2019

ANNUAL REPORT

MORE INFORMATION ABOUT BETSSON IS
AVAILABLE AT WWW.BETSSONAB.COM

betsson ab

CONTENT

ANNUAL GENERAL MEETING

The Betsson AB (publ) Annual General Meeting will be held on Thursday 11 June 2020, at 9 am at "Bond" GT30, Grev Turegatan 30, Stockholm.

Shareholders wishing to attend the Annual General Meeting must:

- be registered in the shareholder register maintained by Euroclear Sweden AB by no later than Thursday 4 June 2020
- have notified the Company of their intention to participate in the Annual General Meeting by no later than 8 June 2020.

Notification of attendance at the Annual General Meeting shall be made via the registration form at www.betssonab.com. Notification can also be made by phone on +46 8 506 403 00. Notification to attend shall include name, personal identity number/corporate identity number, address, telephone number and shareholding. If participation is by proxy, the notification of attendance must be accompanied by the power of attorney, incorporation certificate or other appropriate documentation, sent to the Company (johan.fagerlund@betssonab.com). A power of attorney form for shareholders wishing to attend by proxy will be available on the Company's website, www.betssonab. com. Shareholders whose shares are managed through nominee must, in order to be entitled to participate in the General Meeting, temporarily register their shares in their own names with Euroclear Sweden AB. Shareholders wishing to re-register must notify their nominee well in advance of 4 June 2020.

OTHER INFORMATION

Betsson intends to publish financial information relating to the 2020 financial year as follows:

Interim report Q1
January–March 2020 — 23 April 2020

Interim report Q2
January–June 2020 — 21 July 2020

Interim report Q3
January–September 2020 — 23 October 2020

Year-end report Q4
January–December 2020 — 9 February 2021

If you want to read or subscribe to Betsson reports and press releases, please visit **www.betssonab.com**

This Annual report is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.

ABOUT BETSSON

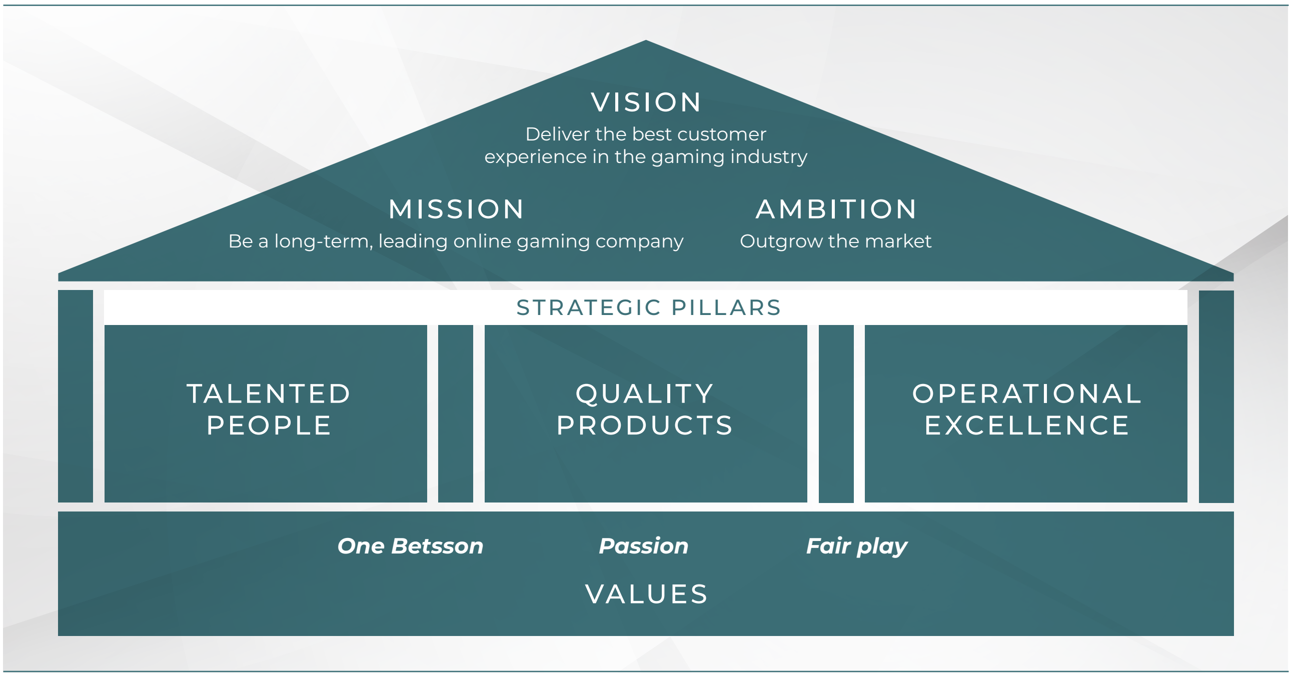
Betsson AB (publ) is a holding company that invests in and administers fast-growing companies within online gaming. The Company is one of the largest in Europe in online gaming, and its ambition is to grow faster than the market. It aims to do this organically and through acquisitions. The growth is to be achieved in a profitable and sustainable manner, primarily in locally regulated markets. The Group has gaming licences in twelve jurisdictions. Betsson AB has been listed on Nasdaq Stockholm since 2000 and on Large Cap (BETS) since 2015.

The Company was established in 1963, and Betsson has since then been at the heart of the entertainment sector, reaching its position by focusing on customer experience. Using leading technology, the Company's aim is to exceed customers' expectations. The Group's operational subsidiaries provide primarily casino and sportsbook via gaming licences in twelve countries in Europe and Central Asia. A variety of games are provided via several brands. The brands are operated on a proprietary platform, which is core for the customer offer and the customer experience. Being responsible in relation to shareholders, customers, employees, authorities and other stakeholders is a cornerstone of Betsson's operations. Betsson is a member of the European Gaming and Betting Association (EGBA), the European Sports Security Association (ESSA), G4 (the Global Gambling Guidance Group) and the Remote Gaming Association (RGA) as well as the Swedish Trade Association for Online Gambling (BOS) and the Swedish Gambling Association (SPER).

The Betsson Group has approximately 1,600 employees of more than 55 different nationalities and offices in nine countries.

THE PARENT COMPANY BETSSON AB IS RESPONSIBLE FOR:

- setting the strategic direction and objectives for the operational subsidiaries
- corporate structure and governance
- overall and strategic risk tolerance, risk management and monitoring the subsidiaries' compliance
- acquisitions, divestments and strategic partnerships of substantial significance to the Group
- financial reporting.



VISION AND STRATEGY

The Group has determined the vision, mission and ambition of business activities in the operational subsidiaries, and these are expressed in English.

Betsson's vision is to provide the best customer experience in the gaming industry, and its mission is to be a leading company in online gaming long-term, with the ambition to outgrow the market. To achieve this, Betsson has adopted a business strategy that is based on three strategic pillars: *Talented People, Quality Products* and *Operational Excellence*. By executing the strategy, the objectives of sustainable growth and profitability will be reached. Work is carried out based on the Group's three values.

The three strategic areas have been broken down into activities throughout the entire organisation and are run by skilled leaders and supported by effective procedures.

The customer is the priority whenever decisions are taken, and product quality is fundamental to providing the customer with good entertainment in a sustainable manner. Betsson controls a large part of the technology in-house, which provides flexibility and good opportunities to adapt quickly to changing or new market conditions.

2019 IN BRIEF

BETSSON DELIVERS GOOD PROFITABILITY DESPITE MARKET CHALLENGES

In 2019 the gaming industry experienced changes that involved challenges for many operators. Betsson took action already in 2018, which resulted in an effective organisation with good cost control. The Company delivers good profitability and is in a healthy financial position, which enables future growth that outperforms the market. Operating income for 2019 amounted to SEK 865 million and the operating margin was 16.7 percent.

GEOGRAPHICAL AND PRODUCT EXPANSION FOR GROWTH

The Betsson Group operates in several markets, both in locally regulated markets and in markets that are to be regulated. Geographical and product distribution provides flexibility and endurance. Continuous product development and development of the Company's proprietary technology also create excellent opportunities for the expansion of its offer to third parties, at the same time as rapid market adaptation can be ensured.

BETSSON'S LONG-TERM AMBITION IS GROWTH THAT OUTPERFORMS THE MARKET

Throughout its long history, Betsson has shown growth that outperformed the market. There was a notch in the growth curve in 2019, but the ambition to achieve long-term growth that outperforms the market remains. The ambition is to grow both organically and through acquisitions, and Betsson is well equipped to execute on the strategy. The organisation is effective, with healthy cost control and a strong emphasis on its development of products and services with the customer in focus.

REVENUES
SEK 5,173 MILLION

with increasing part of revenues from regulated markers

OPERATING INCOME
SEK 865 MILLION

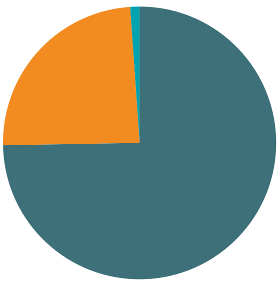
and an EBIT margin of 16.7 percent

EARNINGS PER SHARE
SEK 5.69

enables good returns to shareholders

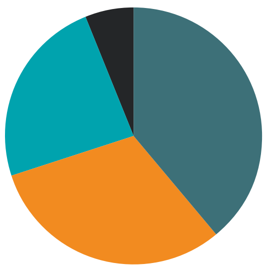
REVENUE BY PRODUCT

CASINO	74 %
SPORTSBOOK	25 %
OTHER	1 %



REVENUE BY REGION

NORDICS	39 %
WESTERN EUROPE	31 %
CEECA	24 %
ROW	6 %



In this Annual Report, Betsson or Betsson Group is used in the description of the aggregate operations conducted within the operational subsidiaries. Betsson AB refers to the Parent Company.

PERSEVERANCE BRINGS RESULTS

I look back on 2019 with pride as we delivered an operating income of SEK 865 million for the full year, a high proportion of which will be paid out to our shareholders. The operating profit shows Betsson's ability to deliver profitability, also with the challenges that 2019 entailed.

We are used to the company, in the many years it has been a public listed company, showing growth that has outperformed the market. In 2019, we saw a notch in the curve for many operators, including ourselves, with lower growth and a deterioration in profitability. We are obviously not thrilled with that. Conditions were challenging in many of our markets at the same time and, in addition, political decisions were taken that were not in our favour. The trickiest thing is the political unpredictability. For example, countries such as Denmark and Italy announced tax rises at short notice.

We remain convinced that, in accordance with our strategy, we will grow more than the market long-term and we have spent the past year preparing for growth. During the year we invested among other things in finding new markets, both locally regulated and markets that are to be regulated, and we also see opportunities to grow organically by developing the offering.

MARKETS HEADING TOWARDS REGULATION

In Sweden we have now had just over a year with local gaming licences, something that Betsson has called for over many years. A regulated market is good for consumer protection, while at the same time being intended to enable operators to compete on equal terms. However, for a regulated market to function as intended, it requires a high degree of channelisation to protect the companies that are currently paying 18 percent tax on NGR, a tax that brought almost SEK 4 billion into the Swedish treasury during the year. Now the authority needs to take strong action against the companies that distort competition by operating illegal websites or by being allowed to provide products based on an exclusive right. I also think that there are too many operators in the Swedish market, and I believe that within five years' time the gaming industry will look completely different in Sweden.

We see the same trends globally, with a shift towards more regulated markets with higher costs, including taxes, consequently. We prepared for a situation involving higher costs as early as in 2018, and today we have a cost-effective, scalable structure. We are flexible and quick to adapt to changes in the market dynamic. In 2019, we secured financing for acquisition-based growth by extending a bond; we have a strong cash flow, and we are in a financial position that gives us the capability for acquisitions and other investments when the right opportunities come up.

THE MOST IMPORTANT THING OF ALL – THE CUSTOMER EXPERIENCE

As we are earning money and are in a strong financial position, we have been able to continue to focus on what is essential for a long-term profitable business, namely to develop really good products to give our customers an entertaining gaming experience. This in turn involves maintenance and development not only of gaming products but also of infrastructure, such as payment solutions. Our technology platform, Techsson, is being developed for long-term stability for all our brands.

Also, having technology that was largely developed inhouse gives Betsson opportunities to broaden our product offering with third-party solutions. Our Sportsbook has been performing extremely well, as we saw from the increase in gross turnover and the good profitability during 2019. The Sportsbook is well-suited as a stand-alone product for external parties. We have also signed our first agreement to deliver the Sportsbook to a third party.

It is an honour for me to lead this Group and to see every day our employees doing their utmost to achieve our common goals.

PONTUS LINDWALL
CEO, Betsson AB, and President

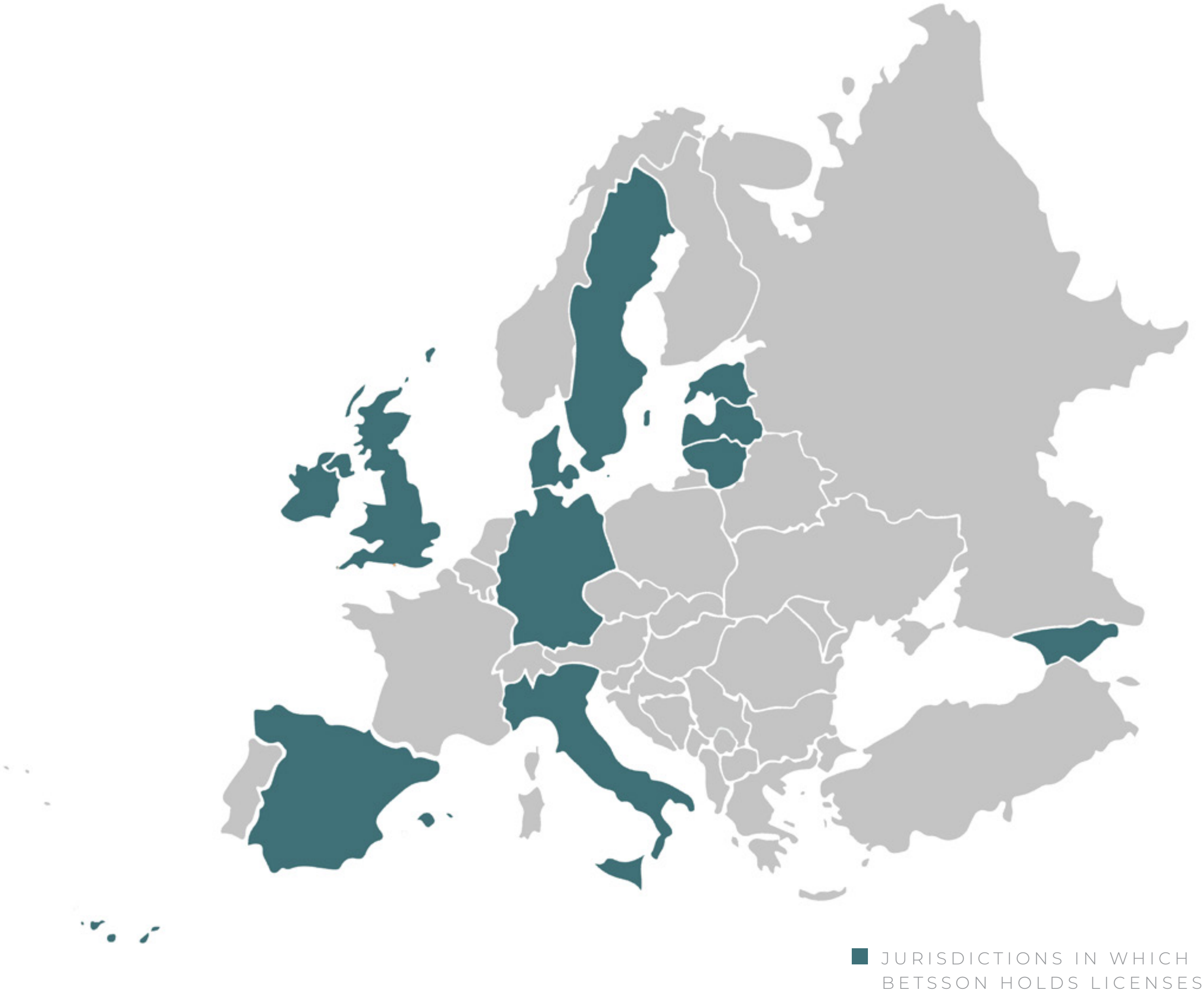
"Operating income of SEK 865 million for 2019 shows that Betsson can deliver even in periods of many changes. Despite a notch in the growth curve, we feel confident about our efforts to achieve long-term growth that outperforms the market."

THE BETSSON GROUP'S OPERATIONAL ACTIVITIES

The Betsson Group's operational activities are carried out through its subsidiaries. Its operational management team is responsible for running gaming sites under various brands that provide casino, sportsbook and other games via gaming licences in twelve countries in Europe and Central Asia.

The brand portfolio includes global brands operating in many different markets, regional brands and brands targeting a specific country or segment. Some brands offer the complete portfolio of products while others focus on niche products.

The product portfolio comprises around 2,700 casino games including slots, table games, live casino and other games from more than 130 different suppliers, and several proprietary games. More than 2,000 games are accessible on mobile devices. Betsson's proprietary sportsbook offers bets on a wide selection of sports, leagues and markets. In addition, odds are offered on current events concerning, for example, politics or popular TV shows.



2004	2011	2012	2015	2016	2017	2019
Malta	Italy	Estonia	UK	Ireland	Spain	Sweden
		Denmark	Georgia	Latvia		
				Lithuania		
				Germany		

The operational headquarters are located in Malta and are run by an operational management team.

THE SUBSIDIARIES ARE RESPONSIBLE FOR:

- technology and platform
- gaming sites and content
- brands and marketing
- customer support
- responsible gaming
- compliance with gaming regulations and other rules relevant to the business
- executing the business strategy, with sustainability integrated into it.

BETSSONS' OFFERING COMPRISES CASINO AND SPORTSBOOK THROUGH SEVERAL BRANDS

FULL PORTFOLIO

GLOBAL BRANDS	REGIONAL BRANDS	LOCAL BRANDS
betsson betsafe	NordicBet CASINO WINNER	europebet

SINGLE PRODUCT PORTFOLIO

starcasinò SVERIGEAUTOMATEN NORGESAUTOMATEN SUPERCASINO.COM®	Suomiarvat.com JACKPOT247 CASINO:DK	casinoeuro LIVEROULETTE LOYAL CASINO RACEBETS

RESPONSIBLE OPERATIONS AT BETSSON

INTRODUCTION

Online gaming is an industry in constant change, and for over half a century Betsson has been providing its customers with entertainment via casino, sports betting and other games. For Betsson, a strategic approach to sustainability and corporate social responsibility is a prerequisite for staying relevant as a company.

Betsson's operational business strategy clearly stipulates that the Group should deliver sustainable growth with the customer in focus and based on three pillars: *Talented People, Quality Products and Operational Excellence*. The key objective is sustainable growth, and corporate social responsibility and sound business are fundamental for achieving long-term growth.

By being responsible, Betsson ensures that the Group creates value for its customers, employees and the communities in which the group operates, while at the same time generating value for its shareholders.

SUSTAINABILITY FRAMEWORK

In order to develop and clarify the business strategy regarding corporate responsibility and sustainability, the Board of Directors adopted a new sustainability framework in November 2019. The framework stipulates five focus areas for Betsson's sustainability priorities. The Board of Directors has established an ambition for every focus area, which is to be the guiding principle for the company's work. The operational management is responsible for executing the business strategy in which the sustainability perspective is integrated. Key steering documents include the Code of Conduct, the Information Policy and the Data and Security Policy.

The focus area *Business compliance* is the cornerstone of the framework since compliance with legislation and regulations in the different jurisdictions is the very basis for the Group's existence.

The focus area *Responsible gaming* is the core of Betsson's operations and a prerequisite for long-term customer relations. Success in this area is crucial to maintaining trust among employees, investors, customers and authorities. Therefore, Betsson has far-reaching processes and tools in place, and strives for the highest standard of support provided to customers. It's about giving customers the opportunity to make their own choices and having a healthy relationship to gambling.

The remaining focus areas in the framework are *Employee impact, Carbon footprint* and *Social impact*. The focus areas enable Betsson to take up a clear position to direct change and create its business case.

Betsson's employees are crucial to its operation, and the Group strives to be the best workplace for everyone. Employees' commitment and desire to contribute to the Company's positive culture and business objectives are essential to the Group's success.

The climate issue is one of the greatest challenges of our time. Betsson's ambition is to carry its share of responsibility for countering climate change.

Betsson has always been involved in the local communities where the Group has offices and strives to contribute to positive social development in these communities.

The sustainability framework is an important first step towards a more strategic approach to sustainability and corporate responsibility. The framework is to be developed further in 2020, and a plan for achieving established objectives is to be drawn up and implemented. Recruitment of a sustainability manager with responsibility for running and coordinating work in the area is ongoing.

SUSTAINABILITY FRAMEWORK

PEOPLE IMPACT
Best workplace in the industry, embracing diversity

CLIMATE IMPACT
Fighting climate change

SOCIAL IMPACT
Positive impact where we operate

RESPONSIBLE GAMING
A healthy relationship to gaming

BUSINESS COMPLIANCE
Conducting a responsible and transparent business

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Betsson's main stakeholders are its shareholders, the operational subsidiaries' customers, employees and legislators and regulatory authorities in the jurisdictions where the Company operates. Betsson has a continual dialogue with these stakeholder groups.

To Betsson, the most important sustainability issues are those reflecting high-priority issues among stakeholders, external trends and issues that are of greatest significance to Betsson.

In 2019, stakeholder dialogues, analyses and internal workshops were held and carried out. The purpose was to get an understanding of stakeholders' expectations, analysing which sustainability issues are considered to be most essential for Betsson and drawing up a sustainability strategy including focus areas for sustainability. The results are the basis for Betsson's sustainability framework.

Results of the 2019 stakeholder dialogue

Stakeholder group:	Dialogue channels:	Significant issues:
Shareholders	· Meetings, email · Web-cast investor presentations four times a year · Frequent presentation meetings and personal meetings with investors · Participation on an ongoing basis in investor events organised by the Swedish Shareholders Association Aktiespararna	· Financial results · Consequences of regulations · Compliance with gaming regulations · Responsible gaming · ESG issues
Operational subsidiaries' customers	· Customer support – chat, email, telephone and 'call me back' services	· Technical support · Responsible gaming
Employees	· Regular performance reviews · Employee surveys · All-hands meetings for the whole organisation held at least four times a year · Recurring employee forums and digital suggestion box · Local CSR committees	· Corporate culture · Employee experience · Leadership · Health and safety · Career and competence development · CSR · Diversity
Legislators and regulatory authorities	In line with channels provided by the regulatory authorities themselves such as: · Meetings · Email · Forums	· Ensure that regulations are correctly interpreted · High degree of channelisation and competition on equal terms

1. BUSINESS COMPLIANCE

Betsson's ambition Conducting a responsible and transparent business
Meets the laws, regulations, integrity and ethical standards where we operate.
Acts fairly and honestly as a taxpayer in relevant jurisdictions by complying with tax legislation and tax regulations.
Complies with local laws and regulations covering marketing. Betsson also complies with ethical rules between countries regarding advertising, marketing and sales.
Counters corruption and money laundering by clear guidelines and procedures expressed in Betsson's Code of Conduct.
Reports annually on performance to stakeholders for increased transparency.

COMPLIES WITH LAWS AND REGULATIONS

For a publically listed company like Betsson, operating in several heavily regulated markets, compliance with regulations is a cornerstone to ensure a sustainable business as well as long-term profitability.

Betsson has gaming licences in twelve jurisdictions, where gaming regulations have developed individually. Even though certain general principles are the same, details differ due to specific rules in the different jurisdictions and the measures required to achieve compliance in the different jurisdictions must therefore be tailored.

In order to ensure strict compliance with all relevant laws and regulations 22 people within Betsson's operational entities are specialised on legal matters and compliance, but all employees in the Group form a part of the compliance process. To support and guide co-workers, internal guidelines designed according to the underlying legal framework are in place. Employees also undergo training, such as yearly recurring e-learning training in responsible gaming, money laundering, GDPR and information security. These courses are mandatory for all employees.

DATA PRIVACY AND INFORMATION SECURITY

For Betsson, the protection of customers' privacy and a proper processing of personal data is fundamental. Betsson works continuously to ensure compliance with GDPR (the General Data Protection Regulation) and other rules aimed at safeguarding personal integrity when processing personal data.

Betsson considers that its customers' data ranks among the Group's assets that are most worth protecting. From the perspective of customers, confidentiality and privacy are essential. The Group therefore has extensive procedures in place to protect information from unauthorised access. The Group carries out regular security audits, vulnerability analyses and penetration testing.

Betsson has an Information Security team which is responsible for information security for the whole Group. The focus is on two areas: Information Security Governance and Operational Security.

All employees must comply with Betsson's Information Security System (ISMS), which is designed to ensure that the Group's and customers' data is protected. Betsson complies with globally recognised standards of information security as well as the comprehensive regulations that apply in the markets where the Group holds a local licence.

