

Betsson AB (publ) interim report January - September 2023

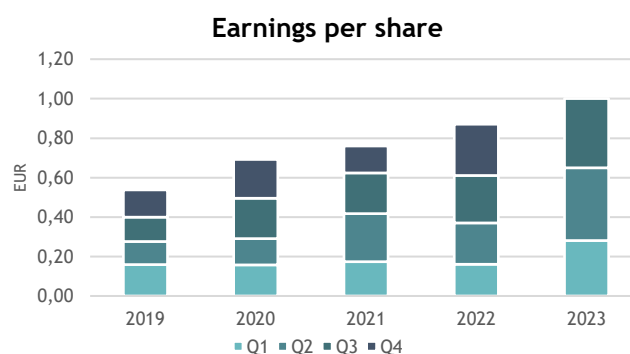
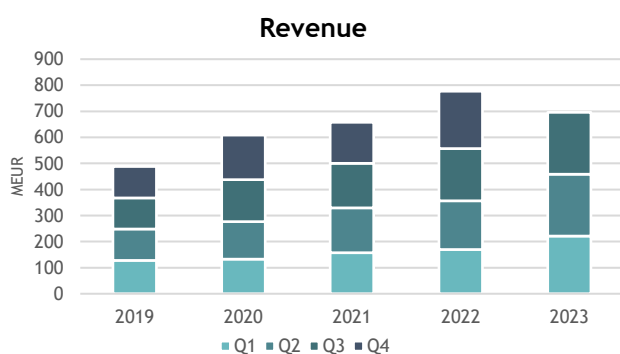
“New record numbers and the seventh quarter in a row with sequential growth in revenue and earnings”

QUARTER JULY - SEPTEMBER 2023

- Group revenue was EUR 237.6 (200.3) million, an increase of 19%. Organic increase of 39%.
- Casino revenue increased by 27%. Sportsbook revenue increased by 2% and the sportsbook margin was 7.3% (8.3%).
- EBITDA was EUR 68.9 (48.6) million, an increase of 42%. The EBITDA margin was 29.0% (24.3%).
- Operating income (EBIT) was EUR 56.0 (38.4) million, an increase of 46%. The EBIT margin was 23.6% (19.2%).
- Net income was EUR 46.2 (32.6) million, corresponding to EUR 0.35 (0.24) per share.
- Operating cash flow was EUR 44.9 (38.5) million.
- Net debt was EUR -65.5 (-54.7) million.
- Active customers increased by 17% to 1,237,238 (1,056,400).

THE PERIOD JANUARY - SEPTEMBER 2023

- Group revenue was EUR 696.3 (556.7) million, an increase of 25%. Organic increase of 41%.
- EBITDA was EUR 190.8 (121.2) million, an increase of 57%. The EBITDA margin was 27.4% (21.8%).
- Operating income (EBIT) was EUR 153.5 (91.2) million, an increase of 68%. The EBIT margin was 22.0% (16.4%).
- Net income was EUR 129.7 (82.1) million, corresponding to EUR 0.99 (0.61) per share.
- Operating cash flow was EUR 182.8 (103.1) million.
- The AGM approved dividend to shareholders of EUR 59.7 (50.3) million, corresponding to EUR 0.436 (0.367) per share. The first of two installments was distributed to shareholders in June.



KEY DATA

MEUR	Q3 2023	Q3 2022	Δ	Jan-Sep 2023	Jan-Sep 2022	Δ	Jan-Dec 2022
Revenue	237.6	200.3	19%	696.3	556.7	25%	777.2
Gross profit	156.6	133.8	17%	466.6	359.6	30%	504.4
EBITDA	68.9	48.6	42%	190.8	121.2	57%	172.4
EBITDA margin %	29.0	24.3	-	27.4	21.8	-	22.2
Operating income (EBIT)	56.0	38.4	46%	153.5	91.2	68%	131.2
EBIT margin %	23.6	19.2	-	22.0	16.4	-	16.9
Net income	46.2	32.6	42%	129.7	82.1	58%	114.7
Earnings per share (EUR)	0.35	0.24	46%	0.99	0.61	62%	0.87
Operating cash flow	44.9	38.5	17%	182.8	103.1	77%	178.7
Casino revenue	172.1	135.4	27%	489.3	368.5	33%	514.7
Sportsbook gross turnover	1,308.8	1,058.1	24%	3,950.3	2,997.0	32%	4,413.1
Sportsbook revenue	63.3	61.9	2%	200.0	179.9	11%	250.6
Sportsbook margin after free bets %	7.3	8.3	-	7.9	8.3	-	8.0
Deposits	1,237.4	943.2	31%	3,626.2	2,571.2	41%	3,667.2
Active customers (number of)	1,237,238	1,056,400	17%				

CEO COMMENT

New record numbers and the seventh quarter in a row with sequential growth in revenue and earnings



Pontus Lindwall, President and CEO Betsson AB, trying out the suit used in the new StarCasino.sport TV commercial.

Betsson's third quarter 2023 featured continued high customer activity, strong financial development and further investments in product and new markets. Revenue increased by 19 percent, driven by casino games, while earnings before interest and taxes (EBIT) increased by 46 percent compared to the corresponding quarter of the previous year. The revenue and EBIT, which include the acquisition of betFIRST, were the highest ever for Betsson in a single quarter and mark the seventh quarter in a row with sequential growth.

Active customers and deposits increased significantly during the quarter, and turnover was high in both casino and sports betting. The sportsbook margin was 7.3 (8.3) percent for the quarter and was negatively affected by many favourite wins and goal-rich games during the start of the European football leagues.

Revenue for the Group growth was broad-based with high growth in all major regions except for the Nordics. The geographical expansion continues and several new milestones were passed during the quarter; betFIRST in Belgium was included in the Betsson Group, a launch took place on the locally regulated market in Serbia and a local license for sports betting was obtained in France, where go-live is expected in the fourth quarter. France is an important gaming market in Europe with large long-term potential for online gaming and we now take a first step to be able to offer French players a first-class experience in sports betting. At the end of the summer, the brand Betsson was also introduced in Denmark, which strengthens the Group's position on the Danish market.

B2B is an important part of Betsson's growth strategy and work continues to strengthen the B2B offering. In September, Betsson's sportsbook solution was launched with the operator Bethard.

During the quarter, Betsson's first-ever global advertising campaign was launched. The theme "*A bet makes the difference*" focuses on the excitement and entertainment that comes from placing a bet, on sports or casino, rather than the chances of winning. The campaign is part of the marketing strategy to establish Betsson as the Group's global main brand, aiming to achieve economies of scale and competitive advantages for the business in the long run.

I look forward with confidence to the final sprint of the year. Geographical diversification, a solid balance sheet and strong cash flows create good conditions for continued investments in profitable growth to deliver long-term value creation for our shareholders.

Pontus Lindwall
President and CEO Betsson AB

Founded in

1963



Betsson AB's share is listed on Nasdaq Stockholm

Ticker: BETS B



The Betsson Group operates more than 20 brands

23

Holder of local licenses in 23 countries

SIGNIFICANT EVENTS AND OUTLOOK

SIGNIFICANT EVENTS DURING THE QUARTER

Financing

In the beginning of September, Betsson AB issued senior unsecured bonds in a total amount of EUR 75 million under a framework of up to EUR 250 million. The bonds have a tenor of three years and a floating interest rate of EURIBOR three months plus 460 bps. The proceeds from the issue of the bonds will be used towards general corporate purposes of the Group, including but not limited to acquisitions.

New markets

In September, the Group was granted a license for the locally regulated online casino market in Serbia. In conjunction with this, an online casino offering was launched under the brand name Rizk.

In September, the Group was awarded a license to offer online sports betting on the locally regulated market in France. The operations in France will be run in collaboration with a local partner and the launch in the country is expected to take place during the fourth quarter of 2023 under the Betsson brand.

Acquisition

The acquisition of betFIRST was completed and as of July 6, 2023, the acquired company has been consolidated in the Group's accounts. For the financial year ending December 31, 2022, betFIRST's net gaming revenue amounted to EUR 51.2 million and adjusted EBITDA was EUR 10.0 million.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

License

In October, a license for online casino (category A+) was obtained in Belgium within the scope of the partnership with Groupe Partouche. The plan is to launch the new casino offering under the brand betFIRST.

Dividend

The annual general meeting (AGM) decided in May on dividend to shareholders of EUR 59.7 (50.3) million, corresponding to EUR 0.436 (0.367) per share, by means of two redemption programs. The second redemption program was completed at the beginning of October, with payment to shareholders.

TRADING UPDATE

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

The average daily revenue in the fourth quarter 2023 up until and including 20 October was 11.9 percent higher than the average daily revenue of the full fourth quarter 2022. Adjusted for currency effects and acquisitions, the average daily revenue until 20 October was 36.7 percent higher than the average daily revenue of the full fourth quarter 2022. During this period, the sportsbook margin has been significantly lower than the average margin for the last eight quarters.

