

Betsson AB (publ)
Remuneration Report 2020

Introduction

This report describes how the guidelines for executive remuneration of Betsson AB, adopted by the annual general meeting 2020, were implemented in 2020. The guidelines adopted shall apply until the Annual General Meeting 2024, unless circumstances arise that require prior revision.

The report also provides information on remuneration to the CEO and Group Management, and a summary of the company's outstanding share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 7 (Employees, salaries and fees) on pages 71-73 in the Annual Report 2020. Information on the work of the Remuneration Committee in 2020 is set out in the Corporate Governance Report available on pages 39-44 in the Annual Report 2020.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 7 on page 72 in the Annual Report 2020 and in the Corporate Governance Report on pages 40-41 in the same Annual Report.

Key developments 2020

Betsson Group presented a strong result for the full year of 2020 with revenue growth on 24 percent while investing in new geographies and tech development. In the exceptional circumstances that still prevail, online gaming showed resilience to market fluctuations and Betsson showed good profitability, as operating income increased by 30 percent. There are several reasons for our success. The transition to digital entertainment has accelerated further through the pandemic, which benefit Betsson, but above all it's Betsson's underlying strengths that are crucial in creating growth and shareholder value in the long term. Betsson's long experience in gaming and strong financial position makes it possible for us, even in these challenging times, to keep on operating in accordance with our strategy, focusing on growth.

The CEO summarizes the group's overall performance in his statement on pages 8-9 in the Annual Report 2020.

The company's remuneration guidelines: scope, purpose and deviations

The Company's business strategy is based on the common values and is resting on the three pillars: Talented people, Quality products and Operational excellence. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit, motivate, retain and reward qualified

personnel for their contribution to achieving the Company's business strategy, long-term interests and sustainability.

To this end, the company must offer competitive remuneration. The company's Remuneration Guidelines enable the company to offer executives a competitive total remuneration. Under the Remuneration Guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits.

The Guidelines also include incentive programmes with the right for the senior executives to acquire securities in the Company in the future to a pre-determined price. These programs are adopted by the Annual General Meetings.

The guidelines are found on pages 37-38 and 72-73 in the Annual Report 2020. The remuneration guidelines, adopted unanimously by the annual general meeting 2020, have been fully implemented. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on the company's website/corporate governance. No remuneration has been reclaimed.

Total remunerations to CEO and Group management

In below tables, total remunerations to CEO and Group management during 2020 and 2019 are presented, divided into the different forms of remunerations included in the guidelines;

CEO remuneration	Financial Year	Fixed remuneration		Variable remuneration		Extraordinary item	Pension expense	Total remuneration	Proportion of tot. remun.	
		Base salary	Other benefits	One-year variable	Multi-year variable				Proportion fixed	Proportion variable
Pontus Lindwall	2020	5 400	122	2 306			1 931	9 759	76%	24%
(CEO)	2019	5 400	105	170			1 930	7 605	98%	2%

Other Group Management remuneration	Financial Year	Fixed remuneration		Variable remuneration		Extraordinary item	Pension expense	Total remuneration	Proportion of tot. remun.	
		Base salary	Other benefits	One-year variable	Multi-year variable				Proportion fixed	Proportion variable
Group Management	2020	8 208	12	3 470	57		2 590	14 337	75%	25%
five (four) persons	2019	6 746	6	114	62		1 706	8 634	98%	2%

1) Except for Multi-year variable remuneration, the table reports remuneration earned in 2020 and 2019.

2) Multi-year variable remuneration is reported if vested in 2020 and 2019, as set out in Table 2 below (as applicable).

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

4) Other benefits include expense of company car and health insurance

5) Pension expense, which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration

Share-based remuneration – history and principles

Betsson's incentive programmes were introduced at the end of 2008. The programmes are resolved on by the Annual General Meeting. Share options are allocated to Betsson's senior executives and other key employees as determined by the Board. In total, 10 incentive programmes have been resolved on and initiated since the beginning of 2008. Each incentive programme consists of various elements, where employees (in Sweden) are offered purchase share options at market price or offers (Sweden and abroad) compensation free employee stock options, provided the participants have invested in Betsson shares.

