

Corporate Governance Report

Good corporate governance forms the basis for ensuring for shareholders that MilDef is managed as sustainably, responsibly and efficiently as possible. In turn, this improves confidence in the company, in the capital market and among the general public – confidence that is essential if we are to have the liberty to realize our strategies so that we can generate value over the long term.

Operations

Digitalization of operations and functions that are crucial for society is increasing and there is therefore a need for tactical IT in demanding environments. MilDef is taking an active role in this development. The goal is to be the most reliable partner in the industry. MilDef adds value through industry-leading quality and high delivery precision. As one of Europe's leading groups in tactical IT, MilDef's business concept is to develop, deliver and offer tactical IT products and services for operations and functions that are crucial for society. We customize solutions to be able to meet our customers' specific requirements in the demanding environments in which they are used. MilDef's hardware and software products are combined with services to deliver effective digitalization. At the end of 2021, MilDef comprised nine legal entities with some 190 employees in four countries. During the 2021 full year, the Group achieved sales of SEK 470 million with an adjusted operating EBITDA margin of 6.9%. MilDef has been listed on Nasdaq Stockholm's Small Cap list since June 2021.

Governance principles

MilDef Group AB ("MilDef" or "the company") is a Swedish public limited company whose shares are listed on Nasdaq Stockholm. The governance of MilDef is based on the company's Articles of Association, the Swedish Companies Act, other relevant Swedish and foreign regulations and legislation, and internal guidelines. MilDef's governance is also based on Nasdaq Stockholm's regulations for issuers, as well as the Swedish Corporate Governance Code ("the Code"). MilDef followed the Code in all respects in 2021. This Corporate Governance Report has been prepared in accordance with the Annual Accounts Act and the Code. MilDef's auditors have reviewed the report and an opinion from the auditors has been included in this. Corporate Governance Reports and other information on corporate governance are available from MilDef's website: www.mildef.com.

MilDef strives to conduct its operations in a sustainable, responsible and efficient manner that generates value for our customers, shareholders, employees, suppliers, local communities and other stakeholders. Alongside the financial goals, the company's strategy supports this focus. The company's strategy, financial goals and sustainability ambitions are described in the 2021 Annual Report. The highest decision-making body in the company is the General Meeting, which normally convenes once a year in the form of the Annual General Meeting, although, under certain conditions, it may also convene as an

Extraordinary General Meeting. Although the company prepares the Annual General Meeting, shareholders can influence and propose items for the Meeting's agenda.

Share capital and shareholders

MilDef's shares have been traded on Nasdaq Stockholm since June 4 2021. At the end of 2021, share capital in MilDef amounted to SEK 9,097,343.25, distributed between 36,389,373 shares of a single class. All of the shares are ordinary shares carrying the same voting rights. The shares have a quota value of SEK 0.25. At the end of the year the closing price was SEK 52.40 and the total market value was SEK 1,907 million.

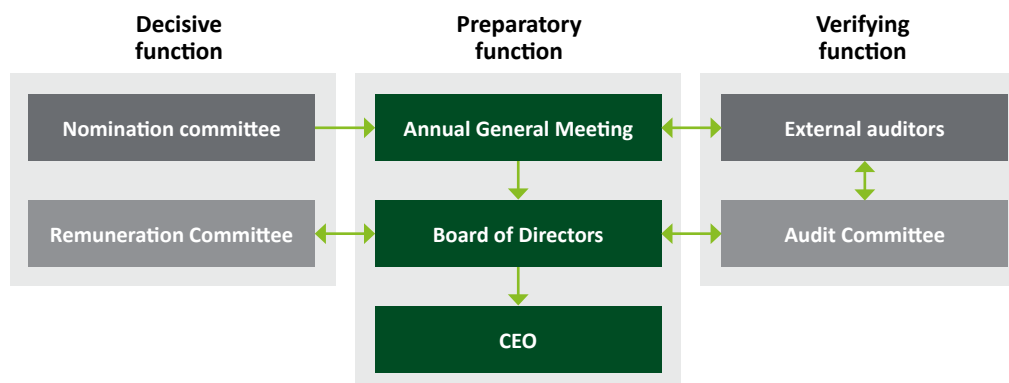
Insider trading and registration

MilDef has ambitious objectives in terms of proper ethical behavior. MilDef's Board of Directors has adopted an insider policy as part of efforts to maintain a high level of ethics and to safeguard that MilDef maintains a good reputation in the eyes of the general public and the capital market. The policy aims to reduce the risk of insider trading and other illegal acts and to create conditions for compliance with applicable rules.