THE GROUP'S OPERATING ACTIVITIES

Betsson's operational subsidiaries offer online casino, sports betting and other types of games. In the following sections, we comment on the development of the operational business as well as the financial developments of the Group.

STRATEGIC DIRECTION FOR GROWTH

Betsson's long-term ambition is to outgrow the market, which should be done in a profitable and sustainable manner with local adaptations. Based on its strengths and thorough market analysis, Betsson has identified the following growth areas: growth in existing markets, expansion into new markets and development of the B2B offering with focus on the proprietary sportsbook.

Betsson sees opportunities to grow in these areas, both organically through in-house development and through acquisitions when the right opportunities are identified. Betsson's financial position allows for flexibility to take advantage of opportunities that supplement the existing business with new geographical markets, products, and brands.

Betsson shall strengthen its position in existing markets and evaluate new markets by prioritising countries where the Group has the best conditions to offer competitive products profitably. Betsson's broad brand portfolio, as well as its own technology and proprietary platforms, create opportunities to establish a presence quickly and flexibly in new markets. The proprietary sportsbook entails substantial opportunities to create new offerings with economies of scale.

Operations in existing markets have continued to primarily focus on adapting and developing Betsson's offerings to changing player behaviour, regulatory requirements and the competitive landscape.

During the quarter, steps were taken towards entrance in two new geographical markets, Serbia and France. Local gaming licenses were obtained in these countries and in Serbia an online casino offering was launched. These initiatives are aligned with Betsson's strategy to grow through geographic expansion in new markets.

Further, the brand Betsson was launched in Denmark during the quarter. This strategic move involved the rebranding of casino.dk to Betsson and stands as another step forward in the Group's ongoing ambitions to establish Betsson as a leading global brand in the gaming industry.

Within B2B, it was announced in September that Betsson had been exclusively selected as the sole sportsbook provider for Bethard, an online gaming operator with licenses in several European countries. Consequently, Betsson's B2B sportsbook product was integrated and officially launched with Bethard.

PRODUCT AND TECHNOLOGY DEVELOPMENT

Betsson's gaming sites are largely run on the proprietary platform Techsson, a so-called Player Account Management System (PAM), which makes up the core of the offering and user experience. Techsson manages payments, customer information and account management and games. The proprietary platform provides flexibility and enables rapid adaptation to new market conditions or as part of preparing for launches in new jurisdictions and of new brands. Betsson also works continuously to meet authorities' rising demands for data and background information and has developed a tool to automate a large share of these deliverables.

Adaptations and further development of Betsson's tech platform and sportsbook are also being made to support a B2B offering.

Within the Betsson Group, artificial intelligence (AI) and machine learning have been important innovation factors supporting, for example, customer services and the proprietary responsible gambling tool and other predictive tools. During the year, steps have been taken to further enhance the way new functions are integrated into the sportsbook using AI and machine learning.

Work to migrate Betsson's brands to the cloud to optimize the proprietary platform continued during the quarter. The cloud migration provides both improved system capacity and an overall improved customer experience in the form of faster and more responsive websites and mobile apps.

Geographical expansion continued to be a strong focus during the quarter, as well as strengthening the product offering. The Group's casino offering was strengthened through the launch of several games across key markets in the quarter, with a focus on new types of content for Latin America. Likewise, the sports betting offering continued to grow across pre-match and live, with the addition of several new markets and events, as well as new betting options - such as allowing players to combine bet builder bets with regular bets.

In the quarter, the sportsbook platform of KickerTech, acquired in 2022, was integrated into Betsson's own in-house gaming platform.

THIRD QUARTER DEVELOPMENTS

CUSTOMER ACTIVITY

Customer deposits in all operational subsidiaries' gaming solutions during the quarter were EUR 1,237.4 (943.2) million, an increase of 31.2%.

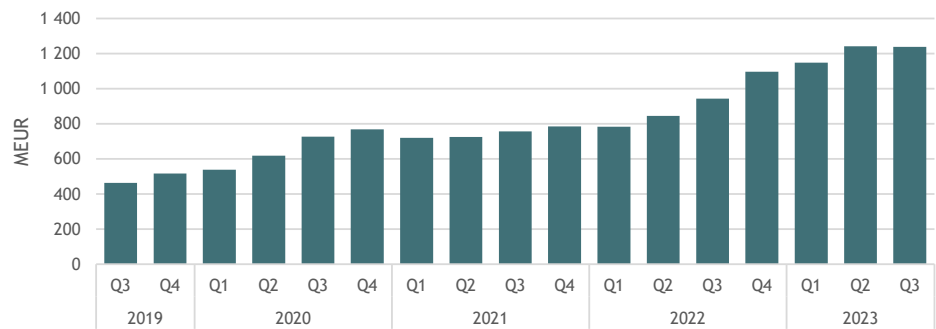
By the end of the third quarter, the number of registered customers was 29.4 (25.6) million, an increase of 14.7%.

Active customers during the quarter amounted to 1,237,238 (1,056,400), an increase of 17.1%.

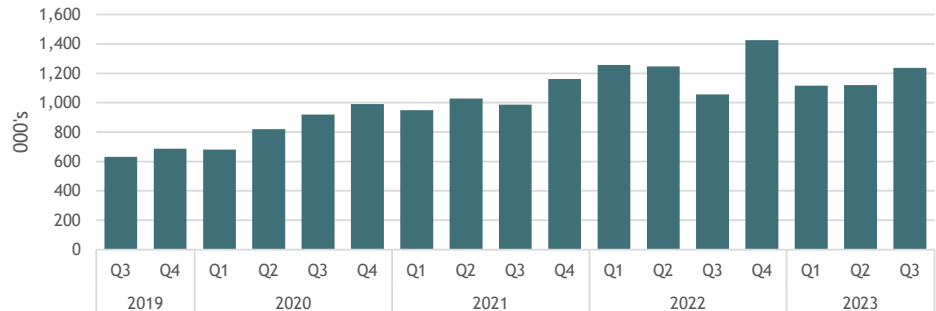
31%

Increase in customer deposits compared to the same period last year

Customer deposits by quarter



Active customers by quarter



MARKET DEVELOPMENT BY REGIONS

Betsson's long-term ambition is to outgrow the market, both organically and through acquisitions. This should be done in a profitable and sustainable manner with various local adaptations. Betsson operates in locally regulated markets with local licenses, as well as in POS-regulated markets based on a license from the MGA in Malta. Point of Supply (POS)-regulation refers to markets in which a product offering is made available based on EU and/or international law principles, without being licensed and taxed locally in such markets.

The reported revenue for each region includes both gaming revenue from the B2C business as well as license revenue for system delivery to Betsson's B2B customers.

Nordics

Revenue from the Nordics was EUR 46.1 (53.8) million, a decrease of 14.3%.

Sweden reported decreased revenue compared to the corresponding period last year due to decreased marketing activities, which resulted in lower activity in both the sportsbook and casino product.

Finland reported decreased revenue compared to the corresponding period last year, mainly driven by the casino product. Denmark reported increased revenue compared with the corresponding period last year, driven by growth in both the sportsbook and casino product. The Betsson brand was launched in Denmark during the third quarter.

Western Europe

Revenue from Western Europe was EUR 39.2 (25.0) million, an increase of 56.9%.

The business in Italy continues to develop well and reported growth in revenue compared with the corresponding period last year. The increase in revenue is mainly driven by the casino product.

In June, the Belgian gaming operator betFIRST was acquired by the Group. On July 5, the acquisition of betFIRST was completed and from 6 July the company has been consolidated in the Group's accounts.

In Germany, revenue declined compared to the corresponding period last year, mainly driven by the market restrictions that have been implemented in the past years.

CEECA

Revenue from Central & Eastern Europe and Central Asia (CEECA) was EUR 97.0 (78.8) million, an increase of 23.0%.

The region reported growth in the third quarter compared with the corresponding period last year, driven by strong underlying activity and revenue growth in casino. The sportsbook activity was strong in the quarter, but the sportsbook margin was significantly lower than in the corresponding period last year which led to decreased revenue in the product category. Croatia and Greece showed continued positive trends in activity with new quarterly records in revenue. The growth in both Croatia and Greece was mainly driven by the casino product.

Georgia reported growth compared to the corresponding period last year, mainly driven by the casino product. Both Latvia and Estonia reported growth in revenue compared to the corresponding period last year, mainly driven by the casino product. Lithuania reported decreased revenue in the third quarter driven by the sportsbook product.

In September, the Group was granted a local gaming license for online casino in Serbia and an offering was launched in the locally regulated market in the end of the third quarter.

Latin America

Revenue from Latin America was EUR 51.7 (38.8) million, an increase of 33.2%.

