

Corporate Governance Report

Good corporate governance is the basis for managing MilDef on behalf of the shareholders in a manner that is as sustainable, responsible and efficient as possible. This in turn improves confidence in the Company in the capital market and among the general public – confidence that is crucial for the freedom to realize the Company’s strategies so that MilDef can create value in the long term.

Business activities

Digitalization of operations and functions that are critical for society is increasing and with it the 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 within tactical IT, MilDef’s business concept is to develop, deliver and offer tactical IT products and services for processes and functions that are critical for society. MilDef customizes solutions to be able to meet its customers’ specific requirements in the demanding environments in which the solutions are used. MilDef’s hardware and software products are combined with services to deliver effective digitalization. At year-end 2022 MilDef consisted of twenty two (22) legal entities with around 300 employees in 10 countries. The Group posted revenue for full-year 2022 of SEK 739 million with an adjusted operating EBITDA margin of 8.1%. MilDef has been listed on Nasdaq OMX Stockholm since June 2021.

Basis of governance

MilDef Group AB (publ) (“MilDef” or “the Company”) is a Swedish public limited company whose shares are listed on Nasdaq OMX Stockholm. MilDef’s governance is based on the Company’s Articles of Association, the Swedish Companies Act, other applicable Swedish and foreign laws and regulations, as well as internal governing documents. MilDef’s corporate governance is also underpinned by Nasdaq OMX Stockholm’s Rulebook for Issuers of Shares and the Swedish Corporate Governance Code (“the Code”). MilDef has followed the Code in all respects during 2022. This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code. MilDef’s auditors have reviewed the report, and a statement from the auditors has been included. Corporate Governance Reports and other information on corporate governance can be found on MilDef’s website: www.mildef.com.

MilDef strives to operate in a sustainable, responsible and efficient manner that creates value for its customers, shareholders, employees, suppliers, the local community and other stakeholders. The Company’s strategy and financial targets support this approach. The Company’s strategy, financial targets and sustainability ambitions are described in the Annual Report 2022. The highest decision-making body in the Company is the shareholders’ meeting. This is normally held once a year in the form of the Annual General Meeting but can also be convened in the form of an extraordinary shareholders’ meeting in certain circumstances. The Company organizes the Annual General Meeting, but the shareholders can bring influence to bear and propose items for the meeting agenda.

Share capital and shareholders

MilDef’s share has been traded on Nasdaq OMX Stockholm since June 2021. At year-end 2022 MilDef’s share capital amounted to SEK 9,964,891.50, divided into 39,859,566 shares in one share class with the same number of votes per share. The shares have a quota value of SEK 0.25. The closing price at year-end was SEK 80.80 and the total market capitalization amounted to SEK 3,221 million. The number of shareholders at December 31, 2022 was around 8,800. For more information on ownership and share capital, see pages 54–55 in the Annual Report 2022.

Insider trading and insider list

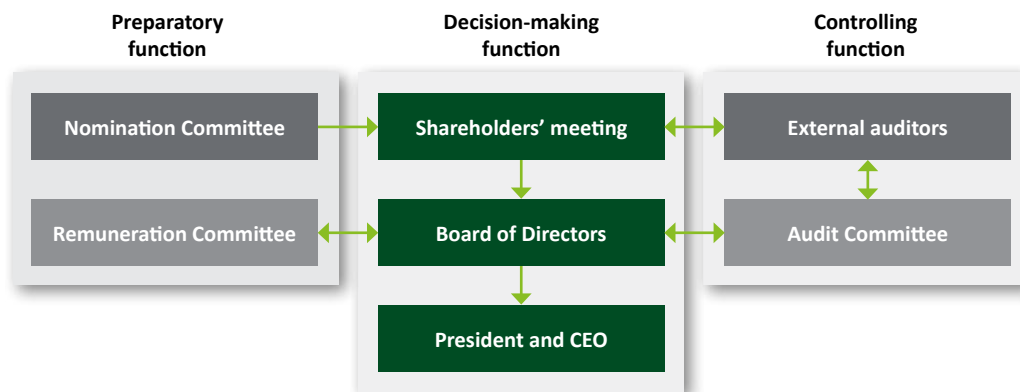
MilDef has ambitious goals when it comes to ethically correct behavior. MilDef’s Board of Directors has adopted an Insider Policy as part of its efforts to uphold high ethical standards and to ensure that MilDef maintains a good reputation in the eyes of the general public and the capital market. The policy aims to reduce the risk of insider trading and other unlawful actions and to position the Company for compliance with the relevant regulations.

