

## **Statutory Report on Corporate Governance, cf. Section 107(b) of the Danish Financial Statements Act – Equity Pharma Group A/S ("Company")**

This Statutory Report on Corporate Governance is from January 1 to December 31, 2022, and forms part of the Management Review in the Company's Annual Report 2022. The Corporate Governance section is not covered by the auditor's statement in the Annual Report. The particulars concerning the composition of the Company's management bodies are covered by the auditor's statement on the Management Review in the Company's Annual Report.

As previously informed to the market, the Company is currently in a so-called "change-of-identity" process (the "Process"), whereby the Company expects to acquire Reponex Pharmaceuticals A/S in order to indirectly achieve admission to trading and official listing of Reponex Pharmaceuticals A/S. Upon completion of the acquisition, Reponex Pharmaceuticals A/S will operate as a subsidiary of the Company. As a consequence of this ongoing process, this Corporate Governance Statement further covers initiatives expected to be performed in 2023 to ensure increased compliance with the Corporate Governance recommendations following completion of the Process. As part of the Process an extraordinary general meeting will be convened following completion of the Process to amongst others elect a new board of directors (the "New Board") of the Company. Once the New Board has been elected, the New Board will review and update the Corporate Governance Statement as relevant, which will then subsequently be published on the company's website. Drafts of the relevant documents to be decided upon by the New Board will be made available on the website of the Company together with this Corporate Governance Statement.

As part of its management process, the Company focuses on investor relations, and the Board of Directors gives priority to exercising good corporate governance, which is defined based on the Company's Articles of Association, values and policies as well as relevant legislation and Nasdaq Copenhagen A/S' "Rules for Issuers of Shares".

### **Corporate governance recommendations**

The Company is subject to the Recommendations prepared by the Committee on Corporate Governance (the "Recommendation"), which are available at <https://corporategovernance.dk/>.

The Board of Directors regularly assesses how the Recommendations may contribute to strengthening the management of the Company and ensure maximum value creation for the Company's shareholders. Once a year, the Board of Directors reviews the Recommendations and evaluates the Company's compliance with the Recommendations. Following completion of the Process and subject to decision by the New Board, the Board of Directors expects that the Company for the year 2023 will comply with all but number 5.1.2 of the Recommendations. The recommendations numbers 1.2.1 and 1.4.1 are expected to be complied with partially. This report on the Company's compliance with the Recommendations is available at the Company's website.

### **Work of the Board of Directors and the Executive Management**

The Board of Directors defines The Company's objectives, policies and areas of activity. Furthermore, the Board of Directors makes decisions in all unusual matters or matters with far-reaching implications. In addition, the Board of Directors approves, monitors, evaluates and revises the Executive Management's business strategy and action plans.

The Board of Directors also ensures that the Company is properly managed as required by the Articles of Association, other guidelines, policies and applicable rules and regulations. The Board of Directors defines guidelines for the distribution of responsibilities between the Board of Directors and the Executive Management but does not participate in the day-to-day management of the Company.

The duties of the Board of Directors are described in the Rules of Procedure for the Board of Directors. The Board of Directors held four Board meetings in 2022. Seven meetings are planned for 2023 in accordance with the Board of Directors' annual plan, which may be changed at any time to allow for additional meetings or as deemed necessary by the New Board.

The Board of Directors appoints the Company's Executive Management and defines the working conditions and assignments to be undertaken by the Executive Management. The Company's Executive Management is responsible to the Board of Directors for ensuring that the day-to-day operations are conducted in a commercially and legally responsible manner.

The Chairman of the Board of Directors is responsible for evaluating the Board of Directors and the Executive Management every year. The evaluation also includes the collaboration with the Executive Management and the composition and special qualifications of the Board of Directors, and it must produce an assessment of the results achieved during the year, which are subsequently presented and discussed at a Board meeting and accounted for in the management's review.

### **Composition of the Board of Directors**

The general meeting, which is the Company's supreme authority, elects between three and seven members to the Board of Directors. The Board of Directors elects a Chairman. The New Board will further elect a Vice Chairman. The current Board consist of 3 members and the New Board is expected to consist of five members elected by the shareholders at the Annual General Meeting in 2023.

