

Corporate Governance Report

This Corporate Governance Report has been prepared for BICO Group AB (publ) regarding the financial year 2021, in accordance with Chapter 6, §§6–9 of the Annual Accounts Act.

Introduction and principles of corporate governance

BICO Group AB ("BICO") is a Swedish public limited liability company based in Gothenburg and with its shares of series B listed on Nasdaq Stockholm. The corporate governance of BICO is

based on the Swedish Companies Act, the Annual Accounts Act, the Nasdaq Stockholm Rule Book for Issuers, internal rules and the Swedish Corporate Governance Code ("the Code").

BICO applies the rules that follow from laws or other statutes, as well as the Code. To the extent BICO deviates from the Code, the company adheres to the so-called "follow or explain" principle which is permitted under the Code for deviation from the rules. BICO has complied with the Code in all respects during the financial year 2021.

Internal control instruments include the Articles of Association as adopted by the AGM and similarly the Rules of Procedure for the Board and the instructions for the CEO, the Board's committees and the financial reporting.

Annual general meeting

The shareholders of BICO exercise their right to resolve on the company's affairs at the annual general meeting (AGM), or, where applicable, at an extraordinary general meeting (EGM). The general meeting is the highest decision-making body of BICO.

The AGM shall be held within six months after the end of each financial year. The AGM resolves on the Articles of Association, appoints the Board of Directors and the Chairman of the Board, elects the auditor, adopts the income statement and balance sheet, resolves on the appropriation of profits and discharge from liability, and also resolves on the principles for the appointment of the Nomination Committee, guidelines for the remuneration of senior executives, etc.

At the AGM, each shareholder has the right to participate, in person or through a proxy. Each shareholder has the right to raise issues to be addressed at the AGM and each shareholder is entitled to vote for all shares held by him or her. Notices of meetings and other information prior to general meetings are available at BICO's website. Information that the convening notice has been published shall be announced simultaneously in Dagens Industri.

Shareholders who wish to have a matter addressed at the AGM should make a written request to the Board of Directors. The

Corporate governance structure

At general meetings, the shareholders resolve on the appointments and the guidelines that form the basis for the corporate governance of BICO. The organization chart below summarizes the structure of the corporate governance in BICO.

Control instruments

External control instruments that form the framework for corporate governance within BICO include the Swedish Companies Act, the Annual Accounts Act, the Nasdaq Stockholm Rule Book for Issuers, the Code and other relevant laws. Foreign subsidiaries apply the laws and regulations in force in each respective country, but do also ensure that the Group's guidelines for governance and control are complied with. The Board of Directors is ultimately responsible for the organization and management of the company's affairs. Supervision is exercised by authorities and bodies appointed by the authorities, both through the company's reporting to them and through regular audits by the authorities.



request must normally be made to the Board of Directors well in advance of the AGM, in accordance with the information provided at BICO's website in connection with the publication of the time and place of the AGM.

Shareholders

BICO's shares of series B have been listed on Nasdaq Stockholm since April 20, 2020. According to the share register kept by Euroclear Sweden, as of December 31, 2021 there were 20,650 shareholders in BICO.

The share capital amounted to SEK 1,553,256, divided among 62,130,269 shares, of which 1,500,000 are shares of series A, which carry 10 votes per share, and 60,630,269 are shares of series B, which carry 1 vote per share.

As of December 31, 2021, Erik Gatenholm had an ownership of 15.0 percent of the total number of shares and 22.4 percent of the votes. As of December 31, 2021, Héctor Martínez had an ownership of 10.0 percent of the total number of shares and 15.0 percent of the votes. No other shareholder held a direct or indirect shareholding representing 10 percent or more of the votes for all shares in BICO.

Annual general meeting 2021

The AGM of BICO 2021 (in respect of the financial year 2019/2020) took place on April 26, 2021. At the AGM, approximately 74.1 percent of the votes were represented.

The AGM passed, inter alia, the following resolutions (in addition to matters ordinarily dealt with by the AGM):

- To adopt a new long-term incentive program for employees within the Group through a directed issue of not more than 3,000,000 warrants in aggregate
- To approve the Board's decision for the company, through the issue of convertibles, to raise a convertible loan amounting to not more than SEK 1,500,000,000
- To authorize the Board of Directors, until the end of the next AGM on one or more occasions and with or without deviation from the shareholders' preferential rights, to resolve on new

issue of shares of series B. The issues may be effectuated through cash issue, issue for non-cash consideration or set-off corresponding to not more than 10 percent of the registered share capital in the company at the time of the issue resolution. In addition, in connection with acquisitions of businesses, companies or rights, the Board shall be entitled to resolve upon an issue for non-cash consideration or through set-off corresponding to additionally not more than 10 percent of the registered share capital in the company at the time of the issue resolution

- To adopt revised Articles of Association

Extraordinary general meetings 2021

In 2021, BICO held two EGMs: on August 6, 2021, and on November 17, 2021.