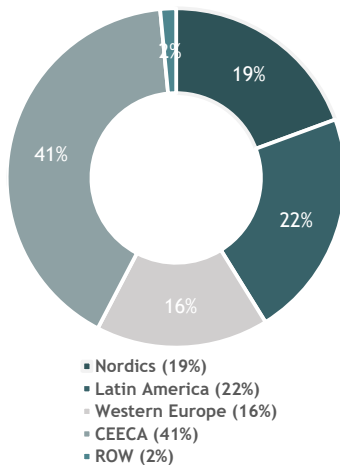
Argentina reported growth both compared to the corresponding period last year and the previous quarter mainly driven by the casino product. Colombia reported growth compared to the corresponding period last year with growth in both the sportsbook and the casino product. Peru reported decreased revenue compared to the corresponding period last year driven by a lower activity in the casino product and a lower sportsbook margin.

ROW, Rest of the world

Revenue from RoW was EUR 3.6 (3.8) million, a decrease of 6.5%.

The region reported declined revenue in the third quarter compared to the corresponding period last year, mainly driven by a lower sportsbook margin in Nigeria compared with the corresponding period last year and a lower activity in the Canadian operations.

Revenue by region



MARKET DEVELOPMENT BY PRODUCT

Casino

Betsson's casino product includes a wide range of suppliers and diverse content, customised for a growing global portfolio of markets and brands. The aim is to provide relevant content for each individual region through using off-the-shelf games, as well as the Group's exclusive titles.

During the quarter, Betsson's offering expanded with 327 new casino games, 24 of which came with a period of exclusivity for the Group's brands.

Betsson has strong, regionally customized offerings in live casino on the market and continuously invests in improvements of the customer experience to strengthen the market position in this segment.

The casino product reported the highest revenue ever in the third quarter. Casino gross turnover in all of Betsson's gaming solutions was EUR 8,289.8 (6,280.3) million, an increase of 32.0% compared to the third quarter last year.

Casino revenue amounted to EUR 172.1 (135.4) million, an increase of 27.2%. Casino represented 72% (68%) of Group revenue.

Casino revenue from mobile devices was EUR 144.9 (109.4) million and accounted for 84% (81%) of total casino revenue.

Sportsbook

Sportsbook gross turnover across all Betsson's gaming solutions, was EUR 1,308.8 (1,058.1) million, an increase of 23.7% compared to the third quarter of last year.

Sportsbook revenue in the third quarter was EUR 63.3 (61.9) million, an increase of 2.4%. Sportsbook represented 27% (31%) of Group revenue.

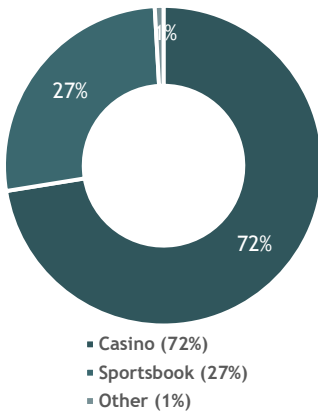
The sportsbook margin was 7.3% (8.3%). The eight-quarter rolling average margin was 7.7%.

Sportsbook revenue from mobile devices was EUR 49.2 (47.4) million, representing 79% (77%) of total sportsbook revenue.

Other products

Revenue from other products (poker, bingo and other) amounted to EUR 2.1 (3.0) million, representing 1% (1%) of total revenue.

Revenue by product

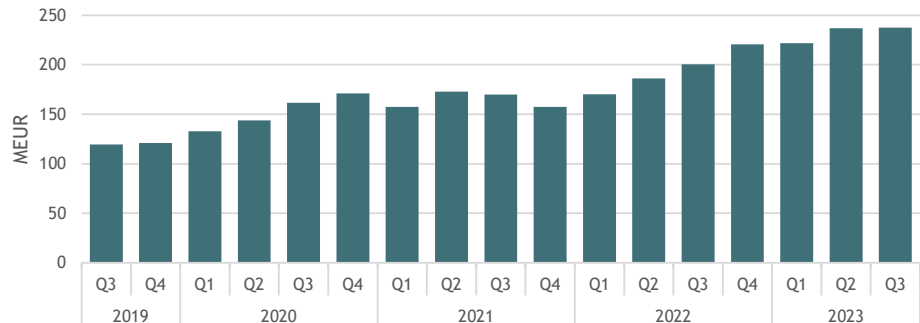


FINANCIAL DEVELOPMENT

Group revenue

Group revenue was EUR 237.6 (200.3) million, an increase of 18.6%. In constant currencies and adjusted for acquisitions (organic), revenue growth was 39.1%.

Revenue by quarter



Revenue from locally regulated markets increased by 48% and was EUR 106.0 (71.5) million, corresponding to 44.6% (35.7%) of total Group revenue.

License revenue for system delivery to B2B-customers amounted to EUR 55.9 (45.1) million and corresponded to 24% (22%) of Group revenue. The increase is mainly due to enhanced performance in the products delivered by Betsson, within both casino and sportsbook. In the beginning of the fourth quarter last year, Betsson acquired 80% of the shares in KickerTech Ltd. KickerTech is a B2B sportsbook operation and adds new customers, further capabilities in building advanced odds models, trading technology and sportsbook features to the B2B-offering.

Revenue from mobile devices was EUR 194.0 (156.3) million, representing 82% (78%) of total revenue.

Expenses

Cost of services provided was EUR 81.0 (66.5) million in the quarter. In relation to revenue, cost of services increased, mainly due to higher gaming taxes. The increased gaming taxes is driven by an increased share of locally regulated revenue, which amounted to 44.6% of total revenue in the third quarter compared to 35.7% of total revenue in the corresponding period last year.

Gross profit was EUR 156.6 (133.8) million, corresponding to a gross profit margin of 65.9% (66.8%).

Operating expenses were EUR 100.6 (95.4) million.

Marketing expenses (excluding affiliate- and partner commissions) were EUR 27.0 (34.1) million and corresponded to 15% (22%) of B2C revenue. The reduced marketing costs are mainly driven by cancelled marketing activities in the Netherlands as a result of the Group's decision not to continue the license application process in the country.

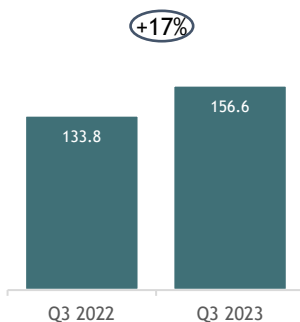
Personnel expenses were EUR 34.8 (30.8) million. The average number of full-time employees in the Group during the third quarter was 2,149 (1,938) of which 1,239 (1,143) were based in Malta. The increase in personnel expenses comes from yearly salary revisions, performance-related compensation, geographic expansion and increased investments in product and technology development. As of the fourth quarter 2022 and the third quarter 2023 respectively, personnel of the acquired companies KickerTech Ltd. and betFIRST are included in the figures.

The Group had 247 (222) full-time consultants engaged by the end of the quarter, mainly within product development. This cost is recognised under other external expenses.

Other external expenses, which primarily include sportsbook-related costs, consultants and software licenses, were EUR 30.0 (26.5) million. The increased costs are driven by sustained increased investments in technology and product development.

Capitalised development costs were EUR 7.2 (6.2) million. Amortisation of capitalised development costs was EUR 6.4 (6.0) million.

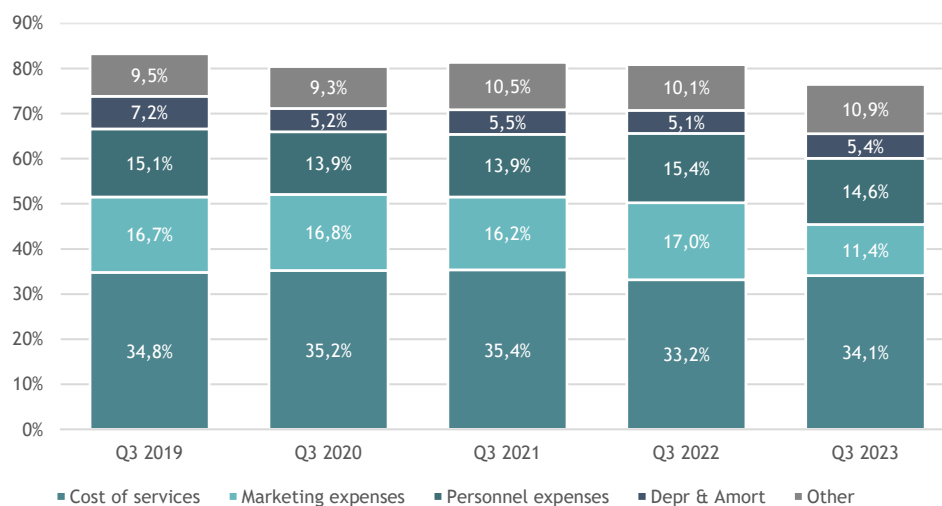
Gross Profit (MEUR)



Total amortisation and depreciation for the quarter was EUR 12.9 (10.2) million. The increase is mainly driven by increased depreciation from the acquisition of KickerTech Ltd. and betFIRST that was acquired in the fourth quarter 2022 and in July 2023, respectively.

