

# 2020

## ANNUAL AND SUSTAINABILITY REPORT

MORE INFORMATION ABOUT BETSSON IS AVAILABLE AT  
[WWW.BETSSONAB.COM](http://WWW.BETSSONAB.COM)

**betsson ab**



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ANNUAL GENERAL MEETING

The Annual General Meeting in Betsson AB (publ) will be held on 5 May 2021. Due to the spread of the coronavirus that causes Covid-19, the Board of Directors has decided that the Annual General Meeting shall be held without the physical presence of shareholders, their proxies and other third parties and that voting rights may only be exercised by postal voting before the Annual General Meeting.

Shareholders wishing to attend the Annual General

### **Meeting must:**

- be listed in the shareholders' register kept by Euroclear Sweden AB no later than Tuesday, April 27, 2021, and
  - notify their participation by casting their postal vote in accordance with the instructions below so that the postal vote is received by the company no later than Tuesday, May 4, 2021.

Shareholders who have their shares registered in a custody account, must ask his/her bank/broker to register their shares in their own name with Euroclear Sweden AB in good time before Tuesday, April 27, 2021, in order to participate in the Meeting. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee according to the nominee's routines at such time in advance as the nominee decides. Voting rights registrations made no later than the second banking day after April 27, 2021 are considered in the presentation of the Annual General Meeting share register.

Notification of participation in the Annual General Meeting must be made via the booking form at [www.betssonab.com](http://www.betssonab.com). Registration can also be done by phone 08-506 403 00. Upon registration, name, social security number or organization number, address, telephone number and shareholding are stated. If participation is by proxy, such authorisation together with the registration certificate or other authorising documents should be sent to the Company: [johan.fagerlund@betssonab.com](mailto:johan.fagerlund@betssonab.com), at the time notification is given to attend the General Meeting. Post voting forms for shareholders wishing to vote will be made available on the Company's website [www.betssonab.com](http://www.betssonab.com).

## FINANCIAL CALENDAR

Betsson intends to publish financial information relating to the 2021 financial year as follows:

Interim report Q1

January–March 2021 29 April 2021

Interim report Q2

January–June 2021 22 July 2021

Interim report Q3

January–September 2021 26 October 2021

## Interim report Q4,

Year-end report 2021

If you wish to read or subscribe to Betsson reports and press releases, please go to [www.betssonpub.com](http://www.betssonpub.com)

# 2020 IN BRIEF

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## A YEAR LIKE NO OTHER

2020 was exceptional in many ways. The pandemic has contributed to more rapid digitalisation of entertainment and consequently a greater degree of conversion from land-based gaming to online gaming. Betsson's focus has been on health and safety for employees, customers and for the communities in which it operates.

## ACQUISITIONS

Betsson acquired Gaming Innovation Group's B2C operations, which strengthens opportunities in key markets and creates opportunities with new brands in new markets.

Betsson obtained a gaming licence in Colombia by acquiring 70 percent of the Colombian gaming operator Colbet.

## LAUNCH OF NEW BRANDS

The brand portfolio was expanded through acquisitions and through proprietary product development. In Sweden, Jalla Casino was launched, a mobile casino in the pay-and-play segment.

## SEVERAL STEPS TOWARDS GROWTH

Betsson has established a presence in new geographical markets. By an agreement with a local partner, Betsson is able to run B2C sports betting operations in Colorado, USA. The Group has also established a presence in Kenya and Croatia and has obtained licences in those countries.

## MILESTONE FOR SPORTSBOOK

Betsson entered into its first B2B sportsbook contract to provide odds and technical platform through the proprietary sportsbook.

## STRATEGIC CHANGE IN THE UNITED KINGDOM

Betsson has gradually reduced its operations in the UK in line with a strategic decision to focus growth on one brand.

**REVENUES 2020  
+24 %**

**OPERATING INCOME  
SEK 1,125  
MILLION**

**EBIT MARGIN  
17.6 %**

**GROWTH NUMBER OF  
ACTIVE CUSTOMERS  
44 %**

**CASINO  
REVENUES  
SEK 4,891  
MILLION**

**SPORTSBOOK  
REVENUES  
SEK 1,423  
MILLION**

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In this Annual Report, the name Betsson or the Group, is used to describe the entire business that is run by the operational subsidiaries.. Betsson AB or the Company refers to the Parent Company.

# THIS IS BETSSON

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Betsson AB (publ) is a holding company that invests in and administers fast-growing companies within online gaming. The Group runs its operational business through subsidiaries that hold gaming licences in seventeen jurisdictions. The Group is one of the largest in online gaming in Europe and has the ambition to outgrow the market, both organically and through acquisitions. This should be done in a profitable and sustainable manner and with various local adaptations. Betsson AB is listed on Nasdaq Stockholm Large Cap (BETS).

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At the heart of entertainment for almost six decades, Betsson's vision is to provide the best customer experience in the industry by listening to and learning from its customers. Customers' expectations are met and surpassed through leading technology and by benefiting from large amounts of data and experience.

The Group's offering includes, through the operational subsidiaries, casino, sportsbook and other gaming products through licences in seventeen countries in Europe, Africa and the Americas. Games are offered through a number of brands, run on a proprietary platform. This platform is the core of the broad offering and customer experience.

Betsson's operations are conducted in a long-term responsible manner in relation to customers, authorities, suppliers, investors, employees and other stakeholders. Betsson is active in the development of various areas in the gaming industry and is a member of several European industry organisations. Read more about Betsson at [www.betssonab.com](http://www.betssonab.com)

## GROUP STRUCTURE AND ORGANISATION

The Group is organised with clearly allocated areas of responsibility between the Parent Company Betsson AB and the operational subsidiaries. The Parent Company's purpose is to maximise shareholder value by controlling investments and evaluating acquisitions and divestments, as well as ensuring good corporate governance and compliance.

## THE PARENT COMPANY IS RESPONSIBLE FOR:

- Setting strategic direction for the Group
- Corporate structure and governance
- Acquisitions and divestments
- Policies and guidelines for the Group
- Risk management and internal audit
- Control and follow-up of the business operations
- Financial communication

## THE SUBSIDIARIES' RESPONSIBILITY FOR OPERATING THE GAMING BUSINESS COMPRISES:

- Technology and platforms
- Gaming sites and content
- Brands and marketing
- Customer service
- Responsible gaming
- Compliance with gaming regulations and other laws and regulations that apply to the operational business

## BETSSON'S OPERATING ACTIVITIES

### THE BETSSON GROUP'S OPERATING ACTIVITIES ARE CONDUCTED IN THE SUBSIDIARIES

The Group's operational subsidiaries run around 20 brands that offer sportsbook, casino and other gaming. The subsidiaries are governed by their own management teams.

The subsidiaries have gaming licences in seventeen countries in Europe, Africa and the Americas.

The operations cover around 1,800 people of around 60 nationalities, and the operational head office is located in Malta.

### PRODUCT PORTFOLIO

The gaming products mainly consist of casino and sports games, the largest category in casino being slots, followed by live casino. The casino offering comprises approximately 5,000 different games, of which more than 4,000 are available on mobile devices. The various brands offer one of the market's largest selections of games, with local adaptations to satisfy the consumer in each market.

Betsson continuously invests in the development of its own sportsbook to create both a solid technical platform and flexible odds that can be optimised depending on market demand and availability of sports events. The Sportsbook is adapted to specific needs and is available both through proprietary brands and sold B2B (Business-to-Business).

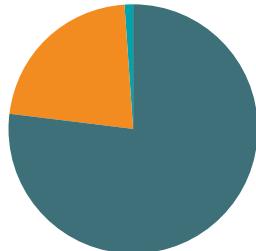
## BETSSON'S GAMING LICENSES

2004	2011	2012	2015	2016	2017	2019	2020
Malta	Italy	Estonia	United Kingdom	Ireland	Spain	Sweden	Argentina
		Denmark	Georgia	Latvia			Colombia
				Lithuania			Colorado, USA
				Germany			Kenya
							Croatia

## REVENUE DISTRIBUTION 2020

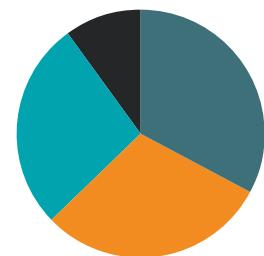
### REVENUE PER PRODUCT

CASINO	77%
SPORTSBOOK	22%
OTHER	1%



### REVENUES PER REGION

NORDIC COUNTRIES	33%
WESTERN EUROPE	30%
CEECA	27%
REST OF THE WORLD	10%



## BRANDS

Some of the Betsson Group's approximately 20 brands are global, while others are regional or local brands that are focused on a specific market. Some brands offer the entire product portfolio, while others are focused on casino only. The brands are primarily operated on a proprietary platform, on which payments, customer information, accounts,

transactions and gaming offers are handled. The proprietary technology provides flexibility that enables rapid adaptation to market conditions, with rapid integration in different jurisdictions and brands. It also provides good opportunities to broaden the offering.

## FULL PORTFOLIO

**betsson**

 **NordicBet**

 **europebet**

**betsafe** 

 **CASINO WINNER**

## SINGLE PRODUCT PORTFOLIO

 **starcasinò**

 **Suomiarvat.com**

 **casinoeuro**

**NORGESAUTOMATEN<sup>®</sup>**

 **JACKPOT247**

 **LIVE ROULETTE**

**SUPERCASINO.COM<sup>®</sup>**

**CASINO:DK**

 **LOYAL CASINO**

 **K A B O O**

 **Jalla!  
CASINO**

 **RACEBETS**

 **RIZK™**

 **THRILLS**

 **GUTS**

# CEO MESSAGE

It's time to sum up 2020, an exceptional year. I am proud to say that Betsson has once again shown its resilience to market fluctuations, created growth and shown good profitability. Growth in 2020 was 24 percent and operating income increased by 30 percent to SEK 1,125 million.

## EXCEPTIONAL CHALLENGES

The pandemic has presented us with major challenges and Betsson's focus is on the health and safety of our customers and our employees, while supporting the local communities in which the Group operates. I am extremely impressed by and proud of how quickly the organisation switched to remote working. Thanks to superb commitment and a good technical infrastructure, we have managed to maintain both productivity and a high level of service in relation to our customers. In 2020, we continued to focus on deepening, structuring and communicating our substantial work on sustainability. Betsson proactively intensified its efforts regarding responsible gaming and increased the number of interactions and interventions significantly compared to previously.

In addition to the challenges posed by the pandemic, we are concerned about the development of the European regulatory situation, which is tending to create two parallel markets, one regulated and one unregulated. New restrictions are being introduced at short notice in several European markets. Reduced predictability makes life difficult for companies that work hard for a level and sustainable playing field and that in many ways contribute to society. The reluctance of politicians to see this drives more consumers to unlicensed gaming companies that operate outside the law and without paying tax, thus distorting competition.

## HIGH ACTIVITY TO DELIVER THE BEST CUSTOMER EXPERIENCE AND GROWTH WITH PROFITABILITY

Despite challenges, activity in 2020 was high in order to implement our growth strategy. We will strengthen our position in existing markets where the conditions are right for us, we will expand into new markets, we will develop our B2B offering and we will complement these with acquisitions where appropriate. We have strengthened our position in existing key markets through acquisitions and development of products and functions. We have gained access to strong brands in new markets. In existing key markets, it is gratifying to see the positive trend in the Nordic region, especially in Denmark and Sweden, thanks in large part to our 'pay and play' brand Jalla Casino and the continued development to improve customer experience.

During the year, we obtained licences in Argentina, Colorado (United States), Colombia, Croatia and Kenya, and in the latter three countries we have also launched.

At the same time, we are evaluating all our operations. One result is that during the year we consolidated our operations in the United Kingdom from nine brands on three platforms under four licences to focusing growth on one brand under one licence. It has proved too expensive to run the business efficiently, as regulatory expenses exceed the contribution.

We have high ambitions in terms of our proprietary and highly competitive sportsbook. ibet, which is our first pure B2B sportsbook customer, made a successful launch during the year, and there is great interest in our product. The sportsbook is also an essential basis for investments in the United States. Many players see great potential in the United States, and in 2020 we saw a high level of activity and many transactions there. We are now entering the American market through the partnership with Dostal Alley Casino, and in December Betsson obtained a licence in Colorado to run sports betting operations. Regulation of US states is still at an early stage, and there is room for many players there, and we firmly believe that we have a role to play in the US market.

## BETSSON'S STRENGTHS CREATE GROWTH AND SHAREHOLDER VALUE

The pandemic is still holding us in a tight grip, but Betsson is standing strong. There are several reasons for our success. In our industry, growth has long been based on increased digitalisation, and during the pandemic, the transition from land-based to digital entertainment has accelerated further, which has benefited Betsson. But it is above all Betsson's underlying strengths that are crucial in creating growth and shareholder value in the long term.

We have a unique ability to withstand challenges thanks to a global and diversified product portfolio with local expertise, strong brands, a flexible and scalable technical platform and knowledgeable and committed staff. We operate in different markets with local adaptations to diversify in response to temporary challenges in individual markets.

Our strong financial position allows us to continue investing in technology and product portfolios and to launch new products and functions. Also, the sportbook provides great opportunities to develop our B2B offering.

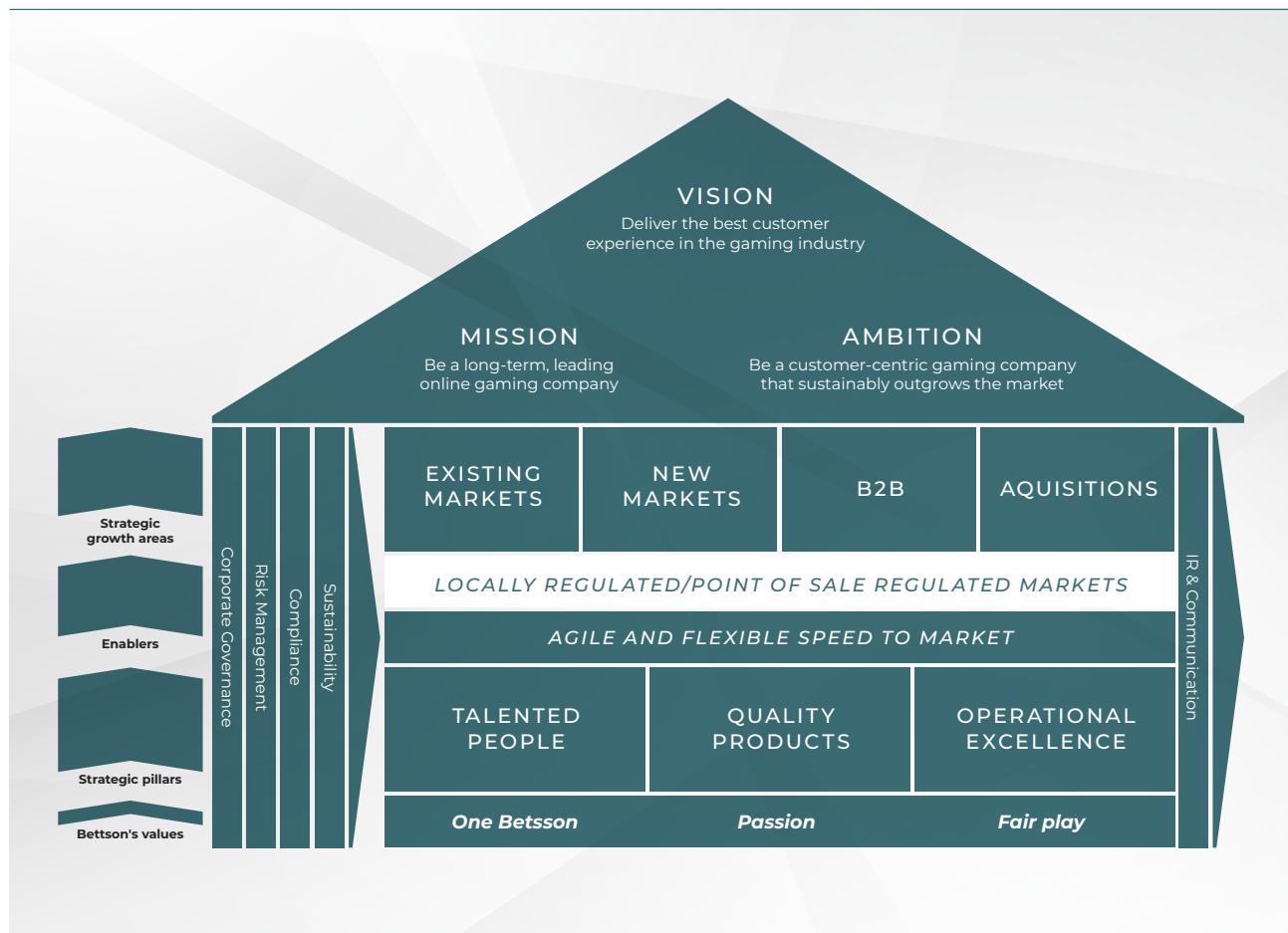
PONTUS LINDWALL  
CEO, Betsson AB, and Group President

*'Betsson's growth and profitability in such an exceptional year as 2020 demonstrate our unique ability to withstand market fluctuations and challenges.'*



# VISION AND STRATEGY

Betsson's vision is to provide the best customer experience in the gaming industry, and its mission is to be a leading company in online gaming in the long term. The ambition is to be customer-focused in order to outgrow the market sustainably in the long term. Betsson's strategy is illustrated below.



The market for online gaming offers favourable growth opportunities, and Betsson sees several opportunities to address a larger part of the total market in order to grow faster than the market. Growth should take place in a profitable and sustainable way and with various local adaptations.

In 2020, Betsson extended and expanded the structure that makes up the Group's business strategy. The common values form the foundation, and the strategy rests on three strategic pillars: Talented People, Quality Products and Operational Excellence. Based on its strengths and thorough market analysis, Betsson has formulated four strategic growth areas where the focus is on the customer; existing markets, new markets, B2B opportunities and acquisitions. Betsson will strengthen its position in existing markets by prioritising the segments where the Group has

the best conditions to offer leading products with good efficiency and will evaluate other segments. Betsson's broad brand portfolio, as well as its control of technology and proprietary platforms, create opportunities to quickly and flexibly establish a presence in new markets. The proprietary sportsbook means opportunities to create new offerings with economies of scale. Betsson's financial position also provides opportunities to supplement the offering with new geographical markets and products through acquisitions.

For Betsson, putting the customer first, means operating the business responsibly by constantly improving corporate governance, risk management, compliance and sustainability issues, and always including these perspectives in day-to-day business.

## BETSSON'S STRENGTHS DRIVE VALUE CREATION

Betsson is an established operator with a long history of growing in an attractive industry with good growth and good profitability. Betsson's focus has long been to maintain its strong position in existing markets, which has been achieved by offering a diversified product and brand portfolio and by investing in proprietary technology

that is easily adapted to prevailing market conditions and provides opportunities for new offerings.

Following an evaluation of both external and internal conditions, Betsson has identified several growth areas that support the long-term ambition for value creation and return for shareholders.

To execute the strategy, Betsson makes use of its strengths, formulated in five principles for how operational business is to be conducted and quality assured to create value:

	<b>Responsible business putting the player first</b>	Sustainability is integrated in Betsson's business strategy and crucial to generating value for shareholders while taking long-term responsibility for customers, employees and the communities in which the Group operates. Betsson shall offer customers entertainment in a responsible manner and work towards long-term sustainable gaming legislation that takes account of customers and their right to engage in gaming.
	<b>Operational excellence driving efficiency and effectiveness</b>	With internal governing documents and external independent reviews, the Group constantly strives for appropriate efficiency. Control over technology creates competitive advantages through speed and flexibility.
	<b>Live the Betsson culture "One Betsson" "Passion" "Fair Play"</b>	Betsson's values set the tone for the way employees treat customers, each other and other stakeholders. These values emphasise the strength of working together, working with integrity and the importance of commitment to what you do.
	<b>Preferred employer and business partner</b>	Attracting the best qualified employees and affiliates is crucial to success. They are the key to developing entertaining products of the highest quality that at the same time ensure good consumer protection.
	<b>Global scope with local focus</b>	Betsson will grow globally by expanding into new markets and through a diversified offering. Betsson attaches great importance to local presence and local expertise in order to be able to offer the most attractive games in each market.

The five principles for how the business is operated to achieve effective value creation are supplemented by five principles for how Betsson delivers the best customer and employee experience through product development:

<b>Flexible architecture</b>	Enables rapid adaptations to new or changed circumstances.
<b>Proprietary technology in core areas</b>	Provides control over valuable technology and creates business opportunities.
<b>Complementary external platforms</b>	Proprietary technology is used for critical systems, existing external technology otherwise being used.
<b>Global expertise</b>	Due to a global presence with a local focus, there is expertise in each segment of the market.
<b>Flexible and effective way of working with the focus on the customer</b>	Extensive experience, a strong organisation and a high proportion of proprietary technology create scalability and opportunities for flexibility to surpass customer expectations.

# SUSTAINABILITY REPORT

## RESPONSIBLE BUSINESS PUTTING THE PLAYER FIRST

For over half a century, Betsson has offered customers entertainment through casino, sportsbook and gaming products. Betsson's success is based on the ability always to put the customer experience at the centre and always to offer products and entertainment that surpass customers' expectations. But a successful business must also be responsible. Sustainability is an integral part of Betsson's business strategy and is crucial to generating value for shareholders while taking long-term responsibility for customers, employees and the communities in which the Group operates.

## UPDATED SUSTAINABILITY FRAMEWORK

In order to develop and clarify the business strategy around sustainability, the Board adopted a new Sustainability Framework in November 2019. The framework establishes

five focus areas with five long-term ambitions for Betsson's work on sustainability: Business Compliance, Responsible Gaming, Employee Impact, Social Impact and Climate Impact.

In 2020, Betsson recruited a VP Communications and Sustainability who is a member of the Betsson AB management team and is responsible for developing and coordinating work on sustainability within the Group. The framework was further developed during the year, with long-term goals, KPIs and activities for each area. Betsson has also established a Sustainability Council with members at management level, including CEO. In addition, starting with this sustainability report, Betsson reports in accordance with the Global Reporting Initiative (GRI) Standards, Core level. In 2021, Betsson will also review how the Group can contribute to the UN Sustainable Development Goals (SDGs).

## SUSTAINABILITY FRAMEWORK

### EMPLOYEE IMPACT

Best workplace in the industry

### SOCIAL IMPACT

Positive impact where we operate

### CLIMATE IMPACT

Fighting climate change

### RESPONSIBLE GAMING

A healthy relationship to gaming

### BUSINESS COMPLIANCE

Conducting a responsible and transparent business

#### Business compliance

Compliance with laws, rules and ethical standards in the jurisdictions in which Betsson operates is the foundation of the Sustainability Framework. Betsson also works to ensure that gaming legislation is sustainable in the long term, which means that legislation must ensure a high degree of channelling as well as customer protection, while taking into account individual player demand.

#### Responsible gaming

As a gaming company, Betsson has a responsibility to provide customers with the right conditions to enable them to control their gaming and have a healthy relationship to gaming. In addition, Betsson must identify and always help customers at risk of problem gambling.

#### Employee impact

Betsson's ambition is to be the Employer of Choice – the first choice for both current and potential employees. Attracting talent with the right skills, retaining and developing employees is an important part of Betsson's winning concept.

#### Social impact

Betsson should have a positive impact in markets where the Group operates and support and inspire local communities and future generations.

#### Climate impact

Betsson will contribute to counteracting climate change and will be reducing its greenhouse gas emissions in accordance with a Science Based Target (SBT).

## STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Betsson has an ongoing dialogue with stakeholder groups that the Group identifies as important. This contributes to Betsson constantly developing and working towards achieving both business goals as well as sustainability goals. Betsson identifies primary stakeholders based on their interest in and impact on the Group. Betsson's main stakeholders in sustainability-related issues are shareholders, the customers of the operational subsidiaries, employees, as well as lawmakers and supervisory authorities in jurisdictions in which the Group holds licences.

The dialogue with stakeholders provides insight into the requirements and expectations they have for Betsson's work on sustainability.

Important channels for dialogue with stakeholder groups and the sustainability issues that each stakeholder group prioritises are described in the table below. In order to be transparent with development and progress, the issues are also highlighted regularly in quarterly reports, annual and sustainability reports and other external and internal communication.

Stakeholder group	Dialogue channels	Significant issues
Shareholders	<ul style="list-style-type: none"> <li>• Meetings, e-mails</li> <li>• Webcast investor presentations four times a year</li> <li>• Continuous presentation meetings and face-to-face meetings with investors</li> <li>• Meetings organised by Aktiespararna (Swedish Shareholders' Association)</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results</li> <li>• Business compliance</li> <li>• Responsible gaming</li> <li>• Issues related to ESG (Environmental, Social and Governance)</li> </ul>
Customers of the operational subsidiaries	<ul style="list-style-type: none"> <li>• Customer service: chat, e-mail, telephone and 'call me back' services</li> </ul>	<ul style="list-style-type: none"> <li>• Privacy and information security</li> <li>• Responsible gaming</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Regular development discussions</li> <li>• Employee surveys</li> <li>• All hand meetings at least four times a year for the whole organisation</li> <li>• Recurring employee forums and digital suggestion box</li> </ul>	<ul style="list-style-type: none"> <li>• Employee experience</li> <li>• Competence development</li> <li>• Work-life balance</li> <li>• Gender equality and diversity</li> <li>• Community involvement</li> </ul>
Lawmakers and regulatory authorities	<ul style="list-style-type: none"> <li>• In accordance with the channels specified by the regulatory authorities themselves, such as           <ul style="list-style-type: none"> <li>• Meetings</li> <li>• E-mails</li> <li>• Forums</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Business compliance</li> <li>• Sustainable gaming regulations</li> </ul>

In 2019, Betsson, together with an external party, carried out a materiality analysis in order to identify the sustainability issues that Betsson should prioritise. The analysis is based on sustainability issues that are given high priority among Betsson's stakeholders, external trends and the key issues for Betsson.

The conclusions are presented in the table below. The results show the areas that are most significant for Betsson's business and values based on analysis. Betsson works continuously on the identified issues, and they also form the basis for the sustainability framework. In 2021, Betsson plans to conduct an updated materiality analysis.

Materiality analysis		
Highly prioritised areas	Prioritised areas	
<ul style="list-style-type: none"> <li>• Responsible gaming</li> <li>• Anti-corruption</li> <li>• Business compliance</li> <li>• Customer privacy and information security</li> <li>• Anti-money laundering</li> </ul>	<ul style="list-style-type: none"> <li>• Waste disposal</li> <li>• Energy efficiency</li> <li>• Gender equality and diversity</li> <li>• Climate impact</li> <li>• Competence development</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• Community involvement</li> <li>• Tax transparency</li> <li>• Water use</li> <li>• Work-life balance</li> </ul>

## BUSINESS COMPLIANCE

Betsson holds gaming licences in seventeen countries with in large parts differing legislation. To ensure long-term sustainable operations and profitability for Betsson, compliance with laws, regulations and ethical standards in these jurisdictions is crucial. At the same time, Betsson works to ensure that the gaming regulations themselves are sustainable in the long run and ensure high channelling (share of gaming that takes place within the local licensing system) and customer protection, while taking into account individual player demand. Betsson plays an active part in national and international discussions and raises awareness of the importance of sustainable gaming regulations, often together with industry associations in the countries where the Group operates.

AMBITION	GOALS	OUTCOMES
Have a strong corporate reputation in the gaming industry	<ul style="list-style-type: none"> <li>A measurable goal will be developed in 2021.</li> </ul>	
Work for sustainable gaming regulations	<ul style="list-style-type: none"> <li>Active member of relevant industry organisations in all locally regulated markets in which Betsson holds licences and other regulated markets where Betsson should be active.</li> </ul>	<ul style="list-style-type: none"> <li>Betsson is an active member in 15 industry organisations. For more information, see list on p.15.</li> </ul>
Meet the laws, regulations, integrity and ethical standards that apply to our organisation where we operate	<ul style="list-style-type: none"> <li>Zero material sanctions for not complying with international or local laws and regulations.</li> <li>Zero confirmed cases of corruption.</li> <li>All whistleblowing incidents are investigated.</li> </ul>	<ul style="list-style-type: none"> <li>0 SEK paid for not complying with international or local laws and regulations.</li> <li>0 confirmed cases of corruption.</li> <li>1 whistleblowing incident reported and investigated.</li> </ul>
All employees comply with Betsson's internal rules and ethical standards	<ul style="list-style-type: none"> <li>Employees must undergo training in responsible gaming, anti-money laundering, GDPR and information security at least once a year.</li> <li>All employees have signed Betsson's Code of Conduct.</li> </ul>	<ul style="list-style-type: none"> <li>See outcome for participation in training in the table on p.15.</li> <li>77 % of employees have signed Betsson's Code of Conduct.*</li> </ul>
Work for a safe and trustworthy platform	<ul style="list-style-type: none"> <li>The Group's technical platform is certified according to ISO 27001.</li> <li>Always act on warnings from IBA (International Betting Integrity Association) of suspected match-fixing.</li> <li>All CDE developers must undergo training in secure coding at least once a year.</li> </ul>	<ul style="list-style-type: none"> <li>0 non-conformities raised at ISO 27001 surveillance audits, demonstrating compliance to the standard.</li> <li>Betsson acted on 100% of all IBA warnings of suspected match-fixing.</li> <li>See outcome for participation in training in the table on p.15.</li> </ul>
Be transparent with Betsson's outcomes in the area of sustainability	<ul style="list-style-type: none"> <li>Publish a sustainability report in accordance with international standards.</li> </ul>	<ul style="list-style-type: none"> <li>The Sustainability Report for 2020 has been produced in accordance with GRI standards.</li> </ul>

\* Percentage of employees who have been actively presented with the Code of Conduct. Betsson is working on formalising the signature process.

Betsson's membership in industry organisations	
Europe	European Gaming and Betting Association (EGBA)
Denmark	Danish Online Gambling Association (DOGA)
Estonia	Estonian Gaming Operator Association (EGOA)
Italy	Assologico (LOGICO)
Latvia	Latvian Interactive Gambling Association (LIAB)
Lithuania	Lietuvos Losimu Verslo Asociacija (LLVA)
Malta	iGaming European Network (iGen)
Netherlands	Netherlands Online Gambling Association (NOGA)
Norway	Norwegian Trade Association for Online Gaming (NBO)
Peru	Alpadela
Spain	Jdigital
United Kingdom	Betting and Gaming Council (BGC)
Sweden	Swedish Trade Association for Online Gambling (BOS)
Sweden	Swedish Gambling Association (SPER)
Germany	German Association for Telecommunications and Media (DVTM)

#### HIGH STANDARD OF COMPLIANCE

In 2020, the Group further raised the standard of compliance. The operational business's unit for legal affairs and compliance has been restructured to have regional areas of responsibility, contributing to higher quality and increased speed. The team has also introduced a multi-step process for approving marketing campaigns. Furthermore, the team for compliance has expanded its knowledge sharing between different markets.

In addition to the unit for legal affairs and compliance, it is important that all employees are involved. Betsson has developed e-learning courses in responsible gaming, anti-money laundering and GDPR, which are available to all employees.. In 2021, the training will be further developed to strengthen the employees' expertise in the area.

Training*	Proportion of employees who have undergone the training (%)	
	2020	2019
Responsible gaming	65 %	-
Anti-money laundering	61 %	-
GDPR	64 %	-
Information security	64 %	72 %
Secure coding, only for Cardholder Data Environment (CDE) developers	100 %	100 %

\* Betsson's goal is that all employees undergo training in Responsible gaming, Anti-money laundering, GDPR and Information Security on a yearly basis and will review and further improve the setup around these elearnings during 2021 to reach that goal.