EGM August 6, 2021

At the EGM held on August 6, 2021, it was resolved, inter alia, to change the company's name to BICO AB (publ) and to adopt revised Articles of Association.

EGM November 17, 2021

At the EGM held on November 17, 2021, it was resolved, inter alia, to elect Susan Touse as a new Board member and to authorize the Board of Directors, until the end of the next AGM on one or more occasions and with or without deviation from the shareholders' preferential rights, to resolve on new issues of shares of series B. The issues may be effectuated through cash issue, issue for non-cash consideration or set-off corresponding to not more than 20 percent of the registered share capital in the company at the time of the issue resolution. Deviations from the shareholders' preferential rights should only be possible in connection with acquisitions of businesses, companies, ownership shares and rights, or for the company's continued expansion.

Annual general meeting 2022

BICO's Annual General Meeting 2022 will take place on April 26, 2022.

Nomination committee

BICO's AGM resolves on the principles for the appointment of

the members of the Nomination Committee and its instructions. The AGM 2021 resolved that there shall be five members of the Nomination Committee, one of whom shall be the Chairman of the Board. The other members shall be appointed by the four largest shareholders (in terms of voting rights) in the company as of the end of September. If the Chairman of the Board, directly or indirectly, is one of the four largest shareholders, the Chairman of the Board shall refrain from nominating a member to the Nomination Committee. The principles also include a procedure for the replacement of a member who leaves the Nomination Committee prematurely or where a member represents a shareholder who is no longer one of the four largest shareholders in terms of voting rights.

The names of the members of the Nomination Committee shall be presented no later than six months before the AGM 2022. The composition of the Nomination Committee from time to time shall be published at BICO's website. A press release stating the composition of the Nomination Committee and the procedure for shareholders to submit proposals to the Nomination Committee was published on October 8, 2021, and has been made available at BICO's website. The following members of the Nomination Committee were appointed: Mats Engström (appointed by Erik Gatenholm), Claes Dinkelspiel (appointed by Héctor Martínez), Malin Björkmo (appointed by Handelsbanken Fonder), Jan Dworsky (appointed by Swedbank Robur Fonder) and Carsten Browall (Chairman of the Board). In aggregate, the nominating shareholders represented approximately 50 percent of the votes in BICO. The Nomination Committee held 5 meetings during the year.

The Nomination Committee shall submit proposals for resolution to the AGM 2022 regarding the election of the Chairman of the AGM, the number of Board members, the election of the Chairman and other members of the Board, Board fees and remuneration for committee work, election and remuneration of auditors, and, where applicable, changes to the instructions for the Nomination Committee.

The Nomination Committee has considered diversity issues in its work, and it has applied Rule 4.1 of the Code as its diversity policy. The representation on the Board comprises two women and five men. The Nomination Committee notes that the proposed Board



does not meet the goal of equal gender distribution as stipulated by the Code. In its ongoing work, the Nomination Committee intends to strive to achieve the goal as stipulated by the Code.

The Nomination Committee deems that the proposed Board, which consists of seven persons, has a reasonable composition with regard to the company's operations, phase of development and other general circumstances. In assessing the proposed Board members' independence, the Nomination Committee has found that its proposal for Board composition in BICO meets the requirement for independence as stipulated by the Code.

Auditor

The auditors of BICO are elected at the AGM. The AGM 2021 resolved in accordance with the Nomination Committee's proposal for the re-election of Deloitte AB with Fredrik Jonsson as auditor in charge.

Audit work

The auditor shall review the company's annual report and accounting and the administration by the Board of Directors and the CEO. After the end of each financial year, the auditor shall submit an auditor's report and an auditor's report for the Group to the AGM. According to BICO's Articles of Association, BICO shall have at least one auditor and no more than one deputy auditor.

The auditor in charge has reported his observations from the audit work to the Board of Directors and to the Audit Committee. In connection with the audit work described above, the annual report, the accounting and the administration by the Board of Directors and the CEO have been reviewed. In addition to the audit assignment, which is paid according to the customary charging standards, during the financial year Deloitte AB has provided consultations and audit-related services of approximately MSEK 1.0.

The board of directors

According to the Articles of Association, the Board of Directors of BICO shall consist of a minimum of three and a maximum of eight members without any deputies. At the end of the financial year 2021, the Board of Directors of BICO consisted of seven members, elected by the general meeting.