MilDef's corporate governance structure

Shareholders' influence in the company is exercised at the General Meeting, which is the company's highest decision-making body. At the General Meeting, each shareholder is entitled to attend, in person or by proxy, and to vote in accordance with his/her shareholding. At the Annual General Meeting, which is the regular General Meeting held annually, the shareholders elect the Board Members, the Chairman of the Board and the auditors, and determine their fees. The Annual General Meeting resolves whether to adopt the income statement and balance sheet, to approve the distribution of profits and to discharge the Board Members and the CEO from liability. The Annual General Meetings also decides on the principles for the Nomination Committee, as well as on principles for remuneration and other terms of employment for the CEO and other senior executives. The Annual General Meeting or Extraordinary General Meeting may also resolve to change the Articles of Association, increase or reduce the share capital, etc. Annual General Meetings are convened through a notice published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and on the company's website. The fact that an Annual General Meeting has been convened will be published in Swedish national daily newspaper Dagens Industri.

Overarching corporate governance structure within MilDef



On behalf of the shareholders, the Board is tasked with administering the company's affairs in the interests of the company and all of its shareholders. The Chairman of the Board bears the specific responsibility for the work of the Board being well organized and efficient. The Audit Committee and Remuneration Committee are appointed by the Board of Directors. The company's auditors are appointed by the General Meeting to audit the company's annual report and accounts, as well as the administration of the company by the Board of Directors and the CEO. The auditors report to the shareholders at the Annual General Meeting by means of the audit report. The Board of Directors establishes a formal work plan for the Board and instructions for the CEO. The Board appoints the CEO, who is to oversee the ongoing management of the company. In turn, the CEO appoints the Group Management team.

Nomination Committee

Each year, a Nomination Committee shall be appointed at the initiative of the Chairman, with the rules governing the composition of the Committee being adopted by the Annual General Meeting. The Nomination Committee shall comprise four members, of whom one shall be the Chairman of the Board. The members of the Nomination Committee shall include one representative apiece for each of the three largest shareholders in terms of voting rights listed in the share register maintained by Euroclear Sweden as per August 31 of the year preceding the year in which the Annual General Meeting is held, plus the Chairman of the Board, who should also convene the Nomination Committee for its first meeting. If a shareholder chooses to refrain from participating in the Nomination Committee, the next shareholder in terms of size is afforded an opportunity to appoint a member of the Nomination Committee. The Nomination Committee chairman shall be the member appointed by the largest shareholder in terms of votes, unless the Nomination Committee decides otherwise. Neither the Chairman of the Board nor another Board Member shall chair the Nomination Committee. If, earlier than three months prior to the Annual General Meeting, one or more shareholders having nominated members of the Nomination Committee is no long-

er one of the three largest shareholders in terms of number of votes, members appointed by these shareholders shall make their seats available and the shareholder or shareholders that are among the three largest shareholders in terms of number of votes shall be entitled to appoint a representative each. In the event that a member steps down from the Nomination Committee before its work has been completed and the Nomination Committee finds it desirable that a replacement should be appointed, that replacement shall be appointed by the same shareholder or, if that shareholder is no longer among the largest in terms of number of votes, the replacement should be appointed by the next shareholder in line in terms of size. Changes in the composition of the Nomination Committee are to be announced immediately. Each year, a survey is conducted among the Board Members regarding the work of the Board of Directors, its composition, qualifications, experience and efficacy. The survey forms the basis for the Committee's assessment of whether the Board ought to be strengthened with additional expertise or if there are other reasons to change the composition of the Board. Normally, the Nomination Committee also meets the CEO and sometimes individual Board Members too. Proposed new Board Members are interviewed by the Nominating Committee. In particular, the Nomination Committee shall take into account the requirement of diversity and breadth of the Board and to strive for balance in terms of gender. The Nomination Committee assesses the composition of the Board with respect to its independence, taking into account all proposals regarding the composition of the Board of Directors submitted to the committee that may have been received from other shareholders. The names of the Nomination Committee representatives and the shareholders they represent are to be announced no later than six months prior to the Annual General Meeting. Based on the ownership structure as of August 31, 2021, the three largest shareholders in MilDef were asked to participate in the nomination process for 2022. Together with the Chairman of the Board, Ulf Hedlundh, Svalder AB (Chairman of the Nomination Committee), Marianne Trolle, representing her own holding, and Peter Lundkvist, appointed by AP3, were appointed. The Nomination Committee's proposals

