

Betsson AB (publ)

Remuneration Report 2021

Introduction

This report describes how the guidelines for executive remuneration (the “Remuneration Guidelines”) of Betsson AB (the “Company”), adopted by the Annual General Meeting (“AMG”) 2020, were implemented in 2021. The adopted Remuneration Guidelines shall apply until the AGM 2024 unless circumstances require prior revision. No comments were made regarding the 2020 Remuneration Report in connection with the AGM 2021 proceedings.

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 Swedish Corporate Governance Board’s *Rules on Remuneration to Senior Executives and on Incentive Programs*.

Further information on executive remuneration is available in note 7 (Employees, salaries and fees) on page 89 in the Annual Report 2021. Information on the work of the Remuneration Committee in 2021 is set out in the Corporate Governance Report, available on pages 55-61 in the Annual Report 2021.

This report does not cover the remuneration for the Board of Directors. Such remuneration is resolved annually by the AGM and is disclosed in note 7 on page 89 in the Annual Report 2021 and in the Corporate Governance Report on pages 55-61 in the same Annual Report.

Key developments 2021

In recent years, there has been a strategic emphasis on establishing Betsson in additional geographical markets and expanding the product offering. As a result of such efforts, Betsson, in 2021, were able to show good profitability in combination with good growth despite the regulatory challenges that arose during the year, especially in the markets in Western Europe. Revenue increased by four percent in 2021, resulting in 2021 being a record year. Operating profit increased by six percent to SEK 1,194 million, which means that the profit was on par with the record earnings in 2018. The CEO summarises the group’s overall performance in “CEO’s message” on pages 8-9 in the Annual Report 2021.

The Company’s Remuneration Guidelines: scope, purpose and deviations

The Company’s business strategy is based on common values and rests 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 Remuneration Guidelines are found on pages 52-53 and 60 in the Annual Report 2021. The Remuneration Guidelines, adopted unanimously by the AGM 2020, have been fully implemented in 2021. There have been no deviations from the Remuneration Guidelines or from the decision-making process that, according to the Remuneration Guidelines, is to be applied to determine the compensation. The auditor's report regarding the Company's compliance with the Remuneration Guidelines is available on the Company's website for corporate governance. No remuneration has been reclaimed. In addition to the remuneration covered by the Remuneration Guidelines, the Company's AGMs have decided to introduce long-term share-based incentive programs.

Total remunerations to CEO and group management

In the below tables, total remunerations to CEO and group management during 2021 and 2020 are presented, divided into the different forms of remunerations included in the Remuneration Guidelines:

Table 1 – Total CEO and Group management remuneration (kSEK)

CEO remuneration	Financial Year	Fixed remuneration		Variable remuneration					Proportion of tot.remun.	
		Base salary	Other benefits	One-year variable	Multi-year variable	Extraordinary item	Pension expense	Total remuneration	Proportion fixed	Proportion variable
Pontus Lindwall (CEO)	2021	5 400	75	1 672			1 934	9 081	82%	18%
	2020	5 400	122	2 306			1 931	9 759	76%	24%

Other Group Management remuneration	Financial Year	Fixed remuneration		Variable remuneration					Proportion of tot.remun.	
		Base salary	Other benefits	One-year variable	Multi-year variable	Extraordinary item	Pension expense	Total remuneration	Proportion fixed	Proportion variable
Group Management four (five) persons	2021	8 449	6	2 230	113		2 526	13 324	82%	18%
	2020	8 208	12	3 470	57		2 590	14 337	75%	25%

- 1) Except for Multi-year variable remuneration, the table reports remuneration earned in 2021 and 2020.
- 2) Multi-year variable remuneration is reported if vested in 2021 and 2020, 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 by the AGM. Share options are allocated to Betsson's senior executives and other key employees as determined by the Board. In total, ten incentive programmes have been resolved 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 (B-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 the launch of the programmes multiplied by 2.6. 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 historical volatility and expected volatility adjusted for the growth in the size and stability of the Company and the industry.

Outstanding purchase options and employee stock options as per closing day 2021

During 2021 the term for the 2018/2021 incentive program expired. The CEO exercised 110,000 options, and other Management exercised 140,000.