The Board of Directors follows written rules of procedure which are revised annually and adopted at the statutory Board meeting following election each year. The rules of procedure regulate, among other things, Board practices, functions, and the division of work between the Board members and the CEO. In connection with the statutory Board meeting following election, the Board also adopts instructions for the CEO including financial reporting.

Evaluation of the board work

The Board of Directors annually conducts a systematic evaluation during which the members are given the opportunity to present their views on working methods and materials as well as their own and the other members' efforts in connection with the Board work. The purpose is to improve the work of the Board and to provide the Nomination Committee with relevant decision guidance documentation prior to the AGM.

Independence

According to the Code, a majority of the members elected by the general meeting shall be independent in relation to the company and the company management. Moreover, at least two of these members shall be independent in relation to the company's major shareholders.

BICO's Board of Directors is deemed to have met the requirements of the Code regarding independence since six of the members elected by the general meeting are considered independent

in relation to both the company and the company management as well as the company's major shareholders. During 2021, all members elected by the general meeting have been independent in relation to the company, the company management and to the company's major shareholders, with the exception of Board member Erik Gatenholm as he is both the CEO and the largest shareholder of the company.

Board work and responsibilities

The AGM 2021 elected six ordinary Board members with expertise in both medical technology and the field of finance and strategy. The EGM held on November 17, 2021 elected a seventh ordinary Board member. The company's General Counsel, Lotta Bus, has been the secretary of the Board during the year. During 2021, 35 Board meetings have been held (29 meetings during 2019/2020). Minutes have been kept at all of them. The CEO and the CFO have been presenting matters at the Board meetings. On a couple of occasions, also other members of the company's management have been presenting.

The Board of Directors oversees the work of the CEO and is responsible for ensuring that the organization, management, and guidelines for the company's funds are appropriately structured. The Board of Directors is also responsible for ensuring that the company is organized in such a way that there is appropriate internal control, and that appropriate systems exist for monitoring of the business and its risks, and for compliance with laws,

	Elected	Board meetings	Remuneration Committee	Audit Committee	Total remuneration
Carsten Browall	2018	35/35	3/3	6/6	565
Erik Gatenholm	2016	35/35	-	-	0
Ingela Hallberg ¹	2017	11/35	1/3	-	0
Aristotelis Nastos ²	2020	35/35	2/3	-	225
Bengt Sjöholm ³	2016	35/35	1/3	6/6	240
Helena Skåntorp	2019	35/35	-	6/6	275
Susan Tousi ⁴	2021	4/35	-	-	100
Christian Wildmoser	2019	35/35	3/3	-	225

¹ Ingela Hallberg declined re-election as board member on the Annual General Meeting 2021 which took place on April 26, 2021.

² Aristotelis Nastos was elected member of the Remuneration committee post the Annual General Meeting 2021 which took place on April 26, 2021.

³ Bengt Sjöholm was member of the Remuneration Committee until the AGM 2021 which took place on April 26, 2021.

⁴ Susan Tousi was elected board member on the Extraordinary general meeting which took place on November 17, 2021. During the autumn of 2021, Susan Tousi participated as a co-opted board member. Her remuneration is based on this.

rules, and internal guidelines. The Board of Directors is further responsible for the development and follow-up of the company's strategies through plans and objectives, decisions on acquisitions and divestments of operations, major investments, appointments, and remuneration of management, along with ongoing follow-up during the year. The Board of Directors approves the budget and annual accounts.

Board work during 2021

During 2021, the Board has shown great dedication in what has been a dynamic year with many meetings. At the ordinary meetings, the Board has discussed fixed agenda items as per its annual plan such as strategy for the Group and its three business areas, long-term goals, financial goals, risks and risk management, corporate governance documents, sustainability issues, as well as year-end accounts and interim reports. Moreover, during the year, the Board has continuously discussed the business situation in the Group's three business areas, financial issues, corporate acquisitions and other investments, ethics and compliance, general organizational matters and issues in relation to the supply chain. The Board has gained ongoing insight into operations, either through visits to subsidiaries or through presentations from business area managers and the CEOs of the subsidiaries. In addition to ordinary Board meetings, the Board is provided with monthly reports by the CEO.

Rules of procedure for the board of directors

In advance of each Board meeting, the draft agenda and the background material on the matters to be discussed at the meeting are distributed. The draft agenda is prepared by the CEO in consultation with the Chairman. Matters referred to the Board are either for information, for discussion or for decision. Decisions are made only after discussion and after all members present at the meeting have been given the opportunity to comment. The broad experience of the Board in various areas ensures a constructive and open discussion. During the year, no member has expressed reservation against a decision. Open questions are followed up on an ongoing basis.