In 2019 the management system for information security in parts of the business obtained ISO 27001 certification, attesting that Betsson complies with the ISO standard and meets its exacting requirements as regards information security.

Betsson has several procedures and tools in place to ensure that there is no unauthorised access to the Group's information. During the year, a Security Operations Centre was established, consisting of a special team of security experts.

All employees undergo security training and developers are provided with special training in secure coding. Betsson runs continual internal information initiatives to remind people of the importance of protecting data.

Privacy/GDPR	2019	2018
Number of requested and handled register extracts in accordance with GDPR, DSAR (Data Subject Access Request)	110	146

Information security	2019
Share of employees who have had security training	72%
Share of CDE (Cardholder Data Environment) developers who have had training in secure coding	100%

RESPONSIBLE TAXPAYER

Taxes represent a central component of the system that finances society and public welfare, and Betsson therefore regards compliance with tax legislation as an important issue in the context of responsible business operations. The Betsson Group operates through its subsidiaries in twelve different countries globally and is thereby exposed to several international and local regulations as regards tax. The Betsson Group must comply with applicable local tax legislation and all tax regulations in those countries where the Group operates. In addition to paying corporate tax, the Group's various companies also pay gaming tax and turnover tax.

The taxation of international digital operations, especially within online gaming, is a complicated area and there is work constantly being done to ensure compliance in an environment where both national and international tax legislation and tax regulations may change rapidly. Betsson works continuously, both in its own right and through trade associations, to influence the development of both global tax regulations, such as, for example, the OECD BEPS1.0 and BEPS2.0 projects, and local regulations in collaboration with local legislators. The OECD projects aim to counter the erosion of tax bases and profits being transferred between countries via advanced tax planning schemes.

Taxes are an important parameter for scalability from the Group's perspective and in terms of our responsibility to our shareholders as regards results. However, taxes are never the primary driving force behind business decisions, which are always based on the needs of the business.

RESPONSIBLE MARKETING

As of the re-regulation of the Swedish gaming market, which came into force on 1 January 2019, the Group holds gaming licences in a total of twelve countries. In addition to the re-regulation, there have been substantial changes and restrictions imposed as regards marketing in several countries. Betsson is monitoring developments closely and works continuously to comply with local legislation and regulations relating to responsible marketing.

In Sweden, for example, Betsson is part of the Swedish Gambling Association (SPER) and the Swedish Trade Association for Online Gambling (BOS). These organisations have drawn up further guidelines on marketing, with which the members have undertaken to comply.

Apart from complying with relevant legislation and guidelines, it is of the utmost importance to Betsson that all marketing is responsible, to reduce risks to a minimum and protect the Group's brands in the long term, as well as to build long-term relationships with customers.

Betsson's operational subsidiaries have 4G (Global Gambling Guidance Group) accreditation, which means that the Company complies with 4G's ethical rules as regards advertising, marketing and sales.

Like many e-commerce companies, and as it has done in the past, Betsson uses affiliate marketing, which means a third-party company promotes Betsson's gaming websites. Comprehensive agreements govern the affiliates and stipulate how Betsson's brands may and may not be marketed. Betsson has an interest in ensuring compliance with these agreements to safeguard its brands and maintain a high level of trust among its customers. A dedicated team works continuously to assess this collaboration and make sure that the agreements are followed.

HUMAN RIGHTS, COMBATING CORRUPTION AND MONEY LAUNDERING

Respect for human rights is fundamental to all sustainable relationships. Betsson supports the UN conventions on human rights and these are incorporated into the Group's Code of Conduct. All employees must comply with the Code of Conduct, which is available on the Company's intranet, and non-compliance may result in disciplinary measures being taken. The Code of Conduct, which begins with a statement from the CEO, covers relationships with employees, customers, the market and suppliers, and addresses the Company's approach to climate and the environment. There is a whistleblowing service available for employees who wish to report potential irregularities anonymously. No such cases were reported in 2019.

Combating corruption is important for maintaining trust among the Company's stakeholders. The fight against corruption is also important to ensure healthy competition and that all decisions taken are in Betsson's and the customer's best interests and never, directly or indirectly, for personal gain. No cases of corruption were reported in the Group in 2019.

The Code of Conduct provides clear guidelines as to how managers and employees should deal with gifts, services and benefits. It stipulates that Betsson must comply with applicable legislation within this area. To reduce the risk of conflicts of interest, the company has implemented a "four-eyes principle", whereby at least two individuals must review and approve in writing any agreements between Betsson and another party. Betsson also supports the UN Global Compact and complies with its ten principles, which include work against corruption. Money laundering and financing terrorism are global threats that affect many industries. Betsson runs a significant risk due to the large, rapid and sometimes complex volumes of money that the Company handles via its products. The Group reports any suspected case of money laundering to the relevant authorities.

Not managing these risks may result in regulatory consequences, including fines or loss of licences, but also to increased exposure to organised crime and corruption. Any consequential damage to Betsson's brand with potential loss of trust by the general public and the stock market may damage the Company's reputation and investments.

In order to mitigate the risk, Betsson has introduced controls and routines, including specific checks based on the latest directives from relevant public authorities. These encompass thorough procedures to ensure that the Group knows its customers, and tools that flag situations requiring further attention and escalation to the Money Laundering Reporting Officer.

Betsson invests in training and ensures that all employees get an introduction to fighting money laundering and terrorism financing. Employees whose work specifically deals with this issue receive further training on an ongoing basis.

During the year, Betsson increased resources in the team in charge of compliance with regulations and the team dealing with the risk of fraud and money laundering so as to be able to handle more enquiries and undertake more complex investigations. During 2019, Betsson was successfully audited several times, both internally and by regulatory authorities such as the UK Gambling Commission, Malta Gaming Authority and Lotteries and Gambling Supervisory Inspection in Latvia.

MSCI
ESG RATINGS
AAA

CCC	B	BB	BBB	A	AA	AAA

Betsson was once again awarded top marks, AAA, in the latest MSCI (Morgan Stanley Investment Management) ESG assessment. MSCI's ESG classifications, on the scale AAA–CCC, measure a company's resilience to long-term, financially relevant risks in terms of environment, social responsibility and governance.

2. RESPONSIBLE GAMING

Betsson's ambition A healthy relationship to gaming
Maintains trust among stakeholders such as customers, employees and investors by means of successful work with responsible gaming.
Provides entertainment to the customers, while at the same time supporting a healthy relationship to gaming.
Aims to have the highest standards in terms of working pro actively with responsible gaming by identifying and helping customers at risk.

Responsible gaming is a prerequisite for Betsson's long-term customer relations, and the Group takes the issue seriously. Casino and sportsbook betting should be entertaining, and this is only possible if the customer's gaming is done in a healthy manner. The customers make their own choices. For the vast majority who can manage their gaming, Betsson should provide an entertaining product. At the same time Betsson strives to provide the right conditions for all customers to make choices that are sustainable in the long term. Betsson provides tools whereby customers themselves can control their gaming at the same time as Betsson proactively identifies and helps customers for whom sustainable gaming is difficult. All new employees, regardless of their role, get an introduction to responsible gaming. Customer support staff receive further training to be able to identify signs of potential gaming problems and handle each individual case in a professional manner, before escalating the issue is to a special team dedicated to responsible gaming. This training was further improved in 2019, and the number of escalations from customer support to the team for responsible gaming increased from 0.9 percent to 1.3 percent. All websites and responsible gaming procedures are assessed and reviewed annually by an external supplier of training and accreditation, the Global Gambling Guidance Group (G4). Betsson has also been successfully reviewed by GamCare, a provider of problem gaming support and accreditation, and by Ecogra, a leading independent testing agency that specialises in the online gaming industry, as well as by Ernst & Young.

To promote responsible gaming, Betsson participated in the Responsible Gaming Week in Malta in 2019 and also sponsors research on the subject on an ongoing basis.

TRACK PROBLEMATICAL GAMING BEHAVIOUR

For a few customers, gaming can become a problem for the individual and for people close to them in terms of health, finances and social relationships. Betsson provides a number of tools and has internal procedures in place to help these customers to practise responsible gaming.

Betsson has developed an analysis tool that monitors players' behaviour and which is used to detect, prevent and manage gaming problems. All information is managed taking into consideration customers' right to privacy and in line with applicable standards of information security and privacy based on EU legislation, such as GDPR (the General Data Protection Regulation).

Betsson's Responsible Gaming Prediction Tool monitors players' behaviour on an ongoing basis and assesses customers' risk as low, medium or high. The result is based on over two hundred different parameters with varying levels of risk. The elements in the tool were selected based on external research and internal experience of potentially problematic behaviour. Triggers include late night gaming, interrupted withdrawals, quicker gaming, erratic betting and increased stakes.

Based on the result, a warning is sent to Betsson's staff if potentially increased risk behaviour is detected. Trained staff can intervene immediately and decide on the best way of proceeding based on the customer profile. This includes discussing available tools for responsible gaming and the possibility of the customer limiting their gaming or self-excluding. Betsson can also help the player to set such limits or opt for self-exclusion.

Question-and-answer pages are updated and reviewed continuously to provide correct information about responsible gaming. This tool is essential for the staff as Betsson runs several brands and has gaming licences in twelve jurisdictions, all of which have their own specific requirements in terms of responsible gaming.

RESPONSIBLE GAMING TOOLS

Betsson provides its customers with a wide range of responsible gaming tools. The tools differ somewhat depending on the brand and jurisdiction. Relevant tools for a particular brand and country can always be found on the pages relating to responsible gaming on the website in question.

SELF-ASSESSMENT TEST

The self-assessment test is anonymous and gives the customer an overview of their gaming pattern. Having finished the test, the customer can choose a series of cooling-off options, read more about responsible gaming or contact customer support.

SELF-EXCLUSION

Customers have the option of closing their account themselves directly on the website or by contacting customer support and stating the period they want their account to be suspended. Certain jurisdictions have country-wide self-exclusion services, for example Spelpaus in Sweden.

2019: 1.4 percent of all customers have some form of self-exclusion activated via a Betsson site

DEPOSIT LIMITS

Deposit limits make it possible for the customer to set their gaming budget per day, per week or per month. The functionality is available directly on the registration page and protects customers from spending money exceeding the set limit.

2019: 35 percent of new customers had set a deposit limit at the end of 2019.

AGE VERIFICATION

Age verification ensures that no under-age person can play on any of the Company's websites. Betsson also provides advice as to how to protect children from using gaming websites.

SELF-HELP PROGRAMME

The self-help programme is a free self-help tool based on cognitive behavioural concepts and is available online. The programme runs from between six and eight weeks.

PERSONAL SESSION LIMIT

Customers can choose to limit the time they spend on Betsson's gaming sites.

GAMING OVERVIEW

A gaming overview gives customers a clear picture of their gaming history, thus increasing the customer's control.

REALITY CHECK NOTIFICATION

Awareness messages help the customer stay aware of their gaming. Users receive messages about their gaming, time spent and balance.

IDLE TIMEOUT

To protect the customer's personal account, the user is automatically logged out after a certain period of inactivity.

INDEPENDENT ORGANISATIONS

Contact information to organisations that can help people with gaming-related problems, or friends or family who are affected, is readily available on Betsson brands' websites.

ANALYSIS TOOL

Betsson has developed an analysis tool that monitors player behaviour and which is used to identify, prevent and manage potential problem gaming.

3. EMPLOYEE IMPACT

Betsson's ambition Best workplace in the industry embracing diversity
Delivers the best customer experience via Betsson's skilled and committed employees.
Focuses on working together as a team, be passionate about what Betsson does and treat each other, customers and partners fairly and with respect.
At Betsson, diversity and equal opportunity is seen as a natural part of the innovative company culture.
Strives to be the Employer of Choice by providing the best employee experience and top-class competence and career development.

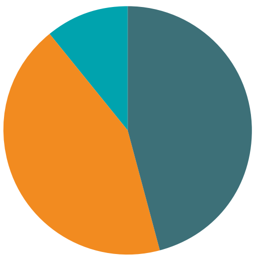
Skilled and engaged employees are essential to Betsson's business and for achieving the vision of providing the best customer experience. This is why *Talented People* is the first pillar in the operational business strategy.

Betsson has employees of over 55 different nationalities and sees diversity and equal opportunity as a natural part of an innovative corporate culture. The Group hires new employees based on skills, attitude and values. The key to success is that people of different backgrounds and experience work together towards a common goal.

In recent years, Betsson has systematically worked towards the objective of being the *Employer of Choice*. This involves Betsson being top of mind for both existing and potential employees and thus being able to choose talents with the right skills and the right attitude to achieve the Group's objectives.

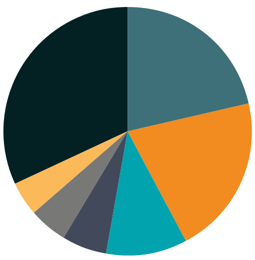
COWORKERS BY AGE

18–30 YEARS	46,0 %
31–40 YEARS	43,2 %
41– YEARS	10,8 %



COWORKERS BY NATIONALITY

MALTA	21,6 %
GEORGIA	20,7 %
SWEDEN	10,5 %
LITHUANIA	6,0 %
HUNGARY	4,9 %
ITALY	4,4 %
OTHERS	31,9 %



VALUES THAT SET THE TONE

In the past year, a large part of the work towards providing the best employee experience has been about developing the Company's culture and leadership. Betsson has three corporate values: *One Betsson, Passion* och *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.

One Betsson

Passion

Fair Play

The value *One Betsson* emphasises the power of working together and *Fair Play* is about the Company's conviction that a responsible, fair approach benefits everyone. The value *Passion* is about employee engagement where their opportunity to have an impact is very important. Betsson works in various ways to give employees the possibility of influencing their work situation and working environment.

Some examples of this are the monthly Betsson Employment Experience (BEE) Forums and the suggestion box where employees can suggest changes and improvements to procedures, benefits and office environment as well as vote on each other's suggestions.

Other examples of initiatives that foster loyalty and commitment are continual review of salaries and benefits, wellness allowance and a large selection of social activities connected to the workplace.

DEVELOPMENT OF MANAGERS AND EMPLOYEES

Betsson runs a global leadership programme, which involves all people managers taking four modules – *Lead Yourself, Lead Individuals, Lead Teams and Lead Betsson*. This ensures that managers at Betsson have a common understanding of what Betsson considers excellent leadership and that the managers have tools to use in their leadership. Betsson also provides support to the managers via regular global Managers' Forum meetings, where managers get an update from HR and have the opportunity to ask questions, and a unique section on the intranet called the Managers' Portal, where all relevant procedures and other material for managers are available.

Employee development is another area the Group has identified as essential to continue to be an attractive employer and to ensure strong commitment from its employees. The Group's size, width and geographical spread mean that Betsson can provide many different career opportunities. In 2019 the Group launched its internal career website Careersson, which provides an appealing option for employees to apply for internally advertised positions. All available positions must be advertised internally before they are opened up to external applicants, and internal applicants have priority in the recruitment process.

In addition to the opportunity to change jobs within the Company, Betsson also provides competence development via internal and external courses, knowledge sharing via local and global lectures by employees, and work shadowing. The latter involves accompanying and shadowing a colleague at work.

Betsson strives to ensure that all employees should feel safe about openly reporting potential problems or transgressions to their line manager or to HR. In addition to the opportunities for discussion and monitoring mentioned above, there is also a web-based, encrypted whistleblowing service where employees can flag any potential irregularities within the Group anonymously. Only a limited number of employees in the parent company Betsson AB have access to the system and these determine what action is required.

Equality	2019 Women	2018 Women
All employees	40 %	38 %
Managers	34 %	33 %
Betsson operational management team	25 %	29 %
Betssons executive management team	20 %	50 %
The Board of Directors	29 %	17 %

Betsson is pleased that so many women choose to work in the exciting online gaming industry and proud that they have chosen Betsson as their employer. Betsson would like to see even more women, especially at management level and among developers, and is constantly working to improve the employee experience. In 2020, Betsson will focus further on diversity and gender equality. Among other things, a network for women, called WIBE (Women in Betsson), has been established which aims to support and inspire women in the Group, and to make the gaming industry and technology sector more attractive to women.

Employee experience	2019
Percentage of employees that are proud to work at Betsson	87 %
Percentage of employees that would recommend Betsson as an employer to family and friends	86 %

An employee survey was conducted in 2019 where the results speak for itself: Employees are happy at Betsson and are proud of their work and their employer. They are also happy to recommend Betsson to family and friends. The Group is continuously working to further improve the employee experience.

Health	2019	2018
Average number of sick-leave days per employee	3.03	3.06

Skills development	2019	2018
Number of employees who have undergone competence development training	674	537

Recuitment	2019	2018
Boomerangs: number of employees returning to Betsson	53	18
Percentage of open positions filled by internal applicants	29 %	20 %

Employees' opportunities to pursue careers and develop within the Group have been a focus area during the year. For example, an internal job site has been launched and career paths have been reviewed. During the year, 53 persons returned to Betsson after working for other employers. This shows that Betsson's work with employer branding and being an Employer of Choice is successful.

4. CLIMATE IMPACT

Betsson's ambition Fighting climate change
Betsson wants to be at the forefront of the transition to a low-carbon-emission economy.
Betsson's business is climate-neutral, meaning that Betsson compensates for its carbon emissions by investing in carbon offsets.
Betsson strives to set a science-based climate reduction target in line with the Science Based Targets initiative to do its part in meeting the Paris Agreement.

The climate issue is one of the greatest challenges of our time. Although there are other sustainability issues that are of high priority to Betsson as a company in the online gaming industry, such as responsible gaming, Betsson believes it is important to take its share of the responsibility for fighting climate change. Betsson's ambition is to be at the forefront in the transition to an economy with low carbon dioxide emissions.

Betsson is a tech company whose business is conducted online. A large part of the climate impact therefore comes from energy use, travel and transport and waste.

Betsson's climate work is based on its environmental policy, which states that the Group should minimize environmental impact and always strive to save nature's resources. Betsson's Code of Conduct states that virtual meetings should be the first choice, and that employees must have all travel requests approved a member of the management team.

The Malta offices are Betsson's largest and consist of two buildings and over 900 employees. The initiatives implemented in Malta have a significant impact on the total carbon footprint. The measures taken in 2019 include installing solar control window film on windows to reduce the need for air conditioning, timer-controlled air conditioning, only in use during office hours, use of LED bulbs, waste separation and recycling and organic waste management to reduce the amount of general waste.

At the end of 2019 Betsson in Malta successfully underwent an energy audit in accordance with legal requirements in Malta.

Betsson's operations have been climate neutral for several years, which means that Betsson compensates for its carbon emissions. For the calculated emissions generated in 2018, and for an additional 20 percent, Betsson compensated by purchasing reduction units corresponding to 3,250 tons of greenhouse gas emissions in the Gold Standard Certified Climate Project SSE1 Solar PV Power Plant Project, Thailand. Assessment of projects for 2019's climate compensation projects is pending.

Starting 2018, Betsson calculates the Group's carbon dioxide emissions in accordance with the global standard Corporate GHG protocol. The inventory covers:

- Direct emissions from fuels, primarily diesel and petrol
- Indirect emissions from purchased electricity, heat and cooling for running of offices and computer equipment
- Other indirect emissions, primarily from business travel and commuting, material consumption and waste

All activities that Betsson controls are included in the inventory. The larger figures for 2019 is explained by better data quality and a broader scope for the 2019 analysis, mainly within scope 3. The 2019 calculations include emissions from energy consumption, business travels and commuting, provision of products and services and waste generated in the business. Data quality has increased regarding energy consumption, waste and emissions from more offices and cooling for air conditioning is included. The differences between the 2018 and 2019 inventories and calculations mean that the figures between the years are not comparable. In 2020 actions will be taken to develop a scientifically based climate target according to the Science Based Targets Initiative with the aim of further concrete Betsson's climate work and contribute to the fulfilment of the Paris agreement.

ENERGY CONSUMPTION, GJ*

Scope	Category	Activity	2019	2018
1	Direct GHG emissions	Combustion of fuels (petrol and diesel) in stationary and mobile machines	427	666
2	Indirect GHG emissions	Purchased electricity, mainly for heating and cooling and to run office space and IT equipment	15,136	9,368
Total			**15,563**	**10,034**

GHG CONSUMPTION, tonCO_2e**

Scope	Category	Activity	2019	2018
1	Direct GHG emissions	Combustion of fuels (petrol and diesel) in stationary and mobile machines	39	44
2	Indirect GHG emissions	Purchased electricity, mainly for heating and c ooling and to run office space and IT equipment	1,836	1,036
3	Other indirect GHG emissions	Primarily business travel and material consumption	3,749	1,628
Total			**5,625**	**2,708**

* GJ gigajoule
** tonCO_2e ton carbon dioxide equivalent

5. SOCIAL IMPACT

Betsson's ambition
Positive impact where we operate

Engage with the local communities where Betsson operates, deploying our knowledge and resources to build a better future.

Contribute as a good member of society by donating to charitable organisations that support socially vulnerable groups.

Focus on developing the sport industry by stimulating projects that are closely related to Betsson's activities.

Betsson has always been dedicated to the local communities where the Group operates. The objective is to contribute in the best way possible and make a difference together with other committed people and organisations.

In 2019, Betsson launched a global strategy for Corporate Social Responsibility (CSR) that raises the level of ambition and gathers together the Group's initiatives in this area.

Local CSR committees consisting of employees suggest activities, which are then prioritised and decided upon by a global CSR board. Execution follows at a local level.

Giving employees the opportunity to make an active contribution and take part in CSR-related activities increases commitment at the same time as Betsson uses its local resources to make a positive impact to the local environment. An example of such an initiative is that Betsson organised a blood donation bus to the Group's workplaces in several countries around the world to give employees the opportunity to donate blood during the working day. Employees have also taken part in sports competitions and organised the sale of products to assist organisations that provide support to the seriously ill and to people in need. In several countries, the Group also contributes to charitable organisations on an ongoing basis via donations from the company as well as from its employees.

CSR activities	2019
Number of CSR activities carried out locally	16

Submitted proposals for CSR activities are subject to decision by the global CSR board. After approval, the activities are carried out at locally.

betsson #målcirkeln

Betsson has some **twenty ambassadors** in sports and entertainment, bringing it close to communities, to sports associations and thereby also to its customers. An example of a successful partnership is that between Betsson and the **Swedish Hockey League**, which is one of the biggest sponsorships in Swedish sport. The Målcirkeln initiative, which is a part of the collaboration, gave **SEK 540,000** to local hockey clubs across Sweden. The clubs then determined which charitable activities should receive the funds.

During the year, Betsson launched a website where information on completed CSR activities, ambassadors and partnerships are to be found together with the Group's initiatives concerning responsible gaming. The website is www.onebetsson.com.

Economic value creation

Betsson contributes to financial growth both globally and locally via its customers, employees and suppliers. The Group has a long-term, sustainable approach to business and expects the same from its partners.

Economic value creation, SEK million	2019	2018
Revenues from customers	5,173	5,420
To suppliers		
Operating costs/purchase of goods and services	-3,163	-3,146
To employees		
Personnell expenses, including social security and pensions	-790	-811
To providers of capital		
Dividends to shareholders	-393	-538
Interest payments	-37	-35
To society		
All taxes, including betting duties	-419	-379
Community investments via donations	-3	-4

MANAGEMENT REPORT

The Board of Directors and the CEO of Betsson AB (publ), CIN 556090-4251, with its registered office in Stockholm, hereby present the annual report for the 2019 financial year for the Parent Company and the Group. The annual accounts and consolidated financial statements, including the auditor's report, can be found on pages 20-37 and 42-80. A sustainability report has been submitted by the Board of Directors, and prepared in accordance with the Swedish Annual Accounts Act. It can be found on pages 10–19 of this annual report. 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 the subsequent income statements, statements of financial position, 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 Group's consolidated income statement and statement of financial position and the Parent Company's income statement and balance sheet will be put forward for adoption at the AGM on 11 June 2020.

OPERATIONS

Betsson AB, the Parent Company of the Group, invests in and manages companies operating within the online gaming industry. The Parent Company itself does not conduct any gaming operations. The subsidiaries offer mainly casino and sportsbook, via partnerships and via the websites of the mainly Malta-based subsidiaries, to customers primarily in Europe. In addition, the subsidiaries offer system solutions to other partners and associates. For reasons of simplicity, "Betsson" or "The Group" is used throughout this annual report when describing the Group's gaming operations. This primarily relates to the gaming activities of Betsson's subsidiaries that during 2019 operated via European gaming licences in Malta, and local gaming licences in Denmark, Estonia, Georgia, Germany, Ireland, Italy, Latvia, Lithuania, the UK, Spain and Sweden. Betsson AB refers to the Parent Company.

THE GROUP'S REVENUES AND INCOME

The Group's revenues amounted to SEK 5,173.0 (5,419.8) million, which is a reduction of 5 percent compared with the previous year. Gross profit was SEK 3,427.6 (3,859.9) million, equivalent to a decrease of 11 percent. The lower gross profit is explained primarily by increased costs of payment solutions and increased costs in the form of gaming taxes as a result of the re-regulation of the Swedish market and a tax rise in the Italian market. Operating income decreased by 28 percent to SEK 865.0 (1,193.8) million, and the operating margin was 16.7 (22.0) percent. The lower operating income is explained by reduced revenue, larger betting duties and increased costs for payment solutions. However, Betsson continued to be cost-effective after the many measures that were taken particularly in 2018. Profit before tax amounted to SEK 810.9 (1,152.4) million and net income was SEK 787.1 (1,078.1) million, equivalent to SEK 5.69 (7.79) per share.

