

Betsson AB (publ) year end report, 1 January - 31 December 2020

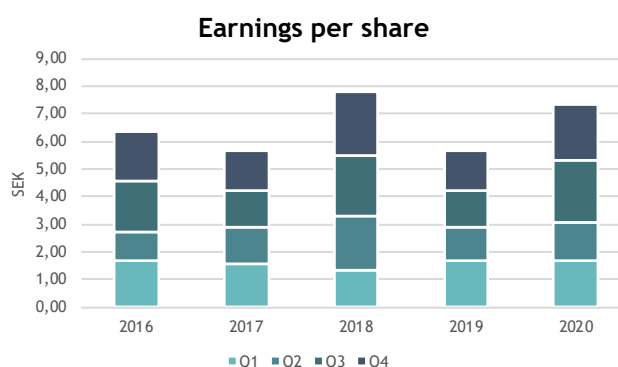
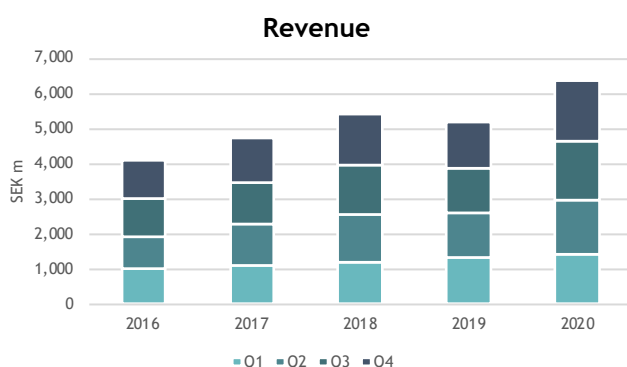
# Continued growth during the quarter with an EBIT increase of 59 percent

## QUARTER OCTOBER - DECEMBER 2020

- Group revenue was SEK 1,762.5 (1,289.5) million, an increase of 37% with an organic increase of 36%.
- Casino revenue increased by 33%. Sportsbook revenue increased by 47% and the sportsbook margin was 7.3% (6.8%).
- Operating income (EBIT) was SEK 317.8 (200.5) million, an increase of 59%, the EBIT margin was 18.0% (15.5%).
- EBIT adjusted for one-off costs for provisions of losses on payment providers of SEK 44.4 million was SEK 362.2 million, equivalent to a margin of 20.6 percent.
- Operating cash flow was SEK 223.9 (237.8) million.
- Active customers increased by 44% to 989,969 (686,499).

## FULL YEAR 2020

- Group revenue was SEK 6,389.6 (5,173.0) million, an increase of 24% with an organic increase of 20%.
- Operating income (EBIT) was SEK 1,125.2 (865.0) million, an increase of 30%. The EBIT margin was 17.6% (16.7%).
- Net income was SEK 990.8 (787.1) million, corresponding to SEK 7.32 (5.69) per share.
- Operating cash flow was SEK 1,384.4 (1,150.3) million, an increase of 20% compared to the same period last year.
- The Board of Directors proposes to the AGM that SEK 502.9 (393.6) million, which corresponds to SEK 3.68 (2.88) per share, is distributed to shareholders.



## KEY DATA

SEK m	Q4 2020	Q4 2019	Δ	Jan-Dec 2020	Jan-Dec 2019	Δ
Revenue	1,762.5	1,289.5	37%	6,389.6	5,173.0	24%
Gross profit	1,112.7	838.8	33%	4,100.9	3,427.6	20%
EBITDA	410.5	292.3	40%	1,484.3	1,229.7	21%
EBITDA margin %	23.3	22.7	-	23.2	23.8	-
Operating income (EBIT)	317.8	200.5	59%	1,125.2	865.0	30%
EBIT margin %	18.0	15.5	-	17.6	16.7	-
Net income	277.8	204.4	36%	990.8	787.1	26%
Earnings per share (SEK)	2.05	1.48	39%	7.32	5.69	29%
Operating cash flow	223.9	237.8	-6%	1,384.4	1,150.3	20%
Casino revenue	1,283.7	964.1	33%	4,890.6	3,837.0	27%
Sportsbook gross turnover	8,933.6	7,235.3	23%	28,424.2	25,927.8	10%
Sportsbook revenue	459.0	311.6	47%	1,423.0	1,265.0	12%
Sportsbook margin after free bets %	7.3	6.8	-	7.5	7.2	-
Deposits	7,919.6	5,511.8	44%	27,801.0	19,851.6	40%
Active customers (number of)	989,969	686,499	44%			



Pontus Lindwall  
President and  
CEO Betsson AB

## CEO COMMENT

### "ATH revenues in the fourth quarter with growth in all regions"

"Betsson ended 2020 with yet another strong quarter. Under the extraordinary circumstances that still prevail, online gaming continue to demonstrate its resilience to market fluctuations and Betsson demonstrates good profitability. During the fourth quarter, revenues increased by 37 percent compared to the previous year, with growth in all regions, and the operating profit increased by 59 percent. The increase is driven by both casino and sportsbook with a sportsbook margin that was slightly higher compared with the third quarter this year. We are pleased by the continued strong development in the Nordics, especially in Denmark and Sweden, at large driven by the "pay and play" brand Jalla Casino.

There are several reasons for Betsson's success. The transition to digital entertainment has been further accelerated during the pandemic, which has benefited us, but in the long run Betsson's underlying strengths are crucial in creating growth and shareholder value. Our long experience and the strong financial position mean that we can continue to implement our strategy with a focus on growth despite current challenges.

During the first nine months of 2020 Betsson made several acquisitions, which together with licenses obtained in other countries, entailed expansion with new brands to new markets while we continued to develop products and functions in existing markets. During the fourth quarter, Betsson continued on this offensive path. We obtained a license in Argentina and launched the Betsafe brand in Kenya. In December, Betsson obtained a license in Colorado, USA and preparations are now underway to launch our highly competitive Sportsbook there in 2021. There is great interest in our Sportsbook and our ambitions are high to develop the B2B offering as a sportsbook supplier. Our first B2B sportsbook customer ibet was intended to launch in time for the Euro 2020 but had to postpone due to the pandemic. ibet has now had a "soft launch" in the European market and we continue to evaluate additional business opportunities.

The pandemic still holds us all in a tight grip and Betsson's focus is, as always, on safety and health, for our employees and for society in general.

We still face challenges, but we leave 2020 behind and continue with determination to benefit from our strengths to create a strong global and diversified product portfolio of strong brands and local expertise. The strong financial position enables investments in technology and existing product portfolio. And we are confident in our ambition with a scalable and flexible proprietary technology as well as highly dedicated and talented teams".

Founded in

# 1963



Betsson AB's share is listed at Nasdaq Stockholm Large Cap

Ticker: BETS B



Betsson Group operates 20 brands

# 17

Licensed for gaming in 17 jurisdictions



*2020 has been a year of social distance and also a year that showed us that in times of need, we are capable of coming together as one. At [www.OneBetsson.com](http://www.OneBetsson.com) we show what we do in terms of local community engagements, responsible gaming, and sport partnerships.*

## SIGNIFICANT EVENTS AND OUTLOOK

### SIGNIFICANT EVENTS DURING THE QUARTER

In the end of the quarter, Betsson obtained licences in USA (Colorado) and Argentina (Province of Buenos Aires). Work is underway to adapt the company's sportsbook to the US market before launch in 2021. Argentina is considered a large market with great potential and Betsson has received one of the seven licenses issued in the Province of Buenos Aires.

Betsson has reduced investments in the UK continuously for the last few years. The Group has operated with nine brands, on three different platforms and under four UK-licences. The UK regulatory framework has undergone significant changes in the past few years, requiring extensive investments both in technology, regulatory compliance as well as marketing. As the company no longer considered it economically justifiable to continue with the past structure in the UK, Betsson made a strategic decision to further consolidate its UK business to focus on growing one single brand (Rizk). Three of the Group's four licences were therefore handed back to the UK Gambling Commission (UKGC) with effect from 21 October 2020. The action caused no need for write-down of goodwill or trademark, as the trademarks are used in other markets. The initiative will have a positive impact on the income from the Group's business in the UK.

Betsson launched its licenced operations in Kenya in November, with the Betsafe brand. Due to the pandemic, the country has implemented a marketing ban on gambling, which affects the possibilities to run marketing activities as planned.

In December, ibet launched its product with Betsson's Sportsbook and thus became the first pure B2B Sportsbook customer.

### INITIATIVES RELATED TO THE CORONA PANDEMIC

The most important priority for Betsson has been the security and well-being of the Group's employees and customers. Remote working continued during the fourth quarter, even if the Group's offices around the world were open in accordance with local restrictions and recommendations.

Due to the Corona pandemic, Betsson lowered the threshold for how and when the Group interacts with customers as a way of increasing the works around responsible gaming and to early identify signs of problem gambling. During the fourth quarter Betsson interacted with 94,052 customers (manual, automatic and real-time notifications) from 26,300 in the first quarter 2020, to 55,300 in the second quarter and 91,800 in the third quarter. See more about responsible gaming under *Sustainability at Betsson*.

### SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

In February Betsson entered into an agreement with game platform provider TG Lab for delivery of a Player Account Management System (PAM), for Betsson's entry in Colorado, US. TG Lab is building a modern US-focused platform which, together with Betsson's proprietary Sportsbook, will form a unique product on the American market. Launch is planned for the second half of 2021 with the Betsafe brand.

