg exercises a significant ownership influence in Betsson AB. For information on Board holdings in the Company, please refer to pages 16-17. For remuneration paid to Board Members and senior executives, please refer to Note 8.

Transactions with related parties

Parent Company	2012	2011
<i>Purchases of services from related parties</i>		
Purchases from subsidiaries	960	960
Purchases from other related parties	233	209
<i>Sales of services to related parties</i>		
Sales to subsidiaries	15,801	15,596
<i>Financial transactions with related parties</i>		
Dividend from subsidiaries	591,942	517,146
Group contributions from Swedish subsidiaries	23,752	17,499
Capital gains/losses on liquidation of subsidiary	-	413
Interest expenses to subsidiaries	-	-
<i>Liabilities to related parties</i>		
Liabilities to subsidiaries	71,966	65,910
<i>Receivables from related parties</i>		
Receivables from subsidiaries	301,051	439,764

Note 31 Financial instruments

	Items measured at fair value through profit and loss – derivatives	Loans and receivables	Other financial liabilities	Total book value	Non-financial assets and liabilities	Total balance sheet
<i>Group 2012</i>						
Other non-current receivables						
Other receivables	489	396,046	-	395,535	19,791	416,326
Cash and cash equivalents		467,186	-	467,186	-	467,186
Cash and bank balances	489	863,232	-	863,721	19,791	883,512
Accounts payable	-	-	73,169	73,169	-	73,169
Other liabilities	-	-	403,862	403,862	33,930	437,792
Total financial liabilities	-	-	477,031	477,031	33,930	510,961
<i>Group 2011</i>						
Other non-current receivables						
Other receivables	-	366,727	-	366,727	24,088	390,815
Cash and cash equivalents	-	509,672	-	509,672	-	509,672
Cash and bank balances	-	876,399	-	876,399	24,088	900,487
Accounts payable	-	-	27,011	27,011	-	27,011
Other liabilities	6,254	-	138,748	145,002	239,869	384,871
Total financial liabilities	6,254	-	165,759	172,013	239,869	411,882
<i>Parent Company 2012</i>						
Other non-current receivables						
Receivables from Group companies	-	301,051	-	301,051	-	301,051
Other receivables	489	-	-	489	12	501
Cash and cash equivalents	-	114,231	-	114,231	-	114,231
Cash and bank balances	489	415,282	-	415,771	12	415,783
Accounts payable	-	-	1,169	1,169	-	1,169
Liabilities to Group companies	-	-	71,966	71,966	-	71,966
Other liabilities	-	-	176,972	176,972	1,177	178,149
Total financial liabilities	-	-	250,107	250,107	1,177	251,284
<i>Parent Company 2011</i>						
Other non-current receivables						
Receivables from Group companies	-	439,764	-	439,764	-	439,764
Other receivables	-	-	-	-	760	760
Cash and cash equivalents	-	67,954	-	67,954	-	67,954
Cash and bank balances	-	507,718	-	507,718	760	508,478
Accounts payable	-	-	2,677	2,677	-	2,677
Liabilities to Group companies	-	-	65,910	65,910	-	65,910
Other liabilities	2,713	-	111,809	114,522	1,855	116,377
Total financial liabilities	2,713	-	180,396	183,109	1,855	184,964

Fair value

The fair values of financial assets and liabilities have been calculated based on market value, where possible. The fair values of interest-bearing financial assets and liabilities that are not derivatives are calculated based on future cash flows of principal and interest according to the effective interest method. For current financial assets and liabilities with variable interest rates, fair value is considered to be the same as book value. The fair value of current, interest-bearing receivables and liabilities is considered, because of the short duration of the term, to be equal to book value.

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

Note 32 Share-based payment

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

In total, three incentive programs have been introduced and initiated since the beginning of 2008. Each incentive program comprises two parts in which employees in Sweden have the opportunity to purchase share warrants at market rate and employees in other countries (primarily in Malta) are offered an allocation of employee stock options free of charge, provided that the participants have invested in Betsson shares. Share warrants are normally issued with a fixed redemption price amounting to 120 per cent of the shares' market price on the allocation date. The Group assumes no legal or informal obligation to repurchase or settle the warrants in cash.

Employee stock options are conditional on the employee remaining in the service of the Company during the earnings period and that the employee maintains his/her initial investment in Betsson shares.

To those individuals holding share warrants, the Board may resolve on payment of a bonus corresponding to the amount of the warrant premium initially paid. Any bonus is conditional upon the employee exercising the share warrants and remaining in the service of the Group at the time of exercise.

Warrants are valued by a third party according to the Black & Scholes warrant valuation model. The table below presents the warrants' fair values and the assumptions made in calculations. The volatility has been determined on the basis of historic volatility and expected volatility adjusted for the growth in size and stability of the Company and the industry.

