

CORPORATE GOVERNANCE REPORT 2019  
LEOVEGAS AB (PUBL)



**LeoVegas**  
MOBILE GAMING GROUP

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE AT LEOVEGAS

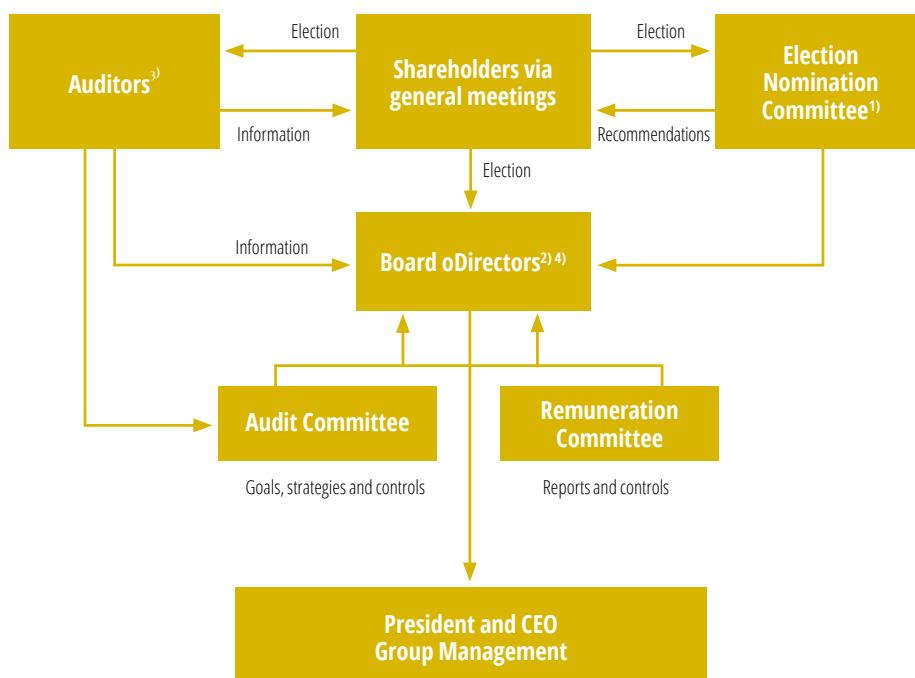
This corporate governance report has been prepared in accordance with Ch. 6 § 6 of the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (“the Code”).

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 audit 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 in a satisfactory manner, 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.

## SHAREHOLDERS

As per 31 December 2019 LeoVegas had 15,865 shareholders. As per 31 December 2019 the ten largest shareholders had ownership corresponding to 40.3% (45.9%) 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 31/12/2019

Owner	LEO	Capital and votes, %
Gustaf Hagman	8,350,000	8,2
Avanza Pension	6,073,591	6,0
Robin Ramm-Ericson	5,385,560	5,3
Investment AB Öresund	4,500,000	4,4
Torsten Söderberg med familj	4,436,550	4,4
Nordnet Pensionsförsäkring	2,954,996	2,9
TT International	2,439,784	2,4
Lombard Odier Asset Management	2,378,825	2,3
Pontus Hagnö	2,250,000	2,2
C WorldWide Asset Management	2,221,656	2,2

## 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 2019 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 FINANCIAL YEAR

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.

### Notices 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 2018 financial year was held on 29 May 2019. 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 121,983,564
- 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 Mårten Forste, Robin Ramm-Ericson, Anna Frick and Tuva Palm be re-elected as board members, and that Fredrik Rüden be elected as a new board member. Mårten Forste was also re-elected as Chairman of the Board. Per Brillioth, Barbara Canales and Patrik Rosén declined re-election
- 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 adopt the guidelines for remuneration of senior executives in accordance with the Board's recommendation

In addition, an Extraordinary General Meeting held on 28 August resolved in favour of an issue of a maximum of 1,000,000 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. As a result of the Extraordinary General Meeting's resolution in favour of the Board's recommendation to issue a maximum of 1,000,000 warrants with deviation from the shareholders' preferential rights, the total number of shares and votes in the company may be diluted by a maximum of approximately 1%. The warrants carry entitlement to subscribe for new shares in the company. For further information, see Note 6 and Note 21.

