

Betsson AB (publ)

Remuneration Report 2023

Introduction

This report describes how the guidelines for executive remuneration (the “Remuneration Guidelines”) of Betsson AB (publ) (the “Company” or “Betsson”), which were adopted by the Annual General Meeting (the “AGM”) 2020, were implemented in 2023. The report also provides information on the remuneration to the CEO and includes a summary of the Company’s short- and long-term variable remuneration programs for senior executives. The report has been prepared in accordance with the Swedish Companies Act (2005:551) and the Stock Market Self-Regulation Committee’s *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes*.

Further information on executive remuneration is available in note 7 (Employees, salaries, and fees) on pages 88-91 in the Annual and Sustainability Report 2023 (the “Annual Report 2023”). Information on the Remuneration Committee’s work in 2023 is included in the Corporate Governance Report on page 57 of the same report.

This report does not cover the remuneration resolved by the AGM, which includes remuneration to the Board of Directors (the “Board”). For more information on Board remuneration, see page 55 in the Corporate Governance Report and note 7 on page 89 in the Annual Report 2023.

No comments were made regarding the 2022 Remuneration Report in connection with the 2023 AGM proceedings.

Key developments 2023

In 2023, Betsson delivered the best year ever in terms of revenue and operating profit (EBIT). For the full year, revenue increased by 22 percent to EUR 948.2 million and operating profit increased by 60 percent to EUR 210.5 million. Organically, revenue increased by 40 percent for the year. The strong performance was driven by disciplined capital allocation, geographical diversification, and investments in new markets, as well as continuous strengthening of the product offering. The CEO summarises the group’s overall performance in “CEO’s statement” on pages 12-13 in the Annual Report 2023.

The Company’s Remuneration Guidelines

Scope, purpose, and deviations

The Company’s business strategy is based on the company values and rests on three pillars: Talented people, Quality products and Operational excellence. A prerequisite for the successful implementation of the Company’s business strategy and safeguarding of its long-term interests, including its sustainability, is the ability to recruit, motivate, retain, and reward qualified personnel. The Company’s Remuneration Guidelines enable the Company to offer executive management a competitive total remuneration. Under the Remuneration Guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed salary, results-based variable salary, as well as pension and other benefits.

As the current Remuneration Guidelines, which were adopted at the AGM 2020, are to be updated at least every fourth year, in accordance with the Swedish Companies Act, updated

Remuneration Guidelines will be proposed to the AGM 2024. For more information, see below under “Policy changes for 2024”.

Implementation 2023

The Remuneration Guidelines were fully implemented in 2023. There have been no deviations from the Remuneration Guidelines or from the decision-making process that, according to such, is to be applied to determine the compensation. No remuneration has been clawed back.

The Remuneration Guidelines can be found in note 7 on pages 90-91 in the Annual Report 2023 and on the Company’s website, www.betssonab.com/, under the Corporate Governance section, where the auditor’s report regarding the Company’s compliance with the Remuneration Guidelines is also available.

CEO salary

The Board annually conducts a review of the CEO’s remuneration. This is done to, inter alia, ensure that the compensation is competitive in terms of market levels and aligned with the Remuneration Guidelines and the Company’s strategy.

As a result of the review, the CEO’s salary for 2024 has been increased by approximately 5.5 percent. The salary increase was motivated by added growth and complexity to the business. In addition, it was done due to internal benchmarking and in the light of the Company’s business performance during 2023, with the share price increasing by 28 percent, revenue increasing by 22 percent (from EUR 777.2 million to EUR 948.2 million) and EBIT increasing by 60 percent (from EUR 131.2 million to EUR 210.5 million).

The CEO salary increase will be close to or in line with the salary increase of the Company’s general workforce for 2024. The adjusted CEO salary is also in line with the median of peers in European listed companies in the consumer services sector.¹

The CEO’s total remuneration is in line with the Remuneration Guidelines.

Total remuneration to the CEO – Table 1

The below table shows the total remuneration for the CEO during 2023 and 2022, on an annualised basis, divided into different forms of remuneration:

Table 1 – Total CEO remuneration (K EUR)

CEO remuneration	Year	Fixed remuneration		Variable remuneration					Proportion of tot.remun.	
		Base salary	Other benefits	One-year variable	Multi-year variable	Extraordinary items	Pension expense	Total remuneration	Proportion fixed	Proportion variable
Pontus Lindwall	2023	596	0	1171	0	0	210	1 977	41%	59%
	2022	610	0	749	0	166	219	1 744	48%	43%

1) Except for Multi-year variable remuneration, the table reports remuneration earned in 2023 and 2022.