Other operating income/-expenses was EUR -3.2 (0.0) million. The increased cost is driven by foreign currency effects, mainly unrealised, on intercompany balances.

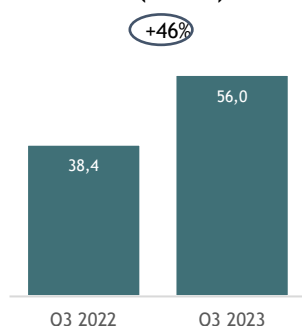
Expenses as a percentage of total revenue



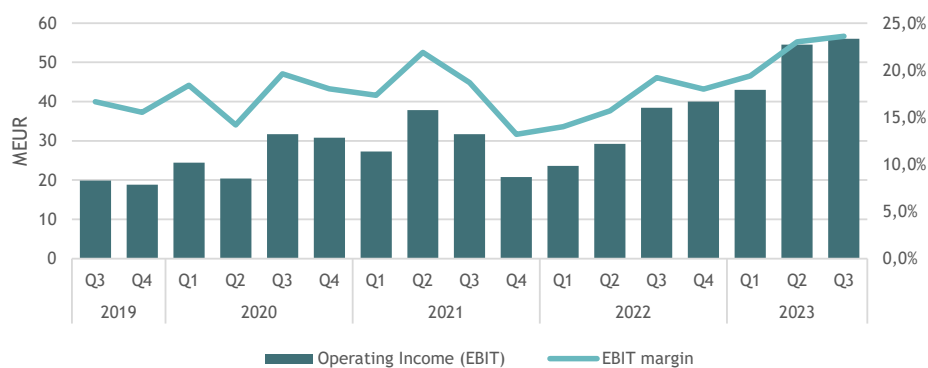
Operating income and net income

Operating income (EBIT) increased by 45.9% to EUR 56.0 (38.4) million. The EBIT margin was 23.6% (19.2%). Organically, EBIT increased by 129.3% to EUR 88.0 million.

EBIT (MEUR)



Operating income (EBIT) by quarter



Net financial items were EUR -5.2 (-3.3) million and are primarily related to interest expenses and results of associated companies.

Net income was EUR 46.2 (32.6) million, corresponding to EUR 0.35 (0.24) per share.

The reported corporate tax for the third quarter was EUR -4.6 (-2.5) million, corresponding to 9.1% (7.1%) of profit before taxes. The effective tax rate may fluctuate between quarters depending on the tax base in the countries where Betsson has subsidiaries. For example, corporate taxes in certain countries are based on dividend distribution which may result in a difference between the effective and statutory tax rate.

Earnings for the period January - September 2023

Operating income (EBIT) for the first nine months 2023 amounted to EUR 153.5 (91.2) million. Net income amounted to EUR 129.7 (82.1) million, corresponding to EUR 0.99 (0.61) per share.

Financial position

Cash and cash equivalents amounted to EUR 240.5 (142.9) million at the end of the period. Customer balances and reserves for accumulated jackpots, were EUR 54.1 (53.9) million. Gaming regulations require the Group to reserve a certain share of cash to cover customer

45 MEUR

Operating cash flow in the quarter

balances and accumulated jackpots. Current receivables related to payment providers for unsettled customer deposits were EUR 54.7 (73.2) million. The balance varies as a result of activity and depending on when deposits are made. The Group's net financial debt amounted to EUR -65.5 (-54.7) million at the end of the period.

Cash flow

Cash flow from operating activities during the third quarter was EUR 44.9 (38.5) million including a negative impact of EUR -16.7 (-6.8) million related to changes in working capital. The negative effect on working capital is mainly driven by increased accounts receivables, increased receivables on payment providers and the inclusion of the betFIRST business. Cash flow from investing activities was EUR -119.2 (-9.1) million and consists mainly of the acquisition of betFIRST. Cash flow from financing activities was EUR 71.2 (-17.7) million, mainly driven by issuance of new bonds.

External financing

During the third quarter, Betsson issued new senior unsecured bonds of EUR 75 million under a framework of EUR 250 million. The bonds have a tenor of three years and a floating interest rate of EURIBOR three months plus 460 bps and will mature in September 2026. The external financing at the end of the period constituted of bonds amounting to EUR 172.9 million. The bonds have a tenor of three years and a floating interest rate of 3 months EURIBOR plus 650 basis points for the bonds in series 2022/2025 and 3 months EURIBOR plus 460 basis points for the bonds in series 2023/2026.

Credit facility	Amount	Coupon rate	Maturity date
Bond 2022/2025 (MEUR)	99.0	EURIBOR + 6,5%	July, 2025
Bond 2023/2026 (MEUR)	73.9	EURIBOR + 4,6%	Sep, 2026

Equity

Equity in the Group was EUR 757.4 (646.0) million at the end of the period, corresponding to EUR 5.60 (4.75) per share.

RISKS

The risk areas that Betsson has identified as most significant and which can significantly affect the Group's operations, earnings, and position, are strategic risks, operational risks, compliance risks and financial risks. These risk areas are described in more detail in the latest annual report.

REGULATORY UPDATE

Betsson has local gaming licenses in 23 countries and is thus affected by gaming laws that broadly differ between different jurisdictions. For an overall description of the gaming legislation in the jurisdictions where the Group operates, please refer to the latest annual report. Below is a summary of the latest implemented or planned changes in gaming legislation in markets relevant to the Group.

Nordics

Already during the second quarter, the subsidiary BML Group Ltd carried out all changes to meet the Norwegian Gaming Authority's (NGA) requirements. NGA has since then communicated that it intends to carry out a new evaluation of the company's offer. Pending the evaluation, the NGA has granted a further suspension of the cease-and-desist order until 1 November 2023.

In Sweden, as part of the budget proposal 2024, the government announced that it plans to raise gambling taxes from the current 18% on GGR to 22% on GGR from July 2024.

Western Europe

In Belgium, the government has approved a draft law to bring up to date its gambling law as regards the compliance of the EPIS database (database of excluded players) with the EU GDPR. The EPIS database was first introduced in 2014 and extended in 2019 to apply to entry into casinos, gaming arcades, land-based sports betting outlets, and online gambling.

CEECA

The Latvian regulator has published new guidelines on withdrawals according to which (i) withdrawals cannot be cancelled without a valid reason established in laws and regulations, and (ii) withdrawals up to 720 EUR must be paid out immediately and, in any case, not later than 24 hours.

Latin America

In Peru, the regulator Mincetur published the decree implementing online gambling and sports betting regulations on 13 October. The decree establishes a regulatory framework giving Mincetur the power to license and regulate online gaming and sports betting in the country. The regulation will enter into force 120 days after publication. Operators will have to submit their license requests to Mincetur 30 days from the effective date of the regulations (i.e. between February and March 2024).

In Chile, the Supreme Court delivered a judgment in favour of public lottery operator Polla Chilena de Beneficencia in September, where the local telecoms provider Mundo Pacifico was ordered to block the websites of 12 online gambling operators (including Betsson). In contrast, the Supreme Court denied a similar appeal of Polla Chilena last year. Even though the judgement is applicable only to the specific telecom provider, the government is using the judgment to try and apply market-wide blocking of foreign online gambling sites. Likewise, the Ministry of Justice ordered the National Association of Professional Football (ANFP) at the beginning of September to terminate its contracts with online gambling operators within 30 days.

In Brazil, the Chamber of Deputies adopted the bill to regulate sports betting and online casino games in September. The bill was adopted in an amended version where the duration of licenses was shortened from 5 years to 3 years. The cost of a licence will be approximately USD 6 million and payable upfront. Taxation-wise, the tax burden of 18% on GGR goes up to about 30% after including other applicable taxes. Player winnings are also subject to a 30% income tax. The definition of online casino games, which are included in the bill, also remains unclear as, under some interpretations, this may be limited to virtual online events only. The bill requires Senate approval to become law and the Senate has until 11 November to consider the bill.

SUSTAINABILITY

Sustainability is an integrated part of Betsson's business strategy and a prerequisite for generating shareholder value and at the same time taking long-term responsibility for customers, employees, and the communities in which the Group operates. To further support the link between the sustainability perspective and the financial control in the Group, Betsson has included an ESG criterion in the Group's long-term incentive plan.

Betsson's sustainability framework establishes five focus areas: responsible gaming, business compliance, employee impact, social impact, and climate impact. Betsson is a participant of the UN Global Compact and a Nasdaq ESG transparency partner.

For more details, see the latest annual and sustainability report, which is available on the company's website <https://www.betssonab.com/en/sustainability>.

Responsible gaming

Betsson has a responsibility to support customers in controlling their gaming and to identify and help customers at risk of problem gaming. Betsson's ambition is to be a role model in the industry and to create conditions for players to always have a healthy relationship to gaming.

