

## **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 has been through a so-called "change-of-identity" process (the "Process"), whereby the Company has acquired Reponex Pharmaceuticals A/S in order to indirectly achieve admission to trading and official listing of Reponex Pharmaceuticals A/S. Following completion of the acquisition on 24 March 2023, Reponex Pharmaceuticals A/S now operates as a subsidiary of the Company. The first day of trading and official listing of the Company's shares following the completion of the Process was 28 March 2023. As a consequence of this process, this Corporate Governance Statement further covers initiatives planned to be performed in 2023 to ensure increased compliance with the Corporate Governance recommendations following the completion of the Process. As part of the Process an extraordinary general meeting was convened on 31 March 2023 to elect a new Board of Directors of the Company. The new Board of Directors has reviewed and updated this Corporate Governance Statement, which has subsequently been published on the company's website on 31 March 2023.

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. The Board of Directors expects that the Company for the year 2023 will comply with all, except for 1.2.1 (webcast of general meetings) and 1.4.1 (Corporate Social Responsibility) to which the Company partly complies and 5.1.2 (Whistleblower Scheme) to which the Company does not comply. 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 and a Vice Chairman. The Board of Directors consists of 5 members elected by the shareholders at an extraordinary general meeting on 31 March 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 Board members 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 of Directors elected on 31 March 2023 will set up a Remuneration and Nomination Committee, an Audit Committee and a Business, Research and Development Committee. In 2022, the duties of the Audit Committee were handled by the entire Board of Directors. The Vice Chairman will become Chairman of the Audit Committee and 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 Company's operations and to establish appropriate level of internal controls and reporting processes, and to establish sufficient insurance coverage where possible and as deemed necessary in the circumstances. The Company'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 Company's risk management and internal controls in relation to the financial reporting process will rest with the 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 risk profile and organizational structure, the Company does not need such a function.

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 have been continuously safeguarded in the Company's day-to-day activities and purposes. The Chairman of the Board of Directors and the CEO have been available for an active dialogue with the Company's stakeholders within the legal framework for a listed company.</p> <p><u>Answer for 2023</u></p> <p>A Communication Policy has been adopted and made available on the Company's website. Other relevant documentation and information will be made available on the Company's website and through Company announcements. Stakeholders will be able to subscribe for news from the Company.</p> <p>Further, the Company will add a fixed agenda item regarding update on dialogue with shareholders and investors to each Board Meeting.</p> <p>Late 2023 or 2024 the Company is expected to establish an Investor Relations function where the CEO, Chairman of the Board of Directors and an IR-</p>

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				<p>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 further plans 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 had not adopted policies on the Company's relationship with its shareholders, investors, but the interests of the stakeholders were continuously safeguarded in the Company's day-to-day activities and purposes. The Chairman of the Board of Directors and the CEO were available for an active dialogue with the Company's stakeholders within the legal framework for a listed company.</p> <p><u>Answer for 2023</u></p> <p>The Company has adopted a Communication Policy. The policy will 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 has published half-year report for 1<sup>st</sup> half 2022, but it has not published quarterly reports, due to the limited activities in the Company.</p> <p><u>Answer for 2023</u></p> <p>The Company will introduce quarterly reporting going forward.</p>
<p>1.2. General Meeting</p>				
<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</p>		2022 2023		<p><u>Answer for 2022 and 2023</u></p>

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Committee recommends that the Board of Directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.				<p>The Company encourages shareholders to use their influence, especially by attending general meetings and use their voting rights and their right to speak and ask questions.</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. After 2023the Board of Directors will evaluate its practice in this area.</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.	2022 2023			<p><u>Answer for 2022 and 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				
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.	2023		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no procedure has previously been prepared.</p> <p><u>Answer for 2023</u></p> <p>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				
1.4.1. <b>The Committee recommends</b> that the Board of Directors adopts a policy for the company's corporate social responsibility, 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.		2023	2022	<p><u>Answer for 2022</u></p> <p>Due to the size and activities of the Company, no procedure has previously been prepared.</p> <p><u>Answer for 2023</u></p>

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				The Board of Directors has adopted a Code of Conduct in 2023 but does not expect to have a separate policy for social responsibility in 2023. However, this is expected to be reevaluated during 2023.
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 such policy has previously been prepared.</p> <p><u>Answer for 2023</u></p> <p>The Company has adopted a tax policy, which has been made 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 has defined the Company's overall strategy and have regularly assessed how the strategy has contributed to the Company's purpose and long-term value creation.</p> <p><u>Answer for 2023</u></p> <p>The Board of Directors will define the Company's overall strategy and 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 Board of Directors has adopted a Code of Conduct consisting of a number of principles, which reflects the culture that the Board of Directors 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>