The members elected by the shareholders hold office for terms of one year at a time and may be re-elected.

The members of the Board of Directors are nominated and stand for election on the basis of their specific qualifications and experience of relevance to The Company. Thus, the Board of Directors is composed with a view to ensuring an optimum combination of professional industry experience in general, in research and development, in IP rights and conclusion of contracts, in sales and marketing, as well as in finance and economics. More than half of the current Board members and the expected members of the New Board are considered independent persons in order for the Board of Directors to be able to act independently. Each Board member's special qualifications may be found on the Company's website.

### **Board Committees**

The New Board is expected to set up a Remuneration and Nomination Committee, an Audit Committee and a Business, Research and Development Committee. The expected Vice Chairman of the New Board is expected to become Chairman of the Audit Committee and thus possesses the necessary professional qualifications and experience. A review of the terms of reference of the Board Committees and their composition is available on the Company's website.

### **Internal controls and risk management in relation to the financial reporting process**

The Company's policy is to identify and mitigate risks deriving from the Group's operations and to establish sufficient insurance coverage. The Group's control and risk management systems may provide reasonable, but not absolute, assurance that misappropriation of assets, losses and/or significant errors and omissions in the financial reporting are avoided. The primary responsibility for the Group's (Pharma Equity Group A/S and its subsidiary) risk management and internal controls in relation to the financial reporting process will rest with the New Board of Directors and the Executive Management.

Management believes that all significant elements of risk have been identified and addressed. The Board of Directors has discussed the need for an internal audit function and has found that, with the current number of employees, the Company does not need such a function, nor is it possible in practice. This view is expected to be confirmed by the New Board.

The Group's internal controls and risk management in relation to the financial reporting process is available on the Company's website in accordance with section 107 b of the Danish Financial Statements Act.

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
<b>1. Communication and interaction by the Company with its investors and other stakeholders</b>				
<i>1.1. Dialogue between Company, shareholders and other stakeholders</i>				
<p>1.1.1. <b>The Committee recommends</b> that the management through ongoing dialogue and interaction ensures that shareholders, investors, and other stakeholders gain the relevant insight into the Company's affairs, and that the Board of Directors obtains the possibility of hearing and including their views in its work.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022</u></p> <p>The interests of the stakeholders are considered to be continuously safeguarded in the Company's day-to-day activities and purposes. The Chairman of the Board of Directors and the CEO are available for an active dialogue with the Company's stakeholders within the legal framework for a listed company.</p> <p><u>Expected - 2023</u></p> <p>Once the New Board is elected, a Communication Policy is expected to be adopted, which is currently available on the Company's website in a draft form. Other relevant documentation and information will be made available on the Company's website and through Company announcements. All stakeholders will be able to subscribe for news from the Company.</p>

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				<p>Further, the Company will add a fixed agenda item regarding update on dialogue with shareholders and investors to each Board Meeting.</p> <p>In 2023 the Company is expected to establish an Investor Relations function where the CEO, Chairman of the New Board and an IR-Representative will be the primary point of contact. The Investor Relations function will also inform the Executive Management and the Board of Directors on shareholders' matters on an ongoing basis.</p> <p>The Company is further expected to hold investor meetings in connection with the Company's financial reporting to the market. In addition, separate meetings are expected to be held with investors and analysts in Denmark and abroad when needed.</p>
<p>1.1.2. <b>The Committee recommends</b> that the Board of Directors adopts policies on the Company's relationship with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the Company's considerations and that such policies are made available on the Company's website.</p>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>The Company has not adopted any policies on the Company's relationship with its shareholders, investors, but the interests of the stakeholders are considered to be continuously safeguarded in the Company's day-to-day activities and purposes. The Chairman of the Board and the CEO are available for an active dialogue with the Company's stakeholders within the legal framework for a listed company.</p> <p><u>Expected - 2023</u></p> <p>The Company is expected to adopt a Communication Policy. The policy is expected to be evaluated annually and is published on the Company's website.</p>
<p>1.1.3. <b>The Committee recommends</b> that the Company publishes quarterly reports</p>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>The Company does not currently publish quarterly reports, due to the limited activities in the Company.</p> <p><u>Expected - 2023</u></p> <p>Subject to approval by the New Board, it is expected that the Company will publish quarterly reports.</p>

