

Corporate Governance

The goal of corporate governance is to ensure that the Company is managed in as productive manner as possible on behalf of the shareholders. This includes the establishment of an effective organisational structure, systems for internal control and risk management, as well as transparent internal and external reporting.

Novedo Holding AB (Novedo or the Company) is a Swedish limited liability company. The Company's bond is listed for trading on the Frankfurt Stock Exchange Open Market and during 2023 Novedo intends to apply for a listing of the Company's shares in Stockholm. The Company's corporate governance is primarily regulated on the basis of the stipulations of the Swedish Companies Act and other Swedish laws and regulations. In conjunction with a future listing of its shares, the Company's corporate governance policy will be adapted to the Swedish Corporate Governance Code, the stock exchange's issuer rules, as well as to other applicable laws and regulations.

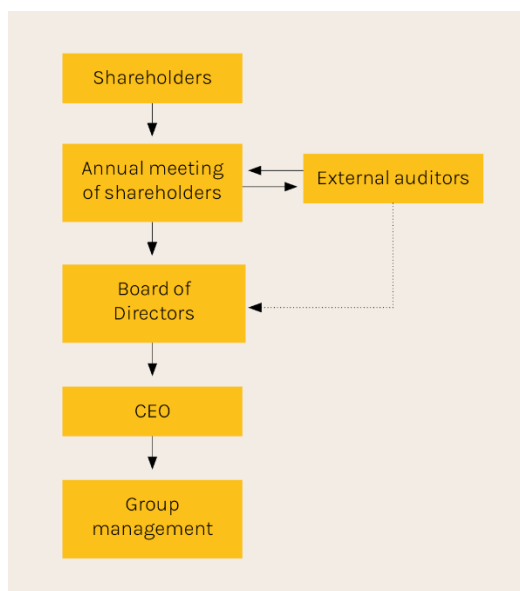
This corporate governance report has been prepared according to the Swedish Annual Accounts Act.

Corporate governance model

In addition to exercising their right to vote at the shareholder meetings of Novedo Holding AB, which is the Parent Company in the Novedo Group, shareholders can also exercise influence by, amongst other things, voting on the composition of Novedo Holding AB's Board of Directors and on the election of auditors.

The Board incurs the ultimate responsibility for Novedo Group's organisation and administration of its operations. The Board of Directors appoints a CEO for Novedo Holding AB. The CEO leads the Group's ongoing operations in accordance with the Board's instructions.

Novedo's governance, management and control are divided between the shareholders attending the annual meeting of shareholders, the Board of Directors and the CEO, in accordance with Swedish limited liability company law and Novedo's Articles of Association.



Regulatory compliance

External governance system

The external governance system comprising the framework of Novedo's corporate governance is based primarily on the Swedish Companies Act and the Swedish Annual Accounts Act.

Internal governance system

The Articles of Association adopted by the meeting of shareholders and the documents and work plan for the Board adopted by the Board of Directors of Novedo, as well as the instructions for the CEO, comprise the most important internal governance system.

In addition, the Group has a number of policies and instructions with rules and principles for the Group's operations and its employees. During 2021 and the beginning of 2022, Novedo's Board of Directors resolved on the following policies and instructions:

- Work plan for the Board of Directors
- Instructions for the CEO
- Code of Ethics
- Insider policy
- Communication policy

Novedo's Articles of Association

Novedo's Articles of Association was adopted at an extraordinary meeting of shareholders on September 21, 2021 and contains no special regulations regarding the election or dismissal of Board Members or regarding changes in the Articles of Association. See Novedo's website, novedo.se, for the complete text of the Articles of Association.

Shareholders

Novedo's share is not traded on any stock exchange or marketplace. Share capital amounted to SEK 552,000, divided between 30,960 shares. All shares are of the same class and incur equal rights in all respects. The largest shareholders are Spartacus Partners AB, F Holmström PE 3 AB and Esmaeilzadeh Holding AB.

Shareholder meetings

The shareholders' right to resolve on issues concerning Novedo's business affairs is to be exercised at shareholders meetings. The shareholders registered in the share register as at record date, and who have registered to attend the meeting within the time period prescribed in the notice of the meeting, have the right to participate in, and vote at, the meeting, personally or through a representative.