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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.	2022 2023			<u>Answer for 2022 and 2023</u>  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.
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	2022 2023			<u>Answer for 2022 and 2023</u>  The Board of Directors closely monitors the Company's share and capital structure, and an account thereof has been included in the management commentary in the Annual Report.
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.	2022 2023			<u>Answer for 2022 and 2023</u>  The Board of Directors annually reviews and approves the Executive Management's Rules of Procedure.
2.2. Members of the board of directors				
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.	2023		2022	<u>Answer for 2022</u>  Due to the size and activities of the Company, no Vice Chairman has been elected previously.  <u>Answer for 2023</u>  A Vice Chairman was appointed on 31 March 2023, 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 need and the role of a vice chairman will be assessed each year in connection with the annual self-evaluation.
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.	2022 2023			<u>Answer for 2022 and 2023</u>  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.

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				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 new knowledge or skills in the Board. This structure is expected to be continued in 2023.
<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 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.</p>
<p><b>3. The composition, organization and evaluation of the board of directors</b></p>				
<p>3.1. <i>Composition</i></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 previously. 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 following the completion of the Process.</p> <p><u>Answer for 2023</u></p> <p>As a part of the Annual Plan, the Board of Directors will 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 will be included in the management commentary in the Annual Report going forward.</p>

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				The individual members' qualifications will also appear on the website and will be announced at the convening of the Annual General Meeting.
<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 limited organization and the limited activities of the Company, no policy has been prepared previously.</p> <p><u>Answer for 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 Board has adopted a policy on diversity, which will be included in the management commentary and has been 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>Answer for 2023</u></p> <p>The process of selection and recommendation has been stated in the Board of Directors' Rules of Procedure which has been approved by the Board of Directors and is planned to be reviewed annually by the entire Board of Directors.</p> <p>When evaluating its composition and assessing new candidates, the Board of directors will 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 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> </ul>	2022 2023			<p><u>Answer for 2022 and 2023</u></p> <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</p>

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<ul style="list-style-type: none"> <li>demanding organisational assignments and</li> <li>independence.</li> </ul>				under consideration for the Board of Directors is considered independent. This structure will be continued in 2023.
<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>	2022 2023			<p><u>Answer for 2022 and 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.</p>
3.2. The board of <i>director's independence</i>				
<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 significant for the Company and/or the business relationship,</li> <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>	2022 2023			<p><u>Answer for 2022 and 2023</u></p> <p>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. All items mentioned are included in the Board's annual plan for self-evaluation, where the independence of the Board members is assessed.</p>

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<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>In 2022, both of the CEOs of the Company were also a member of the Board of Directors in the periods where they were CEO.</p> <p><u>Answer for 2023</u></p> <p>Members of the Executive Management are not 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>	2022 2023			<p><u>Answer for 2022 and 2023</u></p> <p>The item is included in the Board of Directors' annual plan for self-evaluation, so that each Board member submits the said assessment. 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 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 limited activities of the Company, no committees have been established previously. All committee matters have been handled by the entire Board of Directors.</p> <p><u>Answer for 2023</u></p> <p>the company's website includes, and the managements commentary will include going forward:</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> </ul>