Share options are issued with a fixed redemption price amounting to 130 percent of the share market price on the allocation date. The share-based remunerations have a ceiling corresponding to the latest price paid before launch of the programmes multiplied by 2.3 (i.e. an increase of 130 percent). The Group assumes no legal or informal obligation to repurchase or settle the warrants in cash.

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

Employee stock options are conditional on the employee remaining in the service of the Company during the earnings period and that the employee has retained their initial investment in Betsson shares.

The options are valued in accordance with the Black-Scholes option valuation model. Volatility is determined on the basis of historic volatility and expected volatility adjusted for the growth in the size and stability of the Company, and of the industry.

Share-based remuneration - Outstanding purchase options and employee stock options as per closing day 2020.

During 2020 the programs 2017/2020 were finalized. These purchase options and employee stock options were not "in-the-money" at the time of exercise and were forfeited.

At closing date 2020, the company had three outstanding purchase option plans (2018/2021, 2019/2022 and 2020/2023) for the Swedish residents in Group management. Options have been offered at market price, are subject to three-year vesting periods and are exercisable during the fourth year after the grant. Share options are issued with a fixed redemption price amounting to 130 percent of the share market price on the allocation date. Of the total 751,000 outstanding purchase options, CEO has purchased 430,000 options and other members of Group management 321,000 options. In total, outstanding purchase options corresponds to 0.5 percent of the shares in the company on a diluted basis.

The company had also by the end of the year three outstanding employee stock option plans (2018/2021, 2019/2022 and 2020/ 2023) for non-Swedish residents in executive management and other non-Swedish resident senior key employees within the group. Subject to the employee having made an own investment in shares in the company, the employee has been awarded 25 (23 regarding program

2019-2022) stock options for each invested share. Stock options have been awarded free of charge and are subject to three-year vesting periods and continued employment. The CEO has not participated in any of the implemented employee stock option plans. Of the total 2,300,963 outstanding employee stock options, 86,000 have been awarded non-Swedish resident in Group management. In total, outstanding employee stock options corresponds to 1.6 percent of the shares in the company on a diluted basis.

Additional information regarding the company's share-based programs is available in Note 31 on page 85 in the Annual report 2020.

In the below tables, CEO's and Group management's share-based remunerations (purchase options and employee stock options) are presented:

CEO remuneration	The main conditions of purchase options plans					Information regarding the reported financial year			
	Name/ Duration of plan	Issue date	Price per option	Exercise date	Exercise price per share	Options held at beginning of year	Options purchased during the year	Options vested during the year	Options held at end of year
Pontus Lindwall	2017-2020	2017-06-30	2,78	2020-08-14	96,40	0	0	0	0
(CEO)	2018-2021	2018-06-30	2,00	2021-08-13	69,80	110 000	0	0	110 000
	2019-2022	2019-08-15	2,10	2022-09-02	66,40	160 000	0	0	160 000
	2020-2023	2020-08-10	4,40	2023-09-08	87,40	0	160 000	0	160 000

Pontus Lindwall was appointed CEO in September 2017 and did not participate in the 2017-2020 purchase share option programme. Prior to being CEO, Pontus Lindwall was the Acting Chairman of Betsson AB.

Other Group Management remuneration	The main conditions of purchase options plans					Information regarding the reported financial year			
	Name/ Duration of plan	Issue date	Price per option	Exercise date	Exercise price per share	Options held at beginning of year	Options purchased during the year	Options vested during the year	Options held at end of year
Totals four (three)	2017-2020	2017-06-30	2,78	2020-08-14	96,40	50 000	0	-50 000	0
persons resident	2018-2021	2018-06-30	2,00	2021-08-13	69,80	90 000	0	0	90 000
in Sweden	2019-2022	2019-08-15	2,10	2022-09-02	66,40	110 000	0	0	110 000
	2020-2023	2020-08-10	4,40	2023-09-08	87,40	0	121 000	0	121 000

