

CORPORATE GOVERNANCE 2018



**LeoVegas**

**MOBILE GAMING GROUP**

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE AT LEOVEGAS

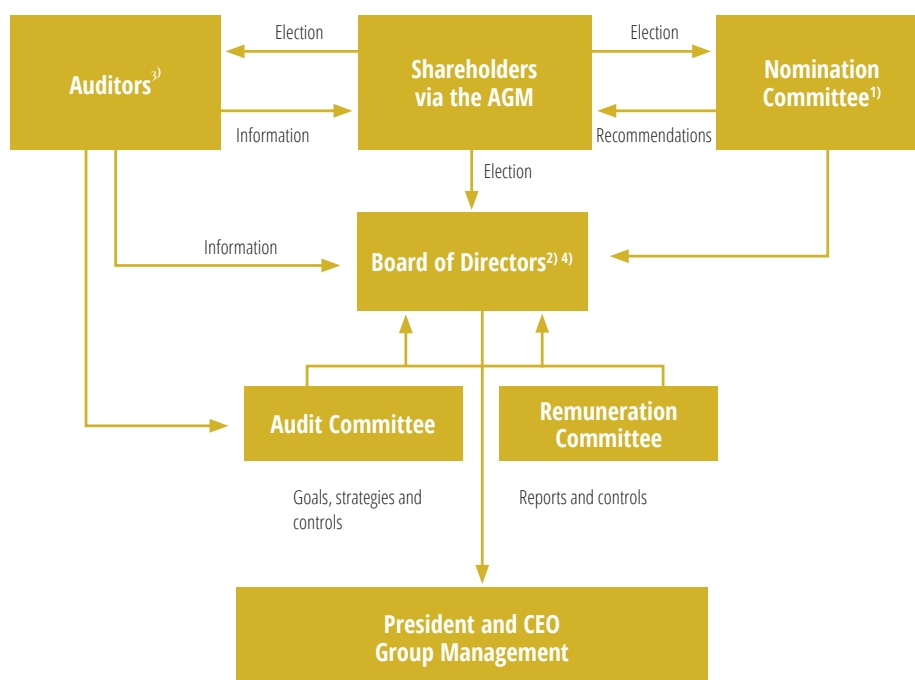
This corporate governance report has been prepared in accordance with Ch. 6 § 6 of the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (“the Code”).

The Board of Directors is responsible for the Corporate Governance Report. The Corporate Governance Report for the financial year has been reviewed by the company’s auditor, as described in the “Auditor’s report on the corporate governance statement”.

LeoVegas is a Swedish, public limited liability company whose shares are listed for trading on Nasdaq Stockholm’s Main Market list. Governance of LeoVegas is grounded in the company’s Articles of Association, the Swedish Companies Act, the Nasdaq Rulebook for

Issuers, other applicable Swedish and foreign laws and regulations, and the company’s internal rules and guidelines. These internal rules and guidelines include primarily the Board’s Rules of Procedure, the CEO’s instructions, the instructions for financial reporting and internal control, and the financial manual.

In addition, LeoVegas has a number of policy documents and manuals, including the Code of Conduct, the Corporate Governance Policy, the Insider Policy, and the Information and Communication Policy, as well as other internal rules and recommendations that include principles and provide guidance in the company’s operations and for its employees. The above-mentioned governance documents are evaluated and adopted yearly by the Board of Directors.



**1)** The Nomination Committee recommends resolutions ahead of the AGM regarding issues concerning election of directors and fees, and drafts a recommendation for resolution that is presented to the AGM. The AGM resolves on principles for appointment of the Nomination Committee.

**2)** The Board establishes its committees and determines which of its members are to serve on the respective committees.

**3)** The Group’s statutory auditor is elected by the AGM to review the Group’s annual report and accounting practices as well as the Board’s and CEO’s administration, and the company’s internal control environment.

**4)** The Audit Committee reports to the Board of Directors.

### CORPORATE GOVERNANCE

The figure at left describes how corporate governance is organised. LeoVegas is a Swedish limited liability company whose shareholders ultimately decide on the company’s governance by electing the company’s board of directors at the Annual General Meeting. The Board, in turn, has continuing responsibility for ensuring that corporate governance of the company is in compliance with laws and other external and internal rules and regulations.

### INTERNAL GUIDELINES

Mission and goals, Articles of Association, the Board’s Rules of Procedure, the CEO’s instructions, the financial manual, strategies and policies, and processes for internal control and governance.

### EXTERNAL GOVERNANCE INSTRUMENTS

The Companies Act, the Annual Accounts Act, other relevant laws and the Code.

LeoVegas' shares are listed for trading on Nasdaq Stockholm's Main Market list, which means that the company is required to adhere to the Swedish Corporate Governance Code ("the Code"). The guidelines of the Code are available on the Swedish Corporate Governance Board's website ([www.bolagsstyrning.se](http://www.bolagsstyrning.se)). The Code is based on the "comply or explain" principle, entailing that companies that apply the Code may depart from individual rules as long as they provide an explanation for such departure. According to the Code, a company's board shall determine each year if the company is to have an internal audit function that evaluates whether the company's internal governance and controls have worked as intended, or if the board has gained assurance in some other way that such is the case. The Board of LeoVegas has opted at present to not appoint an internal auditor, but will instead work with internal monitoring and self assessment. LeoVegas has a dedicated person with chief responsibility for monitoring and evaluation of internal control. In 2019 an internal audit function with focus on compliance will be established.

## SHAREHOLDERS

As per 31 December 2018 LeoVegas had 18,328 shareholders. As per 31 December 2018 the ten largest shareholders had ownership corresponding to 45.84% (48.1%) of the votes and share capital. No single shareholder holds, directly or indirectly, more than 10% of the shares or votes in the company.