are to be presented in the notice to attend the Annual General Meeting and on MilDef's website. In connection with this, the Nomination Committee shall provide, on the company's website, a reasoned opinion on the proposed composition of the Board with regard to the provisions in the Code regarding the composition of the Board of Directors. In particular, the proposal must be justified in view of the requirement that a balance should be sought with regard to gender. The opinion shall also contain a brief account of how the Nomination Committee has conducted its work and of the equal opportunities policy that the Committee has applied in preparing its proposal. The Nomination Committee shall propose to the Annual General Meeting a chairman of the Meeting, the number of Board Members, the Board of Directors, the Chairman of the Board, the auditor, Board remuneration (divided between the Chairman and the other members, as well as remuneration for committee work), auditor's fees and, to the extent considered necessary, amendments to the instructions for the Nomination Committee. The Nomination Committee shall submit its reasoned opinion on its proposals to the Annual General Meeting. Shareholders wishing to submit proposals to the Nomination Committee may send these by e-mail to arsstamma@mildef.com no later than two months prior to the meeting. The Nomination Committee's proposals are published in conjunction with or prior to the notice of the Annual General Meeting. The members receive no remuneration for their work on the Nomination Committee.

Annual General Meeting for the 2020 financial year

The Annual General Meeting for the 2020 financial year was held on March 30, 2021 in Helsingborg. At the Annual General Meeting, 86% of the total number of shares and votes was represented personally or by proxy. The Chairman of the Board, Jan Andersson, was elected Chairman of the Meeting. The Annual General Meeting approved the presented income statement and balance sheet, as well as the consolidated statement of comprehensive income and statement of financial position. The Meeting discharged the Board and CEO from responsibility. In addition, the following principal decisions were made:

Election of Board Members and auditors

Jan Andersson, Marianne Troll, Christian Hammenborn, Lennart Pihl, Berndt Grundevik and Charlotte Darth were re-elected as Board Members. Jan Andersson was re-elected as Chairman of the Board. Authorized Public Accountants Bengt Ekenberg and Andreas Brodström, from Mazars, were elected as the chief auditors.

Fees

Fees will be paid to the Board in the amount of SEK 175,000 to each Board Member not employed by the company and SEK 350,000 to the Chairman of the Board. It was decided that a

special fee of SEK 30,000 for committee work would be paid to each member of the Audit Committee, SEK 60,000 to the chairman of the Audit Committee and SEK 20,000 to each member of the Remuneration Committee and SEK 25,000 to the chairman of the Remuneration Committee. It was further decided that fees to the auditors should be paid in accordance with an approved invoice.

Dividend

The Annual General Meeting resolved in accordance with the proposal by the Board of Directors that a dividend of SEK 1.50 per share be paid for the 2020 financial year and that the remaining funds at the company's disposal be brought forward to a new account.

- **Guidelines on remuneration of senior executives**

See pages 52–53 in the 2021 Annual Report.

- **Guidelines for authorization of the Board of Directors to implement new share issues**

In accordance with the proposal by the Board of Directors, the Meeting resolved to authorize the Board, up until the 2022 Annual General Meeting, to decide to issue at most 10% of the total number of shares outstanding in the Company on the date on which the authorization is exercised. Shares may be issued with or without deviating from the preferential rights of existing shareholders and through cash payment, set-off or payment in kind. The purpose of the authorization is for the company to be able to issue shares for financing company or business acquisitions or part thereof.

Extraordinary General Meeting 2021

MilDef held an Extraordinary General Meeting on April 29, 2021 to address the company's forthcoming IPO in June 2021. The Extraordinary General Meeting resolved to split the company's shares (so-called split) 2:1, meaning that each former share was divided into two shares. Furthermore, the Annual General Meeting resolved to change the company's company category from private limited company to public limited company. The Meeting also authorized the Board of Directors, on one or more occasions during the period until the next Annual General Meeting, with deviation from the shareholders' preferential rights, to decide to implement a new share issue prior to, or in connection with, a planned listing of the company's shares on Nasdaq Stockholm, including in connection with the exercise of any over-allotment option. The total number of shares covered by such issues shall be within the limits of the share capital in accordance with the Articles of Association. The authorization is proposed to apply in parallel with the authorization approved by the Annual General Meeting on March 30, 2021. In addition, the Annual General Meeting resolved to adopt an incentive program including a directed issue of warrants and approval of the transfer of warrants. For further information about the adopted incentive program, see the company's website.