2) Disbursement of any payments may or may not have been made the same year.

3) Other benefits include expense of company car and health insurance.

4) Salary to the CEO has been paid in SEK but is here shown in EUR and is therefore affected by the exchange rate.

¹ 888 Holdings Plc, AcadeMedia AB, Basic-Fit NV, Compagnie des Alpes SA, eDreams ODIGEO SA, Greek Organisation of Football Prognostics SA, lastminute.com NV, Melia Hotels International SA, NH Hotel Group SA, Pierre & Vacances SA, Playtech Plc, Rank Group Plc and SkiStar AB.

Long-term share-based variable remuneration

Background

Betsson currently has two purchase share option programs and two employee stock option programs (2021/2024 and 2022/2025) running, as well as one performance share plan (2023).

Additional information regarding the Company's share-based programs, in addition to what is set out below, is available in note 30 (Share-based remuneration) on pages 102-103 in the Annual Report 2023.

Performance Share Plan 2023

During 2023, a performance share plan was introduced (the "Performance Share Plan"), instead of previous option programs.

Under the Performance Share Plan, participants receive performance share rights at no cost. Based on the achievement of performance conditions over a three-year period, from 1 January 2023 to 31 December 2025 (the "Performance Period"), shares are allocated to participants during the second quarter of 2026. The vesting period runs from 1 June 2023 for three years.

The maximum compensation is 225 percent of the participant's individual fixed gross salary at the start of the program. The number of performance shares allocated to participants will be reduced if the share price at the end of the program exceeds 200 percent of the share price at the start of the program.

The Company's performance is measured against four performance conditions (the "Performance Conditions"):

- Revenue: Total revenue during the Performance Period.
- EBIT: Total EBIT during the Performance Period.
- Operating cash flow: Total operating cash flow during the Performance Period.
- ESG: Maintenance of the current AA rating given by MSCI (Morgan Stanley Capital International) at the end of the Performance Period.

The Performance Conditions have been chosen as they are considered to be the key indicators in driving the Company's underlying performance and contributing to its long-term development. Although two of the Performance Conditions (revenue and EBIT) are the same as in the short-term incentive programs, the Board believes that the fact that the performance period is considerably longer (quarterly in the short-term incentive programs compared to three years in the Performance Share Plan) justifies the choice of the Performance Conditions. Furthermore, the Board believes that these two programs together provide incentives for participants to perform both in the shorter and longer term.

MSCI ESG has been chosen as it is an external, well-established, and unsolicited ESG rating. The MSCI AA rating is considered very strong (a so-called "leader"), particularly within Betsson's industry. The requirements under this rating are expected to increase, and maintaining AA is therefore seen as a target that will i) continue to drive internal ESG efforts and ii) challenge the Company to evolve to maintain its position as a leader. The Board believes that this goal will maximize the shareholders' value.

The targets are especially geared to reward achievement that exceeds the targets. The table below summarizes the target levels for the Performance Conditions and pay-out levels (as a percentage of the base salary):

MEASURE		Min	Level 1	Level 2	Max
Revenue	Achievement	97%	101%	106%	112%
	Pay-Out	6.7%	13.3%	41.7%	71.7%
EBIT	Achievement	97%	101%	106%	112%
	Pay-Out	6.7%	13.3%	41.7%	71.7%
Operating cash flow	Achievement	97%	101%	106%	112%
	Pay-Out	6.7%	13.3%	41.7%	71.7%
ESG	Achievement	n/a	AA	AA	AA
	Pay-Out	n/a	10.0%	10.0%	10.0%
Total	Pay-Out	20.0%	50.0%	135.0%	225.0%

The Company does not communicate financial guidance to the market regarding the Performance Conditions, with exception for the ESG target that is described above, in accordance with Company policy. Therefore, the Company will disclose the target levels for revenue, EBIT, and operating cash flow after the end of the program.

Participants in the Performance Share Plan are senior executives within Betsson group as decided by the Board. The Performance Share Plan 2023 currently have a total of 14 participants. At maximum allocation of Performance Shares, the number of shares under the Performance Share Plan currently amount to 1,031,487 series B shares in Betsson, corresponding to a dilution effect of approximately 0.7 percent of the share capital and approximately 0.4 percent of the votes.

A second Performance Share Plan will be proposed to the AGM 2024 under the same framework as the 2023 program, see more below under “Policy changes for 2024”.