PRODUCTS

Casino is Betsson's largest product and accounted for 74.2 (75.2) percent of revenues during the year, followed by Sportsbook with 24.4 (22.9) percent while other products (including Poker) accounted for 1.4 (1.9) percent of revenues.

CUSTOMERS

At the end of the year, there were 15,115,052 (14,009,690) registered customers, an increase of 8 percent compared to the end of the previous year. The average number of active customers in 2019 were 666,063 (664,083), which is in line with the previous year.

SIGNIFICANT EVENTS IN 2019

First quarter

The new Swedish Gaming Act came into force on 1 January 2019, with an 18 percent gaming tax. Betsson acquired five-year licences for four brands.

In February, the Netherlands' Senate approved a new gaming law for online gaming that is expected to come into force in 2021, when applications for licences can also be submitted.

Italy increased the gaming tax on Casino from 1 January 2019 from 20 to 25 percent.

Second quarter

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

NGG Nordic Ltd, an operating subsidiary of the Betsson Group, which operates the NordicBet brand in Sweden, was fined SEK 19 million by the Swedish gaming authority *Spelinspektionen* for offering financial incitements to Swedish customers in a manner that Spelinspektionen considered incompatible with the new gaming legislation. Betsson has appealed against the fine and the matter is subject to review by a court of higher instance.

Third quarter

In the third quarter of 2019, Betsson entered into a multi-year agreement with the Swedish Hockey League, SHL, to be the main sponsor of the highest league in Swedish ice hockey with the brand Betsson.

In September Betsson achieved ISO 27001 certification for implementing an information security system. The certification was achieved after a comprehensive audit had been carried out by the independent international testing body ACM, a leading UKAS-accredited certification body in the United Kingdom. The certification confirms the Group's commitment to comply with the highest standard with regard to information security for the Company's online platforms to protect customers' and other stakeholders' data. The certification also confirms that procedures throughout the organisation meet or exceed the ISO standard.

On 1 July 2019, Italy introduced a ban on gaming marketing.

In the third quarter, Betsson placed senior unsecured bonds to the value of SEK 1,000 million under a framework of a total of SEK 2,500 million. The bonds have a tenor of three years and a floating interest rate of three months' STIBOR plus 400 bps, and will mature on 26 September 2022. Betsson also made an offer of early redemption of outstanding bonds amounting to SEK 1,000 million maturing in October 2019.

Fourth quarter

In the fourth quarter of 2019, Betsson acquired 75 percent of the Brazilian sportsbook operator Suaposta ahead of expected regulation of the sportsbook market in Brazil.

INVESTMENTS AND DEPRECIATION/AMORTISATION

The year's investments in tangible and intangible fixed assets amounted to SEK 265.1 (294.2) million, of which SEK 202.4 million (201.5) referred to capitalised development expenditure. Depreciation and amortisation for the year totalled SEK 364.7 (311.4) million, of which SEK 222.1 (228.2) million related to amortisation of capitalised development expenditure. Investments were made in IT hardware, in the development of gaming platforms, integration of gaming and payment solutions and refurbishment and furnishing of offices.

EQUITY

At year-end, shareholders' equity in the Group amounted to SEK 4,899.0 (4,589.3) million, which corresponds to SEK 35.38 (33.16) per share. Return on equity was 17 (26) percent.

CASH FLOW AND FINANCIAL POSITION

At year-end, the equity/assets ratio amounted to 64 (61) percent. An outstanding bond loan at year-end was reported at SEK 986.3 (997.1) million and used credit facilities at SEK 0 million (93.5). Unutilised credit facilities totaled SEK 880.0 (786.5) million. Cash and cash equivalents were negatively impacted during the year by SEK 538.4 (393.1) million due to a distribution of funds to shareholders (redemption procedure). Cash and cash equivalents at the end of the year totaled SEK 639.2 (488.7) million. Player liabilities, including reserves for accumulated jackpots, totaled SEK 415.4 (402.7) million. Gaming regulations require the Company to reserve a certain proportion of cash to cover player liabilities and accumulated jackpots. Short-term receivables from payment providers for unsettled customer deposits were SEK 566.6 (696.2) million.

PERSONNEL

At the end of the year, Betsson had 1,589 (1,547) employees in the Group. The average number of employees in the Group during the year was 1,522 (1,602), of whom 950 (929) were based in Malta. In addition, the Group had 162 (171) consultants engaged on a full-time basis, primarily in product development.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In January 2020 Betsson signed a B2B sportsbook agreement with ibet. Ibet is owned by the Malta-based compant Claymore Group, and the Company's management also run one of the largest Asian gaming operators LeTou. Before ibet's European launch, they chose Betsson as their sportsbook supplier, which includes both the technological platform and the setting of odds.

In February the Gaming Innovation Group's (GIG) B2C operation was acquired. Through this aquisition Betsson will strengthen its position in some key markets while at the same time opening up for more opportunities including new brands in Spain and Croatia. In addition, Betsson gets the opportunity to integrate its proprietary sportsbook and payment solution platform with GiGs platform. This means that Betsson will be able to offer its technology to potential GiG B2B customers. Parts of the acquired business is run on markets where Betsson is already operating, which will lead to efficiency improvements and cost savings.

During the first quarter of 2020 there was an outbreak of COVID-19. Betsson has taken several measures to protect the company and to curb the virus from spreading. All business trips have been postponed and employees are encouraged to work from home. Employees who have been in, or travelled through, any of the high-risk areas have been quarantined. Management is continuously evaluating any financial impact. Postponed or canceled sport events could have some negative impact for the company, but management have not seen any substantial effect on the company's revenue, profits of financial position during the first quarter 2020.

On 20 March, 2020, the company disclosed that the Board of Directors, based on the authorisation from the Annual General Meeting on 7 May, 2019, has resolved on acquisition of own shares. The purpose for the repurchase is to improve the capital structure by reducing the capital.

Since 20 March 2020 up to and including 26 March 2020, a total of 1 762 316 shares for a total amount of SEK 60 million have been acquired with an average price of SEK 34.05 per share.

THE PARENT COMPANY

The Parent Company, Betsson AB (publ), is primarily focused on shareholding and Group-wide management. The Parent Company provides services to Group companies within finance, communication, accounting and administration. The Parent Company's turnover for the full year 2019 was SEK 32.1 (27.9) million and profit before tax was SEK 977.0 (1,103.9) million. Net financial items included SEK 1,002.2 (1,161.0) million relating to dividends received from subsidiaries. During the year, the Parent Company invested SEK 5.1 (0.1) million in property, plant and equipment. Cash and cash equivalents totaled SEK 239.5 (188.3) million. At year-end, the Parent Company had utilised credit facilities of SEK 0.0 (91.6) million. During the year, the Parent Company performed a share redemption programme, resulting in a cash transfer to the shareholders of SEK 538.4 (393.1) million. In conjunction with the share redemption programme, a bonus issue totaling SEK 48.2 (48.2) million was undertaken in order to restore the Company's share capital.

THE GLOBAL GAMING MARKET

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth close to EUR 404 billion with an expected growth of 3 percent annually up until 2023. Online gaming is expected to increase its share of the total market from 12 percent in 2019 to an estimated 14 percent in 2023. (Source: H2GC, January 2020.)

Annual growth in Betsson's European core markets, which in total are worth close to EUR 14 billion, is expected to be 5 percent over the period 2019-2023. (Source: H2GC, January 2020.) Growth in the online gaming market is driven by an increase in e-commerce in general and the parallel use of several units, such as smartphones, computers and tablets. Customers expect to have games easily accessible where and when they want. Another important driver is that an increasing number of European countries are introducing local regulations for online gaming, and gaming companies can apply for a license to run such operations. The license enables gaming companies to compete on equal terms and to gain access to more effective marketing channels and payment solutions. Local regulations impose additional requirements, and reward operators that have a scalable, proprietary platform. This is resulting in increased consolidation in locally regulated markets, which creates acquisition opportunities for Betsson. Betsson's subsidiaries operate under gaming licenses in Malta and in eleven other jurisdictions. There continues to be lasting value in offering regulated gaming services within the EU and other markets from Malta.

RISKS AND RISK MANAGEMENT IN BETSSON GROUP

Robust risk management is a cornerstone in Betsson Group's continuous efforts for reaching a profitable and sustainable business long-term. Betsson is continuously developing its risk management processes and structures.

Risk management model

In 2018, the implementation of a three line of defence-model for risk management was initiated and the work has continued during 2019. The concept was formally endorsed by the Board of Directors in February by the adoption of a new Corporate Governance Policy, in which the GRC function (Governance, Risk & Compliance) was formally established regarding the role and responsibilities. A revised Risk Management Policy and Framework is being drafted and is to be adopted by the Board of Directors in the first quarter in 2020.

The three lines of defence in risk management are as follows:

1 The business organisation including support functions

- Owns the risk and is responsible for daily risk management and to establish effective internal controls.

2 The GRC function

- Global and independent from the business organisation. Advisory and monitoring role. Oversees and develops risk management.

3 Internal audit

- Global and independent. Conducts audit activities on behalf of the Board of Directors to ensure effective governance, good risk management and efficient control processes in the first and second line of defence.

Betsson's risk governance model mirrors the general corporate governance model, described in the Corporate Governance Report (refer to page 29). The Board of Directors of Betsson AB has the overall responsibility for internal governance and control, including risk management and compliance. The Board of Directors sets overall principles and guidelines for these areas, and with the assistance of Betsson AB's CEO and Executive Management team, follows up to ensure they are implemented and lived by.

The Operational CEO, together with the Operational Management team, are responsible for identifying, assessing and managing risks within operations on a day-to-day basis.

The GRC function, the second line of defence, advises and monitors the first line, oversees and, if necessary, challenges first line risk management. Internal Audit, the third line of defence performs regular reviews of both the first and the second line risk management activities. Both the GRC function and Internal Audit reports to the various decision-making forums on an ongoing basis.

RISK CATEGORIES

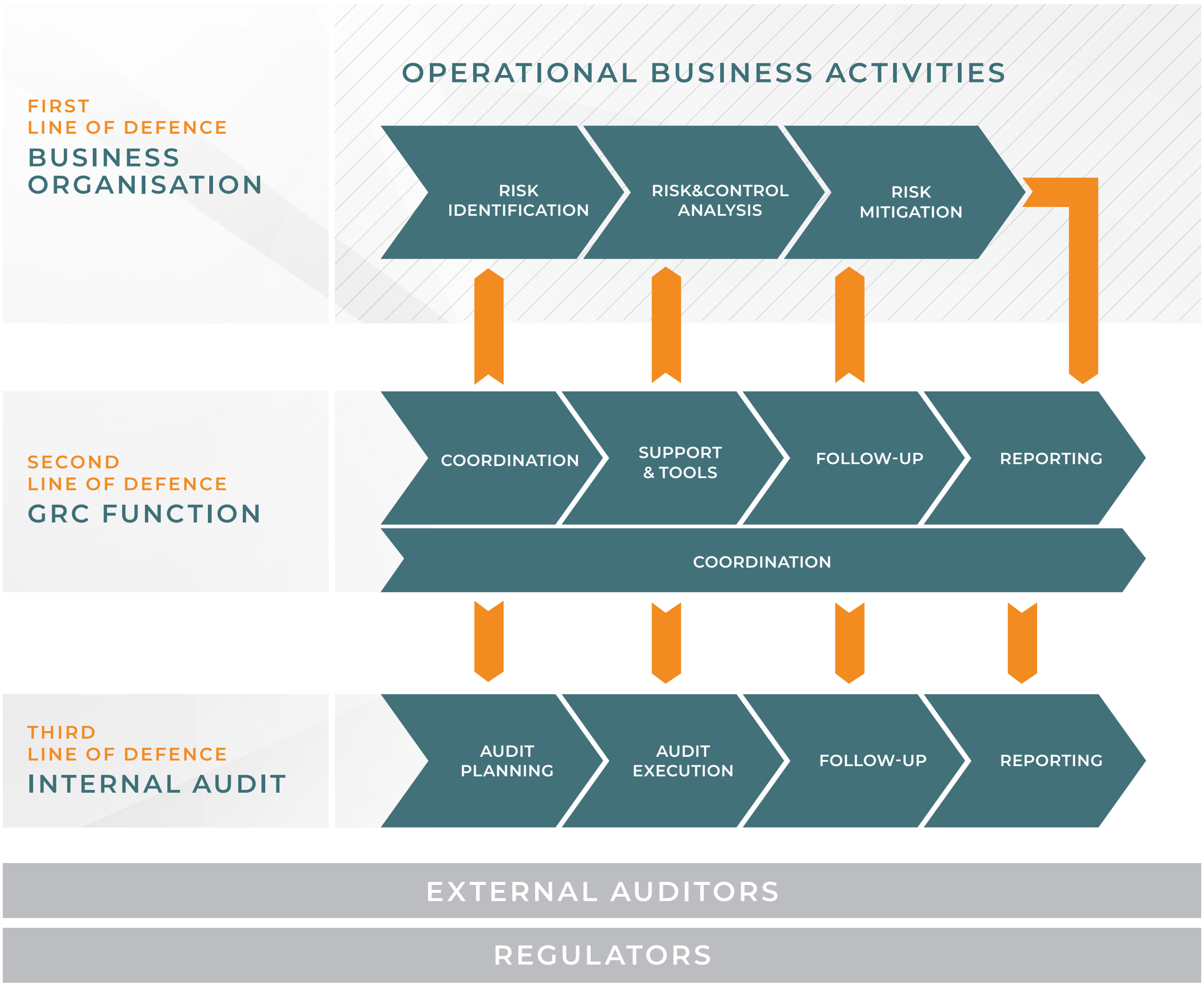
The following are the key risk categories identified by the Board of Directors that collectively represent the main risks to which the Group is exposed as a result of its operations:

Risk category	Description
Strategic risk	The risk of economic loss due to adverse business decisions, improper implementation of decisions or lack of responsiveness and adaptation to changes in the business environment.
Operational risk	The risk of loss as a result of inadequate or failed internal procedures, people and systems or from external events.
Compliance risk	Risk of economic loss as a result of failure to comply with laws, regulations, rules, applicable self-regulations and organisation standards, internal rules and codes of conduct.
Financial risk	The risk of negative impact due to changes in the tax environment, lack of efficient management and control of finances and external financial factors.

Betsson Group does not regard sustainability as a separate risk category. As has been presented in the Sustainability report (pages 10-19), the ambition is to run operations in a responsible and sustainable way long term, in line with the Sustainability framework adopted by the Board of Directors. This means that an evaluation of sustainability and business responsibility is embedded in the assessment of all risks which fall under the risk categories accounted for above.

RISK MANAGEMENT PROCESS

Overview of the risk management process, across the three lines of defence.



First line of defence

In Betsson Operations (the operational business), the operational management has ownership for all risks and therefore responsibility for risk management. The operational management shall identify, assess and mitigate all risks. This is done through implementation of mitigating controls, such as the four-eyes principle that mitigate risks in line with accepted level of risk tolerance.

Second line of defence

The GRC function is responsible for facilitating and coordinating the risk management process across the Group on an annual basis. This is a structured self-assessment exercise with the involvement of operational management, and with additional key individuals as risk owners. Within the process relevant risks are identified and assessed as regards probability and impact. Mitigating controls are identified to assess the final residual impact. Based on the outcome, action plans are developed to ensure residual risks are within the risk tolerance level. Relevant decision forums, such as the operational management team and the Board of Directors of Betsson AB, are regularly provided with status reports.

Third line of defence

Betsson's risk management process, which includes activities in both the first and second lines of defence, is regularly reviewed and evaluated by the Internal Audit function to ensure that it is adequate and effective. The audits are conducted in accordance with the Internal Audit Plan, annually decided upon by the Audit Committee of the Board of Directors in Betsson AB.

Other audits and reviews

The Betsson Group's framework and risk management process are frequently evaluated by the external auditors and by the authorities monitoring Betsson's gaming licences.

Risk	Description of risk	Mitigation
Strategic risks		
Non-sustainable regulations	Regulations which makes it difficult to run a profitable business, due to high tax levels and/or far-reaching product restrictions.	Through dialogue with policy makers on different levels, Betsson work to achieve regulations, which aim to both protect consumers and liberalise markets, while preventing protectionism in the EU Member States. (Also refer to the section below titled "Betsson's work for sustainable gaming regimes")
Damaged reputation with regulatory authorities, customers and other key stakeholders.	Reputation damage, whether for the industry, Betsson Group or both, will risk affecting Betsson Group's financial position negatively.	Betsson considers this a matter of great importance. The risk is addressed by the ambition to run the business in a responsible and sustainable way. (Please refer to the Sustainability Report (pages 10-19).
Match fixing	The risk of settled matches and the associated risk of damaging confidence for the industry. The risk of match fixing also means that there is a risk that Betsson's sportsbook may be abused for games on settled matches.	The Betsson Group cooperates with several regulatory bodies in the sports area to prevent match fixing and uses internal systems and processes to detect match fixing. Betsson is a member of ESSA (European Sports Security Association) and uses ESSA's early warning system in its sportsbook operations. Betsson continues to work on improving its internal policies and systems to become more effective in this area.
Payment processes risk	Betsson's operations are global and cover many markets with a need to use several payments solutions providers, of which some payment processes are more complex. This gives rise to risks, e.g. counterparty risk or risk of disruption that may affect the ability to quickly and effectively execute deposits and withdrawals in gaming accounts.	Betsson works continuously to ensure efficient and secure payment service solutions to minimise the risk as much as possible.
Operational risks		
Business Continuity and Disaster Recovery	The risk that external or internal events causes a disruption of Betsson's business operations.	Betsson Group has implemented systems, processes and routines to ensure that the risk for these occurrences are kept at a minimised level and continuously works to enhance and improve these measures.
Risk for high staff turnover and loss of experts	There is a lack of certain competencies in the gaming industry. This leads to risks for high staff turnover and difficulty to retain certain key experts.	Betsson Group is in control of the risk and works according to a comprehensive HR programme and an agenda which comprises addressing these issues on a continuous basis.
Information security risk	The risk for unauthorised use, disruption, modification or destruction of information.	Betsson Group is working continuously to uphold high standards in this area. During 2019 certification of the ISO 27001:2013 standard was obtained.
Tech process and organization maturity	Betsson's fast growth over the years, organically and through acquisitions, has led to a relatively complex IT-environment. Processes and ways of working have not fully matured in line with growth. If measures to address this fails it may lead to operational incidents and other risks.	A lot of improvements have been made in this area and work is still and continuously in progress to continue the journey towards increased maturity of the organisation and in processes in line with best practice.
Compliance risks		
Compliance with laws and new regulations	The bar for compliance is rising in several markets in areas such as consumer protection (incl. responsible gaming, marketing, bonus offers), protection of privacy and measures towards money laundering and terrorist financing.	Significant resource and time are continuously used to ensure that Betsson's offering in various markets are compliant with regulations in the 12 jurisdictions where licenses are held and other relevant regulations, such as GDPR. For information on regulatory developments, please refer to the section "Gambling regulation developments" below.
Financial risks		
Financial risk	The risks that would ensue without effective management and control of the finances and the effects of external financial factors.	Please refer to Note 32.
Taxation risk	Many of the Betsson companies operate in a complex and changing environment, which includes both general and industry-specific tax rules. There is a risk that new laws and changes in current tax legislation and practices can lead to a change in Betsson's management of taxes in such a way that it has a negative impact on Betsson's earnings and financial position.	Betsson works actively, both individually and in industry associations, to monitor developments and to educate legislators in the markets in which the Group has interests.

BETSSON'S WORK FOR SUSTAINABLE GAMING REGIMES

Betsson Group places utmost importance on compliance and following regulatory developments. Through dialogue with legislators and policy makers on different levels, Betsson works to achieve regulation, which aims to both protect consumers and liberalise markets while preventing protectionism in the EU member states.

In most national markets, gambling is regulated by local law and, in principle, to be able to conduct such operations in these markets, a license is required. Betsson operates its businesses under gaming licenses in Malta, Denmark, Estonia, Georgia, Germany, Ireland, Italy, Latvia, Lithuania, Spain, Sweden and the UK. Political decisions, new interpretations of laws and new regulations can significantly impact Betsson's earnings and financial position since operations are subject to licenses.

Since the primary purpose behind most of the local gambling legislation is to fund state finances, the resulting limitations on the free movement of services created by EU member states through their local monopolies are not possible to defend in terms of compliance with applicable EU legal principles. The Court of Justice of the European Union has established this in many rulings. Despite this, several member states have maintained these types of restrictions. Due to historical pressure from the EU through infringement proceedings against certain member states, many countries have introduced new frameworks for gambling regulation or announced that they are working on new legislation in line with EU requirements. Comments on relevant developments in certain jurisdictions are presented below. Whenever new legislation is adopted, it is unclear whether there will be requirements or restrictions, in relation to receiving a license or in general at the time of regulating or re-regulating of markets, demanding the settlement of any form of historical obligation (including the size of the same) or assessment of reliability etc.

Betsson will continue to have a dialogue with regulators and other relevant stakeholders, both on EU level and national level, with the aim of achieving sustainable regulations ensuring the right to be regulated, so that European consumers can access compliant online gambling services.

Depending on the circumstances, Betsson might also use other legal remedies available to protect the rights afforded to Betsson as a digital company within the European Union. However, following the decision of the European Commission in 2017 not to further pursue open infringement procedures against the Member States concerning online gambling, the support available has been reduced. The willingness of the new Commission (having taken office in the end of 2019) to pursue infringement proceedings in online gambling matters remains yet to be seen.

GAMBLING REGULATION DEVELOPMENTS

Nordics

The new gaming law in Sweden came into effect on 1 January 2019. The new law and relevant regulations allow room for interpretation of bonus restriction rules whereas the regulator has not provided enough guidance to support the framework. Consequently, several operators have been fined for various bonus rule breaches. 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 has appealed the fine decision and similar fine decisions have also been disputed by competitors. While the proceedings are pending, there remains lack of clarity as regards the rules for prohibited and allowed types of customer incentives in Sweden. Another notable matter developing in Sweden is the government's dissatisfaction with the industry's efforts to achieve "moderate advertising". This means that it is likely that rules are enacted to place severe restrictions or even a ban on gambling advertising in Sweden.

Norway has, since 2010, upheld a prohibition against the execution of payments for gaming arranged outside Norway. This negatively impacts banks and other payment service providers, as 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 said prohibition conflicts with EU law. Norway has also notified to the EU Commission a proposal of amendments in the Norwegian Broadcasting Act aiming to give to the local media authority the right to issue orders to prevent or impede illegal marketing of gambling services that are transmitted via television or on-demand audio-visual media services. In Betsson's view the proposal is contrary to EU law.

Finland continues to protect its monopoly system, and no major changes occurred in 2019. In October, the Finnish Competition and Consumer Authority ("KKV") published a report where it examined alternative methods to the monopoly system for the organising, regulation and supervision of gambling. The report called for consolidating the supervision of gambling monopoly Veikkaus, as the first step towards evaluating whether the local monopoly system should be dismantled. This report was the first part of the agency's more broad-scoped gambling project. The final report will be published in early 2020.

Taking effect on 1 January 2020, Denmark updated its online gambling certification programme to include requirements for players to set deposit limits before gambling and for operators to automate self-exclusion processes. In the end of 2019, the Danish government also agreed to increase the rate of online gambling tax from the current 20 percent to 28 percent, on the grounds that taxes are lower online than in land-based venues. This tax hike will take effect in 2021.

CEECA

A similar situation exists in Poland, where a state monopoly has been granted exclusive rights to operate remote casino and poker while a liberalised, though extremely restrictive market operates for sports betting. Betsson is of the view that the Polish framework is contrary to EU law and principles and has objected (through court proceedings) to the fact that some of its websites have been placed on the blacklist by the Polish authorities, precisely on these grounds. The cases are still pending.

Western Europe

The adoption of the Remote Gambling Bill in the Netherlands in February 2019 was a positive milestone. It was a step forward for the Dutch market and consumers, as well as a positive development for Betsson towards locally regulated revenues. The new law is expected to enter into force on 1 January 2021, which is also when license applications will be accepted. The market is expected to open on 1 July 2021. Gaming tax will be applicable at the rate of 29 + 2 % fees of GGR, in total 31 %. Together with the new law, the Senate passed a motion instructing the government to apply a cooling off period of two years for “illegal operators”. This term stands for operators that have actively targeted the Dutch market through local payment instruments such as iDeal, advertising aimed at the Netherlands, through use of a Dutch domain name or through use of other elements evidencing active targeting of Dutch customers.