### TEN LARGEST SHAREHOLDERS AS PER 31/12/2018

Owner	LEO	Capital, %	Votes, %
Swedbank Robur funds	8,736,274	8.6	8.6
Gustaf Hagman	8,350,000	8.2	8.2
Robin Ramm-Ericson	7,085,560	7.0	7.0
Skandia Mutual Life Insurance Company	5,644,708	5.6	5.6
Torsten Söderberg	3,777,000	3.7	3.7
Avanza Pension	3,772,375	3.7	3.7
Lombard Odier	2,504,453	2.5	2.5
Nordet Pensionsförsäkring	2,310,908	2.3	2.3
Aggregate Media	2,308,720	2.3	2.3
Investment AB Öresund	2,124,462	2.1	2.1

## SHARE CAPITAL AND VOTING RIGHTS

According to the Articles of Association in effect at the end of the financial year, the share capital shall be at least EUR 1,100,000 and no more than EUR 4,400,000. The company's registered share capital as per 31 December 2018 was EUR 1,219,835.652184, divided among 101,652,970 shares. The shares, which are denominated in euros (EUR), have a share quota value of EUR 0.012. Each share carries entitlement to 1 vote. Every person entitled to vote at general meetings of shareholders may vote for the full number of shares owned and represented by him or her without restriction in voting rights.

## GENERAL MEETING – 2018

General meetings of shareholders are the Group's highest decision-making body and the forum for shareholders to exercise their influence. General meetings can make decisions on all matters concerning the

Group and that are not expressly within the framework of the exclusive authorisation of any other body. In other words, general meetings have a sovereign role over the Board of Directors and CEO. According to the Swedish Corporate Governance Code, the control body is the statutory auditor, which is appointed by a general meeting of shareholders.

### Notice of general meetings

According to the current Articles of Association, notice of a general meeting shall be made through advertisement in Post- och Inrikes Tidningar ("the Official Swedish Gazette") and by posting on the company's website. An advertisement announcing that notice of the meeting has been issued shall also be published in the Swedish daily newspaper Svenska Dagbladet. A notice of an Annual General Meeting or of an Extraordinary General Meeting at which an amendment of the company's Articles of Association will be dealt with shall be issued not earlier than six weeks and not later than four weeks before the meeting in question. A notice of an Extraordinary General Meeting shall be issued not earlier than six weeks and not later than three weeks prior to the meeting.

### Right to participate in a general meeting

Shareholders who wish to participate in a general meeting must be listed in the shareholder register maintained by Euroclear Sweden on the day that falls five weekdays prior to the meeting, and must notify the company of their intention to attend the meeting by not later than the date indicated on the notice of the meeting. Shareholders may participate in general meetings in person or via proxy, and may also be accompanied by a maximum of two assistants. Shareholders ordinarily have the opportunity to notify their attendance at a general meeting in several different ways, which are indicated in the notice. Shareholders are entitled to vote for all shares that they hold in the company.

### Shareholder initiatives

Every shareholder has the right to have a matter taken up for consideration at a general meeting. A shareholder who wishes to have a matter taken up for consideration at a general meeting must submit a written request about such to the Board of Directors. Such a request must normally be received by the Board not later than seven weeks prior to the general meeting in question.

### Annual General Meeting

The Annual General Meeting (AGM) for the 2017 financial year was held on 29 May 2018. Attorney Carl Svernlöv was elected to serve as AGM chairman.

The AGM resolved the following:

- To adopt the income statement and balance sheet for LeoVegas AB and the consolidated income statement and consolidated balance sheet

- That a dividend of SEK 1.20 per share shall be paid to the shareholders, for a total sum of SEK 119,634,564
- To discharge the board members and the CEO from liability
- That, in accordance with the Nomination Committee's recommendation, directors' fees shall be paid to the members of the Board of Directors and members of the Board's committees in the following amounts:
  - SEK 300,000 for each non-executive director and SEK 600,000 for the Chairman, provided that he is not an employee of the company
  - SEK 50,000 for each member of the Remuneration Committee who is not an employee of the company, and SEK 100,000 for the Remuneration Committee chair, provided that he or she is not an employee of the company
  - SEK 50,000 for each member of the Audit Committee who is not an employee of the company, and SEK 100,000 for the Audit Committee chair, provided that he or she is not an employee of the company;
- Payment of the auditor's fees in accordance with an approved invoice
- That Per Brilioth, Barbara Canales, Robin Ramm-Ericson, Mårten Forste, Anna Frick, Patrik Rosén and Tuva Palm be re-elected as board members. Mårten Forste was also re-elected as Chairman of the Board
- That PricewaterhouseCoopers AB be re-elected as the company's auditor for the period until the end of the next Annual General Meeting, with Authorised Public Accountant Aleksander Lyckow as auditor-in-charge
- To adopt the principles for appointment of the Nomination Committee in accordance with the Nomination Committee's recommendation
- To, in accordance with the Board's recommendation, adopt the guidelines for remuneration of senior executives

The Annual General Meeting also resolved in favour of an issue of a maximum of 1,250,000 warrants to implement an incentive programme for the Group's employees. The purpose of the incentive programme is to establish conditions to retain and increase the motivation of senior executives, other employees and other key persons in the company and the Group. The AGM resolved in accordance with the Board's recommendation to issue a maximum of 1,250,000 warrants with deviation from the shareholders' preferential rights, the result of which the company's share capital may increase by a maximum of EUR 15,000.000028. The warrants carry entitlement to subscribe for new shares in the company. For further information, see Note 6 and Note 21.

## GENERAL MEETING – 2019

LeoVegas' Annual General Meeting for the 2018 financial year will be held on 29 May 2019 in Stockholm. Further information is provided at [www.leovegasgroup.com](http://www.leovegasgroup.com) under the tab Corporate Governance. In connection with the year-end report for 2018 the Board recommended a dividend of SEK 1.20 per share. The dividend will be paid out on two occasions during the year.

## NOMINATION COMMITTEE

According to the Code, companies that adhere to the Code shall appoint a nomination committee. LeoVegas' Nomination Committee, which is made up of representatives of the largest shareholders, has been formed in accordance with the guidelines approved by the 2018 AGM. The Nomination Committee is tasked with submitting recommendations for the Chairman of the Board and other board members, directors' fees and other fees for directors' work on the Board, election of the auditor and auditor's fees, and with evaluating the Board's work. In the course of its work the Nomination Committee applied Rule 4.1 of the Code as the Board's diversity policy. Diversity is an important factor in the Nomination Committee's nomination work. The Nomination Committee continuously strives to maintain a gender balance and diversity regarding the competence, experience and background of the Board's members, which is also reflected in the Board's current composition. The Nominating Committee's recommendations are reported in the AGM notice. LeoVegas' Nomination Committee shall be composed of five members, of whom four shall represent the company's largest shareholders, and the fifth shall be the Chairman of the Board. Regardless of how the Nominating Committee's members are appointed, they shall safeguard the shareholders' interests.