Composition of the Board of Directors

According to the Articles of Association, the Board of Directors of MilDef shall comprise three to eight members, elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. The Articles of Association do not allow the election of deputies. In other regards, the Articles of Association contain no provisions regarding the appointment or dismissal of Board Members. The CEO is not a member of the Board but participates in all Board meetings on a co-opted basis. Other officers in the Group participate in Board meetings to present reports and to act as secretary. For further information on the Board Members, see page 56.

Board independence

According to the Code, a majority of the Board Members elected by the Annual General Meeting must be independent in relation to the company and its management, and at least two of these must also be independent in relation to the company's major shareholders. The Board of MilDef has been deemed to meet the applicable requirements for independence. The members Jan Andersson, Lennart Pihl and Charlotte Darth have all been considered independent both in relation to the company and the company's management, as well as in relation to the company's major shareholders.

Until January 1, 2021, Board Member Marianne Trolle was operationally active in the company's Group Management and is, by her direct holding, the second-largest owner in MilDef in terms of votes and has thus not been judged to be independent either in relation to the company and its management or to the company's major shareholders. During 2021, Board Member Berndt Grundevik performed consulting assignments for MilDef for a total SEK 58 thousand. The services performed

were aimed at leading the company's Advisory Board as well as providing other advice not considered to be covered by the Board assignment and Berndt Grundevik was thus not assessed to be independent in relation to the company and its management. Board Member Christian Hammenborn has historically performed legal services for Marianne Trolle and has thus not been assessed to be independent in relation to the company's major owners.

Procedures and responsibilities of the Board

In addition to its statutory meeting, the Board of Directors shall hold at least six regular meetings per financial year. Additional meetings shall be held as necessary. Each year, the Board of Directors establishes written rules of procedure elucidating the responsibilities of the Board of Directors and governing the mutual division of labor between the Board and its committees including the role of the Chairman, the chain of command within the Board, the Board's meeting schedule, the convening of Board meetings, agendas and minutes, as well as the Board's work on accounting and auditing matters and financial reporting. The Board has also adopted a set of instructions for the CEO and other special policies. The Board continuously assesses the work of the CEO and the Board addresses this issue specifically once a year without senior management being present. The responsibility of the Board includes monitoring the work of the CEO through the continuous review of operations over the year, safeguarding a structure for the appropriate management of MilDef's interests. The responsibility of the Board also includes determining strategies and objectives, preparing specific policies, making decisions on major acquisitions and divestments of operations, making decisions on other major investments, making decisions on investments and loans in accordance with the financial policy, issuing financial reports, evaluating operational management, as well as planning succession. The Board assures

Name	Elected, year	Independent ¹⁾	Board meeting ²⁾	Audit Committee	Remuneration Committee	Board fees, SEK thousands ³⁾
Chairman of the Board:						
Jan Andersson	2018	Yes/Yes	26/26	-	3/3	375
Board Members:						
Marianne Trolle	1998	No/No	26/26	-	-	175
Lennart Pihl	2020	Yes/Yes	26/26	5/5	3/3	255
Christian Hammenborn	2017	Yes/No	26/26	5/5	-	205
Berndt Grundevik	2018	No/Yes	26/26	-	-	175
Charlotte Darth	2020	Yes/Yes	25/26	5/5	-	205

1) Refers to independence in relation to the company and its management, as well as to independence in relation to major shareholders in the company.

2) Of which 12 Board meetings were held by correspondence.

3) Including committee fees. Board fees pertain to the period from the 2021 Annual General Meeting and until the 2022 Annual General Meeting.

the quality of the Financial reports by means of adopted control instruments and instructions to the CEO, and through its consideration of reports from the Audit Committee in the form of minutes and observations, as well recommendations and proposals for decisions and measures. The Board also safeguards the quality of the financial reports by addressing the appurtenant materials in detail during Board meetings. As part of its assurance of quality, the Board of Directors also meets the company's auditors once a year without the attendance of the CEO or anyone else from senior management.