#### CODE OF CONDUCT SETS THE TONE

Betsson's Code of Conduct sets out the Group's expectations of employees. The Code of Conduct, which begins with a statement from the CEO, covers Betsson's relationships with employees, customers, the capital market and suppliers, and also addresses the Group's approach to climate impact. In addition, the UN Convention on Human Rights is incorporated into the Code of Conduct. All employees must comply with the Code of Conduct, which is available on the Company's intranet. Failure to comply may lead to disciplinary action. A whistleblowing system is available for employees wishing to report potential irregularities anonymously. For 2020, one case was reported and dealt with according to the set process.

#### ZERO TOLERANCE OF CORRUPTION

Fighting corruption is important to Betsson, especially to ensure healthy competition and maintain public confidence in business. For Betsson, zero tolerance of corruption is also important in maintaining the trust of the Group's direct stakeholders. The Code of Conduct clarifies that Betsson must comply with current legislation in this area. It also describes how managers and employees should respond to gifts, services and benefits. To reduce the risk of conflicts of interest, the Group has also implemented a 'four-eyes principle', meaning that at least two individuals in the Group must review and approve in writing any agreements between Betsson and another party. Betsson supports the UN Global Compact and complies with its ten principles, which include anti-corruption efforts. The ten principles are addressed in the Code of Conduct. Furthermore, there is an ongoing work to update and further develop Betsson's framework for anti-corruption.

#### COUNTERACT MONEY LAUNDERING AND TERRORIST FINANCING

Money laundering and financing of terrorism are global threats that affects many industries. Betsson runs a significant risk due to the large, rapid and sometimes complex volumes of money that the Group handles.

To reduce the risk of money laundering, Betsson has processes and procedures in place to ensure that the Group has knowledge of its customers. Betsson also has internal, proprietary monitoring tools as well as tools from third-party suppliers that monitor all transactions made through Betsson, and flags situations that require further attention and escalation to the Group's anti-money laundering department. Betsson cooperates with authorities and performs the checks required under legislation, regulations and other directives from authorities in the markets in which the Group operates. The Group reports any suspected cases of money laundering (Suspicious Activity Reports, SARs) to relevant authorities.

A lecture on anti-money laundering is included in the induction training that all new employees at Betsson undergo. In addition to this, employees who work specifically on money laundering issues receive regular in-depth training.

In 2020, Betsson has successfully undergone a number of audits, both internally and externally. Some examples include the EY audit focusing on AML and responsible

gaming, and the twice-yearly financial audit carried out by PWC, which also includes AML. In addition, Betsson passed regulatory audits for the Estonian and Latvian markets (AML scope) as well as a biannual audit of technical systems for gambling in the Spanish market, which covers platform, AML, and responsible gaming.

#### COUNTERACT MATCH FIXING

Betsson's goal is to counteract match fixing in all forms of sports betting. The Group has rigorous control systems in place that collect and analyse data and warn of discrepancies, and also has a dedicated Betting Integrity Officer who, together with a team of analysts, works on these issues.

The Group is a member of IBA (International Betting Integrity Association), a global organisation for licensed companies that works towards a high standard in sports betting. Gaming companies cooperate through IBA by reporting suspicious gaming patterns and sharing data. IBA has an alarm function that alerts all members of the organisation when a suspected case has been registered, so that the gaming companies can check if they have bets on the event and report back if they notice any irregularities. Betsson aims to always respond promptly to warnings from IBA and, where relevant, provide information. If match-fixing is suspected, Betsson acts immediately, for example by closing down bets on the match. Suspected cases are also reported to local regulators and police in accordance with the rules applicable to the specific jurisdiction.

Betsson takes part in local networks such as the Swedish Sports Confederation's agreement between the licensed gaming companies in Sweden regarding data sharing and reporting. As a result of Betsson sharing data, analyses and discussions about gambling patterns with other operators, the industry can more effectively identify and prevent fraud, while authorities can secure evidence to prove criminal activity.

#### CONTINUOUS IMPROVEMENTS FOR PROTECTION OF CUSTOMER DATA

Customers' general and personal data is one of the Group's most precious assets. Betsson therefore has extensive procedures in place to protect information against unauthorised access. The Group carries out regular security audits, vulnerability analyses and penetration testing.

Betsson has a dedicated team that is responsible for information security throughout the Group. All employees must comply with Betsson's information security management system (ISMS), which is designed to guarantee that the Group's and customers' data is protected. Betsson follows globally recognised standards for information security, as well as local laws and regulations in the markets where the Group holds licences. In 2020, Betsson introduced a number of new measures in governance and operational security to further protect the Group against unauthorised access to data. For example, investments were made in the physical environment, applications and software. Because the majority of employees were working remotely in 2020, increased security efforts were also required to prevent risks associated with this. In

addition, Betsson has introduced a 'Bug Bounty program' to detect bugs and vulnerabilities in the Group's public domains.

Betsson works continuously to ensure compliance with the General Data Protection Regulation (GDPR). The Group has a GDPR policy that all employees must follow. Furthermore Betsson has a staff member employed in the role of Data Protection Officer.

When joining Betsson and regularly every year, employees must approve the Group's Acceptable Use Policy (AUP) for computer use. In addition, all employees receive regular communication and updates from the Information Security Team.

#### RESPONSIBLE TAXPAYER

Taxes represent a pillar in the financing of society and public welfare, and Betsson therefore regards compliance with tax legislation as an important task of a responsible business. Betsson operates through its subsidiaries in a large number of different countries at global level and is consequently exposed to multiple international and local tax regulations. The Group is to comply with all applicable local tax legislation and tax regulations in those countries where the Group operates. In addition to paying corporate tax, the Group's various companies also pay gaming tax and sales tax. The taxation of international digital operations, especially in online gaming, is a complicated area, and work is constantly ongoing in the Group to ensure compliance in an environment where both national and international tax laws and tax treatment change rapidly.

Betsson works continuously, on its own and through industry organisations, to influence the development of both the tax frameworks of the OECD and the EU as well as local rules in collaboration with local lawmakers. Taxes are an important element in commercial scalability from the Group's perspective and also in relation to our responsibility to the shareholders as regards financial results. Taxes are never the primary driver behind business decisions, which are always based on the needs of the business.

#### MARKETING WITH QUALITY AND RESPONSIBILITY

Marketing that increases awareness and engagement and supports the business is an important part of Betsson's commercial toolbox. In order to build long-term customer relationships and protect the Group's brands in the long run, it is important that Betsson's marketing is responsible. Betsson holds gaming licences in seventeen countries and works continuously to ensure that the Group complies with local laws and regulations relating to responsible marketing.

Betsson holds 4G (Global Gambling Guidance Group) accreditation, which means that the Group complies with 4G's ethical rules as regards advertising, marketing and sales. In addition to these, Betsson follows locally set guidelines, such as the Swedish Gambling Association (SPER) and the Swedish Trade Association for Online Gambling (BOS) guidelines for marketing in Sweden from April 2019.

In several markets, Betsson invests in content marketing for its marketing communication. Sweden is a good example of Betsson having chosen a balanced mix of broad traditional media with more engagement-driven communication in social media, such as Facebook and YouTube. In Sweden, Betsson is also the main sponsor of the Swedish Hockey League (SHL), and an example of engaging content is the newly launched Betsson studio, known as 'SHL Playbook', where players and experts discuss the season.

Another initiative during the year was the launch in Kenya through the Betsafe brand, where brand positioning is based entirely on responsible gaming. The 2020 marketing campaign was named 'Be smart, Bet safe'.

Betsson Kenya is also the first gaming company in Africa to employ a dedicated Responsible Gaming Officer and establish a partnership with Gamhelp, an organisation that works with rehabilitation and counselling for Kenyans with gambling problems.

Like many e-commerce companies, Betsson uses affiliates, where a third-party company promotes the company's gaming sites. Comprehensive agreements between the parties govern how the Betsson brands may and may not be promoted by affiliates. A dedicated team works continuously to assess this cooperation and check that the agreements are complied with.

## Training and information on information security

- Induction training for all new hires globally
- Annual online training in information security for employees
- Annual online training in GDPR for employees
- Requirement for annual approval of Approved Use Policy (AUP) for computer use from all employees
- Newsletter to all employees in the Group every quarter from the Information Security Team
- Regular e-mails and other internal communication to all employees in the Group on information security issues from the Information Security Team
- All policies and guidelines, such as GDPR policy, are available on the intranet



Players in the Gor Mahia FC and AFC Leopards SC football teams, sponsored by Betsson in Kenya, featured in campaigns and advertising that encourage customers to gamble responsibly.



In 2019, the management system for information security in large parts of the business was certified according to ISO 27001. As new brands are added to the Group's platform, these are incorporated into the certified management system. The certification means that Betsson, after evaluation, has been found to comply with the ISO standard's far-reaching requirements for information security.

Betsson is also PCI-certified for secure card transactions and cooperates with several large banks. As a result, all credit card information is handled securely, and the Group meets the highest security standards as regards payments, withdrawals and deposits.

## RESPONSIBLE GAMING

Responsible gaming is crucial to building long-term and sustainable customer relationships and is therefore one of Betsson's most important sustainability issues. Casino and sportsbook at Betsson should be entertaining, and they are for most of Betsson's customers. But there is also a minor proportion of customers who have an unhealthy relationship to their gaming, where gaming is no longer entertainment. It is the players themselves who make their own choices, but as a gaming company, Betsson has a responsibility to support customers so that they can control their gaming. In addition, Betsson must identify and always help customers at risk of problem gambling.

AMBITION	GOALS	OUTCOMES
Be the inspiration for a healthy relationship to gaming in the industry	<ul style="list-style-type: none"> <li>A measurable goal will be developed in 2021.</li> </ul>	
Understand barriers and possibilities to a healthy relationship to gaming	<ul style="list-style-type: none"> <li>Starting in 2021, sponsor at least two research projects on responsible gaming.</li> </ul>	<ul style="list-style-type: none"> <li>Contribution towards GambleAware and GamCare (UK focused)*.</li> </ul>
Raise awareness and educate Betsson's key stakeholders on a healthy relationship to gaming	<ul style="list-style-type: none"> <li>Active dialogue in society and in the industry through participation in all major conferences, seminars and/or panel discussions on responsible gaming.</li> <li>Starting in 2021, launch information campaigns, potentially together with the industry, with messages that promote responsible gaming, in at least two of Betsson's markets.</li> </ul>	<ul style="list-style-type: none"> <li>Betsson participated in around 7 conferences, seminars and/or panel discussions on responsible gaming in 2020.</li> <li>Relevant KPI will be developed in 2021.</li> </ul>
Identify and always help customers at risk	<ul style="list-style-type: none"> <li>All customers identified at risk of gaming problems are being actively interacted with and receive relevant responsible gaming communication.</li> <li>All customers receive information about Betsson's tools for responsible gaming.</li> </ul>	<ul style="list-style-type: none"> <li>1.7 % of all customers who contacted customer service were red-flagged (for more information, see p.19).</li> <li>56,784 customers were manually analysed and checked during 2020**.</li> <li>20 % of customers use non-mandatory control tools.</li> <li>21 % of customers use deposit limits.</li> <li>11 % of customers use the self-exclusion tool.</li> <li>On average, 22,300 customers per month have been interacted with during 2020 (manual, automatic or real-time notifications).</li> </ul>

\* During 2020 Betsson continued with contributions towards GambleAware and GamCare (UK focused), organisations indirectly involved in research regarding problem gambling. During 2021 Betsson will also develop a funding program for direct research funding within this area.

\*\* Checks are done manually by Betsson's responsible gaming staff and can result in a wide spectrum of actions starting with an interaction and ending with enforced time outs, self-exclusions or permanent suspensions.

### ALWAYS IDENTIFY AND HELP CUSTOMERS AT RISK

In 2020, Betsson further increased its interaction with players from different customer segments. The reasons for making contact vary and may be based on the customer's gaming behaviour or how they interact with customer support, but Betsson also regularly contacts customers who gamble online without them exhibiting risky behaviour. The purpose is to keep the conversation about the importance of responsible gaming going and to ensure that customers are aware of the issue and what tools and support are offered.

As a result of the pandemic, Betsson lowered the

threshold for how and when the Group interacts with players in order to increase customer protection and detect early signs of problem gambling. The generic messages the Group uses in its communication with customers were revised so that they would be appropriate in light of the pandemic. In addition to this, a number of pandemic-specific messages went out to customers to provide increased support on how to control their gambling. Customers who had used the self-exclusion tool and then requested their accounts to be opened again after the exclusion period expired, were subject to additional checks.

## TRAINED STAFF

Responsible gaming permeates the entire Group, and employees receive annual responsible gaming courses. In addition, the customer service staff, who are key players in supporting customers in gaming in a healthy way, annually undergo several training courses in responsible gaming to enable them to identify early signs of gaming problems and to address each individual case in a professional manner. In 2020, two more interactive courses in responsible gaming were added to the range of courses for employees.

Betsson also has 'second-line' support with more experienced, dedicated gaming responsibility staff who provide support to customer service staff. Another important resource is the team for responsible gaming, where customer service staff can turn for support and where red-flagged cases can be escalated immediately and easily.

## CREATE AWARENESS AND INCREASE KNOWLEDGE

Betsson invests time and resources in partnerships with other stakeholders such as gaming companies, industry organisations, researchers, other actors in society and with the players themselves to further increase knowledge about gambling addiction and to find ways to improve the opportunities for a healthy relationship to gaming. An important arena is conferences and seminars, in which Betsson participated on several occasions during the year, most of them being digital. Betsson also aims to run at least two major awareness campaigns annually, starting in 2021, with messages that promote responsible gaming.

## RESPONSIBLE GAMING PREDICTION TOOL

One of the most important tools for monitoring customers' gaming behaviour is Betsson's analysis tool – Responsible Gaming Prediction Tool. All customers at Betsson must register in order to be able to play, after which all players are monitored continuously using almost 500 different indicators. Customers' gaming patterns are classified as low, medium or high risk of gaming problems. The monitoring obviously pays due regard to the customers' privacy and is in accordance with, for example, the GDPR. The reason for classifying a customer as medium or high risk can for example be due to the customer playing late at night, stopping withdrawal of winnings, playing faster, making erratic bets and increasing their stakes.

In addition to the system reacting to risky gambling in real time, Betsson reviews reports from the system daily to analyse customers' gaming patterns. With the aid of the analysis tool, Betsson's staff can, if necessary, quickly intervene and contact the customer. Depending on the customer's profile and behaviour, it may be a matter of making the customer aware of Betsson's various tools for responsible gaming, helping the customer to set limits or perform self-exclusion, or deciding to block the customer from continued gaming.

In order to be able to make even more extensive analyses, Betsson has further invested in the analysis tool in 2020. This has led to more relevant parameters being included, which has increased the opportunities to evaluate the players' activity in a more holistic way.

## Training in Responsible Gaming

### Training for all employees:

- Induction training
- Annual online course
- 3-hour course with external lecturer
- Interactive online course (new)

### Customer support staff, in addition to the above:

- Additional induction training with staff from the RG (Responsible Gaming) team
- Annual update course held by staff from the RG team
- Interactive online course specifically designed for customer support staff (new)



Betsson is G4 certified (Global Gambling Guidance Group), and during the year was successfully audited by eCogra and EY and has also been approved in specific eCogra audits for Sweden and Italy.



### Prestigious awards in the face of fierce competition

In 2020, Betsson Group won the prestigious Customer Service Operator of the Year award for the fifth year in a row at the EGR Operator Awards. Betsson was also recognised as Customer Service Operator of the Year both at the EGR Nordics Awards and at the EGR Italy Awards.

At the Gaming Intelligence Awards, Betsson won the Socially Responsible Operator of the Year award, and the Group also won the equivalent award at the EGR Italy Awards. In addition, Betsson was awarded the Socially Responsible Casino of the Year trophy at the Sports Betting Community (SBC) Awards.

## TOOLS FOR HEALTHY GAMBLING

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



### SELF-ASSESSMENT TEST

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



### SELF-EXCLUSION

Betsson offers various options for self-exclusion, where customers can decide if they want to self-exclude from certain specific or all of the Group's gaming websites, and for what period of time. The exclusion can be made by customers themselves directly on the website or through customer service. Customers with identified gambling problems cannot cancel such an exclusion. For others, they must go through customer service, answer a number of questions and be assessed to regain access to their account, once the period has expired. Certain jurisdictions have countrywide exclusion services, for example Spelpaus in Sweden.



### DEPOSIT LIMITS

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



### AGE VERIFICATION

Age verification ensures that no underage person can engage in gaming on any of the company's websites. Betsson also provides advice as to how to protect children against using gaming websites.



### SELF-HELP PROGRAMME

The self-help programme is a free self-help tool based on cognitive behavioural concepts and is offered online. The length of the programme varies between six and eight weeks.



### PERSONAL TIME LIMIT

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



### GAMING OVERVIEW

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



### REALITY CHECK

Awareness messages help customers to remain aware of their gaming. Users receive messages about their gaming, time and balance.



### INACTIVITY TIMEOUT

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



### INDEPENDENT ORGANISATIONS

Contact information for organisations that can help people with gaming-related problems, or friends or family who are affected, is easily available on Betsson's brand websites.



### ANALYSIS TOOL

Betsson has developed an analysis tool, the Responsible Gaming Prediction Tool, that monitors players' behaviour and is used to detect, prevent and manage any gaming problems.

More about Betsson's efforts to ensure healthy gaming  
can be found on the website [www.onebetsson.com](http://www.onebetsson.com)

## EMPLOYEE IMPACT

Betsson's ambition is to be *the Employer of Choice* – first choice for both current and potential employees. Attracting talent with the right skills, retaining and further developing employees is an important part of Betsson's winning concept. A low average rate of staff turnover for the industry, and a large increase in the number of job applications received per month in 2020 compared with 2019, show that the company's efforts are bearing fruit. With growth in many areas and launching in additional markets in 2020, recruitment of new employees has been adapted to the current corona pandemic and has been able to continue at an unchanged pace.

AMBITION	GOALS	OUTCOMES
<b>Be the Employer of Choice</b>	<ul style="list-style-type: none"><li>· 90 % of employees recommend Betsson as a place to work for friends and family.</li></ul>	<ul style="list-style-type: none"><li>· In the 2020 employee survey, 89 % responded that they recommend Betsson as a place of employment to friends and family.</li></ul>
<b>Diversity and equal opportunities are seen as a natural part of an innovative company culture</b>	<ul style="list-style-type: none"><li>· At least 40 % women at management level.</li><li>· All employees at Betsson have equal opportunities regardless of background.</li></ul>	<ul style="list-style-type: none"><li>· Betsson has 39 % women people managers in total, and 29 % women at executive management level.</li><li>· In the 2020 employee survey, 84 % of employees considered that they have equal opportunities at Betsson, regardless of background.</li></ul>
<b>Top-class competence and career development</b>	<ul style="list-style-type: none"><li>· All new hires have completed Betsson's 3-day induction course.</li><li>· Max. 30 % voluntary employee turnover.</li></ul>	<ul style="list-style-type: none"><li>· 99 % of new hires have completed Betsson's 3-day induction course.</li><li>· Average employee turnover in 2020 was 28 %.</li></ul>

## A HEALTHY AND STRONG CORPORATE CULTURE

Betsson's values set the tone for how employees treat customers, each other and other stakeholders. The values emphasise the strength of working together, working responsibly with integrity and the importance of commitment to what you do.



We work together to achieve great results. We challenge and support each other. We are welcoming, open, friendly and social. We believe in diversity.



We love our job. We feel strongly about our professional role, our team and our company. Through our deep commitment, we achieve superb results.



We listen to and respect our customers, partners, the communities in which we operate and each other. Our business is conducted responsibly and with high integrity.

During the year, Betsson continuously highlighted the company values *One Betsson*, *Passion* and *Fair Play* in various contexts. For example, employees were invited to nominate teams globally that they felt respected each of the values.

As a result of the pandemic, Betsson moved a number of employee activities online during 2020, which has meant that they have become global and accessible to everyone within the organisation. This has further strengthened the culture within the Group. In the 2020 employee survey, 89 percent responded that they recommend Betsson as a place to work to friends and family.

Betsson strives to ensure that all employees feel safe about reporting potential problems or transgressions to their line manager or to the Human Resource department. Betsson also has a stand-alone, external tool for whistleblowing, where employees can anonymously report any irregularities within the Group. Two employees in Betsson

AB have access to the system and decide what actions are required. Two members of Betsson AB's Board of Directors review any reports as part of their supervisory role.

## COMPETENCE DEVELOPMENT AND TOP-CLASS CAREER OPPORTUNITIES

Betsson aims to offer suitable and sufficient skills development to employees. For employees, there is a training portal where they can apply for training programmes and courses to boost their skills and take the next step in their career. The goal is to build further competence within the business, increase employee engagement and create favourable conditions for employees' career development within the Group.

Betsson's three-day induction training, where new employees gain knowledge of business strategy, products and markets as well as responsible gaming directly from the CEO and other senior managers in the Group, moved online and became global during the year as a result of the pandemic. Two additional days of training – one on product development and one on commercial and marketing – have also been added to the induction programme. These are available to all employees.

Betsson also has a global leadership programme for all managers with personnel responsibilities in four modules: *Lead Yourself*, *Lead Individuals*, *Lead Teams* and *Lead Betsson*. This ensures that managers at Betsson have good tools and a common view of leadership at Betsson.

## DIVERSITY AND INCLUSION – A NATURAL PART OF BETSSON

In a group with around 60 different nationalities and many different professional backgrounds, experiences and personalities, diversity is a natural part of everyday life. Betsson strives to ensure that everyone feels included and part of a context.

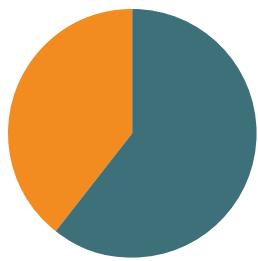
Betsson's 'Diversity Statement', prepared in 2020, states that the Group strives to ensure a work environment in which all employees are welcome, respected, appreciated and feel that they can be themselves without encountering prejudice. One of Betsson's goals is for all employees to feel that they have equal opportunities, regardless of background. The result in the 2020 employee survey was 84 percent.

Betsson aims to achieve 40 percent women at management level. To reach this target, Betsson is working on several long-term initiatives, both internally and externally. Betsson was, for example, a partner and participated in the Women in Tech conference in Stockholm at the beginning of the year, is a member of the All-in Diversity Project and has created the internal network Women in Betsson (WIBE).

As a result of the corona pandemic, the celebration of Pride around the world looked different in 2020 than previous years. Betsson drew attention to Pride in different ways including offering employees a greatly appreciated online lecture with an international gender expert.

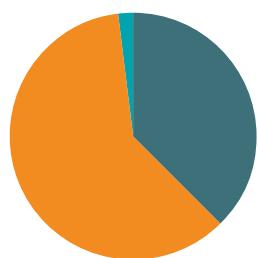
#### EMPLOYEE GENDER BREAKDOWN

MEN	60.8 %
WOMEN	39.2 %



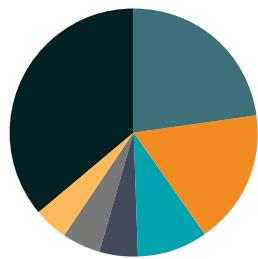
#### EMPLOYEE AGE BREAKDOWN

UNDER 30	37.7 %
30-50	60.5 %
OVER 50	1.7 %



#### EMPLOYEE NATIONALITY BREAKDOWN

MALTA	23.0 %
GEORGIA	17.4 %
SWEDEN	9.2 %
LITHUANIA	5.0 %
ITALY	4.9 %
HUNGARY	4.6 %
OTHER	35.9 %



#### SECURITY AND SUPPORT DURING THE PANDEMIC

Employee safety always comes first, and when the pandemic struck, the company switched to remote working in record time. Despite the exceptional circumstances during the year, Betsson has both expanded into new markets and developed new products and functions. The same high quality of products and services has been maintained, regardless of where the employees have worked from.

Betsson's local offices around the world have mostly been open during the pandemic, in accordance with local recommendations, but most of the employees have worked from home. Each office has followed rules and guidelines in accordance with local health regulations.

To support managers and employees working from home, Betsson developed an e-learning programme about leading remotely and a similar one in working remotely. Every week, employees can take part in digital classes in yoga, stretching, meditation, and strength and fitness training.

During the year, three global surveys were conducted among employees to identify how they experienced working from home. The vast majority, around 80 percent, considered it 'easy' or 'very easy' to work remotely. Around 90 percent of the employees responded that they could still feel the 'Betsson spirit' even when working remotely.



During the year, Betsson picked up the 'Best Place to Work' award at the International Gaming Awards and the 'Best Employee Support' award at the Industry Community Awards.



Betsson is a member of the All-in Diversity Project – a global industry initiative for increased diversity, gender equality and inclusion in the gaming sector. The project conducts the All-Index survey, and in the 2019 benchmark, Betsson came 4th out of 26 participating companies in the industry. Among the companies with head offices in Malta that participated, Betsson came first.



In 2020, Betsson established the WIBE network, Women in Betsson, to support and inspire women within the Group and work to make the gaming industry and technology industry more attractive to women. Four seminars with internal and external speakers were held during the year.

## SOCIAL IMPACT

Sustainable and responsible business at Betsson also includes delivering sustainable and long-term growth in the communities in which the Group operates. Through direct donations to charity and employees donating their time to volunteer in various projects, Betsson gives something back and influence society in a positive direction. A great deal of work is already being done today, but in 2021 Betsson intends to develop a strategy including targets and KPIs for the focus area Social Impact.

### MAKING A DIFFERENCE DURING A PANDEMIC

During the pandemic, Betsson's efforts focused on health-care staff and vulnerable groups in the population, who often saw their situation deteriorate further due to the coronavirus pandemic.

In Malta, for example, Betsson offered its company apartments to nurses, doctors and other staff working with coronavirus patients and donated personal protective equipment to healthcare professionals. Together with 20 other gaming companies in Malta, Betsson also ran a crowdfunding initiative in favour of a food bank in Malta and for the Richmond Foundation.

In Estonia, too, Betsson donated to a local food bank, while the office in Stockholm participated in the 'Support a careworker hero with lunch' project. In Hungary, Betsson assisted a daycare centre for vulnerable children and donated equipment to a children's hospital, and the Georgia office supported local healthcare organisations in the fight against the coronavirus pandemic.

You can read more about Betsson's community involvement on the website [www.onebetsson.com](http://www.onebetsson.com).

### BETSSON LOVES SPORT

Together with Betsson's ambassadors and through the

sponsorships the Group has entered into, Betsson can reach out with important messages and create commitment both among fans and others involved in the sports movement. One example is Betsafe's campaign in Estonia – *We win this together!* – which contributed food, fuel and personal protective equipment to the volunteers working with the coronavirus pandemic.

In collaboration with SHL, Betsson Sweden launched the *Supporter Auction* initiative during the year to increase its commitment to Swedish ice hockey during the coronavirus pandemic. Playing in front of almost empty stands had a negative impact on the clubs' finances. During the *Supporter Auction*, around a hundred unique items were auctioned and all the money, over SEK 380,000, went in full to the clubs.

### BETSSON'S CONTRIBUTION TO A SUSTAINABLE ECONOMY

Betsson contributes to financial growth both globally and locally through its customers, employees and suppliers. The Group has a long-term, sustainable approach to business and expects the same from its partners. In Malta in particular, where Betsson is a relatively large employer, both employees and the Group itself contribute to the local economy by buying goods and services locally.

Economic value creation, SEK millions	2020	2019	2018
Revenues from customers	6,390	5,173	5,420
<b>To suppliers</b>			
Operating costs / Purchase of goods and services	-3,872	-3,163	-3,146
<b>To employees</b>			
Employee wages and benefits including social costs and pensions	-891	-790	-814
<b>To providers of capital</b>			
Dividends paid to shareholders	-503	-393	-538
Interest payments	-45	-37	-35
<b>To Society</b>			
All taxes, including betting duties	-579	-419	-379
Community investments via donations	-3	-3	-4

## CLIMATE IMPACT

The climate issue is one of the greatest challenges of our time. Betsson operates in an industry with relatively low CO<sub>2</sub> emissions compared to many others, but nevertheless has a responsibility to help counteract climate change. Escalating climate impact also risk leading to increased costs for Betsson. An example is the increased need for office cooling as a result of local temperature rises. In 2020, Betsson therefore clarified its objectives in the area of climate through a science-based target (SBT). Betsson has submitted a 'commitment letter' to the Science Based Targets initiative (SBTi) to confirm that the Group has committed to setting targets in accordance with SBTi.

AMBITION	GOALS	OUTCOMES
Reduced emissions based on targets validated by the Science Based Targets initiative	<ul style="list-style-type: none"> <li>Reduce direct and indirect emissions of greenhouse gases from own operations and indirectly from purchased energy (Scopes 1 and 2) by at least 55 % by 2030 from the 2019 baseline level.</li> <li>Reduce indirect greenhouse gas emissions that occur in the value chain (purchased energy not included) to Betssons operations (Scope 3) by at least 15 % from the 2019 baseline level.</li> <li>100 % climate-neutral business.</li> </ul>	<ul style="list-style-type: none"> <li>53 % reduced emissions of direct and indirect greenhouse gases from own operations and indirectly from purchased energy (Scope 1 and Scope 2).*</li> <li>3 % increase in emissions of indirect greenhouse gases (Scope 3)**</li> <li>Betsson is a 100 % climate-neutral business.</li> </ul>

\* The reduction is mainly due to a decrease in electricity consumption, as a result of the fact that only a few employees have worked from the offices since the Corona pandemic began. Scope 1 has increased during the year, due to Betsson owning several cars. Other emissions in Scope 1, such as stationary combustion and refrigerants, have decreased sharply in 2020.

\*\* During 2020, Betsson expanded the Group's climate calculations to also include additional parameters within Scope 3, including customers' electricity consumption. The emission figures for 2019 have therefore been updated since the Sustainability Report for 2019, the information in the table above reflects this change. The largest item in Scope 3 is energy consumption in customers' gaming units. The number of customers has increased during 2020, which has meant an increase in number of hours played. In addition, the proportion of gambling from desktop, compared to mobile devices, has increased in 2020, and desktops have a higher energy consumption than mobile devices. Furthermore, the majority of Betsson's employees worked from home in 2020, and in the climate calculations Betsson has included emissions from employees' increased energy use in the home, for example for lighting, heating and electricity consumption for computers during remote work. Scope 3 also includes business travel. This decreased by 72% during the year, a clear counterweight to the increase in the other categories.

Scope 1: Direct greenhouse gas emissions from the business, from combustion of fossil fuels and leakage of refrigerants.

Scope 2: Indirect greenhouse gas emissions from electricity, heating and cooling purchased by the business.

Scope 3: All other indirect greenhouse gas emissions from the business's activities, where the emissions come from sources outside the business.

### BETSSON'S CARBON FOOTPRINT

Betsson is a technology company whose business is conducted online. A large part of the climate impact therefore comes from energy use, travel, transport and office waste. Betsson's environmental policy states that the Group's objective is to 'minimise environmental impact while always striving for careful usage of natural resources'. According to Betsson's Code of Conduct, virtual meetings must be chosen in the first instance, and employees must have travel applications approved by a member of the management team.

Betsson's largest office is located in Malta in two separate buildings with a total of more than 900 employees. Initiatives to reduce the climate impact taken in Malta therefore have a major impact on Betsson's overall climate footprint.

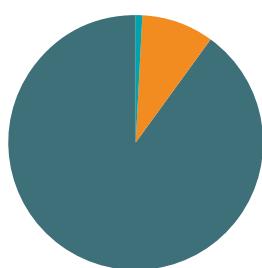
In 2021, Betsson intends to identify global and local projects to take further steps towards the climate targets set. The company will also prepare a plan to create additional knowledge, commitment and initiative among employees for Betsson's environmental efforts to ensure that the organisation takes ownership of targets and activities.

