

Corporate governance report

Stillfront complies with the Swedish Code for Corporate Governance (the Code) since June 2017. Stillfront complies with the Code without deviations. Corporate governance defines the decision-making systems through which shareholders, directly or indirectly, control the company. This corporate governance report has been established by Stillfront's Board of Directors and was approved for publication April 17, 2019. The Corporate governance report is neither a part of the Directors' report nor the Annual Report.

Principles for corporate governance

- > Corporate governance at Stillfront is based on external regulations, such as the Swedish Companies Act, the Swedish Bookkeeping Act, the Swedish Annual Accounts Act, the Swedish Code of Corporate Governance and Nasdaq Stockholm's regulations for issuers on First North. Stillfront's Articles of Association are also key regulatory documents for Stillfront's corporate governance. The Articles of Association establish, among other things, the name of the company, headquarters of the Board of Directors, the operations of the company and aspects of the share capital.

Shareholding

- > As of 31 December, 2018, Stillfront had 24,048,240 shares, each with one vote. The largest owner was Laureus Capital GmbH, which owned 26.1% of the shares at year-end. Laureus Capital GmbH was the only shareholder with an ownership greater than 10% of outstanding shares. In connection with the acquisition of Playa Games GmbH, completed in December 2018, a total of 425,913 shares were issued, which were registered with the Swedish Companies Registration Office in January 2019. These shares are included in the above number of shares as of 31 December, 2018.

Annual general meeting

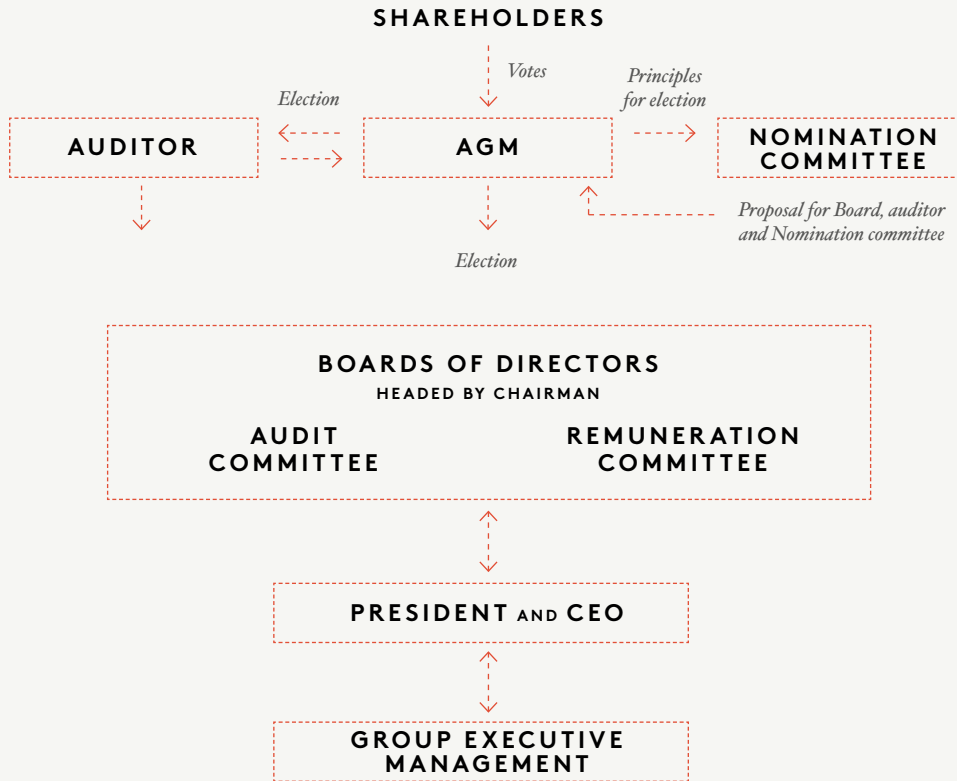
- > The highest decision-making body is the Annual General Meeting (AGM). Notice of the AGM is issued no earlier than six and no later than four weeks before the meeting. The notice contains information on registration, participation and voting at the AGM, an agenda with the issues to be addressed, information on the proposed dividend and the main content of other recommendations. Shareholders or their proxies may vote for the full number of shares they own or represent.