The motion would be implemented by way of a policy rule on integrity assessment of applicants as issued by the Dutch regulator (KSA). The KSA published its draft policy rule in July 2019 suggesting that in assessing applicant integrity they would consider the two years prior to the license application date. In late 2019, talks of an extended cooling off period emerged. Another requirement was added in the end of 2019 – operators must ensure that as from 1 January 2020, all their Dutch customers are age-verified before being allowed to play. Operators applying for a licence will be assessed against this requirement.

Betsson’s understanding at this time is that: (i) international operators currently in the market are eligible for a Dutch license but such license may be applied for and issued with a delay reflecting the cooling off period; (ii) cooling off is not intended to be a blackout period. Betsson operational subsidiaries took swift measures to be in the best possible position to obtain a license at the earliest possible time, including adjustments to the product offering, payment solutions, marketing as well as rebranding of relevant websites. Whilst Betsson expects this to have short term negative financial impact in the Netherlands, the measures ensure a sustainable outlook for the Dutch business and are long-term investments. Betsson continues to monitor the developments carefully to ensure compliance with EU law.

In March 2019, German state ministers approved amendments to the Interstate Treaty thereby establishing an interim sports-betting licensing regime from 1 January, 2020. The amendments also lifted the cap on licenses in preparation for a future agreement on a more permanent regime from June 2021 onwards. However, the amendments maintain a federal ban on online casino, except for Schleswig-Holstein (where online casino licenses already granted, continue for the interim period). The amendments also introduce restrictions on live betting as well as monthly wagering limits for players. It is expected that the competent German regulator will make the granting of sports-betting licenses dependent on no illegal (unlicensed) online casino games being offered at the same time by the licensed operator.

While these amendments aim to create more legal certainty in the German market, the continued adherence to above restrictions and the missed chance of legalising online casino services makes this development only a partly satisfying solution for gaming operators. It also remains doubtful whether the federal casino ban as well as the temporary nature of new sports betting regime adhere to EU law.

The Lander have committed to re-regulating the German market by mid-2021; a further amendment of the State Treaty is envisaged for the period after June 2021, for the purpose of setting up a new regulatory framework under which interstate online casino licenses may be issued. While Betsson continues to follow developments in the region carefully, it maintains the view that the federal casino ban under German law continues to be in breach of EU law.

Betsson continually conducts assessments of national laws, in line with local legal advice, and assessment of over-arching EU and international legal principles. Based on these assessments, Betsson operational subsidiaries have elected to block several markets.

Betsson operational subsidiaries provide business-to-business gambling services to third-party companies that provide such services directly to consumers. Such third parties may not always “block” the same territories as Betsson. One such business-to-business provider maintains a section of its customer database in Turkey. Betsson continues to monitor Turkey. The internet-based gaming operations provided are of a clearly defined, cross-border character, meaning that international law is applicable. According to the principle of the sovereignty of states, each country’s laws are of equal value; consequently, the laws of one country cannot take precedence over those of another. The marketplace of Betsson’s associate is primarily Malta, where operations are undertaken in accordance with Maltese legislation and governed by the Maltese legal system. As operators within Malta’s marketplace, Betsson’s associates can claim immunity as regards, among other local regulations, Turkish legislation. In accordance with expert legal opinion, Turkey and other countries have accepted this principle via their membership of the WTO and other international agreements.

DISPUTES

The company has no significant ongoing disputes, except for the pending NGG Nordic Ltd appeal against the Swedish Gambling Authority in the case about alleged breach of the bonus rules (fine amount SEK 19,000,000).

Betsson takes duty of care seriously and strives to apply a high global standard as regards responsible gaming. Nevertheless, there is a risk that individuals develop a problematic gaming behaviour. There is also a risk that people affected by gambling addiction may sue companies within the Betsson Group for their alleged role in the person's gambling addiction. Although such claims are likely to be rejected, they can give rise to considerable costs and a loss of trust in Betsson, which could eventually lead to reduced revenues.

RESEARCH AND DEVELOPMENT

Expenditure on the development of gaming platforms and integration of gaming and payment solutions is capitalised to the extent that future financial benefits are estimated to accrue.

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 pages 10-19.

GUIDELINES FOR SALARIES AND OTHER REMUNERATION TO SENIOR MANAGEMENT

For a description of the guidelines for salaries and other remuneration to senior executives as determined by the Annual General Meeting 2019, see Note 7.

PROPOSED GUIDELINES FOR SALARIES AND OTHER REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors proposes that the Annual General Meeting 2020 adopts the following Guidelines for remuneration to senior executives and shall apply until the Annual General Meeting 2024, unless circumstances arise that require prior revision. The Guidelines include the CEO and other senior executives in Betsson AB. The Guidelines include salary and other remuneration to senior executives. The Guidelines also include the incentive programmes with the right for the senior executives, but not an obligation, to acquire securities in the Company in the future to a pre-determined price.

The Company's business strategy is based on the common values and is resting on the three pillars *Talented people, Quality products and Operational excellence*. The purpose of remuneration is to motivate, retain and reward qualified personnel for their contribution to achieving the Company's business strategy, long-term interests and sustainability. The remuneration must be market-based and competitive in order to attract and retain competent members of the senior executive team. The remuneration consists of fixed salary, variable remuneration as well as retirement pension and other employment benefits. In addition, share-based remuneration is added. The fixed salary is the foundation of the market oriented total remuneration required to attract senior executives. Variable remuneration may be payable provided that certain financial and other measurable targets established by the Board of Directors have been met. If all the goals are exceeded at the highest level ("out-perform"), the Group's cost for variable remuneration in 2020 is estimated at approximately SEK 9.6 million.

The retirement age will be 65 years. Retirement pension terms and conditions must be market-based and based on defined-contribution pension solutions. Other benefits provided to the senior executives are a company car and a healthcare insurance.

The Company's incentive programmes were introduced at the end of 2008. The programmes are resolved on by the AGM. Warrants are allocated to the Company's senior executives and to other key employees as determined by the Board of Directors. In total, ten incentive programmes have been resolved on since 2008. Each incentive programme consists of various elements, where employees (in Sweden) are offered share options at market price or are offered (outside Sweden) compensation free employee stock options, provided the participants have invested in the Company's shares or (only in 2015 program) that the Company achieves a pre-determined turnover target. Share options are issued with a fixed redemption price amounting to 130 percent of the share market price on the allocation date. The share-based remunerations have a ceiling corresponding to the latest price paid before launch of the programmes multiplied by 2.3 (i.e. an increase of 130 percent). 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 has retained their initial investment in the Company's shares or that the Company has reached a pre-determined turnover target (Incentive 2015-2018). For individuals holding share options, the Board of Directors may resolve on payment of a bonus corresponding to the amount of the option premium initially paid. Any bonus is conditional upon the employee exercising the purchase options and remaining in the service of the Group at the time of exercise.

In the event of termination of employment, the notice of termination period should normally be six to twelve months if the termination takes place on the initiative of the Company, and six months if the notification of resignation takes place on the initiative of the senior executive. In the event of termination by the Company, severance pay shall be payable in an amount corresponding to a maximum of the salary for twelve months.

Remuneration to the Board of Directors and guidelines for remuneration to senior executives is decided on by the Annual General Meeting.

Remuneration to the CEO is prepared by the Remuneration Committee, and then decided on by the Board of Directors, The Remuneration Committee is also responsible for evaluation of the variable remuneration programmes. Remuneration to other senior executives, directly reporting to the CEO, is decided by the CEO after consultation with the Remuneration Committee. Within the Group the principle used is that the manager's manager shall approve remuneration.

The Board of Directors shall prepare proposals for new Guidelines at least every four years and submit the proposal to the Annual General Meeting for resolution. The CEO and other senior executives of the Company do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Salary and employment conditions for all employees of the Company have been taken into account in the preparation of these guidelines for remuneration of senior executives. The components of the remuneration and the increase and growth rate over time have been part of the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the Guidelines and the remuneration set out herein are reasonable.

In the remuneration report, to be prepared and reported at a later stage regarding paid and outstanding remuneration covered by the Guidelines, the development of the gap between the remuneration of the senior executives and the remuneration of other employees will be reported.

The Board of Directors may temporary resolve to derogate from the Guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability.

The proposal is essentially in line with the Guidelines approved at the Annual General Meeting in 2019.

SHARES AND OWNERSHIP STRUCTURE

The number of shares in the Company at the end of the year totaled 144,493,238, of which 16,260,000 were A shares, 122,155,730 were B shares and 6,077,508 were C shares. Each A share entitles the holder to ten votes, whilst each B share entitles the holder to one vote. Betsson treasury shares totalled 1,084 B shares and 6,077,508 C shares. These shares are held by the Company and are not represented at the Annual General Meeting. The shares have equal access to Betsson's assets and profit. The Company's B shares are listed on the NASDAQ Stockholm Large Cap List (BETS).

At the end of the year, the Company had 25,421 (28,636) shareholders. The three shareholders with the greatest voting power were the Hamberg family and companies with 3.7 percent of capital and 18.0 percent of outstanding votes, Danske Bank International S.A with 3.0 percent of capital and 13.3 percent of outstanding votes and the Knutsson family and companies with 4.9 percent of capital and 11.0 percent of outstanding votes.

AUTHORISATION OF THE BOARD

The Annual General Meeting of 7 May 2019 resolved to authorise the Board of Directors, during the period until the next general meeting of shareholders, on one or more occasions, to resolve on a non-cash issue or conversion of shares and/or convertible preferred stock up to a maximum total of 14.4 million B shares, corresponding to dilution of approximately 10 percent of the share capital and 5.1 percent of the voting rights. The 2019 Annual General Meeting further resolved to authorise the Board of Directors to determine whether to acquire a number of shares such that the Company's holding, at any given point in time, does not exceed 10 percent of all shares in the Company. This mandate was not exercised during the 2019 financial year. The Board was further authorised to resolve on disposal 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. To secure the supply of shares or in any event hedge the Company's expenses, including social security expenses, the Annual General Meeting resolved to authorise the Board to resolve on a directed share issue of C shares to a bank or a securities company, and to authorise the Board to be mandated to resolve on the buyback of shares from subscribers. C shares will be held by the Company during the vesting period of the options. When exercising call options or employee options, a requisite number of C shares can, on conversion to B shares, be transferred to participants in accordance with the terms and conditions of the options, or alternatively be held to hedge expenses in connection with the programmes, including social security expenses. This mandate was not exercised during the 2019 financial year as the Company already had C shares for all outstanding options.

PROPOSED DISTRIBUTION

The Board proposes that the Annual General Meeting on 28 April 2020, resolve that SEK 2.84 (3.89) per share be distributed to the shareholders, provided the number of shares remains unchanged up to the record date. This represents a transfer of funds to shareholders totaling SEK 393.1 (538.4) million. The Board proposes to the Annual General Meeting that the transfer to shareholders be executed through a share redemption programme. The Board's full proposal will be presented well in advance of the Annual General Meeting. According to the dividend policy, it is the Board's aspiration that the dividend paid to shareholders should be up to 50 percent of the Group's profit after tax, provided that an appropriate capital structure can be maintained.

CORPORATE GOVERNANCE REPORT

GOOD GOVERNANCE AND CONTROL SUPPORTS SUSTAINABLE, PROFITABLE GROWTH

Betsson has more than 55 years' experience of the gaming industry and knows that a good balance between ambition and attention to detail is key to successful business development over time. For our part, good corporate governance means preserving a dynamic, hungry company culture in which individuals are rewarded and shown appreciation for their efforts, and where risks are managed on a sound commercial basis. Betsson, operating in a high-speed, dynamic environment, must be able to respond quickly, and each employee must be given the space to act on their own initiative, within a set framework. Good government and control thereby improve the commercial conditions in which a company operates.

PATRICK SVENSK
CHAIRMAN OF THE BOARD

CORPORATE GOVERNANCE AT BETSSON

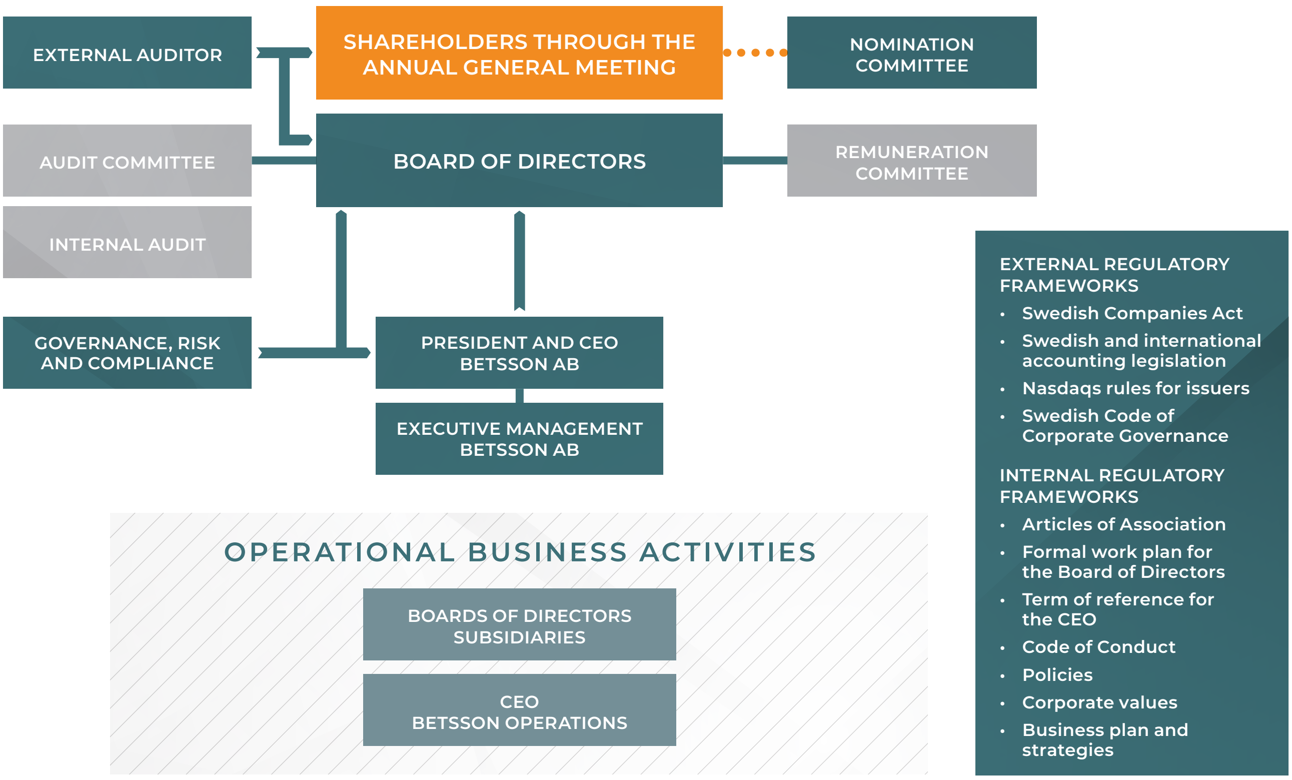
In addition to the regulations stipulated in applicable legislation or other statutes, Betsson applies the Swedish Code of Corporate Governance, and hereby presents its Corporate Governance Report for 2019. The Company applies the Code in full, without deviation. As of 2019, Betsson works with a risk management model resting on three lines of defence; these are described in more detail in the Risk section of the annual report. This Corporate Governance Report comprises part of the management reporting and has been reviewed by the Company's auditors.

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. Responsibility for the Company's organisation 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, applicable regulations for listed companies, the Articles of Association and the Board's internal control instruments. In addition, the other two lines of defence as per the Group's risk management model are added;, the GRC function and internal audit.

SHAREHOLDERS

Betsson has been a listed company since 1996 and is listed on Nasdaq Stockholm since 2000. Since 2015, the Company's B shares are listed on the Nasdaq Stockholm Large Cap List (BETS). At the end of 2019, the Company had 25,421 (28,636) shareholders. The three shareholders with the greatest voting powers were the Hamberg family representing 3.7 percent of the capital and 18.0 percent of the outstanding votes, Danske Bank International S.A representing 3.0 percent of the capital and 13.1 percent of the outstanding votes, and the Knutsson family representing 4.9 percent of the capital and 11.0 percent of the outstanding votes.



ARTICLES OF ASSOCIATION

The Articles of Association establish the number of members of the Board of Directors and auditors, and their responsibilities, the kind of business to be undertaken, and the means by which the shareholders exercise control over the Board of Directors. There are no limitations regarding the number of votes each shareholder is entitled to. There are no specific provisions regarding the appointment and dismissal of Board members.

The current Articles of Association, adopted by the Annual General Meeting of 12 May 2016, are available to view on the Company's website, www.betssonab.com.

ANNUAL GENERAL MEETING

The Annual General Meeting is the highest decision-making body in Betsson AB. The AGM, which is held within six months of the end of the financial year, votes on the adoption of the income statement and statement of financial position and passes a resolution on the proposed dividend. It also elects members to the Board of Directors and sets their fees and other remuneration. In certain instances, auditors are elected, and the AGM decides on their fees. Furthermore, other statutory matters and proposals from the Board and shareholders are considered, and resolutions are passed regarding guidelines for the remuneration of 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 annual general meeting and vote for their total holding of shares outstanding. Shareholders may be represented by proxies.

2019 ANNUAL GENERAL MEETING

The 2019 AGM was held on 7 May 2019. The meeting was attended by 58 percent of the voting rights and 40 percent of the capital. Patrick Svensk was elected as Chairman of the AGM.

Resolutions

The minutes of this meeting are available on Betsson's website. The resolutions passed by the AGM were:

- To establish an incentive programme that essentially mean that the Company would offer senior executives and other key personnel the right to acquire stock options or to receive employee stock options in the Company. The total number of call options and employee stock options that could be issued in accordance with the programme should be no higher than 1,185,000 corresponding to a dilution effect of approximately 0.82 percent of the share capital and approximately 0.42 percent of the voting rights.
- To approve the Board's proposal to distribute a dividend representing SEK 3.89 per share for 2018, through an automatic share redemption procedure.
- re-elect Board members Fredrik Carlsson, Mathias Hedlund, Johan Lundberg, Jan Nord, Patrick Svensk and Kicki Wallje-Lund. Eva Leach was elected as a new member of the Board of Directors.
- Patrick Svensk was re-elected as Chairman of the Board.

2020 ANNUAL GENERAL MEETING

The Betsson AB (publ) Annual General Meeting will be held on Thursday 11 June 2020 at 09:00 at Bond, GT30, Grev Turegatan 30, Stockholm. For further information, please refer to the Company's website www.betssonab.com.

THE NOMINATION COMMITTEE

In accordance with the resolution adopted at the 2019 AGM, the Chairman of the Board was assigned the task of convening the meetings of the Nomination Committee and inviting representatives of the Company's larger shareholders to join the Committee. The Nomination Committee is to consist of a minimum of three members, and the majority of the members may not be employees of the Company or members of the Board.

The Nomination Committee must prepare a list of proposed Board members, proposals for the Chairman of the Board and auditors, and remuneration for Board members, board committees and auditors. These proposals are to be submitted to the 2020 Annual General Meeting for resolution. The composition of the Nomination Committee was announced on 24 October in Betsson's Interim Report for the third quarter of 2019 and on the Company's website.

The Nomination Committee for the 2020 Annual General Meeting is comprised of:

- John Wattin, representing the Hamberg family and companies, with 18.0 percent of the votes.
- Michael Knutsson, representing the Knutsson family and companies, with 11.0 percent of the votes.
- Christoffer Lundström, representing the Lundström family and companies, with 9.7 percent of the votes.
- Patrick Svensk, Chairman of the Board.

The Nomination Committee represents a participating interest which, at year-end, amounted to 42.1 percent of the outstanding votes in the Company. An important source of information for the Nomination Committee's work is the annual appraisal of the Board's performance. The Nomination Committee seeks to identify candidates for nomination who, together with the existing members, can provide the Board with the appropriate combination of skills and competence. This entails experience from executive positions in listed companies, expertise in the financial and gaming sectors or experience gained in international service companies. The Nominating Committee also submits proposals to the Annual General Meeting regarding remuneration for all the members of the Board.

The Nomination Committee's complete proposals and supporting information, to be presented to the 2020 Annual General Meeting, will be published on the Company's website www.betssonab.com well in advance of the Annual General Meeting. Shareholders wishing to submit proposals to the Nomination Committee should do so by email to info@betssonab.com or by post to the Company's headquarters. "Nomination Committee" should be entered in the email subject line or on the envelope if a proposal is sent by post.

THE BOARD OF DIRECTORS AND ITS WORK

The members of the Board are elected annually. There are no rules stipulating the maximum period of time a

Board members elected by AGM 2019	Patrick Svensk Board Chairman & Chairman Remune-ration Committee	Fredrik Carlsson Board member Chairman audit committee	Mathias Hedlund Board member Remuneration committee	Eva Leach Board member	Johan Lundberg Board member Audit committee	Jan Nord Board member Remuneration committee	Kicki Wallje-Lund Board member Audit committee
Board fees paid out 2019, Tkr	892	446	446	263	446	446	446
Committee fees paid out, (2019, Tkr)	74	126	74		63	74	63
Independent in relation to the company	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Independent in relation to major shareholders	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shareholding (including companies and related parties)	10,000 B shares	15,300 B shares	–	–	4,000 B shares	–	2,850 B shares
Presence Board meetings	11 of 11	11 of 11	10 of 11	7 of 7	11 of 11	11 of 11	11 of 11
Presence audit committee		4 of 4			4 of 4		4 of 4
Presence remuneration committee	2 of 2		2 of 2			2 of 2	

member may serve on the Board. As of the 2019 AMG, Betsson's Board is comprised of seven members with no deputies: Fredrik Carlsson, Mathias Hedlund, Eva Leach, Johan Lundberg, Jan Nord, Patrick Svensk and Kicki Wallje-Lund. The members of the Board are presented on pages 34-35.

The Chief Executive Officer (CEO) and CFO participate for reporting at all Board meetings. Other employees also participate in Board meetings, either to report on specific issues or to serve as secretary.

The Board's independence

The number of Boards members who are independent (according to the Swedish Code of Corporate Governance) of the Company and of major shareholders are seven (100 percent).

All members of the Board meet the requirements concerning professional experience. This composition means that the Board complies with the regulations of the Swedish Code of Corporate Governance, which require that the majority of members elected at the Annual General Meeting are independent of the Company and Company management, and that at least two of these are also independent of the Company's major shareholders.

Board meetings

In 2019, the Board held eleven minuted meetings, of which one was a statutory meeting and two were per capsulam meetings. There had been a two percent absence rate at Board meetings during the year.

The meetings comprise the CEO's review of developments within operations, current issues concerning overall strategy, the risk aspects of significant events and agreements, potential acquisitions and financial issues as well as legal trends in areas relevant to Betsson. During the year, the Board has paid particular attention to introducing the three lines of defence for strategic risk management, increased focus on technology and product development, and the customary financial issues and cost control.

Information provided to the Board of Directors

The work of the Board follows a specific plan to ensure that the Board receives all relevant information. The auditors report their observations based on their audit of the financial statements and their assessment of the Board of the Company's internal procedures and controls. 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 instructions for its own work and that of the Remuneration Committee and the Audit Committee, and terms of reference for the CEO, to achieve efficient management of operational risks. In addition, the Board has established a special function, Governance, Risk and Compliance (GRC), to act as the second line of defence regarding Betsson's strategic risk monitoring. The incorporation of the three lines of defence, together with further information, is described in detail in the Risk section. The Board updates, as necessary, and adopts, annually, the Board's formal work plan, terms of reference for the CEO, rules for decisionmaking and authorisation procedures.

The Audit Committee

The Audit Committee's responsibility is to ensure compliance with established principles for financial reporting and internal controls. The Audit Committee consists of three members. During the year, the Committee comprised Fredrik Carlsson (Chairman), Johan Lundberg and Kicki Wallje-Lund.

The Audit Committee is responsible for supervising, monitoring and reporting corporate responsibility issues. The Audit Committee also acts as a Finance Committee to support in financial issues and assessing and proposing changes to financial policy. The result of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and action to be taken are dealt with by the Board on a continual basis.

The Remuneration Committee

The main responsibility of the Remuneration Committee is to prepare Board resolutions regarding remuneration guidelines for the CEO, assessment of the variable remuneration of senior executives and key employees, and assessment of the application of remuneration guidelines and accruals for key employees as mandated at the AGM.

During the year, the Committee comprised Patrick Svensk (Chairman), Mathias Hedlund and Jan Nord. The Remuneration Committee held two meetings during the year where, among other issues, a proposal on a new incentive programme (stock options) was considered.

CEO AND GROUP MANAGEMENT

The Group's President and CEO is responsible for the day-to-day management of both the Parent Company and the Group, which does not include decision-making in operating online game activities. The President and CEO leads the work of the Parent Company and makes decisions in consultation with other senior executives. At the end of 2019, in addition to the CEO there were four senior executives, one of whom was a woman. The senior executives hold regular operational reviews under the leadership of the CEO. The senior executives are presented on pages 36-37.

The operations of the Parent Company (Betsson AB) consist of the management and administration of the Company's investments, which is done primarily via subsidiaries conducting gaming-related activities, and the assessment of potential acquisitions or divestments of business activities.

The Group's gaming operations are conducted through several wholly-owned subsidiaries, each of which has a separate Board and an operational management.