### CLIMATE-NEUTRAL BUSINESS

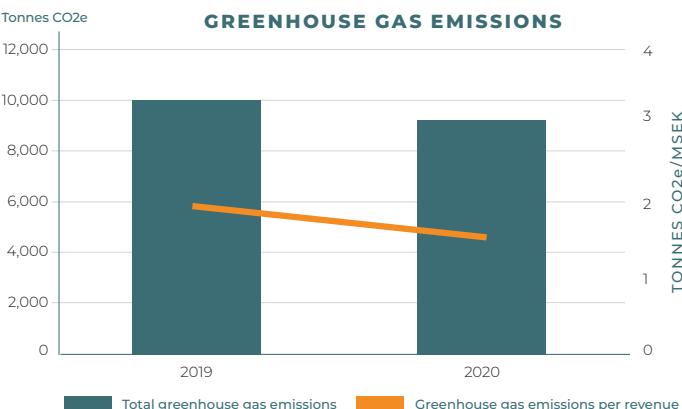
Betsson's operations have been carbon neutral for several years, which means that Betsson offsets its carbon dioxide emissions. Betsson carbon-offsets the estimated greenhouse gas emissions in 2020 by purchasing emission reduction units equivalent to 9,195 tonnes of greenhouse gas emissions in a 'Gold Standard-certified' climate project.

GREENHOUSE GAS EMISSIONS PER SCOPE

■ SCOPE 1 ■ SCOPE 2 ■ SCOPE 3



GREENHOUSE GAS EMISSIONS



# MANAGEMENT REPORT

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The Board of Directors and the Chief Executive Officer of Betsson AB (publ), corporate identity number 556090-4251, with registered office in Stockholm, hereby present the annual accounts for the 2020 financial year for the Parent Company and the Group. The annual accounts, including the auditor's report, can be found on pages 26–92. A sustainability report has been prepared in accordance with the Swedish Annual Accounts Act and GRI Standards and has been submitted by the Board. It can be found on pages 12–25 of this Annual Report. The results of operations for the year and the financial position of the Parent Company and the Group are presented in the Management Report and in the subsequent income statements, balance sheets, cash flow statements and statements of changes in equity, with associated notes and comments. The reporting currency for the Parent Company and the Group is the Swedish krona (SEK). The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be presented for adoption by the Annual General Meeting on 5 May 2021.

## OPERATIONS

Betsson AB, the Parent Company of the Group, invests in and manages companies mainly operating online gaming. The Parent Company itself does not conduct any gaming operations. The subsidiaries offer mainly casino and sportsbook to customers in a global market through partnerships and the websites of the mainly Malta-based subsidiaries. In addition, the subsidiaries offer system solutions to other partners and associates. For reasons of simplicity, "Betsson" is used throughout this Annual Report when describing the Group's gaming operations. This primarily relates to the gaming activities of Betsson's subsidiaries that operated in 2020 through European gaming licences in Malta, and local gaming licences in Colombia, Croatia, Denmark, Estonia, Georgia, Germany, Ireland, Italy, Kenya, Latvia, Lithuania, the United Kingdom, Spain and Sweden. In December, Betsson obtained local licences in Argentina (Buenos Aires Region) and the United States (Colorado). Betsson AB or the Company refers to the Parent Company.

## IMPACT OF THE CORONA PANDEMIC

Measures have been taken to actively manage risks related to the pandemic. The most important priority is the safety of Betsson's employees, its customers and our community. Remote working began in mid-March to support the health and safety of both employees and other people in society and is still offered in areas where authorities impose restrictions. During the pandemic, the entire business has worked well, and Betsson's employees have delivered products and services with commitment and to the same high quality and standard as they did before this exceptional situation arose.

During the year, Betsson gradually increased its interactions for responsible gaming (manually, automatically and through real-time messages), in order to proactively identify any signs of problem gambling. Customers have been informed about potential risks with gaming and have

received advice on tools to help them control their gaming; see further information in the Sustainability Report.

## GROUP REVENUE AND INCOME

Group revenue totalled SEK 6,389.6 (5,173.0) million, which is equivalent to an increase of 24 percent on the previous year. Gross profit was SEK 4,100.9 (3,427.6) million, equivalent to an increase of 20 percent. Gross margin was 64 (66) percent. Operating income rose by 30 percent to SEK 1,125.2 (865.0) million, and operating margin was 17.6 (16.7) percent. The higher operating income is explained by increased revenue, Betsson continuing to be cost-effective and the effects of the pandemic, which led to an increase in demand for digital entertainment. Profit before tax was SEK 1,068.8 (810.9) million and net income was SEK 990.8 (787.1) million, equivalent to earnings per share of SEK 7.32 (5.69).

## PRODUCTS

Casino is Betsson's largest product and accounted for 76.5 (74.2) percent of revenue during the year, followed by Sportsbook with 22.3 (24.4) percent and other products (including Poker) accounting for 1.2 (1.4) percent of revenue.

## CUSTOMERS

At the end of the year, there were 19,618,060 (15,115,052) registered customers, an increase of 30 percent compared with the end of the previous year. The average number of active customers in 2020 was 989,969 (686,499), which is an increase of 44 percent on the previous year.

## ACQUISITIONS

In February, Betsson acquired Gaming Innovation Group's B2C vertical, Zecure Gaming Limited. The acquisition was completed during the second quarter of 2020, when assets, the operational business, front-end and middleware technology and gaming licenses attributable to the acquired brands were brought in. The acquisition strengthens and complements Betsson's position and opportunities in important strategic key markets and opens up more opportunities with new brands in Croatia and Spain. The acquisition increases the scalability of the business, which has generated synergies and positively contributed to both revenue and profit from the second quarter of 2020.

During the third quarter of 2020, Betsson acquired 70 percent of the Colombian gaming operator Colbet. Colbet provides casino and sports betting, and the acquisition gives Betsson access to the only market in South America regulated for online gaming. The acquisition provides access to both gaming licenses and 1,300 gaming stores that can handle a 'single-wallet' solution for deposits, games and withdrawals around the country, allowing online customers to deposit money into their account in the gaming store to use for games in the same account online and vice versa. Betsson will offer the Colombian market a modern game offering along with a large selection of payment solutions by migrating Colbet to its own technology and sportsbook.

Information on the financial effects of the acquisitions is provided in Note 34.

## OTHER SIGNIFICANT EVENTS IN 2020

### First quarter

In January, the gaming operator ibet chose Betsson as sportsbook supplier ahead of its European launch. This was Betsson's first pure sportsbook agreement and an important step in the Group's B2B offering. The launch was scheduled to coincide with the UEFA Euro 2020 tournament in May. As this event and most other sporting events were cancelled, the launch was postponed and took place at the end of 2020.

During the latter part of March, the mobile casino Jalla Casino was launched on the Swedish market.

At the end of March, Betsson acquired own shares for SEK 60 million. The purpose of the buy-back was to improve the company's capital structure by reducing the number of shares. The average price per share was SEK 34.05.

### Second quarter

Betsson took a first step into the US online sports betting market by entering into an agreement with Dostal Alley Casino. The initial ten-year agreement gives Betsson an opportunity to conduct B2C business for online sports betting in the US state of Colorado. The licence was obtained at the end of 2020, and Betsson plans to launch its proprietary sportsbook in 2021.

Betsson established itself in the Kenyan market and offers online sports betting and casino under the Betsafe brand. Sponsorship agreements to support two of the major football clubs in the country have been entered into, and the launch took place in November 2020.

### Third quarter

Betsson obtained a gaming license in Croatia and established a presence with the Rizk brand.

The Suaposta brand (Brazil) was migrated to Betsson's platform, meaning that a wide range of gaming in both national and international horse racing can be offered to consumers in Brazil. The name change from Suaposta to Betsson was also implemented.

### Fourth quarter

Betsson further consolidated its business in the United Kingdom and is focusing growth on a single brand (Rizk). Three out of four licences were returned to the UK Gambling Commission (UKGC) on 21 October 2020.

## INVESTMENTS AND DEPRECIATION

The year's investments in tangible and intangible fixed assets totalled SEK 365.7 (265.1) million, of which SEK 245.4 (202.4) million related to capitalised development expenditure. Depreciation and amortisation for the year totalled SEK 359.1 (364.7) million, of which SEK 262.1 (253.6) million related to amortisation of capitalised development expenses. The investments were made in IT hardware, development of gaming platforms, integration of gaming and payment solutions and refurbishment and furnishing of offices.

## EQUITY

Equity in the Group totalled SEK 5,062.9 (4,899.0) million at year-end, equivalent to SEK 37.05 (35.38) per share.

Return on equity was 20 (17) percent.

## CASH FLOW AND FINANCIAL POSITION

At year-end, the equity/assets ratio was 61 (64) percent. An outstanding bond loan at year-end was reported at SEK 991.3 (986.3) million and utilised credit facilities at SEK 74.0 (0.0) million. Unutilised credit facilities totalled SEK 806.1 (880.0) million. Cash and cash equivalents were negatively impacted during the year by SEK 393.6 (538.4) million due to a transfer to shareholders (redemption procedure). Cash and cash equivalents at year-end totalled SEK 863.2 (639.2) million. Player liabilities, including reserves for accumulated jackpots, totalled SEK 441.7 (415.4) million. Gaming regulations require the Group's gaming companies to reserve a certain proportion of cash to cover player debt and accumulated jackpots. Current receivables from payment providers for unsettled customer deposits were SEK 584.1 (566.6) million.

## PERSONNEL

At the end of the year, there were 1,788 (1,589) employees in the Group. The average number of employees in the Group during the year was 1,678 (1,522), of whom 1,039 (931) were based in Malta. In addition, the Group had 207 (162) consultants engaged on a full-time basis, primarily in product development.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In February, Betsson entered into an agreement with game platform provider TG Lab for delivery of a Player Account Management System (PAM), for Betsson's entry in Colorado, US. TG Lab is building a modern US-focused platform which, together with Betsson's proprietary Sportsbook, will form a unique product on the American market. Launch is planned for the second half of 2021 with the Betsafe brand.

In March, Betsson received clearance from Darmstadt Regional Council to operate online sports betting throughout Germany. Besides the sports betting licenses which have now been granted, the New Interstate Treaty, which paves the way for the regulation and opening up of the market for online slots and poker in Germany, is scheduled to come into force on 1 July 2021.

## THE PARENT COMPANY

The business of the Parent Company, Betsson AB (publ), is primarily focused on shareholding and Group-wide administration. The Company provides services to group companies in the areas of finance, communication, accounting and administration. Parent Company revenue for the full year was SEK 36.1 (32.1) million and profit before and after tax was SEK 940.9 (977.0) million. Net financial items included SEK 987.4 (1,002.2) million relating to dividends received from subsidiaries. During the year, the Parent Company invested SEK 0.6 (5.1) million in property, plant and equipment. Cash and cash equivalents totalled SEK 373.6 (239.4) million. At year-end, the Company had utilised

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credit facilities of SEK 74.0 (0.0) million. During the year, the Parent Company implemented a share redemption programme, resulting in a cash transfer to the shareholders of SEK 393.6 (538.4) million. In conjunction with the share redemption programme, a bonus issue totalling SEK 48.2 (48.2) million was made in order to restore the Company's share capital.

#### THE GLOBAL GAMING MARKET

Industry market data indicates that the entire gaming market, including offline and online gaming, is worth approximately EUR 298 billion in 2020 and is estimated to grow 9.1 percent annually up until 2025 to a total of EUR 460 billion.

Online gaming is expected to grow to an estimated share of 20.1 percent in 2025. (Source: H2GC, January 2021).

Growth in the online gaming market is driven by an increase in e-commerce in general and the parallel use

of several devices, such as smartphones, computers and tablets. Customers expect to have games easily accessible where and when they want. Another important driver is that an increasing number of European countries are introducing local regulations for online gaming, and gaming companies can apply for a licence to run such operations. The licence enables gaming companies to compete on equal terms and to gain access to more effective marketing channels and payment solutions. Local regulations impose additional requirements, and reward operators that have a scalable, proprietary platform. This is resulting in increased consolidation in locally regulated markets, creating acquisition opportunities for Betsson.

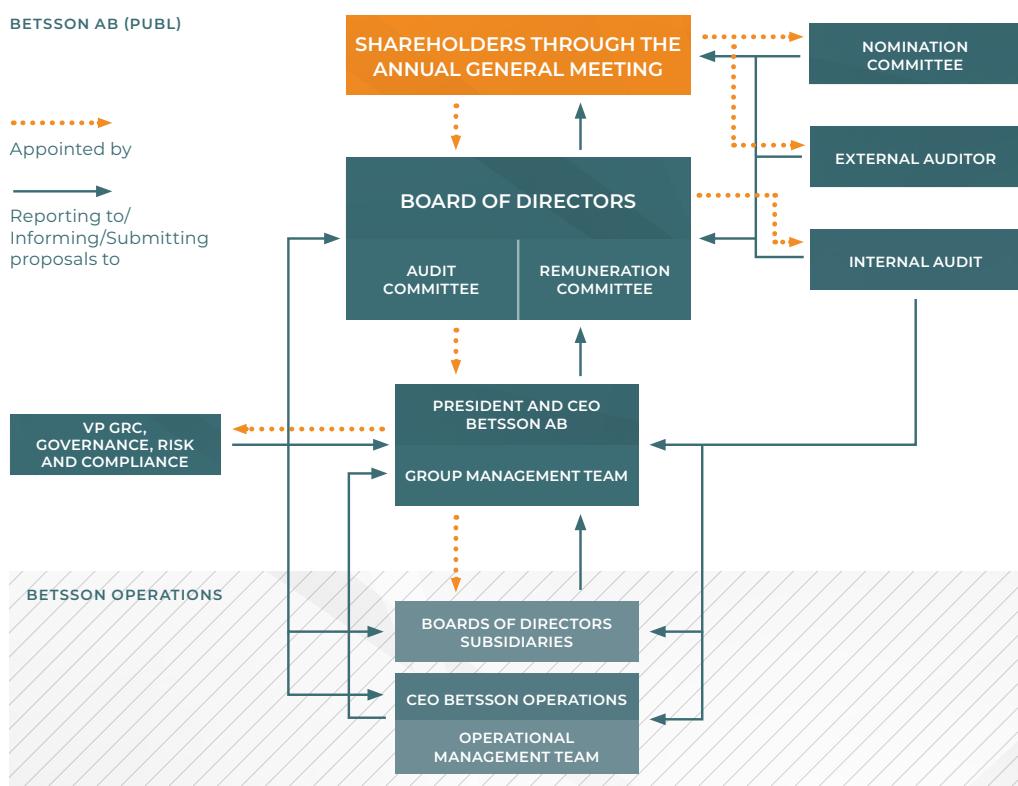
Betsson's subsidiaries today operate under gaming licences in Malta and sixteen other jurisdictions. There continues to be lasting value in offering regulated gaming services within the EU and other markets from Malta.

# RISKS AND RISK MANAGEMENT

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

## CORPORATE GOVERNANCE AND RISK GOVERNANCE

Betsson's risk governance model is based on the general corporate governance model, described in the Corporate Governance Report (refer to page 39):



Betsson has implemented a three line of defence model for risk management. The model, simply put, explains who does what in relation to risk management.

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

**1**

The business organisation including support functions

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

**2**

The GRC function

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

**3**

Internal audit

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

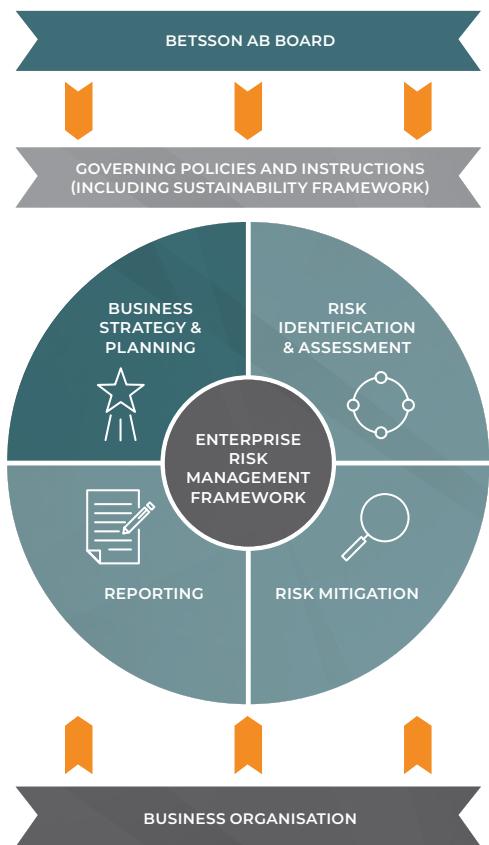
The Board of Directors of Betsson AB has the overall responsibility for internal governance and control, including risk management and compliance. The Board of Directors sets overall principles and guidelines for these areas, and with the assistance of Betsson AB's CEO and the Group Management team, follows up to ensure they are implemented and lived by.

The Operational CEO, together with the Operational Management team, are responsible for identifying, assessing and managing risks, including securing regulatory compliance, within Betsson Operations on a day-to-day basis.

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

## RISK MANAGEMENT FRAMEWORK

In the first quarter of 2020, a revised Risk Management Policy and Framework was adopted by the Board of Directors. These provide a solid framework, in line with best practice, within which risk management can continue to be developed and strengthened within the Group, please refer to the diagram below.



## RISK CATEGORIES

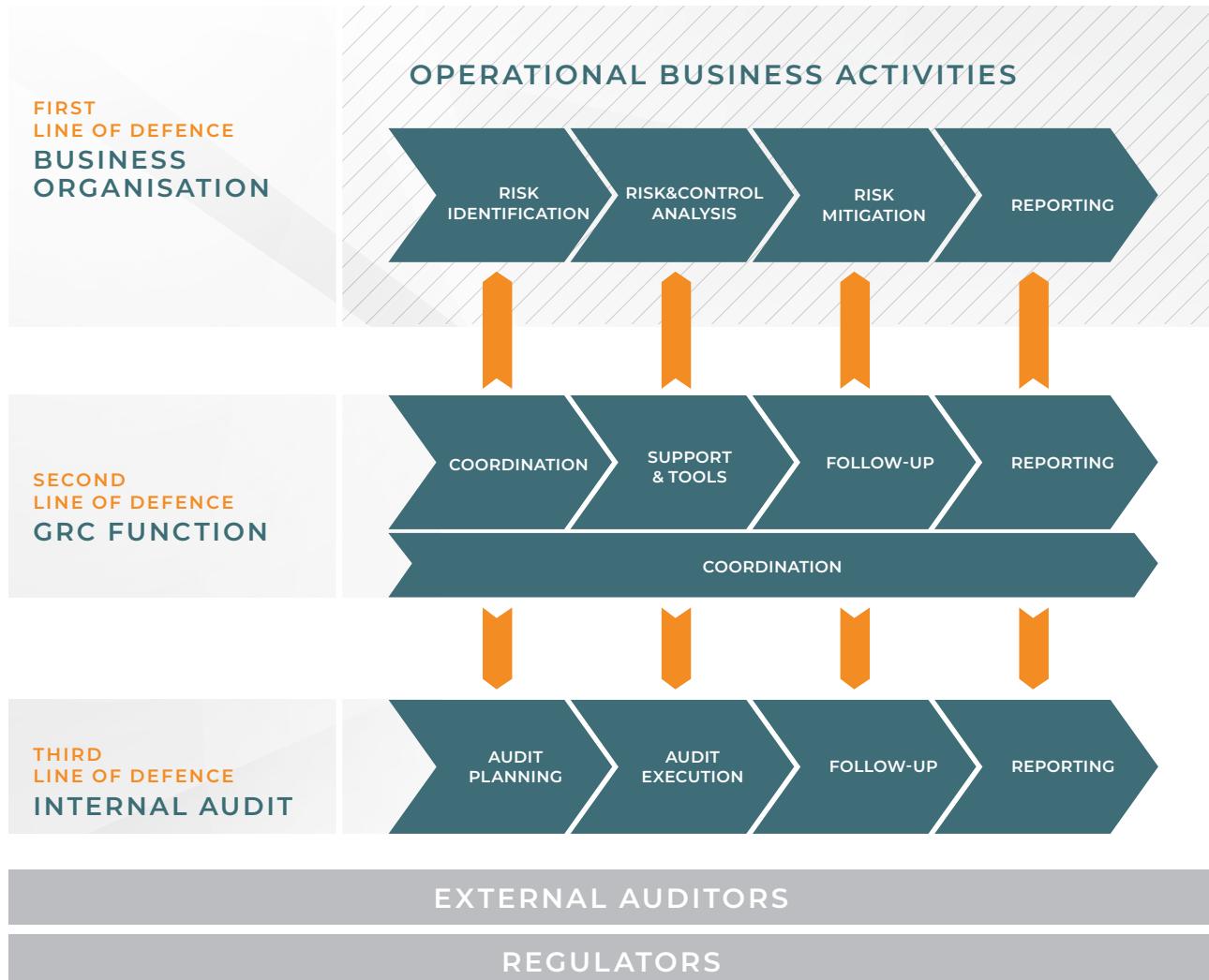
The following are the key risk categories identified by the Board of Directors that collectively represent the main risks to which the Group is exposed as a result of its operations:

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

Betsson does not regard sustainability as a separate risk category. As has been presented in the Sustainability report (pages 12-25), the ambition is to run operations in a responsible and sustainable way long term, in line with the sustainability framework adopted by the Board of Directors. This means that an evaluation of sustainability and business responsibility is embedded in the assessment of all risks which fall under the risk categories accounted for above.

## RISK MANAGEMENT PROCESS

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



### First line of defence

In Betsson Operations, the operational management has ownership for all risks and therefore responsibility for risk management. It shall identify, assess and mitigate risks through the implementation of a solid internal control environment. This includes development and oversight of automated, semi-automated and manual controls as well as documented procedures and the application, where relevant, of the four-eyes principle, across all key processes. Risks shall be managed within set risk appetite and tolerance levels.

### Second line of defence

The GRC function is responsible for facilitating and coordinating the risk management process across the Group on an annual basis. This is a structured self-assessment exercise with the involvement of operational management, and with additional key individuals as risk owners. Within the process relevant risks are identified and assessed as regards probability and impact. The control environment is also assessed and rated to arrive at a residual risk rating.

Based on the outcome, action plans are developed to ensure residual risks are kept within the risk appetite and tolerance levels. Relevant decision forums, such as the operational management team, and the Group management team and Board of Directors of Betsson AB, are regularly provided with status reports.

### Third line of defence

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

### Other audits and reviews

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

## GRc Function Activities During 2020

Several activites are undertaken yearly by the GRC function, in line with a set GRC plan, to contribute to proper development and management of governance, risk management and compliance throughout the Group. Some of the key activities for the function during 2020, were:

- Coordinating and contributing to the 1st line's identification and assessment of current and emerging risks;
- Delivering quarterly updates to the Board of Directors in Betsson AB on material risks faced by the Group;
- Supporting the strategy- and business planning process and work around Business Continuity and Disaster Recovery plans;

- Assisting the Audit Committee in coordinating activities across the three lines of defence, including acting as liaison for the strategic external partner for internal audit services;
- Contributing to various initiatives aiming to develop and strengthen sound corporate governance;
- Managing the Group's insurance programme;
- Providing support to first-line risk management; and
- Training and other activities to raise the staff's awareness around GRC.

Risk	Description of risk	Risk mitigation
<b>Strategic risks</b>		
Non-sustainable regulations	Regulations which make it more difficult to run a profitable business, due to high tax levels and/or far-reaching product restrictions.	Through dialogue with policy makers on different levels, Betsson work to achieve regulations, which aim to both protect consumers and liberalise markets with high channelization, while also preventing protectionism in the EU Member States. (Also refer to the section below titled "Betsson's work for sustainable gaming regimes").
Damaged reputation with regulatory authorities, customers and other key stakeholders	Reputation damage, whether for the industry, Betsson or both, will risk affecting the Group's financial position negatively and lead to loss of investor interest. A key driver for this risk is the alleged or risk for actual mismanagement of ESG related issues, whether by the industry, or Betsson.	Betsson considers this a matter of great importance. This risk is addressed by the ambition to run the business in a responsible and sustainable way. (Please refer to the Sustainability Report, pages 12-25).
Match fixing	The risk of settled matches and the associated risk of damaging confidence for the industry. The risk of match fixing also means that there is a risk that Betsson's sportsbook may be abused for games on settled matches.	Betsson cooperates with several regulatory bodies in the sports area to prevent match fixing and uses internal systems and processes to detect match fixing. Betsson is a member of ESSA (European Sports Security Association) and uses ESSA's early warning system in its sportsbook operations. Betsson continues to work on improving its internal policies and systems to become more effective in this area.
Payment processes risk	Betsson's operations are global and cover many markets with a need to use several payment solution providers, of which some payment processes are more complex. This gives rise to risks, e.g. counterparty risk or risk of disruption that may affect the ability to quickly and effectively execute deposits and withdrawals in gaming accounts.	Betsson works continuously to ensure efficient and secure payment service solutions to minimise the risk as much as possible.

Risk	Description of risk	Risk mitigation
<b>Operational risks</b>		
<b>Business continuity and disaster recovery</b>	The risk that external or internal events causes a disruption of Betsson's business operations.	The Group has implemented systems, processes and routines to ensure that the risk for these occurrences are kept at a minimised level and continuously works to enhance and improve these measures. This has proven indispensable for the Group's effective response to the Corona pandemic to protect its employees and clients whilst minimising disruption to operations.
<b>Risk for high staff turnover and loss of experts</b>	There is a lack of certain competencies in the gaming industry. This leads to risks for high staff turnover and difficulty to retain certain key experts.	Betsson is in control of the risk and works according to a comprehensive HR programme and an agenda which comprises addressing these issues on a continuous basis.
<b>Information security risk</b>	The risk for unauthorised use, disruption, modification or destruction of information.	Betsson is working continuously to uphold high standards in this area. Betsson is ISO 27001:2013 certified.
<b>Tech innovation and organisation maturity</b>	Betsson's fast growth over the years, organically and through acquisitions, has led to a relatively complex IT-environment. Processes and ways of working have not fully matured in line with growth. If measures to address this fails, it may lead to lack of innovation, incidents, and systems failure.	Through an internal initiative called "Techsson evolution", focusing on updating the IT-platform supporting our offerings improvements have been made in this area. Work is ongoing to continue the journey towards increased innovation and maturity of the platform that supports Betsson's products.
<b>Compliance risks</b>		
<b>Compliance with existing and new laws and regulations, including licensing requirements</b>	Betsson is operating in a complex, international and national, regulatory environment, which is constantly evolving. Additionally, the bar for compliance is rising in several markets in areas such as consumer protection (incl. responsible gaming, marketing, bonus offers), protection of privacy (GDPR), measures against money laundering/terrorist financing and anti-corruption.	Significant resources (human, systems and processes) and time are continuously used to ensure that Betsson's operations and offering in all markets are compliant with regulations of the seventeen licences held by the Group and other relevant regulations. For more information, please refer to the "Gambling regulation developments" and "B2B" sections below as well as to the "Sustainability Report", pages 12-25.
<b>Financial risks</b>		
<b>Financial risk</b>	The risks that would ensue without effective management and control of the finances and the effects of external financial factors.	Please refer to note 32.
<b>Taxation risk</b>	Many of the Betsson companies operate in a complex and changing environment, which includes both general and industry-specific tax rules. There is a risk that new laws and changes in current tax legislation and practices can lead to a change in Betsson's management of taxes in such a way that it has a negative impact on Betsson's earnings and financial position.	Betsson works actively, both individually and in industry associations, to monitor developments and to have a dialogue with legislators in the markets in which the Group operates. Please also refer to the "Sustainability Report", pages 12-25.

## BETSSON'S WORK FOR SUSTAINABLE GAMING REGIMES

The Betsson Group places utmost importance on compliance and following regulatory developments. Through dialogue with the policy makers on different levels, we work to achieve regulation, which aims to both protect consumers and liberalise markets with high channelization, while at the same time preventing protectionism in the EU Member States.

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

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

Betsson will continue to have a dialogue with regulators and other relevant stakeholders, both on EU level and national level, with the aim of achieving sustainable regulations ensuring the right to be regulated, so that consumers can access compliant online gambling services. Depending on the circumstances, Betsson might also use other legal remedies available to protect the rights afforded to Betsson, e.g. as a digital company within the European Union. However, following the decision of the European Commission in 2017 not to further pursue open infringement procedures against the Member States concerning online gambling, the support available has reduced. Unfortunately, the new Commission that took office in the end of 2019 has not demonstrated any desire to act as a guardian of the Treaty in respect of online gambling and has not launched any infringement proceedings in online gambling matters to date.

## GAMBLING REGULATION DEVELOPMENTS

### NORDICS

#### Sweden

In 2020 the Swedish regulator SGA continued to issue significant fines to online operators for various alleged breaches of the bonus rules despite the industry message that the rules for prohibited and allowed types of customer incentives under the new gaming law remain unclear. In June 2020, Betsson Nordic Ltd, a Betsson operational subsidiary, was warned and sanctioned by the regulator with a fine of SEK 20 million for allegedly having failed to register agents who sold payment vouchers, as well as for having offered on its site Betsson Mastercards with information on potential customer incentives. Betsson Nordic Ltd appealed the decision on both accounts and the case is pending in court. The same goes for the appeal of another Betsson subsidiary, NGG Nordic Ltd, relating to the SEK 19 million fine that it received in 2019 for its alleged breach of bonus restrictions.

Arguing customer protection from gambling-related harm during the corona pandemic, the Swedish government introduced temporary restrictions on online casino games as from 2 July 2020 until end of 2020. These included deposit limits of SEK 5000 per week, a SEK 100 bonus cap as well as time session restrictions. In December 2020, the Swedish government extended these temporary measures until the end of June 2021.

In December 2020, the Swedish Government presented an investigation (Spelmarknadsutredning) for further regulations of the Swedish gaming market. The proposals include the introduction of a risk classification model for games as well as licensing requirements for gaming software.

#### Norway

The Norwegian exclusive rights model has been the subject of political and legal discussions for several years. In June 2020 the Norwegian Ministry of Culture issued a consultation for proposal for a new gaming law which entails a continuation of the exclusive rights model. In addition, proposals were made to extend the prohibitions and sanctions that implement the model. Betsson responded to this consultation by providing an independent legal opinion which explained that the proposal for a new gaming law and the continuation of the Norwegian exclusive rights model are incompatible with Articles 31 and 36 of the EEA Agreement.

Norway has, since 2010, upheld a prohibition against the execution of payments for gambling arranged outside Norway. This negatively impacts banks and other payment service providers, as providing redemption services in conjunction with the payment of gaming via credit and payment cards with foreign gaming companies are prohibited. Betsson's assessment is that said prohibition conflicts with EU/EEA law.

In January 2021, amendments to the Norwegian Broadcasting Act entered into force, aiming to give to the local media authority the right to issue orders to prevent or

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impede illegal marketing of gambling services that are transmitted via television or on-demand audio-visual media services. In Betsson's view this is also contrary to EU/EEA law.

#### **Finland**

Finland showed continued support for the existing monopoly system in 2020. The Lottery Reform Project initiated that year which focuses on measures to reduce problem gambling harm, is based on the premise that the Finnish gambling system will continue to operate as part of a monopolistic regime. A new gambling legislative plan is expected to be introduced in time for the 2021 parliamentary session, proposing to strengthen the monopoly through greater enforcement measures, such as introduction of payment blocks.

#### **Denmark**

In 2020, Denmark updated its online gambling certification programme to include requirements for players to set deposit limits before gambling and for operators to automate self-exclusion processes. With effect from 2021, the Danish government increased the rate of online gambling tax from 20 percent to 28 percent, on the grounds that taxes are lower for online than for land-based venues.