At the AGM, Stillfront's shareholders should determine the following, among other things:

- Who shall serve on Stillfront's Board and who shall be company auditors
- Determination of directors' and auditors' fees
- Adoption of the Income Statement and Balance Sheet and
- Consolidated Income Statement and Consolidated Balance Sheet
- Appropriation of profits or losses
- Discharging the members of the Board of Directors and the president from liability
- Guidelines for remuneration to leading executives

In addition, shareholders resolve upon any changes to the Articles of Association of the company. The Articles of Association establish, inter alia, the operations of the company, aspects of the share capital, the shareholders' right to participate in the AGM and what matters shall be dealt with at the AGM. Extra general meetings can be summoned when necessary. Information, including the notice and suggestions for the AGM, as well as minutes from previous AGM/EGMs are available on Stillfront's website, stillfront.com.

CORPORATE GOVERNANCE MODEL



IMPORTANT EXTERNAL REGULATIONS

- > The Companies Act
- > The Annual Accounts Act
- > Nasdaq's regulations for issuers on First North.
- > The Swedish Code of Corporate Governance (the Code)

IMPORTANT INTERNAL REGULATIONS AND INSTRUCTIONS

- > Articles of Association
- > Rules of procedure for the Board of Directors, Committee instructions
- > CEO instructions including reporting instruction
- > Information security policy, finance policy; financial handbook, etc.
- > Code of Conduct
- > Processes for internal control and risk management
- > IR and insider policy

- Annual general meeting 2018** > The AGM 2018 was held at the offices of the law firm DLA Piper Sweden, Kungsgatan 9, Stockholm, Sweden, on May 30. During the meeting shareholders were provided the opportunity to ask the Chairman of the Board and the CEO questions. A total of 29 shareholders who were entitled to vote participated at Stillfront's AGM 2018. They represented 14,338,971 shares or approximately 61.6% per cent of the capital and votes.
- At the AGM, the Chairman of the Board and four Board Members and the CEO participated. The elected auditor also participated. Chairman of the AGM was the Attorney at Law, Peder Grandinson.
- At the AGM, the shareholders resolved the following inter alia:
- That the Board shall consist of six members elected by the AGM, with no deputies.
 - That Board members Birgitta Henriksson and Ulrika Viklund were re-elected and Jan Samuelson, Katarina Bonde, Erik Forsberg and Fabian Ritter were elected until the end of the next AGM.
 - That Jan Samuelson was elected as Chairman of the Board.
 - That remuneration to the Board shall be according to the proposal from the Nomination Committee.
 - That accounting firm Mazars SET Revisionsbyrå was appointed as auditors with Michael Olsson appointed as chief auditor. Bengt Ekenberg was also appointed auditor.
 - A fee to the auditors in accordance with approved invoices.
 - Authorisation for the board of directors to, with or without deviation from the shareholders' preferential rights, on one or several occasions, resolve to issue shares, convertible instruments and/or warrants. The increase in the share capital may correspond to a dilution of a maximum of 10 per cent of the share capital.
- The AGM also resolved on a directed issue of up to 300,000 warrants intended for an incentive programme. The warrants give the holder the right to subscribe to shares at a price of 472.20 SEK during the period May 15, 2021 – June 1, 2021.
- Extra general meeting 2018** > At an extra general meeting on January 9, 2018, it was resolved to issue shares to be used as part of the consideration in conjunction with the acquisition of Altigi GmbH. 16,868,623 shares were issued. Further, it was resolved that the board should have 7 members and Dr Christian Wawrzinek was elected as board member.
- Annual general meeting 2019** > The AGM 2019 will take place May 9, 2019 at 16.00 at the offices of the law firm DLA Piper Sweden, Kungsgatan 9, Stockholm, Sweden. All shareholders wishing to raise an issue during the AGM may make suggestions to the Chairman of the Board, or present nominations to the Nomination committee. It will not be possible to follow or participate from other locations with the help of communication technology. Information regarding the AGM is published on the website, Stillfront.com.
- Nomination committee** > In accordance with the resolution of the AGM on May 30, 2018, the Chairman of the Board, shall convene at the end of the third quarter, Stillfront's three largest registered shareholders to elect one representative each for the Nomination committee.