The members of the Nomination Committee are appointed in a procedure whereby the Chairman of the Board – as soon as possible after the end of the third quarter – contacts the four largest shareholders at this point in time. The Chairman of the Board shall never serve as chair of the Nomination Committee. The composition of the Nomination Committee is publicly announced through a press release as soon as the members have been appointed, but not later than six months prior to the AGM.

Based on the above, the Nomination Committee ahead of the 2019 AGM was appointed and consists of the following persons, who together represent approximately 29% of the number of votes and shares in the company as per 30 September 2018:

- Anders Fast (chair), appointed by Gustaf Hagman (Anders Fast also served as Chief Compliance & Legal Officer during 2018 via Baker McKenzie Advokatbyrå through a so-called secondment)
- Joachim Spetz, appointed by Swedbank Robur funds
- Dan-Alp Lindberg, appointed by Robin Ramm-Ericson
- Erik Sjöström, appointed by Skandia Fonder
- Mårten Forste, Chairman of the Board

## BOARD COMPOSITION AND DIRECTORS' INDEPENDENCE

According to LeoVegas' Articles of Association, the Board shall be composed of three to ten members. In other respects, there are no rules in the Articles of Association regarding the appointment or dismissal of board members. The Board is currently composed of

seven AGM-elected directors, all of whom were elected at the AGM on 29 May 2018 for terms until the end of the 2019 AGM. Gustaf Hagman, Group CEO, participates at board meetings to report on performance of the operations. Stefan Nelson, CFO, participates at board meetings as company secretary. Anders Fast is co-opted to participate at board meetings as Chief Compliance & Legal Officer. Other LeoVegas executives participate at board meetings in a reporting role on specific matters. According to the Code, a majority of the directors shall be independent in relation to the Group and its management. Six of the seven directors are independent in relation to the company and its management. Five of the directors are independent also in relation to the company's major shareholders. The company thereby meets the Code's requirements on directors' independence.

## RESPONSIBILITIES AND WORK OF THE BOARD

The Board's duties are regulated by the Swedish Companies Act, LeoVegas' Articles of Association, other laws and statutes, and the Code. In addition, the Board's work is regulated by the Rules of Procedure adopted by the Board. The Rules of Procedure regulate, among other things, the division of duties and responsibilities between the board members, the Chairman of the Board and the CEO, and lay out routines for financial reporting by the CEO. The Board follows an annually set schedule for its work, which is adopted at the statutory board meeting each year. The Board also adopts instructions for the Board's committees. The Board's duties include adoption of strategies, business plans, budgets and forecasts, interim reports, the year-end book-closing, and policies and guidelines. The Board is also responsible for monitoring the company's financial performance, ensuring the quality of financial reporting and internal control, and evaluating the business against the objectives and guidelines established by the Board. Finally, the Board decides on substantial investments and changes in the Group's organisation and operations. The Chairman of the Board and CEO shall monitor the company's performance, and conduct preparatory work for and lead board meetings. The Chairman of the Board is also responsible for ensuring that the board members evaluate their work every year and that they continuously receive the information required for them to perform their work effectively. The Chairman of the Board represents LeoVegas vis-à-vis its shareholders. During the year, the Board held 17 meetings, of which two were conducted per capsulam. The Board's work during the year was focused particularly on the company's acquisition strategy, which also included the integration of acquired operations, positioning and culture, strategy discussions surrounding the company's development, expansion, technology platform and development, and the effect of stricter requirements for compliance.

### Committees

The Board of LeoVegas has established two committees – an audit committee and a remuneration committee.

### *Audit Committee*

The Audit Committee is tasked with providing a special forum for the work with financial reporting, internal control, risk management and auditing, and advises the Board of Directors in these areas. The members of the Audit Committee are Patrik Rosén, Tuva Palm and Per Brilioth. Patrik Rosén is committee chair. The main duties of the Audit Committee, which works according to a work plan set by the Board of Directors, is to monitor the Group's financial reporting and to oversee the effectiveness of the company's internal controls and risk management. In addition, the Audit Committee is tasked with staying informed about the audit of the annual report and consolidated accounts, reviewing and overseeing the auditor's impartiality and independence, and in this context paying particular attention to whether the auditor provides other services to LeoVegas than auditing services. The Audit Committee maintains contact with LeoVegas' auditor in order to establish an ongoing exchange of information and understanding between the Board and the auditor on auditing issues. The Audit Committee held four meetings in 2018.

### *Remuneration Committee*

The members of the Remuneration Committee are Barbara Canales, Anna Frick and Per Brilioth. Barbara Canales is committee chair. The Remuneration Committee has an advisory and a drafting function. The Remuneration Committee works according to a work plan set by the Board of Directors. Its main duties are to conduct preparatory drafting work for the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for members of Group Management, monitoring and evaluating application of the guidelines for remuneration of senior executives approved by the AGM as well as applicable remuneration structures and remuneration levels in LeoVegas. The Remuneration Committee held eight meetings in 2018.

### *Evaluation of the Board's work*

The Board's work is evaluated yearly through a systematic, structured process that aims among other things to produce constructive documentation for improvements in the Board's own work. The evaluation is conducted both individually and through discussions at board meetings. The evaluation aims to give the Chairman of the Board information on how the board members perceive the Board's effectiveness and collective competence as well as on whether there are any needs for changes on the Board. The evaluation of the Chairman is conducted by the other board members. The Chairman of the Board informs the Nomination Committee about the results of the evaluations.