#### **CEECA**

##### **Latvia**

In late March 2020, the corona pandemic outbreak saw Latvia introduce conflicting emergency measures designed to slow the spread of the virus. The measures required that all gambling venues should be closed, except for online gambling and lotteries. However, the same law later instructed the gambling regulator to suspend all gambling licences, including online licences. Accordingly, the regulator also suspended the online license of a Betsson Latvian subsidiary. Due to said measures being unconstitutional, Betsson filed numerous complaints in local courts. Normal online gambling operations resumed in early June when the parliament lifted the pandemic-triggered emergency measures. Currently pending in Constitutional Court is the joint complaint of various Latvian online gambling operators (incl. Betsson Latvian subsidiary), the outcome of which will also clarify whether online gambling operators would be entitled to claim compensation from the state caused by regulator's decision to suspend their licenses.

#### **WESTERN EUROPE**

##### **Netherlands**

The new Remote Gambling Act was planned to enter into force on 1 March 2021, however, due to further delays the licensing process will not start before 1 April 2021. The first wave of licences was expected to go live on 1 September 2021 but this is also delayed by one month. Operators sitting out the "cooling off period" (now 2 years and 9 months in total as per confirmation by the Government in January 2021), are expected to be issued licences towards the end of 2021 as part of the so-called second wave. The cooling off period will be applied towards those operators

who are deemed to have actively targeted the Dutch players in the past (e.g. through use of local payment instruments such as iDeal, by advertising aimed at the Netherlands or through use of a Dutch domain name). This means that many operators, including Betsson, cannot immediately apply for a Dutch online gambling licence in April 2021 due to having actively targeted the Dutch market at any time in the 33 months in total prior to the date of their licence application. As advised by the regulator, earlier application will trigger stricter treatment of operator in the reliability assessment.

Under the new law, gaming tax will be applicable at the rate of 29 + 2 percent fees of GGR, 31 percent in total. The KSA have confirmed that online gambling operators who have actively targeted Dutch customers, would not be permitted to use their pre-established Dutch player databases (or other operators' databases which they know or should know were established before the new regulation) once they commence operating under their new licences. This database ban applies to player recruitment, advertisement and registration.

In December 2020, the appeals court issued its ruling in the case where the Dutch regulator fined Betsson subsidiary Corona Ltd; unfortunately, the court ruled in favour of the regulator. Considering the lack of reasoning in the ruling, Corona Ltd has decided to appeal the judgment further to the Council of State.

##### **Germany**

On 1 January 2020, the interim federal sports-betting licensing regime entered into force. A Betsson operational subsidiary applied for a federal sports-betting license but the licensing process was halted in spring 2020 when an Austrian operator challenged the interim regime in court. The licensing process continued in October after the same operator withdrew their complaint, with the first wave of licenses being issued immediately.

In March the federal states came to agreement and signed amendments to the Inter State Treaty on gambling which is subject to ratification by each state parliament before its entry into force in July 2021. The amended Treaty regulates online casino gaming for the first time as well as online and land-based sports betting and retail gaming nationwide. The licensing process under the Treaty is managed by the state of Hesse, while the state of Saxony-Anhalt will serve as national regulator. These new amendments introduced a highly restrictive regime favouring the offline incumbents. Online table games would be licensed on a state-by-state basis whereas states may choose to run these products under a monopoly or choose a licensing model at their discretion. In online slot games, maximum stakes must be set at €1 per spin with a minimum spin duration of five seconds, and no major jackpots are allowed. The new regime will also introduce monthly mandatory deposit limit of € 1,000 per player across operators.

The federal states also introduced an online casino toleration regime with effect from 15 October 2020, requiring those operators interested in pursuing future federal online casino as well as sports-betting licenses to

comply with the proposed online casino restrictions (at least to certain extent) already ahead of July 2021. The key requirements of the tolerance regime were the removal of all casino table games (e.g. blackjack, baccarat and roulette), implementation of deposit limits across poker and slot games of €1,000 per month as well as enhanced responsible gambling measures (player set spending and time limits, along with cooling-off periods and panic button). It was also prohibited to use the term casino in reference to slots games. As from 15 December 2020, mandatory €1 slots stakes and five-second delays on spins became effective. Failure to comply with the toleration regime may lead to enforcement actions by various Länder although at this time it remains unclear which states and how will carry out supervision as regards the tolerance regime.

While the amended Interstate Treaty will create more legal certainty in the German market, the continued adherence to strict bet amount and deposit restrictions as well as failure to regulate licensing of online table games on federal level miss the mark on achieving a balanced and successful gaming regulation.

#### UK

The new regulation regarding ban on credit card payments to fund gambling accounts came into effect in April 2020.

In September, the Gambling Commission announced strict new guidance for operators to review their VIP schemes with the aim of eliminating irresponsible incentivization of high value customers in the future. The new guidance for VIPs requires operators to appoint a senior executive holding a personal management license to oversee the respective scheme.

As part of its strategy, Betsson announced in October that it had decided to consolidate its UK-facing business by returning three of the Group's four licenses to the UK regulator and focusing only on a single brand (Rizk) on the market going forward.

In December, the government launched the Gambling Act Review with the publication of a Call for Evidence into the Gambling Act 2005. The Call for Evidence, which will run until 31 March 2021, will look at online restrictions, marketing and the powers of the Gambling Commission as part of a major and wide-ranging review of gambling laws in the UK.

#### Italy

Online gambling licenses in Italy are awarded through a tender process which are open at different times and thus, the licensing of online gambling services in Italy is not constantly available to operators. Last public tenders for online gambling licenses were issued in 2011 and 2018; Italian regulator has not extended licenses issued in 2011 past 2020 while licenses issued in 2018 are valid until end of 2022. A new tender for 40 remote gambling licences was initially scheduled to be announced by December 31, 2020, but this term was subsequently extended by six months. Considering this, several online gambling operators, including a Betsson subsidiary, have contested the regulator's refusal to extend the 2011 licenses in court.

Betsson holds two online gambling licenses in Italy, one of them expiring only in the end of 2022. Should the court side with the regulator regarding the extension of 2011 licenses, Betsson will run all its Italian-facing operations on the other license.

With effect from November 2020, the Italian government introduced an additional, temporary 0.5 percent sports-betting turnover tax aimed at channelling funding to sports struggling due to the Corona pandemic.

#### ROW

##### USA

Since the Supreme Court struck down the Professional and Amateur Sports Protection Act (PASPA) on May 14, 2018, the options for sports betting across the U.S. have bloomed. Sports betting is regulated in 21 states: Arkansas, Colorado, Delaware, District of Columbia, Illinois, Indiana, Iowa, Michigan, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, New York, Nevada, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia and West Virginia.

In June 2020, Betsson entered into an agreement with Dostal Alley Casino who provides market access to Betsson based on its master license, allowing Betsson to offer its B2C online sports betting product in the US state of Colorado. Betsson plans to launch its proprietary sports-book in Colorado in 2021. This initiative is the Group's first step into the US market, designed to benefit Betsson with key learnings, brand presence and initial customers

#### Brazil

A new lotteries law from December 2018 recognised sports betting as a lawful form of lottery game in Brazil. The law granted the economy ministry a window of two years to establish implementing regulations for both online and physical sports betting, but also allowed for officials to request an extension for up to a further two-year period. Year 2020 saw Brazil miss the initial two-year deadline to regulate online sports betting, and the government also changed their initial plan to establish a traditional licensing system against a concession model. However, in August, a presidential decree included concessions for sports betting in Brazil's formal asset privatisation schedule and appointed Brazil's public development bank to lead the process. Thus, an online sports betting regulation is expected to be in place in Brazil by the second half of 2021. With its acquisition of 75 percent stake in Brazilian horse racing betting operator Suaposta in 2019, Betsson is in excellent position for the upcoming re-regulation of the Brazilian sports betting market.

#### B2B

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

Betsson operational subsidiaries provide business-to-business gambling services to third-party companies that provide such services directly to consumers. Such third

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

#### DISPUTES

The company has no significant ongoing disputes, except for the two pending court cases by Betsson subsidiaries disputing the fines (SEK 19,000,000 in 2019; SEK 20,000,000 in 2020, respectively) issued by the Swedish Gambling Authority in connection with alleged breaches of bonus rules.

Betsson is committed to the duty of care and aims to apply a high standard of responsible gaming globally. Despite this, there remains a risk that individuals develop problematic gambling behavior. There is also a risk that individuals with a gambling addiction could sue companies within the Group for their alleged role in the individual becoming addicted. Even though such claims would most likely be dismissed in court, they could give rise to considerable costs as well as reduce confidence in Betsson, which could ultimately lead to decreased revenues.

#### RESEARCH AND DEVELOPMENT

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

#### ENVIRONMENT AND SUSTAINABILITY

Betsson does not conduct any operations requiring permits or registration under the Environmental Code. For information regarding sustainability, see the separate Sustainability Report on pages 12-25.

#### GUIDELINES FOR SALARIES AND OTHER REMUNERATION OF SENIOR EXECUTIVES

During the 2020 Annual General Meeting, the shareholders of Betsson AB accepted the following guidelines for remuneration of senior executives, to apply until the 2024 Annual General Meeting unless circumstances necessitating change occur before that time. The guidelines include the CEO of Betsson AB as well as Betsson AB's management team. The guidelines include salaries and other remuneration for senior executives. The remuneration also includes incentive programmes in which the senior

executives receive a right, but not an obligation, to acquire shares in the company in the future at a predetermined price. For a description of salaries and other remuneration for senior executives in 2020, see Note 7.

The company's long-term strategy is based on its values and rests on three pillars of 'Talented People, Quality Products and Operational Excellence'. The purpose of the remuneration is to motivate, retain and reward qualified personnel for their contribution to the company's strategy, long-term interests and sustainability. In order to retain and attract competent employees to the company's management team, the remuneration must be competitive and based on prevailing market conditions. The remuneration consists of fixed salary, performance-based salary and pension and other benefits. In addition, there is share-based compensation. Fixed salary is the basis for attracting senior executives. Performance-based salary is paid on condition that the company meets certain financial and other measurable targets set by the company's Board, and is paid only in cases where the company has met or surpassed these targets. If all targets are out-performed, the cost to the Group of performance-based remuneration for 2020 is estimated at approximately SEK 8.1 million. Normal retirement age is to be 65. Pension terms are to be commensurate with the market and based on a defined-contribution scheme. Other benefits provided to senior executives are company cars and health insurance.

Betsson's incentive programmes were introduced at the end of 2008. The programmes are resolved by the Annual General Meeting. Share warrants are allocated to Betsson's senior executives and other key individuals as determined by the Board. In total, ten incentive programmes have been decided upon and introduced since the start in 2008. Each incentive programme consists of various elements, where employees (in Sweden) are offered warrants at market price or (employees outside Sweden) employee stock options free of charge, provided the participants have invested in Betsson shares or (only in the 2015 programme) that the Company achieves a pre-determined turnover target. The warrants are issued with a fixed redemption price of 130 percent of the shares' market price on the allocation date. The share-based remuneration has a ceiling corresponding to the last price paid before launch of the programmes multiplied by 2.3. The Group assumes no legal or informal obligation to repurchase or settle the warrants in cash. Employee stock options are conditional on the employee remaining in the service of the Company during the vesting period and having retained their initial investment in Betsson shares, or the Company having reached a pre-determined turnover target (Incentive 2015–2018). For individuals holding warrants, the Board may resolve on payment of a bonus corresponding to the amount of the warrant premium initially paid. The bonus, if any, is conditional upon the employee exercising the warrants options and remaining in the service of the Group at the time of exercise.

The period of notice should normally be six to twelve months if notice is given on the initiative of the Company, and six months if such notice is given on the initiative of the senior executive. If notice is given by the Company, it is

to be possible for severance pay to be awarded in an amount equivalent to not more than twelve months' salary.

The remuneration of Board members and guidelines for senior executives' remuneration are determined at the Annual General Meeting. Remuneration paid to the President and CEO is discussed by the specially appointed Remuneration Committee and decided by the Board. In addition, the Remuneration Committee is also responsible for evaluating the business-based remuneration programmes. The remuneration of senior executives reporting directly to the CEO is determined by the CEO in consultation with the Remuneration Committee. The Group applies the principle that a manager's immediate superior must approve any decisions regarding remuneration. The Board has to prepare guidelines for senior executives every four years. The company's CEO and other senior executives must not participate in the Board's work on guidelines for the remuneration of senior executives to the extent that they are affected by these decisions.

The total pay of the company's employees has been taken into account in formulating the draft guidelines for senior executives in Betsson. Furthermore, the various components of remuneration, percentage increase this year and also the increase over time have been part of the basis used by the Remuneration Committee and the Board in deciding on guidelines for remuneration and whether remuneration is reasonable. Paid and future remuneration covered by these guidelines and change in the difference in remuneration between senior executives and other employees will be presented in the remuneration report, which will be presented to the 2021 Annual General Meeting. The Board may deviate from the guidelines, in whole or in part, if in individual cases there are special reasons for doing so and the deviation is necessary to serve the Company's long-term goals, including its sustainability goals, or to ensure the company's financial position.

#### SHARES AND OWNERSHIP STRUCTURE

The number of shares in the Company at the end of the year totalled 144,493,238, of which 15,911,000 were A shares, 122,504,730 were B shares and 6,077,508 were C shares. During the year, 349,000 A shares were converted into B shares at the request of shareholders. Each A share entitles the holder to ten votes, whilst each B share entitles the holder to one vote. Betsson treasury shares totalled 1,763,400 B shares and 6,077,508 C shares. These shares are held by the Company and are not represented at the Annual General Meeting. The shares have equal access to Betsson's assets and earnings. The Company's B shares are listed on the NASDAQ Stockholm Large Cap List (BETS). At the end of the period, the Company had 24,430 (25,421) shareholders. The three shareholders with the greatest proportion of voting power were the Hamberg family and companies with 3.5 percent of capital and 18.2 percent of outstanding votes, Danske Bank International S.A. with 3.1 percent of capital and 14.2 percent of outstanding votes and the Knutsson family and companies with 4.3 percent of capital and 11.9 percent of outstanding votes.

#### AUTHORISATION OF THE BOARD

The Annual General Meeting held on 11 June 2020 resolved to authorise the Board of Directors, during the period until the next general meeting of shareholders, on one or more occasions, to pass a resolution on a non-cash issue of shares and/or convertible instruments signifying issue or conversion up to a maximum total of 14.4 million B shares, corresponding to dilution of approximately 10 percent of the share capital and 5.1 percent of the voting rights. This mandate was not exercised in 2020.

The 2020 Annual General Meeting further resolved to authorise the Board of Directors to determine whether to acquire a number of shares such that the Company's holding, at any given point in time, does not exceed 10 percent of all shares in the Company. During the year the company bought back a total of 1,762,316 of its own shares. The total number of shares in Betsson AB is 144,493,238.

The Board was further authorised to resolve on disposal of the Company's own shares for cash in conjunction with acquisitions of companies or operations at a price corresponding to the market price on the transfer date. This mandate was not exercised in 2020.

To secure the supply of shares or in any event hedge the Company's expenses, including social security contributions, the Annual General Meeting resolved to authorise the Board to pass a resolution on a directed share issue of C shares to a bank or securities company, and to authorise the Board to pass a resolution on the buyback of shares from subscribers. The C shares will be held by the Company during the vesting period of the warrants. When exercising warrants or employee stock options, a requisite number of C shares can, on conversion to B shares, be transferred to participants in accordance with the terms and conditions of the options, or alternatively be held to hedge expenses in connection with the programmes, including social security contributions. This mandate was not exercised during the 2020 financial year, as the Company already held C shares for all outstanding options.

#### PROPOSED DISTRIBUTION

The Board proposes that the Annual General Meeting on 5 May 2021 resolve that SEK 3.68 (2.88) per share be distributed to the shareholders, provided the number of shares remains unchanged up to the record date. This represents a transfer of funds to shareholders totalling SEK 502.9 (393.6) million. The Board proposes to the Annual General Meeting that the transfer to shareholders be executed through a share redemption programme. The Board's full proposal will be presented well in advance of the Annual General Meeting. According to the dividend policy, it is the Board's ambition that the dividend paid to shareholders be up to 50 percent of the Group's profit after tax, provided that an appropriate capital structure can be maintained.

# CORPORATE GOVERNANCE REPORT

## GOOD GOVERNANCE AND CONTROL SUPPORT SUSTAINABLE AND PROFITABLE GROWTH

"Betsson operates in a global, dynamic industry, in rapid change. The opportunities are great, at the same time there are challenges and risks. Betsson has almost 60 years' experience of the gaming industry and knows that a good balance between ambition and attention to details is key to successful business development over time. Good governance and control help us maintain a dynamic and hungry corporate culture, while risks are managed on a sound commercial basis. It is also a prerequisite for the work with value creation in a broad sense, in line with Betsson's strategy and business plan, and it supports sustainable and profitable growth". – Patrick Svensk, Chairman of the Board.

### CORPORATE GOVERNANCE AT BETSSON

In addition to the regulations set out in laws or other statutory instruments, Betsson applies the Swedish Code of Corporate Governance (the Code), a set of rules based on the framework for internal control issued by the Committee of the Sponsoring Organisations of the Treadway Commission (COSO). Betsson hereby presents its Corporate Governance Report for 2020. The Company applies the Code in full, without deviation. Betsson applies a risk management model that has three lines of defence, described in more detail in the Risk section of the annual accounts.

This Corporate Governance Report comprises part of our management reporting and has been reviewed by the Company's auditors.

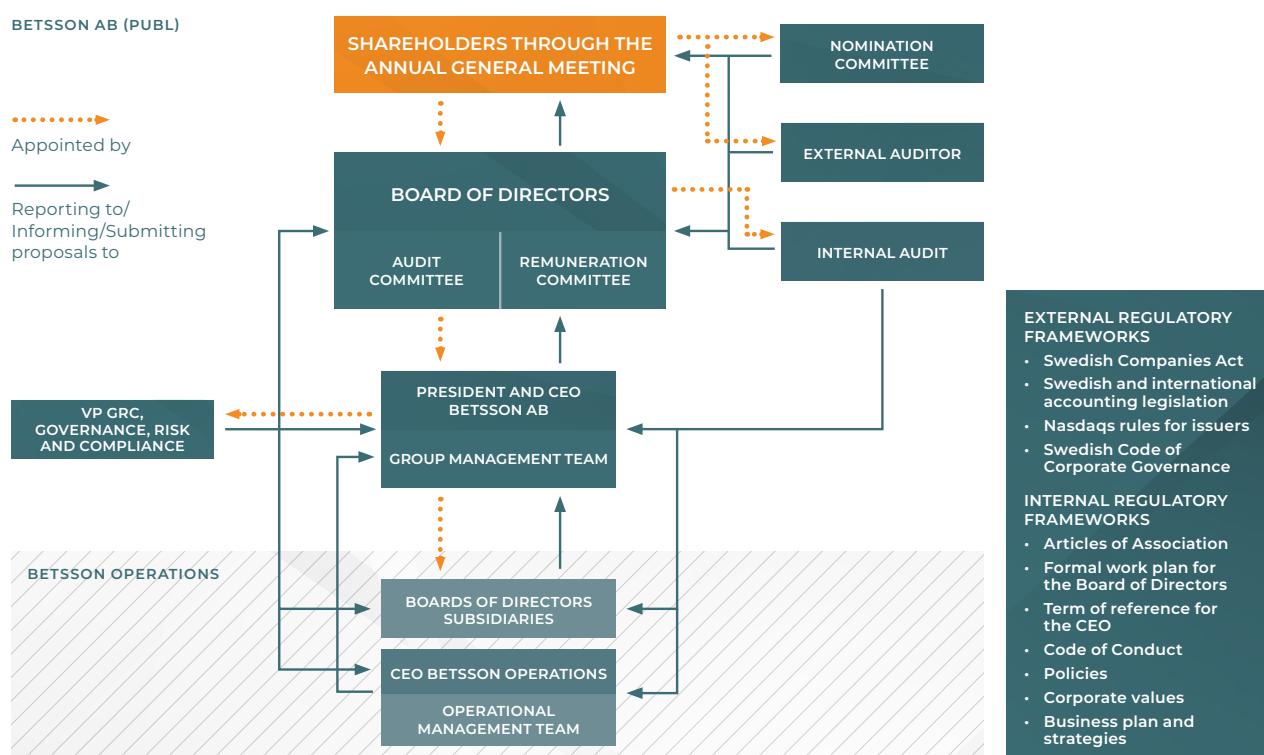
### ALLOCATION OF RESPONSIBILITIES

The shareholders exercise their influence over Betsson AB at the Annual General Meeting, which is the Company's highest decision-making body. Responsibility for the Company's organisation and the management of the Company's affairs rests with the Board of Directors and the

CEO, in accordance with the Swedish Companies Act, other laws and regulations applicable to listed companies, the Articles of Association and the Board's internal control instruments. In addition, the other two lines of defence in the Group's risk management model are the GRC function and internal audit.

### SHAREHOLDERS

Betsson is listed since 1996 and has been listed on Nasdaq Stockholm since 2000. The Company's B shares have been listed on the Nasdaq Stockholm Large Cap List (BETS) since 2015. At the end of the period, the Company had 24,430 (25,421) shareholders. The three shareholders with the greatest proportion of voting power were the Hamberg family, representing 3.5 percent of the capital and 18.2 percent of the outstanding votes, Danske Bank International S.A., representing 3.1 percent of the capital and 14.2 percent of the outstanding votes, and the Knutsson family representing 4.2 percent of the capital and 11.9 percent of the outstanding votes.



## ARTICLES OF ASSOCIATION

The Articles of Association establish the number of Board members and auditors, and their responsibilities, the business to be undertaken, and the means by which the shareholders exercise control over the Company. The Company's Articles of Association do not stipulate any limits on the number of votes each shareholder is entitled to cast at the Annual General Meeting. There are no specific provisions in the Company's Articles of Association regarding the appointment and dismissal of Board members. During the year, a minor amendment was made to the Articles of Association regarding the convening of the Annual General Meeting due to amendments to the Swedish Companies Act and the EU Shareholder Rights Directive.

The current Articles of Association, adopted by the Annual General Meeting held on 11 June 2020, are available on the Company's website, [www.betssonab.com](http://www.betssonab.com).

## ANNUAL GENERAL MEETING

The Annual General Meeting is the highest decision-making body in Betsson AB. The Annual General Meeting, which is held within six months of the end of the financial year, votes on the adoption of the income statement and balance sheet and passes a resolution on the proposed dividend. It also elects Directors of the Board and sets their fees and other remuneration. In certain instances, auditors are elected, and the Annual General Meeting decides on their fees. Furthermore, other statutory matters and proposals from the Board and shareholders are considered, and resolutions are passed regarding guidelines for the remuneration of senior executives.

All shareholders registered in the shareholders' register on a given record day, and who have notified their attendance in due time, have the right to attend the meeting and vote for their total holding of shares outstanding. Shareholders may be represented by proxies.

## 2020 ANNUAL GENERAL MEETING

The 2020 Annual General Meeting was held on 11 June 2020. The meeting was attended by shareholders, in person or by proxy, representing 67 percent of the voting rights and 44 percent of the capital. Patrick Svensk was elected to chair the AGM.

### Resolutions

The minutes of this meeting are available on Betsson's website. The resolutions passed by the Annual General Meeting were broadly as follows:

- To establish an incentive programme that would essentially mean that the Company would offer senior executives and other key individuals the right to acquire warrants or to receive employee stock options in the Company. The total number of warrants and employee stock options that could be issued in accordance with the programme is to be no higher than 1,400,000 corresponding to a dilution effect of approximately 1.00 percent of the share capital and approximately 0.5 percent of the voting rights in the Company.

- To approve the Board's proposal to distribute a dividend representing SEK 2.88 per share for 2019, through an automatic redemption procedure.
- To re-elect the Board members Fredrik Carlsson, Eva Leach, Johan Lundberg, Jan Nord and Patrick Svensk. Andrew McCue was elected as a new member of the Board.
- Patrick Svensk was re-elected as Chairman of the Board.

## 2021 ANNUAL GENERAL MEETING

The Annual General Meeting in Betsson AB (publ) will be held on 5 May 2021. Due to the spread of the coronavirus that causes Covid-19, the Board of Directors has decided that the Annual General Meeting shall be held without the physical presence of shareholders, their proxies and other third parties and that voting rights may only be exercised by postal voting before the Annual General Meeting. For further information about the 2021 Annual General Meeting, please refer to the company's website [www.betssonab.com](http://www.betssonab.com).

## NOMINATION COMMITTEE

In accordance with the resolution adopted at the 2020 Annual General Meeting, the Chairman of the Board was assigned the task of convening the meetings of the Nomination Committee and inviting representatives of the Company's major shareholders to join the Committee. The Nomination Committee is to consist of not fewer than three members, and the majority of the members may not be employees of the Company or members of the Board.

The Nomination Committee shall prepare a proposal for Board members, Chairman of the Board and auditors, and also propose remuneration for Board members, Board committees and auditors. These proposals are to be submitted to the 2021 Annual General Meeting for resolution. The composition of the Nomination Committee was announced on 23 October in Betsson's interim report for the third quarter of 2020 and on the Company's website.

The Nomination Committee for the 2021 Annual General Meeting comprises:

- John Wattin, representing the Kling family and companies with a total of 14.2 percent of the outstanding votes.
- Michael Knutsson, representing the Knutsson family and companies, representing a total of 11.9 percent of the outstanding votes.
- Jenny Rosberg, representing the Hamberg family, with a total of 18.2 percent of the outstanding votes.
- Patrick Svensk, Chairman of the Board of Betsson AB and convener of the Nomination Committee.

The Nomination Committee represents a participating interest which, at year-end, was 44.3 percent of the outstanding votes in the Company. An important source of information for the Nomination Committee's work is the annual appraisal of the Board's performance. The Nomination Committee seeks to identify candidates for nomination who, together with the existing members, can provide

Board members elected by the 2020 Annual General Meeting	Patrick Svensk	Fredrik Carlsson	Eva Leach	Johan Lundberg	Jan Nord	Andrew McCue	Kicki Walje-Lund	Mathias Hedlund
	Chairman of the Board	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member
	Chair of the Remuneration Committee	Chair of the Audit Committee	Member of the Remuneration Committee from June 2020	Member of the Audit Committee	Member of the Remuneration Committee	Member of the Audit Committee from June 2020	Member of the Audit Committee until June 2020	Member of the Remuneration Committee until June 2020
Board fee, paid in 2020, SEK thousand	900	450	450	450	450	262	187	187
Committee fee, paid in 2020, SEK thousand	72	122	42	61	72	36	26	30
Independent in relation to the Company and senior management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Independent in relation to major shareholders	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Own and related parties' shareholdings	16,500 B shares	10,000 B shares	-	6,000 B shares	-	-	2,850 B shares	-
Attendance of Board meetings	12 out of 12	11 out of 12	12 out of 12	11 out of 12	12 out of 12	5 out of 5	7 out of 7	7 out of 7
Audit Committee attendance		6 out of 6		6 out of 6		4 out of 4	2 out of 2	
Remuneration Committee attendance	2 out of 2		1 out of 1		2 out of 2			1 out of 1

the Board with the appropriate combination of skills and expertise. This entails experience from executive positions in listed companies, expertise in the financial and gaming industries or experience gained in international service companies.

The Nomination Committee also submits proposals to the Annual General Meeting regarding remuneration for all the members of the Board.

The Nomination Committee's complete proposals and supporting information, to be presented to the 2021 Annual General Meeting, will be published on the Company's website [www.betssonab.com](http://www.betssonab.com) in advance of the Annual General Meeting. Shareholders wishing to submit proposals to the Nomination Committee should do so by email to [info@betssonab.com](mailto:info@betssonab.com) or by post to the Company's head office. 'Nomination Committee' should be entered in the email subject line or on the envelope if a proposal is sent by post.

#### ADOPTED BOARD FEES

The 2020 Annual General Meeting resolved on the following fees to apply until the next Annual General Meeting: A fee of SEK 900 (900) thousand is paid to the Board Chairman and SEK 450 (450) thousand is paid to each Board member. Fees totalling SEK 215 (215) thousand are paid to members of the Remuneration Committee, and fees totalling SEK 245 (245) thousand are paid to members of the Audit Committee, to be distributed among the members.

#### THE BOARD OF DIRECTORS AND ITS WORK

The members of the Board are elected annually by the Annual General Meeting for the period until the conclusion of the following Annual General Meeting. There are no rules in place stipulating the maximum period of time a member may serve on the Board. Since the 2020 AGM, Betsson's Board has consisted of six members without

deputies: Fredrik Carlsson, Andrew McCue, Eva Leach, Johan Lundberg, Jan Nord and Patrick Svensk. The members of the Board are presented on pages 46-47. The Group President and CFO present a report at all Board meetings. Other employees also participate in Board meetings from time to time as required, either to report on specific issues or to serve as secretary.

#### The Board's independence

The number of Board members elected by the Annual General Meeting who are independent of the Company is six (100 percent), and the number of Board members elected by the Annual General Meeting who are independent of the Company's major shareholders is also six (100 percent). Independent here refers to the definition of independence in the Code.

All members of the Board meet the requirements concerning professional experience. This composition means that Betsson's Board complies with the regulations of the Code, that is to say a requirement that the majority of members elected by the Annual General Meeting are independent of the Company and senior management, and that at least two of these are also independent of the Company's major shareholders.

#### Board meetings

In 2020, the Board held 12 minuted meetings, of which one was a statutory meeting and two were meetings held by correspondence. There had been a two percent absence rate at Board meetings during the year. The meetings comprise the CEO's review of developments within the business, current issues concerning overall strategy, the risk aspects of significant events and agreements, potential acquisitions and financial issues as well as legal developments in areas relevant to Betsson. During the year, the Board paid particular attention to introducing the three

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lines of defence for strategic risk management, increased focus on technology and product development, and the customary financial issues and cost control.

#### **Information provided to the Board of Directors**

The work of the Board follows a specific plan to ensure that the Board receives all relevant information. The Company's auditors report their findings based on their audit of the financial statements and their assessment of the Company's internal governance and control to the Board. The Board receives, on a monthly basis, a detailed operational report in which management describes developments.

#### **Internal control and risk management**

The Board applies a formal work plan including rules for decision-making, instructions for its own work and that of the Remuneration Committee and the Audit Committee, and terms of reference for the CEO, with a view to achieving efficient management of operational risks. In addition, the Board has created a special function, Governance, Risk and Compliance (GRC), the remit of which is to act as the second line of defence regarding Betsson's strategic risk monitoring. The incorporation of the three lines of defence, together with further information about risk management, is described in detail in the Risk section of this Annual Report. The Board updates, as necessary, and adopts, annually, the Board's formal work plan, terms of reference for the CEO, rules for decision-making and authorisation procedures.

#### **The Audit Committee**

The Audit Committee's responsibility is to ensure compliance with established principles for financial reporting and internal controls. In line with the rules of procedure, the Audit Committee consists of three members. During the year, the committee comprised Fredrik Carlsson (Chair), Johan Lundberg and Kicki Wallje-Lund (until the Annual General Meeting held on 11 June 2020) and Andrew McCue (from the Annual General Meeting held on 11 June 2020). The Audit Committee is responsible for supervising, monitoring and reporting corporate responsibility issues. The Governance, Risk and Compliance function and the internal audit function report continuously to the Audit Committee. The Audit Committee also acts as a Finance Committee tasked with providing support with financial issues and assessing and proposing changes to financial policy. The result of the Audit Committee's work in the form of observations, recommendations and proposals for decisions and action to be taken are dealt with by the Board on a continuous basis. The Audit Committee held six meetings during the year.

#### **The Remuneration Committee**

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

During 2020, the members of the committee were

Patrick Svensk (Chair), Jan Nord and Mathias Hedlund (until the Annual General Meeting held on 11 June 2020) and Eva Leach (from the Annual General Meeting held on 11 June 2020). The Remuneration Committee held two meetings during the year, of which one was held by correspondence, where, among other matters, a proposal for a new incentive programme (share options) was considered.

#### **CEO AND GROUP MANAGEMENT**

The Group's President and CEO is responsible for the day-to-day management of both the Parent Company and the Group, which does not, however, include decision-making on matters relating to operational gaming. The President and CEO leads the work of the Parent Company and makes decisions in consultation with other senior executives. At the end of 2020, in addition to the CEO there were five senior executives, two of whom were women. The senior executives hold regular operational reviews under the direction of the CEO. The Group management is presented on pages 48-49.