#### **GENERAL MEETING – 2019 FINANCIAL YEAR**

LeoVegas' Annual General Meeting for the 2019 financial year will be held on 8 May 2020 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 2019 the Board proposed a dividend of SEK 1.40 per share.

#### **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 2019 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 an even 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 22% of the number of votes and shares in the company as per 30 September 2019:

- Anders Fast (chair), appointed by Gustaf Hagman
- Dan-Alp Lindberg, appointed by Robin Ramm-Ericson
- Andreas Hofmann, appointed by Investment AB Öresund
- Torsten Söderberg, appointed by Aktiebolaget Syoto
- 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 five AGM-elected directors, all of whom were elected at the AGM on 29 May 2019 for terms until the end of the 2020 AGM. Gustaf Hagman, Group CEO, participates at board meetings to report on performance of the operations. Stefan Nelson, CFO, participates at board meetings and reports on the company's financial performance. 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. Four of the five directors are independent in relation to the company and its management. Four of the five directors are also independent 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 18 meetings, of which three were held per capsulam. The Board's work during the year was focused particularly on the company's strategy, including the integration of previously acquired operations, positioning, culture, and the company's development and expansion. The focus of the technology platform as well as the development and impact of stricter compliance requirements were also discussed.

### **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 Anna Frick, Tuva Palm and Fredrik Rüden, who is also 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 2019.

#### *Remuneration Committee*

The members of the Remuneration Committee are Mårten Forste, Anna Frick and Tuva Palm. Mårten Forste is committee chair. The Remuneration Committee has an advisory and a drafting function, and 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 four meetings in 2019.

#### *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 2019 AGM resolved that directors' fees of SEK 300,000 shall be payable each to Anna Frick, Tuva Palm, Robin Ramm-Ericson and Fredrik Rüden. Robin Ramm-Ericson was paid a salary until November 2019 and did not receive any director's fee during that period. Mårten Forste,

as Chairman of the Board, is paid a fee of SEK 600,000. These amounts are based on the assumption that the directors' assignments continue for the entire period until the 2020 AGM. In addition to his director's fee, Märten Forste performed consulting services for the company, and for this he invoiced a total of EUR 15,000 during 2019.

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 2019 AGM until the 2020 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 2019 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 are 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 competencies 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 sole focus on compliance was 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 industry-specific 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, 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), the UK Gambling Commission (UKGC), the Swedish Gambling Authority (SGA), 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 continuous 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 communication tools 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 meets the applicable requirements for providing accurate information to the market. The policy documents adopted by the Board 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 organisation, documentation of processes, and implemented monitoring routines are sufficient for ensuring a satisfactory state of affairs and has therefore opted to not fully establish an internal audit function. LeoVegas has opted to work with internal monitoring and self-assessment, and reports the outcome of this work to the Audit Committee and 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 five senior executives as per 31 December 2019: the Chief Financial Officer, the Chief Operating Officer, the Chief Human Resources Officer, the Chief Product & Technology Officer and the Chief Legal & Compliance Officer. During the first quarter of 2020, a new Chief Marketing Officer was appointed.

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

Remuneration of the CEO and other senior executives may consist of a fixed cash salary, possible variable cash remuneration, other customary benefits and pension. The combined yearly cash remuneration shall be in line with the going rate in the market and competitive in the labour market and geographic area in which the executive is stationed, and shall be commensurate with the individual's qualifications and experience. By other senior executives is meant the five persons who together with the CEO make up the Group Management. The Remuneration Committee has drawn up recommendations for guidelines for remuneration of senior executives to be put to the 2020 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 2019, 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 2019 resolved to elect the chartered accounting firm PricewaterhouseCoopers AB as auditor of the company for a term until the end of the 2020 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 ITGC audit, consulting concerning earn-out payments and tax consulting.