### TRADING UPDATE

This trading update is an indication of how the first quarter has started, however it is not a revenue forecast.

The average daily revenue in the first quarter 2021 until February 5 was 11 percent (14 percent organic) higher than the average daily revenue of the full first quarter 2020. Adjusted for negative currency effects, the average daily revenue until February 5 was 26 percent higher than the average daily revenue of the full first quarter 2020.

# 94,052

Responsible Gambling interactions

## LONG TERM OUTLOOK

The gambling industry is constantly changing and continues to grow strongly globally. New market conditions mean that Betsson continuously adapts its business model and at the same time evaluates both new markets and opportunities in order to grow revenue and earnings and minimise risk by geographical diversification.

Betsson is a company with a long term view, which over time, has delivered consistent growth with an ability to generate good returns. The Company has, during its long history shown stronger growth than the market, this aim remains its long term goal. Delivering Betsson's vision of creating the best user experiences is a key success factor in driving organic growth, while acquisitions will be enabled by an efficient organisation, strong cash flow and a robust financial position.

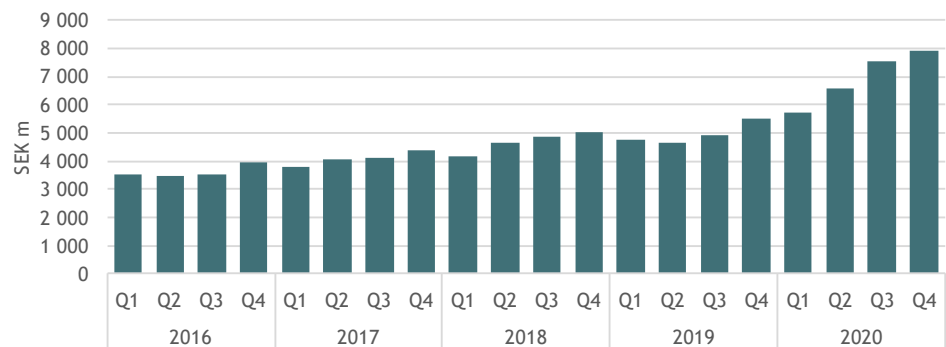
## CUSTOMER ACTIVITY

Customer deposits in all operational subsidiaries' gaming solutions during the quarter were SEK 7,919.6 (5,511.8 ) million, an increase of 44%.

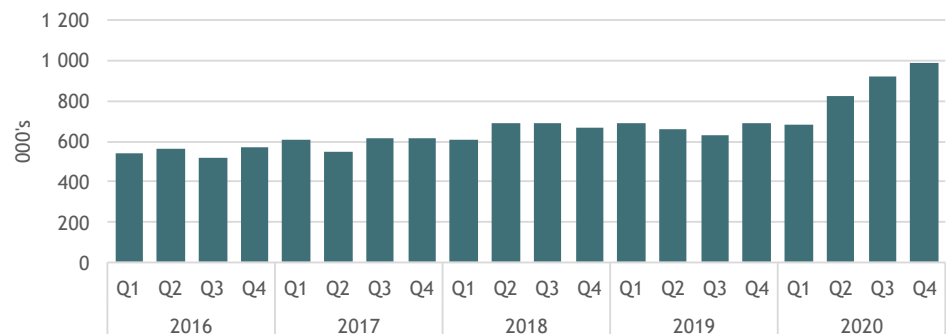
By the end of the fourth quarter, the number of registered customers was 19.6 (15.1) million, an increase of 30%.

Active customers during the quarter were 989,969 (686,499), an increase of 44%.

### Customer deposits



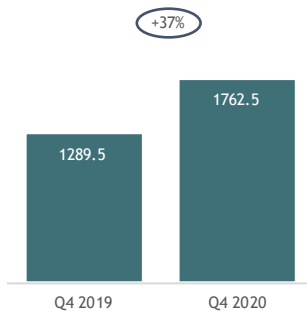
### Active customers



# 44%

Increase of active customers compared to same period last year

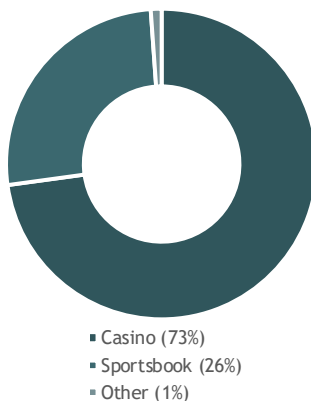
## Revenue (msek)



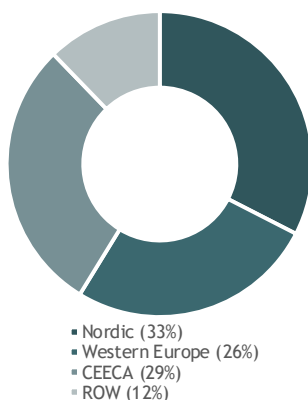
# 79%

Share of mobile revenue

## Revenue by product



## Revenue by region



## REVENUE AND EARNINGS

### REVENUE FOR THE QUARTER

Group revenue was SEK 1,762.5 (1,289.5) million, an increase of 37%, of which 36% was organic. All regions showed growth, both reported and organically. Currency fluctuations had a negative effect on revenue of SEK 198.3 million compared with the fourth quarter 2019.

Mobile revenue was SEK 1,392.3 (920.4) million, representing 79% (71%) of total revenue.

Licence revenue for system delivery to Betsson's B2B-customers was SEK 301.5 (175.4) million and corresponded to 17% (14%) of Group revenue. The increase is mainly due to enhanced performance in the products delivered by Betsson. Currency fluctuations had a negative impact on licence revenues of SEK 124.3 million compared with the fourth quarter 2019.

Locally taxed revenue from markets where Betsson pays local betting duties, increased by 30% compared to the fourth quarter last year and was SEK 606.6 (464.9) million, corresponding to 34.4% (36.1)% of total Group revenue.

### Revenue by product

Casino revenue was SEK 1,283.7 (964.1) million, an increase of 33%, with 27% organic growth. Casino represented 73% (75%) of Group revenue.

Mobile Casino revenue was SEK 1,023.3 (654.9) million and accounted for 80% (68)% of total casino revenue.

Gross turnover in sportsbook in all Betsson's gaming solutions, was SEK 8,933.6 (7,235.3) million, which is an increase of 23% compared to the fourth quarter last year. Organic gross turnover increased by 49%.

Sportsbook revenue in the fourth quarter was SEK 459.0 (311.6) million, an increase of 47% with an organic increase of 65%. Sportsbook represented 26% (24%) of Group revenue.

The sportsbook margin was 7.3% (6.8%). The eight-quarter rolling average margin was 7.3%.

Mobile sportsbook revenue was SEK 368.3 (260.1) million, representing 80% (83%) of total sportsbook revenue.

Revenue from other products was SEK 19.8 (13.8) million, an increase of 43%, representing 1% (1%) of total revenues.

### Revenue by region

Revenue from the Nordics was SEK 573.5 (450.2) million, an increase of 27%, of which 12% was organic. All markets in the region showed growth.

Revenue from Western Europe was SEK 462.1 (387.7) million, an increase of 19%, of which 4% was organic. All markets, except Betsson's down-sized operations in the UK, reported increased revenues. From December 15, when limitations for online casino were implemented in Germany, revenues from the German market have declined by around 70 percent.

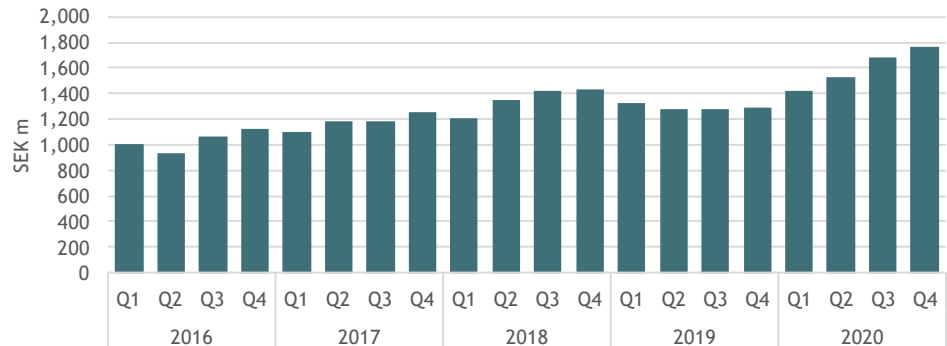
Revenue from Central & Eastern Europe and Central Asia (CEECA) was SEK 511.4 (369.9) million, an increase of 38%. The organic growth was 77%.

Revenue from RoW was SEK 215.6 (81.7) million, an increase of 164%. The organic growth was 138%. Many markets showed growth, with Peru as a distinguished example.

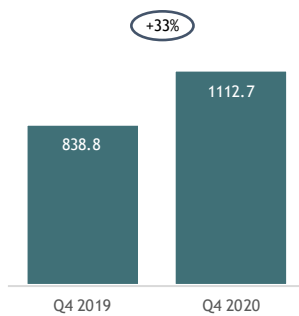
## REVENUE AND GROSS PROFIT FOR THE FULL YEAR

Group revenue totaled SEK 6,389.6 (5,173.0) million, an increase of 24% with an organic growth of 20%. Gross profit amounted to SEK 4,100.9 (3,427.6) million.