### *Directors' fees*

The 2018 AGM resolved that directors' fees of SEK 300,000 shall be payable each to Per Brilioth, Barbara Canales, Anna Frick, Tuva Palm and Patrik Rosén. Mårten Forste, as Chairman of the Board, is paid a fee of SEK 600,000. Robin Ramm-Ericson, who is paid a salary by the com-

pany, is not paid any fee for board work. These amounts are based on the assumption that the directors' assignments continue for the entire period until the 2019 AGM. In addition to his director's fee, Mårten Forste performed consulting services for the company, and for this he invoiced a total of SEK 655,000 during 2018.

A fee for committee work shall be payable in the amount of SEK 50,000 to each of the members of the Audit and Remuneration Committees. The respective committee chairs are paid a fee of SEK 100,000, based on the assumption that their assignments continue for the entire period from the 2018 AGM until the 2019 AGM.

## SUSTAINABILITY PERSPECTIVE

The Board has adopted relevant guidelines for the Group's sustainability for the purpose of its long-term capacity to create value. The company's report for 2018 is presented in the section "Sustainability Report".

## INTERNAL CONTROL AND RISK MANAGEMENT

Internal governance and control are generally defined as a structured process, conducted by an organisation's board, management and other staff, to provide a reasonable assurance that goals are met in the following categories:

- Effectiveness and productivity of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

This description has been prepared in accordance with the Annual Accounts Act and covers the most important parts of the company's system for internal control and risk management in connection with the financial reporting.

LeoVegas' control system has been designed to ensure that correct and reliable financial reporting and accounting have been conducted in accordance with applicable laws and statutes, accounting standards and other requirements on listed companies. LeoVegas works according to an established framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework covers five main areas: control environment, risk assessment, control activities, monitoring activities, and information & communication.

### Control environment

The control environment in LeoVegas is the foundation for the other components of internal governance and control. The Board of Directors has overarching responsibility for internal control over financial reporting. The Board adopts Rules of Procedure yearly for the Board's work. In addition, the Board draws up instructions for the division of duties between the Board of Directors and the CEO.

A good control environment entails that LeoVegas has orderly processes and structure, integrity, ethical values and the right compe-

tencies in the company. The company's leadership and the way in which management delegates responsibility and authority, and organises and develops the employees are equally important components. The control environment is maintained through LeoVegas' policies and routines, and with the assistance of the company's organisational structure, with a clear division of responsibilities and authority that is based on shared values.

LeoVegas' control environment is built upon:

- *a strong company culture with values that permeate the company,*
- *documented ethical and moral guidelines,*
- *a clear organisation with clearly defined roles and areas of responsibility,*
- *governance documents, and*
- *identified and well defined key processes.*

Well structured internal control creates not only the conditions for reliability in the financial reporting, but also contributes to a sound and sustainable business with higher profitability as a result.

LeoVegas' board of directors has overarching responsibility for maintaining an effective system of internal control. LeoVegas has a dedicated person with chief responsibility for internal control and governance. Area managers have general responsibility for monitoring that effective controls are in place in their respective areas of responsibility. In 2019 an internal audit function with focus on compliance will be established.

LeoVegas works continuously with development and improvement of internal control, in part through internal reviews and in part through proactive work with risk management. Continuous further development of internal control is of central importance for a rapidly growing company like LeoVegas. Internal governance instruments for financial reporting consist primarily of the Group's Treasury Policy, the financial manual, and authorisation instructions. In addition to these, the company has established policies covering trading in the company's shares, communication, and IT and information security, among other things.

LeoVegas reviews the company's internal controls in accordance with a recurring time cycle every year and makes changes to them to the extent it is deemed necessary. The main responsibility for ensuring internal control rests with the Parent Company, which is where reporting to the company's board is also conducted. In addition, the Group has a unit with special responsibility for compliance. By compliance is meant in this context regulations issued by the gambling authorities in the respective countries. The company's external auditor, in turn, regularly reviews selected control processes within the framework of the audit process.

### Risk assessment

Every year LeoVegas performs a structured risk assessment to identify



risks affecting internal control over financial reporting as well as other areas that entail risk. Material risks that are reviewed include market risks, operational risks and other risks for errors in the financial reporting. Every unit manager within the Group is responsible for clearly defining and evaluating the specific risks that exist in the area he or she is responsible for. Risks are to be clearly defined together with a description of how each risk is controlled and the manager's view of the effectiveness of relevant control activities. A self assessment is conducted, which is in turn reviewed and verified. Risks are analysed and updated, and where needed an implementation plan is defined and followed up. The Board addresses the outcome of the company's risk assessment and risk management process to ensure that it covers all significant areas and identifies necessary measures where needed.

LeoVegas' greatest business risks are related to the rapidly changing environment in the gaming industry, including shifts in legal systems among other things. The section "Significant risks and uncertainties" in the Board of Directors' Report specifies some of the Group's business and industry-related risks factors that could affect the Group's financial position and earnings.

#### *Control activities*

Control activities are the guidelines and routines that contribute to ensuring that management's directives are carried out. They contribute to ensuring that necessary measures are taken to manage risks that the organisation's objectives will not be achieved.

Control activities are formulated and conducted throughout the organisation – at all levels and in all functions. They are documented at the process level and include both overarching and more detailed controls designed to prevent, discover or correct errors and deviations. They include a number of different types of activities, such as approvals, attestations, verifications, reconciliations, reviews of the results of operations, assurance of assets, performance analyses and budget and forecast follow-ups. In the annual risk assessment work all control activities are evaluated to ensure that they are designed in a suitable manner. When designing control activities, steps are taken to ensure that they are performed in the right way and at the right time. Control activities for the financial reporting cover everything from review and follow-up of earnings to specific account reconciliations. So-called general IT controls are established for the systems that support the processes that affect internal control. The design of IT processes and controls is also affected by rules issued by gambling authorities, such as the Malta Gaming Authority (MGA) and the UK Gambling Commission, and by external reviews in connection with licensing and certifications. Reviews in the IT area are conducted in part by independent review agencies for certifications according to regulatory requirements and in part by the company's external auditors.