Betsson offers its customers a wide range of tools for responsible gaming, for example deposit limits, self-exclusion, personal time limits for gaming, self-evaluation tests and access to well-trained and professional customer service staff 24 hours a day, 7 days a week.

Betsson's customer service is continuously evaluated by independent assessors on the quality of management. In this context, Betsson has received a number of awards over the years for its efforts in the field.

Betsson is currently further strengthening its responsible gaming processes in Latin America. During the quarter, responsible gaming trainings were held with the local operational management teams.

91.4%

Share of active customers with activated tools for responsible gaming

Spain has released a new decree on responsible gaming, where the first part was adopted during Q3. Betsson has been preparing for this decree to ensure that the Group stays compliant. Under the new decree, Spanish customers will receive more frequent communication and alerts in relation to their activity.

Betsson is currently making improvements to its proprietary technical platform to improve the effectiveness of onsite notifications and interactions. The work is expected to be completed at the end of the year or early 2024. The changes may affect the volumes of interactions in the sense that the sheer numbers may go down, however the quality and relevance will increase.

During the third quarter, 91.4% of active customers had some kind of tools for responsible gaming activated. This measurement includes any of the available tools such as reality checks, self-assessment tests, deposit and time limits etc. During the quarter, 37.2% (24.5%) of active customers used some type of control tools in Q3, such as deposit limits, time out and/or self-exclusion. In the quarter, 30.7% (22.6%) of active customers used deposit limits. These numbers vary between markets and depend on the geographic customer mix during the quarter since the usage of control tools can be different between markets depending on local regulations and customer preferences.

Betsson uses a number of different ways, some manual and others automated, to detect customers who exhibit a potentially risky behaviour according to certain established parameters, among others through the company's proprietary responsible gaming prediction tool. If a customer exhibits a potentially risky behaviour, an individual assessment is made, based on the customer's profile and gaming activity. 16,968 (15,470) customers were manually analysed and checked during the quarter.

When risky player behaviour is identified, Betsson uses a wide spectrum of follow-up actions, for example by providing the player with more information about safer gaming or asking the customer for feedback to a set of questions, to encouraging the customer to set deposit limits or to take a timeout. Betsson can also exclude customers from continued gaming.

16 968

Customers analysed for potentially risky gaming

During the quarter, 1.5% (2.0%) of customers self-excluded for a period less than 6 months. 2.5% (2.3%) of customers self-excluded for a period longer than 6 months.

To increase transparency and raise awareness about risky gaming in Sweden and how proactive contacts can change player behaviour, Betsson has started to report KPIs for risky gaming for the Swedish market. These KPIs have been published on the Company's website: <https://www.betssonab.com/sv/ansvarsfullt-spelande-0>

Business compliance

Betsson has extensive controls and processes in place around anti-money laundering and combating financing of terrorism which were developed over many years, and which are constantly advanced in line with the latest regulatory and industry standards and trends.

Betsson has introduced a new global whistleblowing policy and procedure in line with the EU Whistleblowing Directive. Separate local whistleblowing channels were also created with respect to those of Betsson's subsidiaries within the EU that required such an approach. Moreover, whistleblowing channels were also developed for some non-EU countries that have specific local regimes, such as Canada.

Betsson is finalising the implementation of a new compliance management system, which will enable a more efficient and transparent management of compliance requirements for all markets. Requirements will be centralised in one database and responsibilities will be split amongst stakeholders.

Employee Impact

Betsson's ambition is to be the best workplace in the gaming industry and the Employer of Choice - the first choice for both current and potential new employees. Diversity and equal opportunities are natural parts of the business and Betsson aims to offer top-class competence development and career opportunities.

During the quarter, mid-year performance check-ins were held across locations and departments. These focus on reviewing employees' progress towards the set objectives

during the past six months and assessing objectives for the rest of the year, giving and receiving feedback for continuous improvement.

The average tenure at Betsson keeps increasing for managers as well as for employees. This supports a stable work environment and solid project deliveries.

During the quarter, Betsson highlighted the importance of diversity and LGBTIQ+ rights by participating in Pride celebrations in both Malta and Hungary.

Social Impact

Betsson's social impact framework has three focus areas: sports, diversity and environment, but Betsson also adapts to world events, for example by providing support for humanitarian aid for Ukraine.

As an example of a social impact activity, in Q3, employees from Betsson's Budapest office dedicated their time to making sandwiches for the homeless, collaborating with the volunteers of a local community organisation with a mission to combat food waste, alleviate hunger, and promote social inclusion.

Read more about Betsson's social impact activities on www.onebetsson.com/csr

Climate Impact

Betsson operates in an industry with relatively low CO2 emissions, but nevertheless has a responsibility to help counteract climate change. Betsson has established a climate roadmap which identifies the main emission sources and how these shall be reduced. In the third quarter, work according to the climate roadmap continued, for example when it comes to the migration of servers to cloud-based solutions, which means more efficient use of hardware thus decreasing Betsson's climate footprint.

Betsson has set climate targets according to science-based targets (SBT) of reducing greenhouse gases by at least 55 percent for Scope 1 and 2 and by at least 15 percent for Scope 3 by 2030.

Betsson's operations have been climate neutral for several years, which means that Betsson offsets its emissions, including estimated emissions by customers when playing on Betsson brands. Offsetting occurs through investments in certified climate positive projects.

Betsson employees recently participated in both World Ocean Day and World Cleanup Day, engaging in activities to remove litter and waste from land, the shores and, with the help of employees who are divers, also the seabed.

110%

Betsson compensates for all emissions and adds an additional 10% to be climate positive

OTHER INFORMATION

EMPLOYEES

At the end of the third quarter, the Group employed 2,158 (1,948) employees representing 60 different nationalities. In addition, 247 (222) full-time consultants were engaged, mainly within product development.

Betsson's corporate values - *One Betsson, Passion and Fair Play* - set the tone for how employees should treat each other, customers, suppliers and other stakeholders, and for how employees should approach their work and assignments. Betsson's ambition is to be the best workplace in the industry. Diversity and equal opportunities are key elements and are included as a natural part of an innovative corporate culture. Skilled and engaged employees are a prerequisite to achieve the vision of providing the best customer experiences.

The Group has, over time, retained people in leading positions, enabling consistent delivery according to its long-term strategy. To further inspire and support employees, leadership programs, career development and other initiatives are offered and promoted to them.

OWNERSHIP STRUCTURE AND SHARES OUTSTANDING

The Company's Series B shares are listed on Nasdaq Stockholm Mid Cap list (BETS B). At the end of the period, the Company had 26,521 (25,148) shareholders.

In September a share split (2:1) took place, which constitutes a step in the implementation of the second of the two automatic redemption procedures of shares that were decided on by the Annual General Meeting on 10 May 2023.

As of 30 September 2023, the total number of shares amounted to 285,459,676 and the total number of votes amounts to 571,857,676. These are divided into 31,822,000 class A shares equaling 318,220,000 votes, 243,142,810 class B shares carrying the same number of votes and 10,494,866 class C shares carrying the same number of votes. Betsson's treasury shares amounted to 10,494,866 C shares and 392,866 B-shares at the end of the period. Half of all outstanding shares after the split are redemption shares. The number of shares and votes will be restored in October 2023 after the completion of the redemption procedure.

ANNUAL GENERAL MEETING 2024

Betsson AB's Annual General Meeting (AGM) 2024 will be held on Tuesday, 7 May 2024, in Stockholm. For more information, please visit <https://www.betssonab.com/en/general-meetings>

NOMINATION COMMITTEE

The Nomination Committee of Betsson AB currently consists of the following members:

- Jenny Rosberg, appointed by Hamberg Förvaltning AB
- Mats Axell, appointed by Knutsson Holdings AB
- Ingela Kling, appointed by the Kling family

PARENT COMPANY

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

Revenue for the third quarter was EUR 0.7 (0.7) million, and net income was EUR -4.9 (-2.6) million.

Cash and cash equivalents in the Parent Company amounted to EUR 89.4 (43.8) million.