MilDef’s corporate governance structure

Shareholders can exercise influence in the Company at the shareholders’ meeting, which is the Company’s highest decision-making body. Every shareholder has the right to participate in and exercise the voting rights for their shares at the shareholders’ meeting, either in person or through a proxy. At the Annual General Meeting, the shareholders elect the members and Chair of the Board and auditors, and approve their fees. The Annual General Meeting passes resolutions on adoption of the income statement and balance sheet, allocation of the Company’s profit, and discharge from liability for the members of the Board and the CEO. The Annual General Meeting also passes resolutions on principles for the Nomination Committee and principles for remuneration and other terms of employment for the CEO and other senior executives. The Annual General Meeting or extraordinary shareholders’ meeting can also pass resolutions to amend the Articles of Association, increase or decrease the share capital, etc. The notice convening the Annual General Meeting is published in *Post- och Inrikes Tidningar* (the Official Swedish Gazette) and on the Company’s website. Notice of the meeting is also advertised in the Swedish newspaper *Dagens Industri*.

The Board of Directors’ task, on behalf of the shareholders, is to manage MilDef’s affairs in the interests of the Company and all the shareholders. The Chair of the Board has a special responsibility to ensure that the Board’s work is well organized and conducted efficiently. The Audit Committee and Remuneration Committee are appointed

MilDef's overarching corporate governance structure



by the Board of Directors. The Company's auditors are appointed by the shareholders' meeting to audit the Company's Annual Report and accounting records, and also the Board of Directors' and CEO's administration. The auditors report to the shareholders at the Annual General Meeting via the Auditor's Report. The Board of Directors adopts a formal work plan for itself and instructions for the CEO. The Board of Directors appoints the CEO, who is responsible for the ongoing administration of the Company. The CEO in turn appoints the Management Team.

Nomination Committee

A Nomination Committee is to be formed each year at the initiative of the Chair of the Board, and the rules for the composition of the Nomination Committee are to be adopted by the Annual General Meeting. The Nomination Committee is to consist of four members, one of whom is to be the Chair of the Board. The members of the Nomination Committee are to include a representative of each of the three shareholders with the largest number of votes in the share register maintained by Euroclear Sweden on August 31 in the year prior to the Annual General Meeting, and the Chair of the Board, who is also to convene the first meeting of the Nomination Committee. If any shareholder waives the right to participate in the Nomination Committee, the next largest shareholder is to be given the opportunity to appoint a member to the Nomination Committee. The chair of the Nomination Committee is to be the member appointed by the shareholder with the largest number of votes, unless the Nomination Committee decides otherwise. Neither the Chair of the Board nor another board member may be the chair of the Nomination Committee. The Nomination Committee is to check in the share register maintained by Euroclear Sweden AB on December 31 to see whether another shareholder has a larger number of votes than any of the shareholders who have appointed members to the Nomination Committee in accordance with the procedure described above. If there has been such a change in the number of votes – and the change is more

than marginal – the Nomination Committee is entitled to change its composition as it sees fit and, if the Nomination Committee decides not to change its composition, the shareholder concerned is in any case to be entitled to appoint a representative, who is to be co-opted to the Nomination Committee. Should the Nomination Committee otherwise become aware of a change in the Company's ownership before it has completed its work, the Nomination Committee is entitled to change the composition of the Nomination Committee and/or co-opt a representative/representatives to the Nomination Committee as it sees fit. Should a member leave the Nomination Committee before its work is complete and the Nomination Committee considers it desirable to appoint a replacement, such replacement is to be from the same shareholder or, if said shareholder is no longer among those with the largest number of votes, from the next largest shareholder by number of votes. Any change to the composition of the Nomination Committee is to be announced immediately. Each year, a survey of the Board of Directors' work, composition, qualifications, experience and efficiency is conducted among the board members. This survey forms the basis for the Nomination Committee's assessment of whether the Board of Directors should be strengthened with additional expertise or whether there are other reasons to change the composition of the Board. The Nomination Committee usually also meets with the CEO and sometimes also with individual board members. Persons proposed as new board members are interviewed by the Nomination Committee. The Nomination Committee is to consider in particular the requirement to achieve diversity and breadth in the Board of Directors, and to strive for an equal gender distribution. The Nomination Committee assesses the composition of the Board of Directors with respect to its independence and considers all proposals regarding its composition that have been submitted to the Nomination Committee, which may come from other shareholders. The names of the representatives on the Nomination Committee and the shareholders they represent are to be published no later than six months before the Annual General Meeting. Based on the ownership structure on December 31, 2022, a Nomination Committee was con-