#### *Monitoring activities*

Internal governance and control systems need to be monitored, followed up and evaluated. This is achieved in LeoVegas through continu-

ous monitoring activities and follow-ups. LeoVegas' most important financial information processes are reviewed at least once a year or ahead of and in connection with changes in rules and standards that could affect the company's financial information. Monitoring of control activities is conducted continuously to ensure that risks have been taken into account and addressed in a satisfactory manner. Monitoring includes both formal and informal routines that are conducted within the company. These routines encompass a follow-up of earnings against forecasts, analyses, and key ratios. The Board continuously evaluates the information provided by Group Management.

The company's policies and instructions are evaluated and updated with respect to suitability and functionality, where needed. Follow-up of LeoVegas' work with internal governance and control is documented after reviewing the company's activities and processes for ensuring good internal control and monitoring. Compilations and the status of identified measures are reported to the Board of Directors.

#### *Information & communication*

Relevant information must be identified and conveyed so that the company's employees can perform their duties. Information systems generate reports that contain business and financial information and details about compliance that make it possible to conduct and govern the company's business. These concern not only internally generated data, but also information about external events, activities and conditions that are necessary for well-grounded business decisions and external reporting. The employees must understand their own roles in the internal governance and control system, and how individual activities affect others' work. A channel must be in place to communicate important information. There is also a need for effective communication with external parties, such as customers, vendors, authorities and shareholders.

LeoVegas' communication and information channels enable information to be quickly communicated internally to pertinent employees. The company's intranet, chat system and information meetings are the primary channels. Where necessary, information in the financial manual is updated. In addition to the written communication that is conveyed in, for example, the financial manual, news, risks, outcomes of controls, etc., are communicated and discussed at regular meetings.

Significant guidelines and manuals for the financial reporting are updated and communicated to pertinent employees in connection with new employee orientation and, in connection with any changes, to all pertinent employees. Formal and informal information channels to and from Group Management and the Board are in place for important information.

For external communication, the company has an Information and Communication Policy that aims to ensure that the company is compliant with applicable requirements for accurate information to the market. The policy documents that the Board adopts each year include documentation for the company which among other things stipulates

guidelines for external communication. In connection with new employee orientation, the employees are informed about the laws and guidelines that the company follows with respect to, for example, the handling of inside information and trading in the company's shares. In addition, prior to every quarterly report reminders are sent to all employees about the trading windows and rules for trading in the company's shares. All employees must follow the rules regarding the company's trading windows. This means that no employee may trade in LeoVegas shares 45 days prior to the publication of a financial report.

#### *Internal audit*

LeoVegas has not established a dedicated internal audit function, except for with respect to compliance; internal audit is instead handled by LeoVegas employees, whereby the Board of Directors bears ultimate responsibility. According to the Code, the Board shall decide each year if the company is to have an internal audit function that assesses whether internal governance and controls work in their intended manner, or if the Board in some other way gains assurances that such is the case. This issue is also considered yearly by the Audit Committee. The Board is of the opinion that the company's further strengthened organisation, documentation of processes, and implemented monitoring routines are sufficient for ensuring a satisfactory state of affairs and has therefore opted to not appoint an internal auditor. LeoVegas has opted to work with internal monitoring and self assessment, and reports the outcome of this work to the Board of Directors.

#### **CEO AND SENIOR EXECUTIVES**

The CEO is responsible for the day-to-day administration of LeoVegas in accordance with applicable laws and regulations, and the instructions and strategies established by the Board of Directors. The CEO ensures that the Board receives the information required for the Board to be able to make well-grounded decisions, and monitors compliance with the goals, policies and strategic plans for LeoVegas that are set by the Board of Directors. The CEO is also responsible for ensuring that the Board is provided with satisfactory information about LeoVegas' development between regular board meetings. The CEO leads the work of the Group's management, which is responsible for the overarching business development. In addition to the CEO, the Group Management includes seven senior executives as per 31 December 2018: the Deputy CEO, the Chief Financial Officer, the Director of Corporate Finance and Investor Relations, the Chief Operating Officer, the Chief Human Resources Officer, the Chief Product Officer and the Chief Technology Officer. Subsequent to this the Group Management will also include the Chief Compliance and Legal Officer.

#### *Remuneration of the CEO and senior executives*

Remuneration of the CEO and other senior executives consists of a base salary, other benefits, and in certain cases pension. By other senior executives is meant the eight persons who together with the

CEO make up the Group Management. The CEO and the other senior executives receive monthly salary in line with the going rate in the market and customary employment benefits. No variable remuneration is paid. The Remuneration Committee has drawn up recommendations for guidelines for remuneration of senior executives to be put to the 2019 AGM for approval. See the Board of Directors' Report (the Board's proposed guidelines for remuneration of senior executives). These guidelines include, among other things, principles for the relationship between fixed salary, pension benefits, and limitations regarding severance pay and fixed salary during notice periods. Individual remuneration of the CEO and the individual remuneration of other senior executives are approved by the Board of Directors after approval by the Remuneration Committee. For paid remuneration in 2018, see Note 6.

#### **AUDITOR**

According to the Articles of Association, LeoVegas shall have a maximum of two auditors with or without a maximum of two deputy auditors, or a chartered accounting firm. LeoVegas' Annual General Meeting on 29 May 2018 resolved to elect the chartered accounting firm PricewaterhouseCoopers AB as auditor of the company for a term until the end of the 2019 AGM. Authorised Public Accountant Alexander Lyckow was appointed as auditor-in-charge. Alexander Lyckow is a member of FAR.




#### **EXTERNAL AUDIT**

The external audit of the accounts of LeoVegas and all subsidiaries, including the Board of Directors' and Group Management's administration, is performed in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. The external auditor attends all meetings of the Audit Committee and at least one board meeting each year, at which the auditors report on their observations from the audit and their opinion on internal control. During the financial year, in addition to its audit assignment, PricewaterhouseCoopers performed services related to the company's listing on Nasdaq Stockholm's Main Market list, tax consulting, and consulting advice related to the enactment of the EU General Data Protection Regulation (GDPR) (EU 2016/679), which took effect in May 2018.