Stockholm, 26 October 2023

Pontus Lindwall
President and CEO

AUDITOR'S REPORT

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

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Betsson AB (Publ) as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

Stockholm, 26 October 2023
PricewaterhouseCoopers AB

Aleksander Lyckow
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

MEUR	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Revenue	237.6	200.3	696.3	556.7	777.2
Cost of services provided	-81.0	-66.5	-229.7	-197.1	-272.8
Gross profit	156.6	133.8	466.6	359.6	504.4
Marketing expenses	-27.0	-34.1	-94.7	-92.0	-129.0
Personnel expenses	-34.8	-30.8	-101.3	-86.6	-119.0
Other external expenses	-30.0	-26.5	-92.6	-77.7	-106.4
Capitalised development costs	7.2	6.2	21.8	18.2	24.4
Amortisation and depreciation	-12.9	-10.2	-37.3	-30.0	-41.2
Other operating income/expenses	-3.2	-0.0	-8.8	-0.3	-2.0
Operating expenses	-100.6	-95.4	-313.1	-268.4	-373.2
Operating income	56.0	38.4	153.5	91.2	131.2
Financial income and expenses	-5.2	-3.3	-9.6	-2.4	-6.6
Income before tax	50.8	35.1	143.9	88.8	124.6
Tax	-4.6	-2.5	-14.1	-6.7	-9.9
Net income	46.2	32.6	129.7	82.1	114.7
Net income attributable to:					
Equity holders of the Parent Company	47.7	33.1	135.5	83.6	119.6
Non-controlling interests	-1.5	-0.5	-5.8	-1.5	-4.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net income	46.2	32.7	129.7	82.1	114.7
Other comprehensive income					
Revenue/expenses recognised directly in equity:					
Hedge of net investments in foreign currency incl. deferred tax	0.0	0.5	0.0	2.9	3.0
Exchange differences in translating foreign operations	1.5	10.0	5.8	14.5	7.9
Other comprehensive income of the period (after tax)	1.5	10.5	5.8	17.4	10.9
Total comprehensive income for the period	47.7	43.2	135.5	99.5	125.6
Total comprehensive income attributable to:					
Equity holders of the Parent Company	49.2	43.7	141.3	101.0	130.5
Non-controlling interests	-1.5	-0.5	-5.8	-1.5	-4.9

CONSOLIDATED BALANCE SHEET

MEUR	9/30/2023	9/30/2022	12/31/2022
Assets			
Intangible fixed assets	718.2	586.6	596.2
Property, plant and equipment	10.4	8.2	8.1
Right-of-use assets	14.0	18.9	18.1
Financial assets	16.9	24.1	19.6
Deferred tax receivables	8.7	3.4	8.1
Total non-current assets	768.2	641.2	650.1
Current receivables	217.0	199.5	200.3
Cash and cash equivalents	240.5	142.9	168.3
Total current assets	457.5	342.4	368.6
Total assets	1,225.7	983.6	1,018.7
Equity and liabilities			
Equity	757.4	646.0	647.8
Deferred tax liabilities	4.2	2.6	3.2
Bond	172.9	98.5	98.6
Lease liabilities	6.7	11.8	10.3
Total non-current liabilities	183.8	112.9	112.1
Lease liabilities	6.4	6.3	6.1
Other current liabilities	278.1	218.4	252.7
Total current liabilities	284.5	224.7	258.8
Total equity and liabilities	1,225.7	983.6	1,018.7

CONSOLIDATED CASH FLOW STATEMENT

MEUR	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Profit/loss before tax	50.9	35.1	143.9	88.8	124.6
Adjustments for non-cash items	14.8	11.6	46.8	31.6	46.6
Taxes paid	-4.1	-1.4	-15.9	-8.7	-9.8
Cash flow from operating activities before changes in working capital	61.6	45.3	174.8	111.7	161.4
Changes in working capital	-16.7	-6.8	8.0	-8.6	17.3
Cash flow from operating activities	44.9	38.5	182.8	103.1	178.7
Investments in intangibles/tangibles	-9.9	-8.3	-31.5	-26.2	-35.5
Acquisition of shares in subsidiaries	-109.3	-0.8	-109.6	-0.8	-6.6
Paid earnout	0.0	-0.0	-4.0	-5.4	-8.2
Acquisition of shares in associates	0.0	0.0	0.0	-0.9	-0.9
Cash flow from investing activities	-119.2	-9.1	-145.1	-33.3	-51.2
Bond issue	73.9	10.0	73.9	98.6	98.6
Bond redemption	0.0	-28.4	0.0	-94.2	-94.2
Lease payments	-1.0	-1.2	-4.1	-4.3	-6.4
Loan Associates	-2.5	0.0	-6.3	0.0	-4.3
Share redemption programme	-0.0	0.0	-29.0	-25.3	-50.3
Warrant premiums received	0.9	1.9	0.9	1.9	1.9
Cash flow from financing activities	71.2	-17.7	35.3	-23.3	-54.7
Changes to cash and cash equivalents	-3.1	11.7	73.0	46.5	72.8
Cash and cash equivalents at beginning of period	244.1	130.7	168.3	95.6	95.6
Exchange differences	-0.5	0.5	-0.8	0.8	-0.1
Cash and cash equivalents at end of period	240.5	142.9	240.5	142.9	168.3

CHANGES IN GROUP EQUITY

MEUR	9/30/2023	9/30/2022	12/31/2022
Equity opening balance attributable to the equity holders of the Parent Company	654.2	571.8	571.8
Total comprehensive income attributable to Equity holders of the parent company	141.3	101.0	130.5
Total change excluding owner transactions	141.3	101.0	130.5
Share redemption programme	-29.0	-25.4	-50.3
Warrant premium received	1.0	1.9	1.9
Share options - value of employee services	0.9	0.3	0.3
Equity at end of period attributable to the Equity holders of the Parent Company	768.4	649.6	654.2
Non-controlling interests	-11.0	-3.6	-6.4
Total equity at end of period	757.4	646.0	647.8

PARENT COMPANY, INCOME STATEMENT

MEUR	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Revenue	0.7	0.7	2.1	2.2	2.9
Operating expenses	-2.7	-2.4	-6.7	-7.5	-11.9
Operating income	-2.0	-1.7	-4.7	-5.3	-9.0
Financial income and expenses	-2.9	-0.9	-5.1	-0.4	123.5
Income before tax	-4.9	-2.6	-9.8	-5.7	114.5
Income tax	0.0	0.0	0.0	0.0	4.1
Net income	-4.9	-2.6	-9.8	-5.7	118.6

PARENT COMPANY, BALANCE SHEET

MEUR	9/30/2023	9/30/2022	12/31/2022
Assets			
Property, plant and equipment	0.2	0.2	0.2
Financial assets	603.0	599.4	603.5
Total non-current assets	603.2	599.6	603.7
Current receivables	154.9	80.2	194.3
Cash and cash equivalents	89.4	43.8	58.1
Total current assets	244.3	124.0	252.4
Total Assets	847.5	723.6	856.1
Restricted equity	34.9	34.9	34.9
Unrestricted equity	635.0	572.9	672.2
Total equity	669.9	607.8	707.1
Bond	172.9	98.5	98.6
Total non-current liabilities	172.9	98.5	98.6
Other current liabilities	4.7	17.3	50.4
Total current liabilities	4.7	17.3	50.4
Total equity and liabilities	847.5	723.6	856.1

QUARTERLY DATA

CONSOLIDATED INCOME STATEMENT, IN SUMMARY

MEUR	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Revenue	237.6	236.8	221.9	220.6	200.3	186.3	170.2	157.5
Cost of services provided	-81.0	-74.3	-74.4	-75.8	-66.5	-67.5	-63.1	-59.8
Gross profit	156.6	162.5	147.5	144.8	133.8	118.8	107.1	97.7
Marketing expenses	-27.0	-31.9	-35.9	-37.0	-34.1	-30.5	-27.3	-25.7
Personnel expenses	-34.8	-33.3	-33.3	-32.4	-30.8	-29.8	-26.0	-24.0
Other external expenses	-30.0	-33.2	-29.4	-28.8	-26.5	-25.9	-25.4	-23.2
Capitalised development costs	7.2	7.2	7.3	6.1	6.2	6.0	6.1	6.2
Amortisation and depreciation	-12.9	-13.1	-11.3	-11.1	-10.2	-10.1	-9.8	-9.6
Other operating income/expenses	-3.2	-3.6	-2.1	-1.6	-0.0	0.6	-1.0	-0.5
Operating expenses	-100.6	-108.0	-104.5	-104.8	-95.4	-89.6	-83.5	-76.9
Operating income	56.0	54.5	43.0	40.0	38.4	29.2	23.6	20.8
Financial items, net	-5.2	-2.4	-2.1	-4.2	-3.3	2.2	-1.3	-1.7
Income before tax	50.8	52.1	40.9	35.8	35.1	31.4	22.3	19.1
Tax	-4.6	-5.2	-4.3	-3.1	-2.5	-2.8	-1.4	-0.4
Net income	46.2	46.9	36.6	32.7	32.6	28.6	20.9	18.7

CONSOLIDATED BALANCE SHEET, IN SUMMARY

MEUR	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Non-current assets	768.2	651.8	651.2	650.1	641.2	635.7	627.6	625.6
Current assets	457.5	428.5	422.0	368.6	342.4	297.8	287.0	271.6
Total assets	1,225.7	1,080.4	1,073.2	1,018.7	983.6	933.5	914.6	897.2
Equity	757.4	707.0	688.7	647.8	646.4	604.0	591.8	568.8
Provisions and non-current liabilities	183.8	111.2	111.2	112.1	112.9	102.6	17.3	15.7
Current liabilities	284.5	262.1	273.3	258.8	224.7	226.9	305.5	312.7
Total equity and liabilities	1,225.7	1,080.4	1,073.2	1,018.7	983.6	933.5	914.6	897.2