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1.2. General Meeting				
<p>1.2.1. <b>The Committee recommends</b> that the Board of Directors organizes the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the Board of Directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>		2022 [2023]		<p><u>Answer for 2022 and expected for 2023</u></p> <p>The Company encourages shareholders to use their influence, especially by voting at the AGM, on the website, in each Annual Report and in the notice convening the AGM.</p> <p>Currently, the Company does not webcast all of its general meetings (except where the AGM is held as a fully electronic meeting) and thus only partially complies with this recommendation. Subject to decision by the New Board this is not expected to change in 2023, after which the New Board will evaluate its practice in this area.</p>
<p>1.2.2. <b>The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>	2022 [2023]			<p><u>Answer for 2022 and expected for 2023</u></p> <p>Proxies and postal votes enable the Company's shareholders to consider each individual item on the agenda.</p>
1.3. Takeover bids				
<p>1.3.1. <b>The Committee recommends</b> that the Company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the Board of Directors to consider in the event of a takeover bid, or if the Board of Directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the Board of Directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no procedure has been prepared.</p> <p><u>Expected actions for 2023</u></p> <p>Subject to approval by the New Board, the Company has prepared a procedure with a road map for takeover bids covering the recommended information and which prevents decisions on a takeover without shareholder approval.</p>
1.4. Corporate Social Responsibility				
<p>1.4.1. <b>The Committee recommends</b> that the Board of Directors adopts a policy for the company's corporate social responsibility,</p>		[2023]	2022	<p><u>Answer for 2022</u></p>

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including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the Company's website. The Committee recommends that the Board of Directors ensures compliance with the policy.				<p>Due to the size and activities of the Company, no procedure has been prepared.</p> <p><u>Expected - 2023</u></p> <p>Subject to approval by the New Board, the Company expects to adopt a Code of Conduct but does not expect to have a separate policy for social responsibility. However, this is expected to be reevaluated in 2023 after incorporation of Reponex Pharmaceuticals A/S and thus take effect in 2024 if considered necessary.</p>
1.4.2. <b>The Committee recommends</b> that the Board of Directors adopts a tax policy to be made available on the Company's website.	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no policy has been prepared.</p> <p><u>Expected actions for 2023</u></p> <p>Subject to approval by the New Board, the Company expects to adopt a tax policy, which will be available on the Company's website.</p>
<b>2. The duties and responsibilities of the Board of Directors</b>				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. <b>The Committee recommends</b> that the Board of Directors in support of the Company's statutory objects according to its articles of association and the long-term value creation considers the Company's purpose and ensures and promotes a good culture and sound values in the Company. The Company should provide an account thereof in the management commentary and/or on the Company's website.	2022 [2023]			<p><u>Answer for 2022</u></p> <p>The Board of Directors defines the Company's overall strategy and regularly assesses how the strategy contributes to the Company's purpose and long-term value creation. It is a primary aim for the Company to promote a good culture and sound values.</p> <p><u>Expected - 2023</u></p> <p>The New Board is expected to define the Company's overall strategy and regularly assess how the strategy contributes to the Company's purpose and long-term value creation. It is a primary aim for the Company to promote a good culture and sound values. To ensure this aim, the New Board is expected to adopt a Code of Conduct consisting of a number of principles, which</p>