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

The Group's various gaming operations are conducted through several wholly-owned subsidiaries, each of which has a separate Board working under an operational management team that makes operational decisions for Betsson's gaming operations. CEO instructions have been drawn up for each CEO in the wholly-owned subsidiaries.

#### **Diversity**

Betsson believes that diversity drives innovation and success. The Company will become stronger and more competitive by employing people of different genders, with varying backgrounds, with different experience and from different cultures. For further information regarding Betsson's work on diversity, see the Sustainability Report.

#### **Appraisal of the Board of Directors and CEO**

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

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

#### **REMUNERATION**

The remuneration of Board members and guidelines for senior executives' remuneration are determined at the Annual General Meeting. Remuneration paid to the President and CEO is prepared by the Remuneration Committee and determined by the Board. The remuneration of senior executives reporting directly to the CEO is determined by the CEO in consultation with the Remun-

eration Committee. The Group applies the principle that a manager's immediate superior must approve any decisions regarding remuneration.

The following principles, adopted at the 2020 Annual General Meeting, apply to senior executives in the Group: The remuneration guidelines are to apply until the 2024 Annual General Meeting, unless circumstances necessitate amendment before that time. Remuneration is to be market-based and competitive, with a view to being able to attract and retain competent senior executives. Remuneration is to consist of fixed salary, and where appropriate variable pay, and include pension entitlements and other benefits such as a company car. Variable remuneration will be paid only when certain pre-determined financial and other measurable targets, established by the Board, have been achieved. Variable remuneration varies depending on the extent to which the targets have been met or exceeded. If the targets are exceeded at the highest level ('outperformed'), the estimated cost of variable remuneration to the senior executives of the Group in 2020 totals approximately SEK 8.1 million, including social security contributions. Current variable remuneration of senior executives is described in more detail in Note 7. The Board may make decisions diverging from these guidelines in individual instances, where special circumstances apply. These guidelines are in all material respects in accordance with the guidelines approved at the 2019 Annual General Meeting.

#### AUDIT

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

#### INTERNAL AUDIT

Betsson wishes to steadily improve its operations and makes every effort to do so. The online gaming industry is continuously exposed to a rapidly changing environment, such as changes in regulatory frameworks, seasonal variations and currency fluctuations. In a changing world, it is important that customers feel safe and secure with the gaming companies' games and payment solutions. This permeates all the Group's customer offerings. During the financial year, Betsson engaged EY to perform special audit engagements, under the three-year framework agreement signed during the previous year, similar to those normally performed by a separate internal audit function. The three-year framework agreement with EY is a step in efforts to intensify and improve internal audit and strengthen the third line of defence, and the company's assessment is that the work proceeded well during the year. The work is led by the VP GRC.

As a complement to this, Betsson's operations are also reviewed by several independent parties. In order to obtain and maintain gaming licences, the Company's procedures and processes must meet certain quality standards. MGA (the Malta Gaming Authority) is one of the bodies that carefully inspects business operations to ensure the Company satisfies all requirements. Betsson's companies are also PCI-certified for secure card transactions and co-operate with several large banks. As a result, all credit card information is handled securely, and the Company meets the highest security standards as regards payments, withdrawals and deposits. The business was accredited in 2019 and was awarded 27001:2013 certification, the ISO standard for cyber and information security.

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

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

#### SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

In accordance with the Annual Accounts Act, the Board of Directors must submit, on an annual basis, a description of the most important measures in the Company's system for internal control and risk management regarding financial reporting.

##### Control environment

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

##### Risk assessment

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

The Company's largest operational risks relate to the fast-changing environment that characterises the gaming industry, including, for example, changes in regulatory frameworks, seasonal variations and currency fluctuations.

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The financial reporting may be affected by the risk of accrual errors in settlements with partners and the risk of errors in the measurement of intangible assets.

#### **Control measures**

The Company annually establishes control measures based on risk assessments relating to prevention and detection measures and also ensuring that any errors are addressed. During the year, the Company mapped and assessed the most significant risks in its accounting practices as regards allocation of items to different periods. Intangible assets are assessed on a continuous basis against the return they generate in order to ensure that the values reported in the Company's balance sheet are correct.

#### **Information and communication**

Internal information and external communication are regulated at an overall level by, among other things, an information policy. Internal communication to and from the Board and management takes place through regular information meetings. The Company's intranet is another channel. Internal policies, guidelines, instructions and similar documents governing and supporting operations are published on the intranet.

#### **Monitoring**

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

The financial situation is considered at each scheduled meeting of the Board. The Company's auditor attends Board meetings on at least one occasion per year, at which information is presented on the auditor's findings regarding procedures and control systems. The Board re-evaluates the significant risk areas on an annual basis and assesses whether any adjustments to the internal control are required.

#### **INVESTOR RELATIONS**

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

In 2020, Betsson has also participated in a number of IR activities, such as seminars, financial institutions' capital market days, investor meetings and presentation meetings, most of which were digital meetings.



# BOARD OF DIRECTORS



## PATRICK SVENSK CHAIRMAN OF THE BOARD

- Born 1966, residence Stockholm, Sweden.
- Board member since 2005.
- Chair of the Remuneration Committee.
- CEO and Senior Advisor, Svensk Media Group AB.

### OTHER APPOINTMENTS:

Chairman of the Board of Readly International AB (publ)

### BACKGROUND:

Senior positions in listed companies, including having worked as SVP for MTG and President

and CEO of MTG Studios/Nice Entertainment Group, Zodiak Television, Kanal 5 and TV3 Sweden.

### EDUCATION:

Master of Economics from the Stockholm School of Economics.

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

**SHAREHOLDING:** 16,500 B shares.



## FREDRIK CARLSSON BOARD MEMBER

- Born 1970, residence Gothenburg, Sweden.
- Board member since 2017.
- Chair of the Audit Committee
- CEO of Sönerna Carlsson Family Office AB.

### OTHER APPOINTMENTS:

Chairman of Sten A. Olssons Pensionsstiftelse, Svolder AB and Solid Försäkringsaktiebolag and member of the Board of Resurs Holding AB

### BACKGROUND:

Many years of experience from senior positions in international and Swedish companies, including Head of Research at SEB, Head of Equities at Andra AP-fonden, VP for European Telecom,

Media and Entertainment Groups at Bank of America Merrill Lynch in London, and industry specialist in telecom and technology at HSBC Investment Bank in London.

### EDUCATION:

Bachelor of Economics from Gothenburg School of Economics and MBA from Nijenrode University in the Netherlands.

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

**SHAREHOLDING:** 10,000 B shares (including holdings through companies and related parties).



## EVA LEACH BOARD MEMBER

- Born 1980, residence Enskede, Sverige.
- Member of the Board since 2019.
- Member of the Remuneration Committee.
- COO, Lifesum AB.

### OTHER APPOINTMENTS:

Member of the Board of NutraQ.

### BACKGROUND:

Long-term experience of digital marketing. Eva has held senior positions, including as MD with responsibility for online sales at Lowcosttravel-group, Head of Marketing at Holiday Autos and

Senior Ecommerce Service Manager at Hilton Worldwide.

### EDUCATION:

Bachelor of Economics from Halmstad University and the University of Lincoln, United Kingdom.

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

**SHAREHOLDING:** 0.



## JOHAN LUNDBERG BOARD MEMBER

- Born 1977, residence Stockholm, Sweden.
- Board member since 2018.
- Member of the Audit Committee

### OTHER APPOINTMENTS:

Member of the Board of Ölands Bank, Loomis AB and NFT Ventures AB, as well as associated companies in the NFT Ventures sphere.

### BACKGROUND:

Founding partner in NFT Ventures, one of Europe's leading FinTech investors and senior positions at companies such as MasterCard.

### EDUCATION:

Master's degree from Stockholm University and MBA from the Stockholm School of Economics.

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

**SHAREHOLDING:** 6,000 B shares.

## ANDREW MCCUE BOARD MEMBER

- Born 1974, residence Dublin, Ireland
- Board Member since 2020.
- Member of the Audit Committee

### OTHER APPOINTMENTS:

Chairman of the Board of Therapie Medical Limited and Camile Thai Limited.

### BACKGROUND:

CEO of The Restaurant Group plc (2016–2019). Prior to that, 10 years in various positions, including CEO of Paddy Power plc. Former Board member and Chair of the Remuneration Committee at the online travel

agency Hostelworld plc. Early in his career, Andy was active in strategic consultancy at OC&C and Arthur Andersen.

### EDUCATION:

Masters in Finance from London Business School and MA (Honours) Economics & Management from Cambridge University.

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

### SHAREHOLDING: 0.



## JAN NORD BOARD MEMBER

- Born 1955, residence Lidingö, Sweden.
- Board member since 2015.
- Member of the Remuneration Committee.

### OTHER APPOINTMENTS:

Board member of Svenska Brasserieer AB.

### BACKGROUND:

Creative Director focusing on brand strategy. Many years of experience of overall creative responsibility at H&M and Esprit over the past

fifteen years.

Previously ran the Nord & Co advertising agency.

### EDUCATION:

Graduated from Stockholm University.

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

### SHAREHOLDING: 0.



## NIKLAS RENSTRÖM

### AUTHORISED PUBLIC ACCOUNTANT PricewaterhouseCoopers AB

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



# GROUP MANAGEMENT



## PONTUS LINDWALL

### GROUP PRESIDENT AND CEO OF BETSSON AB

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

#### OTHER APPOINTMENTS:

Member of the Board of Nya Solporten Fastighets AB, Mostphotos AB and a number of internal company boards.

#### BACKGROUND:

Many years of experience in the gaming industry, both offline and online, including as founder of Net Entertainment and Group President and CEO of the Cherryföretagen group of companies.

#### EDUCATION:

MSc in Engineering from the Royal Institute of Technology (KTH), Stockholm.

#### SHAREHOLDING:

415,000 A shares, 615,000 B shares and 430,000 warrants.



## AMANDUS JABIN

### VICE PRESIDENT GLOBAL TAX, BETSSON AB

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

#### OTHER DIRECTORSHIPS: –

#### BACKGROUND:

More than 13 years' experience in international tax and law, most recently as a consultant at PwC.

Has also had several specialist and managerial

roles at the Swedish Tax Agency.

#### EDUCATION:

Law and management at the universities of Uppsala and Adelaide, Australia.

#### SHAREHOLDING:

140,000 warrants.



## JENNY LILLJEQVIST

### VICE PRESIDENT COMMUNICATIONS AND SUSTAINABILITY, BETSSON AB

- Born 1983, residence Stockholm, Sweden.
- Employed in the Group since 2020.

#### OTHER DIRECTORSHIPS: –

#### BACKGROUND:

More than 12 years of experience in corporate communication, public affairs and sustainability, most recently as head of public health communication at the Swedish Cancer Society.

Prior to that, consultant in public affairs and corporate communications at Diplomat Communications and Paues Åberg Communications.

#### EDUCATION:

Master of Economics from the Stockholm School of Economics.

#### SHAREHOLDING:

13,500 warrants.

## TRIIN TOOMEMETS-KRASNITSKI

### VICE PRESIDENT LEGAL

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

#### OTHER DIRECTORSHIPS: –

##### BACKGROUND:

Chief Legal Officer at Nordic Gaming Group, which was acquired by Betsson in 2012. Before that, attorney-at-law at the law firm Sorainen.

##### EDUCATION:

Bachelor of Laws from the University of Tartu and Master of Laws (LL.M.) in International Business Law from Central European University.

##### SHAREHOLDING:

3,500 B shares and 86,000 employee stock options.



## MARTIN ÖHMAN

### CFO, BETSSON AB

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

#### OTHER DIRECTORSHIPS: –

##### BACKGROUND:

Many years of experience from senior positions and extensive experience of M&A. Most recently CFO at Upplands Motor. Prior to that, CFO of the Handicare Group and CFO of Bactiguard.

MBA in accountancy and finance from the School of Business, Economics and Statistics at Umeå University.

##### SHAREHOLDING:

7,130 B shares and 140,000 warrants.



##### EDUCATION:

## FREDRIC LUNDÉN

### VICE PRESIDENT GOVERNANCE, RISK & COMPLIANCE, BETSSON AB

#### (CO-OPTED MEMBER OF THE MANAGEMENT TEAM)

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

#### OTHER DIRECTORSHIPS: –

##### BACKGROUND:

Several positions within SEB, including as head of the compliance function, compliance specialist and banking lawyer. Has also worked in the Legal Department of the Swedish Financial Supervisory Authority and as a judge at the

Svea Court of Appeal.

##### EDUCATION:

Bachelor of Laws from Stockholm University. Court of Appeal assessor in Svea Court of Appeal.

##### SHAREHOLDING:

27,500 warrants.



# THE SHARE AND SHAREHOLDERS

## SHARE STRUCTURE

At the end of 2020, Betsson had 144,493,238 shares, divided into 15,911,000 A shares, 122,504,730 B shares and 6,077,508 C shares. During the year, 349,000 A shares were converted into B shares at the request of shareholders. Each A share entitles the holder to ten votes. Each B share carries one vote, while C shares are held by the Company and do not carry any voting rights. The shares have equal access to Betsson's assets and profit.

## REPURCHASED SHARES

At year-end, the Company's holdings of own shares were 1,763,400 (1,084) B shares and 6,077,508 (6,077,508) C shares. 1,762,316 B shares were acquired during the year at an average price of SEK 34.05, while 1,084 B shares were acquired at an average price of SEK 19.42 during 2007 and 2008. The C shares were acquired at nominal value. The number of shares outstanding at year-end, excluding repurchased shares, amounted to 136,652,330 shares, of which 15,911,000 were A shares and 120,741,330 were B shares.

## SHARE SPLIT AND REDEMPTION PROGRAMME

The Annual General Meeting held on 11 June 2020 resolved on an automatic redemption programme, which meant that SEK 393.6 (538.4) million, equivalent to SEK 2.88 (3.89) per share, was distributed to the company's shareholders.

## BONUS ISSUE

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

## OWNERSHIP STRUCTURE

At the end of 2020, Betsson AB had 24,430 (25,421) shareholders. Foreign ownership amounted to 61 (57) percent of the share capital and 44 (41) percent of the votes.

## SHARE LIQUIDITY

In 2020, 213.0 (164.3) million shares were traded, and the share was traded during all 252 (250) trading days with a daily average turnover of 845,401 (657,155) shares.

## SHARE PRICE TREND AND TURNOVER

The share price (last paid) at year-end was SEK 73.70 (43.68), equivalent to a market capitalisation of SEK 10.6 (6.3) billion. The share reached a high for 2020 of SEK 80.00 (88.86) on 21 July, while the low for the year was SEK 25.70 (42.30) on 19 March. The average share price during the year was SEK 56.10 (60.22). Total turnover during 2020 was SEK 12.0 (9.9) billion, which is equivalent to a daily average turnover of SEK 47.4 (39.6) million.

## DIVIDEND POLICY AND PROPOSED DIVIDEND

The Board of Directors proposes to the annual general meeting (AGM) that SEK 502.9 (393.6) million, which corresponds to SEK 3.68 (2.88) per share, be distributed to shareholders through an automatic redemption process.

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

## SHARE PRICE TREND IN 2020



## SHARE PRICE TREND IN 2020



## ANALYSTS COVERING BETSSON

**ABG Sundal Collier** Erik Moberg, Aksel Engebakken  
**Carnegie** Oscar Erixon  
**DNB** Martin Arnell

**Kepler Cheuvreux**  
**Pareto Securities**  
**SEB** Hjalmar Ahlberg  
Marlon Värnik  
Mathias Lundberg

## MAJOR SHAREHOLDERS AT 31 DECEMBER 2020

	Number of A shares	Number of B and C shares	Share of capital	Share of votes
Hamberg family and companies	5,098,500		3.5 %	18.2 %
Danske Bank International S.A	3,931,000	533,500	3.1 %	14.2 %
Knutsson family and companies	3,010,000	3,150,000	4.3 %	11.9 %
Lindwall, Berit	1,683,000	85,000	1.2 %	6.0 %
State Street Bank & Trust Co.		14,392,474	10.0 %	5.1 %
Lundström family and companies	1,323,500	90,600	1.0 %	4.8 %
DNB		10,020,382	6.9 %	3.6 %
JPM Chase		5,958,727	4.1 %	2.1 %
BNY Metton NA		5,681,668	3.9 %	2.0 %
Pontus Lindwall	415,000	615,000	0.7 %	1.7 %
Other shareholders	450,000	80,213,979	55.9 %	30.4 %
Total external owners	15,911,000	120,741,330	94.6 %	100.0 %
Betsson AB (of which C 6,077,508 C shares)		7,840,908	5.4 %	0.0 %
<b>Total</b>	<b>15,911,000</b>	<b>128,582,238</b>	<b>100.0 %</b>	<b>100.0 %</b>

## SHARE CAPITAL COMPOSITION AT 31 DECEMBER 2020

Class of share	Number of shares	Number of votes	Quotient value	SEK
Shares, Class A – 10 votes per share	15,911,000	159,110,000	0.67	10,607,333
Shares, Class B, 1 vote per share	122,504,730	122,504,730	0.67	81,669,820
Shares, Class C – 0 votes per share	6,077,508	0	0.67	4,051,672
<b>Total shares</b>	<b>144,493,238</b>	<b>281,614,730</b>	<b>0.67</b>	<b>96,328,825</b>

## SHARE DISTRIBUTION AT 31 DECEMBER 2020

Number of shares	Number of shareholders	Share of total number of shareholders	Number of shares	Share of total number of shares	Share of voting rights
1–500	18,385	75.3 %	2,263,192	1.6 %	0.8 %
501–1,000	2,653	10.9 %	2,057,282	1.4 %	0.7 %
1,001–2,000	1,572	6.4 %	2,405,223	1.7 %	0.8 %
2,001–5,000	1,087	4.4 %	3,491,939	2.4 %	1.2 %
5,001–10,000	346	1.4 %	2,566,711	1.8 %	0.9 %
10,001–20,000	153	0.6 %	2,139,805	1.5 %	0.7 %
20,001–50,000	81	0.3 %	2,463,829	1.7 %	0.9 %
50,001–100,000	51	0.2 %	3,765,901	2.6 %	1.2 %
100,001–500,000	58	0.2 %	13,839,285	9.6 %	4.5 %
500,001–1,000,000	16	0.1 %	11,780,024	8.2 %	5.3 %
1,000,001–5,000,000	21	0.1 %	50,490,788	34.9 %	38.4 %
5,000,001–10,000,000	5	0.0 %	22,816,403	15.8 %	36.1 %
10,000,001–	2	0.0 %	24,412,856	16.9 %	8.5 %
<b>Total</b>	<b>24,430</b>	<b>100.0 %</b>	<b>144,493,238</b>	<b>100.0 %</b>	<b>100.0 %</b>

# FIVE-YEAR SUMMARY

Amount in SEK million unless otherwise stated

	2020	2019	2018	2017	2016
<b>Income Statement</b>					
Revenues	6,389.6	5,173.0	5,419.8	4,716.5	4,117.3
Gross profit	4,100.9	3,427.6	3,859.9	3,419.4	3,078.0
Operating income	1,125.2	865.0	1,193.7	882.2	946.4
Profit/loss before tax	1,068.8	810.9	1,152.4	842.9	936.0
<b>Income after tax</b>	<b>990.8</b>	<b>787.1</b>	<b>1,078.1</b>	<b>786.5</b>	<b>878.0</b>
<b>Balance Sheet</b>					
Intangible fixed assets	5,321.4	5,218.9	5,164.5	4,943.4	4,627.5
Property, plant and equipment	71.7	74.4	95.5	97.7	85.9
Right-of-use assets	207.6	99.0	–	–	–
Financial fixed assets	18.3	13.7	1.4	11.8	12.6
Deferred tax receivables	34.6	50.0	57.1	43.8	34.9
Current receivables	1,747.9	1,598.7	1,664.1	1,241.9	1,057.4
Cash and cash equivalents	863.2	639.2	488.7	479.5	444.3
<b>Total assets</b>	<b>8,264.6</b>	<b>7,693.9</b>	<b>7,471.2</b>	<b>6,817.9</b>	<b>6,262.5</b>
Shareholders' Equity	5,062.9	4,899.0	4,589.3	3,666.9	3,502.9
Provisions	17.1	29.1	74.6	42.2	21.0
Interest-bearing non-current liabilities	1,123.0	1,020.5	93.5	993.9	1,325.6
Current liabilities	2,061.6	1,745.3	2,713.8	2,114.9	1,413.0
<b>Total equity and liabilities</b>	<b>8,264.6</b>	<b>7,693.9</b>	<b>7,471.2</b>	<b>6,817.9</b>	<b>6,262.5</b>
<b>Cash Flow</b>					
Cash flow from operating activities	1,384.2	1,150.3	1,273.3	946.7	1,168.5
Cash flow from investing activities	-693.8	-293.6	-294.2	-524.0	-648.9
Cash flow from financing activities	-428.1	-714.4	-990.5	-389.7	-616.9
<b>Total cash flow</b>	<b>262.3</b>	<b>142.3</b>	<b>-11.4</b>	<b>32.9</b>	<b>-97.4</b>
<b>Revenues per product</b>					
Casino	4,890.6	3,836.9	4,077.5	3,437.9	2,907.8
Sportbook	1,423.0	1,265.0	1,244.0	1,140.3	1,080.4
Other	76.0	71.1	98.3	138.2	129.1
<b>Total</b>	<b>6,389.6</b>	<b>5,173.0</b>	<b>5,419.8</b>	<b>4,716.5</b>	<b>4,117.3</b>
<b>Revenues per region</b>					
Nordic countries	2,100.2	2,026.8	2,517.5	2,258.1	2,013.8
Western Europe	1,905.3	1,607.4	1,734.7	1,350.7	926.2
Central and Eastern Europe and Central Asia	1,746.8	1,221.9	940.4	943.5	1,073.1
Other	637.3	316.9	227.2	164.1	104.2
<b>Total</b>	<b>6,389.6</b>	<b>5,173.0</b>	<b>5,419.8</b>	<b>4,716.5</b>	<b>4,117.2</b>

	2020	2019	2018	2017	2016
<b>Number of customers</b>					
Number of registered customers (thousands)	19,618.0	15,115.0	14,010.0	12,993.0	10,101.0
Number of active customers (thousands)	990.0	686.5	668.7	615.5	573.3
<b>Profitability and financial position</b>					
Gross margin	64.2 %	66.3 %	71.2 %	72.5 %	74.8 %
EBITDA margin	23.2 %	23.8 %	27.8 %	24.4 %	28.1 %
Operating margin	17.6 %	16.7 %	22.0 %	18.7 %	23.0 %
Profit margin	16.7 %	15.6 %	21.3 %	17.9 %	22.7 %
Return on equity	19.9 %	16.5 %	26.0 %	21.9 %	26.0 %
Return on total capital (%)	13.7 %	11.5 %	16.7 %	13.5 %	15.8 %
Return on total capital employed (%)	18.1 %	15.0 %	21.7 %	17.4 %	21.8 %
Equity/assets ratio	61.3 %	63.7 %	61.0 %	53.8 %	56.0 %
Net debt	158.0	186.6	245.4	1,074.6	873.6
Net debt / EBITDA	0.1	0.2	0.2	0.9	0.8
<b>Deposited amounts</b>					
Customer deposits, all gaming solutions	27,787.1	19,851.6	18,726.0	16,308.0	14,457.6
<b>Investments</b>					
Investments	365.7	265.1	294.2	282.9	316.7
<b>Personnel</b>					
Average number of employees	1,678	1,522	1,602	1,870	1,661
Number of employees at year-end	1,792	1,589	1,547	1,873	1,821
<b>The share</b>					
Share capital	96.3	96.3	96.3	96.3	96.3
Number of shares outstanding at year-end	136,652,330	138,414,646	138,414,646	138,414,646	138,414,646
Number of own shares at year-end	7,840,908	6,078,592	6,078,592	6,078,592	6,078,592
Number of shares at year-end	144,493,238	144,493,238	144,493,238	144,493,238	144,493,238
Average number of shares outstanding	137,533,488	138,414,646	138,414,646	138,414,646	138,414,571
Average number of shares outstanding after dilution	137,533,488	138,414,646	138,414,646	138,414,646	138,414,571
Number of registered shareholders	24,430	25,421	28,636	40,009	41,056
Average share price (SEK)	56.10	60.22	65.86	73.60	93.80
Share price at year-end (SEK)	73.70	43.68	73.00	60.50	87.90
Market capitalisation at year-end	10,649.2	6,311.5	10,548.0	8,741.8	12,701.0
Earnings per share (SEK)	7.32	5.69	7.79	5.68	6.34
Earnings per share after dilution (SEK)	7.32	5.69	7.79	5.68	6.34
Equity per share (SEK)	37.05	35.38	33.16	26.49	25.31
Dividend or equivalent per share (SEK)	3.68	2.88	3.89	2.84	4.76
Dividend amount	502.9	393.6	538.4	393.1	658.9

# CONSOLIDATED INCOME STATEMENTS

Amounts in SEK thousand

	Not	2020	2019
<b>Revenues</b>	3,4	6,389,567	5,172,973
<b>Total</b>		<b>6,389,567</b>	<b>5,172,973</b>
<b>Costs of services provided</b>	5	-2,288,704	-1,745,392
<b>Gross profit</b>		<b>4,100,863</b>	<b>3,427,581</b>
<b>Operating expenses</b>			
Work performed by the Company or its own use and capitalised		245,407	202,438
Marketing expenses		-1,096,461	-898,078
Personnel costs	7	-890,918	-790,217
Other external expenses	6	-844,802	-701,807
Depreciation and amortisation	8	-359,108	-364,753
Other operating income/expenses	9	-29,766	-10,123
<b>Total operating expenses</b>		<b>-2,975,648</b>	<b>-2,562,540</b>
<b>Operating income</b>		<b>1,125,215</b>	<b>865,041</b>
<b>Net financial items</b>	10		
Financial income		3,240	5,194
Financial expenses		-59,690	-59,378
<b>Total net financial items</b>		<b>-56,450</b>	<b>-54,184</b>
<b>Profit/loss before tax</b>		<b>1,068,765</b>	<b>810,857</b>
Income tax	13	-77,973	-23,756
<b>Profit/loss for the year</b>		<b>990,792</b>	<b>787,100</b>
<b>Of which attributable to:</b>			
- shareholders in the Parent Company		1,006,482	787,465
- non-controlling interests		-15,690	-364
<b>Earnings per share in continuing operations</b>			
- before dilution (SEK)	11	7.32	5.69
- after dilution (SEK)	11	7.32	5.69
Proposed/paid dividend per share (SEK)	12	3.68	2.88

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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Amounts in SEK thousand

	Not	2020	2019
<b>Net income for the period</b>		990,792	787,100
<b>Other comprehensive income</b>			
Items that can subsequently be reversed in the income statement :			
Hedging of net investments in foreign currency		24,944	20,474
Deferred tax on hedging of net investments in foreign currency	13	-5,388	-4,498
Exchange rate differences on translation of foreign operations		-419,412	41,569
<b>Other comprehensive income for the period (after tax)</b>		-399,856	57,545
<b>Total comprehensive income for the period</b>		590,936	844,645
<b>Of which attributable to:</b>			
- shareholders in the Parent Company		606,626	845,009
- non-controlling interests		-15,690	-364

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in SEK thousand

ASSETS	Not	2020-12-31	2019-12-31
<b>Non-current assets</b>			
Intangible fixed assets	14	5,321,407	5,218,950
Property, plant and equipment	15	71,650	74,372
Right-of-use assets	15	207,605	98,988
Financial fixed assets	18	18,275	13,653
Other longterm receivables	19	-	1,168
Deferred tax assets	13	34,630	50,010
<b>Total Non-current assets</b>		<b>5,653,567</b>	<b>5,457,142</b>
<b>Current assets</b>			
Tax assets	13	555,908	557,529
Other receivables	20	1,093,366	940,972
Prepaid expenses and accrued income	21	98,596	99,140
Cash and cash equivalents	22	863,165	639,155
<b>Total current assets</b>		<b>2,611,035</b>	<b>2,236,796</b>
<b>Total assets</b>		<b>8,264,602</b>	<b>7,693,938</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital	23	96,329	96,329
Other contributed capital		1,439,975	1,438,757
Reserves		41,179	441,035
Retained earnings including net income for the year		3,460,051	2,921,507
Non-controlling interests		25,359	1,425
<b>Total equity</b>		<b>5,062,893</b>	<b>4,899,053</b>
<b>Non-current liabilities</b>			
Provisions,gaming taxes		-	14,475
Deferred tax liabilities	13	17,132	14,570
Bond loan	24	991,265	986,273
Lease liabilities	15	131,793	34,200
<b>Total non-current liabilities</b>		<b>1,140,190</b>	<b>1,049,518</b>
<b>Current liabilities</b>			
Current liabilities to credit institutions	24	70,263	-
Accounts payable		70,276	83,364
Tax liabilities	13	639,117	666,675
Other liabilities	25	757,483	579,597
Accrued expenses and deferred income	26	465,936	364,343
Lease liabilities	15	58,444	51,389
<b>Total current liabilities</b>		<b>2,061,519</b>	<b>1,745,368</b>
<b>Total equity and liabilities</b>		<b>8,264,602</b>	<b>7,693,938</b>

# CONSOLIDATED CASH FLOW STATEMENTS

Amounts in SEK thousand

	2020	2019
<b>Operating activities</b>		
Profit/loss before taxes	1,068,765	810,857
<b>Adjustments for items not included in cash flow</b>		
Depreciation	359,108	364,753
Share of shareholders' equity and share of profit/loss in associated company	-	380
Share-based remuneration	1,369	1,807
Unrealised currency effects	21,882	-5,458
Other items	10,709	-
<b>Paid company tax</b>	<b>-76,613</b>	<b>-64,017</b>
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,385,220</b>	<b>1,108,322</b>
<b>Changes in working capital</b>		
Changes in current receivables	-151,828	41,266
Changes in current liabilities	150,780	691
<b>Cash flow from operating activities</b>	<b>1,384,172</b>	<b>1,150,278</b>
<b>Investing activities</b>		
Acquisition of intangible fixed assets	-317,185	-232,380
Acquisition of property, plant and equipment	-48,536	-32,688
Acquisition of shares in subsidiary companies	-385,032	-28,528
Acquisition of shares in associates	-4,621	-
Acquired cash and cash equivalents	61,560	-
<b>Cash flow from investing activities</b>	<b>-693,814</b>	<b>-293,596</b>
<b>Financing activities</b>		
Share redemption programme	-393,559	-538,433
Raised bank loans	290,046	-
Repayment of bank loans	-216,057	-91,616
Additional purchase consideration	-	-10,251
Lease payments	-49,693	-59,557
Raised bond loan	-	985,100
Bond redemption	-	-1,000,000
Premiums received for issued warrants	1,218	441
Cash paid upon redemption of warrants and employee stock options	-	-93
Repurchase own shares	-60,059	-
<b>Cash flow from financing activities</b>	<b>-428,104</b>	<b>-714,409</b>
<b>Change in cash and cash equivalents</b>	<b>262,254</b>	<b>142,274</b>
Cash and cash equivalents at the beginning of the year	639,155	488,747
Exchange rate differences in cash and cash equivalents	-38,244	8,134
<b>Cash and cash equivalents at year-end</b>	<b>863,165</b>	<b>639,155</b>
<b>Additional information</b>		
Unutilised credit facilities amounted to	726,012	800,000
Interest paid during the year amounted to	-44,642	-37,179
Interest received during the year amounted to	3,236	2,140