stituted for the Annual General Meeting 2023 consisting of Marianne Trolle, representing her own holding; Ulf Hedlundh, appointed by Svolder AB; Peter Lundkvist, appointed by Tredje AP-fonden; and Jan Andersson, Chair of the Board of MilDef. Ulf Hedlundh was appointed chair of the Nomination Committee. Verification of the ownership structure at year-end 2022 did not occasion any change to the Nomination Committee. The Nomination Committee's proposals are to be presented in the notice convening the shareholders' meeting and on MilDef's website. In connection with this, the Nomination Committee is to provide a reasoned statement on the Company's website regarding its proposal for the Board of Directors, taking into account the provisions of the Code governing the composition of the Board of Directors. In particular, the proposal is to be explained in terms of the requirement to strive to achieve an even gender distribution. The statement is also to include a brief account of how the Nomination Committee has performed its work and of the Equality Policy that the Nomination Committee has applied in drawing up its proposal. The Nomination Committee is to submit to the Annual General Meeting its proposals for meeting chair, number of board members, Board of Directors, Chair of the Board, auditor, board fees (divided between Chair and other members plus remuneration for committee work), audit fees and, to the extent considered necessary, proposals for changes to the present instructions for the Nomination Committee. The Nomination Committee is to submit a reasoned statement on its proposals to the Annual General Meeting. Shareholders wishing to submit proposals to the Nomination Committee may send an email to valberedning@mildef.com no later than six weeks before the Annual General Meeting but, to allow time for constructive discussion, proposals should be received by the Nomination Committee no later than January 31. The Nomination Committee's proposals are published in connection with or before the notice convening the Annual General Meeting. Members of the Nomination Committee do not receive remuneration from the Company for their work.

Annual General Meeting for the 2021 financial year

The Annual General Meeting for the 2021 financial year took place on May 12, 2022 in Helsingborg. 38% of the total number of shares and votes were represented at the Annual General Meeting, either in person or by proxy. Jan Andersson, Chair of the Board, was elected as meeting chair. The Annual General Meeting adopted the submitted income statement and balance sheet. The consolidated statement of comprehensive income and statement of financial position were also adopted. The meeting granted discharge from liability for the Board of Directors and the CEO.

In addition, the main resolutions passed were as follows:

- **Election of Board of Directors and auditor**

Jan Andersson, Marianne Trolle, Christian Hammenborn, Lennart Pihl, Berndt Grundevik and Charlotte Darth were re-elected as board members. Jan Andersson was re-elected as Chair of the Board. Au-

thorized public accountants Bengt Ekenberg and Andreas Brodström, Mazars, were elected as the Company's auditors.

- **Fees**

Board fees of SEK 200,000 for board members not employed in the Company and SEK 400,000 for the Chair of the Board were approved. A resolution was passed to pay separate fees for committee work of SEK 30,000 for members of the Audit Committee and SEK 75,000 for the chair of the Audit Committee, and SEK 20,000 for members of the Remuneration Committee and SEK 30,000 for the chair of the Remuneration Committee. A resolution was further passed that the audit fee should be paid in accordance with an approved invoice.

- **Dividend**

Pursuant to the Board of Directors' recommendation, the meeting voted to pay a dividend of SEK 0.75 per share for the 2021 financial year and that the remaining funds should be carried forward.

- **Guidelines for remuneration of senior executives**

See pages 68–69 in the Annual Report 2022.