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				<p>reflects the culture that the New Board wants to promote in the Company and among its employees and stakeholders.</p> <p>A statement on the Company's strategy is included as part of the management commentary in the Annual Report, which is available on the Company's website.</p>
<p>2.1.2. <b>The Committee recommends</b> that the Board of Directors at least once a year discusses and on a regular basis follows up on the Company's overall strategic targets in order to ensure the value creation in the Company.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The Company's overall strategy is regularly discussed at the Company's Board meetings and includes discussions on how the strategy may provide the greatest possible value creation for the Company and its shareholders.</p>
<p>2.1.3. <b>The Committee recommends</b> that the Board of Directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the Company as well as the shareholders. The Committee recommends that the Company gives an account thereof in the management commentary</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The evaluation is part of the plan for the year and is subsequently accounted for in the management commentary in the Annual Report.</p>
<p>2.1.4. <b>The Committee recommends</b> that the Board of Directors prepares and on an annual basis reviews guidelines for the Executive Management, including requirements in respect of the reporting to the Board of Directors.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The Board of Directors annually reviews and approves the Executive Management's Rules of Procedure.</p>
<p>2.2. Members of the board of directors</p>				
<p>2.2.1. <b>The Committee recommends</b> that the Board of Directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.</p>	<p>[2023]</p>		<p>2022</p>	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no Vice Chairman has been elected previously.</p> <p><u>Expected actions for 2023</u></p> <p>The New Board is expected to elect a Vice Chairman, who, in accordance with the Rules of Procedure of the Board of Directors, functions in the event of the Chairman's absence, and is otherwise an effective sparring partner for the Chairman. The item is assessed each year in connection with the annual self-evaluation.</p>

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<p>2.2.2. <b>The Committee recommends</b> that the chairperson in cooperation with the individual members of the Board of Directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>At least once a year, the Company's board members' special knowledge and competencies are mapped as part of the Board of Directors' annual self-evaluation.</p> <p>In connection with this evaluation, the chairman in cooperation with the individual board members evaluate, based on the Company's current state, whether competences are being applied in the best possible manner and the need for supply of new knowledge or skills. This structure is expected to be continued in 2023.</p>
<p>2.2.3. <b>The Committee recommends</b> that if the Board of Directors, in exceptional cases, requests a member of the Board of Directors to take on special duties for the Company, for instance, for a short period to take part in the daily management of the Company, the Board of Directors should approve this in order to ensure that the Board of Directors maintains its independent overall management and control function. It is recommended that the Company publishes any decision on allowing a member of the Board of Directors to take part in the daily management, including the expected duration thereof.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The Board of Directors' Rules of Procedure contain the guidelines for the Chairman or a Board members' exceptional execution of special tasks for the Company. Such a decision will be made public. This structure is expected to be continued in 2023.</p>
<p><b>3. The composition, organization and evaluation of the board of directors</b></p>				
<p>3.1. Composition</p>				
<p>3.1.1. <b>The Committee recommends</b> that the Board of Directors on an annual basic review and in the management commentary and/or or on the Company's website states</p> <ul style="list-style-type: none"> <li>• which qualifications the Board of Directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the Board of Directors.</li> </ul>	<p>[2023]</p>		<p>2022</p>	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no structured Self-assessment has been made. However, the Board of Directors has, on an ongoing basis during 2022, discussed the Board of Directors current competencies and the need for new board profiles for the New Board.</p> <p><u>Expected - 2023</u></p>

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				<p>As a part of the Annual Plan, the New Board is expected to carry out an assessment of the qualifications, composition and diversity of the Board as part of its annual self-evaluation.</p> <p>A description of the Board's qualifications, composition and diversity is expected to be included in the management commentary in the Annual Report. The individual members' qualifications will also appear on the website and will be announced at the convening of the Annual General Meeting.</p>
<p>3.1.2. <b>The Committee recommends</b> that the Board of Directors on an annual basis discusses the Company's activities in order to ensure relevant diversity at the different management levels and adopts a diversity policy, which is included in the management commentary and/or available on the Company's website.</p>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no policy has been prepared previously.</p> <p><u>Expected - 2023</u></p> <p>The Board of Directors' annual plan includes activities for ensuring that the Company takes steps to ensure diversity at all levels. In addition the New Board is expected to adopt a policy on diversity, which is included in the management commentary and published on the Company's website.</p>
<p>3.1.3. <b>The Committee recommends</b> that candidates for the Board of Directors are recruited based on a thorough process approved by the Board of Directors.</p> <p>The Committee recommends that in assessing candidates for the Board of Directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no process has been prepared previously.</p> <p><u>Expected - 2023</u></p> <p>The process of selection and recommendation will be stated in the Board of Directors' Rules of Procedure to be approved by the New Board and is expected to be reviewed annually by the entire Board of Directors.</p> <p>When evaluating its composition and assessing new candidates, the New Board is expected to take into account the competencies and qualifications as well as the need for continuity, renewal and diversity.</p>
<p>3.1.4. <b>The Committee recommends</b> that the notice convening general meetings, where election of members to the Board of</p>	2022 [2023]			<p><u>Answer for 2022 and expected for 2023</u></p>