CONSOLIDATED CASH FLOW STATEMENT, IN SUMMARY

MEUR	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Operating cash flow	44.9	89.4	48.8	75.5	38.5	37.8	26.9	13.4
Cash flow from investing activities	-119.2	-15.4	-10.2	-17.9	-9.1	-14.8	-9.4	-29.3
Cash flow from financing activities	71.1	-34.1	-1.9	-31.3	-17.7	-4.4	-1.2	-15.1
Total cash flow	-3.1	39.9	36.7	26.3	11.7	18.6	16.3	-31.0

KEY RATIOS

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Key financial ratios								
Gross Margin (% of revenue)	65.9	68.6	66.5	65.6	66.8	63.8	62.9	62.0
EBITDA-margin (% of revenue)	29.0	28.5	24.5	23.2	24.3	21.1	19.6	19.3
EBIT-margin (% of revenue)	23.6	23.0	19.4	18.1	19.2	15.7	13.9	13.2
Profit margin (% of revenue)	21.4	22.0	18.4	16.2	17.5	16.9	13.1	12.1
Marketing expenses (% of revenue)	11.4	13.5	16.2	16.8	17.0	16.4	16.0	16.3
Basic earnings per share (EUR)	0.35	0.37	0.28	0.26	0.24	0.21	0.16	0.14
Diluted earnings per share (EUR)	0.35	0.37	0.28	0.26	0.24	0.21	0.16	0.14
Equity per share (EUR)	5.60	5.20	5.03	4.74	4.75	4.42	4.33	4.16
Executed dividend/redemption per share (EUR)	0.00	0.218	0.000	0.184	0.000	0.184	0.000	0.000
Equity/assets ratio (%)	62	65	64	64	66	65	65	63
Return on equity (% , 12 months)	24	23	20	18	17	17	18	19
Return on total capital (% , 12 months)	17	17	15	14	13	12	13	13
Return on capital employed (% , 12 months)	23	22	20	18	17	15	16	18
Net debt (MEUR)	-66	-139	-105	-66	-55	-20	-17	3
Net debt / EBITDA (Multiple, 12 months)	-0.3	-0.6	-0.5	-0.4	-0.4	-0.1	-0.1	0.0
Shares								
Average share price (SEK)	121.18	109.40	92.37	81.96	64.98	61.66	53.21	56.50
Share price at end of period (SEK)	120.20	114.80	98.60	84.77	65.05	64.73	57.25	54.60
Highest share price (SEK)	130.70	122.80	100.18	86.57	70.65	68.15	58.20	70.90
Lowest share price (SEK)	105.79	93.78	82.73	63.65	54.20	54.08	47.80	47.50
Number of shareholders at end of period	26,521	25,300	25,308	24,715	25,148	25,343	25,805	26,003
Number of shares outstanding at end of period	137.3	137.0	137.0	137.0	137.0	136.8	136.8	136.8
Total number of shares at end of period (million)	142.7	142.7	142.7	142.7	142.7	142.7	142.7	142.7
Personnel								
Average number of employees	2,149	2,098	1,967	2,043	1,938	1,942	1,957	1,958
Number of employees at end of period	2,158	2,119	2,112	2,023	1,948	1,957	1,926	1,955

CUSTOMERS

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Registered customers (000's)	29,393	28,121	27,461	26,816	25,629	24,967	24,200	23,307
Active customers (000's)	1,237	1,120	1,116	1,425	1,056	1,247	1,256	1,162

CUSTOMER DEPOSITS

MEUR	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Customer deposits	625.9	591.4	578.3	618.2	560.5	534.6	514.1	512.0
Customer deposits, all gaming solutions	1,237.4	1,240.6	1,148.2	1,096.0	943.2	845.5	782.5	784.6

CASINO DATA

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Gross turnover, all gaming solutions Casino (MEUR)	8,289.8	8,354.4	7,739.7	7,090.8	6,280.3	5,668.4	5,124.3	5,265.0
Revenue (MEUR)	172.1	165.1	152.0	146.1	135.4	122.2	111.0	115.1

SPORTSBOOK DATA

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Gross turnover, all gaming solutions (MEUR)	1,308.8	1,312.3	1,329.2	1,416.2	1,058.1	991.3	947.5	1,024.5
of which gross turnover live betting (MEUR)	887.2	921.9	920.7	893.1	733.0	648.4	620.6	653.2
Sportbook margin after free bets (%)	7.3	8.2	8.0	7.3	8.3	8.3	8.3	6.0
Revenue (MEUR)	63.3	69.5	67.2	70.7	61.9	61.6	56.4	40.2

REVENUE BY PRODUCT

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Revenue (MEUR)								
Casino	172.1	165.1	152.0	146.1	135.4	122.2	111.0	115.1
Sportsbook	63.3	69.5	67.2	70.7	61.9	61.6	56.5	40.2
Other products	2.1	2.3	2.7	3.8	3.0	2.5	2.7	2.4
Total	237.6	236.8	221.9	220.6	200.3	186.3	170.2	157.5

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Share of total revenue (%)								
Casino	72	70	69	66	68	66	65	73
Sportsbook	27	29	30	32	31	33	33	26
Other products	1	1	1	1	2	1	2	1

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Growth, compared with previous quarter (%)								
Casino	4	9	4	8	11	10	-4	-8
Sportsbook	-9	3	-5	14	0	9	41	-6
Other products	-6	-15	-30	25	23	-9	20	5
Total	0	7	1	10	8	9	8	-7

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Growth, compared with same period previous year (%)								
Casino	27	35	37	27	8	1	-5	-8
Sportsbook	2	13	19	76	45	22	45	-10
Other products	-31	-9	-2	68	41	29	29	17
Total	19	27	30	40	18	8	8	-8

REVENUE BY REGION

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Casino (MEUR)								
Nordics	33.6	37.1	37.6	39.1	39.9	38.6	39.4	40.8
Latin America	28.3	22.5	18.6	17.6	14.6	13.7	11.3	11.2
Western Europe	30.0	25.7	25.5	24.4	23.5	22.8	20.7	19.0
Central & Eastern Europe and Central Asia	77.9	76.7	67.4	62.3	54.9	44.4	36.6	41.0
RoW	2.4	3.1	2.9	2.8	2.5	2.7	2.9	3.1
Total	172.1	165.1	152.0	146.1	135.4	122.2	111.0	115.1
Sportsbook (MEUR)								
Nordics	11.8	13.8	13.5	12.6	13.0	11.7	13.7	10.1
Latin America	23.1	28.6	26.3	34.3	23.9	31.8	25.2	14.6
Western Europe	9.1	1.2	1.5	1.2	1.3	1.9	1.3	1.3
Central & Eastern Europe and Central Asia	18.2	25.0	24.9	21.6	22.6	15.7	15.7	14.0
RoW	1.1	0.9	1.0	1.0	1.1	0.6	0.6	0.3
Total	63.3	69.5	67.2	70.7	61.9	61.6	56.4	40.2
Total, for all products, per region (MEUR)								
Nordics	46.1	51.7	51.9	53.1	53.8	51.2	54.1	51.9
Latin America	51.7	51.4	45.2	52.3	38.8	45.7	36.8	26.0
Western Europe	39.2	27.0	27.2	25.8	25.0	24.8	22.2	20.4
Central & Eastern Europe and Central Asia	97.0	102.6	93.5	85.3	78.8	61.1	53.4	55.9
RoW	3.6	4.2	4.2	4.0	3.8	3.5	3.7	3.4
Total	237.6	236.8	221.9	220.6	200.3	186.3	170.2	157.6
Share per region (%)								
Nordics	19	22	23	24	27	27	32	33
Latin America	22	22	21	24	19	25	22	16
Western Europe	16	11	12	12	13	13	13	13
Central & Eastern Europe and Central Asia	41	43	42	38	39	33	31	36
RoW	1	2	2	2	2	2	2	2
Growth, compared with previous quarter (%)								
Nordics	-11	-0	-2	-1	5	-5	4	-3
Latin America	1	14	-14	35	-15	24	42	6
Western Europe	45	-1	5	3	1	12	9	-43
Central & Eastern Europe and Central Asia	-5	10	10	8	29	14	-4	5
RoW	-15	1	4	6	8	-4	7	3
Growth, compared with same period previous year (%)								
Nordics	-14	1	-4	2	1	-6	12	-7
Latin America	33	13	23	102	59	86	174	-
Western Europe	57	9	22	26	-30	-39	-44	-55
Central & Eastern Europe and Central Asia	23	68	75	53	48	23	-0	13
RoW	-7	19	13	17	15	-5	19	-84