- **Guidelines for authorization of the Board of Directors to issue new shares**

In accordance with the Board of Directors' proposal, the meeting voted to authorize the Board of Directors, in the period up to the Annual General Meeting in 2023, to decide to issue new shares equal to maximum ten (10) per cent of the total number of shares outstanding in the Company at the time the authorization is exercised. Such new shares may be issued with or without waiver of the shareholders' preferential rights and for payment in cash, by off-set or in kind. The aim of the authorization is to enable the Company to issue shares to finance the acquisition of entities or activities or part thereof, or to strengthen the Company's capital base and equity/assets ratio.

Composition of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors of MilDef is to consist of 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 permit election of substitutes. The Articles of Association do not contain any other provisions regarding appointment or dismissal of board members. The CEO is not a member of the Board of Directors but is co-opted to all board meetings. Other employees in the Group attend board meetings to present reports or take minutes. See page 72 for further information on the board members.

Independence of the Board of Directors

According to the Code, a majority of the shareholder-elected board members are to be independent of the Company and its management, and at least two of these must also be independent of the Company's major shareholders. The Board of Directors of MilDef is considered to fulfill the applicable requirements on independence. All members except Marianne Trolle are considered to be indepen-

dent of the Company and its management. Board member Marianne Trolle had an operational role in MilDef's Management Team until January 1, 2021, and her direct shareholding makes her one of the major shareholders in MilDef, as a result of which she is not considered independent either of the Company and its management or of the Company's major shareholders. Board member Berndt Grundevik carried out consulting assignments for MilDef in 2022 for a total of SEK 226,000. The services provided involved leading the Company's Advisory Board and other consultancy work not considered to be covered by his role on the board, as a result of which he is not considered independent of the Company and its management. Board member Christian Hammenborn has previously performed legal services for Marianne Trolle, as a result of which he is not considered independent of the Company's major shareholders.

The Board of Directors' procedures and responsibilities

As well as the board meeting following the AGM, the Board of Directors is to hold at least six ordinary meetings per financial year. Additional board meetings are to be held if required. Each year the Board of Directors draws up a written formal work plan that clarifies the Board's responsibilities and regulates the division of work between the Board and its committees, including the role of the Chair of the Board, the decision-making process within the Board, the Board's meeting plan, notice of board meetings, agenda and minutes, and the Board's work on accounting and audit issues and on financial reporting. The Board has also established instructions for the CEO and adopted other special policies. The Board evaluates the CEO's work on an ongoing basis and, once a year, discusses this particular issue without the Management Team being present. The Board's responsibilities include overseeing the work of the CEO by means of ongoing monitoring during the year and ensuring that the system of organization for managing MilDef's affairs is fit for purpose. The Board's responsibilities further include establishing strategies and goals;

drawing up special policies; making decisions on major acquisitions and disposals of entities, on other major capital expenditure, and on investments and loans in accordance with the Financial Policy; issuing financial statements; evaluating operational management; and succession planning. The Board of Directors ensures the quality of financial reporting, partly by means of adopted governing documents and the instructions for the CEO, and partly by discussing reports from the Audit Committee in the form of minutes and observations, recommendations and proposals for resolutions and measures. The Board of Directors further ensures the quality of financial reporting by discussing such material in depth at board meetings. As part of its quality assurance work, the Board of Directors also meets the Company's auditors once a year without the CEO or any other member of the Management Team being present.

The role of the Chair

The Chair of the Board organizes and leads the work of the Board, ensuring that it is carried out in accordance with the Swedish Companies Act, other laws and regulations, and the Board of Directors' internal governing instruments. The Chair monitors the Company's activities through ongoing contact with the CEO and is responsible for other board members receiving satisfactory information and decision-making materials. The Chair is responsible for ensuring that board members continuously refresh and deepen their knowledge of MilDef and in other respects receive the requisite training for their board duties to be carried out efficiently. The Chair of the Board is to ensure that the Board's tasks and working methods are evaluated and discussed with the board members on an annual basis, and that the Nomination Committee is informed of the results, with a view to improving the Board's procedures and efficiency. An evaluation of this kind was carried out in 2022, mainly by means of a detailed questionnaire sent to the Board. The results of this evaluation have been presented to the Nomination Committee and to the Board of Directors as a whole.