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<p>Directors is on the agenda - in addition to the statutory items also includes a description of the proposed candidates':</p> <ul style="list-style-type: none"> <li>• qualifications,</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organisational assignments and</li> <li>• independence.</li> </ul>				<p>The notice convening the General Meeting contains a presentation of proposed candidates, qualifications, including information on qualifications, other managerial duties in commercial undertakings and demanding organizational assignments (if any). It is also stated whether the candidate under consideration for the Board of Directors is considered independent. This structure is expected to be continued in 2023.</p>
<p>3.1.5. <b>The Committee recommends</b> that members of the Board of Directors elected by the general meeting stand for election every year at the Annual General Meeting, and that the members are nominated and elected individually.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The Company's Articles of Association state that Board members are elected for one year at a time and are accordingly up for election every year. The candidates are nominated and elected individually. It is not expected that the New Board will suggest any changes to this structure.</p>
<p>3.2. The board of <i>director's independence</i></p>				
<p>3.2.1. <b>The Committee recommends</b> that at least half of the members of the Board of Directors elected in general meeting are independent in order for the Board of Directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the Executive Management or an executive employee in the Company, a subsidiary or a Group Company,</li> <li>• within the past five years have received large emoluments from the Company/Group, a subsidiary or a Group Company in another capacity than as member of the Board of Directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the Company, a subsidiary or a Group Company, which is</li> </ul>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>Currently more than half of the members of the Board of Directors elected by the general meeting are deemed to be independent, so that the Board can act independently of special interests. This is also expected to be the case for the New Board.</p> <p>All items mentioned are included in the Board's annual plan during self-evaluation, where the independence of the Board members is assessed.</p>

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<p>significant for the Company and/or the business relationship,</p> <ul style="list-style-type: none"> <li>• be or within the past three years have been employed with or a partner in the same company as the Company's auditor elected by general meeting,</li> <li>• be the CEO in a Company with cross-memberships in the Company's management,</li> </ul> <p>have been a member of the Board of Directors for more than twelve years, or be closely related to persons, who are not considered independent, cf. the above-stated criteria.</p> <p>Even if a member of the Board of Directors does not fall within the above-stated criteria, the Board of Directors may for other reasons decide that the member in question is not independent</p>				
<p>3.2.2. <b>The Committee recommends</b> that members of the Executive Management are not members of the Board of Directors and that members retiring from the Executive Management does not join the Board of Directors immediately thereafter.</p>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Currently, the CEO of the Company is a member of the Board of Directors.</p> <p><u>Expected - 2023</u></p> <p>In the New Board, members of the Executive Management are not expected to be members of the Board of Directors. It is also not expected that members retiring from the Executive Management will be allowed to join the Board of Directors immediately thereafter.</p>
<p>3.3. <i>Members of the Board of Directors and the number of other managerial duties</i></p>				
<p>3.3.1. <b>The Committee recommends</b> that the Board of Directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	<p>2022</p> <p>[2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The item is included in the Board of Directors' annual plan during the self-evaluation, so that each Board member submits the said assessment. This is also expected to be the case in 2023.</p> <p>Furthermore, it is clear from the Board of Directors' Rules of Procedure that members of the Board of Directors must not assume more duties than can be performed in a manner satisfactory to the Company.</p>