### Group revenue



### Gross Profit (msek)



## EXPENSES FOR THE QUARTER

Cost of services provided was SEK 649.8 (450.6) million. The organic cost of services provided was SEK 605.3 million. The increased cost is mainly volume driven and correlates with revenue. The quarter's expense also includes one-off costs for provisions of losses on payment providers of SEK 44.4 million. Betsson strives to recover the provisions, but has chosen to use a conservative approach when evaluating these receivables.

Gross profit was SEK 1,112.7 (838.8) million, corresponding to a gross profit margin of 63.1% (65.1%). Gross profit adjusted for the above described one-off cost was SEK 1,157.1 million, equivalent to a gross profit margin of 65.7%.

Operating expenses were SEK 794.9 (638.3) million and the organic operating expenses were SEK 750.7 million. The increased expenses are explained mainly by increased marketing activities, driven by Betsson's expansion of new trademarks and into new markets.

Marketing expenses were SEK 310.2 (211.8) million and the organic marketing expenses were SEK 274.6 million. The increased expense is driven by increased marketing expenses in acquired companies, and as a result of expansions into new markets.

Personnel expenses were SEK 227.0 (201.5) million and the organic personnel expenses were SEK 226.1 million. The average number of full-time employees in the Group during the fourth quarter was 1,793 (1,572) of which 1,091 (967) were based in Malta. The increase in personnel expenses is due to both investments in technology, geographic expansion and as a result of the acquisitions in the second and third quarter 2020.

The Group also engaged 207 (165) full-time consultants during the quarter, mainly within product development. The cost of consultants is recognised under other external expenses.

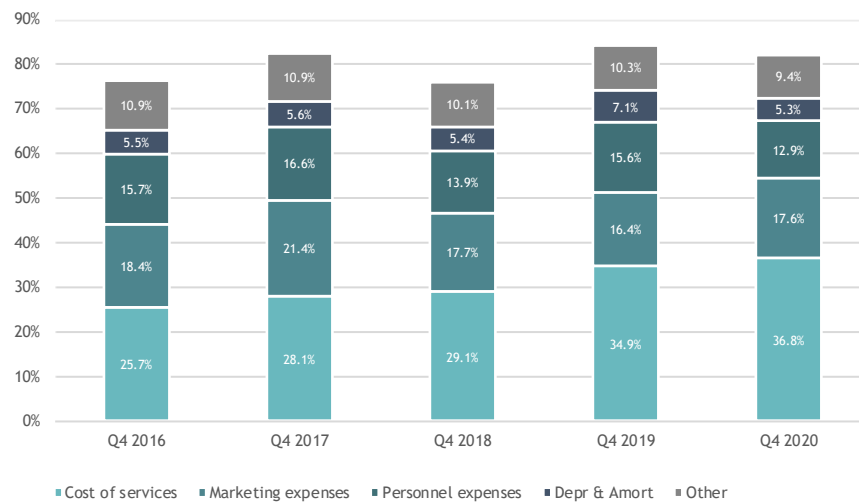
Other external expenses, which primarily include sportsbook related costs, consultants and software licences, were SEK 204.7 (183.9) million. The organic other external expenses were SEK 197.0 million. The increased costs reflect investments in technology, geographic expansion and acquisitions.

Capitalised development costs were SEK 60.1 (53.5) million. Amortisation of capitalised development costs was SEK 51.6 (55.5) million. See table on page 20. Total amortisation and depreciation for the quarter was SEK 92.7 (91.8) million.

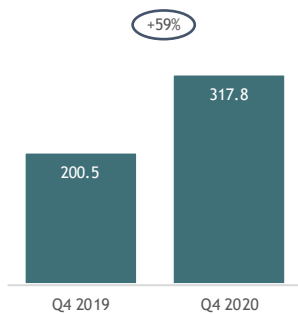
Other operating income/-expenses was SEK -20.4 (-2.8) million. The increased expense is driven by foreign currency effects, mainly unrealised fx-effects, on current assets and liabilities.

Average FTE	Q4 2020	Q4 2019
Employees	1,793	1,572
Contractors	207	165

## Costs as a percentage of revenues



## EBIT (msek)



## EARNINGS FOR THE QUARTER

Operating income (EBIT) was SEK 317.8 (200.5) million with an operating margin of 18.0% (15.5%). The improved margin is driven by revenue growth. Adjusted for the one-off cost provisions of losses on payment providers of SEK 44.4 million, EBIT amounted to SEK 362.2 million. The organic operating income amounted to SEK 402.0 million and was impacted by currency exchange differences of SEK -110.7 million.

Net financial items were SEK -11.5 (-13.5) million and are primarily related to interest costs.

Net income was SEK 277.8 (204.4) million, corresponding to SEK 2.05 (1.48) per share.

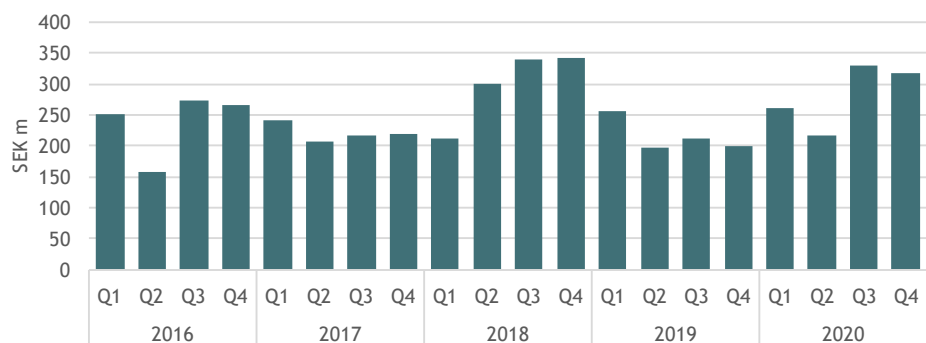
The reported corporate tax for the fourth quarter was SEK -28.6 (17.4) million, corresponding to -9.3% (9.3%) of profit before taxes.

The effective tax rate may fluctuate between quarters depending on the tax base in the countries where Betsson has subsidiaries. For example, corporate taxes in certain countries are based on dividend distribution which may result in a difference between the effective and statutory rate.

## EARNINGS FOR THE FULL YEAR

Operating income for the full year 2020 amounted to SEK 1,125.2 (865.0) million. Net income amounted to SEK 990.8 (787.1) million, corresponding to SEK 7.32 (5.69) per share.

## Operating income (EBIT)





## CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents at the end of December 2020 was SEK 863.2 (639.2) million. Customer liabilities, including reserves for accumulated jackpots, were SEK 441.7 (415.4) million. Gaming regulations require the Group to reserve a certain share of cash to cover player liabilities and accumulated jackpots. Current receivables from payment providers for unsettled customer deposits were SEK 584.1 (566.6) million. The balance varies as a result of activity depending on when deposits are made, and at the same time payment terms differ depending on which payment providers are used.

Cash flow from operating activities during the fourth quarter was SEK 223.9 (237.8) million including an impact of SEK -189.7 (-61.1) million related to changes in working capital. The change is mainly an effect of decreased player liabilities and increased receivables on payment providers. Cash flow from financing activities was SEK -183.7 (-470.4) million. The increase is primarily explained by amortization of a bond loan of SEK 266.0 million during the quarter last year.

As per 31 December 2020, total available bank credit facilities were SEK 880.0 (880.0) million, of which SEK 73.9 (0.0) million were utilised.

### External financing

Credit facility	Amount	Utilised	Unutilised	Maturity date
RCF (SEK m)	800.0	73.9	726.1	May, 2021
Bank overdraft (SEK m)	80.0	0.0	80.0	Jan, 2021
Bond (SEK m)	991.3	991.3	0.0	Sep, 2022

## OTHER INFORMATION

### PARENT COMPANY

The Parent Company Betsson AB's (publ) business consists of investing in and administering shareholdings in companies, which, through partners or by themselves, offer games and sports betting to end users online. The Company provides and sells internal services related to financing, communication, accounting and administration to certain Group companies.

Revenue for the full year 2020 was SEK 36.1 (32.1) million, and net income was SEK 940.9 (977.0) million.

Cash and cash equivalents in the Parent Company was SEK 373.6 (239.5) million.

### EQUITY

Equity in the Group was SEK 5,062.9 (4,899.0) million, corresponding to SEK 37.05 (35.38) per share.

### EMPLOYEES

In the end of the fourth quarter 2020, the Group employed 1,792 (1,589) employees representing 55 nationalities.

Betsson has three corporate values: One Betsson, Passion and Fair Play. These values set the tone for how employees should treat each other, customers, suppliers and other stakeholders, and for how employees should approach their work and assignments. Betsson's ambition is to be the best workplace in the industry embracing diversity. Diversity and equal opportunity are key topics included as a natural part of an innovative corporate culture. Skilled and engaged employees are a prerequisite in order to achieve the vision of providing the best customer experiences, new employees are hired based on skills, attitude and values. The Company believes the key to success is that people of different backgrounds and experience work well together towards a common goal, promoting knowledge-sharing and cooperation.