CEO instructions have been drawn up for each CEO in the wholly-owned subsidiaries.

Diversity

Betsson are convinced that diversity drives innovation and success. The Company will become stronger and more competitive by employing people of different genders, with varying backgrounds, with different experience and from different cultures. For further information regarding diversity at Betsson, see the Sustainability section.

Evaluation of the Board of Directors and CEO

The Board of Directors is subject to evaluation on an annual basis by means of a tool designed by an external party. The outcome of the appraisal is submitted to the Nominating Committee.

The CEO is subject to evaluation on an annual basis commissioned by the Board of Directors. The evaluation is conducted by external parties by means of interviews with those employees who work most closely with the CEO and with the CEO of the largest operational subsidiary.

REMUNERATION

The remuneration of Board members and guidelines for senior executives' remuneration are determined at the AGM. Remuneration to the President and CEO is prepared by the Remuneration Committee and determined by the Board. The remuneration of senior executives directly subordinate to the CEO is determined by the CEO in consultation with the Remuneration Committee. The Group applies the principle that a manager's immediate superior must approve any decisions regarding remuneration

The following principles, adopted at the 2019 Annual General Meeting, apply to senior executives in the Group:
Remuneration is to be market-based and competitive, with a view to being able to attract and retain competent senior executives. Remuneration is to consist of fixed salary, and where appropriate variable pay, and include pension entitlements and other benefits such as a company car. Variable remuneration will be paid only when certain pre-determined financial and other measurable targets, established by the Board, have been achieved. Variable remuneration varies depending on the extent to which the targets have been met or surpassed. If the targets are exceeded at the highest level ("outperformed"), the estimated cost for variable remuneration to the senior executives of the Group in 2019 amounts to approximately SEK 11.5 million, including social security contributions. Current variable remuneration of senior executives is described in more detail in Note 7. The Board may make decisions diverging from these guidelines in individual instances, where special circumstances apply.

AUDIT

The audit of the annual financial statements is carried out in the January–February period, and the audit of the annual report takes place during March and April. A general audit is performed alongside the Company's interim report for the third quarter. In addition, audits of internal procedures and control systems are performed on an ongoing basis during the year and reported to the Group CFO, the Management Group and the Board. In addition to the audit assignment, Betsson has engaged PricewaterhouseCoopers AB for consultation on VAT and tax issues, and for general accounting matters.

INTERNAL AUDIT

Betsson aims to constantly improve its operations. The online gaming industry is exposed to a rapidly changing environment, such as changes in regulations, seasonality and currency fluctuations. In a changing world, it is important that customers feel safe and secure with the gaming companies' games and payment solutions. This permeates all customer offerings. During the financial year, Betsson commissioned Deloitte to conduct specific audit assignments, similar to those that a separate internal audit department normally perform. In addition, at the end of the year Betsson also signed a three-year framework agreement with EY as a step towards intensifying and improving the internal audit function and strengthening the third line of defence. The work is led by the Vice President GRC.

Betsson's operations are also reviewed by several independent parties. Since 1 January 2019 Betsson is licensed in twelve jurisdictions. In order to obtain and maintain licences, the Company's procedures and processes must meet certain quality standards. MGA (the Malta Gaming Authority) is one of the bodies that carefully inspects business operations to ensure the Company satisfies all requirements. Betsson's companies are also PCI-certified 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. The business was accredited in 2019 and was awarded 27001:2013 certification, the ISO standard for cyber and information security.

The random number generator behind Betsson's marketed third-party gaming has been tested and approved by independent third parties including Itech Labs, Gaming Laboratories International (GLI), Quinel and eCogra.

The Audit Committee is responsible for ensuring compliance with the established principles of internal control. On an ongoing basis, the CEO and the CFO are responsible for taking appropriate steps to maintain good internal control within the framework of the first line of defence. Each function is responsible for executing internal checks within its relevant operational area, based on current conditions. Reports are prepared on an ongoing basis in all areas.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

In accordance with the Annual Accounts Act, the Board of Directors must 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 forms the basis for internal control of the financial reporting system. The Company's internal control structure is based, among other things, on a clear allocation of responsibilities and work assignments, both between the Board and the CEO and on the operational front. Policies and guidelines are documented and assessed on a continuous basis by management and the Board. Governing documents and detailed descriptions of processes are communicated via established information and communication channels and have thus been made available and known to the staff concerned.

Risk assessment

The Company identifies, analyses and makes decisions regarding management of the risk of errors in its financial reporting. The Board deals with the results of the risk assessment and risk management in order to ensure that these cover all significant areas, and identifies, when appropriate, any action that needs to be taken.

The Company's largest operational risks relate to the fast-changing environment that characterises the gaming industry, including changes in regulations, seasonality and currency fluctuations. Financial reporting can be affected by the risk of allocating errors of items to particular periods when settling accounts with partners and the risk of errors in the valuation of intangible assets.

Control measures

The Company establishes control measures on an annual basis based on risk assessments relating to preventing a nd detecting issues and also ensuring that any errors are addressed. During the year, the Company mapped and assessed the most significant risks in its accounting practices as regards allocation of items to different periods. Intangible assets are assessed on a continuous basis against the return they generate in order to ensure that the values reported in the statement of financial position are correct.

Information and communication

Internal information and external communication are regulated at an overall level by an information policy. Communication to and from the Board and the management teams takes place via regular meetings. Internal policies, guidelines, instructions and similar documents governing and supporting operations are published on the intranet.

Monitoring

The Company assesses its internal control of financial reporting on a continuous basis by asking questions and participating in the work of the finance function. Both management and the Board of Directors receive daily sales reports and monthly income statements and cash flow reports, including management's comments on operational trends. The GRC function compiles a quarterly risk report covering risks that are significant and of critical importance to the business; these reports are presented to the Board of Directors and are based on interviews with the relevant risk owners.

The financial situation is considered at each scheduled meeting of the Board of Directors. The Company's external auditor participates in Board meetings at least once a year and can then make any observations regarding practices and control systems. The Board re-evaluates the significant risk areas on an annual basis and assesses whether any adjustments to the internal control are required.

INVESTOR RELATIONS

Betsson provides information to shareholders by means of annual reports, capital market days, interim reports and press releases, and through the Company website. Communication and transparency are key to Betsson, to allow the Company's investors and analysts to make objective assessments of the Company's development and, consequently, make informed decisions in their work. The Company attaches great importance to investor relations, where the aim is to provide information to the capital market about Betsson's financial position, operations and development so as to increase knowledge and interest in the Company and with a view to obtaining obtain a fair valuation of the Company.

In 2019, Betsson participated in a number of IR activities, such as seminars, investor meetings and road shows across Europe.

BOARD OF DIRECTORS AND AUDITOR

PATRICK SVENSK CHAIRMAN OF THE BOARD

- Born 1966, residence Stockholm, Sweden.
- Board member since 2005.
- Chairman of the remuneration committee.
- CEO and President, Bright Group.

OTHER ASSIGNMENTS:
Chairman of the Board in Readly AB (publ). Board member in Svensk Media Group and Patos Konsult.

BACKGROUND:
Long experience from leading positions in listed companies, including SVP at MTG as well as CEO and President at MTG Studios/Nice Entertainment Group, Zodiak Television, Kanal 5 and TV3 Sverige.

EDUCATION:
MBA, Stockholm School of Economics.

Independent in relation to the company and its management as well as to major shareholders.

SHAREHOLDING: 10,000 B shares.

FREDRIK CARLSSON BOARD MEMBER

- Born 1970, residence Gothenburg, Sweden.
- Board member since 2017.
- Chairman of the audit committee.
- CEO of Sönerna Carlsson Family Office AB.

OTHER ASSIGNMENTS:
Chairman of the Board in Sten A. Olsson's Pension Foundation, Svolder AB and Solid Försäkringsaktiebolag, Board member in Resurs Holding AB and Novobis AB.

BACKGROUND:
Long experience from leading positions in international and Swedish companies, including Head of Research at SEB, Head of Equities at Andra AP-fonden, VP for European Telecom, Media and Entertainment Groups at Bank of America Merrill Lynch in London and industry specialist in telecom and technology at HSBC Investment Bank in London.

EDUCATION:
MBA, Gothenburg School of Economics and MBA, Nijenrode University in the Netherlands.

Independent in relation to the company and its management as well as to major shareholders.

SHAREHOLDING: 15,300 B share (including holdings via companies and related parties).

MATHIAS HEDLUND BOARD MEMBER

- Born 1970, residence Stockholm, Sweden.
- Board member since 2018.
- Member of the remuneration committee.
- CEO at Etraveli Group.

OTHER ASSIGNMENTS:
Chairman of the Board in Euroflorist.

RELEVANT BACKGROUND:
Long experience from leading positions in international and fast-growing online companies in several market segments, such as operative manager at Klarna, vice CEO at Eniro and business area manager online and Casino Cosmopol at Svenska Spel.

EDUCATION:
MBA, Stockholm University.

Independent in relation to the company and its management as well as to major shareholders.

SHAREHOLDING: 0.

EVA LEACH BOARD MEMBER

- Born 1980, residence Enskede, Sweden
- Board member since 2019.
- VP User Acquisition, Lifesum AB.

BACKGROUND:
Long experience from digital marketing. Eva has had leading positions, such as MD online sales at Lowcosttravelgroup, Head of Marketing at Holiday Autos and Senior Ecommerce Service Manager at Hilton Worldwide.

EDUCATION:
BA in Business from Halmstad College and BA (Hons) from Lincoln University in UK.

Independent in relation to the company and its management as well as to major shareholders.

SHAREHOLDING: 0.

JOHAN LUNDBERG BOARD MEMBER

- Born 1977, residence Stockholm, Sweden.
- Board member since 2018.
- Member of the audit committee.

OTHER ASSIGNMENTS:
Board member in Ölands Bank and NFT Ventures AB as well as associated companies in the NFT Ventures sphere.

BACKGROUND:
Founding partner i NFT Ventures, one of Europe's leading FinTech investors, leading positions in MasterCard among others.

EDUCATION:
Masters from Stockholms University and MBA, Stockholm School of Economics.

Independent in relation to the company and its management as well as to major shareholders.

SHAREHOLDING: 4,000 B shares.

JAN NORD BOARD MEMBER

- Born 1955, residence Lidingö, Sweden.
- Board member since 2015.
- Member of the remuneration committee.

OTHER ASSIGNMENTS:
Board member in Sturehof Aktiebolag.

BACKGROUND:
Creative Director with focus on brand strategy. Long international experience as Creative Director at H&M and Esprit over the past fifteen years. Previously Head of Nord & Co ad agency.

EDUCATION:
Graduate from Stockholm University.

Independent in relation to the company and its management as well as to major shareholders.

SHAREHOLDING: 0.

KICKI WALLJE-LUND BOARD MEMBER

- Born 1953, residence Nyköping, Sweden.
- Board member since 2006.
- Member of the audit committee.

OTHER ASSIGNMENTS::
Chairman of the Board in Embracer Group AB (publ). Board member in C-RAD AB.

BACKGROUND:
Long experience from business and operational development in various international companies, primarily within bank and finance. Kicki has held leading positions at NCR, Digital Equipment, AT&T, Philips, ICL and Unisys.

EDUCATION:
High school.

Independent in relation to the company and its management as well as to major shareholders.

SHAREHOLDING: 2,850 B shares.

NIKLAS RENSTRÖM

AUTHORISED PUBLIC ACCOUNTANT PricewaterhouseCoopers AB

- Senior Auditor since 2015.
- Born 1974, residence Saltsjö-Boo, Sweden.

Shareholdings as per 28 February 2020, include holdings via companies and related parties.

SENIOR EXECUTIVES

PONTUS LINDWALL

CEO BETSSON AB AND PRESIDENT

- Born 1965, residence Stockholm, Sweden.
- Employed in the Group since 1991. Board member 2011-2018. Chairman of the Board 2011-2015 and 2016 to September 2017.
- Previously CEO and President 1998-2011 and July 2015 to February 2016.

OTHER ASSIGNMENTS
Board member in Net Entertainment NE AB (publ.), Nya Solporten Fastighets AB, Mostphotos AB and several companies within the Betsson Group

BACKGROUND:
Long experience from the gaming industry, both offline and online gaming, such as founder of Net Entertainment and CEO and President of Cherryföretagen.

EDUCATION:
Master of Science, Engineering, from the Royal Institute of Technology (KTH), Stockholm.

SHAREHOLDING:
30,000 A shares, 1,240,000 B shares och 270,000 warrants.

AMANDUS JABIN

VICE PRESIDENT GLOBAL TAX, BETSSON AB

- Born 1977, residence Gävle, Sweden.
- Employed in the Betsson Group since 2012.

OTHER ASSIGNMENTS –

BACKGROUND:
More than 13 years' of experience within international tax and legal, before joining Betsson as a consultant at PWC. He has also held various specialist and management positions at the Swedish Tax Agency.

EDUCATION:
Law and management at Uppsala University and Adelaide University, Australia.

SHAREHOLDING:
115,000 warrants.

TRIIN TOOMEMETS-KRASNITSKI

VICE PRESIDENT LEGAL

- Born 1977, residence Tallinn, Estonia.
- Employed in the Group since 2012.

OTHER ASSIGNMENTS –

BACKGROUND:
General Counsel at Nordic Gaming Group, which was acquired by Betsson in 2012. Before that she worked as an attorney at the law firm Sorainen.

EDUCATION:
Bachelor's degree in Law from the University of Tartu and an LL.M in International Business Law from the Central European University.

SHAREHOLDING:
3,500 B shares och 86,000 share options.

MARTIN ÖHMAN

CFO, BETSSON AB

- Born 1976, residence Stockholm, Sweden.
- Employed in the Betsson Group since September 1, 2019.

OTHER ASSIGNMENTS –

BACKGROUND:
Martin has long experience from leading positions and extensive experience from M&A. Most recently Martin has held the position as CFO of Upplands Motor. Prior to that, he held the position as Finance Director within the Handicare Group and before that as CFO at Bactiguard.

EDUCATION:
MBA in accounting and finance from School of Business, Economics and Statistics at Umeå University.

SHAREHOLDING:
90,000 warrants.

FREDRIC LUNDÉN

VICE PRESIDENT GOVERNANCE, RISK & COMPLIANCE, BETSSON AB (ADDITIONAL MEMBER OF GROUP MANAGEMENT)

- Born 1968, residence Stockholm, Sweden.
- Employed in the Betsson Group since 2017.

OTHER ASSIGNMENTS –

BACKGROUND:
Several positions within SEB, such as Head of Compliance, Compliance Specialist and Legal Counsel. He has worked at the Swedish Financial Supervisory Authority and as a judge in the Swedish judiciary Svea Hovrätt.

EDUCATION:
MSc Laws (LLM) from the University of Stockholm. Judge of Appeal at Svea Hovrätt.

SHAREHOLDING:
45,000 warrants.

Shareholdings as per 28 February 2020, include holdings via companies and related parties. The holdings of Pontus Lindwall however, is presented as per 23 March, 2020.

THE SHARE AND SHAREHOLDERS

SHARE STRUCTURE
At 2019 year-end, Betsson had 144,493,238 shares divided into 16,260,000 A shares, 122,155,730 B shares and 6,077,508 C shares. Each A share carries ten votes. Each B share carries one vote, while C shares are held by the Company and do not carry any voting rights. The shares have equal access to Betsson's assets and profit.

REPURCHASED SHARES
At year-end, Betsson held 1,084 (1,084) B shares and 6,077,508 (6,077,508) C shares in the Company. B shares were purchased at an average price of SEK 19.42 in the period between 2007 and 2008. The C shares were acquired at nominal value. The number of shares outstanding at year-end, excluding repurchased shares, amounted to 138,414,646 shares, of which 16,260,000 were A shares and 122,154,646 were B shares.

SHARE SPLIT AND REDEMPTION PROGRAMME
The Annual General Meeting of 7 May 2019 passed a resolution on an automatic share redemption programme. As a result of the redemption programme, SEK 538.4 (391.1) million, or SEK 3.89 (2.84) per share, were distributed to the Company's shareholders.

BONUS ISSUE
In conjunction with the redemption procedure, a bonus issue of SEK 48.2 million was implemented to restore the Company's share capital.

OWNERSHIP STRUCTURE
At the end of 2019 Betsson had 25,421 (28,636) shareholders. Foreign share ownership amounted to 57 (49) percent of the share capital and 41 (37) percent of the votes.

SHARE LIQUIDITY
A total of 164.3 (244.8) million shares changed hands during 2019. Shares were traded on all 250 trading days and the average daily turn-over during the year amounted to 657,155 (979,304).

SHARE PRICE TREND AND TURNOVER
The last paid share price, on closing day 2019, was SEK 43.68 (73.00), which represented a market capital value of SEK 6.0 (10.1) billion, a decrease of 40 percent during the year. The share reached a high for 2019 of SEK 88.86 (82.47) on 21 January, while the low for the year was SEK 42.30 (51.61) on 11 December. The average share price during the year was SEK 60.22 (65.85). Total turnover of shares during 2019 was SEK 9.9 (16.1) billion, which is equivalent to a daily average turnover of SEK 39.6 (64.5) million.

DIVIDEND POLICY AND PROPOSED DIVIDEND
The Board of Directors proposes to the Annual General Meeting (AGM) that SEK 393.6 (538.4) million, which corresponds to SEK 2.88 (3.89) per share, is distributed to shareholders through an automatic redemption process.

This is in line with the dividend policy decided.

The Board's ambition for the ordinary dividend to shareholders is to distribute up to 50 percent of net earnings provided that this enables an appropriate capital structure to be maintained. The distribution may be done via a cash transfer, an automatic redemption process or via the repurchase of own shares. The Board's full proposal will be presented well in advance of the Annual General Meeting.

SHARE PRICE DEVELOPMENT 2019

SHARE PRICE DEVELOPMENT 2015–2019

ANALYSTS COVERING BETSSON

ABG	Erik Moberg
Nordea	Christian Hellman
Carnegie	Mikael Laséen
Pareto Securities	Lars-Ola Hellström
DNB	Martin Arnell
SEB	Mathias Lundberg
Kepler Cheuvreux	Hjalmar Ahlberg

MAJOR SHAREHOLDERS AT 31 DECEMBER 2019

	Number of A shares	Number of B and C shares	Share of capital	Share of votes
Hamberg family and companies	5,098,500	225,000	3.7 %	18.0 %
Danske Bank International S.A.	3,731,000	669,000	3.0 %	13.3 %
Knutsson family and companies	2,710,000	4,350,000	4.9 %	11.0 %
Lundström family and companies	2,557,500	1,950,400	3.1 %	9.7 %
Lindwall, Berit	1,683,000	70,000	1.2 %	5.9 %
State Street Bank & Trust Co.		13,783,313	9.5 %	4.8 %
DNB Technology		11,462,343	7.9 %	4.0 %
JPM Chase		4,971,122	3.4 %	1.7 %
CACEIS Bank, Luxemburg		4,932,921	3.4 %	1.7 %
Skandia Fonder		4,154,438	2.9 %	1.5 %
Other shareholders	480,000	75,585,909	52.6 %	28.2 %
External shareholders	16,260,000	122,154,446	95.8 %	100.0 %
Betsson AB (of which C 6 077 508)		6,078,592	4.2 %	0.0 %
Total	**16,260,000**	**128,233,238**	**100.0%**	**100.0 %**

SHARE CAPITAL COMPOSITION AT 31 DECEMBER 2019

Shares	Number of shares	Number of votes	Quota value	SEK
Shares, series A – 10 votes per share	16,260,000	162,600,000	0.67	10,840,000
Shares, series B – 1 vote per share	122,155,730	122,155,730	0.67	81,437,153
Shares, series C – 0 vote per share	6,077,508	6,077,508	0.67	4,051,672
Total shares	**144,493,238**	**290,833,238**	**0.67**	**96,328,825**

SHARE DISTRIBUTION AT 31 DECEMEBER 2019

Number of shares	Number of shareholders	Proportion of total number of shareholders	Number of shares	Proportion of total number of shares (%)	Share of voting rights
1–500	18,491	72.7 %	2,406,904	1.7%	0.8 %
501–1,000	2,967	11.7 %	2,315,981	1.6%	0.8 %
1,001–2,000	1,785	7.0 %	2,736,871	1.9%	0.9 %
2,001–5,000	1,295	5.1 %	4,205,758	2.9%	1.4 %
5,001–10,000	419	1.6 %	3,086,851	2.1%	1.1%
10,001–20,000	173	0.7 %	2,427,476	1.7%	0.8 %
20,001–50,000	126	0.5 %	3,921,716	2.7%	1.3 %
50,001–100,000	58	0.2 %	4,163,764	2.9%	1.4 %
100,001–500,000	68	0.3 %	15,691,791	10.9%	5.4 %
500,001–1,000,000	15	0.1 %	10,592,107	7.3%	5.0 %
1,000,001–	24	0.1 %	92,944,019	64.3%	80.9 %
Total	**25,421**	**100.0 %**	**144,493,238**	**100.0 %**	**100.0 %**

FIVE-YEAR SUMMARY

Amounts in SEK million unless otherwiase stated

	2019	2018	2017	2016	2015
Income Statement					
Revenues	5,173.0	5,419.8	4,716.5	4,117.3	3,722.0
Gross profit	3,427.6	3,859.9	3,419.4	3,078.0	2,675.6
Operating income	865.0	1,193.7	882.2	946.4	886.4
Profit/loss before tax	810.9	1,152.4	842.9	936.0	883.0
Income after tax	**787.1**	**1,078.1**	**786.5**	**878.0**	**831.7**
Balance Sheet					
Intangible fixed assets	5,218.9	5,164.5	4,943.4	4,627.5	3,980.3
Property plant and equipment	74.4	95.5	97.7	85.9	57.0
Right-of-use assets	99.0	–	–	–	–
Financial fixed assets	13.7	1.4	11.8	12.6	16.9
Deferred tax receivables	50.0	57.1	43.8	34.9	21.2
Current receivables	1598.7	1,664.1	1,241.9	1,057.4	1,126.9
Cash and cash equivalents	639.2	488.7	479.5	444.3	524.9
Total assets	**7,693.9**	**7,471.2**	**6,817.9**	**6,262.5**	**5,727.4**
Shareholders' Equity	4,899.0	4,589.3	3,666.9	3,502.9	3,153.7
Provisions	29.1	74.6	42.2	21.0	115.8
Interest-bearing non-current liabilities	1,020.5	93.5	993.9	1,325.6	505.2
Current liabilities	1,745.3	2,713.8	2,114.9	1,413.0	1,952.7
Total equity and liabilities	**7,693.9**	**7,471.2**	**6,817.9**	**6,262.5**	**5,727.4**
Cash Flow					
Cash flow from operating activities	1,150.3	1,273.3	946.7	1,168.5	1,154.5
Cash flow from investing activities	-293.5	-295.6	-524.0	-648.9	-620.5
Cash flow from financing activities	-714.4	-989.1	-389.7	-616.9	-469.2
Total cash flow for continuing operations	**142.5**	**-11.4**	**32.9**	**-97.4**	**64.7**
Revenues per product					
Casino	3,836.9	4,077.5	3,437.9	2,907.8	2,543.6
Sportbook	1,265.0	1,244.0	1,140.3	1,080.4	1,012.7
Other	71.1	98.3	138.2	129.1	165.8
Total	**5,173.0**	**5,419.8**	**4,716.5**	**4,117.3**	**3,722.0**
Revenues per region					
Nordics	2,026.8	2,517.5	2,258.1	2,013.8	1,801.8
Western Europe	1,607.4	1,734.7	1,350.7	926.2	851.7
Central and Eastern Europe and Central Asia	1,221.9	940.4	943.5	1,073.1	990.5
ROW	316.9	227.2	164.1	104.2	78.0
Total	**5,173.0**	**5,419.8**	**4,716.5**	**4,117.2**	**3,722.1**