Type of instrument	Warrant	Employee stock option	Warrant	Employee stock option	Warrant	Employee stock option
Issue date	15 Dec 2008	14 Jan 2009	27 Aug 2010	27 Aug 2010	14 Nov 2011	14 Nov 2011
Average share price on issue date (SEK)	64.75	73.50	94.53	94.53	152.20	152.20
Redemption price per share (SEK)	75.00	88.20	113.40	113.40	182.64	182.64
Number of participants	14	17	18	16	21	25
Number of paid share warrants/allocated stock options	260,000	352,536	359,800	376,000	449,000	395,330
Final redemption date	31 Dec 2010	31 Dec 2010	31 Dec 2012	31 Dec 2012	31 Dec 2014	31 Dec 2014
Anticipated duration (months)	24.5	23.5	27	27	27.5	27.5
Risk-free interest (%)	1.91	1.91	1.30	1.30	1.00	1.00
Expected volatility (%)	35.57	35.57	27.20	27.20	27.39	27.39
Fair value per warrant (SEK)	5.94	6.61	3.78	3.78	5.99	5.99

Completed incentive program: Program 2010-2012

The program was completed during the final quarter of 2012. In total, 359,800 warrants were exercised. 100,000 were used to subscribe to 103,162 Class B shares at a redemption price of SEK 113.40 per share. The remaining 256,638 warrants were repurchased at market value, which resulted in a payment of TSEK 17,782.

In addition, a total of 147,600 employee stock options were exercised through the repurchase of the options at market value and the purchase of shares for gains, as well as the transfer of 3,584 of the Company's own shares at market price. This implied a transfer of 50,347 Class B shares to the participants, and a payment of a total of TSEK 1,011 regarding withheld tax on gains on the options in Malta.

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

	2012		2011	
	Redemption price per option, SEK	Number of options	Redemption price per option, SEK	Number of options
As per 1 January	163.82	542,930	113.40	376,000
Allocated	-	-	182.64	395,330
Forfeited	182.64	-87,000	113.40	-135,004
Exercised	113.40	-147,600	113.40	-93,396
As per 31 December	182.64	308,330	163.82	542,930

Note 33 Financial risks

The Group's financial activities are conducted according to a financial policy adopted by the Board, which is characterized by the objective of minimizing risk levels in the Group.

Financial activities and financial risk management are coordinated through the Parent Company, Betsson AB, which is also responsible for the investment of surplus liquidity. Financing of the subsidiaries is primarily undertaken via the Parent Company. The wholly-owned operating subsidiaries are solely responsible for the management of their own financial risks, within the framework established by their respective Boards of Directors after coordination with the Parent Company.

All of Betsson's financial liabilities fall due for payment within one year, implying that there is no discounting effect for these liabilities.

Currency risks

The Group's profit is exposed to exchange rate fluctuations when sales are made in currencies differing from those in which expenses are incurred (transaction exposure).

The Group's revenue is affected, primarily, by fluctuations in NOK, SEK, EUR and TRY. The Group's expenses are affected mainly by fluctuations in SEK and EUR.

As per year-end 2012, the Group had external loans amounting to MSEK 345, denominated in EUR, for which hedge accounting is applied, i.e. no currency effects from the external loans impact net income for the year, these are reported in Other comprehensive income. See Note 24.

Income is also affected by exchange rate fluctuations when the financial results of foreign subsidiaries are translated to Swedish krona (translation exposure).

Furthermore, the Group's equity is influenced by exchange rate fluctuations when foreign subsidiaries' assets and liabilities are translated to Swedish krona (translation exposure).

The Company's policy stipulates that management should not speculate on exchange rate fluctuations. Instead, management must strive to minimize the impact of exchange rate fluctuations on the income statement. To the greatest extent possible, management works to match incoming and outgoing cash flows in the same currency. Betsson uses financial hedging instruments in order to offset currency effects.

Sensitivity analysis.

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

Refinancing risk, liquidity risk and capital management

The Group's operative gaming activities have long been financed through Company resources. The foreign subsidiaries are financed mainly through equity, and, if necessary, internal loans from the Parent Company. During 2012, external credit has been utilized in conjunction with the acquisition of NGG. See Note 24.

Betsson's goal has, traditionally, been to have a low level of debt, with an equity/assets ratio of at least 40 per cent. Tangible fixed assets in the Group consist primarily of IT hardware and equipment. It has been determined that future investments in tangible fixed assets will primarily be financed through internally generated funds or leasing solutions. It has also been determined that the procurement of external financing may also

be necessary in connection with the expansion of Betsson's operations in the future, as well as for the possibility of larger company acquisitions.