The board committees

The Board has the full knowledge of, and is responsible for, all matters on its agenda. During the year, Board work has been carried out in two committees appointed by the Board: the Audit Committee and the Remuneration Committee.

Audit committee

The Board has appointed an Audit Committee consisting of Helena Skåntorp (chairman), Carsten Browall and Bengt Sjöholm. The tasks of the Audit Committee are set out in its rules of procedure, which are adopted annually. Without prejudice to the general responsibilities and tasks of the Board of Directors, the Audit Committee shall, inter alia, monitor BICO's financial reporting, monitor the effectiveness of BICO's internal control and risk management, stay informed of the audit of the annual accounts and consolidated accounts, monitor the handling of related party transactions, review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than audit services, and assist in preparations to procure audit services.

Remuneration committee

The Board has appointed a Remuneration Committee consisting of Carsten Browall (chairman), Aristotelis Nastos, and Christian Wildmoser. The tasks of the Remuneration Committee are set out in its rules of procedure, which are adopted annually. The Remuneration Committee shall prepare proposals regarding remuneration principles, remuneration and other terms of employment for the company's senior executives. The Remuneration Committee shall also review and evaluate the company's program for variable remuneration to senior executives, compliance with the guidelines for remuneration to senior executives as decided by the AGM, and the company's current remuneration levels and structures.

The Managing Director (CEO)

In accordance with the rules of the Swedish Companies Act and other legislation, the CEO is responsible for the day-to-day management in accordance with the Board's guidelines and instructions and should take care of any necessary measures to ensure that the company's accounts are handled in a satisfactory manner. Furthermore, the CEO shall ensure that the Board of Directors is provided with information on an ongoing basis necessary to adequately monitor the company and the Group's financial situation, position and development and otherwise fulfill its reporting obligation regarding financial conditions.

The CEO is also responsible for preparing reports and compiling information from the management prior to Board meetings. The

CEO is presenting the information at the Board meetings.

The CEO shall keep the Board of Directors continuously informed of the development of the company's operations, the development of the sales, the company's results and financial position, liquidity and credit situation, important business events and any other event, circumstance or situation that is likely to be of material importance to the company's shareholders.

Guidelines for remuneration to senior executives

At the AGM on April 26, 2021, it was resolved to introduce guidelines for remuneration to senior executives. The term senior executives refer to the CEO, the CFO and certain other people in the company management. The guidelines, which must be updated at least every fourth year, essentially entail the following:

Remuneration shall be market-based and may consist of fixed salary, variable cash remuneration, pension benefits and other benefits. The general meeting may also decide on share and share price-related remuneration. The fixed salary shall be based on each individual's areas of responsibility and experience and shall be reviewed annually. The remuneration guidelines are available on the company's website.

The fulfillment of criteria for paying variable cash remuneration should be measurable over a period of one or several years. Variable cash remuneration shall amount to a maximum of 100 percent of the total fixed salary during the measurement period. Additional variable remuneration may be payable in extraordinary circumstances.

The CEO's pension benefits shall be defined contribution plans. Pension benefits for other senior executives shall be defined contribution plans, unless the executive is covered by a defined benefit plan under mandatory provisions in a collective agreement. Pension premiums for defined contribution plans shall amount to no more than 31 percent of the fixed annual salary. Other benefits may include e.g., life insurance, health insurance and car benefits. Such benefits may amount to no more in total than 5 percent of the fixed annual salary.



In the event of termination of employment by the company, the period of notice may be no more than 12 months. Fixed salary during the period of notice and severance pay may not exceed in total a sum equivalent to the fixed salary for 12 months. In the event of termination of employment by the senior executive, the period of notice may be no more than six months, without entitlement to severance pay.

As mentioned previously, a Remuneration Committee has been established by the Board of Directors. The tasks of the committee include, inter alia, preparing the Board's decisions on proposed guidelines for remuneration to senior executives. The Board shall prepare new guidelines at least every four years and shall present its proposal for decision by the AGM. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the company management, the application of the guidelines for remuneration to senior executives, and prevailing remuneration structures and remuneration levels in the company.

The Board of Directors may decide temporarily to deviate from the guidelines, in part or in whole, if there are particular, justifying reasons in an individual case to protect the company's long-term interests, including its sustainability, or to assure the company's financial viability.