# CHANGES IN EQUITY FOR THE GROUP

Amounts in SEK thousand

	Share capital	Other contributed capital	Translation reserve	Retained earnings including net income for the year	Total equity
<b>Opening balance Shareholders' equity, 1st Jan 2019, attributable to shareholders in the parent company</b>	96,329	1,438,315	383,490	2,671,126	4,589,259
<b>Comprehensive income for the year 2019</b>					
Profit/loss for the year				787,100	787,100
Hedging of net investments in foreign currency			15,976		15,976
Exchange rate differences on translation of foreign operations			41,569		41,569
<b>Total comprehensive income for the period</b>			57,545	787,100	844,645
<b>Transactions with the Company's owners 2019</b>					
Share redemption	-48,165			-490,268	-538,433
Bonus issue	48,165			-48,165	0
Employee stock options, value of employee services				1,807	1,807
Redemption of employee stock options and warrants				-93	-93
Premiums received for warrants		442			442
<b>Closing balance Shareholders' equity, 2019-12-31, attributable to shareholders in the parent company</b>	96,329	1,438,757	441,035	2,921,507	4,897,628
Non-controlling interests					1,425
<b>Total equity 2019-12-31</b>					4,899,053
<b>Opening balance Shareholders' equity, 1st Jan 2020, attributable to shareholders in the parent company</b>	96,329	1,438,757	441,035	2,921,507	4,897,628
<b>Comprehensive income for the year 2020</b>					
Profit/loss for the year				990,792	990,792
Hedging of net investments in foreign currency			19,556		19,556
Exchange rate differences on translation of foreign operations			-419,412		-419,412
<b>Total comprehensive income for the period</b>			-399,856	990,792	590,936
<b>Transactions with the Company's owners 2020</b>					
Share redemption	-48,165			-345,393	-393,558
Bonus issue	48,165			-48,165	0
Employee stock options, value of employee services				1,369	1,369
Repurchase own shares				-60,059	-60,059
Premiums received for warrants		1,218			1,218
<b>Closing balance Shareholders' equity, 2020-12-31, attributable to shareholders in the parent company</b>	96,329	1,439,975	41,179	3,460,051	5,037,534
Non-controlling interests					25,359
<b>Total equity 2020-12-31</b>					5,062,893

# PARENT COMPANY INCOME STATEMENTS

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Amounts in SEK thousand

	Not	2020	2019
Revenues	3	36,090	32,060
<b>Total</b>		<b>36,090</b>	<b>32,060</b>
<b>Operating expenses</b>			
Personnel costs	7	-42,581	-29,932
Other external expenses	6	-59,485	-50,788
Depreciation	8	-1,464	-1,153
Other operating income/expenses	9	-8,240	-874
<b>Total operating expenses</b>		<b>-111,770</b>	<b>-82,747</b>
<b>Operating income</b>		<b>-75,680</b>	<b>-50,687</b>
<b>Financial items</b>	10		
Income from participations in Group companies		987,393	1,002,153
Profit/loss from interests in Group companies, Group contributions		54,609	55,492
Interest income and similar items		26,047	20,328
Interest expenses and similar items		-51,500	-50,237
<b>Total net financial items</b>		<b>1,016,549</b>	<b>1,027,736</b>
<b>Result after financial items</b>		<b>940,869</b>	<b>977,049</b>
<b>Profit/loss before tax</b>		<b>940,869</b>	<b>977,049</b>
Income tax	13	0	0
<b>Profit/loss for the year</b>		<b>940,869</b>	<b>977,049</b>
Proposed/paid dividend per share	12	3.68	2.88

# PARENT COMPANY BALANCE SHEETS

Amounts in SEK thousand

	Not	2020	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets			
Property, plant and equipment	15	4,176	5,085
<b>Total tangible fixed assets</b>		<b>4,176</b>	<b>5,085</b>
<b>Financial fixed assets</b>			
Participations in Group companies	16,17	5,726,132	5,157,212
Deferred tax receivables	13	11,660	11,660
<b>Total financial fixed assets</b>		<b>5,737,792</b>	<b>5,168,872</b>
<b>Total non-current assets</b>		<b>5,741,968</b>	<b>5,173,957</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group Companies	29	937,132	988,518
Tax assets	13	866	849
Other receivables	20	3,560	612
Prepaid expenses and accrued income	21	5,770	5,603
<b>Total current receivables</b>		<b>947,328</b>	<b>995,582</b>
Cash and bank balances	22	373,600	239,419
<b>Total current assets</b>		<b>1,320,928</b>	<b>1,235,001</b>
<b>TOTAL ASSETS</b>		<b>7,062,896</b>	<b>6,408,958</b>

Amounts in SEK thousand

	Not	2020	2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
Share capital	23	96,329	96,329
Statutory reserve fund		253,279	253,279
<b>Total restricted equity</b>		<b>349,608</b>	<b>349,608</b>
<b>Non-restricted equity</b>			
Share premium reserve		1,192,408	1,192,408
Retained earnings		3,243,758	2,719,108
Profit/loss for the year		940,869	977,049
<b>Total non-restricted equity</b>		<b>5,377,035</b>	<b>4,888,565</b>
<b>Total equity</b>		<b>5,726,643</b>	<b>5,238,173</b>
<b>Non-current liabilities</b>			
Bond loan		991,265	986,272
<b>Total non-current liabilities</b>		<b>991,265</b>	<b>986,272</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	24	73,989	0
Accounts payable		4,077	3,004
Liabilities to Group companies	29	248,734	173,135
Other liabilities	25	2,419	1,535
Accrued expenses and deferred income	26	15,769	6,839
<b>Total current liabilities</b>		<b>344,988</b>	<b>184,513</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,062,896</b>	<b>6,408,958</b>

# PARENT COMPANY CASH FLOW STATEMENTS

Amounts in SEK thousand

	2020	2019
<b>Operating activities</b>		
Profit/loss before taxes	940,869	977,049
<b>Adjustments for items not included in cash flow</b>		
Depreciation	1,464	1,153
Capital gains/losses from divestments/disposals	-	-
Exchange differences and other	14,934	-873
<b>Cash flow from operating activities before changes in working capital</b>	<b>957,267</b>	<b>977,329</b>
<b>Changes in working capital</b>		
Changes in current receivables	48,054	-93,573
Changes in current liabilities	76,746	-39,444
<b>Cash flow from operating activities</b>	<b>1,082,067</b>	<b>844,312</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	-555	-5,087
Acquisitions of shares and participations, subsidiaries	-568,920	-133,266
Paid shareholder contributions	0	0
<b>Cash flow from investing activities</b>	<b>-569,475</b>	<b>-138,353</b>
<b>Financing activities</b>		
Share redemption	-393,559	-538,433
Bond issue	-	985,100
Bond redemption	-	-1,000,000
Premiums received for issued warrants	1,218	442
Cash paid upon redemption of warrants and employee stock options	-	-93
Raised loans	290,046	0
Repaid loans	-216,057	-91,616
Paid additional considerations acquisitions	-	-10,251
Repurchase own shares	-60,059	-
<b>Cash flow from financing activities</b>	<b>-378,411</b>	<b>-654,851</b>
<b>Change in cash and cash equivalents</b>	<b>134,181</b>	<b>51,107</b>
Cash and cash equivalents at the beginning of the year	239,419	188,312
Exchange rate differences in cash and cash equivalents	-	-
<b>Cash and cash equivalents at year-end</b>	<b>373,600</b>	<b>239,419</b>
<b>Additional information</b>		
Unutilised credit facilities amounted to	726,012	800,000
Interest paid during the year amounted to	-44,430	-36,863
Interest received during the year amounted to	-	-

# CHANGES IN EQUITY FOR THE PARENT COMPANY

Amounts in SEK thousand

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY			Total equity
	Share capital	Statutory reserve fund	Share premium reserve	Retained Earnings	Profit for the year	
<b>Opening balance Shareholders' equity, 1 Jan 2019</b>	96,329	253,279	1,192,408	2,153,296	1,103,896	4,799,208
Appropriation according to AGM				1,103,896	-1,103,896	0
Share redemption	-48,165			-490,268		-538,433
Bonus issue	48,165			-48,165		0
Received payment - warrants issued				442		442
Redemption of employee stock options and warrants				-93		-93
Group contributions					55,492	55,492
Profit/loss for the year, excl, Group contributions					921,557	921,557
<b>Closing balance Shareholders' equity, 31 Dec 2019</b>	96,329	253,279	1,192,408	2,719,108	977,049	5,238,173
<b>Opening balance Shareholders' equity, 1 Jan 2020</b>	96,329	253,279	1,192,408	2,719,108	977,049	5,238,173
Appropriation according to AGM				977,049	-977,049	0
Share redemption	-48,165			-345,393		-393,558
Bonus issue	48,165			-48,165		0
Received payment - warrants issued				1,218		1,218
Repurchase own shares				-60,059		-60,059
Group contributions					54,609	54,609
Profit/loss for the year, excl, Group contributions					886,260	886,260
<b>Closing balance Shareholders' equity, 31 Dec 2020</b>	96,329	253,279	1,192,408	3,243,758	940,869	5,726,643

# NOTES

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## NOTE 1. GENERAL INFORMATION

Betsson AB (parent company, CIN 556090-4251) conducts gaming operations over the internet through its subsidiaries.

Business activities are primarily operated via companies in Sweden, Malta and Gibraltar.

The parent company is a limited company with registered address in Stockholm. The address of the Company's registered office is Regeringsgatan 28, 111 53 Stockholm.

The parent company is listed on Nasdaq Stockholm Large Cap List.

These consolidated financial statements were approved by the Board for publication on 29 March, 2021. All amounts stated in these Notes are in SEK thousand, unless stated otherwise.

## NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING AND VALUATION PRINCIPLES

The most important accounting principles applied in these consolidated financial statements are described below. These principles have been applied consistently for all years presented, unless stated otherwise.

### Basis of preparation

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups, and International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The accounts have been prepared using the cost method except for financial assets and liabilities (including derivative instruments), which have been measured at fair value through profit and loss.

The parent company has prepared its annual report according to the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR implies that the parent company, in its annual report for the legal entity, will apply all IFRS statements as adopted by the EU, as far as possible within the framework of the Swedish Annual Accounts Act, and taking into account the correlation between accounting and taxation. Any differences between the parent company's annual financial statements and the consolidated financial statements relate mainly to the presentation of the income statements and the balance sheets, which, for the parent company, follow the format stipulated in the Swedish Annual Accounts Act.

### New standards, amendments and interpretations

IFRS amendments applicable from 1 January 2020 have not had a material impact on the consolidated financial statements.

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

### Applied basis of valuation and classification

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

Assets and liabilities are reported at acquisition cost, except for certain financial instruments which are reported at fair value. Financial assets and liabilities reported at fair value consist of financial instruments classified as financial

assets measured at fair value through profit and loss.

Assets are classified as current assets if they are expected to be sold or are intended for sale or consumption during the Company's normal operating cycle, if they are held primarily for trading purposes, if they are expected to be realised within twelve months, or if they comprise cash and cash equivalents. All other assets are classified as fixed assets.

Liabilities are classified as current liabilities if they are expected to be settled during the Company's normal operating cycle, if they are held primarily for trading purposes, if they are expected to be settled within twelve months or if the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the closing date. All other liabilities are classified as non-current liabilities.

### Estimations and assumptions in the financial statements

In order to prepare financial statements in accordance with IFRS, the application of various important estimations and assumptions for accounting purposes is required. Management is also required to make assessments regarding the application of the Group's accounting principles. The areas including a high degree of assessment, which are complex, or in which estimations and assumptions are of material importance for the consolidated financial statements, include assumptions regarding the impairment testing of goodwill and brand. See Note 14.

### Basis for consolidation

The consolidated financial statements include the parent company and companies in which the parent company, directly or indirectly, holds more than fifty percent of the voting rights or otherwise exercises a controlling interest.

The consolidated financial statements have been prepared in accordance with the purchase method, which means that the parent company indirectly acquires the subsidiary company's assets and assumes its liabilities. The difference between the purchase consideration and the fair value of the acquired identifiable net assets on acquisition date represents the cost of goodwill, which is recognised as an asset in the balance sheet. If the difference is negative, it is reported as revenue in the income statement. Costs related to acquisitions are expensed as they arise.

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

Subsidiaries are included in the consolidated financial statements with effect from the day controlling interest is transferred to the Group. They are excluded in the consolidated financial statements with effect from the day controlling interest expires. Revenues, expenses, assets and liabilities which are attributable to subsidiaries are included in the consolidated financial statements from the date on which control is assumed and until the date on which such control is relinquished. Intra-Group receivables and liabilities, and transactions between Group companies, with associated gains, are eliminated in full.

### **Associated companies**

Associated companies are companies in which the Group has a significant, but not controlling, influence, which generally applies to shareholdings corresponding to between 20 and 50 percent of the votes. Holdings in associated companies are reported in accordance with the equity accounting method, which means investments are initially valued at acquisition cost, after which the carrying value is decreased or increased in order to reflect the Group's share of the associated company's profit or loss after the acquisition date. The value of participations in associated companies includes goodwill identified upon acquisition.

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

### **Reporting per segment**

The Group's operations are reported on the basis of one single operating segment, in accordance with the definition of an operating segment as stated in the applicable accounting principles. The basis applied for identifying operating segments for which separate reports can be prepared is the internal reporting presented to and followed-up on by the Group's most senior executive decision-making body, which is, in Betsson AB's case, the CEO. The CEO monitors operating income for the entire operations as one operating segment in a matrix organisation.

### **Foreign currencies**

#### **Receivables and liabilities in foreign currencies**

Receivables and liabilities in foreign currencies are valued at the closing rate of exchange. Exchange rate differences arising on translation are recognised in the income statement.

#### **Translation of foreign operations**

Operations with a functional currency other than SEK are translated into SEK through the translation of all assets, provisions and other liabilities at the closing rate and the translation of all items in the income statement at the average exchange rate. Translation differences are reported in other comprehensive income.

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

### **Revenues**

Invoiced licence revenues regarding the provision of the technical platform and revenues from the Group's gaming operations are reported as revenues. Marginal revenues generated from sold services and unrelated to gaming are also included. Gaming transactions in which the Company's revenue consists of a commission, fixed percentage of winnings or similar are reported net after deduction for player winnings, bonuses, jackpot contributions and costs for loyalty programmes. This applies to Poker, Casino, Scratchcards, Bingo and Games.

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

The portion of revenues reserved for customer bonus points in Betsson's loyalty programme is reported only when the customers actually redeem the points. License revenues from external gaming operators is based on the usage of the provided technical platform and other software. Revenues is invoiced and reported at the time of the usage. The transaction price is variable and measured on a monthly basis. Invoiced amounts normally have payment terms of 60 days.

Revenues attributable to gaming transactions in which the Company assumes an open position against the player are reported according to IFRS 9.

Revenues from services sold are reported exclusive of VAT and discounts and after the elimination of intra-Group sales. Services sold include consultancy, rental and management revenues. The majority of these services relate to intra-Group sales from the parent company. External revenues from services sold are negligible.

### **Cost of services provided**

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

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

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

### **Gross profit**

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

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

### **Work performed by the Company for its own use and capitalised**

Work performed by the Company for its own use and capitalised refers to direct expenditure for the period on salaries, other payroll-related costs and services purchased, as well as indirect costs attributed to development projects, recorded as assets in the balance sheet.

## **Marketing expenses**

This item includes external costs for production and distribution of marketing in different media.

## **Leases**

With effect from 1 January 2019, the Group's lease contracts are recognised in accordance with IFRS 16. On transition, the Group chose to apply the simplified transition approach, which means that leases that have been identified as leases under previous accounting rules have not been re-examined. On transition (1 January 2019), the lease liabilities were measured at the present value of the remaining lease payments, and the right-of-use asset was recognised at an amount corresponding to the lease liability.

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

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

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

## **Share-based remunerations**

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

The fair value of the services entitling employees to be allocated options is expensed. The total amount to be written off is based on the fair value of the allocated options, excluding the impact of any non-market-related services and vesting conditions for the options (for example, profitability, targets for sales increases and that the employee remains with the Company for a specified time period). Non-market-related conditions for vesting are taken into consideration in the assumptions applied as regards the number of options expected to be earned. The total amount to be expensed is distributed over the entirety of the vesting period, which is the period during which all of the stated vesting conditions are to be fulfilled. On closing date, the Company reviews all estimates regarding the number of shares expected to be earned,

based on the non-market related vesting conditions. Any deviations from initial assessments are reported in the income statement and corresponding adjustments are made in shareholders' equity. Payments received, after deduction for any directly attributable transaction costs, are credited to share capital (quotient value) and other contributed capital when the options are exercised.

## **Pension costs**

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

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

For the financial year 2020 and earlier, the Group has not had access to information enabling it to report its proportional share of the plan's obligations plan assets and expenses, implying that it has been impossible to report this plan as a defined-benefit plan. The ITP pension plan that is secured through insurance in Alecta is, consequently, reported as a defined-contribution plan. The premium for the defined-contribution plan is individual and is determined on the basis of, among other things, the age, salary and previous earned pension of the insured. Expected fees for the next reporting period for pension insurance secured with Alecta amount to SEK 2,500 thousand. The Group's share of the plan is immaterial. The collective funding ratio consists of the market value of Alecta's assets as a percentage of insurance undertakings calculated according to Alecta's actuarial assumptions, which do not comply with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio is less than 125 percent or greater than 155 percent, measures shall be taken in order to create the conditions for the funding ratio to return to the normal range. In the event that the collective funding ratio exceeds 155 percent, Alecta's surplus may be distributed to the policyholders and/or the insured. However, Alecta implements premium reductions to avoid a surplus arising.

At the end of 2020, Alecta's surplus of the collective funding ratio amounted to 148 (148) percent.

## **Other operating income/expenses**

Effects of secondary activities conducted within the course of ordinary operations concerning operating receivables and liabilities are reported as other operating income/expenses. These include, primarily, realised and unrealised exchange rate gains and losses on operations and gains and losses from sales and disposals of non-current assets or businesses.

## **Taxes**

### **Income tax**

Tax reported in the income statement comprises current tax and deferred tax. Current tax consists of tax to be paid or received during the current year. This amount also includes the adjustment of current tax attributable to prior periods. Taxes are reported in the income statement, except

when the tax relates to items reported in Other comprehensive income or directly in shareholders' equity. Deferred tax is calculated, using the balance sheet method, based on temporary differences between the reported and fiscal values of assets and liabilities by applying the tax rates and tax rules that have been determined or announced as of balance day.

Temporary differences are not taken into consideration in consolidated goodwill, nor are temporary differences attributable to participations in subsidiaries and associated companies, which are not expected to be taxed in the foreseeable future.

Deferred tax assets on deductible temporary differences and tax loss carry forwards are reported to the extent that it is probable that these will be utilised and will result in lower tax payments in the future.

#### Gaming tax:

Gaming related taxes are reported as cost of services provided and included in operating income.

#### Financial instruments

##### Recognition and measurement of financial instruments

Financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized when the obligation is satisfied, cancelled or has expired.

Financial instruments are initially recognised at acquisition cost, equivalent to the instrument's fair value including transaction costs, except financial instruments measured at fair value through profit and loss, for which transaction costs are written off immediately. The subsequent accounting treatment depends on the manner in which the instruments have been classified according to the definitions below. The classification depends on the purpose for which the financial instruments were acquired or incurred.

##### Classification and subsequent measurement

Financial assets and liabilities that are subject to IFRS9, are to be classified according to the following categories:

- Financial assets and liabilities measured at fair value through profit and loss or comprehensive income
- Financial assets and liabilities amortised at cost.

##### Financial assets measured at amortised cost

All of the Groups financial assets are classified as subsequently measured at amortised cost. Assets recorded at amortized cost include trade receivables, other receivables and cash and cash equivalents. Accounts receivable are recorded in the amounts that are expected to be received after deductions for estimated, undiscounted bad debts. The impairment of accounts receivable and recovered write-downs is reported in operating expenses.

##### Financial liabilities measured at amortised cost

Financial liabilities measured at amortized cost include borrowings, accounts payables and other liabilities.

Financial liabilities are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

Outstanding bets in the games in which Betsson assumes open positions against the players are expensed (i.e. no profits are reported from games which have not been concluded as per the balance sheet date) and are included in the financial liabilities at acquisition cost.

##### Financial assets and liabilities measured at fair value

The fair values of financial assets and liabilities have been calculated based on market value, where possible. The fair values of interest-bearing financial assets and liabilities that are not derivatives are calculated based on future cash flows of principal and interest according to the effective interest method.

Financial assets and liabilities, in the form of derivatives, are recognised at fair value in the income statement in cases in which hedge accounting is not applied. The earnings effects for the games that are classified as derivatives are reported in revenues in the income statement, whilst other derivatives' earnings effects are reported as other operating income and other operating expenses.

##### Intangible fixed assets

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

##### Development expenditure and other intangible fixed assets

Intangible fixed assets include development expenditure and acquired expenses in the form of other brands/ domains and customer databases, etc. Development expenditure is capitalised as assets in the balance sheet where the following criteria are met:

1. It is technically feasible to complete the asset so that it will be available for use
2. Management intends to complete the asset and use or sell it
3. There is an ability to use or sell the asset
4. It can be demonstrated how the asset will generate probable future economic benefits
5. Adequate technical, financial and other resources to complete the development and to use or sell the asset are available.
6. The expenditure attributable to the asset during its development can be reliably measured.

In case if no internally generated intangible asset can be recognized, development costs are reported in the period they arise. Only expenses incurred in conjunction with the development phase of online gaming products, gaming systems, gaming platforms and the integration of these and

payment solutions are capitalised. Assets are recorded from when the decision to proceed with the respective project is undertaken and the conditions are in place to do so. The carrying value includes costs for materials, services purchased, direct spending on salaries and indirect expenses which can be attributed to the asset in a reasonable and consistent manner. Development expenditure is included at acquisition cost with deductions for accumulated depreciation/amortisation and impairment. Other intangible assets are reported at cost with deductions for accumulated amortisation and impairment.

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

#### **Property, plant and equipment**

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

#### **Depreciation/amortisation and impairment**

Depreciation/amortisation is based on the original cost reduced by estimated residual value, taking into account prior impairment. Depreciation/amortisation is applied on a straight-line basis over the asset's estimated useful life.

The following useful lifetimes are applied:

Brands, domain names	indefinite
Customer databases	2-3 years
Capitalised development expenditure for games, gaming systems and gaming platforms	max 3 years
Office equipment and -fittings	5-7 years
Servers and similar	5 years
Other hardware	5 years
Computer within technology and development	expensed directly
Vehicles	3-5 years

The assessment of an asset's residual value and useful life are reviewed on an annual basis.

If there are any indications that tangible or intangible fixed assets have an exceedingly high carrying value, an analysis is undertaken in which the specific type of the asset, or naturally related types of assets, is determined as either the net realisable value or the value in use, whichever is the higher. Value in use is measured as the expected future discounted cash flow. Intangible assets which are not yet ready for use or sale are tested annually for impairment, regardless of whether there is an indication of a decrease in value.

Any impairment consists of the difference between the carrying value and the recoverable amount. Impairment is reversed when it is no longer justified. Such reversals are recognised at a maximum value, not to exceed the book value that would have been reported, with deduction for depreciation, if no impairment had taken place. Goodwill impairments are not reversed.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash and immediately available balances at banks and similar institutions plus short-term liquid investments maturing less than

three months from acquisition date and which are subject only to an insignificant risk of value fluctuations.

#### **Borrowing**

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

#### **Accounts payable**

Accounts payable are obligations to pay for goods or services acquired in the normal course of operations from suppliers. Accounts payable are classified as current liabilities if they fall due for payment within one year or earlier (or during the normal operational cycles, whichever is longer). If these conditions are not met, they are classified as non-current liabilities.

Accounts payable trade are initially reported at fair value and, subsequently, at amortised cost using the effective interest method.

#### **Accounting principles for the parent company**

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

The differences between the Group's and the parent company's accounting principles are justified by the constraints imposed by the Swedish Annual Accounts Act on the application of IFRS in the parent company and the taxation regulation permitting different accounting for legal entities than for the Group.

#### **Group contributions and shareholder contributions**

Group contributions and shareholder contributions are reported in accordance with a statement issued by the Swedish Financial Reporting Board, RFR2. Shareholder contributions are recognised directly against shareholders' equity by the recipient and are capitalised as shares and participations by the provider to the extent that no impairment is necessary. The parent company applies the main rule in RFR 2, and accounts for received group contributions as financial income. Group contributions made from parent company to its subsidiary is accounted for an increase in participations.

#### **Group companies**

Participations in Group companies are reported in the parent company at cost, less any impairment. The values of subsidiaries are re-assessed when there is an indication of impairment. Dividends received from subsidiaries are reported as financial income. Transaction costs associated with the acquisition of companies is reported as part of the

cost. Contingent purchase consideration is reported as part of the cost if it is likely to be required. If, in subsequent periods, it becomes evident that the initial assessment is in need of revision, then the cost must be adjusted.

#### **Division into restricted and non-restricted equity**

In the parent company's balance sheet, equity is classified as either restricted or non-restricted equity in accordance with the Swedish Annual Accounts Act.

#### **Untaxed reserves and balance sheet appropriations**

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

### **DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES**

This annual 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 year plus equity at the end of the year, divided by two.

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

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

**Average number of shares outstanding.** Weighted average number of shares outstanding.

**Average total capital.** Totals assets at beginning and end of year, divided by two.

**B2B.** Business-to-business.

**Betting duty.** Include 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.** Net income, attributable to owners of the parent company, in relation to the average number of shares outstanding.

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

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

**EBITDA margin.** EBITDA as a percentage of revenue.

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

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

**Gross profit.** Revenues less commission to partners and affiliates, betting duties, licensing fees to games suppliers, payments to payment suppliers and so called fraud (unapproved payments).

**Mobile revenue.** Revenues from customers using mobile devices.

**NDC.** New depositing customer.

**Net debt.** Financial liabilities (bond, bank loans and leasing debts) plus customer liabilities less Cash and cash equivalents and 90 percent of receivables from payment providers.

**Number of employees.** Number of employees on last month's payroll.

**Number of shareholders.** Number of direct shareholders and shareholders listed through a nominee shareholder registered in the shareholder register kept by Euroclear Sweden AB.

**Number of shares outstanding.** Number of shares outstanding (excluding C-shares and repurchased shares) at the end of the period.

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

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

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

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

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

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

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

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

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

### NOTE 3. REVENUES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Gaming operations	5,386,011	4,649,308		
Licensing revenues	1,003,556	523,665		
Consultancy, management			19,491	13,822
Rental fees and office services			16,599	18,238
<b>Total</b>	<b>6,389,567</b>	<b>5,172,973</b>	<b>36,090</b>	<b>32,060</b>

### NOTE 4. REVENUES PER PRODUCT AND REGION

#### Segment Information

The Group's operations are reported as one single operating segment, in accordance with the definition of an operating segment. The basis applied for identifying operating segments for which separate reports can be prepared is the internal reporting presented to and followed-up on by the Group's most senior executive decision-making body, which is, in Betsson AB's case, the CEO. The CEO monitors operating income for the entire operations as one operating segment.

Betsson's operational organisation is divided into geographical areas and product categories. This specification is shown in the five-year summary on page 52-53, and in the following table.

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

Betsson AB, which has its registered office in Sweden, has no external revenues in Sweden. The distribution of revenues in the Group is shown in Note 3 and the table below. One of the Group's B2B-customers generated revenues accounting for 16 (10) percent of the group's total revenues. Of the group's non-current assets, 0.6 (1.6) percent are attributable to Sweden.

GROUP	2020	2019
<b>Revenues per product, SEK million</b>		
Casino	4,890,6	3,836,9
Sportbook	1,423,0	1,265,0
Other products	76,0	71,1
<b>Total</b>	<b>6,389,6</b>	<b>5,173,0</b>
<b>Revenues per region, SEK million</b>		
Nordic countries	2,100,1	2,026,8
Western Europe	1,905,4	1,607,4
Central & Eastern Europe and Central Asia	1,746,8	1,221,9
Rest of the world	637,3	316,9
<b>Total</b>	<b>6,389,6</b>	<b>5,173,0</b>

### NOTE 5. COST OF SERVICES PROVIDED

	GROUP	
	2020	2019
Licence fees	642,411	515,955
Betting duties	474,135	358,128
Affiliates and partners commission	451,402	397,028
Other cost of services provided	720,757	474,281
<b>Total</b>	<b>2,288,704</b>	<b>1,745,392</b>

### NOTE 6. AUDITORS' FEES

The following remuneration has been paid to auditors and auditing companies for auditing and other review procedures undertaken according to relevant legislation, and for the provision of advisory services and other assistance arising as a result of observations made during the audit. Remuneration has also been paid for other independent advisory services, relating primarily to on-going tax consultations, and advice on accounting issues.

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
<b>Audit assignment</b>				
PricewaterhouseCoopers *)	5,437	3,884	1,739	1,770
Other auditing firms	311	215		
<b>Audit activities other than the audit assignment</b>				
PricewaterhouseCoopers	297		297	
Other auditing firms				
<b>Tax advisory services</b>				
PricewaterhouseCoopers	631	394	193	70
Other auditing firms	177	254		
<b>Valuation services</b>				
PricewaterhouseCoopers				
Other auditing firms				
<b>Other services</b>				
PricewaterhouseCoopers	809	1,528	315	736
Other auditing firms	564	970	460	638
<b>Total</b>	<b>8,226</b>	<b>7,245</b>	<b>3,004</b>	<b>3,214</b>

Other services primarily concern acquisition related services.

\*) Of the Group's remuneration for the Audit assignment, SEK 1,739 (1,770) thousand refers to PwC Sweden.

**NOTE 7. EMPLOYEES, SALARIES AND FEES**

Number of employees	2020		2019	
	Total	of whom women	Total	of whom women
<b>Parent Company</b>				
Sweden	13	55 %	11	45 %
<b>Total Parent Company</b>	<b>13</b>	<b>55 %</b>	<b>11</b>	<b>45 %</b>
<b>Subsidiaries</b>				
Sweden	90	10 %	90	12 %
Brasil	6	20 %		
Gibraltar	4	25 %	4	25 %
Hungary	67	13 %	59	12 %
Kenya	13	50 %		
China	2	100 %	2	100 %
Estonia	51	41 %	49	47 %
Lettland	4	0 %	3	0 %
Lithuania	67	99 %	69	96 %
UK	2	42 %	30	23 %
Malta	1,039	36 %	931	35 %
Georgia	312	53 %	274	76 %
Croatia	4	78 %		
Colombia	4	53 %		
<b>Total subsidiaries</b>	<b>1,665</b>	<b>40 %</b>	<b>1,511</b>	<b>43 %</b>
<b>Total Group</b>	<b>1,678</b>	<b>40 %</b>	<b>1,522</b>	<b>43 %</b>

Proportion of women in leading positions

	2020	2019
Board of Directors (Parent Company)	17 %	29 %
Group Executive management team	33 %	20 %

Salaries, other remuneration and social security contributions

	2020				2019			
	Salaries and remuneration	Of which CEO, Board and Senior Executives	Social security contributions	Of which pensions costs	Salaries and remuneration	Of which CEO, Board and Senior Executives	Social security contributions	Of which pensions costs
<b>Total Group</b>	765,441	23,373	91,729	14,814	670,552	16,462	85,273	13,221

## Remuneration and other benefits to the Board of Director and Senior Executives

	2020				2019			
	Basic salary/ fee/ benefit	Variable remunera- tion	Pension- cost	Share- based remunera- tion	Basic salary/ fee/ benefit	Variable remunera- tion	Pension- cost	Share- based remunera- tion
Patrick Svensk, Chairman of the Board	972				966			
Fredric Carlsson	572				572			
Eva Leach from May 2019	492				263			
Johan Lundberg	511				509			
Andrew McCue from June 2020	298							
Jan Nord	522				520			
Kicki Wallje-Lund until June 2020	213				509			
Mathias Hedlund until June 2020	217				520			
<b>Total Board of Directors</b>	<b>3,797</b>				<b>3,859</b>			
Pontus Lindwall, CEO and President	5,522	2,306	1,931		5,505	170	1,930	
Other senior executives 5 (4) persons	8,220	3,470	2,590	57	6,752	114	1,706	62
<b>Total Executive management team</b>	<b>13,742</b>	<b>5,776</b>	<b>4,521</b>	<b>57</b>	<b>12,257</b>	<b>284</b>	<b>3,636</b>	<b>62</b>

### Notes on remunerations

Variable remuneration refers to bonuses that are based on quarterly revenues and operating income targets and that are paid in the year in which they are earned and in the following year. Bonus to CEO corresponds to 42 (3) percent of the basic salary and to other senior executives corresponds to an average of 42 (8) percent of the basic salary. The Group has only defined-contribution pension plans (except for portions of pensions for employees in the parent company in

Alecta, which are defined-benefit pension plans, but which are reported as defined-contribution pension plans, see Note 2.) Pension costs refer to the costs that have affected net income for the year. Share-based remuneration includes the Group's accrued costs for employee stock options. The CEO, Pontus Lindwall, receives salary, company car benefits, health care insurance, bonus and pension in accordance with the guidelines decided at the Annual General Meeting.