Name	Year elected	Independent ¹	Board meetings ²	Audit Committee	Remuneration Committee	Board fee in SEK 000 ³
Chair of the Board:						
Jan Andersson	2018	Yes/Yes	20/20	-	2/2	430
Board members:						
Marianne Trolle	1998	No/No	20/20	-	-	200
Lennart Pihl	2020	Yes/Yes	20/20	5/5	2/2	295
Christian Hammenborn	2017	Yes/No	20/20	5/5	-	230
Berndt Grundevik	2018	No/Yes	20/20	-	-	200
Charlotte Darth	2020	Yes/Yes	19/20	5/5	-	230

1 Independent of the Company and its management and independent of the Company's major shareholders.

2 Of which seven were per capsulam.

3 Including committee fee. The board fees relates to the period from the Annual General Meeting 2022 to the Annual General Meeting 2023.

The Board of Directors' work in 2022

The Board of Directors held a total of 20 meetings in 2022, seven of which were per capsulam. At the ordinary board meetings the CEO reported on the Group's results and financial position, including the outlook for the coming quarters. Apart from approval of the annual and interim reports and establishing the business plan and associated financial plan, key matters discussed by the Board during the year were as follows:

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

Remuneration of the Board of Directors

The fee paid to shareholder-elected members of the Board is approved by the Annual General Meeting further to a recommendation from the Nomination Committee. For the period between the 2022 and 2023 Annual General Meetings, the remuneration consists of a fixed amount of SEK 400,000 to the Chair and SEK 200,000 to each of the other members. Remuneration is also payable on an invoice basis for special work (consulting services etc.) carried out by members within their respective areas of expertise, provided such work is approved in advance by the Chair of the Board or by two board members. A fee of SEK 30,000 is paid to each of the two ordinary members of the Audit Committee and SEK 75,000 to the Committee's chair. A fee of SEK 20,000 is paid to members of the Remuneration Committee and SEK 30,000 to the Committee's chair. There are no agreements on pensions, severance pay or other benefits for board members.

Audit Committee

MilDef's Board of Directors includes an Audit Committee. This is to consist of at least three board members appointed by the Board of Directors. The Committee does not have decision-making powers, and its members are appointed each year by the Board at the board meeting following the AGM or when a committee member has to be replaced. The committee members appointed in May 2022 were Lennart Pihl (chair), Charlotte Darth and Christian Hammenborn. The work of the Audit Committee is regulated by special instructions adopted by the Board of Directors as part of its formal work plan. The work focuses on the quality and accuracy of the financial accounting and reporting, work on internal financial control, the Group's compliance with current regulations and, where relevant, transactions between the Group and related parties. In addition, the Audit Committee has recurrent contact with the auditors for MilDef Group AB and the Group in order to achieve a continuous exchange of views and information between the Board of Directors and the auditors on audit matters. Furthermore, the Committee is to evaluate the audit procedures and establish guidelines for which non-audit services MilDef may procure from the Company's auditors. The Audit Committee held five meetings in 2022. Minutes are taken of Audit Committee meetings and a verbal report is provided at board meetings.

External financial information is submitted regularly in the form of:

- Year-end report and interim reports.
- Annual Report.
- Press releases on important news items that it is considered could affect the assessment of MilDef.
- Presentations for financial analysts, investors and the media on the same day as the year-end report and interim reports are published.
- Meetings with financial analysts and investors.

Remuneration Committee

MilDef's Board of Directors also includes a Remuneration Committee. This is to comprise two board members appointed by the Board of Directors. The Chair of the Board may be chair of the Remuneration Committee. Other shareholder-elected members of the Remuneration Committee are to be independent of the Company and the Management Team. The Remuneration Committee has a dual advisory and preparatory role, preparing matters for discussion and decision by MilDef's Board of Directors. The Remuneration Committee works in accordance with a formal work plan adopted by the Board of Directors. The main duties of the Remuneration Committee are making preparations for Board decisions on issues concerning remuneration principles, remuneration and other terms of employment for the Management Team; monitoring and evaluating the variable remuneration program for the Management Team; and monitoring and evaluating the application of the Guidelines for remuneration of senior executives as adopted by the Annual General Meeting, and relevant remuneration structures and remuneration levels in MilDef. The Board of Directors appoints the committee members each year at the board meeting following the AGM or when a committee member has to be replaced. The committee members appointed in May 2022 were Jan Andersson (chair) and Lennart Pihl. The Remuneration Committee held two meetings in 2022. Minutes are taken of Remuneration Committee meetings and a verbal report is provided at board meetings.