The Nomination committee for the AGM 2019 consisted of

- Jan Samuelson, Chairman of the Board and convener
- Dr. Kai Wawrzinek, Laureus Capital GmbH (Chairman)
- Joachim Spetz, Swedbank Robur Fonder
- Niklas Johansson, Handelsbanken Fonder

The duties of the Nomination committee are to propose, for the AGM 2019, the Chairman of the AGM, the Board members to be elected by the AGM, the Chairman of the Board, Directors' fees, auditors' fees and the Nomination committee's procedures.

The Nomination committee proposes the following to the AGM 2019: re-election of the board members Birgitta Henriksson, Ulrika Viklund, Katarina Bonde, Erik Forsberg and Jan Samuelson and election of Dr. Kai Wawrzinek. Fabian Ritter has declined re-election. Jan Samuelson is proposed as Chairman.

The Nomination committee has attached weight to the matter of equal gender distribution on the Board. If the AGM adopts the committee's suggestion, the proportion of female Board Members will be 50 per cent.

The Nomination committee proposes that remuneration be paid to the Board Members in the total amount of 1,425,000 SEK, distributed as follows: 425,000 is allocated to the Chairman, 200,000 to each of the members elected at the AGM. Board members that have other remuneration from the company shall not be entitled to board remuneration. In addition, 100,000 SEK shall be paid to the chairman of the Audit committee and 50,000 SEK each to the members of the committee. Further, 60,000 SEK shall be paid to the chairman of the Remuneration committee and 30,000 SEK each to the members of the committee.

Board of Directors

- > According to Stillfront's Articles of Association, the Board of Directors shall consist of at least three and at most eight members, with a maximum of eight deputies, elected each year at the AGM to serve until the end of the next AGM. There is no rule on the maximum period a Director may serve on the Board.

The AGM 2018 re-elected Birgitta Henriksson and Ulrika Viklund and elected Jan Samuelson, Katarina Bonde, Erik Forsberg and Fabian Ritter. The AGM elected Jan Samuelson as Chairman.

The Nomination committee considers all board members except Fabian Ritter independent in relation to the company and management, in accordance with the Swedish Code of Corporate Governance. Fabian Ritter is Managing Director of Laureus Capital GmbH which is Stillfront's largest shareholder. Further information on the Board and management can be found on pages 50-53 of Stillfront's annual report.

Board work

- > During 2018, 26 meetings were held. At its scheduled meetings, the Board agenda was in compliance with its rules of procedure, such as business performance, liquidity, annual accounts and interim reports.

ATTENDANCE BOARD MEETINGS 2018

	Attendance	of total
Annette Brodin Rampe	8	8
Alexander Bricca	7	8
Birgitta Henriksson	26	26
Mark Miller	5	8
Dr. Christian Wawrzinek	6	7
Sture Wikman	8	8
Ulrika Viklund	24	26
Fabian Ritter	17	18
Erik Forsberg	18	18
Katarina Bonde	17	18
Jan Samuelson	18	18

Four of the Board meetings were held prior to the release of interim reports. One meeting addressed the Company's operational planning and budget. A constitutional meeting was held in conjunction with the AGM resolving signatories, working procedures of the board, CEO instructions and schedule for the meetings of the year. The other board meetings were dedicated to, inter alia, acquisitions and financing.

Prior to Board meetings, the Directors have received written material regarding the issues to be discussed. Part of this material for the meetings that deal with the interim reports is the CEO's written report on operations.

The CEO of Stillfront takes part in Board Meetings to submit reports. Up to the AGM 2018, the CEO served as secretary for the Board. After the AGM 2018, Stillfront's CFO served a secretary.

The Board resolves on written rules of procedure for its work as well as CEO instructions including reporting instructions for the CEO. The rules of procedure determine the work that is required over and above the Companies Act and Articles of Association.

The chairman's role

- > The Chairman organises and manages the Board's work so that is conducted in accordance with the Swedish Companies Act, other legal acts and regulations, The Code and the Board's internal governing documents. The Chairman monitors operations through continuous contact with the CEO and is responsible for ensuring that the other Board Members receive relevant information. The Chairman ensures that the Board's and CEO's work is evaluated annually and that the Nomination Committee is informed about the results of the evaluation.