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<p>3.3.2. <b>The Committee recommends</b> that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the Board of Directors:</p> <ul style="list-style-type: none"> <li>• the position, age and gender</li> <li>• competencies and qualification relevant to the Company,</li> <li>• independence,</li> <li>• year of joining the Board of Directors,</li> <li>• year of expiry of the current election period,</li> <li>• participation in the meetings of the Board of Directors and Committee meetings,</li> <li>• managerial duties in other commercial undertakings, including board committees, and demanding organizational assignments, and</li> <li>• the number of shares, options, warrants, etc. that the holds in the Company and its group companies and any changes in such holdings during the financial year.</li> </ul>	2022 [2023]			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The items mentioned are available in the management commentary in the Annual Report. The same is expected for 2023.</p>
<i>3.4. Board Committees</i>				
<p>3.4.1. The Committee <b>recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>• the board committees' most significant activities and number of meetings in the past year, and</li> <li>• the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no committees have been established previously.</p> <p><u>Expected actions for 2023</u></p> <p>The managements commentary and the company's website includes:</p> <ul style="list-style-type: none"> <li>• The Board Committees' main activities during the year, including most significant activities, and the number of meetings in each Committee.</li> <li>• The names of the members of each Board Committee and information on who are the independent members and who are members with special qualifications.</li> </ul>