Interest rate risk

Group revenue and cash flow from operations are essentially independent of changes to the market rate of interest. The Group's surplus liquidity is deposited in current accounts in banks. As per year-end 2012, the Group had external loans, denominated in EUR, amounting to the equivalent of MSEK 345, with rolling 3 month fixed interest periods. See Note 24. The interest rate incurred is low at present, but as any increase to the interest rate also impacts the Group's surplus liquidity, there are no material risks in regards to changes in interest rates.

Counterparty risk and credit risk

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

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

Note 34 Significant events after the closing date

On February 19, Betsson did acquire the brands, Sverigeautomaten.com, Norgesautomaten.com and Danmarksautomaten.com from Cherry, for a consideration of 286 million, of which SEK 60 million constitutes an additional purchase price. In total, the deal implies that Betsson, calculated on 2012 levels, makes a yearly saving of SEK 52.7 million in costs corresponding to the net effect of the royalty savings. The deal will give a positive EPS effect from the second quarter 2013.

No other significant events took place after the closing day.

PROPOSED APPROPRIATION OF PROFITS

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

Amounts in SEK

Net income for the financial year 2012	577,790,057
Retained earnings and non-restricted reserves	965,785,324
	<hr/>
	1,543,575,381

The Board and the CEO propose that the entire amount, SEK 1,543,575,381, be carried forward

TRANSFER TO SHAREHOLDERS

Ordinary transfer

The Board proposes to the Annual General Meeting that the amount of TSEK 410,900 be transferred to shareholders. No transfer will be made for the 638 shares repurchased by the Company. Reversal is proposed via a share split 2 for 1, with mandatory redemption of the second share at a price of SEK 9.46 per share. After implementation of the proposed appropriation of profits and the redemption program, retained earnings and non-restricted reserves, and

total equity in the Parent Company Betsson AB will amount to TSEK 1,132,675 and TSEK 1,470,492, respectively.

The annual report and consolidated financial statements for Betsson AB (publ) for the year 2012 have been approved for publication in accordance with the Board's resolution on 15 April 2013. It is proposed that the annual report and consolidated financial statements be adopted by the Annual General Meeting on 8 May 2013.

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

Stockholm, 15 April 2013

Pontus Lindwall
CHAIRMAN OF THE BOARD OF
DIRECTORS

Per Hamberg
BOARD MEMBER

Lars Linder-Aronson
BOARD MEMBER

Patrick Svensk
BOARD MEMBER

Kicki Wallje-Lund
BOARD MEMBER

Carl Lewenhaupt
BOARD MEMBER

John Wattin
BOARD MEMBER

Magnus Silfverberg
CEO

Our audit report was submitted on 16 April 2013.
PricewaterhouseCoopers AB

Michael Bengtsson
AUTHORIZED PUBLIC ACCOUNTANT
AUDITOR-IN-CHARGE

AUDIT REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Betsson AB (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 5-8, 12-47.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

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

Auditors' responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards,

as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Betsson AB (publ) for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

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

Auditors' responsibility

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

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

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

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

Opinions

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

Stockholm, 16 april 2013
PricewaterhouseCoopers AB

Michael Bengtsson
Authorized Public Accountant

ANNUAL GENERAL MEETING AND OTHER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders in Betsson AB (publ) will be held on Wednesday, 8 May 2013 at 10 a.m. at the Company's headquarters at Regeringsgatan 28 in Stockholm, Sweden.

Shareholders wishing to attend the Annual General Meeting must

- be registered in the shareholder register maintained by Euroclear Sweden AB by Thursday, 2 May 2013, and
- have notified the Company of their intention to participate in the Annual General Meeting by no later than noon on Friday, 3 May 2013.

Notification of attendance at the Annual General Meeting must be made in writing to the Company at Regeringsgatan 28, 111 53 Stockholm, phone +46 8506 403 00, fax +46 8735 57 44 or via e-mail: info@betssonab.com.

Notification should include name, Personal/Corporate Identity Number, address, telephone number, shareholding and number of representatives (maximum two). If participation is by proxy, the proxy must be named in conjunction with the notification of attendance at the Annual General Meeting.

Shareholders whose shares are managed through nominee shareholders must, in order to be entitled to participate in the Annual General Meeting, temporarily register their shares in their own names at Euroclear Sweden. Shareholders wishing to re-register must notify their nominee well in advance of Thursday, 2 May 2013.

OTHER INFORMATION

Betsson intends to publish financial information relating to the financial year 2013 as follows;

Quarterly Report Q1, Interim Report January-March 2013	26 April 2013
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Quarterly Report Q2, Interim Report January-June 2013	19 July 2013
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Quarterly Report Q3, Interim Report January-September 2013	25 October 2013
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Quarterly Report Q4 Year-End Report January-December 2013	7 February 2014
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