Role of the Chairman of the Board

The Chairman organizes and manages the work of the Board, ensuring that it is conducted in accordance with the Swedish Companies Act, other legislation and regulations, as well as the Board's internal control instruments. The Chairman monitors operations through ongoing contacts with the CEO and is responsible for ensuring that the other members of the Board receive satisfactory information and data on which to make decisions. The Chairman is responsible for ensuring that the Board Members continuously update and deepen their knowledge of MilDef and that they receive the training otherwise necessary to be able to conduct their work efficiently. The Chairman of the Board shall ensure that the Board's duties and working methods are assessed annually and discussed with the Board Members, and that the Nomination Committee is informed of the results, with the purpose of developing the Board of Directors' working methods and efficiency. Such an evaluation was carried out in 2021, primarily by means of a detailed questionnaire to the Board. The results of the evaluation were presented to the Nomination Committee, as well as for the Board of Directors in its entirety.

Work of the Board in 2021

Over the year, the Board held a total of 26 meetings. At the scheduled Board meetings, the CEO reported on the Group's earnings and financial position, including the outlook for the coming quarters. Beyond approving the annual and interim reports and adopting a business plan and associated financial plan, the following key issues were addressed by the Board of Directors during the year:

- Revision and adoption of the company's policies
- Acquisitions
- Investments
- Risk assessment
- Product development
- Organization

Remuneration to the Board

The remuneration of the members of the Board elected by the Annual General Meeting is determined by the Annual

General Meeting in response to a proposal from the Nomination Committee. For the period between the 2021 and 2022 Annual General Meetings, remuneration of a fixed amount of SEK 350 thousand was paid to the Chairman of the Board and SEK 175 thousand to each of the other members, with remuneration for special contributions (consulting services etc.) being paid as invoiced by members in their respective areas of expertise, provided that such initiatives are pre-approved by the Board. The Board's Audit Committee shall receive remuneration of SEK 30 thousand each to the two ordinary members and of SEK 60 thousand to the Committee's chairman. Remuneration to members of the Remuneration Committee shall be SEK 20 thousand and SEK 25 thousand to the chairman of the Committee. There are no agreements on pension, severance pay or other benefits for Board Members.

Audit Committee

MilDef's Board of Directors includes an Audit Committee. It shall consist of at least three Board Members appointed by the Board. The Committee has no decision-making authority and members are appointed annually by the Board of Directors at the statutory Board meeting or when a committee member must be replaced. The committee members appointed in March 2021 were Lennart Pihl (chairman), Charlotte Darth and Christian Hammenborn. The work of the Audit Committee is regulated by a special set of instructions adopted by the Board as part of its agenda. The Committee's work focuses on the quality and accuracy of the financial accounts and reports, efforts in internal financial control, the Group's adherence to applicable regulations and, where appropriate, transactions between the Group and related parties. In addition, the Audit Committee maintains regular contact with the auditors for MilDef Group AB and the Group to engender an ongoing exchange of ideas and information between the Board and the auditors on audit issues. Furthermore, the Committee shall assess the auditor's work and set guidelines for the services, besides auditing, that MilDef may procure from its auditor. The Audit Committee held five meetings in 2021. The meetings of the Audit Committee are minuted and reported verbally at Board meetings.

External financial information is provided regularly in the form of:

- Year-end and interim reports.
- Annual Report.
- Press releases about important items of news that are believed to affect the assessment of MilDef.
- Presentations for financial analysts, investors and the media on the dates on which of year-end and interim reports are published.
- Meetings with financial analysts and investors.

Remuneration Committee

MilDef's Board of Directors also includes a Remuneration Com-

mittee. It shall consist of two Board Members appointed by the Board. The Chairman of the Board may chair the Remuneration Committee. Other members of the Remuneration Committee elected by the General Meeting shall be independent in relation to the company and its senior management. In part, the Remuneration Committee has an advisory role and in part it prepares matters to be addressed and decided on by MilDef's Board of Directors. The Remuneration Committee operates under the rules of procedure adopted by the Board. The principal tasks of the Remuneration Committee are to prepare the Board's decisions regarding remuneration principles, remuneration and other terms of employment for company management, to monitor and assess programs of variable remuneration for company management, and to monitor and assess the application of the guidelines for remuneration to senior executives determined by the Annual General Meeting, applicable remuneration structures and remuneration levels within MilDef. Each year, at the statutory Board meeting, or when a committee member must be replaced, the Board appoints the committee members. The Committee members appointed in March 2021 were Jan Andersson (chairman) and Lennart Pihl. The Remuneration Committee held three meetings in 2021. The meetings of the Remuneration Committee are minuted and reported verbally at Board meetings.