## BOARD OF DIRECTORS

<p><b>Mårten Forste</b></p> 	<p><b>Assignments and year elected</b> Born 1971. Chairman of the Board since 2017. Director since 2012</p> <p><b>Education</b> Master of Laws, Lund University</p> <p><b>Other current assignments</b> Director of MD International AB, Forste Consulting AB. Chairman of Match.com Nordic AB</p> <p><b>Professional experience and previous assignments</b> Mårten Forste has extensive and broad-based experience from the online and e-commerce sectors. He is a former Country Manager Sweden for the gaming company Expekt and COO of Meetic/Match.com Europe</p> <p><b>Special areas of expertise</b> Gaming industry, e-commerce B2C and organisational development</p>	<p><b>Director's fee (yearly)</b> 600,000</p> <p><b>Fee for committee work</b> -</p> <p><b>Independent in relation to the company and Group Management</b> Yes</p> <p><b>Independent in relation to the major shareholders</b> Yes</p> <p><b>Own and related parties' share-holdings as per 31 December 2018</b> 342,100</p>	<p><b>Attendance at board meetings (17 in total)</b> 17 of 17 possible</p>
<p><b>Robin Ramm-Ericson</b></p> 	<p><b>Assignments and year elected</b> Born 1975. Director since 2017. Former Chairman of the Board since 2011</p> <p><b>Education</b> M.Sc. Business and Economics, Stockholm School of Economics; studies at Stanford University</p> <p><b>Other current assignments</b> Apart from his board assignment in LeoVegas AB, within the LeoVegas Group Robin Ramm-Ericson is also Managing Director of LeoVentures and a board member for several of the Group's companies</p> <p><b>Professional experience and previous assignments</b> One of the two co-founders of LeoVegas and former CEO of Payson AB, Nordic Manager at Neteller &amp; Optimal Payments Ltd and Head of Product Development at the gaming company ATG</p> <p><b>Special areas of expertise</b> Gaming industry, products, company formations and marketing</p>	<p><b>Director's fee (yearly)</b> -</p> <p><b>Fee for committee work</b> -</p> <p><b>Independent in relation to the company and Group Management</b> No</p> <p><b>Independent in relation to the major shareholders</b> No</p> <p><b>Own and related parties' share-holdings as per 31 December 2018</b> 7,085,560</p>	<p><b>Attendance at board meetings (17 in total)</b> 17 of 17 possible</p>
<p><b>Barbara Canales Rivera</b></p> 	<p><b>Assignments and year elected</b> Born 1990. Director since 2015. Remuneration Committee Chair</p> <p><b>Education</b> International Sales and Marketing at Sälj &amp; Marknadshögskolan</p> <p><b>Other current assignments</b> Director of ATP Atelier AB</p> <p><b>Professional experience and previous assignments</b> Barbara Canales Rivera was responsible for the launch and establishment of Uber in Sweden, and thereafter she built up Uber's partnerships unit in NYC. In addition to her years at Uber she has had several roles in PR and Marketing, most recently with the brand Away, which raised more than USD 50 bn in venture capital. Founder of the branding agency BY BABBA Inc., with offices in NYC and Stockholm, which she operates as global CEO</p> <p><b>Special areas of expertise</b> Marketing, branding, international expansion and launches of tech companies</p>	<p><b>Director's fee (yearly)</b> 300,000</p> <p><b>Fee for committee work</b> 100,000</p> <p><b>Independent in relation to the company and Group Management</b> Yes</p> <p><b>Independent in relation to the major shareholders</b> Yes</p> <p><b>Own and related parties' share-holdings as per 31 December 2018</b> 0</p>	<p><b>Attendance at board meetings (17 in total)</b> 16 of 17 possible</p> <p><b>Attendance at Remuneration Committee meetings (8 total)</b> 8 of 8 possible</p>
<p><b>Per Brilioth</b></p> 	<p><b>Assignments and year elected</b> Born 1969. Director since 2015. Member of Audit Committee and Remuneration Committee</p> <p><b>Education</b> B.Sc. Business Administration, Stockholm University; Master's in Finance, London Business School</p> <p><b>Other current assignments</b> CEO and Chairman of Vostok New Ventures AB. Chairman of Thunderroad AB, Pet Sounds AB, Gaval Holdings AB, Pomegranate Investment AB (publ) and Pet Sounds Digital AB. Director of Cow-Pow Studios AB, Vostok Emerging Finance Ltd, NMS Invest AB, Tethys Oil AB and Kontakt East Holding AB</p> <p><b>Professional experience and previous assignments</b> Former Head of Emerging Markets at Hagströmer &amp; Qviberg and close work with Russian financial market for many years. Broad base of experience in working with emerging markets and growth companies. Former Chairman of Black Earth Farming AB</p>	<p><b>Special areas of expertise</b> M&amp;As, venture capital, listed company environments and company formations</p> <p><b>Director's fee (yearly)</b> 300,000</p> <p><b>Fee for committee work</b> 100,000</p> <p><b>Independent in relation to the company and Group Management</b> Yes</p> <p><b>Independent in relation to the major shareholders</b> Yes</p> <p><b>Own and related parties' share-holdings as per 31 December 2018</b> 30,000</p>	<p><b>Attendance at board meetings (17 in total)</b> 16 of 17 possible</p> <p><b>Attendance at Audit Committee meetings (4 total)</b> 4 of 4 possible</p> <p><b>Attendance at Remuneration Committee meetings (8 total)</b> 2 of 2 possible (became member on 29 May 2018)</p>