Evaluation of the board's work

- > Once a year, the Chairman of the Board carries out an evaluation of the Board's work through individual discussions with the members. Several different issues are highlighted, such as the climate of cooperation, the breadth of knowledge and how the board work has been carried out. The intention is to get a picture of how the members perceive that the board work has been carried out and what measures can be taken to streamline and improve the work. The Chairman reports the evaluation to the Board and, in addition, to the Nomination Committee.

The Board evaluates the work of the CEO by monitoring the development of the business and by reviewing the CEO's written reports.

The corporate management's working methods

- > Group management consists of CEO, CFO, CCO, COO, Head of M&A and Head of IR & Communications. Group management has ongoing meetings with subsidiaries. In the management meetings, business development, financial monitoring and business plans are discussed. The subsidiaries have high operational freedom within the agreed framework. Group management monitors that these boundaries are not crossed. Effective management structures have been established within each subsidiary.

Remuneration

- > Remuneration to the Board of Directors is determined for the next year during the AGM. For 2018, the AGM determined a total fee of 1,425,000 SEK, distributed as follows: 425,000 SEK is allocated to the Chairman, 200,000 SEK to each of the members elected at the AGM. Board members that have other remuneration from the company shall not be entitled to board remuneration. In addition, 100,000 SEK shall be paid to the chairman of the Audit committee and 50,000 SEK each to the members of the committee. Further, 60,000 SEK shall be paid to the Chairman of the Audit committee and 30,000 SEK each to the members of the committee.

A Remuneration Committee was established after the 2018 AGM consisting of Jan Samuelson (chair), and Katarina Bonde. The remuneration committee has the responsibilities and authority that follows the Swedish Companies Act and the Code. Both committee members have attended all meetings.

Remuneration to the CEO and other officials consists of a base salary, a variable performance remuneration, other benefits and pension. The AGM 2018 adopted guidelines for the remuneration of executives. These guidelines have been adhered to without deviations during the year.

The Chairman of the Board negotiates the remuneration and terms of employment for Stillfront CEO and CFO. The remuneration is approved by the Board.

The CEO negotiates the remuneration and terms of employment for the heads of subsidiaries who report to the CEO. For further information, see Note 10 in Stillfront's annual report.

Audit

- > One or several auditors are elected by the AGM, for a term running up until the end of the AGM during the financial year after the election. The auditor is assigned to review Stillfront's annual report, accounting records and the administration performed by the Board and CEO. The auditor(s) deliver(s) a report to the AGM. Shareholders have the opportunity to ask the auditor(s) questions during the AGM.

The AGM 2018 re-elected accounting firm Mazars SET Revisionsbyrå as auditor until the end of the AGM 2019. The chief auditor is Michael Olsson. Bengt Ekenberg was also elected auditor. Mazars SET has conducted the audit of Stillfront and the majority of its subsidiaries.

In 2018, the auditors have, in addition to reviewing the company's books, performed review of the company's third interim report and of the Year-End Report. The auditors have participated at two Board meetings during the year, ahead of the Year-End Report and again in connection with the third interim report, in which they reported significant observations from their audit.

Audit committee

- > The Audit Committee consists of Erik Forsberg (Chair) and Birgitta Henriksson. The audit committee has the responsibilities and authority that follows the Swedish Companies Act and the Code. Both committee members have attended all meetings. Prior to the 2018 AGM, the entire board acted as audit committee.

Internal control and risk assessment regarding financial reporting

The Board is charged with ensuring the company's internal control and review and that financial reporting follows the regulations and rules applicable to companies traded on the Nasdaq First North Premier in Stockholm, as well as Swedish legislation such as the Companies Act, the Annual Accounts Act and the Code of Corporate Governance. In addition, there are internal instructions, routines, and a system for delegating roles and responsibility, to ensure good internal control.

Control environment

- > Stillfront's operations are organised in independent subsidiaries. The CEO of the Group appoints an entity head in charge of the subsidiary's governance, development and management.

Stillfront's decentralised organization, with many subsidiaries, entails demanding requirements on the management teams of subsidiaries, as well as their competence, values and ethics. Further, this requires understanding and respect for delegation of roles. This also requires that the division of responsibility within and between the group management team and the management teams of the subsidiaries is well-defined and that the communication between all these units works well.