The Group has, over time, retained people in leading positions, enabling its consistent delivery of its long term strategic direction. To further inspire and support the people, leadership programmes, career development and other initiatives, are promoted to each employee.

## OWNERSHIP STRUCTURE AND SHARES OUTSTANDING

The Company's Series B shares are listed at Nasdaq Stockholm Large Cap list (BETS). At the end of the period, the Company had 24,430 (25,421) shareholders.

The total number of shares and votes in Betsson amounts to 144,493,238 and 287,692,238, divided into 15,911,000 A shares with ten votes each, 122,504,730 B shares with one vote each and 6,077,508 C shares with one vote each which may not be represented at general meetings of shareholders. Betsson's treasury shares were 1,763,400 B shares and 6,077,508 C shares.

### Shareholders as at 31 December 2020

Name	A shares	B and C shares	Votes (outstanding)	% Capital (total capital)	% Votes (votes outstanding)
Hamberg family and companies	5,098,500	-	50,985,000	3.5%	18.2%
Danske Bank International S.A	3,931,000	533,500	39,843,500	3.1%	14.2%
Knutsson family and companies	3,010,000	3,150,000	33,250,000	4.3%	11.9%
Lindwall, Berit	1,683,000	85,000	16,915,000	1.2%	6.0%
State Street Bank & Trust Co	-	14,392,474	14,392,474	10.0%	5.1%
Lundström family and companies	1,323,500	90,600	13,325,600	1.0%	4.8%
DNB	-	10,020,382	10,020,382	6.9%	3.6%
JPM Chase	-	5,958,727	5,958,727	4.1%	2.1%
BNY Mellon NA	-	5,681,668	5,681,668	3.9%	2.0%
Lindwall, Pontus	415,000	615,000	4,765,000	0.7%	1.7%
Other	450,000	80,213,979	84,713,979	55.8%	30.3%
Betsson treasury shares	-	7,840,908	-	5.4%	0.0%
<b>Total</b>	<b>15,911,000</b>	<b>128,582,238</b>	<b>279,851,330</b>	<b>100.0%</b>	<b>100.0%</b>

## SUSTAINABILITY AT BETSSON

Sustainability is an integrated part of Betsson's business strategy and is a prerequisite for generating shareholder value and at the same time taking long-term responsibility for customers, employees, and the communities in which the Group operates.

The framework for Betsson's sustainability work sets out five focus areas: *Business Compliance, Responsible Gaming, Employee Impact, Climate Impact and Social Impact*. During the fourth quarter, the sustainability framework was further developed with measurable goals and KPIs. These will be presented in Betsson AB's annual report for 2020.

### Responsible Gaming

The focus area *Responsible Gaming* is the core of Betsson's operations and a prerequisite for long-term customer relationships. As a gaming company, Betsson has a responsibility to support customers in controlling their gaming and to give customers the prerequisites for a healthy approach to gaming. In addition, Betsson must identify and always help customers with a risk of problem gambling.

One of the most important tools for monitoring customers' gaming behavior is Betsson's analysis tool - the Responsible Gaming Prediction Tool. All customers at Betsson must register in order to play, after which all players are monitored continuously using almost 500 different parameters. The monitoring is always done with regards to the customers' integrity and in accordance with the GDPR.

Betsson also offers its customers a wide range of tools for responsible gaming. Some examples are deposit limits, self-exclusion, personal session limit for gambling, self-evaluation tests and access to well-trained and professional Customer Service 24 hours a day, 7 days a week. The Customer Service staff undergoes rigorous training in responsible

gaming. An important resource is also the dedicated team for responsible gaming, where Customer Service staff can turn to for support.

#### **Selected initiatives during the fourth quarter:**

Due to the Corona pandemic, Betsson lowered the threshold for how and when the Group analyzes and contacts players to increase customer protection and detect early signs of problem gambling. During the fourth quarter, in total Betsson interacted with 94,052 customers (manual, automatic and real-time notifications) from 26,300 in the first quarter 2020, to 55,300 in the second quarter and 91,800 in the third quarter.

The messages the Group uses in its communication with customers were reviewed to be relevant in light of the pandemic. In addition to this, a number of pandemic-specific messages went out to customers to provide increased support on how to control their gambling.

An additional compulsory, web-based training in Responsible Gaming was rolled out for all employees, as a complement to the existing training package. The training was tailored specifically for Betsson and included several interviews with management and staff.

#### **Social impact**

During the fourth quarter, Betsson continued to support local communities where the Group operates, for example through a donation to the organization Foodbank Lifeline Foundation of EUR 15,000. Foodbank Lifeline supports hundreds of families in Malta and Gozo with food, a need that has increased during the pandemic. Another example is an annual televised fundraising gala in Malta for the benefit of those in need, where Betsson has participated since 2016. This year, the Group donated EUR 13,500.

#### **Employee impact**

Betsson's ambition is to be the Employer of Choice and top of mind for both potential and current employees. Attracting talent with the right skills, retaining, and further developing employees is an important part of Betsson's success.

During the fourth quarter, the annual employee survey was conducted, which showed that 89 percent are proud to work at Betsson, an increase of 2 percent compared to 2019. Employees' belief in corporate values - *One Betsson, Passion and Fair Play* - had increased by 5 percent compared with 2019. The Group continues to have a strong focus on culture and values, with the employee experience at the center.

## **PROPOSAL ON DIVIDENDS TO SHAREHOLDERS**

The Board of Directors proposes to the Annual General Meeting (AGM) that SEK 502,9 (393.6) million, which corresponds to SEK 3.68 (2.88) per share, is distributed to shareholders through an automatic redemption process. This is according to the dividend policy.

## **ANNUAL GENERAL MEETING AND ANNUAL REPORT**

The Annual General Meeting of shareholders in Betsson AB will be held on Wednesday, 5 May 2021 at 09:00 am CET, at Betsson's headoffice, Regeringsgatan 28 in Stockholm. Shareholders who would like to make proposals to the Nomination Committee may do so by e-mail to [info@betssonab.com](mailto:info@betssonab.com) or by post to Betsson AB, Nomination Committee, Regeringsgatan 28, 111 53 Stockholm, Sweden.

The annual report will be available at the Company and at the Company's website [www.betssonab.com](http://www.betssonab.com) no later than 14 April 2021.

### **Stockholm 9 February 2021**

Pontus Lindwall  
President and CEO

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

## CONSOLIDATED INCOME STATEMENT

SEK m	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Revenue</b>	<b>1,762.5</b>	<b>1,289.5</b>	<b>6,389.6</b>	<b>5,173.0</b>
Cost of services provided	-649.8	-450.6	-2,288.7	-1,745.4
<b>Gross profit</b>	<b>1,112.7</b>	<b>838.8</b>	<b>4,100.9</b>	<b>3,427.6</b>
Marketing expenses	-310.2	-211.8	-1,096.5	-898.1
Personnel expenses	-227.0	-201.5	-890.9	-790.2
Other external expenses	-204.7	-183.9	-844.8	-701.8
Capitalised development costs	60.1	53.5	245.4	202.4
Amortisation and depreciation	-92.7	-91.8	-359.1	-364.7
Other operating income/expenses	-20.4	-2.8	-29.8	-10.1
Operating expenses	-795.0	-638.3	-2,975.6	-2,562.5
<b>Operating income</b>	<b>317.8</b>	<b>200.5</b>	<b>1,125.2</b>	<b>865.0</b>
Financial income and expenses	-11.5	-13.5	-56.5	-54.2
<b>Income before tax</b>	<b>306.3</b>	<b>187.0</b>	<b>1,068.8</b>	<b>810.9</b>
Tax	-28.6	17.4	-78.0	-23.8
<b>Net income</b>	<b>277.8</b>	<b>204.4</b>	<b>990.8</b>	<b>787.1</b>
Net income attributable to:				
Equity holders of the Parent Company	282.4	204.8	1,006.5	787.5
Non-controlling interests	-4.5	-0.4	-15.7	-0.4

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Net income</b>	<b>277.8</b>	<b>204.4</b>	<b>990.8</b>	<b>787.1</b>
<b>Other comprehensive income</b>				
<b>Revenue/expenses recognised directly in equity:</b>				
Hedge of net investments in foreign currency incl. deferred tax	3.9	0.6	19.6	15.9
Exchange differences in translating foreign operations	-318.3	-144.5	-419.5	41.6
Other comprehensive income of the period (after tax)	-314.4	-143.9	-399.9	57.5
<b>Total comprehensive income for the period</b>	<b>-36.6</b>	<b>60.5</b>	<b>590.9</b>	<b>844.6</b>
Total comprehensive income attributable to:				
Equity holders of the Parent Company	-32.1	60.9	606.6	845.0
Non-controlling interests	-4.5	-0.4	-15.7	-0.4