Usually resolutions by a meeting of shareholders are undertaken on the basis of a simple majority. On the other hand, as regards certain matters, the Swedish Companies Act requires a qualified majority and, in certain special cases, also the physical presence of a certain number of shareholders in order to achieve a quorum.

The annual meeting of shareholders is to be held within six months after the end of the financial year. Novedo's annual shareholders meetings are to be held in Stockholm, prior to the end of June.

According to the Articles of Association, notice of shareholders meetings are to be published in Post-and Inrikes Tidningar and through the notice being available on the Company's website. This notice is made public through a press release.

In addition to the annual meeting of shareholders, extraordinary meetings of shareholders can take place if the Board of Directors deems that this is necessary or if shareholders with a minimum of 10% of the share capital in the Company request an extraordinary meeting.

All shareholders registered in the Euroclear Sweden AB's share register six days prior to the meeting of shareholders and who have been registered as participants in the meeting of shareholders within the prescribed time period, incur the right to participate in and vote at the meeting of shareholders.

Shareholders wishing to have a certain matter addressed at a meeting are required to send in a written request to the Board of Directors. Such request is to have been received by the Board no later than seven weeks prior to the meeting of shareholders.

During 2021, which was the Company's first operational year, no ordinary meeting of shareholders was held. Three extraordinary meeting of shareholders took place during 2021.

Annual meeting of shareholders 2022

The annual meeting of shareholders 2022 will take place in Stockholm on 7 June, 2022 at Novedo's head offices. Notice of the annual meeting of shareholders is expected to take place in the beginning of May 2022.

Board of Directors

The Board of Director's work is regulated primarily on the basis of the Swedish Companies Act. The Board's work is also regulated on the basis of the work plan adopted each year by the Board. The work plan regulates the work and division of responsibilities between the Board Members, Board Chairman and CEO. Instructions to the CEO also contain instructions for economic reporting. The Board's duties include the adoption of strategies, presentation of interim reports and the bookclosing, the handling of risks and the adoption of policies and guidelines. The Board is also to monitor the economic development, ensure the quality of the financial reporting and the internal control functions, and is to evaluate the Group's operations based on the established targets and guidelines adopted by the Board. The Board is responsible for appointing the CEO. Finally, the Board takes decisions on larger investments and as regards changes in the organisation and operations.

Board composition

According to Novedo's Articles of Association, the Board is to comprise of no fewer than three, and no more than ten, Members elected by a meeting of shareholders. The union representatives have, in accordance with Swedish law, the right to appoint members to the Board. During 2021, no union organisations were represented in Novedo's Board.

Novedo's CEO and CFO participate in the Board meetings and prepare issues to be addressed by the Board. The CFO serves as secretary for the Board. With special issues, other employees in Novedo can participate in Board meetings.

At an extraordinary meeting of shareholders in Novedo in 2021, Christer Hellström, Saeid Esmaeilzadeh, Mouna Esmaeilzadeh, Fredrik Lidjan, Mona Öljansdotter Johansson and Erik Rune were elected as Board Members in Novedo. Christer Hellström was elected to service as Board Chairman.

As no annual meeting of shareholders was held during 2021, no fees to Board Members have been resolved upon.

Each year, an evaluation of the Board's work will be executed in order to ensure the quality of their work and in order to may any further competencies or experience which could be needed on the Board. The Board's Chairman is responsible for the execution of this evaluation. Novedo's Board intends to execute an evaluation of the Board's work during 2023.

Chairman of the Board

The Chairman of the Board leads the work of the Board and ensures that its work takes place in an effective and appropriate manner. The Chairman also ensures compliance with the Swedish Companies Act and other laws and regulations, as well as ensuring that the Board Members receive the training and knowledge required as regards Novedo's operations. The Chairman monitors the operations in close dialogue with the CEO and is responsible for the implementation of the Board's decisions, and also serves as a spokesperson for the Board.

Work of the Board of Directors during 2021

During 2021, three Board meetings were held at which minutes were taken, with one meeting taking place per capsulam. Of these meetings, two were held at the head offices in Stockholm and one via video link. The Board comprised a quorum at all of these meetings.

Amongst the matters addressed by the Board during 2021 can be noted the appointment of a new CEO and new CFO for Novedo. The Board also resolved on the acquisition of portfolio companies and the raising of new financing, partly in the form of a capital contribution of SEK 150 million, and partly in the form of the issuance of a bond loan of SEK 750 million.