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				Information on each Committee's term of reference will be published on the Company's website once adopted by the New Board.
<p>3.4.2. <b>The Committee recommends</b> that the Board Committees solely consist of members of the Board of Directors and that the majority of the members of the Board Committees are independent.</p>	[2023]	2022		<p><u>Answer for 2022</u></p> <p>Except for the current CEO also being a Board Member, the Company's Board Committees solely consists of members of the Board of Directors, and the majority of the members of the Board Committees are considered independent.</p> <p><u>Expected - 2023</u></p> <p>It is expected that the New Board will solely consist of members of the New Board, and that the majority of the members of the Board Committees are considered independent.</p> <p>This item is expected to be included in the Board of Director's annual plan during self-evaluation, and each Board member makes the assessment.</p>
<p>3.4.3. <b>The Committee recommends</b> that the Board of Directors establish an Audit Committee and appoints a chairperson of the Audit Committee, who is not the Chairman of the Board of Directors.</p> <p>The Committee recommends that the Audit Committee, in addition to its statutory duties, assists the Board of Directors in:</p> <ul style="list-style-type: none"> <li>• supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> <li>• reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>• assessing the need for internal audit,</li> </ul>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no committees have been established previously.</p> <p><u>Expected - 2023</u></p> <p>The New Board is expected to set up an Audit Committee. The chair of the Audit Committee is not expected to be the Chairman of the Board of Directors.</p> <p>It is expected that in accordance with the New Board's annual plan and the Audit Committee's commission, the Audit Committee will monitor and report to the Board of Directors on the items mentioned in the recommendation, including the need for internal auditing (which is assessed annually).</p>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> <li>performing the evaluation of the auditor elected by the general meeting,</li> <li>reviewing the auditor fee for the auditor elected by the general meeting, supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>ensuring regular interaction between the auditor elected by the general meeting and the Board of Directors, for instance, that the Board of Directors and the Audit Committee at least once a year meet with the auditor without the Executive Management being present.</li> </ul>				<p>The Audit Committee's commission is expected to be published on the Company's website and is expected to be reviewed annually by the New Board in accordance with the annual plan.</p>
<p>3.4.4. The Committee recommends that the Board of Directors establishes a Nomination Committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>describing the required qualifications for a given member of the Board of Directors and the Executive Management, the estimated time required for performing the duties of this member of the Board of Directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,</li> <li>on an annual basis evaluating the Board of Directors and the Executive Management's structure, size, composition and results and preparing recommendations for the Board of Directors for any changes,</li> <li>in cooperation with the chairperson handling the annual evaluation of the Board of Directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the Board of Directors,</li> <li>handling the recruitment of new members to the Board of Directors and the Executive Management and nominating candidates for the Board of Directors' approval,</li> </ul>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no committees have been established previously.</p> <p><u>Expected - 2023</u></p> <p>The New Board is expected to set up a Remuneration &amp; Nomination Committee.</p> <p>The Committee's mandate is expected to include the listed tasks and is expected to be published on the Company's website. The mandate is expected to be reviewed annually by the New Board in accordance with the Board's annual plan.</p>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> <li>ensuring that a succession plan for the Executive Management is in place,</li> <li>supervising Executive Managements' policy for the engagement of executive employees, and</li> <li>supervising the preparation of a diversity policy for the Board of Directors' approval.</li> </ul>				
<p>3.4.5. <b>The Committee recommends</b> that the Board of Directors establishes a Remuneration Committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>preparing a draft remuneration policy for the Board of Directors' approval prior to the presentation at the general meeting,</li> <li>providing a proposal to the Board of Directors on the remuneration of the members of the Executive Management,</li> <li>providing a proposal to the Board of Directors on the remuneration of the Board of Directors prior to the presentation at the general meeting,</li> <li>ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>assisting in the preparation of the annual remuneration report for the Board of Directors' approval prior to the presentation for the general meeting's advisory vote.</li> </ul>	[2023]		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no committees have been established previously.</p> <p><u>Expected - 2023</u></p> <p>The New Board is expected to set up a Remuneration &amp; Nomination Committee.</p> <p>The Committee's mandate is expected to include the listed tasks and is expected to be published on the Company's website. The mandate is expected to be reviewed annually by the New Boards in accordance with the annual plan.</p>
3.5. Evaluation of the performance of the Board of Directors and the Executive management				
<p>3.5.1. The Committee <b>recommends</b> that the Board of Directors once a year evaluates the Board of Directors and at least every third year engages external assistance in the evaluation focuses on the recommendations on the Board of Directors' work efficiency, composition and organization, cf. recommendations 3.1.-3.4. above,</p>	[2023]	2022		<p><u>Answer for 2022</u></p> <p>Once a year the Board of Directors evaluates the size and activities of the Company. However, due to the size and the current activities no external assistance has been engaged previously.</p>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
<p>and that the evaluation as a minimum always includes the following topics.</p> <ul style="list-style-type: none"> <li>• the composition of the Board of Directors with focus on competencies and diversity</li> <li>• the Board of Directors and the individual member's contribution and results,</li> <li>• the cooperation on the Board of Directors and between the Board of Directors and the Executive Management,</li> <li>• the chairperson's leadership of the Board of Directors,</li> <li>• the committee structure and the work in the committees,</li> <li>• the organization of the work of the Board of Directors and the quality of the material provided to the Board of Directors, and</li> <li>• the board members' preparation for and active participation in the meetings of the Board of Directors.</li> </ul>				<p><u>Expected - 2023</u></p> <p>It is expected that in accordance with the New Board's annual plan, the New Board will carry out an annual self-evaluation, which will include the recommended topics.</p> <p>The New Board is expected to– at least every third year – engage external assistance to assist with the evaluation of the Board of Directors work etc., cf. recommendations 3.1-3.4.</p>