## CONSOLIDATED BALANCE SHEET

SEK m	12/31/2020	12/31/2019
<b>Assets</b>		
Intangible fixed assets	5,321.4	5,218.9
Property, plant and equipment	71.7	74.4
Right-of-use assets	207.6	99.0
Financial assets	18.3	13.7
Deferred tax receivables	34.6	50.0
Other longterm receivables	0.0	1.2
<b>Total non-current assets</b>	<b>5,653.6</b>	<b>5,457.1</b>
Current receivables	1,747.9	1,597.5
Cash and cash equivalents	863.2	639.2
<b>Total current assets</b>	<b>2,611.0</b>	<b>2,236.7</b>
<b>Total assets</b>	<b>8,264.6</b>	<b>7,693.9</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>5,062.9</b>	<b>4,899.0</b>
Provision gaming tax	0.0	14.5
Deferred tax liabilities	17.1	14.6
<b>Total Provisions</b>	<b>17.1</b>	<b>29.1</b>
Bond	991.3	986.3
Lease liabilities	131.7	34.2
<b>Total non-current liabilities</b>	<b>1,123.0</b>	<b>1,020.5</b>
Current liabilities to credit institutions	70.3	0.0
Lease liabilities	58.4	51.3
Other current liabilities	1,932.9	1,694.0
<b>Total current liabilities</b>	<b>2,061.6</b>	<b>1,745.3</b>
<b>Total equity and liabilities</b>	<b>8,264.6</b>	<b>7,693.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

SEK m	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Profit/loss before tax</b>	<b>306.3</b>	<b>187.0</b>	<b>1,068.8</b>	<b>810.9</b>
Adjustments for non-cash items	111.2	89.3	393.3	361.5
Taxes paid	-3.9	22.6	-76.6	-64.0
Cash flow from operating activities before changes in working capital	413.6	298.9	1,385.5	1,108.3
Changes in working capital	-189.7	-61.1	-1.1	42.0
<b>Cash flow from operating activities</b>	<b>223.9</b>	<b>237.8</b>	<b>1,384.4</b>	<b>1,150.3</b>
Investments in intangibles/tangibles	-110.7	-60.9	-365.7	-265.1
Acquisition of shares in subsidiaries	0.0	0.0	-385.0	0.0
Acquisition of shares in associates	0.0	-15.1	-4.7	-28.5
Acquired cash and cash equivalents	0.0	0.0	61.6	0.0
<b>Cash flow from investing activities</b>	<b>-110.7</b>	<b>-76.0</b>	<b>-693.8</b>	<b>-293.5</b>
Cash paid upon redemption of warrants	0.0	0.0	0.0	-0.1
Bond issue	0.0	0.1	0.0	985.1
Bond redemption	0.0	-266.0	0.0	-1,000.0
Settled purchase consideration	0.0	0.0	0.0	-10.3
Lease payments	-9.5	-22.5	-49.6	-59.6
Changes in bank loans	-174.2	-182.0	74.0	-91.6
Share redemption programme	0.0	0.0	-393.6	-538.4
Warrant premiums received	0.0	0.0	1.0	0.4
Repurchase own shares	0.0	0.0	-60.1	0.0
<b>Cash flow from financing activities</b>	<b>-183.8</b>	<b>-470.4</b>	<b>-428.3</b>	<b>-714.4</b>
<b>Changes to cash and cash equivalents</b>	<b>-70.5</b>	<b>-308.4</b>	<b>262.3</b>	<b>142.6</b>
Cash and cash equivalents at beginning of period	962.5	960.4	639.2	488.7
Exchange differences	-28.8	-12.7	-38.2	8.0
<b>Cash and cash equivalents at end of period</b>	<b>863.2</b>	<b>639.3</b>	<b>863.2</b>	<b>639.2</b>

## CHANGES IN GROUP EQUITY

SEK m	12/31/2020	12/31/2019
<b>Equity opening balance attributable to the equity holders of the Parent Company</b>	<b>4,897.6</b>	<b>4,589.3</b>
Total comprehensive income for the period	590.9	844.6
<b>Total change excluding owner transactions</b>	<b>590.9</b>	<b>844.6</b>
Share redemption programme	-393.6	-538.4
Warrants paid premium	1.0	0.4
Payment on exercise of options	0.0	-0.1
Share options - value of employee services	1.4	1.8
Repurchase own shares	-60.1	0.0
<b>Equity at end of period attributable to the Equity holders of the Parent Company</b>	<b>5,037.2</b>	<b>4,897.6</b>
Non-controlling interests	25.7	1.4
<b>Total Equity at end of period</b>	<b>5,062.9</b>	<b>4,899.0</b>

## PARENT COMPANY, INCOME STATEMENT

SEK m	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Revenue</b>	7.6	8.2	36.1	32.1
Operating expenses	-36.9	-22.8	-111.8	-82.7
<b>Operating income</b>	<b>-29.3</b>	<b>-14.7</b>	<b>-75.7</b>	<b>-50.7</b>
Financial income and expenses	1,006.5	905.7	1,016.5	1,027.7
<b>Income before tax</b>	<b>977.1</b>	<b>891.1</b>	<b>940.9</b>	<b>977.0</b>
Income tax	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>977.1</b>	<b>891.1</b>	<b>940.9</b>	<b>977.0</b>

## PARENT COMPANY, BALANCE SHEET

SEK m	12/31/2020	12/31/2019
<b>Assets</b>		
Property, plant and equipment	4.2	5.1
Financial assets	5,737.8	5,168.9
<b>Total non-current assets</b>	<b>5,742.0</b>	<b>5,174.0</b>
Current receivables	947.3	995.6
Cash and cash equivalents	373.6	239.5
<b>Total current assets</b>	<b>1,321.0</b>	<b>1,235.0</b>
<b>Total Assets</b>	<b>7,062.9</b>	<b>6,409.1</b>
<b>Equity and liabilities</b>		
Restricted equity	352.2	351.0
Unrestricted equity	5,374.5	4,887.2
<b>Total equity</b>	<b>5,726.6</b>	<b>5,238.2</b>
Bond	991.3	986.3
<b>Total non-current liabilities</b>	<b>991.3</b>	<b>986.3</b>
Current liabilities to credit institutions	73.9	0.0
Other current liabilities	271.0	184.6
<b>Total current liabilities</b>	<b>345.0</b>	<b>184.6</b>
<b>Total equity and liabilities</b>	<b>7,062.9</b>	<b>6,409.1</b>

## QUARTERLY DATA

### CONSOLIDATED INCOME STATEMENT, IN SUMMARY

SEK m	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Revenue	1,762.5	1,676.7	1,532.8	1,417.5	1,289.5	1,275.2	1,277.7	1,330.6
Cost of services provided	-649.8	-590.9	-574.3	-473.7	-450.6	-444.4	-418.8	-431.5
<b>Gross profit</b>	<b>1,112.7</b>	<b>1,085.8</b>	<b>958.5</b>	<b>943.9</b>	<b>838.8</b>	<b>830.8</b>	<b>858.9</b>	<b>899.1</b>
Marketing expenses	-310.2	-282.5	-256.8	-247.0	-211.8	-213.3	-231.8	-241.2
Personnel expenses	-227.0	-232.3	-219.9	-211.7	-201.5	-192.2	-197.8	-198.8
Other external expenses	-204.7	-214.4	-223.0	-202.7	-183.9	-171.2	-184.5	-162.1
Capitalised development costs	60.1	60.7	62.4	62.2	53.5	51.5	49.2	48.3
Amortisation and depreciation	-92.7	-87.5	-86.5	-92.3	-91.8	-91.7	-90.5	-90.6
Other operating income/expenses	-20.4	-0.7	-17.0	8.3	-2.8	-1.3	-6.5	0.5
<b>Operating expenses</b>	<b>-795.0</b>	<b>-756.7</b>	<b>-740.8</b>	<b>-683.2</b>	<b>-638.3</b>	<b>-618.3</b>	<b>-662.0</b>	<b>-643.9</b>
<b>Operating income</b>	<b>317.8</b>	<b>329.1</b>	<b>217.7</b>	<b>260.6</b>	<b>200.5</b>	<b>212.5</b>	<b>196.9</b>	<b>255.2</b>
Financial items, net	-11.5	-15.1	-11.0	-18.8	-13.5	-15.6	-14.7	-10.4
<b>Income before tax</b>	<b>306.3</b>	<b>314.0</b>	<b>206.7</b>	<b>241.8</b>	<b>187.0</b>	<b>197.0</b>	<b>182.1</b>	<b>244.8</b>
Tax	-28.6	-23.4	-13.8	-12.3	17.4	-15.2	-10.5	-15.5
<b>Net income</b>	<b>277.8</b>	<b>290.6</b>	<b>192.9</b>	<b>229.5</b>	<b>204.4</b>	<b>181.8</b>	<b>171.6</b>	<b>229.3</b>

### CONSOLIDATED BALANCE SHEET, IN SUMMARY

SEK m	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Non-current assets	5,653.6	5,854.8	5,875.1	5,837.8	5,457.2	5,587.3	5,512.7	5,517.6
Current assets	2,611.0	2,332.6	2,352.4	2,267.4	2,236.7	2,591.9	2,027.1	2,300.7
<b>Total assets</b>	<b>8,264.6</b>	<b>8,187.4</b>	<b>8,227.6</b>	<b>8,105.2</b>	<b>7,693.9</b>	<b>8,179.1</b>	<b>7,539.9</b>	<b>7,818.3</b>
Equity	5,062.9	5,079.6	5,215.9	5,430.3	4,899.0	4,837.7	4,573.3	4,914.8
Provisions and non-current liabilities	1,140.1	1,074.2	1,079.5	1,180.8	1,049.6	1,294.0	311.1	233.4
Current liabilities	2,061.6	2,033.6	1,932.1	1,494.1	1,745.2	2,047.4	2,655.5	2,670.1
<b>Total equity and liabilities</b>	<b>8,264.6</b>	<b>8,187.4</b>	<b>8,227.6</b>	<b>8,105.2</b>	<b>7,693.9</b>	<b>8,179.1</b>	<b>7,539.9</b>	<b>7,818.3</b>