	2019	2018	2017	2016	2015
Number of customers					
Number of registered customers (thousands)	15,115.0	14,010.0	12,993.0	10,101.0	9,022.2
Number of active customers (thousands)	686.5	668.7	615.5	573.3	526.3
Profitability and financial position					
Gross margin	66.3,%	71.2,%	72.5,%	74.8,%	71.9,%
EBITDA margin	23.8,%	27.8,%	24.4,%	28.1,%	28.1,%
Operating margin (EBIT)	16.7,%	22.0,%	18.7,%	23.0,%	23.8,%
Profit margin	15.6,%	21.3,%	17.9,%	22.7,%	23.7,%
Return on equity	16.6,%	26.0,%	21.9,%	26.0,%	27.0,%
Return on total capital	11.5,%	16.7,%	13.5,%	15.8,%	16.7,%
Return on capital employed	15.0,%	21.7,%	17.4,%	21.8,%	23.9,%
Equity/assets ratio	63.7,%	61.0,%	53.8,%	56.0,%	55.0,%
Net debt	186.6	245.4	1,074.6	873.6	193.0
Net debt/EBITDA	0.2	0.2	0.9	0.8	0.2
Deposited amounts					
Customer deposits all gaming solutions	19,851.6	18,726.0	16,308.0	14,457.6	12,999.2
Investments					
Investments	293.5	294.2	282.9	316.7	235.1
Personnel					
Average number of employees	1,572	1,602	1,870	1,661	1,584
Number of employees at year-end	1,589	1,547	1,873	1,821	1,639
The share					
Share capital	96.3	96.3	96.3	96.3	95.4
Number of shares outstanding at year-end	138,414,646	138,414,646	138,414,646	138,414,646	138,414,557
Number of own shares at year-end	6,078,592	6,078,592	6,078,592	6,078,592	4,694,524
Total number of shares at year-end	144,493,238	144,493,238	144,493,238	144,493,238	143,109,081
Average number of shares outstanding	138,414,646	138,414,646	138,414,646	138,414,571	138,239,023
Average number of shares outstanding after dilution	138,414,646	138,414,646	138,414,646	138,414,571	138,239,023
Number of registered shareholders	25,421	28,636	40,009	41,056	35,156
Share price at year-end (SEK)	43.68	73.00	60.50	87.90	155.50,
Market capitalisation at year-end	6,046.0	10,104.3	8,374.1	12,166.6	21,523.5
Earnings per share (SEK)	5.69	7.79	5.68	6.34	6.02
Earnings per share after dilution (SEK)	5.69	7.79	5.68	6.34	6.02
Equity per share (SEK)	35.38	33.16	26.49	25.31	22.78
Dividend or equivalent per share (SEK)	2.88	3.89	2.84	4.76	4.51
Dividend amount	393.6	538.4	393.1	658.9	624.3

CONSOLIDATED INCOME STATEMENT

Amounts in SEK thousand

	Note	2019	2018
Revenues	3,4	5,172,973	5,419,824
Total		**5,172,973**	**5,419,824**
Cost of services provided	5	-1,745,392	-1,559,845
Gross profit		**3,427,581**	**3,859,979**
Operating expenses			
Work performed by the Company for its own use and capitalised	14	202,438	201,538
Marketing expenses		-898,078	-994,504
Personnel costs	7	-790,217	-813,946
Other external expenses	6	-701,807	-741,047
Depreciation	8	-364,753	-311,352
Other operating income/expenses	9	-10,123	-6,891
Total operating expenses		**-2,562,540**	**-2,666,202**
Operating income		**865,041**	**1,193,777**
Net financial items	10		
Financial income		4,105	2,839
Financial expenses		-58,288	-44,234
Total net financial items		**-54,184**	**-41,395**
Profit/loss before tax		**810,857**	**1,152,382**
Tax	13	-23,756	-74,327
Profit/loss for the year		**787,100**	**1,078,055**
Of which attributable to:			
- shareholders in the Parent Company		787,465	1,078,055
- non-controlling interests		-364	–
Earnings per share			
- before dilution (SEK)	11	5.69	7.79
- after dilution (SEK)	11	5.69	7.79
Proposed/paid dividend per share (SEK)	12	2.88	3.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand

	Note	2019	2018
Net income for the year		787,100	1,078,055
Other Comprehensive Income			
Items that can subsequently be reversed in the income statement			
Hedging of net investments in foreign currency		20,474	-6,858
Deferred tax on hedging of net investments in foreign currency	13	-4,498	1,508
Exchange rate differences on translation of foreign operations		42,994	239,628
Other comprehensive income for the year (after tax)		58,970	234,278
Total comprehensive income for the year		846,070	1,312,333
Of which attributable to:			
- shareholders in the Parent Company		846,070	1,312,333
- non-controlling interests		364	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SEK thousand

	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	14	5,218,950	5,164,469
Property, plant and equipment	15	74,372	95,486
Right-of-use assets	15	98,988	-
Financial fixed assets	18	13,653	1,357
Other longterm receivables	19	1,168	1,122
Deferred tax assets	13	50,010	57,059
Total fixed assets		**5,457,142**	**5,319,493**
Current assets			
Tax assets	13	557,529	581,512
Other receivables	20	940,972	990,748
Prepaid expenses and accrued income	21	99,140	90,674
Cash and cash equivalents	22	639,155	488,747
Total current assets		**2,236,796**	**2,151,681**
Total assets		**7,693,938**	**7,471,174**
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	23	96,329	96,329
Other contributed capital		1,438,757	1,438,315
Reserves		442,460	383,490
Retained earnings including net income for the year		2,921,507	2,671,126
Total shareholders' equity attributable to Parent Company shareholders		**4,899,053**	**4,589,259**
Provisions		14,475	32,658
Deferred tax liabilities	13	14,570	41,925
Total provisions		**29,045**	**74,583**
Non-current liabilities			
Bond loan	24	986,273	–
Non-current liabilities to credit institutions	24	0	93,505
Lease liabilities	15	34,200	–
Total non-current liabilities		**1,020,473**	**93,505**
Current liabilities			
Bond loan	24	0	997,102
Accounts payable		83,364	111,404
Tax liabilities	13	666,675	687,611
Other liabilities	25	560,805	521,103
Accrued expenses and deferred income	26	383,135	396,607
Lease liabilities	15	51,389	-
Total current liabilities		**1,745,368**	**2,713,827**
Total equity and liabilities		**7,693,938**	**7,471,174**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK thousand

	Note	2019	2018
Operating activities			
Income after financial items		810,857	1,152,382
Adjustments for items not included in cash flow			
Depreciation	8	364,753	311,352
Share of shareholders' equity and share of profit in associated company		380	8,172
Share-based remuneration		1,807	2,850
Unrealised currency effects		-5,458	-3,672
Paid company tax		**-64,017**	**-43,479**
Cash flow from operating activities before changes in working capital		**1,108,322**	**1,427,605**
Changes in working capital			
Changes in current receivables		41,266	-288,977
Changes in current liabilities		691	134,706
Cash flow from operating activities		**1,150,278**	**1,273,334**
Investing activities			
Acquisition of intangible fixed assets	14	-232,380	-239,960
Acquisition of property, plant and equipment	15	-32,688	-55,630
Acquisition of shares in subsidiary companies	16	-28,528	-60
Cash flow from investing activities		**-293,596**	**-295,650**
Financing activities			
Share redemption programme	12	-538,433	-393,098
Raised bank loans	24	–	313,181
Repayment of bank loans	24	-91,616	-890,594
Additional purchase consideration	25	-10,251	-20,300
Lease payments		-59,557	–
Raised bond loan	24	985,100	–
Bond redemption	24	-1,000,000	–
Paid deposits		–	1,467
Premiums received for issued warrants		441	470
Cash paid upon redemption of warrants and employee stock options		-93	-212
Cash flow from financing activities		**-714,409**	**-989,086**
Change in cash and cash equivalents		**142,274**	**-11,402**
Cash and cash equivalents at the beginning of the year		488,747	479,450
Exchange rate differences in cash and cash equivalents		8,134	20,699
Cash and cash equivalents at year-end	22	**639,155**	**488,747**
Additional information			
Unutilised credit facilities amounted to	24	880,000	786,495
Interest paid during the year amounted to		-37,179	-40,708
Interest received during the year amounted to		2,140	2,839

CHANGES IN EQUITY FOR THE GROUP

Amounts in SEK thousand

	Share capital	Other contributed capital	Translation reserve	Retained earnings including net income for the year	Total equity
Opening balance Shareholders' equity, 1 Jan 2018	96,329	1,437,845	149,212	1,983,531	3,666,916
Comprehensive income 2018					
Profit/loss for the year				1,078,055	1,078,055
Hedging of net investments in foreign currency			-5,350		-5,350
Exchange rate differences on translation of foreign operations			239,628		239,628
Total comprehensive income for the year			**234,278**	**1,078,055**	**1,312,333**
Transactions with the Company's owners 2018					
Share redemption	-48,165			-344,933	-393,098
Bonus issue	48,165			-48,165	0
Warrants, value of employee services				2,850	2,850
Redemption of employee stock options and warrants				-212	-212
Premiums received for warrants		470			470
Closing balance Shareholders' equity, 31 Dec 2018	**96,329**	**1,438,315**	**383,490**	**2,671,126**	**4,589,259**
Opening balance Shareholders' equity, 1 Jan 2019	**96,329**	**1,438,315**	**383,490**	**2,671,126**	**4,589,259**
Comprehensive income 2019					
Profit/loss for the year				787,100	787,100
Hedging of net investments in foreign currency			15,976		15,976
Exchange rate differences on translation of foreign operations			42,994		42,994
Total comprehensive income for the year			**58,970**	**787,100**	**846,070**
Transactions with the Company's owners 2019					
Share redemption	-48,165			-490,268	-538,433
Bonus issue	48,165			-48,165	0
Warrants, value of employee services				1,807	1,807
Redemption of employee stock options and warrants				-93	-93
Premiums received for warrants		442			442
Closing balance Shareholders' equity, 31 Dec 2019	**96,329**	**1,438,757**	**442,460**	**2,921,507**	**4,899,053**
Of which attributable to:					
- shareholders in the Parent Company					4,899,053
- non-controlling interests					-1,423

PARENT COMPANY INCOME STATEMENTS

Amounts in SEK thousand

	Note	2019	2018
Revenues	3	32,060	27,949
Total		**32,060**	**27,949**
Operating expenses			
Personnel costs	7	-29,932	-37,688
Other external expenses	6	-50,788	-35,205
Depreciation	8	-1153	-591
Other operating income/expenses	9	-874	2,574
Total operating expenses		**-82,747**	**-70,909**
Operating income		**-50,687**	**-42,960**
Financial items	10		
Income from participations in Group companies		1,002,153	1,161,332
Profit/loss from interests in Group companies, Group contributions		55,492	47,842
Interest income and similar items		20,328	2
Interest expenses and similar items		-50,237	-62,320
Total net financial items		**1,027,736**	**1,146,856**
Result after financial items		**977,049**	**1,103,896**
Profit/loss before tax		**977,049**	**1,103,896**
Tax	13	0	0
Profit/loss for the year		**977,049**	**1,103,896**
Proposed/paid dividend per share	12	2,88	3,89

PARENT COMPANY BALANCE SHEETS

Amounts in SEK thousand

	Note	2019	2018
ASSETS			
Tangible fixed assets			
Property, plant and equipment	15	5,085	1,151
Total tangible fixed assets		**5085**	**1,151**
Financial fixed assets			
Participations in Group companies	16,17	5,157,212	5,023,946
Deferred tax receivables	13	11,660	11,660
Total financial fixed assets		**5,168,872**	**5,035,606**
Total fixed assets		**5,173,957**	**5,036,757**
Current assets			
Current receivables			
Receivables from Group companies		988,518	894,150
Tax assets	13	849	849
Other receivables	20	612	1,419
Prepaid expenses and accrued income	21	5,603	5,591
Total current receivables		**995,582**	**902,009**
Cash and bank balances	22	239,419	188,312
Total current assets		**1,235,001**	**1,090,321**
TOTAL ASSETS		**6,408,958**	**6,127,078**

Amounts in SEK thousand

	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	96,329	96,329
Statutory reserve fund		253,279	253,279
Total restricted equity		**349,608**	**349,608**
Non-restricted equity			
Share premium reserve		1,192,408	1,192,408
Retained earnings		2,719,108	2,153,296
Profit/loss for the year		977,049	1,103,896
Total non-restricted equity		**4,888,565**	**4,449,600**
Total equity		**5,238,173**	**4,799,208**
Non-current liabilities			
Bond loan	24	986,272	–
Liabilities to credit institutions	24	–	91,616
Total non-current liabilities		**986,272**	**91,616**
Current liabilities			
Bond loan	24	–	997,102
Accounts payable		3,004	2,541
Liabilities to Group companies		173,135	211,219
Other liabilities	25	1,535	11,500
Accrued expenses and deferred income	26	6,839	13,892
Total current liabilities		**184,513**	**1,236,254**
TOTAL EQUITY AND LIABILITIES		**6,408,958**	**6,127,078**

PARENT COMPANY CASH FLOW STATEMENTS

Amounts in SEK thousand

	Note	2019	2018
Operating activities			
Income after financial items		977,049	1,103,896
Adjustments for items not included in cash flow			
Depreciation	8	1,153	591
Exchange differences and other		-873	3,162
Cash flow from operating activities before changes in working capital		**977,329**	**1,107,649**
Changes in working capital			
Changes in current receivables		-93,573	-92,139
Changes in current liabilities		-39,444	18,164
Cash flow from operating activities		**844,311**	**1,033,674**
Investing activities			
Acquisition of property, plant and equipment	15	-5,087	–
Shareholder contribution	16, 17	-133,266	–
Cash flow from investing activities		**-138,353**	**–**
Financing activities			
Share redemption	12	-538,433	-393,098
Bond issue	24	985,100	–
Bond redemption	24	-1,000,000	–
Premiums received for issued warrants		442	470
Cash paid upon redemption of warrants and employee stock options		-93	-212
Raised loans	24	–	313,181
Repaid loans	24	-91,616	-890,594
Repaid additional purchase consideration	25	-10,251	-20,300
Cash flow from financing activities		**-654,851**	**-990,553**
Change in cash and cash equivalents		**51,107**	**43,121**
Cash and cash equivalents at the beginning of the year		188,312	145,191
Cash and cash equivalents at year-end	22	**239,419**	**188,312**
Additional information			
Unutilised credit facilities amounted to	24	880,000	786,495
Interest paid during the year amounted to		-36,863	-37,411
Interest received during the year amounted to		–	2

CHANGES IN EQUITY FOR THE PARENT COMPANY

Amounts in SEK thousand

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY			
	Share capital	Statutory reserve fund	Share premium reserve	Retained arnings	Profit for the year	Total quity
Opening balance Shareholders' equity, 1 Jan 2018	96,329	253,279	1,192,408	1,547,274	998,862	4,088,151
Appropriation according to AGM				998,862	-998,862	–
- Share redemption	-48,165			-344,933		-393,098
- Bonus issue	48,165			-48,165		–
Received payment - warrants issued				470		470
Redemption of employee stock options and warrants				-212		-212
Group contributions					47,842	47,842
Profit/loss for the year, excl group contributions					1,056,055	1,056,055
Closing balance Shareholders' equity, 31 Dec 2018	**96,329**	**253,279**	**1,192,408**	**2,153,296**	**1,103,896**	**4,799,208**
Opening balance Shareholders' equity, 1 Jan 2019	96,329	253,279	1,192,408	2,153,296	1,103,896	4,799,208
Appropriation according to AGM				1,103,896	-1,103,896	0
- Share redemption	-48,165			-490,268		-538,433
- Bonus issue	48,165			-48,165		0
Received payment - warrants issued				442		442
Redemption of employee stock op-tions and warrants				-93		-93
Group contributions					55,492	55,492
Profit/loss for the year, excl group contributions					921,557	921,557
Closing balance Shareholders' equity, 31 Dec 2019	**96,329**	**253,279**	**1,192,408**	**2,719,108**	**977,049**	**5,238,173**

NOTE 1. GENERAL INFORMATION

Betsson AB (parent company, CIN 556090-4251) conducts gaming operations over the internet through its subsidiaries. Business activities are primarily operated via companies in Sweden, Malta, Gibraltar and Georgia.

The parent company is a limited company with registered address in Stockholm. The address of the Company's registered office is Regeringsgatan 28, 111 53 Stockholm. The parent company is listed on Nasdaq Stockholm Large Cap List.

These consolidated financial statements were approved by the Board for publication on 30 March, 2020. All amounts stated in these Notes are in SEK thousand, unless stated otherwise.

NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING AND VALUATION PRINCIPLES

The most important accounting principles applied in these consolidated financial statements are described below. These principles have been applied consistently for all yearspresented, 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 International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The accounts have been prepared using the cost method except for 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 possible within the framework of the Swedish Annual Accounts Act, and 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.

New standards, amendments and interpretations

IFRS 16 Leases replaces IAS 17 Leases with associated interpretations with effect from 1 January 2019. The new standard means that lease contracts are recognised in the lessee's balance sheet, except for leases shorter than twelve months and/or pertaining to small amounts. Under IFRS 16 Leases, an asset (the right to use a leased asset) and a financial liability representing an obligation to make lease payments are to be recognised. Lease expenses in the income statement are replaced by depreciation and interest expenses. Betsson applies the simplified transition approach, comparatives have not been restated. Other IFRS amendments applicable from 1 January 2019 have not had a material impact on the consolidated financial statements.

A number of new or amended IFRS standards will not enter into force until coming financial years and have not been applied early in preparing these financial statements.

Applied basis of valuation and classification

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

Assets and liabilities are reported at acquisition cost, except for certain financial instruments which are reported at fair value. Financial assets and liabilities reported at fair value consist of financial instruments 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 realised within twelve months, 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 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 application of various important estimations and assumptions for accounting purposes is required. Management is also required to make assessments regarding the application of the Group's accounting principles. The areas including a high degree of assessment, which are complex, or in which estimations and assumptions are of material importance for the consolidated financial statements, include assumptions regarding the impairment testing of goodwill and brand. See Note 14.

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 percent of the voting rights or otherwise exercises a controlling interest.

The consolidated financial statements have been prepared in accordance with the purchase method, which means that the parent company indirectly acquires the subsidiary company's assets and assumes its liabilities. The difference between the purchase consideration and the fair value of the acquired identifiable net assets on acquisition date represents the cost of goodwill, which is recognised 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.

Subsidiaries are all companies over which the Group exercises a controlling influence. The Group is considered to exercise control over a company when it is exposed or entitled to variable returns on the basis of its participation in the Company and is able to impact this return through its influence in the Company.

Subsidiaries are included in the consolidated financial statements with effect from the day controlling interest is transferred to the Group. They are excluded in the consolidated financial statements with effect from the day controlling interest expires. Revenues, expenses, assets and liabilities which are attributable to subsidiaries are included in the consolidated financial statements from the date on which control is assumed 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.

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 percent of the votes. Holdings in associated companies are reported in accordance with the equity accounting method, which means investments are initially valued at acquisition cost, after which the carrying value is 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 includes goodwill identified upon acquisition.

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

Reporting per segment

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 AB's case, the CEO. The CEO monitors operating income for the entire operations as one operating segment in a matrix organisation.

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 recognised in the income statement.

Translation of foreign operations

Operations with a functional currency other than 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. Translation differences are reported in other comprehensive income.

On the disposal of a foreign entity, the accumulated translation differences attributable to the business are realised in the consolidated income statement after deduction of any hedging agreements.

Revenues

Invoiced licence revenues regarding the provision of the technical platform and revenues from the Group's gaming operations are reported as revenues. Marginal revenues 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 reported net after deduction for player winnings, bonuses, jackpot contributions and costs for loyalty programmes. This applies to Poker, Casino, Scratchcards, Bingo and Games.

Revenues attributable to gaming transactions in which the Company assumes an open position against the player are reported net after deduction of player winnings, bonuses and loyalty programmes. The revenues reported in this manner refer to Sportsbook.

The portion of revenues reserved for customer bonus points in Betsson's loyalty programme is reported only when the customers actually redeem the points. Revenues from systems solutions offered to external gaming operators are recognised as license revenue at invoiced cost, based on the terms of the respective contract.

Revenues from services sold are 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. External revenues from services sold are negligible.

Other revenues

Other revenues include revenues 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 non-current assets in the parent company.

Cost of services provided

Cost of services provided refers to expenditure within the gaming operations for gaming taxes, licencing fees to games providers, costs for payment services via bank and credit cards for deposited bets and payment of winnings and costs for fraud.

Regarding games reported as financial instruments, the cost of gaming taxes and licencing fees which are calculated based on the outcome of the game are deducted from the revenue reported from the game.

The cost of goods sold also includes commission to partners and affiliates. Payment to partners and affiliates is volume-related and reflects the volume of the end customers' mediated gaming transactions.

Gross profit
Betsson recognise revenues as the result arising from transactions with end customers, namely, the players. At this level, success in the games themselves can be measured. The gross profit also includes profits from transactions with third parties, i.e. partners, affiliates, game suppliers and payment service suppliers. Betsson's success in negotiating with suppliers can be measured.

Gross profit from the Group's gaming operations consists of the net amount of deposited bets and paid out winnings after deductions for bonuses, jackpot contributions, loyalty programmes, gaming taxes, licencing fees to game suppliers, commission to partners and affiliates, net income/ expense for payment services via banks and bank cards for payment of winnings and costs for fraud (unapproved payment transactions).

Work performed by the Company for its own use and capitalised
Work performed by the Company for its own use and capitalised 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 costs for production and distribution of marketing in different media.

Leases
Up to the financial year ending in 2018, all the Group's lease contracts were classified as operating leases, and lease payments were expensed on a straight-line basis over the lease term. With effect from 1 January 2019, the Group's lease contracts are recognised in accordance with IFRS 16. On transition, the Group chose to apply the simplified transition approach, which means that leases that have been identified as leases under previous accounting rules have not been re-examined. On transition (1 January 2019), the lease liabilities were measured at the present value of the remaining lease payments, and the right-of-use asset was recognised at an amount corresponding to the lease liability.

According to the new accounting policy, a lessee recognises a right-of-use asset representing a right to use the underlying asset, during a specific period of time, and a liability representing an obligation to make lease payments. The lease contract expense is recognised as a depreciation of the right-of-use asset and as an interest expense for the lease liability. See Note 15. The lease liabilities are measured continuously at the present value of the remaining lease payments, discounted by the marginal borrowing rate for a corresponding asset on similar terms. The right-of-use asset is depreciated on a straight-line basis to the end of the lease period.

The lease liabilities are re-measured if the future lease payments change, for example as a result of index or price changes. When re-measurement takes place in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Most of the lease contracts in the Group pertain to rental of office properties. Lease contracts normally run for a period of three years and with a possible extension option. Leases are negotiated individually in the Group and may contain different terms. Leases of low value, which mainly pertain to computers, printers, photocopiers and short-term leases (lease period not more than 12 months) do not represent material assets for the Group and are not included in lease liability.

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

The fair value of the services entitling employees to be allocated options is expensed. The total amount to be written off is based on the fair value of the 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 with 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 expensed 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 closing date, the Company reviews all estimates regarding the number of shares expected to be earned, based on the non-market related vesting conditions. Any deviations from initial assessments are reported in the income statement and corresponding adjustments are made in shareholders' 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.

Social security contributions arising on the allocation of options are regarded as an integral component of the allocation, and these expenses are managed as a share-based payment paid in cash.

Pension costs
Group payments concerning defined-contribution pension plans are expensed during the period in which the employee renders the services to which the contribution relates.

Commitments for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance cover with Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 10, this is a defined-benefit plan involving several employers.

For the 2019 financial year, the Group has not had access to information enabling it to report its proportional share of the plan's obligations plan assets and expenses, implying that it has been impossible 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 premium for the defined-contribution plan is individual and is determined on the basis of, among other things, the age, salary and previous earned pension of the insured. Expected fees for the next reporting period for pension insurance secured with Alecta amount to SEK 2,100 thousand. The Group's share of the plan is immaterial. The collective funding 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. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is less than 125 percent or greater than 155 percent, measures shall be taken in order to create the conditions for the funding ratio to return to the normal range. In the event that the collective funding ratio exceeds 155 percent, Alecta's surplus may be distributed to the policyholders and/or the insured. However, Alecta implements premium reductions to avoid a surplus arising.

At the end of 2019, Alecta's surplus of the collective funding ratio amounted to 148 (142) percent.

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/amortisation of fixed assets or businesses. In order to reduce exposure to exchange rate fluctuations.

Taxes

Tax reported in the income statement comprises current tax, deferred tax and, where appropriate, gaming-related taxes. 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 shareholders' 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 balance day.

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 utilised and will result in lower tax payments in the future.

Financial assets and liabilities

Financial assets that are subject to IAS 9 (IAS 39) Financial Instruments: Recognition and Measurement are to be classified according to the following categories:

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

Financial instruments are initially recognised at acquisition cost, equivalent to the instrument's fair value plus transaction costs, except 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 recognised 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 revenues 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 are valued at accrued 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 expensese.

Other financial liabilities

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

Intangible fixed assets

The online gaming market is expected to grow for a considerable time, and goodwill and brands are expected to have an indefinite useful lifetime and are not subject to annual amortisation. These assets are assessed as having a useful life for which no expiry date has been determined and the value of these assets remains unchanged, as long as the anticipated discounted net inflow from the intangible assets is equal to or greater than the assets' respective carrying values. Tests are conducted annually to identify any possible impairment requirement and, if such a requirement is identified, the asset's value is reduced by accumulated impairment.

Development expenditure and other intangible fixed assets

Intangible fixed assets include development expenditure and acquired expenses in the form of other brands/domains and customer databases, etc. Development expenditure is capitalised as assets in the balance sheet to the extent that it is 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 capitalised. Assets are recorded from when the decision to proceed with the respective project is undertaken and the conditions are in place to do so. The carrying 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 expenditure is included at acquisition cost with deductions for accumulated depreciation/amortisation and impairment. Other intangible assets are reported at cost with deductions for accumulated amortisation and impairment.

The valuation of intangible assets' ability to generate revenues is undertaken continuously in order to identify any impairment. Maintenance costs for games, gaming systems and gaming platforms are expensed as they arise.