## STYRELSE

<b>Mårten Forste</b> 	<b>Assignments and year elected</b> Born 1971. Chairman of the Board since 2017. Director since 2012. Mårten Forste is also chair of the Remuneration Committee <b>Education</b> Master of Laws, Lund University <b>Other current assignments</b> Director of MD International AB, Forste Consulting AB. Chairman of Match.com Nordic AB <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 Match Group in Europe, which operates the brands Match, Meetic and Tinder <b>Special areas of expertise</b> Gaming industry, e-commerce B2C and organisational development	<b>Director's fee (yearly)</b> SEK 600,000 <b>Fee for committee work</b> SEK 100,000 <b>Independent in relation to the company and Group Management</b> Yes <b>Independent in relation to the major shareholders</b> Yes <b>Own and related parties' shareholdings as per 31 December 2019</b> 360,000	<b>Attendance at board meetings</b> 18 of 18 possible <b>Attendance at Remuneration Committee meetings</b> 4 of 4 possible <b>Other information</b> Since February 2020 Mårten Forste serves as COO with overarching responsibility for operations at the company's offices in Malta. Mårten Forste will continue in his role as Chairman of the Board through the Annual General Meeting in May 2020.
<b>Robin Ramm-Ericson</b> 	<b>Assignments and year elected</b> Born 1975. Director since 2011 and Chairman of the Board until 2017 <b>Education</b> M.Sc. Business and Economics, Stockholm School of Economics; studies at Stanford University <b>Other current assignments</b> - <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 & Optimal Payments Ltd and Head of Product Development at the gaming company ATG <b>Special areas of expertise</b> Gaming industry, products, company formations and marketing	<b>Director's fee (yearly)</b> SEK 175,000 <b>Fee for committee work</b> - <b>Independent in relation to the company and Group Management</b> Yes <b>Independent in relation to the major shareholders</b> Yes <b>Own and related parties' shareholdings as per 31 December 2019</b> 5,385,560	<b>Attendance at board meetings</b> 18 of 18 possible
<b>Fredrik Rüden*</b> 	<b>Assignments and year elected</b> Born 1970. Director since 2019. Chair of Audit Committee <b>Education</b> M. Sc. Business Administration, Bachelor of Laws, Mälardalen University <b>Other current assignments</b> In addition to his assignment with LeoVegas, Fredrik Rüden is a director of NetGaming and MultiQ International AB, and CFO of Cambio Healthcare Systems, one of the Nordic region's leading suppliers of healthcare information systems and business systems for municipalities. <b>Professional experience and previous assignments</b> Fredrik Rüden's career has developed through numerous senior positions with listed companies with an emphasis in finance, including Betsson AB (CFO), Telgent AB (CFO), Hallvard Lerøy AS (CFO) and Investment AB Kinnevik (Group Financial Controller). <b>Special areas of expertise</b> Economics, M&A, Investor relations, finance, gaming industry, management	<b>Director's fee (yearly)</b> SEK 300,000 <b>Fee for committee work</b> SEK 100,000 <b>Independent in relation to the company and Group Management</b> Yes <b>Independent in relation to the major shareholders</b> Yes <b>Own and related parties' shareholdings as per 31 December 2019</b> 0	<b>Attendance at board meetings</b> 11 of 13 possible <b>Attendance at Audit Committee meetings</b> 2 of 2 possible

\* Fredrik Rüden was elected at the annual meeting 29th of May 2019, and therefore less possible meetings to attend.

<b>Tuva Palm</b>		<b>Assignments and year elected</b> Born 1974. Director since May 2017. Member of Audit Committee and Remuneration Committee	<b>Director's fee (yearly)</b> SEK 300,000	<b>Attendance at board meetings</b> 18 of 18 possible
		<b>Education</b> M.Sc. Computer Technology, KTH Royal Institute of Technology, economics studies at Stockholm University and Södertörn University	<b>Fee for committee work</b> SEK 100,000	<b>Attendance at Audit Committee meetings</b> 4 of 4 possible
		<b>Other current assignments</b> Director of Lunar Way, PE Accounting and EasyPark. Adviser for Advisa. Co-founding partner of SHE Invest equity fund	<b>Independent in relation to the company and Group Management</b> Yes	<b>Attendance at Remuneration Committee meetings</b> 2 of 2 possible
		<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	<b>Independent in relation to the major shareholders</b> Yes	
		<b>Special areas of expertise</b> Tech, digital product development, online payments and innovation	<b>Own and related parties' shareholdings as per 31 December 2019</b> 281	
<b>Anna Frick</b>		<b>Assignments and year elected</b> Born 1968. Director since 2015. Member of Audit Committee and Remuneration Committee	<b>Director's fee (yearly)</b> SEK 300,000	<b>Attendance at board meetings</b> 18 of 18 possible
		<b>Education</b> M.Sc. in Finance and Marketing, Stockholm School of Economics	<b>Fee for committee work</b> SEK 100,000	<b>Attendance at Audit Committee meetings</b> 1 of 2 possible
		<b>Other current assignments</b> Director of Frisq Holding AB (publ), Fortnox AB (publ), Svea Ekonomi AB, Odd Molly International AB (publ), Lohilo Foods AB (publ), Above Agency AB and Target Aid AB	<b>Independent in relation to the company and Group Management</b> Yes	<b>Attendance at Remuneration Committee meetings</b> 4 of 4 possible
		<b>Professional experience and previous assignments</b> Director of Nordnet AB, Vice President of Garbergs Reklambyrå AB, CEO of Oakwood Creative AB	<b>Independent in relation to the major shareholders</b> No	
		<b>Special areas of expertise</b> Branding, communication and organisational development	<b>Own and related parties' shareholdings as per 31 December 2019</b> 5,200	