### CONSOLIDATED CASH FLOW STATEMENT, IN SUMMARY

SEK m	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Operating cash flow	223.9	494.6	343.9	321.9	237.8	307.0	390.6	214.5
Cash flow from investing activities	-110.7	-107.6	-388.5	-87.0	-76.0	-82.0	-58.1	-77.1
Cash flow from financing activities	-183.7	-401.5	159.6	-2.7	-470.4	234.6	-463.4	-15.2
<b>Total cash flow</b>	<b>-70.5</b>	<b>-14.4</b>	<b>115.0</b>	<b>232.2</b>	<b>-308.6</b>	<b>459.5</b>	<b>-130.9</b>	<b>122.3</b>



## KEY RATIOS

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Key financial ratios</b>								
Gross Margin (% of revenue)	63.1	64.8	62.5	66.6	65.1	65.2	67.2	67.6
EBITDA-margin (% of revenue)	23.3	24.8	19.8	24.9	22.7	23.9	22.5	26.0
EBIT-margin (% of revenue)	18.0	19.6	14.2	18.4	15.5	16.7	15.4	19.2
Profit margin (% of revenue)	17.4	18.7	13.5	17.1	14.5	15.4	14.3	18.4
Marketing expenses (% of revenue)	17.6	16.8	16.8	17.4	16.4	16.7	18.1	18.1
Basic earnings per share (SEK)	2.05	2.20	1.39	1.67	1.48	1.31	1.24	1.66
Diluted earnings per share (SEK)	2.05	2.20	1.39	1.67	1.48	1.31	1.24	1.66
Equity per share (SEK)	37.05	37.17	38.17	39.73	35.38	34.95	33.04	35.51
Executed dividend/redemption per share (SEK)	0.00	2.88	0.00	0.00	0.00	0.00	3.89	0.00
Equity/assets ratio (%)	61	62	63	67	64	59	61	63
Return on equity (% , 12 months)	20	18	15	16	16	19	21	24
Return on total capital (% , 12 months)	14	12	11	11	11	13	15	16
Return on capital employed (% , 12 months)	18	15	14	14	14	17	19	21
Net debt (SEK m)	158	236	116	26	186	402	544	53
Net debt / EBITDA (Multiple, 12 months)	0.1	0.2	0.1	0.0	0.2	0.3	0.4	0.0
<b>Shares</b>								
Average share price (SEK)	71.64	68.92	55.34	43.47	46.42	51.32	65.00	78.62
Share price at end of period (SEK)	73.70	69.00	64.80	39.94	43.68	46.65	56.80	70.53
Highest share price (SEK)	78.80	80.00	68.90	58.45	51.70	58.70	76.28	88.86
Lowest share price (SEK)	64.50	62.50	34.92	25.70	42.30	46.30	54.20	70.02
Number of shareholders at end of period	24,430	25,010	25,622	25,476	25,421	26,139	26,720	27,059
Number of shares outstanding at end of period	136.7	136.7	136.7	136.7	138.4	138.4	138.4	138.4
Number of shares at end of period (million)	144.5	144.5	144.5	144.5	144.5	144.5	144.5	144.5
<b>Personnel</b>								
Average number of employees	1,793	1,710	1,642	1,565	1,572	1,526	1,494	1,496
Number of employees at end of period	1,792	1,796	1,722	1,641	1,589	1,588	1,577	1,542

## CUSTOMERS

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Registered customers (000's)	19,618	19,112	18,490	15,490	15,115	14,865	14,595	14,304
Active customers (000's)	990	920	821	681	686	632	659	687

## CUSTOMER DEPOSITS

SEK m	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Customer deposits	5,304.9	5,172.6	4,658.5	3,765.1	3,845.1	3,657.8	3,675.1	3,920.9
Customer deposits, all gaming solutions	7,919.6	7,554.0	6,592.5	5,741.1	5,511.8	4,937.0	4,662.0	4,740.8

## SPORTSBOOK DATA

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Gross turnover, all gaming solutions (SEK m)	8,933.6	7,827.1	4,829.7	6,833.9	7,235.3	6,178.9	6,157.3	6,356.3
of which gross turnover live betting (SEK m)	5,958.2	5,566.6	3,632.1	5,018.5	5,019.6	4,549.2	4,299.4	4,252.3
Sportbook margin after free bets (%)	7.3	7.0	6.9	8.5	6.8	7.8	7.8	6.3
Revenue (SEK m)	459.0	352.6	226.5	384.9	311.6	314.6	341.0	297.8

## REVENUE BY PRODUCT

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Revenue (SEK m)</b>								
Casino	1,283.7	1,306.5	1,286.3	1,014.2	964.1	942.2	917.8	1,012.8
Sportsbook	459.0	352.6	226.5	384.9	311.6	314.6	341.0	297.8
Other products	19.8	17.6	20.1	18.5	13.8	18.4	18.9	20.0
<b>Total</b>	<b>1,762.5</b>	<b>1,676.7</b>	<b>1,532.8</b>	<b>1,417.4</b>	<b>1,289.5</b>	<b>1,275.2</b>	<b>1,277.8</b>	<b>1,330.6</b>

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Share of total revenue (%)</b>								
Casino	73	78	84	72	75	74	72	76
Sportsbook	26	21	15	27	24	25	27	22
Other products	1	1	1	1	1	1	1	2

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Growth, compared with previous quarter (%)</b>								
Casino	-2	2	27	5	2	3	-9	-5
Sportsbook	30	56	-41	24	-1	-8	15	-13
Other products	13	-12	9	34	-25	-3	-6	-15
<b>Total</b>	<b>5</b>	<b>9</b>	<b>8</b>	<b>10</b>	<b>1</b>	<b>-0</b>	<b>-4</b>	<b>-7</b>

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Growth, compared with same period previous year (%)</b>								
Casino	33	39	40	0	-10	-12	-10	10
Sportsbook	47	12	-34	29	-9	-7	14	13
Other products	43	-4	6	-8	-41	-15	-36	-15
<b>Total</b>	<b>37</b>	<b>31</b>	<b>20</b>	<b>7</b>	<b>-10</b>	<b>-11</b>	<b>-5</b>	<b>10</b>

## REVENUE BY REGION

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Sportsbook (SEK m)</b>								
Nordics	146.0	107.4	77.8	142.3	112.3	111.4	140.2	132.1
Western Europe	32.8	25.3	29.6	33.6	28.7	34.9	38.2	41.3
Central & Eastern Europe and Central Asia	169.5	139.0	72.8	143.7	129.6	118.0	107.4	85.1
RoW	110.8	80.8	46.2	65.3	41.0	50.3	55.2	39.3
<b>Total</b>	<b>459.0</b>	<b>352.6</b>	<b>226.5</b>	<b>384.9</b>	<b>311.6</b>	<b>314.6</b>	<b>341.0</b>	<b>297.8</b>
	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Casino (SEK m)</b>								
Nordics	421.1	446.4	401.8	336.0	334.4	360.3	374.3	443.0
Western Europe	428.2	459.8	519.8	372.0	358.1	357.5	349.4	387.2
Central & Eastern Europe and Central Asia	331.5	299.0	278.6	270.1	232.4	194.1	168.8	153.9
RoW	102.8	101.4	86.1	36.0	39.2	30.3	25.3	28.7
<b>Total</b>	<b>1,283.7</b>	<b>1,306.5</b>	<b>1,286.3</b>	<b>1,014.2</b>	<b>964.1</b>	<b>942.2</b>	<b>917.8</b>	<b>1,012.8</b>
	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Total, for all products, per region (SEK m)</b>								
Nordics	573.5	558.9	485.0	482.7	450.2	476.7	519.3	580.6
Western Europe	462.1	486.5	550.2	406.5	387.7	396.7	392.2	430.8
Central & Eastern Europe and Central Asia	511.4	447.1	363.6	424.7	369.9	319.6	284.2	248.2
RoW	215.6	184.2	133.9	103.6	81.7	82.2	82.0	71.0
<b>Total</b>	<b>1,762.5</b>	<b>1,676.7</b>	<b>1,532.8</b>	<b>1,417.5</b>	<b>1,289.6</b>	<b>1,275.2</b>	<b>1,277.7</b>	<b>1,330.6</b>
	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Share per region (%)</b>								
Nordics	33	33	32	34	35	37	41	44
Western Europe	26	29	36	29	30	31	31	32
Central & Eastern Europe and Central Asia	29	27	24	30	29	26	22	19
RoW	12	11	9	7	6	6	6	5
	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Growth, compared with previous quarter (%)</b>								
Nordics	3	15	0	7	-6	-8	-11	-12
Western Europe	-5	-12	35	5	-2	1	-9	-5
Central & Eastern Europe and Central Asia	14	23	-14	15	16	12	15	-8
RoW	17	38	29	27	-1	0	16	35
	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Growth, compared with same period previous year (%)</b>								
Nordics	27	17	-7	-17	-32	-29	-17	2
Western Europe	19	23	40	-6	-15	-11	-12	10
Central & Eastern Europe and Central Asia	38	40	28	71	37	33	33	15
RoW	164	124	63	46	56	15	23	95