Other Group Management remuneration	The main conditions of employee options plans					Information regarding the reported financial year			
	Name/ Duration of plan	Issue date	Value per option	Exercise date	Exercise price per share	Options held at beginning of year	Options granted during the year	Options vested during the year	Options held at end of year
Totals one (one)	2017-2020	2017-06-30	2,78	2020-08-14	96,40	0	0	0	0
person resident	2018-2021	2018-06-30	2,00	2021-08-13	69,80	50 000	0	0	50 000
outside Sweden	2019-2022	2019-08-15	2,10	2022-09-02	66,40	36 000	0	0	36 000
	2020-2023	2020-08-10	4,40	2023-09-08	87,40	0	0	0	0

Application of performance criteria for variable cash compensation.

The variable cash remuneration of 2020 refers to bonuses that are based on quarterly revenues and operating income (EBIT) targets established by the Board of Directors. Both revenue and EBIT targets need to be met for any bonus pay-out to be activated.

An achieved quarterly bonus is paid out with a 6-month delay, provided that the participant in the program is still employed by the group when the bonus is paid out. This means that bonuses are paid in the year in which they are earned and in the following year.

In below tables, CEO's and Group management's performance versus the criterias established by the Board to be met for bonus to be activated, are presented:

Year 2020 CEO and Group Management	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	Other Top mgmt	2020 Q1	2020 Q2	2020 Q3	2020 Q4	CEO	Other Top mgmt
Pontus Lindwall (CEO)	Not Reach level (<95%)	0	0						
	Almost Reach level (95%)	450	750						
Other Group Management (5 people) *	Reach level (100%)	943	1 572						
	Over-perform level (105%)	1 761	2 935						
	Out-perform level (110%)	2 306	3 843	X	X	X	X	2 306	3 470
Totals								2 306	3 470
Earned yearly bonus as percentage of "Reach level"								245%	221%

Year 2019 CEO and Group Management	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	Other Top mgmt	2019 Q1	2019 Q2	2019 Q3	2019 Q4	CEO	Other Top mgmt
Pontus Lindwall (CEO)	Not Reach level (<95%)	0	0		X	X	X		
	Almost Reach level (95%)	731	974	X				170	114
Other Top Management (4 people) *	Reach level (100%)	1 532	2 042						
	Over-perform level (105%)	2 859	3 813						
	Out-perform level (110%)	3 745	4 993						
Totals								170	114
Earned yearly bonus as percentage of "Reach level"								11%	6%

* VP Governance, Risk and Compliance, has an independent and surveillant function, and is not part of Betsson's bonus programmes.

Change of remuneration and company performance over the last five reported financial year.

In the below table, the change in CEO's total remunerations, the changes in the group's revenue and income and the change in remuneration of an average fulltime employee in the group over the past five years are presented;

	2020	2019	2018	2017	2016
CEO Remuneration (kSEK)	9 759	7 605	9 731	6 237	5 830
<i>Yearly change (%)</i>	28%	-22%	56%	7%	
Group Revenues (mSEK)	6 390	5 173	5 420	4 717	4 117
<i>Yearly change (%)</i>	24%	-5%	15%	15%	
Group Operating Profit/EBIT (mSEK)	1 125	865	1 194	882	946
<i>Yearly change (%)</i>	30%	-28%	35%	-7%	
<u>Average remuneration of a full time employee;</u>					
The whole group (kSEK)	457	447	424	351	330
<i>Yearly change (%)</i>	2%	5%	21%	6%	

Remunerations refers to Total Remunerations as per Table 1, and includes base salaries, one-year and multi-year variable remunerations, other benefits and pension expenses.

CEO remunerations refers to Pontus Lindwall (from September 2017) and Ulrik Bengtsson (up until 4 September 2017). For comparison purposes, severance pay to resigned CEO in September 2017 have been deducted from the amount above

Average remuneration in the total Group is reported exclusive remunerations to CEO and the Board in Betsson AB and subsidiaries.

Stockholm, Sweden in April 2021

Board of Directors
Betsson AB (publ)