<b>Tuva Palm</b>		<p><b>Assignments and year elected</b> Born 1974. Director since May 2017. Member of Audit Committee</p> <p><b>Education</b> M.Sc. Computer Technology, KTH Royal Institute of Technology, studies at Stockholm University and Södertörns högskola</p> <p><b>Other current assignments</b> Director of Regily, Lunar Way, PE Accounting and EasyPark</p> <p><b>Professional experience and previous assignments</b> Extensive technology background, expanded and digitalised companies as CTO of Nordnet, Product Manager at Klarna and Head of Development for the Java software language at Oracle. Currently runs the consulting firm Evolvry.se, which offers services in digital strategies and business development</p> <p><b>Special areas of expertise</b> Tech, online payments and innovation</p>	<p><b>Director's fee (yearly)</b> 300,000</p> <p><b>Fee for committee work</b> 50,000</p> <p><b>Independent in relation to the company and Group Management</b> Yes</p> <p><b>Independent in relation to the major shareholders</b> Yes</p> <p><b>Own and related parties' share-holdings as per 31 December 2018</b> 281</p>	<p><b>Attendance at board meetings (17 in total)</b> 17 of 17 possible</p> <p><b>Attendance at Audit Committee meetings (4 total)</b> 4 of 4 possible</p>
<b>Anna Frick</b>		<p><b>Assignments and year elected</b> Born 1968. Director since 2015. Member of Remuneration Committee</p> <p><b>Education</b> M.Sc. in Finance and Marketing, Stockholm School of Economics</p> <p><b>Other current assignments</b> Director of Frisq Holding AB (publ), Fortnox AB (publ), Svea Ekonomi AB and Odd Molly International AB (publ)</p> <p><b>Professional experience and previous assignments</b> Director of Nordnet AB, Vice President of Garbergs Reklambyrå AB, CEO of Oakwood Creative AB</p> <p><b>Special areas of expertise</b> Branding, communication and organisational development</p>	<p><b>Director's fee (yearly)</b> 300,000</p> <p><b>Fee for committee work</b> 50,000</p> <p><b>Independent in relation to the company and Group Management</b> Yes</p> <p><b>Independent in relation to the major shareholders</b> Yes</p> <p><b>Own and related parties' share-holdings as per 31 December 2018</b> 5,200</p>	<p><b>Attendance at board meetings (17 in total)</b> 16 of 17 possible</p> <p><b>Attendance at Remuneration Committee meetings (8 total)</b> 8 of 8 possible</p>
<b>Patrik Rosén</b>		<p><b>Assignments and year elected</b> Born 1967. Director since 2011. Audit Committee chair</p> <p><b>Education</b> M.Sc. Business and Economics, Stockholm School of Economics</p> <p><b>Other current assignments</b> CEO, director and partner of Aggregate Stockholm AB. Director of POP Invest AB, Form Capital, Outdoorexperterna Sverige AB, Corporate Classifies AB, Lo Cilo Ci AB, Hyresdata i Sverige AB, Eventbook AB and Turistbyråshoppen Sverige AB. Deputy director of Crew Communications Scandinavia (crewcom) AB</p> <p><b>Professional experience and previous assignments</b> Career with MTG and Bonnier Group. CEO and founder of Spray's media operation and experience from diverse start-ups and investments. Patrik Rosén has also served as a director for Compricer AB, Scanworld Travelpartner AB and as Chairman of Lenson AB</p> <p><b>Special areas of expertise</b> E-commerce, venture capital, media and M&amp;A</p>	<p><b>Director's fee (yearly)</b> 300,000</p> <p><b>Fee for committee work</b> 100,000</p> <p><b>Independent in relation to the company and Group Management</b> Yes</p> <p><b>Independent in relation to the major shareholders</b> Yes</p> <p><b>Own and related parties' share-holdings as per 31 December 2018</b> 2,308,720 shares via Aggregate Media Fund V KB and 25,000 shares owned personally</p>	<p><b>Attendance at board meetings (17 in total)</b> 17 of 17 possible</p> <p><b>Attendance at Audit Committee meetings (4 total)</b> 4 of 4 possible</p> <p><b>Attendance at Remuneration Committee meetings (8 total)</b> 6 of 6 possible (replaced by Per Brilioth on 29 May 2018)</p>

## GROUP MANAGEMENT – 31/12/2018

### Gustaf Hagman, Group CEO



#### Background

Born 1974. CEO 2011-2013. President and CEO since 2015. Co-founder of LeoVegas 2011

#### Education

Economics studies at Stockholm University and Södertörn University

#### Other current assignments –

#### Professional experience and previous assignments

More than 20 years of experience in entrepreneurship and in the online industry. Former CEO and director of Net Gaming Europe AB

#### Own and related parties' shareholdings as per 31 December 2018

8,350,000 shares

### Louise Nylén, Deputy CEO



#### Background

Born 1976. Deputy CEO since 2018. Chief Marketing Officer 2015-2018. Head of Marketing Development 2013-2015. LeoVegas employee since 2013

#### Education

M.Sc. Econ. with Finance emphasis, Stockholm School of Economics

#### Other current assignments

Director of Nelly, a part of Qliro Group.

#### Professional experience and previous assignments

Senior Director, Head of Region Europe and Americas, and Director Business Strategy and Development at OSM AB. Associate consultant at Bain & Company

#### Own and related parties' shareholdings as per 31 December 2018

266,000 shares\* and 25,000 warrants

### Stefan Nelson, CFO



#### Background

Born 1977. LeoVegas employee since 2018

#### Education

B.Sc. Econ., Stockholm University

#### Other current assignments -

#### Professional experience and previous assignments

Equity analyst at SEB Enskilda, Standard & Poor's and Redeye. Director for SEB Corporate Finance with sector responsibility for gambling, media and retail

#### Own and related parties' shareholdings as per 31 December 2018

8,000 shares and 60,000 warrants

### Philip Doftvik, Director of Investor Relations and Corporate Finance



#### Background

Born 1985. Director of Investor Relations and Corporate Finance. LeoVegas employee since 2015

#### Education

M.Sc. Econ. with Finance emphasis, Stockholm University.

#### Other current assignments -

#### Professional experience and previous assignments

Equity analyst, Carnegie Investment Bank. Several positions with Betsson Group, including in operations, Investor Relations and M&A. Philip Doftvik has seven years of experience in the gaming industry

#### Own and related parties' shareholdings as per 31 December 2018

65,300 shares and 22,500 warrants

\* Due to their relationship as closely related persons, Louise Nylén and Marcus Nylén jointly own 266,000 shares in LeoVegas and 25,000 warrants.