SPECIFICATION OF COST OF SERVICES PROVIDED

MEUR	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Licence fees	21.5	20.5	19.3	20.2	18.9	18.2	17.0	16.6
Betting duties	25.9	22.0	20.0	18.1	15.7	14.1	14.0	13.2
Affiliates and partners commission	9.4	7.4	7.9	7.7	7.4	9.3	9.9	8.5
Other cost of services provided	24.1	24.5	27.2	29.8	24.5	25.8	22.2	21.5
Total	81.0	74.3	74.4	75.8	66.5	67.5	63.1	59.8

SPECIFICATION OF AMORTISATION AND DEPRECIATION

MEUR	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Depreciation property, plant, and equipment	1.2	0.9	0.9	0.9	0.9	0.9	0.8	1.1
Depreciation right-of-use assets	1.5	1.5	1.5	1.6	1.5	1.4	1.4	1.5
Amortisation intangible fixed assets (whereof amortisation of capitalised development costs)	10.3 6.4	10.7 6.2	8.9 6.0	8.6 6.1	7.8 6.0	7.8 5.8	7.6 5.6	7.0 5.6
Total	12.9	13.1	11.3	11.1	10.2	10.1	9.8	9.6

ORGANIC CALCULATION (EFFECTS FROM ACQUISITIONS AND CURRENCY)

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Reported revenues	237.6	236.8	221.9	220.6	200.3	186.3	170.2	157.5
- Revenue from acquisitions	-11.7	-1.2	-1.5	-1.6	-6.9	-8.4	-7.3	-5.4
- Currency effects	52.7	30.0	14.5	13.4	35.7	17.0	17.3	6.9
Organic revenues	278.6	265.6	234.9	232.4	229.1	194.9	180.2	159.0
Organic growth (YoY)	39%	43%	38%	48%	35%	13%	14%	-7%
Reported growth (YoY)	19%	27%	30%	40%	18%	8%	8%	-8%
Reported operating income (EBIT)	56.0	54.5	43.0	40.0	38.4	29.2	23.6	20.8
- Result from acquisitions	-0.9	0.8	1.2	1.0	-0.4	-0.8	-1.4	-0.3
- Currency effects	32.9	14.7	13.6	14.4	35.2	17.2	16.0	7.6
Organic operating income	88.0	70.0	57.8	55.4	73.1	45.6	38.2	28.0
Organic growth (YoY)	129%	140%	145%	166%	131%	20%	40%	-9%
Reported growth (YoY)	46%	87%	82%	92%	21%	-23%	-13%	-33%

OTHER NOTES

CURRENCY EXCHANGE RATES

The exchange rates below have a direct or indirect effect on the figures in the report.

Income Statement (average rate during the period July - September)

	2023	2022	Δ
SEK/EUR	0.0872	0.0950	-8.2%
GEL/EUR	0.3543	0.3168	+11.8%
NOK/EUR	0.0882	0.1000	-11.8%
TRY/EUR	0.0426	0.0596	-28.6%
PEN/EUR	0.2477	0.2467	+0.4%

Balance Sheet (closing rate)

	9/30/2023	9/30/2022	Δ
SEK/EUR	0.0870	0.0916	-5.0%
GEL/EUR	0.3518	0.3639	-3.3%

ACQUISITIONS 2023

On June 15, Betsson announced the acquisition of Belgian Sports betting operator betFIRST and announced a new strategic partnership with listed French Casino operator Groupe Partouche to offer online casino games in regulated markets.

The total up-front consideration for the acquisition of betFIRST amounts to EUR 117 million on a cash and debt-free basis, payable in cash. In addition, Betsson may pay up to EUR 3 million as earnout, subject to delivery on certain agreed financial targets.

The table below summarizes the purchase consideration paid, and fair value of recognized assets and liabilities. Current receivables and liabilities do not involve any derivatives and their fair values are equivalent to their reported values.

The acquired customer base has been valued at EUR 6.2 million and the ongoing amortization of this item will be charged to the Group's income over a period of three years. The acquired brand is valued at EUR 3.0 million and is deemed to have an indefinite useful life and is not subject to depreciation but will be annually subject to tests to identify any need for impairment. Revenue synergies, integration and cost synergies explain the total excess value in goodwill. No part of reported goodwill is expected to be tax deductible.

Expenses related to the acquisition amount to EUR 2.1 million and refer to fees for consultants in connection with the acquisition and are recorded in operating costs. Depreciation on customer database amounts to EUR 0.5 million.

In the last financial year ending 31 December 2022, betFIRST recorded net gaming revenue of EUR 51.2 million and adjusted EBITDA of EUR 10.0 million.

If betFIRST had been consolidated from 1 January 2023, Betsson's revenue for the first nine months would have amounted to EUR 723.6 million instead of the reported EUR 696.3 million and EBIT to 157.7 million instead of the reported EUR 153.5 million. This includes amortization of the customer base from 1 January 2023, which arises in the acquisitions, but excludes any acquisition cost related to the acquisitions.

	Purchase price allocation
Purchase price	129.6
Reported amount of identifiable acquired assets and taken over liabilities	
Customer base	6.2
Brands	3.0
Current receivables	2.2
Current liabilities	11.3
Liquid funds	17.3
Total identifiable net assets	17.4
Goodwill	112.2

The purchase price allocation is preliminary.

Cashflow effect of acquisition:	
Paid purchase price	126.6
Acquired liquid funds	17.3
Cashflow, net effect	109.3

TRANSACTIONS WITH RELATED PARTIES

No significant transactions took place between Betsson and related parties that affected Betsson's financial position and performance in the period. The extent and nature of transactions with related parties in the period are consistent with previous year's transactions with related parties, as described in the 2022 annual report.

ACCOUNTING POLICIES

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

The accounting policies applied are consistent with those presented in the Annual Report for 2022. Detailed information about the Group's accounting and valuation principles can be found in the Annual Report for 2022 (Note 2), which is available on www.betssonab.com or at the Company's head office.

Consolidated statement of comprehensive income

In the presentation of the *consolidated statement of comprehensive income, other comprehensive income for the period* has increased for the period from January 1, 2022, to December 31, 2022, due to the correction of a previous error in the reporting of *exchange differences in translating foreign operations*.

Changes within the Group's total equity

A correction has been made to the Group's opening balances of equity with effect from January 1, 2022. The correction relates to a reclassification within total equity. This reclassification has no impact on the Group's total equity or on unappropriated earnings.

Pillar 2

The group is covered by the OECD's model convention concerning Pillar 2. Legislation concerning Pillar 2 will come into force on 1 January 2024 in Sweden, where Betsson AB is situated.

According to the legislation, the group is obliged to pay a top-up tax on the difference between the effective tax rate calculated according to the GloBE rules for each jurisdiction and the minimum tax rate of 15 %.

Due to the complexity in applying the new legislation and considering that Malta is implementing a larger tax reform to comply with Pillar 2, the quantitative effect cannot be determined in an appropriate manner. However, the group assesses that the cost for corporate income tax will increase from 1 January 2024 as a consequence of implementation of the Pillar 2 rules in countries where the group operates.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

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

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

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

B2B: Business-to-Business

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

Deposits: Customers' deposits to gaming accounts.

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

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

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

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

EBITDA margin: EBITDA as a percentage of revenue.

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

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

Gross profit: Revenue 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: Revenue from customers using mobile devices.

NDC: New Depositing Customer

Net debt: Financial liabilities (bond, bank loans and leasing debts) plus customer balances 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: The total number of A, B and C shares at the end of the period, excluding redemption shares.

Number of shares outstanding: Total number of shares (excluding treasury shares and redemption shares) at the end of the period.

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

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

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

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

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

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

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

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

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



FINANCIAL CALENDAR

Q4 2023 and Year-end report	15 February 2024
Q1 2024	30 April 2024
Annual General Meeting	7 May 2024
Q2 2024	19 July 2024
Q3 2024	24 October 2024
Q4 2024 and Year-end report	13 February 2025

PRESENTATION OF THE INTERIM REPORT

At 10:00 CEST on 26 October 2023, Betsson invites analysts, investors and media to participate in the presentation of the results for the third quarter. The results will be presented by CEO Pontus Lindwall and CFO Martin Öhman. The presentation will be held in English, followed by a Q&A session. Participants are welcome to join via the webcast or telephone conference.

Link to the webcast: <https://ir.financialhearings.com/betsson-q3-report-2023>

Link with information on how to participate in the telephone conference:
<https://financialhearings.com/event/46180>



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ABOUT BETSSON

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

Betsson's operational subsidiaries' vision is to deliver the best customer experience in the industry. They offer casino, sports betting and other games via gaming licenses in 23 jurisdictions in Europe, Africa, North- and South America. The business model is to offer gaming under multiple brands, including Betsson, Betsafe and NordicBet. The brands are operated on a proprietary platform, which is the core of the offer and the customer experience.

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

In this interim report the name Betsson or the Group is used to describe the entire business run by the operational subsidiaries.