Purchase share option and Employee stock option plan 2021/2024 and 2022/2025

Before 2023, a purchase share option program and an employee stock option program were introduced annually. There are currently two purchase share option programs and two employee stock option programs (2021/2024 and 2022/2025) still running. The CEO and senior executives residing in Sweden are part of the purchase share option program and senior executives residing outside of Sweden are part of the employee stock option program.

The options are subject to three-year vesting periods with the possibility of exercise after such a vesting period. The options are issued at a fixed strike price of 130 percent of the share market price on the allocation date. The share-based remuneration has a cap corresponding to the share price paid before the launch of the programs multiplied by 2.6. The group has no obligation to settle the options in cash.

Purchase share options

The purchase share options have been offered at market price and have been valued in accordance with the Black-Scholes option valuation model. Volatility has been determined on the basis of historical volatility and expected volatility adjusted for business growth and stability of the Company and the industry.

The options have been issued in two series: Series A and Series B. The Board has decided to pay out a bonus corresponding to the initially paid option premium for the Series A options.

Such pay-out is conditional upon the employee exercising the purchase share options and remaining in the service of the group at the time of exercise. No bonus is paid for the Series B options.

At the end of the year, a total of 1,229,000 purchase share options were outstanding, corresponding to a dilution effect of approximately 0.9 percent of the share capital and approximately 0.4 percent of the votes.

Employee stock options

The employee stock options have been issued in two series: Series A and Series B. Participants receive an allocation of employee stock options under Series A and can then, provided the participants have invested in Betsson shares corresponding to the value of the purchase share option plan's Series B, also receive options under Series B. Employee stock options are conditional upon the employee remaining employed and Series B is conditional of that the initial investment in Betsson shares has been retained.

At the end of the year, a total of 3,233,927 employee options were issued, corresponding to a dilution effect of approximately 2.4 percent of the share capital and approximately 1.2 percent of the votes.

Programs that expired during 2023

During 2023, the term for the 2020/2023 incentive programs expired.

For the purchase share program, in total, 267,500 options were exercised. Of these, the CEO exercised 160,000 options (acquiring 160,000 Betsson B-shares). For the employee stock option program, a total of 655,888 options were exercised (meaning that 163,277 Betsson B-shares were distributed to the participants).

Long-term share-based remuneration (CEO) – Tables 2 and 3

In the below tables, the CEO's share-based remuneration is presented:

Table 2 – Share related remuneration to the CEO in Performance Shares

CEO remuneration	The main conditions of the Performance Share Plan			Information regarding the reported financial year			
	Name/ Duration of plan	Award date	Vesting date	Share awards held at beginning of the year	Share awards received during the year	Share awards vested during the year	Share awards held at end of year
Pontus Lindwall	2023	2023-06-01	2026-05-31	0	159 163	0	159 163

Table 3 – Share related remuneration to the CEO in purchase share options

CEO remuneration	The main conditions of purchase options plans					Information regarding the reported financial year			
	Name/ Duration of plan	Issue date	Price per option (SEK)	Exercise date	Exercise price per share (SEK)	Options held at beginning of year	Options purchased during the year	Options vested during the year	Options held at end of year
Pontus Lindwall	2020-2023	2020-08-21	4,40	2023-09-08	87,40	160 000	0	160 000	0
	2021-2024	2021-08-20	3,21	2024-09-06	90,80	360 000	0	0	360 000
	2022-2025	2022-09-07	3,55	2025-09-26	89,19	304 000	0	0	304 000

Short-term variable cash compensation

Background

The Company has a short-term incentive plan for Betsson's senior executives within the group as determined by the Board.

Application of performance criteria

The variable cash remuneration for 2023 was based on quarterly targets for revenue and operating income (EBIT) as determined by the Board. To ensure delivery on both measures, the plan pay-out is based on the lower achievement of the two (e.g., if revenue performance is at 107 percent and EBIT at 96 percent, the pay-out will follow EBIT performance at 96 percent). An achieved quarterly bonus is paid out with six months delay, provided that the participant in the program remains employed within the group at the time of pay-out. This means that the bonus is paid during the earning year and the following year. The program has a cap and is limited to 200 percent of the base salary of the year that the bonus relates to (individual fixed gross salary).

The Company has chosen not to provide financial guidance regarding revenue and EBIT targets and, therefore, cannot publish the targets for the 2023 program as it would deviate from such Company policy.