## SPECIFICATION OF COST OF SERVICES PROVIDED

SEK m	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Licence fees	168.5	169.3	162.0	142.6	134.3	129.9	123.8	128.0
Betting duties	129.1	123.7	121.7	99.6	94.6	88.4	90.6	84.6
Affiliates and partners commission	123.7	115.6	120.2	91.9	90.3	100.1	97.7	109.0
Other cost of services provided	228.5	182.3	170.3	139.6	131.5	126.0	106.7	110.1
<b>Total</b>	<b>649.8</b>	<b>590.9</b>	<b>574.3</b>	<b>473.7</b>	<b>450.6</b>	<b>444.4</b>	<b>418.8</b>	<b>431.5</b>

## SPECIFICATION OF AMORTISATION AND DEPRECIATION

SEK m	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Depreciation property, plant, and equipment	10.7	10.3	9.8	10.8	14.0	13.0	11.9	12.0
Depreciation right-of-use assets	12.0	12.0	11.4	13.2	12.9	13.1	12.5	12.8
Amortisation intangible fixed assets <i>(whereof amortisation of capitalised development costs)</i>	70.1 51.6	65.2 52.8	65.3 52.3	68.3 52.8	64.9 55.5	65.6 55.8	66.1 55.9	65.8 54.9
<b>Total</b>	<b>92.7</b>	<b>87.5</b>	<b>86.5</b>	<b>92.3</b>	<b>91.8</b>	<b>91.7</b>	<b>90.5</b>	<b>90.6</b>

## ORGANIC CALCULATIONS (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
<b>Reported revenues</b>	<b>1,762.5</b>	<b>1,676.7</b>	<b>1,532.8</b>	<b>1,417.5</b>	<b>1,289.5</b>	<b>1,275.2</b>	<b>1,277.7</b>	<b>1,330.6</b>
- Revenue from acquisitions <sup>1</sup>	-202.9	-206.5	-164.8	-4.7	-1.0	-	-	-
- Currency effects	198.3	146.7	58.6	8.5	-13.1	-11.5	8.4	-25.8
<b>Organic revenues</b>	<b>1,757.9</b>	<b>1,616.9</b>	<b>1,426.6</b>	<b>1,421.3</b>	<b>1,275.4</b>	<b>1,263.7</b>	<b>1,286.1</b>	<b>1,304.8</b>
Organic growth (YoY)	36%	27%	12%	7%	-11%	-11%	-4%	8%
Reported growth (YoY)	37%	31%	20%	7%	-10%	-11%	-5%	10%
<b>Reported operating income (EBIT)</b>	<b>317.8</b>	<b>329.1</b>	<b>217.7</b>	<b>260.6</b>	<b>200.5</b>	<b>212.5</b>	<b>196.9</b>	<b>255.2</b>
- Result from acquisitions <sup>1</sup>	-26.5	-6.6	-11.8	0.3	1.4	0.0	0.0	0.0
- Currency effects	110.7	82.2	40.5	20.9	6.0	1.1	24.0	17.4
<b>Organic operating income</b>	<b>402.0</b>	<b>404.7</b>	<b>246.4</b>	<b>281.8</b>	<b>207.9</b>	<b>213.6</b>	<b>220.9</b>	<b>272.6</b>
Organic growth (YoY)	101%	90%	25%	10%	-39%	-37%	-27%	29%
Reported growth (YoY)	59%	55%	11%	2%	-41%	-38%	-35%	21%

For 2020 mainly Gaming Innovation Group (GIG) & Simulcasting Brasil



## PRODUCTS AND TECHNOLOGY

Betsson has through its different subsidiaries a solid technical position. The opportunity starts with the customer, the vision is to offer the best user experiences in the industry. First-class user experiences are critical, as such, investments in innovation and technology are continually made to strengthen the product offering. The operational subsidiaries' gaming sites are largely run on a proprietary platform, which makes up the core of the offering and user experience, covering games, transactions, payments, customer information and account management. By owning its technology, the Group is flexible and can adapt more rapidly to market changes and it also enables fast integrations across jurisdictions and brands.

The products mainly consist of casino and sportsbook, with the largest category within the casino vertical being slots, followed by live casino, poker, lottery and bingo. The casino offering includes approximately 5,000 games, of which more than 4,000 are available on mobile devices. The various brands offer one of the market's largest selection of games and sports betting with a local focus tailored to the consumer.

Betsson is investing in developing its proprietary sportsbook, creating both a solid technical platform and flexible odds compiling which can be optimised depending on the market demand for and availability of sporting events. The sportsbook is being continuously optimised for specific needs on local sportbook markets and is offered to in-house brands and sold B2B.

## THE MARKET

### Market overview

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth approximately EUR 298 billion in 2020 and is estimated to grow 9.1 percent annually up until 2025 to a total of EUR 460 billion.

Online gaming is expected to grow to an estimated share of 20.1 percent in 2025. (Source: H2GC, January 2021).

### Market trends

More countries are introducing local regulations with licensing regimes for online gambling, enabling operators to compete on equal terms, gaining access to new customers with more effective marketing channels and payment solutions, while protecting consumers in a safe and secure gambling environment.

Local regulations entail increased demands and costs which benefit operators with scalable, proprietary platforms. Consolidation typically increases in regulated markets, which can create opportunities for Betsson, through both organic growth and growth through strategic acquisitions.

## REGULATORY UPDATE

The gambling industry is largely regulated. Political decisions, interpretations of laws and new regulations in different states, may substantially effect Betsson's profitability and financial position. Betsson's operational subsidiaries operate its businesses under 17 gaming licences issued in Malta, Argentina (province of Buenos Aires), Colombia, Croatia, Denmark, Estonia, Georgia, Germany, Great Britain, Ireland, Italy, Kenya, Latvia, Lithuania, Spain, Sweden and USA (Colorado).

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

### The Netherlands

The new Remote Gambling Act was planned to enter into force on 1 March 2021, however, due to further delays the licensing process will not start before 1 April 2021. The first wave of licences was expected to go live on 1 September 2021 but this is also delayed by one month. Operators sitting out the "cooling off period" (now 2 years and 9 months in total as per confirmation by the Government in January 2021), are expected to be issued licences towards the end of 2021 as part of the so-called second wave. The cooling off period will

be applied towards those operators who are deemed to have actively targeted the Dutch players in the past (e.g. through use of local payment instruments such as iDeal, by advertising aimed at the Netherlands or through use of a Dutch domain name). This means that many operators, including Betsson, cannot immediately apply for a Dutch online gambling licence in April 2021 due to having actively targeted the Dutch market at any time in the 33 months in total prior to the date of their licence application. As advised by the regulator, earlier application will trigger stricter treatment of operator in the reliability assessment.

Under the new law, gaming tax will be applicable at the rate of 29% + 2% fees of GGR, 31% in total. The KSA have confirmed that online gambling operators who have actively targeted Dutch customers, would not be permitted to use their pre-established Dutch player databases (or other operators' databases which they know or should know were established before the new regulation) once they commence operating under their new licences. This database ban applies to player recruitment, advertisement and registration.

In December 2020, the appeals court issued its ruling in the case where the Dutch regulator fined Betsson subsidiary Corona Ltd; unfortunately, the court ruled in favour of the regulator. Considering the lack of reasoning in the ruling, Corona Ltd has decided to appeal the judgment further to the Council of State.

## **Sweden**

A new gaming law came into effect on 1 January 2019 in Sweden. There remains a lack of clarity and guidance as regards to the rules for prohibited and allowed types of customer incentives under the new gaming law. The regulator has fined a number of operators for various breaches to the bonus rules. Betsson's operational subsidiary NGG Nordic Ltd was fined SEK 19 million in June 2019 for its alleged breach of the bonus restrictions. NGG Nordic Ltd appealed the decision and in December 2020 the court of first instance issued its ruling where it sided with the regulator; NGG Nordic Ltd has decided to further appeal the ruling. In June 2020, another Betsson subsidiary, Betsson Nordic Ltd, was warned and sanctioned by the regulator with a fine of SEK 20 million for allegedly having failed to register agents who sold payment vouchers, as well as for having offered on its site Betsson Mastercards with information on potential customer incentives. Betsson has appealed the decision on both accounts as it does not agree with the regulator's take on the situation and interpretation of law.

The temporary restrictions on online casino games that were introduced by the Swedish government in July 2020 have been extended by further six months to last until July 2021. These include deposit limits of SEK 5000 per week, a SEK 100 bonus cap as well as time session restrictions.

In December 2020, the Swedish Government presented an investigation (Spelmarknadsutredning) for further regulations of the Swedish gaming market. The proposals include the introduction of a risk classification model for games as well as licensing requirements for gaming software.

## **Germany**

The licensed federal sports betting market opened in Germany on 1 January 2020, thereby establishing an interim sports betting licensing regime valid until July 2021. Restrictions on live betting and monthly wagering limits for players are still maintained. In early April 2020, the German sports betting licensing came to a halt after a Darmstadt court determined the licensing process was non-transparent and discriminatory. The licensing process remained suspended while the court case was pending. However, on 12 October 2020, the appeals court decided to dismiss the complaint. Following that, 15 federal licences were issued by regulator on the same day, demonstrating that the regulator is keen on completing the application reviews without any delay and awarding further licences as soon as practicable. Betsson is awaiting the award of its own federal sports betting license for Betsson and Rizk brands.