Group management and CEO

The Group management was established during 2021, when the CEO and CFO assumed their roles. A chief operating officer, COO, was recruited at the end of 2021.

The CEO is responsible for the ongoing administration according to the Board's instructions. The CEO is, thereby, responsible for undertaking all necessary measures to ensure that the organisation and control of the Company's bookkeeping takes place according to current regulations and ordinances. The CEO is also to prepare all necessary information and documentation for the Board meetings

and, if the Chairman requests, shall also issue notice of the meetings of the Board. The CEO reports to the Board and is to provide motivated statements regarding proposals for resolutions to be decided upon by the Board.

The CEO is to ensure that the Board Members continually receive the information required to be able to assess the Company's economic situation. The reporting is to be of such a nature that the Board can, based on the information provided, execute a well-grounded assessment.

Guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives is proposed by the Board to the annual meeting of shareholders for approval. Remuneration to the CEO is proposed and decided upon by the Board. Remuneration to other senior executives is proposed by the CEO and decided upon by the Board.

A successful implementation of Novedo's long-term strategy and possibilities to achieve the established financial and operational targets presumes that the Company can recruit and retain qualified personnel. This requires, in its turn, that Novedo can offer market-based and competitive compensation; this is to be achieved through the Company's established guidelines for remuneration to senior executives.

Remuneration can comprise of:

- Fixed annual, cash salary
- Variable annual, cash salary
- Pension benefits
- Other benefits

The Board of Directors will annually evaluate whether a long-term incentive program is to be presented as a proposal to an annual meeting of shareholders. For further information regarding remuneration to senior executives, incentive programs and pension benefits, see Note 9.

Internal control and risk management

External auditors

Novedo's external auditors are elected by the annual meeting of shareholders. The auditor executes a review of the annual financial statements and consolidated accounts. The auditor reports the results of their review in form of an auditor's report. The audit is executed in accordance with the International Standards of Auditing and generally accepted auditing standards in Sweden.

The fees to the auditor for the audit work are paid on an account basis. Öhrlings Pricewaterhouse Coopers AB (PwC) are Novedo's auditors since 2021, and Åsa Eriksson, Authorised Public Accountant and member of FAR (industry organization for auditors in Sweden) is the Auditor-in-Charge.

For more information regarding the Company's auditor, see Note 8.

Internal control of the financial reporting

Internal control is about clarity, good order and ensuring that what is to be done is done in the manner in which it was intended to be undertaken. Internal control is an overall term for the organisation and the systems, processes and routines contributing to this.

Novedo intends to establish a function for internal control with the aim of supporting the Group's management so that it can ensure good internal control regarding the financial reporting. The work undertaken in this function is to primarily ensure that directives and guidelines are followed and that processes are established for the financial reporting.

The Board is responsible for establishing an effective system for internal control and for governing this work via the CEO. The Group management contribute to ensuring that information regarding internal control is provided to the employees in the Group. A premise for a well-functioning control environment is clearly defined values as regards ethics and integrity and ensuring that these are communicated through governance documents, such as internal policies, guidelines and manuals. As regards the financial reporting, Novedo has established guidelines for the subsidiaries which are subsequently followed up on an ongoing basis via meetings and through direct control activities.

Risk assessment

Novedo intends to execute annual risk assessments. The aim of such assessments is to identify, document and quantify risks and their consequences and to determine the probability that such risks could prevent Novedo from reaching its goals.

Responsibility for the Company's primary risks is divided between the members of the Group management. Each Managing Director in the subsidiaries is responsible for handling the risks arising in their respective companies. The CFO is responsible for the overview and management of financial risks in the daily operations, and the Board is responsible for assessing whether the Company's risk management takes place in an effective and appropriate manner.

Information and communication

Novedo has information and communication channels aimed at ensuring that information is identified, collected and communicated in a manner, and within a time framework, making it possible for employees to execute their work duties. Instructions and guidelines for reporting are communicated to the employees concerned and are followed up via regular meetings and via e-mail.

Governance documents in the form of policies, guidelines and manuals for the financial reporting are communicated directly to the employees concerned. Information to external parties is informed upon via press releases and on Novedo's website. Interim reports and annual reports are published and are available on the website and this is supplemented with meetings and presentations for investors.