### Sharebased remunerations

Share-based remunerations	PREVIOUS PROGRAMMES		THIS YEAR'S PROGRAMME					
	Purchase options	Employee options	Purchase options 2020/2023			Employee stock options 2020/2023		
			Number	Number	Number	Fair value, SEK thousand	Average purchase price, SEK	Number
CEO, Pontus Lindwall	270,000	-	160,000	704	4.40	-	-	-
Other senior executives	200,000	86,000	121,000	532	4.28	-	-	-

During 2020, all senior executives (group management team) have been offered purchase options (Sweden) or employee stock options (abroad). Purchase options were acquired at fair value. The fair value has been calculated using the Black & Scholes valuation model with the following input data (for more details on incentive programmes, see Note 31):

Share price at valutaion day

73.70

Expected volatility

31 %

Riskfree interest

-0.03 %

## Decision-making and preparation process

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

CEO and senior executives (Group management team) are remunerated according to guidelines adopted by the Annual General Meeting 2020 which are valid until the Annual General Meeting 2024. For a detailed description of these guidelines see the Management Report page 37.

## Senior executives

The category 'senior executives' or Group management team comprises the CEO, CFO, Vice President Governance, Risk and Compliance, Vice President Head of Legal Affairs, Vice President Head of Tax and Vice President Head of Communications and Sustainability.

## Remunerations to senior executives.

Remuneration is to be market based and competitive, in order to be able to attract and retain competent senior executives. Remuneration comprise fixed salary, variable remuneration, pensions and other benefits such as a company car in some cases. Variable remuneration will be paid only when pre-determined financial and other measurable goals, established by the Board, have been achieved. Variable remuneration was based on the extent to which the targets have been achieved or exceeded.

The normal retirement age is 65. Pension terms are to be market-based and based on defined-contribution pension solutions. The period of notice normally is six to twelve months if such notice is given by the Company, and six months if notice is given by the executive. Upon termination initiated by the Company, the executive is entitled to severance pay corresponding to a maximum of twelve months' salary. The Board may take decisions diverging from these guidelines in individual cases, if special circumstances arise.

## Pensions

The pensionable age for the CEO vary between 60 and 65 and for other senior executives age 65. The pension agreement specifies that pension premiums are based on pensionable salary, which means basic salary, variable salary and benefits.

## Severance pay

Upon termination on the initiative of Betsson, the CEO is entitled to a period of notice corresponding to six months and severance pay equivalent to twelve months' salary. Deductions from severance payments do not apply if salary is received from other employment. Upon termination on the initiative of the individual, the period of notice is six months. Severance pay is not payable when an employee resigns.

For other senior executives, the mutual period of notice is six months. When termination of employment takes place on the initiative of the Company, the employee is entitled to severance pay equivalent to up to twelve months' salary. Severance pay is not payable when an employee resigns.

## NOTE 8. DEPRECIATION

Depreciation/amortisation specified according to category of fixed assets

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Gaming products, -systems and -platforms	262,064	253,607		
Customer databases	5,481	7,969		
Inventories, IT equipment, fixed installations, etc.	42,955	51,860	1,464	1,153
Right-of-use assets	48,608	51,318		
<b>Total</b>	<b>359,108</b>	<b>364,754</b>	<b>1,464</b>	<b>1,153</b>

## NOTE 9. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Capital result on sale/disposal/write down of non-current assets	105	118	-	-
<b>Profit/loss from sale/disposal of non-current assets</b>	<b>105</b>	<b>118</b>	<b>-</b>	<b>-</b>
Operational exchange gains	2	17	579	2,060
Operational exchange losses	-29,873	-10,258	-8,819	-2,934
<b>Currency effects</b>	<b>-29,871</b>	<b>-10,241</b>	<b>-8,240</b>	<b>-874</b>
<b>Total other operating income/expenses</b>	<b>-29,766</b>	<b>-10,123</b>	<b>-8,240</b>	<b>-874</b>

#### NOTE 10. NET FINANCIAL ITEMS

GROUP	2020	2019
Interest income	3,236	2,140
Other financial income	4	1,965
Exchange rate fluctuations in financial assets and liabilities	–	1,089
<b>Financial income</b>	<b>3,240</b>	<b>5,194</b>
Interest expenses	-45,056	-41,005
Other financial expenses	-11,512	-16,182
Exchange rate fluctuations in financial assets and liabilities	-3,122	-2,191
<b>Financial expenses</b>	<b>-59,690</b>	<b>-59,378</b>
<b>Total net financial items</b>	<b>-56,450</b>	<b>-54,184</b>

PARENT COMPANY	2020	2019
Dividends from subsidiaries	987,393	1,002,153
Group contributions from Swedish subsidiaries	54,609	55,492
Exchange rate fluctuations, financial assets and liabilities	26,013	17,833
<b>Total income from participations in Group companies</b>	<b>1,068,015</b>	<b>1,075,478</b>
Interest income, other	34	2,496
<b>Total financial income and similar items</b>	<b>1,068,049</b>	<b>1,077,974</b>
Interest expenses	-44,803	-40,950
Other financial expenses	-4,995	-9,288
Exchange rate fluctuations, financial assets and liabilities	-1,702	–
<b>Total financial expenses and similar items</b>	<b>-51,500</b>	<b>-50,237</b>
<b>Total net financial items</b>	<b>1,016,549</b>	<b>1,027,736</b>

#### NOTE 11. EARNINGS PER SHARE

	2020	2019
Income after tax attributable to the Parent company's shareholders	1,006,482	787,465
<b>Average number of shares</b>		
- average total number of shares	144,493,238	144,493,238
- reduced by average number of repurchased shares and shares class C	-6,959,750	-6,078,592
<b>Average number of outstanding shares before dilution</b>	<b>137,533,488</b>	<b>138,414,646</b>
<b>Average number of outstanding shares after dilution</b>	<b>137,533,488</b>	<b>138,414,646</b>
<b>Earnings per share</b>		
- before dilution (SEK)	7.32	5.69
- after dilution (SEK)	7.32	5.69

#### NOTE 12. DIVIDEND PER SHARE

Betsson transfer dividends to the shareholders via an automatic redemption process. Transfers to shareholders paid in this manner in 2020 amounted to SEK 393.6 (538.4) million, which corresponded to SEK 2.88 (3.89) per share. At the Annual General Meeting 2021, a share redemption for the 2020 financial year of SEK 502.9 million will be proposed, equal to SEK 3.68 per share. See further details in the section Dividend policy and proposed dividend on page 50. The proposed transfer to shareholders has not been recognised as a liability in this report.

NOTE 13. INCOME TAX

	GROUP		PARENT COMPANY	
Tax in income statement	2020	2019	2020	2019
<b>Distribution between current and deferred tax</b>				
Current tax	-68,536	-51,206		
Deferred tax	-9,064	1,913		
Tax previous years	-372	25,537		
<b>Total</b>	<b>-77,973</b>	<b>-23,756</b>		
<b>Allocation of tax cost:</b>				
Current tax				
Sweden				
Outside Sweden	-68,536	-51,206		
<b>Total current tax</b>	<b>-68,536</b>	<b>-51,206</b>		
Deferred tax				
Sweden				
Outside Sweden	-9,064	1,913		
<b>Total deferred tax</b>	<b>-9,064</b>	<b>1,913</b>		
<b>Difference between tax expense and tax based on applicable tax rate</b>				
Reported income before tax	1,068,765	810,857	940,868	977,049
Tax according to current tax rate (21,4%)	-228,716	-173,523	-201,346	-209,088
Difference in tax in foreign operations	160,268	155,450	-	-
Tax effect of non-deductible items	-9,526	-5,683	-400	-433
Tax effect of non-taxable items	-	-	201,746	209,522
<b>Reported tax</b>	<b>-77,973</b>	<b>-23,756</b>	<b>0</b>	<b>0</b>
<b>Specification of deferred tax expense</b>				
Changes in tax on temporary differences	-9,064	1,913		
Deferred tax on hedges in net investments in foreign currency reported directly in equity and other comprehensive income	-5,388	-4,498		

	GROUP		PARENT COMPANY	
Tax in i balance sheet	2020	2019	2020	2019
<b>Longterm receivables</b>				
- Deferred tax on temporary differences <sup>1)</sup>	34,630	50,010	11,660	11,660
<b>Current assets</b>				
- Tax receivable	555,908	557,529	866	849
<b>Tax receivable</b>				
- Deferred tax on temporary differences <sup>1)</sup>	17,132	14,570	-	-
<b>Current liabilities</b>				
- Tax liabilities	639,117	666,675	-	-

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

**NOTE 14. INTANGIBLE FIXED ASSETS**

GROUP	Gaming products, gaming systems and gaming platforms	Brands	Customer databases	Goodwill	Total
<b>Accumulated cost</b>					
<b>Opening balance 1 Jan 2019</b>	<b>1,639,465</b>	<b>1,672,795</b>	<b>176,175</b>	<b>3,168,725</b>	<b>6,657,160</b>
Assets developed by the Group	202,438				202,438
Investments	27,629	2,313			29,942
Acquisitions				17,136	17,136
Disposals and re-classifications	-31,446	-71,031	-85,327	517	-187,287
Exchange rate fluctuations	23,267	19,101	6,871	46,162	95,401
<b>Closing balance 31 Dec 2019</b>	<b>1,861,353</b>	<b>1,623,178</b>	<b>97,719</b>	<b>3,232,540</b>	<b>6,814,790</b>
Assets developed by the Group	245,407	-	-	-	245,407
Investments	71,778				71,778
Acquisitions	-	70,908	15,994	344,859	431,760
Disposals and re-classifications	-	-	-	-	-
Exchange rate fluctuations	-86,951	-138,968	-11,747	-222,133	-459,799
<b>Closing balance 31 Dec 2020</b>	<b>2,091,587</b>	<b>1,555,117</b>	<b>101,966</b>	<b>3,355,266</b>	<b>7,103,936</b>
<b>Accumulated depreciation and impairment</b>					
<b>Opening balance 1 Jan 2019</b>	<b>-1,290,595</b>	<b>0</b>	<b>-165,823</b>	<b>-36,273</b>	<b>-1,492,691</b>
Depreciation/amortisation for the year	-251,661	-2,956	-6,959		-261,576
Disposals and re-classifications	31,431	71,031	85,327		187,789
Exchange rate fluctuations	-18,365	-4,393	-6,604		-29,362
<b>Closing balance 31 Dec 2019</b>	<b>-1,529,190</b>	<b>63,682</b>	<b>-94,059</b>	<b>-36,273</b>	<b>-1,595,840</b>
Depreciation/amortisation for the year	-262,064	-	-5,481		-267,545
Disposals and re-classifications	-	-	-	-	0
Exchange rate fluctuations	70,217	-	10,639	-	80,856
<b>Closing balance 31 Dec 2020</b>	<b>-1,721,038</b>	<b>63,682</b>	<b>-88,901</b>	<b>-36,273</b>	<b>-1,782,529</b>
<b>Carrying value</b>					
<b>As of 1 Jan 2019</b>	<b>348,870</b>	<b>1,672,795</b>	<b>10,352</b>	<b>3,132,452</b>	<b>5,164,469</b>
<b>As of 31 Dec 2019</b>	<b>332,163</b>	<b>1,686,860</b>	<b>3,660</b>	<b>3,196,267</b>	<b>5,218,950</b>
<b>As of 31 Dec 2020</b>	<b>370,549</b>	<b>1,618,799</b>	<b>13,065</b>	<b>3,318,993</b>	<b>5,321,407</b>

**Impairment testing of goodwill and trademarks with indefinite useful lives**

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

The Group's reported goodwill and brands derive from the acquisition of Net Entertainment (casinoeuro.com) in 2000,

the acquisition of Betsson (Betsson.com) at the beginning of 2005, the acquisition of the Betsafe Group (betsafe.com) in 2011, the acquisition of the NGG Group in 2012, the acquisition of the Automaten brands in 2013, the acquisitions of the Class One Holding (Oranje & Kroon Casino) Group in 2014, the acquisition of the Europe-Bet Group in 2015, the acquisitions of Lošimų strateginė grupė UAB (TonyBet) and RaceBets International Gaming Ltd in 2016, the acquisitions of Premiere Megaplex S.A. and Net Play TV Ltd in 2017, the acquisition of Simulcasting Brasil in 2019 as well as the acquisitions of Zecure Gaming Limited and Colbet in 2020. All of these assets which, together, have a carrying value of SEK 4,937,792 thousand (of which goodwill amounts to SEK 3,318,993 thousand and brands SEK 1,618,799 thousand) are part of a single cash generating unit.

As these assets are not amortised, an impairment test was performed in conjunction with the 2020 annual accounts by calculating the recoverable amount based on their value in use. This test showed that the recoverable amount significantly exceeded the carrying value, and that no impairment requirement for goodwill and brands with indefinite useful lives existed.

#### Important variables and methods for estimating values

The recoverable amount was based on the cash flow projections reflecting actual income from operations in 2020, the budget for 2021 as confirmed by the Board, and an estimate for years 2022-2025 in which an average annual rate of growth of just over 9 percent was assumed.

The Cash flows for years following 2025 were extrapolated with an annual growth rate of 2 percent, which corresponded to an assumed average future rate of inflation. The projected cash flows were discounted by 10 percent before tax. The company's assessment is that 10 percent is in line with the risk average in the industry, due to the fact that more markets are getting regulated.

The effective tax rate was estimated at 7 percent, which is in line with average rate of approximately 6.5 percent. Company management's method for determining the values inherent to each significant assumption is based on experience and expectations regarding the performance of the market. Betsson has conducted a sensitivity analysis as regards the following variables in the impairment testing of goodwill: discount rate, sales volume and growth rate.

The DCF analysis indicates that there are good margins in the calculation.

#### NOTE 15 PROPERTY, PLANT AND EQUIPMENT

	GROUP	PARENT COMPANY
<b>Accumulated cost</b>		
<b>Opening balance 1 Jan 2019</b>	413,657	11,094
Investments	32,688	5,087
Sales/disposals	-17,548	0
Right-of-use assets (office rent)	150,306	–
Exchange rate fluctuations	3,075	–
<b>Closing balance 31 Dec 2019</b>	<b>582,178</b>	<b>16,181</b>
Investments	48,536	555
Sales/disposals	-2,265	–
Added Right- of- use assets (office rent)	171,420	–
Exchange rate fluctuations	-52,111	–
<b>Closing balance 31 Dec 2020</b>	<b>747,758</b>	<b>16,736</b>
<b>Accumulated depreciation and impairment</b>		
<b>Opening balance 1 Jan 2019</b>	<b>-316,347</b>	<b>-9,943</b>
Depreciation/amortisation for the year	-51,860	-1,153
Depreciation Right -of-use-assets	-51,318	–
Sales/disposals	15,465	–
Exchange rate fluctuations	-4,758	–
<b>Closing balance 31 Dec 2019</b>	<b>-408,818</b>	<b>-11,096</b>

	GROUP	PARENT COMPANY
Depreciation/amortisation for the year	-42,955	1,463
Depreciation Right -of-use-assets	-48,608	–
Sales/disposals	1,438	–
Exchange rate fluctuations	30,440	–
<b>Closing balance 31 Dec 2020</b>	<b>-468,503</b>	<b>-12,559</b>

	GROUP	PARENT COMPANY
<b>Carrying value</b>		
<b>As of 1 Jan 2019</b>	<b>95,486</b>	<b>1,151</b>
<b>As of 31 Dec 2019</b>	<b>173,360</b>	<b>5,085</b>
<b>As of 31 Dec 2020</b>	<b>279,255</b>	<b>4,177</b>

Following leasing items are regognised in the balance sheets

	2020-12-31	2019-12-31
Right-of-use assets		
Opening balance Right-of-use assets	98,988	–
(of which parent company)	(13,619)	–
New accounting principle IFRS 16, 1 Jan 2019	–	148,223
Used extension options	176,950	–
Other modifications and assessments	-5,529	2,083
Depreciations	-48,608	-51,318
Exchange rate differences	-14,195	–
<b>Closing balance 31 Dec 2020</b>	<b>207,605</b>	<b>98,988</b>
(of which parent company)	(47,240)	(13,619)
<b>Leasing liabilities</b>		
Current liabilities	58,444	51,389
Non-curren liabilities	131,793	34,200
(of which parent company)	(46,965)	(13,854)
Following leasing items are recognised in the income statements		
Depreciation, premises	-48,608	-51,318
Interest expenses recognised in the financial net	-6,064	-6,599

Payments of leasing fees amounts to SEK 49.6 (59.6) million. The leasing contracts refer to office rental within the Group and the majority of the contract has a maturity on 3-5 years. The average marginal interest rate amounts to 4.23 (4.31) percent.

NOTE 16. PARTICIPATION IN GROUP COMPANIES

Company	Corporate identity number	Country	Participating interest, %	Number of shares	PARENT COMPANY	
					2020	2019
Betsson Technologies AB	556651-8261	Sweden	100 %	1,000	3,907	3,907
Betsson PR & Media AB	556118-8870	Sweden	100 %	18,000	5,577	5,577
AB Restaurang Roulette	556133-3153	Sweden	100 %	1,000	131	131
Finansson euro AB	559048-3987	Sweden	100 %	6,000	1,034,245	951,322
Finansson AB	556169-9843	Sweden	100 %	2,500	290	290
BSG Limited	103233	Gibraltar	100 %	2,000	23	23
Betting Technologies Inc	CS201210210	Philippines	100 %	21,995	3,504	3,504
Betsson Malta Holding Ltd	C 37767	Malta	100 %	11,249	1,473,586	1,473,586
- Clearpay Ltd	C 41277	Malta	100 %			
- Betsson Platform Solutions Ltd	C 50732	Malta	100 %			
- Scandinavian Slots Ltd	C 59181	Malta	100 %			
- Applied Digital Media Limited	C 81741	Malta	100 %			
- Netplay Malta Ltd	C 81115	Malta	100 %			
- Betsson Business Limited	C 87613	Malta	100 %			
- Betsson Nordic Limited	C 87620	Malta	100 %			
- Auto Nordic Limited	C 87612	Malta	100 %			
- BS Nordic Limited	C 87610	Malta	100 %			
- NGG Nordic Limited	C 87619	Malta	100 %			
- SW Nordic Limited	C 19125	Malta	100 %			
- Starcasino Media and Entertainment Ltd	C 94080	Malta	100 %			
- Betmed Ltd	C 95506	Malta	100 %			
- SFTG Limited	C 96916	Malta	100 %			
- BML Group Ltd	C 34836	Malta	100 %			
- Betsson Business Consulting Co. Ltd	91420103568350732D	China	1%			
- Betsson Payments ApS	34081506	Denmark	100 %			
- Latsson Licensing SIA	40103940885	Latvia	100 %			
- Betsson Services Ltd	C 44114	Malta	100 %			
- Betsson Business Consulting Co. Ltd	91420103568350732D	China	1 %			
- Betsson Applied Digital Technologies Ltd	9922905	UK	100 %			
- Hubsson Kft	01-09-284224	Hungary	100 %			
Great Pike Investments AB	556205-2307	Sweden	100 %	6,000	27,066	27,066
- Betsson Business Consulting Co. Ltd	91420103568350732D	China	98 %			
- Chusson Investment and development Co. Ltd	9142010256232420xk	China	100 %			
- Media Sports Development Co. Ltd	91420103669504251W	China	49 %			
- Bukmacherska Spółka z ograniczoną odpowiedzialnością	0000806643	Poland	49.9 %			
Transvectio Ltd	C 55367	Malta	100 %	402,472	123,451	123,451

Company	Corporate identity number	Country	Participating interest, %	Number of shares	PARENT COMPANY	
					2020	2019
- Wegame Ltd	C 94837	Malta	100 %			
- 3P Solutions Ltd	C 95001	Malta	100 %			
- Estneti Osaühing	10858474	Estonia	100 %			
- Triogames OU	11079281	Estonia	100 %			
- Sargo Management Ltd	C 56645	Malta	100 %			
- Litsson Management UAB	304296603	Lithuania	100 %			
- Losimu Strategine Grupe UAB	302442970	Lithuania	100 %			
Betsson Perch Investments AB	559016-1484	Sweden	100 %	500	1,182,729	696,732
- Premiere Megaplex PLC	C 86932	Malta	100 %			
- Zecure Gaming Ltd	C 69036	Malta	100 %			
- GiG Operations PLC	C 89281	Malta	100 %			
- Mavrix Services Ltd	109326	Gibraltar	100 %			
- Nordbet GmbH	HRB 10107 PI	Germany	100 %			
- Topgames d.o.o.	MBS 081204159	Croatia	75 %			
- Simulcasting Brasil Som e Imagem S/A	35300544919	Brazil	75 %			
- Bet High (K) Limited	PVT-DLUAMBE	Kenya	51 %			
- Colbet S.A.S.	901046825-6	Colombia	70 %			
- Betsson U.S. Corp.	7987445	U.S.A.	100 %			
- Chempioneerbi 111 LLC	240420647	Georgien	100 %			
- Europebet LLC	445389589	Georgien	100 %			
- Geoslot LLC	205053859	Georgien	100 %			
- Europebet Gori LLC	417881625	Georgien	100 %			
- Europebet Rustavi LLC	404470746	Georgien	100 %			
- Vip Beti LLC	437059086	Georgien	100 %			
- NevaPlay LLC	790771664	Belarus	100 %			
Class One Holding Ltd	C34865	Malta	100 %	1,600	1,171,243	1,171,243
- Content Publishing Ltd	C63744	Malta	100 %			
- Corona Ltd	C45585	Malta	100 %			
- Oranje Casino Ltd	C34934	Malta	100 %			
- Swissgame Malta Ltd	C34863	Malta	100 %			
RaceBets International Ltd	C48144	Malta	100 %	100,000	398,996	398,996
- Racebets International Gaming Ltd	C48152	Malta	100 %			
NetPlay TV Ltd	03954744	UK	100 %	293,523,785	301,384	301,384
- NetPlay TV Group Ltd	1691	Alderney	100 %			
- NetPlay TV Marketing Services Ltd	03716547	UK	100 %			
- NetPlay TV Broadcasting Ltd	05400581	UK	100 %			
- NetPlay TV Services Ltd	05207308	UK	100 %			
<b>Totals</b>					<b>5,726,132</b>	<b>5,157,212</b>

**NOTE 17. CHANGES IN PARTICIPATIONS IN GROUP COMPANIES**

PARENT COMPANY	2020	2019
Opening cost	5,157,212	5,023,946
Shareholder Contribution	568,920	133,266
<b>Closing carrying value</b>	<b>5,726,132</b>	<b>5,157,212</b>

**NOTE 18. PARTICIPATIONS IN ASSOCIATED COMPANIES**

	Country	Participating interest	GROUP	
			2020	2019
Media Sports Development Co. Ltd	China	49 %	955	1,015
Bukmacherska, sp z o.o.	Poland	49.9 %	12,638	12,638
NGNATAT SARL,	Cameroon	20 %	4,682	-
<b>Total carrying value</b>			<b>18,275</b>	<b>13,653</b>
<b>Changes in participations in associated companies, reported according to the equity method</b>				
Opening value			13,653	1,357
Share of income			-	-380
Exchange rate differences			-60	8
Investments			-	12,638
<b>Closing carrying value</b>			<b>18,275</b>	<b>13,653</b>

Betsson cooperates with Media Sports Development to develop gaming solutions for the Chinese market. During 2020 Betsson has entered a collaboration with NGNATAT SARL to be able to offer online sports games and casinos on the african market. Reported assets, liabilities and profits in associated companies are presented in the table below.

GROUP	2020	2019
Non-current assets	6,528	6,947
Current assets	-	-
Current liabilities	-	-
Total comprehensive income	-	-774
Dividends received	-	-

**NOTE 19. OTHER LONGTERM RECEIVABLES**

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Deposits, rent premises	-	1,168	-	-
<b>Total</b>	-	<b>1,168</b>	-	-

**NOTE 20. OTHER RECEIVABLES**

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Tax account	24	2	3	1
Receivables from payment service providers	584,100	566,632	-	-
Receivables from B2B/market partners	219,832	185,261	-	-
Receivables from associated companies	8,201	4,587	-	-
Deposits made to payment service providers and other deposits	26,436	37,873	9	-
VAT	217,466	131,092	1,158	552
Other	37,307	15,525	2,390	59
<b>Total</b>	<b>1,093,366</b>	<b>940,972</b>	<b>3,560</b>	<b>612</b>

Receivables from payment service providers refer to receivables from banks and other credit institutions serving as credit providers (issuers of credit cards or similar) to Betsson customers. Receivables from B2B/market partners comprise mainly receivables from Betsson's B2B partner Realm Entertainment Ltd for system deliveries.

**NOTE 21. PREPAID EXPENSES AND ACCRUED INCOME**

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Rental fees	5,777	7,727	3,482	3,450
Marketing partners	9,466	5,013	–	–
Licencing costs/gaming tax	44,863	36,491	–	–
Consultants	1,150	–	–	–
Live streaming rights	974	7,304	–	–
Other prepaid expenses	36,366	42,605	2,288	2,153
<b>Total</b>	<b>98,596</b>	<b>99,140</b>	<b>5,770</b>	<b>5,603</b>

**NOTE 22. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the Balance sheets and Cashflow statements includes the following;

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Cash and bank balances	863,165	639,155	373,600	239,419
<b>Total</b>	<b>863,165</b>	<b>639,155</b>	<b>373,600</b>	<b>239,419</b>

**NOTE 23. SHARE CAPITAL COMPOSITION**

During 2020 349,000 shares of Class A have been converted to shares class B on share owner's request. The Parent Company repurchased 1,762,316 Class B shares at an average price of SEK 34.05 during 2020. During 2007-2008, the Parent Company also repurchased its own B shares. A certain number of these shares have been used in the exercise of employee stock options during 2010, 2011, 2012 and 2016 and as part of the purchase consideration paid for the Betsafe Group in 2011. As of year-end, the Company held 1,763,400 (1,084) B shares and 6,077,508 C shares.

The quota value of each share is SEK 0.667. Both A shares and B shares entitle the holder to the same rights to the Company's assets and profits. The composition of equity in the Group and the parent company is specified on pages 58 and 63. Reserves are reported in the summary of changes in equity for the Group.

Parent Company	2020		2019	
	No of shares	Share capital	No of shares	Share capital
A shares (10 votes)	15,911,000	10,607	16,260,000	10,840
B shares (1 vote)	122,504,730	81,670	122,155,730	81,437
C shares (no voting)	6,077,508	4,052	6,077,508	4,052
<b>Total no of shares</b>	<b>144,493,238</b>	<b>96,329</b>	<b>144,493,238</b>	<b>96,329</b>

**NOTE 24. BOND LOAN AND LIABILITIES TO CREDIT INSTITUTIONS**

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Bond loan SEK 3Y, 3M variable 4,0% (3.5%)	991,265	986,273	991,265	986,273
Bank loan, EUR, carrying value, long-term	–	–	–	–
Bank loan, EUR, carrying value, short-term	70,263	–	73,989	–

Betsson AB has an available credit facility denominated in euro to hedge net investments in foreign operations. The bank loan denominated in EUR is reported on the basis of hedge accounting, implying that the currency effects of SEK 19.6 (15.9) million are reported directly in Other comprehensive income. No currency translation is undertaken in the Parent Company. At year-end, total available credit facilities were SEK 880.0 (880.0) million, whereof utilised SEK 74.0 (0.0) million.

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

In November 2019, the company issued new senior unsecured bonds in a total amount of SEK 1 billion, under a framework of SEK 2,500 million. The Bonds have a floating rate coupon of Stibor 3M plus 4.0 percent and a tenor of 3 years, maturing in September 2022. The book value as of 31 December, 2020, amounts to SEK 991.3 (986.3) million. The average bond interest has been 4.0 (3.5) percent.

**Balance sheet changes related to financing activities**

Reported change between 2019 and 2020 regarding the bond loan consists of accrued borrowing costs, a new issued bond in November 2019 and redemption of the old bond. Reported change between 2019 and 2020 regarding outstanding bank loans relates to payments of SEK 216.1 million, of which currency effects of SEK 9.1 million, and new bank loans of SEK 290.0 million.

## NOTE 25. OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Personnel withholding tax	11,591	9,169	1,309	754
Social security contributions	6,965	7,063	865	525
VAT	51,769	54,935		
Market partners	120,981	99,546		
Gaming tax	62,944	37,932		
Gaming supplier fees	66,824	56,319		
Player accounts	320,888	263,839		
Penalties, appealed	31,112	18,792		
Additional considerations acquisitions	77,407	14,348		
Other	7,002	17,654	245	256
<b>Total</b>	<b>757,483</b>	<b>579,597</b>	<b>2,419</b>	<b>1,535</b>

## NOTE 26. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Holiday pay liabilities	21,812	16,180	3,034	2,353
Social security contributions	8,733	7,940	2,078	1,447
Salaries	59,476	29,346	5,978	
Jackpot reserve	146,610	151,555		
Marketing expenses	138,445	107,114		
Consultancy costs	34,636	21,873	1,231	2,270
Interest	468	633	468	631
Other	55,756	29,702	2,980	138
<b>Total</b>	<b>465,936</b>	<b>364,343</b>	<b>15,769</b>	<b>6,839</b>

## NOTE 27. PLEDGED ASSETS CONCERNING OWN LIABILITIES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Company listings in own possession	35,600	35,600	35,600	35,600

## NOTE 28. CONTINGENT LIABILITIES

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

## NOTE 29. CLOSELY RELATED PARTIES

The parent company has a close relationship with its subsidiary companies, see Note 16. Services sold between the parent company and its subsidiary companies mainly refer to accounting and management services, plus rental fees and office expenses. The Betsson Group leases five (four) apartments from Solporten Fastighets AB, in which CEO Pontus Lindwall and the Hamberg family (major share holders) are owners/ board members. In 2020, purchases amounted to SEK 491 (SEK 519) thousand. Betsson Malta and Betsson AB commission legal services from WH Law, in which director in Betsson Malta, Dr Olga Finkel, is Managing Partner. In 2020, the Group's purchases amounted to SEK 6,075 (1,667) thousand, of which Betsson AB's purchases amounted to SEK 1,650 (0) thousand. Transactions with related parties are priced at market conditions. No services have been supplied free of charge. For information on Board holdings in the Company, please refer to pages 46-47. For remuneration to directors and senior executives, please see Note 7.