## GROUP MANAGEMENT – 31/12/2019

**Gustaf Hagman, Group CEO**



**Background**

Born 1974. President 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 gaming industry. Former CEO and director of Net Gaming Europe AB

**Own and related parties' shareholdings as per 31 December 2019**

8,350,000 shares

**Stefan Nelson, CFO**



**Background**

Born 1977. LeoVegas employee since 2018

**Education**

B.Sc. Econ., Stockholm University

**Other current assignments**

Director of Esporta AB

**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 2019**

28,000 shares and 160,000 warrants

**Richard Woodbridge, COO**



**Background**

Born 1984. LeoVegas employee since 2019

**Education**

B.Sc. Economics & Marketing, Halmstad University, Marketing Programme at Berghs School of Communication

**Professional experience and previous assignments**

Richard Woodbridge has previous experience from the gaming industry through his six years with Expekt.com. He served in MTG's management trainee programme LUMA and spent seven years with Qliro Group as Chief Operating Officer of the e-commerce company Nelly.com. Prior to joining LeoVegas, he was Chief Operating Officer for the Nordic e-commerce company Ellos Group

**Own and related parties' shareholdings as per 31 December 2019**

9,000 shares and 115,000 warrants

**Caroline Palm, CHRO**



**Background**

Born 1982. LeoVegas employees since 2018

**Education**

B.Sc. Psychology and B.Sc. Innovation, Mälardalen University

**Other current assignments**

-

**Professional experience and previous assignments**

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

**Own and related parties' shareholdings as per 31 December 2019**

0

**Avshalom Lazar, CCLo****Background**

Born 1975. LeoVegas employee since 2019

**Education**

Bachelor of Law, IDC Herzliya, Israel

**Other current assignments****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 2019**

80,000 warrants

**Mattias Wedar, CPTO****Background**

Born 1973. LeoVegas employee since 2019

**Utbildning**

Bachelor of Social Science in Informatics, Lund University

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

Mattias Wedar 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 2019**

16,200 shares and 80,000 warrants

**Dersim Sylwan, CMO (Jan. 2020)****Background**

Born 1981. LeoVegas employee since 2020

**Education**

Studies in business economics and marketing, IHM Business School

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

14 years of experience in the gaming industry, including roles as Head of Poker at bwin for the Nordic market, Brand Manager of Oddset at Svenska Spel, and numerous positions in the Kindred Group, including as head of the Maria Casino brand and General Manager for Kindred Sweden

**Own and related parties' shareholdings as per 31 December 2019**

60,000 warrants

**CHANGES IN GROUP MANAGEMENT 2020**

In 2019, LeoVegas recruited Dersim Sylwan as its new Chief Marketing Officer. He assumed his position on 1 January 2020 and is based in Malta. Sylwan has more than 14 years of experience in the gaming industry and worked most recently for Kindred.

Since February 2020 Mårten Forste has been working as Chief Operating Officer with overarching responsibility for operations at the company's offices in Malta. Forste took over the COO role from Richard Woodbridge, who accepted an offer in another industry. Richard Woodbridge will stay on at LeoVegas through the end of May 2020. Caroline Palm, Chief Human Resources Officer, decided to search for new challenges outside of LeoVegas and left the company at year-end 2019. Her role will not be replaced.

## 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 2019 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

### THE 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, 8 April 2020  
PricewaterhouseCoopers AB

Aleksander Lyckow  
*Authorised Public Accountant*