Group Management

The CEO leads operations in accordance with the Companies Act and within the parameters set by the Board. In consultation with the Chairman of the Board, the CEO prepares the data and materials the Board requires to make its decisions, presents matters and explains proposed decisions. The CEO is also responsible for MilDef's commercial, strategic and financial development, leading and coordinating daily operations

in line with the Board's guidelines and decisions. The CEO also appoints the members of Group Management in consultation with the Chairman of the Board. Group Management holds regular meetings led by the CEO. Representatives from Group Management meet with the management of each company at management group meetings on a rolling basis.

External auditors

At the 2021 Annual General Meeting, authorized public accountants Bengt Ekenberg and Andreas Brodström, both representing the Mazars AB firm of auditors were elected as the company's auditors for the period extending until the end of the following Annual General Meeting. The auditors maintain regular contact with the Chairman of the Board, the Audit Committee and Group Management. MilDef's auditors shall review the Annual Report and the accounts, as well as the CEO's administration. The auditors work according to an audit plan that takes into account comments submitted by the Board of Directors via the Audit Committee. The auditors report their findings to the Board of Directors. Reporting takes place partly during the audit, and ultimately in connection with the annual report being issued and approved. The auditors also participate in one Board meeting per year, at which they outline the audit process and their observations in an audit report. Over the year, the auditors have also performed certain consulting assignments outside the scope of the audit – these have mainly involved advice on accounting matters. The external audit is conducted in accordance with generally accepted accounting principles in Sweden. The auditing of documentation for the annual report for legal units outside Sweden is conducted in accordance with legal requirements and other applicable regulations in the relevant countries, in accordance with generally accepted accounting principles and accompanied by audit reports where so required by local legislation.

Highlights in the work of the Board of Directors in 2021

December

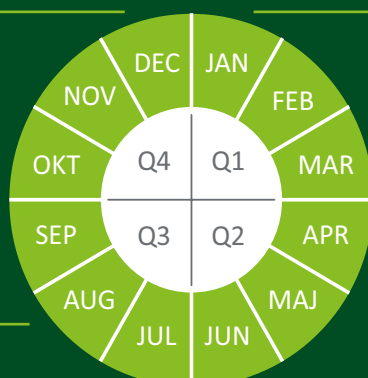
- Business plan and budget
- Impairment testing
- Assessment of Board work

October

- Interim report for January to September

August

- Strategic plan review
- Interim report for January to June



January

- Year-end report
- Proposed appropriation of profit
- Audit report

March

- Annual Report
- Proposals and statements to the Annual General Meeting
- Statutory meeting: decisions on company signatories, election of the Remuneration Committee and Audit Committee, election of Board representative on the Nomination Committee, decision on time and place for upcoming ordinary Board meetings

April

- Interim report for January to March
- Risk assessment

Internal audit

MilDef applies systems developed for governance and internal control. The Board of Directors and the Audit Committee follow up MilDef's assessment of internal control, including through contacts with MilDef's auditors, who perform annual audits of the internal control. Given the above, the Board has elected not to establish a specific internal audit unit.

Internal control of financial reporting

The responsibility of the Board and the CEO regarding internal control is regulated by the Swedish Companies Act. The Board's responsibility is also regulated in the Code. In accordance with the Code, the Board shall describe how the internal control of financial reporting is organized, which is carried out through the Corporate Governance Report. The principal purpose of internal control is to ensure the achievement of the company's targets for appropriate and efficient operations, reliable reporting and adherence to applicable legislation and regulations. Internal control relating to financial reporting serves to provide reasonable security with regard to the reliability of external financial reporting and to ensure that external financial reports are prepared in accordance with legislation and applicable accounting standards. This report on internal control has not been reviewed by the company's auditors. The starting point for internal control process is the regulatory framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