<p>3.5.2. <b>The Committee recommends</b> that the entire Board of Directors discusses the result of the evaluation of the Board of Directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the Company's website and at the Company's general meeting.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>According to the Board of Directors' annual plan and the planned self-evaluation, the Board of Directors assesses and discusses the results of the evaluation, and the general conclusions of the evaluation are described in the management commentary and on the company's website and at the company's general meeting. This is also expected to be the case for 2023.</p> <p>The Chairman also explains the Board's evaluation, including the process and overall conclusions at the general meeting prior to election to the Board of Directors. This is also expected to be continued for 2023.</p>
<p>3.5.3. <b>The Committee recommends</b> that the Board of Directors at least once a year evaluates the work and results of the Executive Management according to pre-established criteria, and that the chairperson reviews the evaluation together with the Executive Management. In addition, the Board of Directors should on a continuous basis assess the need for changes in the structure and composition of the Executive Management, including in respect of</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The Board of Directors evaluates the work of the Executive Management on a continuous basis (in accordance with pre-established criteria), and the topic is discussed at least once a year in connection with the Board's self-evaluation.</p>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
diversity, succession planning and risks, in light of the Company's strategy.				<p>The Board of Directors also discusses and assesses the need for changes in the structure and composition of the Executive Management in light of diversity, succession planning, the Company's strategy etc. on an ongoing basis.</p> <p>The Chairman of the Board of Directors and the Executive Management also meet at least once annually and discuss the results of the evaluation.</p> <p>The above procedure is expected to be continued by the New Board in 2023.</p>
<b>4. Remuneration of management</b>				
4.1. Remuneration of the board of directors and the executive management				
4.1.1. <b>The Committee recommends</b> that the remuneration for the Board of Directors and the Executive Management and the other terms of employment/service is considered competitive and consistent with the Company's long-term shareholder interests.	[2023]		2022	<p><u>Answer for 2022</u></p> <p>No payments to Executive Management and Board of Directors have been made during 2022.</p> <p><u>Expected - 2023</u></p> <p>The New Board is expected to approve a Remuneration Policy for the Board of Directors and the Executive Management. The policy is expected to provide that remuneration for the Board of Directors and the Executive Management is set at a level that is deemed competitive.</p> <p>From the Remuneration Policy, it is also clear that the remuneration of the Board of Directors and Executive Management is set with an aim to ensure achievement of the Company's short-term and long-term goals as well as to ensure consistency between the interests of management, the Company and shareholders.</p> <p>The Remuneration Policy is to be approved at the Annual General Meeting every fourth year and will be made available on the Company's website.</p>
4.1.2. <b>The Committee recommends</b> that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	2022 [2023]			<p><u>Answer for 2022</u></p> <p>No share-based incentive schemes have been issued previously.</p> <p><u>Expected - 2023</u></p>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
				<p>According to the Company's Remuneration Policy, which is to be approved by the New Board and the General Meeting, the allocation, maturity, maturation and utilization of any share-based instruments can, according to the decision of the Board of Directors, depend on whether the conditions and goals defined in the agreement have been achieved in whole or in part. This may include measurable results related to the Executive Management member's own performance, the Company's financial results, other financial ratios or the occurrence of relevant events ("KPIs") and continued employment with The Company. KPIs, if any, are set by the Board of Directors at the time of grant.</p> <p>Any Share-based incentive schemes are expected to be revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p>
<p>4.1.3. <b>The Committee recommends</b> that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022</u></p> <p>No agreements on variable remuneration have been entered previously.</p> <p><u>Expected - 2023</u></p> <p>The Company's Remuneration Policy, which is to be approved by the New Board and the General Meeting, (and individual agreements) is expected to contain the recommended information, including a defined limit to the variable parts of the remuneration at the time of grant and requirements for performance criteria to be quantifiable and clearly defined.</p>
<p>4.1.4. <b>The Committee recommends</b> that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the Executive Management's departure, does not exceed two years' remuneration including all remuneration elements.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p> <p>The Company has not entered into an agreement with any member of the Executive Management, which includes remuneration (incl. severance pay) for a termination period of more than two years of total remuneration, incl. all remuneration elements. This is not expected to change for 2023.</p>
<p>4.1.5. <b>The Committee recommends</b> that members of the Board of Directors are not remunerated with share options and warrants.</p>	<p>2022 [2023]</p>			<p><u>Answer for 2022 and expected for 2023</u></p>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
				The members of the Board of Directors are not remunerated with share options and warrants. This is not expected to change in 2023.
4.1.6. <b>The Committee recommends</b> that the Company has the option to reclaim, in whole or in part, variable remuneration from the Board of Directors and the Executive Management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	[2023]		2022	<p><u>Answer for 2022</u></p> <p>No agreements on variable remuneration have been entered previously.</p> <p><u>Expected - 2023</u></p> <p>In accordance with the Company's Remuneration Policy, which is to be approved by the New Board and the General Meeting, the Company is expected to have the option to reclaim variable remuneration if it was paid on the basis of information which can be subsequently documented as being incorrect.</p>
<b>5. Risk management</b>				
<i>5.1. Identification of risks and openness in respect of additional information</i>				
5.1.1. <b>The Committee recommends</b> that the Board of Directors based on the Company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The Company should in the management commentary give an account of these risks and the Company's risk management.	2022 [2023]			<p><u>Answer for 2022 and expected for 2023</u></p> <p>According to the Board of Directors' annual plan, the Board of Directors regularly identify and process the most important strategic, business, accounting and liquidity risks in connection with financial reporting and the Company's risk management.</p> <p>This information can be found in the Company's Annual Report and on the Company's website. This is expected to also be the case for 2023.</p>
5.1.2. <b>The Committee recommends</b> that the Board of Directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.			2022 [2023]	Due to the size of the Company, The Company has not, and do not expected to in 2023, to establish a whistleblower scheme.