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				<ul style="list-style-type: none"> <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> <p>The charters for each Committee's has been published on the Company's website.</p>
<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 Committee matters have been handled by the entire Board of Directors, and the majority of the members of the Board have been considered independent.</p> <p><u>Answer for 2023</u></p> <p>The board committees consist solely of members of the Board of Directors, and the majority of the members of the Board Committees are considered independent.</p> <p>This item will also be included in the Board of Director's annual plan for the self-evaluation, and each Board member will perform 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, and instead the entire Board of Directors have handled the applicable duties.</p> <p><u>Answer for 2023</u></p> <p>The Board of Directors has established an Audit Committee. The chair of the Audit Committee is not the Chairman of the Board of Directors.</p> <p>In accordance with the Board of Director's annual plan and the Audit Committee's charter, the Audit Committee will monitor and report to the Board of Directors on the items mentioned in the recommendation, including the</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>assessment of the need for an internal audit function (which is assessed annually).</p> <p>The Audit Committee's charter has been published on the Company's website and is expected to be reviewed annually by the Board of Directors 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 limited activities of the Company, no Nomination committee has been established previously, and instead the entire Board of Directors have handled the applicable duties.</p> <p><u>Answer for 2023</u></p> <p>The Board of directors has established a Remuneration &amp; Nomination Committee.</p> <p>The Committee's mandate includes the listed tasks and has been published on the Company's website. The mandate will be reviewed annually by the Board of Directors 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 limited activities of the Company, no Remuneration committee has been established previously, and instead the entire Board of Directors have handled the applicable duties .</p> <p><u>Answer for 2023</u></p> <p>The Board of Directors have established a Remuneration &amp; Nomination Committee.</p> <p>The Committee's mandate includes the listed tasks and has been published on the Company's website. The mandate will be reviewed annually by the Board of Directors 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 has evaluated the work efficiency, composition and organization of the Board. Due to the size and the current situation with limited 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>Answer for 2023</u></p> <p>In accordance with the Board of Director's annual plan, the Board of Directors will carry out an annual self-evaluation, which will include the recommended topics.</p> <p>The Board of Directors intend 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>	2023		2022	<p><u>Answer for 2022</u></p> <p>Due to the size and the current situation with limited activities, the Board has not performed a formalized self-assessment process. Accordingly, an evaluation is not described in the management commentary, on the Company's website and at the Company's general meeting.</p> <p><u>Answer 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</p>	2022			<p><u>Answer for 2022</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>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 diversity, succession planning and risks, in light of the Company's strategy.</p>	2023			<p>Due to the size and the current situation with limited activities, the Board has not performed a formalized evaluation process.</p> <p><u>Answer 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 performance of the Executive Management is reviewed and assessed at least once a year.</p> <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><b>4. Remuneration of management</b></p>				
<p><i>4.1. Remuneration of the board of directors and the executive management</i></p>				
<p>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.</p>	2023 2022			<p>The Board of Directors have approved a Remuneration Policy for the Board of Directors and the Executive Management to be proposed to the Annual General Meeting 2023 for adoption. The policy if adopted by the Annual General Meeting, will provide that remuneration for the Board of Directors and the Executive Management is set at a level that is deemed competitive.</p> <p>From this Remuneration Policy, it will be 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>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
				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 once adopted by the Annual General Meeting.
<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.</p>	<p>2022 2023</p>			<p><u>Answer for 2022</u></p> <p>No share-based incentive schemes have been issued previously.</p> <p><u>Answer for 2023</u></p> <p>According to the Company's Remuneration Policy, which is to be adopted by the Annual General Meeting, the allocation, maturity 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 for the Executive Management's own performance, the Company's financial results, other financial ratios or the occurrence of relevant events ("KPIs") and continued employment with the Company. Financial and non-financial 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. For 2022, the Board of Directors have approved extraordinary salary, which then partly have characteristics of being variable, to the two persons who have been CEOs of the Company during 2022.</p> <p><u>Answer for 2023</u></p> <p>The Company's Remuneration Policy, which is to be adopted by the Annual General Meeting, (and individual agreements) will contain the recommended information, including a defined limit to the variable parts of the remuneration</p>

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
				at the time of grant and requirements for performance criteria to be quantifiable and clearly defined.
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.	2022 2023			<u>Answer for 2022 and 2023</u>  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.
4.1.5. <b>The Committee recommends</b> that members of the Board of Directors are not remunerated with share options and warrants.	2022 2023			<u>Answer for 2022 and for 2023</u>  The members of the Board of Directors are not remunerated with share options and warrants.
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	<u>Answer for 2022</u>  No agreements on variable remuneration have been entered previously.  <u>Answer for 2023</u>  In accordance with the Company's Remuneration Policy, which is to be adopted by the Annual General Meeting, the Company will have the option to reclaim variable remuneration if it was paid on the basis of information which can be subsequently documented as being incorrect.
<b>5. Risk management</b>				
5.1. <i>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			<u>Answer for 2022 and 2023</u>  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.

Recommendation	The Company complies	The Company complies partially	The Company does not comply	The explanation for complying partially/not complying with the recommendation
				This information can be found in the Company's Annual Report and on the Company's website.
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 does not expect to in 2023, to establish a whistleblower scheme. However, the Company will assess the need to establish such whistleblower scheme as the Company matures and develops further.