The Board bears the overall responsibility for internal control regarding financial reporting. To establish and maintain a functioning control environment, the Board has adopted a set of basic documents that have a bearing on financial reporting, including, in particular, the formal work plan for the Board and instructions for the CEO. In addition, the Board has appointed an Audit Committee whose principal task is to ensure that the established principles for financial reporting are complied with and that appropriate relations are maintained with the company's auditors. The responsibility for maintaining an effective control environment and for ongoing internal control efforts regarding financial reporting is delegated to the CEO, who reports regularly to the Board of Directors in accordance with established procedures. In addition, reports are provided by the company's auditors. The internal control structure also builds on a management system based on MilDef's organization with clearly defined roles, areas of responsibility and delegated authority. Operational decisions are made at the company level while decisions regarding strategy, overarching financial matters, acquisitions and major investments are made by MilDef's

Board and Group Management. Control documents addressing accounting and financial reporting represent crucial components in the control environment with regard to financial reporting. These documents are updated regularly in connection with changes in accounting standards and legislation.

Risk assessment

The Group conducts continuous risk assessment to identify key risks relating to financial reporting. With regard to financial reporting, risk is primarily judged to involve significant errors in the accounts; for example when it comes to the reporting and valuation of assets, liabilities, revenues and costs or other discrepancies. Fraud and losses through embezzlement represent another risk. Risk management is built into every process. Various methods are used to evaluate and limit risks and to ensure that the risks to which MilDef is exposed are managed in accordance with adopted policies, instructions and established monitoring procedures. These policies, instructions and procedures are intended to reduce possible risks and promote correct accounting, reporting and disclosure.

Control activities

The risks identified with regard to financial reporting are managed through the company's control activities, such as authorization controls in IT systems and signature authentication. The control structure includes clear organizational roles that enable an efficient division of responsibilities for specific control activities serving to uncover or prevent the risk of errors arising in reports. The continuous analysis of Financial reporting, like the analysis conducted at Group level, is highly important in ensuring that financial reports are free of material errors. The Group's finance function plays a key role in the internal control process and is responsible for ensuring that financial reports from each unit are submitted correct, complete and on time.

Information and communication

MilDef continually provides the market with information on the Group's development and financial position in relevant channels. Policies, guidelines and internal instructions regarding financial reporting ensure quality in external communication. The employees concerned are given access to and notified of regular updates and messages regarding changes in accounting principles, reporting requirements or other provision of information via the Group-wide intranet.

Follow-up

The CEO is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the

Board. The CEO is responsible for ensuring that independent and objective reviews are conducted with the aim of systematically assessing and proposing improvements to the Group's processes for governance, internal control and risk management. Financial control is exercised by the Group's finance function. Financial data are reported each month, along with a forecast for the year at hand. MilDef's management reviews results on a monthly basis, analyzing deviations from the financial plan and the preceding year. Deviations are investigated and evaluated for possible internal control activities. The monthly accounts are also discussed with the management of each company. The Board receives monthly financial reports and follows up on financial reporting at each of its meetings. The Board and Group Management review financial reporting ahead of the publication of the annual report and interim reports. The closing accounts for the period January–September, as well as the year-end accounts are subject to a summary "review" by

the company's auditors. The company's auditors present their observations to the Board. The external auditors' duties also include monitoring internal control within the Group's subsidiaries on an annual basis.

Articles of Association

The Articles of Association stipulate, among other things, the company's operations, the number of Board Members and auditors, how notice of the Annual General Meeting is to be announced, agenda processing during the Annual General Meeting and where the Meeting is to be held. The Annual General Meeting has full decision-making rights regarding changes to the Articles of Association. The current Articles of Association was thus adopted at the Extraordinary General Meeting on April 29, 2021 and is available on the company's website www.mildef.com and on pages 122-123 of the 2021 Annual Report.

Helsingborg, April 21, 2022

Board of Directors of MilDef Group AB (publ)

Auditors' statement regarding the Corporate Governance Report

To the Annual General Meeting of MilDef Group AB, corporate registration number 556893–5414

Assignment and division of responsibilities

The Board of Directors is responsible for the Corporate Governance Report for 2021 presented on pages 44–51 and for it having been prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the

Corporate Governance Report. This means that our examination of the Corporate Governance Report 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. In our opinion, this review provides us with sufficient grounds for our statements.

Opinion

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6, 2nd paragraph, items 2–6 of the Annual Accounts Act and Chapter 7, Section 31, 2nd paragraph of the same act are consistent with the annual and consolidated accounts and are in accordance with the Annual Accounts Act.

Helsingborg, April 21, 2022

Bengt Ekenberg
Authorized Public Accountant

Mazars AB

Andreas Brodström Authorized
Public Accountant