Short-term variable remuneration programs (CEO) – Table 4

In the below tables, the performance criteria, and the pay-out level for the CEO in 2023 and 2022, as established by the Board, are presented:

Table 4 – Variable cash remuneration to the CEO (K EUR)

Year 2023	Criteria: Both revenue and EBIT targets have to be reached in order to trigger bonus	Possible yearly bonus per exact criteria	Reached criterias during the year				Earned yearly bonus per criteria
		CEO	2023 Q1	2023 Q2	2023 Q3	2023 Q4	CEO
Pontus Lindwall	Not Reach level (<95%)	0					0
	Almost Reach level (95%)	251					0
	Reach level (100%)	503					0
	Over-perform level (105%)	938					0
	Out-perform level (110%)	1171*	x	x	x	x	1171*
Totals						0	

Year 2022	Criteria: Both revenue and EBIT targets have to be reached in order to trigger bonus	Possible yearly bonus per exact criteria	Reached criterias during the year				Earned yearly bonus per criteria
		CEO	2022 Q1	2022 Q2	2022 Q3	2022 Q4	CEO
Pontus Lindwall	Not Reach level (<95%)	0					0
	Almost Reach level (95%)	145					0
	Reach level (100%)	306					0
	Over-perform level (105%)	571					0
	Out-perform level (110%)	748	x	x	x	x	748
Totals						748	

* The variable remuneration to the CEO is 200 % of the fixed remuneration in SEK and any differences is due to the currency conversion.

Change of remuneration and Company performance over the last five reported financial years

Remuneration and Company performance over the last five financial years – Table 5

In the table below, the changes in the CEO's total remuneration, changes to the group's revenue and EBIT and the remuneration of an average full-time employee in the group and in the Company over the past five years are presented:

Table 5 – Development of remuneration and company performance over the last five reported financial years

	2023	2022	2021	2020	2019
CEO total remuneration (K EUR)	1 977	1 744	900	931	718
<i>of which CEO base salary (K EUR)</i>	596	603	532	532	532
<i>Yearly change total remuneration (%)</i>	13%	94%	-3%	30%	-24%
Group Revenue (MEUR)	948,2	777,2	657,7	609,3	488,5
<i>Yearly change (%)</i>	22%	18%	8%	25%	-8%
Group Operating Profit/EBIT (MEUR)	210,5	131,2	117,6	107,3	81,7
<i>Yearly change (%)</i>	60%	12%	10%	31%	-30%
<u>Average remuneration of a full time employee:</u>					
The whole group (K EUR)*	55,6	51,4	44,6	43,6	42,2
<i>Yearly change (%)</i>	8%	15%	2%	3%	2%
The holding company (K EUR)**	90,0	90,0	76,5	105,2	62,2
<i>Yearly change (%)</i>	0%	18%	-27%	69%	-11%

Total remunerations refer to total remuneration and include base salary, one-year and long term shareholder related remuneration, other benefits and pension expenses.

* Average remuneration in the total group are reported excluding remuneration to the CEO, management team and the Board.

** Average remuneration in the holding company is reported excluding remuneration to the CEO, the management team, and the Board.

Shareholding requirement policy

The Company has an internal policy on a shareholding requirement to align the interests of senior executives and shareholders and to strengthen management's commitment and thereby increase shareholder value and long-term value growth in the Company. According to the guidelines that were approved by the Board in 2023, each senior executive covered by the policy shall accumulate personal ownership of Betsson shares equivalent to a value of 100 percent of the annual base salary. The personal share ownership should be built up within a five-year period, which also applies to newly hired senior executives covered by the policy.

The CEO of the Company already holds 3.5 percent of the votes and 1.2 percent of shares in the Company. The value of his shareholding (based on the share price as of 31 December 2023) amounts to 2,537 percent of his 2024 base salary.

Policy changes for 2024

Updated Remuneration Guidelines

As the Remuneration Guidelines, which were adopted at the AGM 2020, are to be updated at least every fourth year, updated Remuneration Guidelines will be proposed to the AGM 2024 for approval.

In addition to editorial and minor changes to the Remuneration Guidelines, clarifications have been made regarding the components of the pension and the relative share of each form of remuneration in relation to the fixed base salary.

The proposed Remuneration Guidelines can be found on pages 58-59 in the Corporate Governance Report in the Annual Report 2023 and on the Company's website, www.betssonab.com under the Corporate Governance section.

Performance Share Plan 2024

A second performance share plan will be proposed to the AGM 2024 under the same framework as the 2023 program (the "Performance Share Plan 2024").

The Performance Share Plan 2024 will have a total of approximately 14 participants. At maximum allocation of performance shares, the number of shares under the Performance Share Plan 2024 will amount to 980 460 series B shares in Betsson, corresponding to a dilution effect of approximately 0.7 percent of the share capital and approximately 0.3 percent of the votes.

Stockholm, April 2024

Betsson AB (publ)

Board of Directors