A federal ban is still in place on online casino. In March 2020, changes to the Interstate Treaty regarding online casino (for the period after 30 June 2021) were adopted, introducing a highly restrictive regime which favours the offline incumbents. Online table games will be licensed on a state-by-state basis whereas states may choose to run these products under a monopoly or choose a licensing model at their discretion. In online slot games, maximum stakes must be set at EUR1 per spin with a minimum spin duration of five seconds, and no

major jackpots are allowed. The new regime will also introduce monthly mandatory deposit limit of EUR1,000 per player across operators. These newly adopted changes will need to be ratified by the parliaments of each of Germany's 16 states before they can come into force in July 2021. Meanwhile, the states have introduced an online casino toleration regime with effect from mid-October 2020, requiring those operators interested in pursuing future federal online casino licences to comply with the proposed online casino restrictions, at least to certain extent, already ahead of July 2021.

The key requirements of the tolerance regime that came into effect on 15 October 2020 are the removal of all casino table games (e.g. blackjack, baccarat and roulette), deposit limits across poker and slot gaming of EUR1,000 per month as well as enhanced responsible gambling measures (player set spending and time limits, along with cooling-off periods and panic button). It is also prohibited to use the term casino in reference to slot games. Operators will have to observe restrictions on advertising of poker and slot games. On 15 December 2020, mandatory EUR1 slot stakes and five-second delays on spins, plus a ban on larger jackpots, become effective. Betsson operational subsidiaries have implemented these requirements accordingly.

While the above amendments aim to create more legal certainty in the German market, the continued adherence to heavy restrictions, makes the German developments only a partly satisfying solution for gaming operators. This also combined with the tolerance regime being introduced with an unreasonably short two-week deadline. It remains doubtful whether the temporary nature of the current sports betting regime, introduction of the tolerance regime, as well as the restrictive nature of the future online casino regime adhere to the EU law.

## Italy

With effect from November 2020, the Italian government introduced an additional, temporary 0.5% sports-betting turnover tax aimed at channelling funding to sports struggling due to COVID-19 pandemic.

Online gambling licenses in Italy are awarded through a public tender process. Last public tenders for online gambling licenses were held in 2011 and 2018; Italian regulator has not extended licenses issued in 2011 past 2020 while licenses issued in 2018 are valid until end of 2022. Several online gambling operators, including a Betsson subsidiary, have contested the regulator's refusal to extend the 2011 licenses in court. Betsson group holds two online gambling licenses in Italy, one of them expiring in the end of December 2020 and the other in the end of 2022. The court has granted an interim injunction in favour of the Betsson subsidiary to continue to operate based on its "expired" license until the final ruling in the matter is issued. Should the court, in its final ruling, side with the regulator regarding the extension of 2011 licenses, Betsson group will continue to run all its Italian-facing operations on the other license.

## RISKS

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

For a more detailed description of the risks mentioned above and other risks and uncertainties, please refer to the Annual Report 2019.



## CURRENCY EXCHANGE RATES

The exchange rates below are applied in the interim report.

### Income Statement (average rate during the period)

	2020	2019	Δ
EUR/SEK	10.4867	10.5892	-1.0%
GBP/SEK	11.7981	12.0658	-2.2%
GEL/SEK	2.9360	3.3542	-12.5%
NOK/SEK	0.9786	1.0747	-8.9%
TRY/SEK	1.3266	1.6600	-20.1%

### Balance Sheet (closing rate)

	12/31/2020	12/31/2019	Δ
EUR/SEK	10.0375	10.4336	-3.8%
GBP/SEK	11.0873	12.2145	-9.2%
GEL/SEK	2.4945	3.2527	-23.3%

## ACQUISITIONS 2020

During the first quarter 2020, Betsson acquired 100 percent of Gaming Innovation Group's (GiG) subsidiary, Zecure Gaming Limited. Through this acquisition, Betsson will continue to consolidate its position in some key markets and open for more opportunities in Spain and Croatia. The purchase price payable in cash was EUR 36.3 million including an earnout fee of EUR 15 million payable as a premium platform fee over two years. The acquisition was closed in the second quarter 2020.

In the third quarter 2020, Betsson acquired 70 percent of the Colombian operator Colbet. The acquisition gives Betsson access to the only online gambling market in South America which is regulated. The acquisition gives access to both a gambling licence and to 1,300 retail shops with an offline affiliation system where Betsson offers a single-wallet omni-channel solution to the online customers. The purchase price paid in cash was SEK 14.1 million.

Zecure Gaming Limited was consolidated in the second quarter 2020, while Colbet was consolidated in the third quarter 2020.

The table on next side summarises the purchase consideration paid, and fair value of recognised assets and liabilities. Current receivables and liabilities do not involve any derivatives and their fair values are equivalent to their reported values.

The value of the acquired net assets in Colbet is not considered to be material for Betsson.

The acquired customer base in Zecure have been valued at SEK 15.9 million and the ongoing amortisation of this item will be charged to the Group's income over a period of two years. Amortisation of customer base is not expected to be tax deductible. Acquired licences, revenue synergies, integration and cost synergies, explains the total surplus value in goodwill, for both of the acquired companies. The purchase price allocation is considered to be final.

Amounts in SEK millions	Zecure Gaming	Colbet	Summa
Total purchase price	399,6	14,1	413,7
<b>Reported amount of identifiable acquired assets and taken over liabilities</b>			
Liquid funds	61,6		61,6
Customer base	15,9		15,9
Brands	70,9		70,9
Current receivables	28,3		28,3
Current liabilities	107,9		107,9
<b>Total identifiable net assets</b>	<b>68,8</b>		<b>68,8</b>
Goodwill	330,8	14,1	344,9
<b>Cashflow effects of acquisitions</b>			
Paid purchase price	371,4	13,6	385,0
Acquired liquid funds	61,6		61,6
<b>Cashflow, net effect</b>	<b>309,8</b>	<b>13,6</b>	<b>323,4</b>

## TRANSACTIONS WITH RELATED PARTIES

No significant transactions took place between Betsson and related parties that affected Betsson's financial position and performance in the period. The extent and nature of transactions with related parties in the period are consistent with previous year's transactions with related parties, as described in the 2019 annual report.

## ACCOUNTING POLICIES

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

The accounting policies applied are consistent with those presented in the Annual Report for 2019. Detailed information about the Group's accounting and valuation principles can be found in the Annual Report for 2019 (Note 2), which is available on [www.betssonab.com](http://www.betssonab.com) or at the Company's head office.

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

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

This financial report refers to key figures that Betsson and others use in the evaluation of Betsson. These so-called Alternative Performance Measures (APMs) are not defined in IFRS. The measures provide management and investors with important information to analyze trends in the company's and group's business operations. These APMs are intended to supplement, not replace, financial measures presented in accordance with IFRS.

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

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

**Average equity:** Equity in the beginning of the quarter plus equity at the end of the quarter, divided by two.

**Average capital employed:** Total assets less non-interest bearing debts at beginning and end of quarter, divided by two.

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

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

**B2B:** Business-to-Business

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

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

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

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

**Earnings per share:** Net income attributable to owners of the parent company, in relation to the average number of shares outstanding.

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

**EBITDA margin:** EBITDA as a percentage of revenue.

**Equity per share:** Equity, attributable to owners of the parent company, as a percentage of the number of shares outstanding at the end of the period.

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

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

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

**NDC:** New Depositing Customer

**Net debt:** Financial liabilities (bond, bank loans and leasing debts) plus customer liabilities less Cash and cash equivalents and 90% of receivables from payment providers.

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

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

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

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

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

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

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

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

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

**Return on total capital:** Income after financial items plus financial expenses, in relation to average total capital.

**Return on total capital employed:** Income after financial items plus financial expenses, in relation to average capital employed.

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



*JallaCasino was a strong contributor to the positive development in the Nordics during the fourth quarter.*



## FINANCIAL CALENDAR

Annual Report 2020	14 April 2021
Annual General Meeting 2021	5 May 2021
Q2 2021 January - June	22 July 2021
Q3 2021 January - September	26 October 2021
Q4 2021 and Year-End report	10 February 2022

## PRESENTATION OF THE INTERIM REPORT

Betsson invites analysts, investors and media to participate in the results presentation of the fourth quarter at 10:00 CET on 9 February 2021. The results will be presented by CEO Pontus Lindwall and CFO Martin Öhman. The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the link or phone, see details below.

### Dial-in numbers:

Sweden: +46 8 56 64 27 06  
UK: +44 33 33 00 92 69  
US: +1 83 38 23 05 86

### Webcast link:

<https://tv.streamfabriken.com/betsson-financial-hearing-q4>



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## ABOUT BETSSON

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

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

Being a responsible operator in relation to customers, suppliers, authorities, investors and other stakeholders is a cornerstone of the Betsson's business. Betsson is a member of the European Gaming and Betting Association (EGBA), ESSA (Sports Betting Integrity) and G4 (The Global Gambling Guidance Group). Learn more about the Group on [www.betssonab.com](http://www.betssonab.com)

*The name Betsson is used in this interim report to describe the entire business that is operated by the operational subsidiaries.*