Further information at bico.com

- Articles of Association
- Information from previous AGMs (notices, documentation, minutes, etc.)
- Information about the Nomination Committee
- Corporate Governance Report

Control environment

The Board of Directors is responsible for the internal control in the company, in accordance with the Swedish Companies Act and the Code. Moreover, according to the Swedish Annual Accounts Act, the Corporate Governance Report shall include information about the most important elements of the company's system for internal control and risk management in connection with the financial reporting. In addition, the Board of Directors

is responsible for ensuring that there are suitable systems for monitoring and controlling the company's operations and the risks associated with the company and its operations.

The overall purpose of the internal control is to reasonably ensure that the company's operational strategies and objectives are followed up and that the shareholders' investment is protected. Furthermore, the internal control shall ensure that external financial reporting is reliable and prepared with reasonable assurance in accordance with generally accepted accounting principles, in compliance with applicable laws and regulations, and in compliance with requirements for publicly listed companies.

BICO's internal control structure is mainly based on the following five components:

- Control environment
- Risk assessment
- Control activities
- Follow-up
- Information and communication

Control environment

The Board of Directors has established a number of policy documents for the company's internal control and governance, including rules of procedure for the Board and instructions for the CEO and the Board's committees, reporting instructions and a financial policy, all of which aim to ensure a clear division of roles and responsibilities.

The Board of Directors has overall responsibility for the internal control in respect of the financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies and policy documents in respect of the financial reporting. These consist mainly of the rules of procedure for the Board, the instructions for the CEO, the rules of procedure for the Audit Committee and the instructions for financial reporting. The company has also adopted a financial policy that includes principles, guidelines and process descriptions for accounting and financial reporting.

Maintenance of an effective control environment and the

ongoing work with internal control and risk management is the responsibility of the CEO, who reports to the Board based on established procedures. Responsibility for internal activity-specific control in day-to-day operations lies with the CEO.

Risk assessment

The risk assessment includes identifying risks that may arise if the fundamental requirements on financial reporting in the company are not met. The management team of BICO has prepared a risk register, identifying and evaluating the risks that arise in the company's operations and evaluated in what way the risks can be managed. The management of BICO shall annually carry out an overall risk assessment regarding strategic, operational and financial risks and present these to the Audit Committee and to the Board of Directors. The CEO is responsible for the presentation and the management's risk assessment shall be reviewed by the CFO on an annual basis before being presented to the Audit Committee and to the Board of Directors. Within the Board, the Audit Committee is primarily responsible for continuously evaluating the company's risk situation, after which the Board also conducts an annual review and assesses the risk situation.

Control activities

Control activities are limiting the identified risks and are ensuring an accurate and reliable financial reporting. The Board of Directors is responsible for internal control and follow-up of the company's management. This is done through both internal and external control activities, as well as through review and follow-up of the company's policy documents related to risk management. The effectiveness of the control activities is evaluated annually, and the results of these evaluations are reported to the Board of Directors and to the Audit Committee. In agreements with important suppliers, the company is guaranteed the right to review the respective supplier's delivery of its services, including any quality aspects thereof.

Ongoing work and measures for 2022

During 2021, BICO acquired 8 companies and acquired assets and operations in one additional company. This implies a need to review the Group's structure, follow-up and activities within internal control. This work begun in 2021 and examples of activities have been self-assessment through questionnaires and follow-up of annual accounts. In 2022, the work of implementing a uniform program for the Group's internal control will

be prioritized. BICO will carry out renewed risk assessments, implement relevant key controls and incorporate processes for the subsidiaries for standardized reporting and compilation to the Board. BICO will also update financial manuals and continuously communicate to the subsidiaries to ensure good internal control and a uniform standard. BICO currently has no internal audit function. The need for a special function for internal audit is evaluated annually.

Follow-up

Compliance with and the effectiveness of the internal controls are monitored on an ongoing basis. The CEO ensures that the Board of Directors receives ongoing reporting on the development of BICO's operations, including the development of the company's results and position, as well as information about important events, such as research results and important agreements. The CEO also reports these issues at each ordinary Board meeting. The company's compliance with applicable policies and policy documents is subject to annual evaluation. The results of these evaluations are compiled by the CFO and are reported annually to the Board of Directors and to the Audit Committee.

Information and communication

The company has information and communication channels aimed at promoting the accuracy of the financial reporting and enabling reporting and feedback from the operation to the Board and management, for example by making policy documents in the shape of internal policies, guidelines and instructions regarding the financial reporting available and known to the employees concerned. The Board has also adopted an information policy that regulates the company's disclosure of information.

Auditor's report on the corporate governance report

To the general meeting of the shareholders in BICO Group AB (publ) corporate identity number 559050-5052

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2021-01-01 - 2021-12-31 on pages 128-133 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg March 16, 2022
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