At closing date of 2021, the Company had three outstanding purchase option plans (2019/2022, 2020/2023 and 2021/2024) for the Swedish residents in group management. Options have been offered at market price, are subject to three-year vesting periods and are exercisable after the vesting period. 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 1,166,000 outstanding purchase options, the CEO has purchased 680,000 options and other members of group management 472,500 options.

By the end of the year, the Company had three outstanding employee stock option plans (2019/2022, 2020/2023 and 2021/2024) 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 20 (24 regarding program 2019-2022 and 18 for 2020/2023) 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 3,136,444 outstanding employee stock options, 226,000 have been awarded non-Swedish residents in the group management.

Additional information regarding the Company's share-based programs is available in Note 30 on page 101 in the Annual report 2021.

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

Table 2 – Remuneration of CEO and Group Management in purchase share options and stock 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	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 (CEO)	2018-2021	2018-06-30	2,00	2021-08-13	69,80	110 000	0	110 000	0
	2019-2022	2019-08-15	2,10	2022-09-02	66,40	160 000	0	0	160 000
	2020-2023	2020-08-21	4,40	2023-09-08	87,40	160 000	0	0	160 000
	2021-2024	2021-08-20	3,21	2024-09-06	90,80	0	360 000	0	360 000

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 three (four) persons resident in Sweden	2018-2021	2018-06-30	2,00	2021-08-13	69,80	90 000	0	90 000	0
	2019-2022	2019-08-15	2,10	2022-09-02	66,40	110 000	0	0	110 000
	2020-2023	2020-08-21	4,40	2023-09-08	87,40	121 000	0	0	121 000
	2021-2024	2021-08-20	3,21	2024-09-06	90,80	0	255 000	0	255 000

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) person resident outside Sweden	2018-2021	2018-06-30	2,00	2021-08-13	69,80	50 000	0	50 000	0
	2019-2022	2019-08-15	2,10	2022-09-02	66,40	36 000	0	0	36 000
	2020-2023	2020-08-21	4,40	2023-09-08	87,40	0	0	0	0
	2021-2024	2021-08-20	3,21	2024-09-06	90,80	0	187 780	0	187 780

Application of performance criteria for variable cash compensation

The variable cash remuneration of 2021 refers to bonuses that are based on quarterly revenues and operating income (EBIT) targets established by the Board. 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, the CEO's and group management's performance versus the criterias established by the Board to be met for bonus to be activated are presented:

Table 3 – Performance of the CEO and Group Management 2021 and 2020, variable cash remuneration (kSEK)

Year 2021 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	2021 Q1	2021 Q2	2021 Q3	2021 Q4	CEO	Other Top mgmt
Pontus Lindwall (CEO)	Not Reach level (<95%)	0	0					0	0
	Almost Reach level (95%)	567	756				x	130	174
Other Group Management (3 people) *	Reach level (100%)	1 189	1 585			x		376	501
	Over-perform level (105%)	2 219	2 958	x				495	660
	Out-perform level (110%)	2 905	3 874		x			671	895
Totals								1 672	2 230
Earned yearly bonus as percentage of "Reach level"								141%	141%

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 (4 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%

* 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 years

In the below table, the change in the CEO's total remunerations, the changes in the group's revenue and income and the change in remuneration of an average full-time employee in the group and in the holding company over the past five years are presented:

	2021	2020	2019	2018	2017
CEO Remuneration (kSEK)	9 081	9 759	7 605	9 731	6 237
<i>Yearly change (%)</i>	-7%	28%	-22%	56%	7%
Group Revenues (mSEK)	6 672	6 390	5 173	5 420	4 717
<i>Yearly change (%)</i>	4%	24%	-5%	15%	15%
Group Operating Profit/EBIT (mSEK)	1 194	1 125	865	1 194	882
<i>Yearly change (%)</i>	6%	30%	-28%	35%	-7%
Average remuneration of a full time employee;					
The whole group (kSEK)	452	457	447	424	351
<i>Yearly change (%)</i>	-1%	2%	5%	21%	6%
The holding company (kSEK)	776	781	659	718	749
<i>Yearly change (%)</i>	-1%	19%	-8%	-4%	-

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, management team and the Board in Betsson AB and subsidiaries

Stockholm, in April 2022

Board of Directors

Betsson AB (publ)