**Jarl Modén, CPO****Background**

Born 1974. Chief Product Officer since 2017. Head of Product 2014-2017. LeoVegas employee since 2014

**Education**

M.Sc. Economics, Business Administration/Marketing, Mid Sweden University

**Other current assignments**

Director of Agasam Invest AB. Deputy director of Butiksförnödenheter Näliden AB and Eldritch Entrepreneurs AB

**Professional experience and previous assignments**

Positions at companies such as Ladbrokes, PriceRunner, 24hPoker, Entraction and IGT with focus on product management in the gaming industry and titles such as Head of Turnkey Product Management and Head of Platforms Product Management

**Own and related parties' shareholdings as per 31 December 2018**

40,000 shares and 11,000 warrants

**John Strömberg, CTO**

**Background** Born 1983. Group Chief Technology Officer. LeoVegas employee since 2012

**Education** DIHM, Business Management, IHM Business School.

**Other current assignments –****Professional experience and previous assignments**

Technical Project Manager, CTO GI Viktkoll AB, Lead System Architect GI-Boxen AB, IT consultant HiQ, System Engineer & Team Lead RebTel (HiQ Consultant), System Architect Gutro Technologies and Research AB

**Own and related parties' shareholdings as per 31 December 2018**

247,900 and 40,000 warrants

**Caroline Palm, CHRO**

**Background** Born 1982. Chief Human Resources Officer since February 2018. LeoVegas employees since 2018

**Education** B.Sc. Psychology and B.Sc. Innovation, Mälardalens Högskola

**Other current assignments -****Professional experience and previous assignments**

Head of HR and Partner of S. Professionals AB, Head of HR for Sdiptech AB, and HR Manager for PerformIQ AB

**Own and related parties' shareholdings as per 31 December 2018**

0

**Marcus Nylén, COO**

**Background** Born 1973. Chief Operating Officer since February 2016. Former Head of Expansion. LeoVegas employee since 2015

**Education** Master of Business Administration, CERAM Sophia Antipolis.

**Other current assignments** Founder and director of Fafner Invest AB. Director of Avtal24 and Red & Yellow Care Ltd

**Professional experience and previous assignments**

CEO Fafner Invest AB, and CEO Bredbandsbolaget, as well as several CEO positions within the Tele2 group

**Own and related parties' shareholdings as per 31 December 2018**

266,000 shares and 25,000 warrants.\*

\* Due to their relationship as closely related persons, Louise Nylén and Marcus Nylén jointly own 266,000 shares in LeoVegas and 25,000 warrants.



## ADDITIONS TO GROUP MANAGEMENT 2019

A number of changes have been made to LeoVegas' Group Management in 2019. Richard Woodbridge has been named as the new Chief Operating Officer. He took up his position on 7 January 2019 and has overarching responsibility for operations. Richard is based at LeoVegas' offices in Malta.

Group Management has also been reinforced with Avshalom Lazar, who will take office as Chief Compliance & Legal Officer in April 2019. Avshalom, who is based in Malta, will strengthen the Group Management team with relevant knowledge about the industry and an understanding of and experience in the higher demands

that are placed on companies in regulated markets.

LeoVegas has also added a new role to the Group Management, Chief Product and Technical Officer (CPTO), which combines the roles of CTO and CPO. Mattias Wedar has been recruited to this new position and will begin during the first half of 2019. Mattias comes most recently from a similar role at MRG and has solid experience in product development and keen industry knowledge. With this new position, the product and technology organisation will have a single leader, which will increase its effectiveness and cooperation within the Group.

### Richard Woodbridge, COO



**Background** Born 1984.

**Education** B.Sc. Economics & Marketing, Halmstad Högskola, Marketing programme at Berghs School of Communication

#### Professional experience and previous assignments

Richard Woodbridge has previous experience in the gambling industry from his six years with Expekt.com. He thereafter served as LUMA at MTG and spent seven years with Qliro Group as Chief Operating Officer for the e-commerce company Nelly.com, where he also developed and launched new businesses such as Members.com and NYMasn.com. He joins LeoVegas most recently from a role as Chief Operating Officer for the Nordic e-commerce group Ellos Group

**Own and related parties' shareholdings as per 31 December 2018**  
35,000 warrants

### Avshalom Lazar, CCLO



**Background** Born 1975.

**Education** Bachelor of Law, IDC Herzliya, Israel

#### Professional experience and previous assignments

Avshalom Lazar has more than 10 years of experience in the gambling industry and extensive knowledge about compliance and legal matters. He has extensive experience from the industry as a whole and understands the high demands that are placed today on gaming companies, especially in regulated markets. He is a former Group Head of Legal & Compliance at Fortuna Entertainment Group and Head of Regulatory Affairs at 888Holdings

**Own and related parties' shareholdings as per 31 December 2018**  
0

### Mattias Wedar, CPTO



**Background** Born 1973.

**Education** Bachelor of Social Science in Informatics, Lund University

#### Professional experience and previous assignments

MMattias has more than 15 years of experience in digital product and technology development for both B2B and B2C in technology-intensive industries. He has a broad base of experience from the gambling industry from his time as CEO of Mr Green Technology in the MRG Group. Prior to this he held executive positions in the search company Eniro and served as a manager for Accenture with focus on the media sector and digital transformations

**Own and related parties' shareholdings as per 31 December 2018**  
0

## REMUNERATION OF GROUP MANAGEMENT, 2018

Amounts in EUR 000s	Base salary	Pensions	Other benefits	Total
Gustaf Hagman, Group CEO	264	-	94	358
Other members of Group Management	1,195	26	53	1,274
<b>Total, Group Management</b>	<b>1,459</b>	<b>26</b>	<b>147</b>	<b>1,632</b>

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the Annual General Meeting of LeoVegas (publ), corporate identity number 556830-4300

### ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the corporate governance statement for the year 2018 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

### SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 – *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially 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 opinions.

### OPINIONS

A corporate governance statement has been prepared. Disclosures in accordance with Ch. 6 § 6 second paragraph points 2–6 of the Annual Accounts Act and Ch. 7 § 31 second paragraph of the same Act are consistent with the annual accounts and the consolidated accounts, and are in accordance with the Annual Accounts Act.

Stockholm, 5 April 2019  
PricewaterhouseCoopers AB

Aleksander Lyckow  
*Authorised Public Accountant*