	PARENT COMPANY	
Transactions with related parties	2020	2019
<b>Purchases of services from related parties</b>		
Purchases from subsidiaries	1,604	1,851
Purchases from other related parties	2,141	519
<b>Sales of services to related parties</b>		
Sales to subsidiaries	36,079	31,977
<b>Financial transactions with related parties</b>		
Dividend from subsidiaries	987,393	1,002,153
Group contributions from Swedish subsidiaries	54,609	55,492
<b>Liabilities to related parties</b>		
Liabilities to subsidiaries	248,734	173,135
<b>Receivables from related parties</b>		
Receivables from subsidiaries	937,132	988,517

## NOTE 30. FINANCIAL INSTRUMENTS

### Fair value

The fair values of financial assets and liabilities have been calculated based on market value, where possible. The fair values of interest-bearing financial assets and liabilities that are not derivatives are calculated based on future cash flows of principal and interest according to the effective interest method. The liabilities for additional purchase price regarding the acquisitions of Simulcasting Brasil and Zecure Gaming Limited have been calculated according to the value in the share purchase agreements and the managements best estimate of what can be paid to the previous owners, in relation to the milestones that have to be achieved according to the contract. The liability recognized in the closing of 2020, SEK 77.4 million is the

maximum value that can be paid according to the contracts. For current financial assets and liabilities, including liabilities to credit institutions, with variable interest rates and short terms to maturity (90 days), fair value is considered to be the same as carrying value. The fair value of current, interest-bearing receivables and liabilities is considered, because of the short duration of the term, to be equal to carrying value. Outstanding bets in the games in which Betsson assumes open positions against the players are expensed (i.e. no profits are reported from games which have not been concluded as per the balance sheet date) and are included in the item Other liabilities at acquisition cost.

	Financial assets and liabilities measured at fair value through comprehensive income	Financial assets and liabilities amortised at cost	Fair value	Total carrying value
<b>Group 2020</b>				
Other receivables	–	875,900	875,900	875,900
Cash and bank balances	–	863,165	863,165	863,165
<b>Total financial assets</b>	–	<b>1,739,065</b>	<b>1,739,065</b>	<b>1,739,065</b>
Bond	–	991,265	991,265	991,265
Current liabilities to credit institutions	–	70,263	70,263	70,263
Accounts payable	–	70,276	70,276	70,276
Other liabilities	77,407	1,225,814	1,225,814	1,225,814
<b>Total financial liabilities</b>	<b>77,407</b>	<b>2,357,618</b>	<b>2,357,618</b>	<b>2,357,618</b>
<b>Group 2019</b>				
Other receivables	–	809,880	809,880	809,880
Cash and bank balances	–	639,155	639,155	639,155
<b>Total financial assets</b>	–	<b>1,449,035</b>	<b>1,449,035</b>	<b>1,449,035</b>
Bond	–	986,273	986,273	986,273
Current liabilities to credit institutions	–	–	–	–
Accounts payable	–	83,364	83,364	83,364
Other liabilities	14,348	541,539	541,539	541,539
<b>Total financial liabilities</b>	<b>14,348</b>	<b>1,611,176</b>	<b>1,611,176</b>	<b>1,611,176</b>

*The Note continues on the next page*

NOTE 30. Continuation from previous page.

	Financial assets and liabilities measured at fair value through comprehensive income	Financial assets and liabilities amortised at cost	Fair value	Total carrying value
<b>Parent company 2020</b>				
Receivables from Group companies	-	937,132	937,132	937,132
Other receivables	-	2,390	2,390	2,390
Cash and bank balances	-	373,600	373,600	373,600
<b>Total financial assets</b>	<b>-</b>	<b>1,313,122</b>	<b>1,313,122</b>	<b>1,313,122</b>
Bond	-	991,265	991,265	991,265
Current liabilities to credit institutions	-	73,989	73,989	73,989
Accounts payable	-	4,077	4,077	4,077
Liabilities to Group companies	-	248,734	248,734	248,734
Other liabilities (of which derivatives 0)	-	-	-	-
Total financial liabilities	-	1,318,065	1,318,065	1,318,065
<b>Total financial liabilities</b>	<b>-</b>	<b>1,318,065</b>	<b>1,318,065</b>	<b>1,318,065</b>
<b>Parent company 2019</b>				
Receivables from Group companies	-	988,518	988,518	988,518
Other receivables	-	60	60	60
Cash and bank balances	-	239,419	239,419	239,419
<b>Total financial assets</b>	<b>-</b>	<b>1,227,997</b>	<b>1,227,997</b>	<b>1,227,997</b>
Bond	-	986,272	986,272	986,272
Current liabilities to credit institutions	-	-	-	-
Accounts payable	-	3,004	3,004	3,004
Liabilities to Group companies	-	173,135	173,135	173,135
<b>Total financial liabilities</b>	<b>-</b>	<b>1,162,411</b>	<b>1,162,411</b>	<b>1,162,411</b>

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

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

The Company's items at fair value within Level 3 for 2020 consist of liabilities for additional purchase consideration of SEK 77,407 (14,348) thousand.

### NOTE 31. SHARE-BASED REMUNERATIONS

Betsson's incentive programmes were introduced at the end of 2008. The programmes are resolved on by the Annual General Meeting. Share warrants are allocated 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 share options at the market price or offers (Sweden and abroad) compensation free employee stock options, provided the participants have invested in Betsson shares or (only in 2015 program) that the Company achieves a pre-determined turnover target. Share options are issued with a fixed redemption price amounting to 130 percent of the share market price on the allocation date. The share-based remunerations have a ceiling corresponding to the latest price paid before launch

of the programmes multiplied by 2.3 (i.e. an increase of 130 percent). The Group assumes no legal or informal obligation to repurchase or settle the warrants in cash.

Employee stock options are conditional on the employee remaining in the service of the Company during the earnings period and that the employee has retained their initial investment in Betsson shares or that the Company has reached a pre-determined turnover target (Incentive 2015-2018).

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

Type of instrument	Purchase option	Employee stock option	Purchase option	Employee stock option	Purchase option	Employee stock option
Issue date	2020-08-21	2020-08-21	2019-08-15	2019-08-15	2018-06-30	2018-06-30
Average share price on issue date (SEK)	72.00	72.00	46.99	46.99	53.70	53.70
Redemption price per share (SEK)	87.40	87.40	66.40	66.40	69.80	69.80
Number of participants during allocation	5	7	4	9	3	16
Number of paid warrants/allocated employee stock options	281,000	655,888	270,000	915,000	200,000	730,075
Final redemption date	2023-09-08	2023-09-08	2022-09-02	2022-09-02	2021-08-13	2021-08-13
Anticipated duration (months)	36.8	36.8	36.8	36.8	37.2	37.2
Risk-free interest rate (percent)	-0.30	-0.30	-0.67	-0.67	-0.40	-0.40
Expected volatility (percent)	31.00	31.00	31.00	31.00	30.00	30.00
Fair value per option (SEK)*	4.40	4.40	2.10	2.10	2.00	2.00
Reported cost related to each program for 2020, SEK thousand		1,369		1,282		170

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

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

	2020	2020	2019	2019	2018	2018
	Redemption price/option (SEK)	Number of options	Redemption price/option (SEK)	Number of options	Redemption price/option (SEK)	Number of options
As per 1 January	98.70	2,530,947	107.22	2,626,891	120.27	2,092,416
Allocated	87.40	655,888	66.40	915,000	69.80	730,075
Forfeited	120.72	-1,652,128	91.70	-1,035,944	107.21	-195,600
Exercised	-	-	96.40	25,000	-	-
As per 31 December	70.17	1,534,707	98.70	2,530,947	107.22	2,626,891

## NOTE 32. FINANCIAL RISKS

The Group's financial activities are conducted according to a financial policy adopted by the Board, which is characterised by an endeavour to minimise the Group's risk exposure. Financial activities and financial risk management are coordinated through the parent company, Betsson AB, which is also responsible for the investment of surplus liquidity. Financing of the subsidiaries is primarily undertaken through the parent company. The wholly owned operating subsidiaries are solely responsible for the management of their own financial risks, within the framework established by their respective Boards of Directors after coordination with the parent company.

### Foreign exchange risks

The Group's income is exposed to exchange rate fluctuations when sales are made in currencies differing from those in which expenses are incurred (transaction exposure). Group revenue is affected primarily by fluctuations in EUR, TRY, NOK, PEN, SEK and GEL. Group expenses are affected mainly by fluctuations in EUR, NOK, GEL and SEK. At the end of 2020, the Group had available credit facilities denominated in EUR totalling SEK 800 million. Of these, SEK 74.0 million was utilised. In cases where Betsson utilises this credit facility, it is hedge-accounted, i.e. no currency effects from the external loans have an impact on net income for the year as these are recognised in other comprehensive income. Income is also affected by exchange rate fluctuations when the financial results of foreign subsidiaries are converted to Swedish kronor (conversion exposure). The company's policy stipulates that management should not speculate on exchange rate fluctuations. Instead, management should seek to minimise the impact of exchange rate fluctuations on the income statement. To the greatest extent possible, management works to match incoming and outgoing cash flows in the same currency.

### Sensitivity analysis

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

	Percentage change	Impact in SEK million
Revenues	+/- 1	+/- 60
<b>Operating profit, EBIT</b>	+/- 1	+/- 10

### Refinancing risk, liquidity risk and capital management

The Group's operative gaming activities are financed from its own resources, while acquisitions have been financed by external credit. The foreign subsidiaries are financed

mainly by equity, and, if necessary, internal loans from the parent company. Betsson's objective has traditionally been to have a low level of debt, with an equity/assets ratio of at least 40 percent. As shown in the five-year review earlier in the annual report, the equity/assets ratio has not dropped below 54 percent in the last five years. The Group's property, plant and equipment consist primarily of IT hardware and equipment. It has been determined that future investments in tangible fixed assets will primarily be financed by internally generated funds or lease solutions. It has also been determined that the procurement of external financing may also be necessary in connection with the expansion of Betsson's operations in the future, as well as for the possibility of larger company acquisitions.

### Interest rate risk

Group revenue and cash flows from operations are essentially independent of changes in market interest rate levels. At the end of 2020, the Group had a bond loan recognised at SEK 991.3 million, with an interest rate based on STIBOR 3 months plus a margin of 4 percent (interest rate at present approximately 4.0 percent). The prevailing low interest rates may change over time, and the Group's earning potential may consequently be affected. If STIBOR rates increase by 1 percent, the annual bond interest expense would increase by SEK 10 million.

### Counterparty risk and credit risks

Gaming operations conducted on the internet represent a credit risk for operators. The credit risk in e-commerce does not differ from the credit risk for other transactions using credit cards. To protect itself, Betsson has implemented internal systems that significantly reduce fraud. Betsson is of the opinion that it has taken sufficient steps to protect itself to a reasonable extent against fraud and credit risks. Betsson has historically not been affected by material credit losses. During the last quarter of 2020, Betsson has accounted for one-off costs for provisions of losses on payment providers of SEK 44.4 million. Betsson strives to recover the provisions, but has chosen to use a conservative approach when evaluating these receivables.

## NOTE 33. EVENTS AFTER THE BALANCE SHEET DATE

In February Betsson entered into an agreement with game platform provider TG Lab for delivery of a Player Account Management System (PAM), for Betsson's entry in Colorado, US. TG Lab is building a modern US-focused platform which, together with Betsson's proprietary Sportsbook, will form a unique product on the American market. Launch is planned for the second half of 2021 with the Betsafe brand.

In March, Betsson received clearance from Darmstadt Regional Council to operate online sports betting throughout Germany. Besides the sports betting licenses which have now been granted, the New Interstate Treaty, which paves the way for the regulation and opening up of the market for online slots and poker in Germany, is scheduled to come into force on 1 July 2021.

## NOTE 34. BUSINESS COMBINATIONS

### Financial effects of acquisitions

During the first quarter 2020, Betsson acquired 100 percent of Gaming Innovation Group's (GiG) subsidiary, Zecure Gaming Limited. Through this acquisition, Betsson will continue to consolidate its position in some key markets and open for more opportunities in Spain and Croatia. The purchase price payable in cash was EUR 36.3 million including an earnout fee of EUR 15 million payable as a premium platform fee over two years. Expenses related to the acquisition amount to SEK 6.9 million and refer to fees for consultants in connection with the acquisition and are recorded in operating costs. Depreciation on customer databases amounts to SEK 5.5 million during the 2020. The acquisition was closed in the second quarter 2020.

In the third quarter 2020, Betsson acquired 70 percent of the Colombian operator Colbet. The acquisition gives Betsson access to the only online gambling market in South America which is regulated. The acquisition gives access to both a gambling licence and to 1,300 retail shops with an offline affiliation system where Betsson offers a single-wallet omni-channel solution to the online customers. The purchase price paid in cash was SEK 14.1 million.

During 2020 these acquired entities contributed SEK 553.9 million to revenue and SEK 61.6 million to operating income.

If these acquired entities had been consolidated from 1 January 2020, Betsson's revenue would have been SEK

6,424.9 million instead of the reported SEK 6,389.6 million and operating income would have been SEK 1,130.6 million instead of the actual reported SEK 1,125.2 million. This includes amortisation of the customer base from 1 January 2020, which arises in the acquisitions, but excludes any acquisition cost related to the acquisitions.

Zecure Gaming Limited was consolidated in the second quarter 2020, while Colbet was consolidated in the third quarter 2020.

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

The value of the acquired net assets in Colbet is not considered to be material for Betsson.

Acquired brands in Zecure Gaming is valued at SEK 70.9 million. The acquired customer base in Zecure have been valued at SEK 15.9 million and the ongoing amortisation of this item will be charged to the Group's income over a period of two years. Goodwill amounting to SEK 330.8 million is attributable to expected cost and revenue synergies. Brands, amortisation of customer base and goodwill are not expected to be tax deductible. Acquired licences, revenue synergies, integration and cost synergies, explains the total surplus value in goodwill, for both of the acquired companies. The purchase price allocation is considered to be final.

Amounts in SEK million	Zecure Gaming	Colbet	Total
<b>Total purchase price</b>	399.6	14.1	413.7
<b>Reported amount of identifiable acquired assets and taken over liabilities</b>			
Liquid funds	61.6	-	61.6
Customer base	15.9	-	15.9
Brands	70.9	-	70.9
Current receivables	28.3	-	28.3
Current liabilities	107.9	-	107.9
<b>Total identifiable net assets</b>	<b>68.8</b>	<b>0.0</b>	<b>68.8</b>
Goodwill	330.8	14.1	344.9
<b>Cashflow effects of acquisitions</b>			
Paid purchase price	371.4	13.6	385.0
Acquired liquid funds	61.6	-	61.6
<b>Cashflow, net effect</b>	<b>309.8</b>	<b>13.6</b>	<b>323.4</b>

# PROPOSED APPROPRIATION OF PROFIT

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

Amounts in SEK	
Net profit for the financial year 2020	940,868,645
Retained earnings and non-restricted reserves	4,436,166,735
	<b>5,377,035,380</b>

The Board and the CEO proposes that the entire amount, SEK 5,377,035,380, be carried forward.

## TRANSFER TO SHAREHOLDERS

The Board proposes to the Annual General Meeting that the amount of SEK 502,880,574 be transferred to shareholders.

No transfer will be made for the 1,763,400 B shares and the 6,077,508 C shares held by the Company.

Reversal is proposed via a share split 2 for 1, with mandatory redemption of the second share at a price of SEK 3.68 per share. After implementation of the proposed appropriation of profits and the redemption programme, retained earnings and non-restricted reserves, and total

equity in the Parent company Betsson AB will amount to SEK 4,874,154,806 and SEK 5,223,762,747 respectively.

The annual report and consolidated financial statements for Betsson AB (publ) for the year 2020 have been approved for publication in accordance with the Board's resolution on 29 March 2021. It is proposed that the annual report and consolidated financial statements be adopted by the Annual General Meeting on 5 May 2021.

The undersigned hereby declare that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the Group's and the parent company's financial position and results, and that the Group Management Report and the parent company Management Report provide an accurate overview of the development of Group's and the parent company's operations, financial position and results, as well as describing significant risks and factors of uncertainty faced by the companies included in the Group.

Stockholm 29 March 2021

**Patrick Svensk**  
Chairman of the Board

**Fredrik Carlsson**  
Board Member

**Eva Leach**  
Board Member

**Johan Lundberg**  
Board Member

**Andrew McCue**  
Board Member

**Jan Nord**  
Board Member

**Pontus Lindwall**  
CEO and President

Our audit report was submitted on 31 March 2021  
PricewaterhouseCoopers AB

**Niklas Renström**  
Authorised Accountant

# AUDITOR'S REPORT

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

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Betsson AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 26-38 and 54-88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statements and statements of financial position for the group and the income statements and balance sheets for the parent company.

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

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 51 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

## OUR AUDIT APPROACH

### Audit scope

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

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

### Materiality

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

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

### Key audit matters

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

Key audit matters	How our audit addressed the Key audit matters
<p><b>Process for monitoring compliance with laws and regulations considering the developing nature of gaming sector in various national markets</b></p> <p>Refer to pages 29-33 "Risks and Risk Management" in the Management report.</p> <p>Betsson operates on the basis on its international license in Malta and on a number of territory specific licences. The international legal and licencing framework for digital gaming is territory specific. Regulations are developing and this evolving environment makes compliance an increasingly complex area with territory specific regulations, responsible gambling and antimoney laundering obligations.</p> <p>Given the potential risk for litigation and licence withdrawal, the risk of non-compliance with digital gaming laws and licence regulations could give rise to among other material fines, taxes, legal claims or market exclusion.</p>	<p>We evaluated management's processes and controls in respect of compliance with regulations in the main national markets in which Betsson operates. As a part of our audit, we assessed management's routines for monitoring changes in laws and regulations in the various national markets. We also considered management's judgment regarding the possible impact that changes in such laws and regulations could have on Betsson's operations.</p> <p>We also evaluated the group's position on current legal disputes, or areas of uncertainty regarding the legal situation in certain markets. We discussed material cases and the Group's assessment of the likelihood and magnitude of any liability that may arise. We also read external legal or regulatory advice to the degree that these existed and were considered substantial.</p> <p>Whilst acknowledging that this is a judgmental area, we found that the Group had an appropriate basis of accounting for these matters in the financial reporting.</p>

#### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-25, 39-53 and 94-99. The information in Betsson AB's Remuneration Report 2020, which is published on the Company's website at the same time as this report also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

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

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

Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisoransvarsvar](http://www.revisorsinspektionen.se/revisoransvarsvar). This description is part of the auditor's report.

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## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Betsson AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

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

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

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

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

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

### Auditor's responsibility

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

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

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

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

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

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Betsson AB (publ) by the general meeting of the shareholders on the 11 June 2020 and has been the company's auditor since the 12 May 2008.

Stockholm, 31 March 2021  
PricewaterhouseCoopers AB

Niklas Renström  
Authorized Public Accountant

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## AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

### **Engagement and responsibility**

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 12-25 and that it has been prepared in accordance with the Annual Accounts Act.

### **The scope of the audit**

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

### **Opinion**

A statutory sustainability report has been prepared.

Stockholm, 31 March 2021  
PricewaterhouseCoopers AB

Niklas Renström  
*Authorised Public Accountant*



# SUSTAINABILITY NOTES

Betsson's Sustainability Report is an integral part of the company's Annual Report. The following pages present supplementary information, methods, assumptions and sustainability data.

## BUSINESS COMPLIANCE

Non-compliance with rules for market communication (number of incidents)	2020
Total number of incidents of non-compliance with regulations and/or voluntary guidelines regarding marketing communication, including advertising, advertising campaigns and sponsorships	0
Complaints regarding customers' privacy and data (number)*	2020
Number of complaints regarding customer privacy	3
Number of identified leaks, thefts or losses of customer data	1
<b>Total</b>	<b>4</b>

\* In 2020 Betsson received three different requests from regulators in relation to customers' complaints. Betsson provided a substantive response to all and so far no further action has been taken by any regulator. In addition, Betsson had one data breach which was reported to the relevant regulator and following the applicable procedures in regard to information to impacted customers. This data breach was remedied immediately.

## EMPLOYEE IMPACT

### Employees

Employees at 31.12.2020	Number	Women (%)
<b>Nordic countries</b>		
Total number of employees	103	18 %
Number of permanent employees	102	19 %
Of whom full-time	100	18 %
Of whom part-time	2	50 %
Number of fixed-term employees	1	0 %
<b>Western Europe</b>		
Total number of employees	1,092	34 %
Number of permanent employees	1,088	34 %
Of whom full-time	1,077	34 %
Of whom part-time	11	100 %
Number of fixed-term employees	4	50 %
<b>CEECA</b>		
Total number of employees	540	52 %
Number of permanent employees	373	49 %
Of whom full-time	369	49 %
Of whom part-time	4	50 %
Number of fixed-term employees	167	59 %
<b>Rest of the world</b>		
Total number of employees	53	47 %
Number of permanent employees	18	50 %
Of whom full-time	18	50 %
Of whom part-time	0	0 %
Number of fixed-term employees	35	46 %
<b>Total number of employees</b>	<b>1,788</b>	<b>39 %</b>

The table shows how many employees Betsson has, broken down by form of employment, region and gender.

### Tools About sustainability reporting

Betsson's Sustainability Report for the calendar year 2020 forms an integral part of the company's Annual Report and, in addition to Betsson AB, also covers the operational subsidiaries. The Sustainability Report has been prepared in accordance with the requirements set out in section 7:12 of the Annual Accounts Act and for the first year, the company is reporting in accordance with Global Reporting Initiative (GRI) Standards, Core level. The report has not been the object of external review. At the time of signing the Annual Report, Betsson's Board of Directors also approved the Sustainability Report. The most recent report was published in April 2020.

Contact: [info@betssonab.com](mailto:info@betssonab.com)

Staff turnover 2020	Employees (no.)	Women ( % )
<b>New hires</b>		
Under 30 years	349	54 %
30 – 50 years	377	44 %
Over 50 years	10	20 %
<b>New hires during the year</b>	<b>736</b>	<b>48 %</b>
Rate of new employee hires ( % )	41 %	
<b>Departures</b>		
Under 30 years	222	56 %
30 – 50 years	270	48 %
Over 50 years	6	33 %
<b>Departures during the year</b>	<b>498</b>	<b>51 %</b>
Rate of employee turnover ( % )	28 %	

## Summary of the company

Employees at different levels of the company	Number	Women (%)
<b>Board of Directors</b>		
Aged below 30	0	0
Aged 30–50	3	33 %
Aged over 50	3	0
<b>Executive Management</b>		
<b>Betsson operational management team</b>		
Aged below 30	0	0
Aged 30–50	6	17 %
Aged over 50	2	50 %
<b>Betsson Group management</b>		
Aged below 30	0	0
Aged 30–50	4	50 %
Aged over 50	2	0
<b>People Managers</b>		
Aged below 30	44	50 %
Aged 30–50	272	31 %
Aged over 50	9	33 %
<b>Other employees</b>		
Aged below 30	628	49 %
Aged 30–50	802	34 %
Aged over 50	19	26 %

## Health at Betsson

Number of days of sick leave for each country	2018	2019	2020
Nordic countries	-	-	0.3
Western Europe	-	-	2.9
CEECA	-	-	2.4
Rest of the world	-	-	0.6
<b>Average number of days of sick leave</b>	<b>3.06</b>	<b>3.03</b>	<b>2.5</b>

The table shows the composition of the company, broken down by gender and age for different levels of the company.

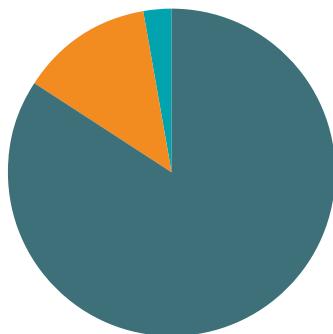
## CLIMATE IMPACT

### Energy consumption (MWh)

Scope	Category	Activity	2018	2019	2020
1	Direct energy consumption	Fuel (petrol and diesel) from fixed and mobile units	185	119	256 (0 % renewable)
2	Indirect energy consumption	Purchased electricity, heating and cooling for operation of office premises and computer equipment	2,602	4,204	2,284
		Electricity	-	-	1,923
		Heating	-	-	299
		Cooling	-	-	62
<b>Total</b>			<b>2,787</b>	<b>4,323</b>	<b>2,540</b>

### ENERGY CONSUMPTION BY ENERGY TYPE (2020)

ELECTRICITY    HEATING  
COOLING



### Greenhouse gas emissions, tonnes CO<sub>2</sub>eq\*

Scope	Category	Activity	2019	2020
1	Direct greenhouse gas emissions	Fuel (petrol and diesel) from fixed and mobile units and refrigerant	39	66**
2	Indirect greenhouse gas emissions	Purchased electricity, heating and cooling for operation of office premises and computer equipment	1,836	816
3	Other indirect emissions of greenhouse gases	Mainly energy consumption in customers' gaming units, purchased goods and services (primarily energy use for virtual servers) as well as commuter travel and remote work	8,071	8,312 ***
<b>Total</b>			<b>9,946</b>	<b>9,195</b>

\* tonnes CO<sub>2</sub>eq (tonnes of carbon dioxide equivalent).

\*\* Scope 1 has increased during the year, due to Betsson owning several cars, 61 of the 66 tonnes of CO<sub>2</sub>eq are related to those. Other emissions in Scope 1, such as stationary combustion and refrigerants, have decreased sharply during the year.

\*\*\* The largest item in Scope 3 is energy consumption in customers' gaming units. The number of customers has increased during 2020, which has meant an increased number of hours played. In addition, the proportion of gambling from desktop, compared to mobile devices, has increased in 2020, and desktops have a higher energy consumption than mobile devices. Furthermore, the majority of Betsson's employees worked from home in 2020, and in the climate calculations Betsson has included emissions from employees' increased energy use in the home, for example for lighting, heating and electricity consumption for computers during remote work. Scope 3 also includes business travel. This decreased by 72 % during the year, a clear counterweight to the increase in the other categories.

The table presents Betsson's greenhouse gas emissions broken down by Scope according to the Greenhouse Gas Protocol. Conversion factors that include all relevant greenhouse gases, i.e. CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>, are used as far as possible for the calculation of Betsson's greenhouse gas emissions. Betsson's carbon dioxide emissions for electricity consumption in geographical valuation (location based): 468 tonnes CO<sub>2</sub>eq.

#### Organizational demarcation

Reported data comes from the markets where Betsson has offices.

#### Climate calculations

The climate calculations are based on 'The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard - Revised Edition' (GHG protocol) and the supplementary 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'.

#### Assumptions and extrapolations

Inventory data, emission factors and estimates are based on the international calculation standard GHG protocol ([www.ghgprotocol.org](http://www.ghgprotocol.org)). The choice of assumptions and emission factors has followed a conservative method. If information for emission activities was missing, assumptions and extrapolations were made.

#### GRI 102-9 Supply chain

Betsson, like most operators in the gaming industry, has many different suppliers of games and also of payment solutions for different markets. In addition, Betsson also

uses suppliers for other parts of the business, such as marketing, IT, office equipment, cleaning, catering, etc. The suppliers can be either global, regional or local.

# GRI-INDEX

Betsson reports in accordance with GRI Standards, Core option. All indicators are from 2016.

## GRI Standard

Disclosure	Description	Reference	Comment/omission
GRI 102: General disclosures			
<b>Organizational profile</b>			
102-1	Name of organization	5	
102-2	Activities, brands, products, and services	5-7	
102-3	Location of headquarters	3	
102-4	Location of operations	78-79	
102-5	Ownership and legal form	38, 50-51	
102-6	Markets served	6-7	
102-7	Scale of the organization	5-7, 94	
102-8	Information on employees and other workers	94	
102-9	Supply chain	96	
102-10	Significant changes to the organization and its supply chain	26-28	
102-11	Precautionary Principle or approach	25, 31	Betsson applies the precautionary principle. See more in the section on the Risk management process, p. 31 and description of Betsson's environmental policy, p. 25.
102-12	External initiatives	15-16, 18, 22-25	
102-13	Membership of associations	15	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	8-9	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behavior	14-23	
<b>Governance</b>			
102-18	Governance structure	12, 39-40	
<b>Stakeholder engagement</b>			
102-40	List of stakeholder groups engaged by the organization	13	
102-41	Collective bargaining agreements		Betsson employees are not subject to collective bargaining agreements but are entitled to a series of employee benefits, ranging from health insurance to parental leave and wellbeing allowance.
102-42	Identifying and selecting stakeholders with whom to engage	13	
102-43	Approach to stakeholder engagement	13	
102-44	Key topics and concerns that have been raised through stakeholder engagement	12-13	
<b>Report profile</b>			
102-45	Entities included in the consolidated financial statements	94	
102-46	Defining report content and topic Boundaries	13	
102-47	List of material topics	13	
102-48	Restatements of information		No significant changes during year
102-49	Significant changes from previous reporting periods		No significant changes during year
102-50	Reporting period	94	
102-51	Date of most recent report	94	
102-52	Reporting cycle	94	
102-53	Contact point for questions regarding the report	94	
102-54	Claims of reporting in accordance with the GRI Standards	94	
102-55	GRI content index	97-99	
102-56	External assurance	94	

GRI 200-400: Material sustainability topics

Disclosure	Description	Reference	Comment/omission
<b>Economic</b>			
<b>GRI 201: Economic Performance</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	24	
201-1	Direct economic value generated and distributed	24	
<b>GRI 203: Indirect Economic Impacts</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	18-20, 24-25	
203-2	Significant indirect economic impacts	18-20, 24-25	
203-Own indicator	Engage and support projects in local communities where Betsson operates	24	
<b>GRI 205: Anti-corruption</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	14-15	
205-1	Operations assessed for risks related to corruption		Betsson has an ongoing project that includes a structured risk assessment process for corruption.
205-3	Confirmed incidents of corruption and actions taken	14-15	
205-Own indicator	Whistleblowing incidents	14	
205-Own indicator	Always cooperate and respond to alerts from IBIA regarding suspicions match fixing activities	14	
205- Own indicator	Employees signed the Code of Conduct	14	
<b>Environmental</b>			
<b>GRI 301: Energy</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	25	
302-1	Energy consumption within of the organization	96	
<b>GRI 305: Emissions</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	25	
305-1	Direct (Scope 1) GHG emissions	96	
305-2	Energy indirect (Scope 2) GHG emissions	96	
305-3	Other indirect (Scope 3) GHG emissions	96	
<b>Social</b>			
<b>GRI 401: Employment</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	21-23	
401-1	New employee hires and employee turnover	94	
<b>GRI 404: Training and education</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	14-17, 21-22	
404-Own indicator	Completed training regarding responsible gaming, anti-money laundering, GDPR, information security, security coding	15	
404-Own indicator	Employees recommend Betsson as a workplace to friends and family	21	
404-Own indicator	New hires who have completed Betsson's 3-day induction course	21	
<b>GRI 405: Diversity and equal opportunity</b>			
<b>GRI 103: Management approach</b> 103-1, 103-2, 103-3	Management approach	21-23	

Disclosure	Description	Reference	Comment/omission
<b>Social cont.</b>			
405-1	Diversity of governance bodies and employees	95	More information in table: Employees on different levels of the company p.95
405-Own indicator	Equal opportunities regardless of background	21	
<b>GRI 416: Customer Health and Safety</b>			
GRI 103: Management approach 103-1, 103-2, 103-3	Management approach	18-20	
416-Own indicator	Identify and always help customers at risk	18	
416-Own indicator	Research funding regarding responsible gaming	18	
416-Own indicator	Active dialogue in society and in the industry through participation in all major conferences, seminars and/or panel discussions on responsible gaming.	18	
<b>GRI 417: Marketing and Labeling</b>			
GRI 103: Management approach 103-1, 103-2, 103-3	Management approach	16-17	
417-3	Incidents of non-compliance concerning marketing communications	94	
<b>GRI 418: Customer privacy</b>			
GRI 103: Management approach 103-1, 103-2, 103-3	Management approach	14, 16, 19	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	94	
<b>GRI 419: Socioeconomic Compliance</b>			
GRI 103: Management approach 103-1, 103-2, 103-3	Management approach	14-17	
419-Own indicator	Material sanctions for not complying with international local laws and regulations	14	
419-Own indicator	Active member of the relevant gaming trade associations in all locally regulated markets where Betsson holds a license or other key markets where it makes sense for Betsson to be active	15	





**betsson** ab

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