

CORPORATE GOVERNANCE

Corporate governance

Governance of Enzymatica takes place through the Annual General Meeting, the Board of Directors, the CEO and senior management in accordance with the Swedish Companies Act, the Articles of Association, Enzymatica's internal policy documents and the rules and recommendations for companies whose shares are listed on Nasdaq First North. Some representative(s) from executive management and the Board of Directors is/are in turn the chair and members of the Boards of Directors of the subsidiaries.

Annual General Meeting

The Annual General Meeting (AGM) is the highest decision-making body and the forum through which shareholders exercise their influence over the Company. The Annual General Meeting resolves on how to address a number of central issues, including disposition of the Company's profit or loss, adoption of the income statement and balance sheet, discharge from liability for the Board of Directors and the CEO, election of the Board of Directors and the auditor, as well as fees to the Board and auditor. An Extraordinary General Meeting may be held if the Board considers that there is a need to do so, or if the Company's auditors or owners of at least 10 percent of the shares should so request.

The Annual General Meeting of shareholders on April 26 2018 authorized the Board to resolve on the issuance of shares corresponding to a maximum of 10 percent of the total number of shares in the Company, with or without deviation from preferential rights, in order to enable the Company to raise working capital and to take advantage of future opportunities to acquire long-term strong owners, as well as to further finance the Company's growth strategy.

The Extraordinary General Meeting held on November 5, 2018, resolved to approve the Board's resolution as of October 18, 2018, for the issuance of shares with preferential rights for existing shareholders. In accordance with what was announced on October 18, 2018, under the terms and conditions adopted by the Board of Directors for the issuance, each share in Enzymatica held on the record date for participation in the rights issue, November 12, 2018, entitle the holder to one (1) subscription right and seven (7) subscriptions rights, that entitle the holder to subscription of four (4) new shares. The subscription price has been set at SEK 1.90 per share, which corresponds to total issue proceeds of approximately SEK 98.7 million before issue expenses. As a result of the rights issue the Company's share capital will increased by a maximum of SEK 2,077,436.20 through the issuance of a maximum of 51,935,888 new shares.

Board of Directors

In 2018, the Board of Directors consisted of six members who are elected for one year by the Annual General Meeting. According to the Articles of Association, the Board of Directors shall consist of at least three and a maximum of ten members with a maximum of ten deputies. The Board of Directors elects its officers at a meeting held immediately after the Annual General Meeting. A list of the members with their respective shareholdings, attendance record, and their respective independence to the owners and the Company, respectively, can be found in the Swedish version of the annual report.

Chairman of the Board

Bengt Baron is the Chairman of the Board. In addition to leading Board meetings, the Chairman is responsible for ongoing contact with the CEO, monitoring the development of the company and consulting with the CEO on strategic matters. The Chairman of the Board shall, in consultation with the CEO, be responsible for notice to attend Board meetings and the agenda, as well as for ensuring that matters are not handled in violation of regulations. Once a year, the Chairman evaluates the work of the Board with each of the members.

Committees

The Board has established an Audit Committee and a Remuneration Committee. The Audit Committee is responsible for quality assurance regarding the Company's financial reporting and for work concerning Enzymatica's internal control. The Audit Committee is also responsible for the Board's ongoing communication with auditors, adoption of guidelines for what services are to be purchased from auditors in addition to auditing, evaluating the audit engagement, assisting the Nomination Committee in preparing proposals for the auditor and fees for the audit engagement. The Audit Committee consists of Board members Marianne Dicander Alexandersson, Louise Nicolin and Sigurgeir Gudlaugsson. Marianne Dicander Alexandersson is the committee chairperson. The Remuneration

Board members' shareholdings, attendance record, and respective independence to owners and the Company, respectively

Name	Number of shares	Attendance board meetings	Independence to owners and the Company, respectively
Bengt Baron, chairman (chairman beginning December 19, 2016)	614,277	21//21	Yes
Marianne Dicander Alexandersson	72,912	19//21	Yes
Gudmundur Palmason	9,360,622	20/21	No
Sigurgeir Gudlaugsson	1,002,001	19/21	No
Mats Andersson	27,837,483	21/21	No
Louise Nicolin	0	21/21	Yes

Committee addresses matters concerning remuneration and benefits for senior executives, including the CEO. The committee consists of Bengt Baron, Mats Andersson and Gudmundur Palmason. Mats Andersson is the committee chairperson.

Board meetings

During the year, Enzymatica's Board of Directors held 21 meetings at which the minutes were recorded, 10 of which were by telephone and 4 per capsulam. Four of the meetings were held in conjunction with approval of the year-end report and the interim reports. Important matters addressed during the year included strategy, growth issues, funding, organization, adoption of the budget and regulatory matters, such as how the company will address the new EU Medical Device Regulation. The CEO and CFO of the Company regularly participate at the Board meetings. Other senior executives participate at Board meetings as needed. The Company's auditor attends at least one regular meeting during the year.

Audit

In 2018 Deloitte AB was elected to serve as auditor of the Parent Company for the period until the 2019 Annual General Meeting. In addition to the annual audit, the auditor reviews at least one interim report per year. Authorized auditor Per-Arne Pettersson is the principal auditor.

CEO and senior management

The CEO is appointed by the Board of Directors and leads the Company in accordance with the guidelines and instructions adopted by the Board. The CEO appoints a Management Group. The Management Group consisted of five people in addition to the CEO during the year. A more detailed description of the CEO and the Management Group can be found in the Swedish version of the annual report.

Remuneration

Salaries, remuneration and other benefits to the Board, the CEO and other senior executives are presented in Note 7 in the Swedish version of the annual report.

Guidelines for remuneration to senior executives

Remuneration to the Chief Executive Officer and other senior executives comprises basic salary and other benefits (relates to car allowance). The Company's senior executives, in addition to the Chief Executive Officer, include an additional five individuals. Decisions on remuneration and benefits to the Chief Executive Officer have been taken by Enzymatica's Board of Directors. Decisions on remuneration and benefits to other senior executives are prepared by the Chief Executive Officer, who submits a proposal to the Board.

The Chief Executive Officer's employment agreement cites a period of notice from the Company of twelve months during which the level of salary and other benefits paid remains unchanged. The period of notice for the CEO is six months. No special severance package is paid. The period of notice for other senior executives is between three and six months, and the period of notice for the Company is between three and twelve months. No special severance package is paid. For information on the 2018 guidelines for senior executives, please refer to the Company's notice to attend the 2018 Annual General Meeting.

Internal control

Internal control in the Company follows the procedures and principles established in the Company using various systems, controls and ongoing reporting. The Board of Directors is responsible for compliance with these procedures and principles. Each individual entity in the Company is followed up with reporting according to a set schedule and scope. Authorization guidelines and rules of procedure regulate who and how decisions are made regarding length of contract, costs or risk for the Company. Signing on behalf of the Parent Company and subsidiaries, as well as managing cash and cash equivalents, are handled by several people to create good control. Enzymatica does not have an internal audit function because such a function is not justified by the scope and risk exposure of the Company.