Instructions on governing documents, accounting principles, guidelines and routines are regularly communicated to affected employees.

The authorisation instructions in place Stillfront and all its subsidiaries regulate the decision-making process for important contracts, major investments and other significant decisions, thus becoming an important part of the group's control environment.

Risk management

- > Stillfront's operations are affected by a number of risk factors that cannot be fully controlled by the company. The Board has a work agenda determined at the constituting meeting. It provides the basis for the Board's work and for effective handling of the risks to which the company is exposed. For a more comprehensive description of financial risks, see Note 3 in Stillfront's annual report.

The Board is responsible for identifying and managing significant financial risks and risks of errors in the financial reports. Its efforts focus on significant income and balance items, transactions of high complexity and/or where the effects of any errors could be significant.

Stillfront's CFO annually reviews the company's minimum requirements for internal control and routines for financial reporting. These minimum requirements serve to prevent, uncover and correct errors and deviations in the financial reporting. Reviews include, i.a., approval of significant agreements, follow-up of risk exposure, checking account balances and analysing financial results.

Information and communication

- > The group CFO has for the major part of 2018 been responsible for the implementation of group policies regarding internal information and communication. During 2018, a Group Head of IR and Communications has taken over these responsibilities.

The Group's financial position is discussed at Board meetings in conjunction with interim reports.

Follow-up

- > The subsidiaries' observance of Stillfront's requirements of internal review and processes for financial reporting is monitored continuously by the CFO during visits to subsidiaries, which are selected based on particular needs and timed depending on internal reviews already performed.

The Group's subsidiaries report income and balance sheets in a monthly basis, as well as relevant key figures. The monthly reports of the subsidiaries and the consolidated monthly report of the group are analyzed by corporate management.

Internal review

- > Given the Group's structure and processes for internal review of financial reporting, the Board has not assessed it necessary to establish a special function for internal review. This assessment is revisited yearly by the board.

Information

- > The Company's external information follows the communication policy for Stillfront established by the Board. The policy states what should be communicated, by whom and in what manner – to ensure that both external and internal information is correct and complete.

Stillfront provides information to shareholders and other stakeholders through published press releases, interim and year-end reports, the annual report and the Company's website (stillfront.com). The press releases, financial reports and presentation materials for the past few years are all published on the website, along with information on corporate governance. Interim reports, annual reports and press releases are translated into English and published on the company website.

Board of Directors



JAN SAMUELSON
CHAIRMAN OF THE BOARD

Born 1963.

Board member since 2018.

Education: BA Finance, Stockholm School of Economics, LL.M. Master of Law, Stockholm University.

Former positions, selection: Previously co-founder and senior partner Accent Equity Partners AB, SVP EF Travel at EF Education First, Management Consultant Carta Corporate Advisors AB, Management Consultant Indevo AB.

Other current assignments: Chairman Resurs Bank AB, Resurs Holding AB (publ.), and Sdiptech AB (publ.). Board member Saltå Kvarn AB.

Shareholding: 10,000.

Chairman of the Remuneration Committee.

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



KATARINA BONDE

Born 1958.

Board member since 2018.

Education: M.Sc. Physics and Mathematics, KTH Royal Institute of Technology, Mathematics and Social history, Salem College, North Carolina, Economics, Stockholm University.

Former positions, selection: CEO and Chair at UniSite Software, Managing Director Captura Software Inc., Marketing Director at Dun & Bradstreet Software Inc., VP Sales and Marketing at Timeline Inc. CEO Programmator Industri AB

Other current assignments: Chairman of Opus Group, IMINT Image Intelligence AB, Propellerhead and Mentimeter AB, Board member of Micro Systemations AB (publ.), Mycronic AB (publ.).

Shareholding: -

Member of the Remuneration Committee

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



ERIK FORSBERG

Born 1971.

Board member since 2018.

Education: M.Sc. Business and Administration, Stockholm School of Economics

Former positions, selection: CFO Intrum AB, CFO Cision AB and Business Area CFO, Group Treasurer and Business Controller at EF Education.

Other current assignments: -

Shareholding: -

Chairman of the Audit Committee. Independent in relation to the company, company management and major shareholders.