Property, plant and equipment

Property, plant and equipment are reported at cost after deductions for accumulate depreciation and any impairment. Repairs and maintenance are expensed as they arise.

Depreciation/amortisation and impairment

Depreciation/amortisation is based on the original cost reduced by estimated residual value, taking into account prior impairment. Depreciation/amortisation 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	2-3 years
Capitalised development expenditure for games, gaming systems, and gaming platforms	max 3 years
Office equipment and fittings	5-7 years
Servers and similar	5 years
Other hardware	5 years
Computers within technology and development	expensed 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 tangible or intangible fixed assets have an exceedingly high carrying value, an analysis is undertaken in which the specific type of the asset, or naturally related types of assets, is determined as either the net realisable value or the value in use, whichever is the higher. Value in use is measured as the expected future discounted cash flow. Intangible assets which are not yet ready for use or sale are tested annually for impairment, regardless of whether there is an indication of a decrease in value.

Any impairment consists of the difference between the carrying value and the recoverable amount. Impairment is reversed when it is no longer justified. Such reversals are recognised 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 impairments are not reversed.

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.

Borrowing

Borrowing is initially reported at fair value, net after transaction costs. Borrowing is thereafter reported at accrued cost and any difference between the received amount and the repayment amount is reported in the income statement distributed over the loan period, with application of the effective interest method. Charges for loan facilities are reported as transaction costs for borrowing to the extent it is likely that parts of or the entire credit margin will be utilised. In such cases, the charge is reported when the credit margin is utilised. When there is no evidence that it is likely that parts of or the entire credit margin will be utilised, the charge is reported as an advance payment for financial services and is distributed over the applicable loan commitment's duration.

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 amortised cost using the effective interest method.

Accounting principles for the parent company

The parent company applies the same principles as the Group, except that the parent company accounts are prepared in accordance with RFR 2. Accounting for legal entities and Swedish Financial Reporting Board statements.

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 than for the Group.

Group contributions and shareholder contributions

Group contributions and shareholder contributions are reported in accordance with a statement issued by the Swedish Financial Reporting Board, RFR2. Shareholder contributions are recognised directly against shareholders' equity by the recipient and are capitalised 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, that Group contributions provided or received to minimise 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 cost, 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 cost. Contingent purchase consideration is reported as part of the cost 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 cost 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

In the parent company, due to the relationship between accounting and taxation, deferred tax liabilities on untaxed reserves are reported as part of untaxed reserve.

DEFINITIONS

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

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

Average equity. Equity in the beginning of the year plus equity at the end of the year, divided by two.

Average capital employed. Total assets less non-interest bearing debts at beginning and end of year, 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.

Betting dutie. 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. Net income in relation to the average number of shares outstanding.

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

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

EBITDA margin. EBITDA as a percentage of revenue.

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

Equity/assets ratio. Equity at the end of 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.

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 repurchased shares) at the end of the period.

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

Operating margin (EBIT margin). EBIT as a percentage of revenue.

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

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

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

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

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.

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.

NOTE 3. REVENUES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
- Gaming operations	4,649,308	5,093,522		
- licencing revenues	523,665	326,302		
- Consultancy, management			13,822	12,059
- Rental fees and office services			18,238	15,890
Total	**5,172,973**	**5,419,824**	**32,060**	**27,949**

NOTE 4. REVENUES PER PRODUCT AND REGION

Segment Information

The Group's operations are reported as one single operating segment, in accordance with the definition of an operating segment. 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 AB's case, the CEO. The CEO monitors operating income for the entire operations as one operating segment.

Betsson's operational organisation is divided into geographical areas and product categories. This specification is shown in the five-year summary on page 40-41, and in the following table.

The CEO evaluates the operations based on revenues. Revenues from Group operational units consist of invoiced licences for the provision of a technology platform and net of gaming stakes received and gaming winnings paid. Betsson operates an integrated business model and, does not allocate assets and liabilities according to customer category, geographical region or product category.

Betsson AB, which has its registered office in Sweden, has no external revenues in Sweden. The distribution of revenues in the Group is shown in Note 3 and the table below. One of the Group's customers, Realm Entertainment ltd, has revenues accounting for 10 (6) percent of total revenues. Of the Company's non-current assets, 1.6 (0.9) percent are attributable to Sweden.

GROUP	2019	2018
Revenues per product, SEK million		
Casino	3,836.9	4,077.5
Sportbook	1,265.0	1,244.0
Other products	71.1	98.3
Total	**5,173.0**	**5,419.8**
Revenues per region, SEK million		
Nordics	2,026.8	2,517.5
Western Europe	1,607.4	1,734.7
Central & Eastern Europe and Central Asia	1,221.9	940.4
ROW	316.9	227.2
Total	**5,173.0**	**5,419.8**

NOTE 5. COSTS OF SERVICES PROVIDED

	GROUP	
SEK million	2019	2018
Licence fees	516	508
Betting duties	358	262
Affiliates and partners commission	397	436
Other cost of services provided	474	354
Total	**1,745**	**1,560**

NOT 6. 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	
	2019	2018	2019	2018
Audit assignment				
PricewaterhouseCoopers	*3,884	*5,234	1,770	1,620
Other auditing firms	215	130		
Audit activities other than the audit assignment				
PricewaterhouseCoopers				
Other auditing firms				
Tax advisory services				
PricewaterhouseCoopers	394	265	70	31
Other auditing firms	254	218		
Valuation services				
PricewaterhouseCoopers				
Other auditing firms				
Other services				
PricewaterhouseCoopers	1,528	1,206	736	687
Other auditing firms	970	547	638	251
Total	**7,245**	**7,600**	**3,214**	**2,589**

Other services primarily concern acquisition related services.
* Of which SEK 1,770 (1,620) thousand refers to PwC Sweden

NOTE 7. EMPLOYEES, SALARIES AND FEES

	2019		2018	
	Total	of whom women	Total	of whom women
Parent Company				
Sweden	11	45 %	14	51 %
Total Parent Company	**11**	**45 %**	**14**	**51 %**
Subsidiaries				
Sweden	90	12 %	98	16 %
Denmark	–	–	1	–
Gibraltar	4	25 %	4	21 %
Hungarry	59	12 %	30	15 %
China	2	100 %	2	100 %
Estonia	49	47 %	58	33 %
Latvia	3	–	2	–
Lithuania	69	96 %	68	98 %
UK	30	23 %	54	31 %
Malta	931	35 %	929	33 %
Georgia	274	76 %	342	62 %
Total subsidiaries	**1,511**	**43 %**	**1,588**	**41 %**
Total Group	**1,522**	**43 %**	**1,602**	**41 %**

Proportion of women in leading positions

	2019	2018
Board of Directors	29 %	17 %
Group Executive management team	20 %	40 %

Salaries, other remuneration and social security contributions

	2019				2018			
	Salaries and remunera-tion	Of which CEO, Board and Senior Executives	Social security contri-butions	Of which pension costs	Salaries and remunera-tion	Of which CEO, Board and Senior Executives	Social security contribu-tions	Of which pension costs
Total Group	670,552	16,462	85,273	13,221	679,435	23,641	90,464	12,938

Remuneration and other benefits to the Board of Directors and Senior Executives

	2019				2018			
	Basic salary/fee/ benefit	Variable remunera-tion	Pension cost	Share-based remunera-tion	Basic salary/fee/ benefit	Variable remunera-tion	Pension cost	Share-based remunera-tion
Patrick Svensk, Chairman of the Board	966				1,039			
Fredric Carlsson	572				542			
Mathias Hedlund from May 2018	520				295			
Eva Leach from May 2019	263							
Johan Lundberg from May 2018	509				289			
Jan Nord	520				478			
Kicki Wallje Lund	509				473			
Tristan Sjögren until October 2018					160			
Martin Wattin until May 2018					183			
Total Board fees	**3,859**	–	–	–	**3,459**	–	–	–
Pontus Lindwall, CEO and President	5,505	170	1,930	–	5,475	1,938	2,318	–
Other senior executives (4 persons)	6,352	514	1,706	62	10,342	2,324	2,475	103
Total Executive management team	**11,857**	**684**	**3,636**	**62**	**15,817**	**4,262**	**4,793**	**103**

Notes on remuneration

Variable remuneration refers to bonuses that are based on quarterly revenues and operating income targets, annual business driven key figures and that are paid in the year in which they are earned and in the following year. The Group has only defined-contribution pension plans (except for portions 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 CEO, Pontus Lindwall, receives salary, company car benefits and bonus in accordance with the guidelines decided at the Annual General Meeting. For senior executives please see pages 36-37.

	PREVIOUS PROGRAMMES	THIS YEAR'S PROGRAMME					
Senior Executives	Warrants	Warrants 2019/2022			Warrants 2019/2022		
	Number	Number	Fair value, SEK thousand	Average purchase price, SEK	Number	Fair value, SEK thousand	Average purchase price, SEK
CEO	110,000	160,000	373.9	1.40			
Other senior executives	190,000	110,000	257.1	1.97	36,000	84.1	1.40

In 2019, all senior executives (group management team) received warrants, which were acquired at fair value. The fair value has been calculated using the Black & Scholes valuation model with the following input data:

Share price at valuation day	43.68	Expected volatility	31 %	Riskfree interest	-0.67%

For more details on incentive programmes, see Note 31.

Share-based remunerations

Share-based remuneration includes the Group's accrued costs for employee stock options.

Decision-making and preparation process

Fees are paid to the directors of the Board in accordance with decision of the Annual General Meeting. Fees to the Chairman of the Board are determined by the remuneration committee in accordance with guidelines decided at the Annual General Meeting.

Guidelines for remuneration to senior executives adopted by the Annual General Meeting for 2019

The category 'senior executives' comprises the CEO, CFO, Vice President Governance, Risk and Compliance, the Group's Head of Legal Affairs and Vice President Head of Tax. If the Chairman of the Board is employed by the Company these guidelines will also include that position. Remuneration is to be market based and competitive, in order to be able to attract and retain competent senior executives. Remuneration comprise fixed salary, variable remuneration, pensions
and other benefits such as a company car in some cases.

Variable remuneration will be paid only when pre-determined financial and other measureable goals, established by the Board, have been achieved. Variable remuneration was based on the extent to which the targets have been achieved or exceeded. If the targets were exceeded at the highest level (outperformed), the estimated cost for variable remuneration to the Chairman of the Board and senior executives of the Group could have reached a maximum of approximately SEK 11.5 million, including social security contributions.

The normal retirement age is 65. Pension terms are to be market-based and based on defined-contribution pension solutions. The period of notice normally is six to twelve months if such notice is given by the Company, and six months if notice is given by the executive. Upon termination initiated by the Company, the executive is entitled to 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.

For the CEO, the bonus for 2019 amounted to SEK 170.4 (1,938.1) thousand, this was 3 (36) percent of the basic salary.

Other senior executives received bonuses for 2019 at an amount of SEK 513.6 (2,323.7) thousand, an average of 8 (22) percent of the basic salary.

Pensions

The pensionable age for the CEO vary between 60 and 65 and for other senior executives is it 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 8 DEPRECIATION

Depreciation/amortisation specified according to category of fixed asset:

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Gaming products, systems and platforms	253,607	250,729		
Customer databases	7,969	14,507		
Inventories, IT equipment, fixed installations, etc.	51,860	46,116	1,153	591
Right- of -use assets	51,318	–		
Total	**364,753**	**311,352**	**1,153**	**591**

NOTE 9 OTHER OPERATING INCOME AND OPERATING EXPENSES

	GROUP		PARENT, COMPANY	
	2019	2018	2019	2018
Capital result on sale/ disposal/depreciation/ write down of non-current assets	118	43	–	43
Profit/loss from sale/ disposal of non-current assets	**118**	**43**	**–**	**43**
Operational exchange gains	17	31	2,060	2,531
Operational exchange losses	-10,258	-6,965	-2,934	–
Currency effects	**-10,241**	**-6,934**	**-874**	**2,531**
Total other operating income/expenses	**-10,123**	**-6,891**	**-874**	**2,574**

NOTE 10. NET FINANCIAL ITEMS

Group	2019	2018
Interest income	4,105	2,839
Financial income	**4,105**	**2,839**
Interest expenses	-57,199	-43,959
Exchange rate fluctuations in financial assets and liabilities	-1,089	-275
Financial expenses	**-58,288**	**-44,234**
Total net financial items	**-54,183**	**-41,395**
Parent company	2019	2018
Dividends from subsidiaries	1,002,153	1,161,332
Group contributions from Swedish subsidiaries	55,492	47,842
Exchange rate fluctuations, financial assets and liabilities	17,833	–
Total income from participations in Group companies	**1,075,478**	**1,209,174**
Interest income, other	2,496	2
Total financial income and similar items	**1,077,974**	**1,209,176**
Interest expenses, other	-50,237	-40,576
Exchange rate fluctuations, financial assets and liabilities	–	-21,744
Total financial expenses and similar items	**-50,237**	**-62,320**
Total net financial items	**1,027,736**	**1,146,856**

NOT 11. EARNINGS PER SHARE

	2019	2018
Income after tax attributable to the Parent company's shareholders	787,465	1,078,055
Average number of shares		
- average total number of shares	144,493,238	144,493,238
- reduced by average number of repurchased shares	-6,078,592	-6,078,592
Average number of outstanding shares before dilution	138,414,646	138,414,646
Average number of outstanding shares after dilution	138,414,646	138,414,646
Earnings per share		
- before dilution (SEK)	5.69	7.79
- after dilution (SEK)	5.69	7.79

NOTE 12. DIVIDEND PER SHARE

Betsson transfer dividends to the shareholders via an automatic redemption process. Transfers to shareholders paid in this manner in 2019 amounted to SEK 538.4 (391.1) million, which corresponded to SEK 3.89 (2.84) per share.

At the Annual General Meeting 2020, a share redemption for the 2019 financial year of SEK 393.6 million will be proposed, equal to SEK 2.88 per share. See further details in the section Dividend policy and proposed dividend on page 38. The proposed transfer to shareholders has not been recognised as a liability in this report.

NOTE 13. TAX

Tax in income statement	GROUP		PARENT COMPANY	
Distribution between current and deferred tax	2019	2018	2019	2018
Current tax	-51,206	-73,051		
Deferred tax	1,913	-1,276		
Tax previous years	25,537	–		
Total	**-23,756**	**-74,327**		
Allocation of tax cost:				
Current tax				
Sweden				
Outside Sweden	-51,206	-73,051		
Total current tax	**-51,206**	**-73,051**		
Deferred tax				
Sweden				
Outside Sweden	1,913	-1,276		
Total deferred tax	**1,913**	**-1,276**		
Difference between tax expense and tax based on applicable tax rate				
Reported income before tax	810,857	1,152,382	977,049	1,103,896
Tax according to current tax rate (21.4%)	-173,523	-253,524	-209,088	-242,857
Difference in tax in foreign operations	155,450	186,186		
Tax effect of non-deductible items	-5,683	-6,989	-433	-465
Tax effect of non-taxable items	–	–	209,522	243,322
Reported tax	**-23,756**	**-74,327**	–	–
Specification of deferred tax expense				
Changes in tax on temporary differences	1,913	-1,276		
Deferred tax on hedges in net investments in foreign currency, reported directly in equity and other comprehensive income.	-4,498	1,508		

Tax in balance sheet	**2019**	**2018**	**2019**	**2018**
Longterm receivables				
- Deferred tax on temporary differences [1]	50,010	57,059	11,660	11,660
Current assets				
- Tax receivable	557,529	581,512	849	849
Provison for taxes				
- Deferred tax on temporary differences [1]	14,570	41,925		
Current liabilities				
- Tax liabilities	666,675	687,611		

1) The deferred tax on temporary differences in recievables and liabilities is maninly related to accumulated differences from changing fx rates related to hedge accounting of EUR denominated assets and loans.

NOTE 14. INTANGIBLE FIXED ASSETS

Group	Gaming products, gaming systems and gaming platforms	Brands	Customer databases	Goodwill	Total
Accumulated cost					
Opening balance 1 Jan 2018	1,340,184	1,586,036	166,858	3,030,076	6,123,154
Assets developed by the Group	239,960				239,960
Scrap and disposals	698				698
Exchange rate fluctuations	58,623	86,759	9,317	138,649	293,348
Closing balance 31 Dec 2018	1,639,465	1,672,795	176,175	3,168,725	6,657,160
Assets developed by the Group	202,438				202,438
Investments	27,629	2,313	–	–	29,942
Acquisitions	–	–	–	17,136	17,136
Scrap and disposals	-31,446	-71,031	-85,327	517	-187,287
Exchange rate fluctuations	23,267	19,101	6,871	46,162	95,401
Closing balance 31 Dec 2019	1,861,353	1,623,178	97,719	3,232,540	6,814,790
Accumulated depreciation and impairment					
Opening balance 1 Jan 2018	-1,000,210	–	-143,299	-36,273	-1,179,782
Depreciation/amortisation for the year	-244,409	–	-14,330	–	-258,739
Scrap and Disposals	-948	–	–	–	-948
Exchange rate fluctuations	-45,028	–	-8,194	–	-53,222
Closing balance 31 Dec 2018	-1,290,595	–	-165,823	-36,273	-1,492,691
Depreciation/amortisation for the year	-251,661	-2,956	-6,959	–	-261,576
Scrap and Disposals	31,431	71,031	85,327	–	187,789
Exchange rate fluctuations	-18,365	-4,393	-6,604	–	-29,362
Closing balance 31 Dec 2019	-1,529,190	63,682	-94,059	-36,273	-1,595,840
Carrying value					
As of 31 Dec 2017	339,974	1,586,036	23,559	2,993,803	4,943,372
As of 31 Dec 2018	348,870	1,672,795	10,352	3,132,452	5,164,469
As of 31 Dec 2019	332,163	1,686,860	3,660	3,196,267	5,218,950

Impairment testing of goodwill and trademarks with indefinite useful lives

The online gaming market is expected to grow for a considerable time, and the goodwill and brands are expected to have an indefinite useful lifetime and are not subject to annual amortisation. These assets are assessed as having a useful life for which no expiry date has been determined and the value of these assets, therefore, remains unchanged, as long as the anticipated discounted net inflow from the intangible assets is equal to or greater than the assets' respective carrying values. Tests are conducted annually to identify any possible impairment requirement and, if such a requirement is identified, the asset's value is reduced by accumulated impairment.

The Group's reported goodwill 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, the acquisition of the NGG Group in 2012 and from the acquisition of the Automaten brands in 2013, the acquisitions of the Class One Holding (Oranje & Kroon Casino) Group in 2014 and the acquisition of the Europe-Bet Group in 2015 as well as from the acquisition of Lošimų strateginė grupė UAB (TonyBet) and RaceBets International Gaming Ltd in 2016, the acquisition of Premiere Megaplex S.A. and Net Play TV ltd in 2017, as well as the acquisition of Simulcasting Brasil in 2019. All of these assets which, together, have a carrying value of SEK 4,881,158 thousand (of which goodwill amounts to SEK 3,188,919 thousand and brands SEK 1,692,239 thousand) are part of a single cash generating unit.

As these assets are not amortised, an impairment test was performed in conjunction with the 2019 annual accounts by calculating the recoverable amount based

on their value in use.
This test showed that the recoverable amount significantly exceeded the carrying value, and that no impairment requirement for goodwill and brands with indefinite useful lives existed. Intangible assets which are not yet ready for use, are tested annually for impairment, regardless of whether there is an indication of a decrease in value.

Important variables and methods for estimating values

The recoverable amount was based on the cash flow projections reflecting actual income from operations in 2019, the budget for 2020 as confirmed by the Board, and an estimate for years 2020-2022 in which an average annual rate of growth of 5 (5) percent was assumed.

The Cash flows for years following 2023 were extrapolated with an annual growth rate of 2 (2) percent, which corresponded to an assumed average future rate of inflation.

The projected cash flows were discounted by 10 (10) percent before tax. The company's assessment is that 10 percent is in line with the risk average in the industry, due to the fact that more markets are getting regulated.

The effective tax rate was estimated at 7(7) percent, which is line with average rate of approximately 6.5 percent. 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 and growth rate. The DCF analysis indicates that there are good margins in the calculation.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

	GROUP	PARENT COMPANY
Accumulated cost		
Opening balance 1 Jan 2018	355,589	11,733
Investments	40,966	58
Sales/disposals	2,228	-697
Exchange rate fluctuations	14,874	–
Closing balance 31 Dec 2018	413,657	11,094
Investments	32,688	5,087
Sales/disposals	-15,465	–
Right- of- use assets (office rent)	148,223	–
Exchange rate fluctuations	3,075	–
Closing balance 31 Dec 2019	582,178	16,181
Accumulated depreciation and impairment		
Opening balance 1 Jan 2018	-257,925	-9,678
Depreciation/amortisation for the year	-45,623	-590
Sales/disposals	-4,810	325
Exchange rate fluctuations	-7,989	–
Closing balance 31 Dec 2018	-316,347	-9,943
Opening balance 1 Jan 2019	-316,347	-9,943
Depreciation/amortisation for the year	-103,178	-1,153
Sales/disposals	15,465	–
Exchange rate fluctuations	-4,758	–
Closing balance 31 Dec 2019	-408,818	-11,096
Carrying value		
As of 31 Dec 2017	97,663	2,055
As of 31 Dec 2018	95,486	1,151
As of 31 Dec 2019	173,360	5,085

From 1 January, 2019 IFRS 16 is applied. For details about the new accounting standard see Note 1. From 1 January, 2019, right-of-use assets and leasing liabilities are accounted for separately in the balance sheet. The following items are disclosed in the financial reports:

Free-of-use assets	2019-12-31	2018-12-31
Premises	98,988	–
(of which parent company)	(13,619)	–
Leasing liabilities		
Short-term liabilities	51,389	–
Long-term liabilities	34,200	–
(of which parent company)	(13,854)	–
The following items are recognised in the income statement:		
Depreciation, premises	-51,318	–
Interest expenses recognised in the fiancial net	-6,599	–

The table below demonstrates the effects on EBITDA according to IFRS 16:	
EBITDA restated in accordance with IFRS 16	1,230
Reversed rental costs previously reported according to IAS 17	55
EBITDA according to previous accounting standards	1,175
EBITDA margin recalculated in accordance with IFRS 16	23.8%
EBITDA margin according to previous accounting standards	22.7%

Added right-of-use assets during 2019 amounts to approximately SEK 12 million. Payments of leasing fees amount to SEK 59.6 million per 2019-12-31. The leasing contracts refer to office rental within the Group and the majority of the contracts has a maturity on 3-5 years. The average interest amounts to 4.31%.