**BIRGITTA
HENRIKSSON**

Born 1963.

Board member since 2017.

Education and work experience: Bachelor's degree, Economics, Business Administration, Uppsala University.

Former positions, selection: Partner of Brunswick Group, Head of Investor Relations and Corporate Communications, Carnegie Investment Bank.

Other current positions: –

Shareholding: 2,250.

Member of the Audit Committee. Independent in relation to the company, company management and major shareholders.



FABIAN RITTER

Born 1977.

Board member since 2018.

Education: Economics, Mannheim

Former positions, selection: Co-founder of Goodgame Studios. Industrial management assistant at Hermes. Freelance programmer and administrator.

Other current assignments: Director of Laureus Capital GmbH.

Shareholding: No shares directly held by Fabian Ritter. Fabian Ritter is Director of Laureus Capital GmbH.

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



ULRIKA VIKLUND

Born 1981.

Board member since 2017.

Education: B Sc, Mittuniversitetet, Systems development and Project Management, Amsterdam University of Applied Sciences.

Former positions, selection: Co-Founder House Be. General Manager Magine Consumer Group Global. CEO "Plejmo". Director International Growth, Spotify.

Other current positions: Board member of God El i Sverige AB, Idea2Innovation Sweden AB, Spira Globalt AB, House Be i Åre AB, E14 Invest AB, NorthWorx AB and Adgie Consulting AB.

Shareholding: –

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

Group management



JÖRGEN LARSSON
CEO AND PRESIDENT

Born 1964.

Board member 2007–2017. CEO since 2015.

Education: Master of Science in Industrial Engineering from Linköpings Tekniska Högskola.

Former positions, selection: Co-Founder & Chairman ESN, Partner Deseven, Founder & CEO, Mind AB.

Shareholding: 166,330.

Warrants: 60,000.



MARINA ANDERSSON
HEAD OF M&A

Born 1972.

Head of M&A since 2019.

Education: Two master degrees from Stockholm University and Russian Herzen State Pedagogical University.

Former positions, selection: Director Deloitte Corporate Finance Advisory team, Director ICECAPITAL Securities, Associate partner & Investment manager, Deseven and analyst, Carnegie.

Shareholding: 155.



ALEXIS BONTE
COO

Born 1976.

COO since 2019.

Education: BA Honors Degree International Business & Languages, European Business School, London, Global Leadership and Public Policy, Harvard University, Transformational Leadership Program University of Oxford/Saïd Business School.

Former positions, selection: Co-founder and CEO eRepublik Labs, various positions at lastminute.com: Head of Business Development, UK, Marketing and Sales Director, France and MD, Italy.

Shareholding: 86,715.



CHRISTIAN KAUL
CCO

Born 1981.

CCO since 2019.

Education: PhD in Neuroscience, University College London and Neuroscience department, New York University.

Former positions, selection: VP Corporate Development Goodgame Studios, MD Airbnb UK & Ireland, MD of Groupon, Australia.

Shareholding: -



STEN WRANNE
CFO

Born 1961.

CFO since 2010, full time since 2015.

Education: Master of Science in Engineering Physics from Chalmers University of Technology.

Former positions, selection: CFO, Adcore AB, Connecta AB and Vodler Group AB.

Shareholding: 69,759.

Warrants: 40,000



SOFIA WRETMAN
HEAD OF IR &
COMMUNICATION

Born 1977.

Head of IR & Communication since 2018.

Education: Master of political science, Stockholm University

Former positions, selection: Head of IR & Communications, Alimak Group, Senior Consultant Halvarsson & Hallvarsson, Communication Manager, SAS Institute.

Shareholding: -

Auditor's report on the corporate governance statement

To the annual meeting of the shareholders in Stillfront Group AB (publ).
Corporate identity number 556721-3078

Engagement and responsibility

- > It is the board of directors who is responsible for the corporate governance statement for the financial year 2018 on pages 42–53 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

- > Our examination has been conducted in accordance with FAR's auditing standard RevU 16. The auditor's 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 chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm April 17 2019

Mazars SET Revisionsbyrå AB

Michael Olsson
AUTHORIZED PUBLIC ACCOUNTANT

Bengt Ekenberg
AUTHORIZED PUBLIC ACCOUNTANT