NOTE 16. PARTICIPATIONS IN GROUP COMPANIES

Company	Corporate identity number	Country	Participating interest, %	Number of shares	PARENT COMPANY 2019	2018
Betsson Technologies AB	556651-8261	Sweden	100%	1,000	3,907	3,907
Betsson PR & Media AB	556118-8870	Sweden	100%	18,000	5,577	5,577
AB Restaurang Rouletter	556133-3153	Sweden	100%	1,000	131	131
Finansson euro AB	559048-3987	Sweden	100%	6,000	951,322	818,056
Finansson AB	556169-9843	Sweden	100%	2,500	290	290
BSG Limited	103233	Gibraltar	100%	2,000	23	23
Betting Technologies Inc	CS201210210	Philippines	100%	21,995	3,504	3,504
Betsson Malta Holding Ltd	C 37767	Malta	100%	11,249	1,473,586	1,473,586
- Clearpay Ltd	C 41277	Malta	100%			
- Betsson Platform Solutions Ltd	C 50732	Malta	100%			
- Scandinavian Slots Ltd	C 59181	Malta	100%			
- Applied Digital Media Limited	C 81741	Malta	100%			
- Netplay Malta Ltd	C 81115	Malta	100%			
- Betsson Business Limited	C 87613	Malta	100%			
- Betsson Nordic Limited	C 87620	Malta	100%			
- Auto Nordic Limited	C 87612	Malta	100%			
- BS Nordic Limited	C 87610	Malta	100%			
- NGG Nordic Limited	C 87619	Malta	100%			
- SW Nordic Limited	C 19125	Malta	100%			
- Starcasino Media and Entertainment Ltd	C 94080	Malta	100%			
- BML Group Ltd	C34836	Malta	100%			
- Betsson Payments ApS	34081506	Denmark	100%			
- Latsson Licensing SIA	40103940885	Latvia	100%			
- Betsson Services Ltd	C 44114	Malta	100%			
- Betsson Applied Digital Technologies Ltd	9922905	UK	100%			
- Hubsson Kft	01-09-284224	Hungary	100%			
Great Pike Investments AB	556205-2307	Sweden	100%	6,000	27,066	27,066
- Betsson Business Consulting Co. Ltd	91420103568350732D	China	98%			
- Chusson Investment and development Co. Ltd	9142010256232420xk	China	100%			
- Media Sports Development Co. Ltd	91420103669504251W	China	49%			
- Bukmacherska Spółka z ograniczoną odpowiedzialnością	0000806643	Poland	49,9%			
Transvectio Ltd	C 55367	Malta	100%	402,472	123,451	123,451
- Estneti Osaühing	10858474	Estonia	100%			
- Triogames OU	11079281	Estonia	100%			
- Sargo Management Ltd	C 56645	Malta	100%			
- Litsson Management UAB	304296603	Lithuania	100%	–		
- Losimu Strategine Grupe UAB	302442970	Lithuania	100%	–		

Company	Corporate identity number	Country	Participating interest, %	Number of shares	PARENT COMPANY 2019	2018
Betsson Perch Investments AB	559016-1484	Sweden	100%	500	696,732	696,732
- Premiere Megaplex PLC	C 86932	Malta	100%			
- Simulcasting Brasil Som e Imagem S/A	35300544919	Brazil	75%			
- Chempionebi 111 LLC	240420647	Georgia	100%	–		
- Europebet LLC	445389589	Georgia	100%	–		
- Geoslot LLC	205053859	Georgia	100%	–		
- Europebet Gori LLC	417881625	Georgia	100%	–		
- Europebet Rustavi LLC	404470746	Georgia	100%	–		
- Vip Beti LLC	437059086	Georgia	100%	–		
- NevaPlay LLC	790771664	Belarus	100%	–		
Class One Holding Ltd	C34865	Malta	100%	1,600	1,171,243	1,171,243
- Content Publishing Ltd	C63744	Malta	100%	–		
- Corona Ltd	C45585	Malta	100%	–		
- Oranje Casino Ltd	C34934	Malta	100%	–		
- Swissgame Malta Ltd	C34863	Malta	100%	–		
RaceBets International Ltd	C48144	Malta	100%	100,000	398,996	398,996
- Racebets International Gaming Ltd	C48152	Malta	100%	–		
NetPlay TV Ltd	03954744	UK	100%	293,523,785	301,384	301,384
- NetPlay TV Group Ltd	1691	Alderney	100%	–		
- NetPlay TV Marketing Services Ltd	03716547	UK	100%	–		
- NetPlay TV Broadcasting Ltd	05400581	UK	100%	–		
- NetPlay TV Services Ltd	05207308	UK	100%	–		
- NetPlay TV Marketing (BVI) Ltd	1496201	British Virgin Islands	100%	–		
- Synergy Digital Services Ltd	1878921	British Virgin Islands	100%	–		
Total					**5,157,212**	**5,023,946**

NOTE 17. CHANGES IN PARTICIPATIONS IN GROUP COMPANIES

	2019	2018
Opening cost	5,023,946	4,955,946
Shareholder contribution	133,266	68,000
Closing carrying value	**5,157,212**	**5,023,946**

NOTE 18. PARTICIPATIONS IN ASSOCIATED COMPANIES

	GROUP			
	Registered office	Partici-pating interest (%)	2019	2018
Media Sports Development Co. Ltd	China	49%	1,015	1,357
Bukmacherska sp zoo	Poland	49.9%	12,638	–
Total carrying value in the Group			13,653	1,357
Changes in participations in associated companies, reported according to the equity method				
Opening cost			1,357	9,178
Share of income			-380	-8,172
Exchange rate differences			38	351
Investments			12,638	–
Closing carrying value			**13,653**	**1,357**

Betsson cooperates with Media Sports Development to develop gaming solutions for the Chinese market. Reported assets, liabilities and profits in assiciated companies are presented in the table below. None of the current liabilities relate to disbursements made by companies in the Betsson Group.

	2019	2018
Fixed assets	6,947	5,717
Current assets	–	710
Current liabilities	–	5,829
Net assets	**6,947**	**598**
Income and comprehensive income	-774	-916
Total comprehensive income	**-774**	**-916**

NOTE 19. OTHER LONGTERM RECEIVABLES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Deposits, rent	1,168	1,122	–	–
Total	**1,168**	**1,122**	**–**	**–**

NOTE 20. OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Tax account	2	3	1	1
Receivables from payment system suppliers	566,632	696,253		
Receivables from B2B/market partners	185,261	136,848		
Receivables from associated companies	4,587	4,495		
Deposits made to payment system suppliers	37,873	23,352		
VAT	131,092	103,369	552	759
Other	15,525	26,428	60	659
Total	**940,972**	**990,748**	**613**	**1 419**

Receivables from payment service providers refer to receivables from banks and other credit institutions serving as credit providers (issuers of credit cards or similar) to Betsson customers.

Receivables from B2B/market partners comprise mainly receivables from Betsson's B2B partner Realm Entertainment ltd for system deliveries.

NOTE 21. PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Rental fees/ leasing	7,727	15,105	3,450	3,203
Marketing partners	5,013	3,831		
Licencing costs/ gaming tax	36,491	28,416		
Consultants		53		
Live streaming rights	7,304			
Other prepaid expenses	42,605	43,269	2,153	2,388
Total	**99,140**	**90,674**	**5,603**	**5,591**

NOTE 22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet and Cash flow statement;

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Cash and bank balances	639,155	488,747	239,419	188,312
Total	**639,155**	**488,747**	**239,419**	**188,312**

NOT 23. SHARE CAPITAL COMPOSITION

During 2007-2008, the Parent Company repurchased a number of its own B shares. A certain number of these shares have been used in the exercise of employee stock options during 2010, 2011, 2012 and 2016 and as part of the purchase consideration paid for the Betsafe Group in 2011. As of year-end, the Company held 1,084 B shares and 6,077,508 C shares.

The quota value of each share is SEK 0.667. Both A shares and B shares 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 specified on pages 46 and 51. Reserves are reported in the summary of changes in equity for the Group.

	2019		2018	
Parent company	Number of shares	Share capital	Number of shares	Share capital
A shares (10 votes)	16,260,000	10,840	16,260,000	10,840
B shares (1 vote)	122,155,730	81,437	122,155,730	81,437
C shares (no voting)	6,077,508	4,052	6,077,508	4,052
Total no of shares	**144,493,238**	**96,329**	**144,493,238**	**96,329**

NOTE 24. BOND LOAN AND LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Bond loan SEK '000 3Y, 3M variable 4.0% (3.5%)	986,273	997,102	986,273	997,102
Bank loan, carrying value in SEK '000, long-term	–	93,505	–	91,616
Bank loan, carrying value in SEK '000, short-term	–	–	–	–

The bank loan denominated in EUR is reported on the basis of hedge accounting, implying that the currency effects of SEK 3.1 (-6.9) million are reported directly in Other comprehensive income. No currency translation is undertaken in the Parent Company. At year-end, total available credit facilities were 880.0 (880.0) million, whereof utilised SEK 0 (93.5) million.

In 2018, a new revolving credit facility was signed, of SEK 800 million with maturity in May, 2021, with possibilities of extension. The terms comprise certain conditions regarding the company's net debt in relation to EBITDA, which the company is considerably below. The new credit facility of SEK 800 million runs with a fixed interest rate of 0.72 percent plus Stibor. The average interest rate for the bank loans has been 1.1 (0.9) percent and interest rates is established for 30–90 day periods.

In November 2019, the company issued new senior unsecured bonds in a total amount of SEK 1 billion, under a framework of SEK 2,500 million. The Bonds have a floating rate coupon of Stibor 3M plus 4.0 percent and a tenor of 3 years, maturing in September 2022. In connection with the company issuing a new bond, a repurchase offer was submitted to the holders of the outstanding bond, with maturity on November 28, 2019. Accepted repurchase amounted to SEK 754 million. The remaining amount of SEK 246 million was repaid in October, 2019. The book value as of 31 December, 2019, amounts to SEK 986.3 (997.1) million. The average bond interest has been 3.5 (3.0) percent.

Balance sheet changes related to financing activities

Reported change between 2018 and 2019 regarding the bond loan consists of accrued borrowing costs, a new issued bond in November 2019 and redemption of the old bond.

Reported change between 2018 and 2019 regarding outstanding bank loans relates to payments of SEK 465 million, of which currency effects of SEK 10.5 million, and new bank loans of SEK 362.5 million.

NOTE 25. OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Personnel withholding tax	9,169	10,690	754	1,165
Social security contributions	7,063	2,662	525	747
VAT	54,935	35,989		
Marketing partners	99,546	99,982		
Gaming tax	37,932	60,555		
Licences	56,319	5,474		
Player accounts	263,839	270,226		
Additional consideration Racebet		10,275		9,567
Additional consideration Simulcasting	14,348			
Other	17,654	25,250	256	21
Total	**560,805**	**521,103**	**1,535**	**11,500**

NOTE 26. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Holiday pay liabilities	16,180	14,911	2,353	2,201
Social security contributions	7,940	13,393	1,447	1,592
Salaries	29,346	45,692		5,271
Jackpot reserve	151,555	132,500		
Marketing expenses	107,114	127,489		
Consultancy costs	40,665	12,616	2,270	1,680
Interest	633	3,149	631	3,148
Other	29,702	46,857	137	
Total	**383,135**	**396,607**	**6,838**	**13,892**

NOTE 27. PLEDGED ASSETS CONCERNING OWN LIABILITIES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Company listings in own possesion	35,600	35,600	35,600	35,600

NOTE 28. CONTINGENT LIABILITIES

The Betsson Group nor its subsidiaries have any significant contingent liabilities or commitments..

NOTE 29. CLOSELY RELATED PARTIES

The parent company has a close relationship with its subsidiary companies, see Note 16. Services sold between the parent company and its subsidiary companies mainly refer to accounting, IT and management services, plus rental fees and office expenses. The Betsson Group leases four (five) apartments from Solporten Fastighets AB, in which CEO Pontus Lindwall and and the Hamberg family are owners/board members. In 2019, purchases amounted to SEK 519 (SEK 626) thousand. Betsson Malta and Betsson AB commission legal services from WH Law, in which director in Betsson Malta, Dr Olga Finkel, is Managing Partner. In 2019, the Group's purchases amounted to SEK 1,667 (2,074) thousand, of which Betsson AB's purchases amounted to SEK 0 (2) thousand. Transactions with related parties are priced at market conditions. No services have been supplied free of charge. For information on Board holdings in the Company, please refer to pages 34-35. For remuneration to directors and senior executives, please see Note 7.

	PARENT COMPANY	
Transactions with related parties	2019	2018
Purchases of services from related parties		
Purchases from subsidiaries	1,851	702
Purchases from other related parties	519	628
Sales of services to related parties		
Sales to subsidiaries	31,977	27,948
Financial transactions with related parties		
Dividend from subsidiaries	1,002,153	1,161,332
Group contributions from Swedish subsidiaries	55,492	47,842
Liabilities to related parties		
Liabilities to subsidiaries	173,135	211,219
Receivables from related parties		
Receivables from subsidiaries	988,517	894,151

NOTE 30. FINANCIAL INSTRUMENTS

	Items reported at fair value via the income statement – Derivatives	Loans and receivables	Other financial liabilities	Total carrying value	Non-financial assets and liabilities	Total in the balance sheet
Group 2019						
Other receivables	–	809,880	–	809,880	131,092	940,972
Cash and bank balances	–	639,155	–	639,155	–	639,155
Total financial assets	**–**	**1,449,035**	**–**	**1,449,035**	**131,092**	**1,580,127**
Bond	–	–	986,273	986,273	–	986,273
Accounts payable	–	–	83,364	83,364	–	83,364
Other liabilities	14,348	–	522,947	537,295	109,099	646,394
Total financial liabilities	**14,348**	**–**	**1,592,584**	**1,606,932**	**109,099**	**1,716,031**
Group 2018						
Other longterm receivables						
Other receivables	–	888,514	–	888,514	103,369	991,883
Cash and bank balances	–	488,747	–	488,747	–	488,747
Total financial assets	**–**	**1,377,261**	**–**	**1,377,261**	**103,369**	**1,480,630**
Bond	–	–	997,102	997,102	–	997,102
Current liabilities to credit institutions	–	–	93,505	93,505	–	93,505
Accounts payable	–	–	110,696	110,696	–	110,696
Other liabilities	10,275	–	348,101	358,376	109,896	468,272
Total financial liabilities	**10,275**	**–**	**1,549,404**	**1,559,679**	**109,896**	**1,669,575**

The Note continues on the next page

NOTE 30. *Continuation from previous page.*

	Items reported at fair value via the income statement – Derivatives	Loans and receivables	Other financial liabilities	Total carrying value	Non-financial assets and liabilities	Total in the balance sheet
Parent company 2019						
Receivables from Group companies	–	988,518	–	988,518	–	988,518
Other receivables	–	60	–	60	553	613
Cash and bank balances	–	239,419	–	239,419	–	239,419
Total financial assets		**1,227,997**	**–**	**1,227,997**	**553**	**1,228,550**
Bond			986,272	986,272	–	986,272
Accounts payable	-	–	3,004	3,004	–	3,004
Liabilities to Group companies	-	–	173,135	173,135	–	173,135
Other liabilities	-	–	–	–	1,535	1,535
Total financial liabilities	**–**	**–**	**1,162,411**	**1,162,411**	**1,535**	**1,163,946**
Parent company 2018						
Receivables from Group companies	–	894,151	–	894,151	–	894,151
Other receivables	–	660	–	660	760	1,420
Cash and bank balances	–	188,312	–	188,312	–	188,312
Total financial assets		**1,083,123**	**–**	**1,083,123**	**760**	**1,083,883**
Bond	–	–	997,102	997,102	–	997,102
Current liabilities to credit institutions	–	–	91,616	91,616	–	91,616
Accounts payable	–	–	2,541	2,541	–	2,541
Liabilities to Group companies		–	211,219	211,219	–	211,219
Other liabilities	–	–	9,567	9,567	1,933	11,500
Total financial liabilities	**–**	**–**	**1,312,045**	**1,312,045**	**1,933**	**1,313,978**

Financial instruments at fair value are classified according to a fair value hierarchy. The different levels of the value hierarchy are defined as follows:

- Listed prices (unadjusted) on active markets for identical assets or liabilities (Level 1)
- Observable data for the asset or liability other than listed prices included in Level 1, either directly (i.e. price listings) or indirectly (i.e. derived from price listings) (Level 2).
- Data for the asset or liability which is not based on observable market data (i.e. non-observable data) (Level 3)

The Company's items at fair value within Level 3 for 2019 consist of liabilities for additional purchase consideration of SEK 14,348 (10,275) thousand.

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. The liability for additional purchase price have been calculated according to the value in the share purchase agreement and the managements best estimate of what can be paid to the previous owners, in relation to the milestones that have to be achieved according to the contract. The liability recognized in the closing of 2019, SEK 14.3 million is the maximum value that can be paid according to the contract. For current financial assets and liabilities, including liabilities to credit institutions, with variable interest rates and short terms to maturity (90 days), fair value is considered to be the same as carrying 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 carrying 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 cost.

NOTE 31. SHARE-BASED REMUNERATIONS

Betsson's incentive programmes were introduced at the end of 2008. The programmes 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, 9 incentive programmes have been resolved on and initiated since the beginning of 2008. Each incentive programme consists of various elements, where employees (in Sweden) are offered share options at the market price or offers (Sweden and abroad) compensation free employee stock options, provided the participants have invested in Betsson shares or (only in 2015 program) that the Company achieves a pre-determined turnover target. Share options are issued with a fixed redemption price amounting to 130 percent of the share market price on the allocation date. The share-based remunerations have a ceiling corresponding to the latest price paid before launch of the programmes multiplied by 2.3 (i.e. an increase of 130 percent). 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 has retained their initial investment in Betsson shares or that the Company has reached a pre-determined turnover target (Incentive 2015-2018).

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

The options are valued in accordance with the Black-Scholes option valuation model. The table below shows the fair value of the warrants and the assumptions included in calculations. Volatility has been determined on the basis of historic volatility and expected volatility adjusted for the growth in the size and stability of the Company, and of the industry.

Issue date	2019-08-15		2018-06-30		2017-06-30	
Type of instrument	Purchase option	Purchase option	Purchase option	Employee stock option	Purchase option	Employee stock option
Average share price on issue date (SEK)	46.99	46.99	53.70	53.70	74.10	74.10
Redemption price per share (SEK)	66.40	66.40	69.80	69.80	96.40	96.40
Number of participants during allocation	4	9	3	16	5	27
Number of paid warrants/allocated employee stock options	270,000	915,000	200,000	730,075	115,000	960,000
Final redemption date	2022-09-02	2022-09-02	2021-08-13	2021-08-13	2020-08-14	2020-08-14
Anticipated duration (months)	36.8	36.8	37.2	37.2	37.2	37.2
Risk-free interest rate (percent)	-0.67	-0.67	-0.40	-0.40	-0.40	-0.40
Expected volatility (percent)	31.00	31.00	30.00	30.00	30.00	30.00
Fair value per option (SEK)	2.10	2.10	2.00	2.00	2.78	2.78
Reported cost related to each program for 2019, SEK thousand		1,282		170.3		596.0

The purchase price (fair value) of the options may vary slightly among the participants, as the grant date may differ.

Changes in number of outstanding Employee Stock Option and their average exercise price according to the table below.

	2019 Redemption price/option (SEK)	2019 Number of options	2018 Redemption price/option (SEK)	2018 Number of options	2017 Redemption price/option (SEK)	2017 Number of options
As per 1 January	107.22	2,626,891	120.27	2,092,416	128.77	2,784,544
Allocated	66.40	915,000	69.80	730,075	96.40	960,000
Forfeited	91.70	-1,035,944	107.21	-195,600	120.72	-1,652,128
Exercised	96.40	25,000	–	–	–	–
As per 31 December	98.70	2,530,947	107.22	2,626,891	120.27	2,092,416

NOTE 32. FINANCIAL RISKS

The Group’s financial activities are conducted according to a financial policy adopted by the Board, which is characterised by an endeavour to minimise the Group's risk exposure. 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 through 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.

Foreign exchange risks

The Group’s income is exposed to exchange rate fluctuations when sales are made in currencies differing from those in which expenses are incurred (transaction exposure). Group revenue is affected primarily by fluctuations in GBP, NOK, SEK, EUR, GEL and TRY. Group expenses are affected mainly by fluctuations in SEK, EUR and GEL. At the end of 2019, the Group had available credit facilities denominated in EUR totalling SEK 800 million. Of these, SEK 0 million was utilised. In cases where Betsson utilises this credit facility, it is hedge-accounted, i.e. no currency effects from the external loans have an impact on net income for the year as these are recognised in other comprehensive income. See Note 24. Income is also affected by exchange rate fluctuations when the financial results of foreign subsidiaries are converted to Swedish kronor (conversion exposure). The company’s policy stipulates that management should not speculate on exchange rate fluctuations. Instead, management should seek to minimise 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..

Sensitivity analysis

The company's exposure in different foreign currencies is complex, and the compan continuously assesses models for sensitivity analysis. Factors that play a role in this context are revenue and expenses in different currencies where the volumes in these given currencies fluctuate over time. The table below presents an estimate of how revenue and operating income are affected if the Swedish krona weakens against other currencies to which the Betsson Group is exposed.

	Percentage change	Impact in SEK million
Revenues	+/- 1	+/- 48
Operating profit, EBIT	**+/- 1**	**+/- 9**

Refinancing risk, liquidity risk and capital management

The Group’s operative gaming activities are financed from its own resources, while acquisitions have been financed by external credit. The foreign subsidiaries are financed mainly by equity, and, if necessary, internal loans from the parent company. Betsson’s objective has traditionally been to have a low level of debt, with an equity/assets ratio of at least 40 percent. As shown in the five-year review earlier in the annual report, the equity/assets ratio has not dropped below 54% in the last five years. The Group’s property, plant and equipment consist primarily of IT hardware and equipment. It has been determined that future investments in tangible fixed assets will primarily be financed by internally generated funds or lease 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 flows from operations are essentially independent of changes in market interest rate levels. At the end of 2019, the Group had a bond loan recognised at SEK 986.3 million, with an interest rate based on STIBOR 3 months plus a margin of 4 percent (interest rate at present approximately 4.2 percent). The prevailing low interest rates may change over time, and the Group’s earning potential may consequently be affected. If STIBOR rates increase by 1 percent, the annual bond interest expense would increase by SEK 10 million.

Counterparty risk and 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 that significantly reduce fraud. Betsson is of the opinion that it has taken sufficient steps to protect itself to a reasonable extent against fraud and credit risks. Betsson has historically not been affected by material credit losses.

NOTE 33. EVENTS AFTER THE BALANCE SHEET DATE

In January 2020 Betsson signed a B2B contract for sportsbook with ibet. Ibet is owned by the Malta-based Claymore Group, and the Company's management also runs one of the largest Asian gaming operators, LeTou. Ahead of ibet's European launch, it has chosen Betsson as sportsbook supplier, including both technical platform and odds-setting.

The B2C business of Gaming Innovation Group was acquired in February. This acquisition will strengthen Betsson's position in some of its key markets and create more opportunities with new brands in Spain and Croatia. In addition, Betsson is given an opportunity to integrate its proprietary sportsbook and payment platform with GIG's platform, which will enable Betsson to offer its technology to GIG's potential B2B customers. Parts of the acquired business are operated in markets where Betsson is already active, which will lead to efficiency improvements and cost savings.

During the first quarter 2020 there was an outbreak of COVID-19. Betsson has taken several measures to protect the company and to curb the virus from spreading. All business trips have been postponed and employees are encouraged to work from home. Employees who have been in, or travelled through, any of the high-risk areas have been quarantined. Management is continuously evaluating any financial impact. Postponed or canceled sport events could have some negative impact for the company, but management have not seen any substantial effect on the company's revenue, profits of financial position during the first quarter 2020.

On 20 March, 2020, the company disclosed that the Board of Directors, based on the authorisation from the Annual General Meeting on 7 May, 2019, has resolved on acquisition of own shares. The purpose for the repurchase is to improve the capital structure by reducing the capital.

Since 20 March 2020 up to and including 26 March 2020, a total of 1 762 316 shares for a total amount of SEK 60 million have been acquired with an average price of SEK 34.05 per share.

PROPOSED APPROPRIATION OF PROFIT

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

Amounts in SEK	
Net profit for the financial year 2019	977,049,076
Retained earnings and non-restricted reserve	3,911,516,173
	4,888,565,249

The Board and the CEO proposes that the entire amount, SEK 4,888,565,249, be carried forward.

TRANSFER TO SHAREHOLDERS

StThe Board proposes to the Annual General Meeting that the amount of SEK 393,558 thousand be transferred to shareholders.

No transfer will be made for the 1,763,400 B shares and the 6,077,508 C shares held 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 2.88 per share. After implementation of the proposed appropriation of profits and the redemption programme, retained earnings and non-restricted reserves, and total equity in the Parent company Betsson AB will amount to SEK 4,495,006,539 and SEK 4,844,612,920 respectively.

The annual report and consolidated financial statements for Betsson AB (publ) for the year 2019 have been approved for publication in accordance with the Board's resolution on 30 March 2020. It is proposed that the annual report and consolidated financial statements be adopted by the Annual General Meeting on 11 June 2020.

The undersigned hereby declare that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, 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 30 March 2020

Patrick Svensk
Chairman of the Board

Fredrik Carlsson
Board member

Mathias Hedlund
Board member

Eva Leach
Board member

Johan Lundberg
Board member

Jan Nord
Board member

Kicki Wallje-Lund
Board member

Pontus Lindwall
CEO and President

Our audit report was submitted on 1 April 2020
PricewaterhouseCoopers AB

Niklas Renström
Authorised Accountant

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Betsson AB (publ) for the year 2019 except for the corporate governance statement on pages 29-37.

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 parent company and the group as of 31 December 2019 and its financial performance and cash flow 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 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 29-37. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

OUR AUDIT APPROACH

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Process for monitoring compliance with laws and regulations considering the developing nature of gaming sector in various national markets Refer to pages 22-24 “Significant risks and factors of uncertainty” in the Management report. Betsson operates on the basis on its international license in Malta and on a number of territory specific licences. The international legal and licencing framework for digital gaming is territory specific. Regulations are developing and this evolving environment makes compliance an increasingly complex area with territory specific regulations, responsible gambling and antimony laundering obligations. Given the potential risk for litigation and licence withdrawal, the risk of non-compliance with digital gaming laws and licence regulations could give rise to among other material fines, taxes, legal claims or market exclusion.	We evaluated management’s processes and controls in respect of compliance with regulations in the main national markets in which Betsson operates. As a part of our audit, we assessed management’s routines for monitoring changes in laws and regulations in the various national markets. We also considered management’s judgment regarding the possible impact that changes in such laws and regulations could have on Betsson’s operations. We also evaluated the group’s position on current legal disputes, or areas of uncertainty regarding the legal situation in certain markets. We discussed material cases and the Group’s assessment of the likelihood and magnitude of any liability that may arise. We also read external legal or regulatory advice to the degree that these existed and were considered substantial. Whilst acknowledging that this is a judgmental area, we found that the Group had an appropriate basis of accounting for these matters in the financial reporting

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-19 and 38-41. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen’s website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Betsson AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general 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 Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, l iquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization i s designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act..

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 29-37 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

PricewaterhouseCoopers AB,113 97, was appointed auditor of Betsson AB (publ) by the general meeting of the shareholders on 07 May 2019 and has been the company's auditor since 12 May 2008.

Stockholm 1 April 2020
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Betsson AB, corporate identity number 556090-4251

Engagement and responsibility
It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 10-19 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm, 1 April 2020
PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

betsson ab

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