Management Team

The CEO leads the Company's operations in accordance with the Swedish Companies Act and within the parameters established by the Board of Directors. The CEO, in consultation with the Chair of the Board, produces the necessary information and decision-making materials ahead of board meetings, presents the matters and justifies proposals for resolutions. Further, the CEO is responsible for MilDef's commercial, strategic and financial development, and leads and coordinates daily operations in line with the Board's guidelines and resolutions. The CEO also appoints the members of the Management Team after consulting with the Chair. The Management Team meets regularly under the leadership of the CEO. Representatives of the Management Team meet the management of each individual entity on an ongoing basis at meetings of the management group.

External auditors

Authorized Public Accountants Bengt Ekenberg and Andreas Brodström, both from the audit company Mazars AB, were elected as the

Company's auditors at the Annual General Meeting 2022 for the period until the end of the next Annual General Meeting. The auditors have ongoing contact with the Chair of the Board, the Audit Committee and the Management Team. The auditors are engaged to audit the Annual Report and accounting records, as well as the Board of Directors' and the CEO's administration of the Company. The auditors work according to an audit plan that incorporates input from the Board of Directors communicated by the Audit Committee. The auditors report their observations to the Board of Directors. Reporting takes place both during the course of the audit and at the end in connection with the annual report being issued and adopted. The auditors also participate in one board meeting per year, at which they describe the audit work and their observations in an auditor's report. As well as the audit, the auditors have carried out certain consulting assignments during the year, primarily advising on accounting issues. The external audit has been conducted in accordance with generally accepted auditing principles in Sweden. The audit of financial statements for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable regulations in the respective country, and in accordance with generally accepted auditing principles. An auditor's report is issued for the legal entities where this is required by local legislation.

Internal audit

MilDef has sophisticated governance and internal control systems. The Board of Directors and the Audit Committee follow up MilDef's assessment of the internal control, including by means of contact with MilDef's auditors, who carry out an internal control audit every year. Based on the above, the Board of Directors has decided not to establish a separate internal audit unit.

Internal control of financial reporting

The responsibilities of the Board of Directors and the CEO with respect to internal control are regulated in the Swedish Companies Act. The Board's responsibilities are also regulated in the Code. Pursuant

to the Code, the Board of Directors is to describe how internal control of financial reporting is organized. This forms part of the Corporate Governance Report. The aim of internal control is, first and foremost, to ensure that the Company achieves its goals in terms of expedient and efficient operations, reliable reporting, and compliance with applicable laws and regulations. Internal control of financial reporting is intended to provide reasonable assurance in terms of the reliability of the external financial reporting, and that the external financing reporting has been prepared in accordance with laws and applicable accounting standards. This report on internal control of financial reporting has not been reviewed by the Company's auditors. The starting point for the 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 of Directors has overall responsibility for internal control of the financial reporting. With a view to creating and maintaining an effective control environment, the Board of Directors has adopted a number of fundamental documents of importance to the financial reporting, including in particular a formal work plan for the Board of Directors and instructions for the CEO. The Board of Directors has further appointed an Audit Committee, the main task of which is to ensure that the established principles for the financial reporting and internal control are complied with and that expedient relations are maintained with the Company's auditors. Responsibility for maintaining an effective control environment and the ongoing work on internal control of financial reporting is delegated to the CEO, who reports regularly to the Board of Directors on the basis of established routines. In addition, reports are received from the Company's auditors. The internal control structure also builds on a management system based on MilDef's organization with clear financial roles, areas of responsibility and delegation of powers. Operational decisions are taken at company level, while decisions on strategy, overarching financial issues, acquisitions and major investments are taken by MilDef's Board of Directors and the Management Team. The governing

Main points in the Board's work in 2022

December

- Business plan and budget
- Impairment test
- Evaluation of board work and CEO

October

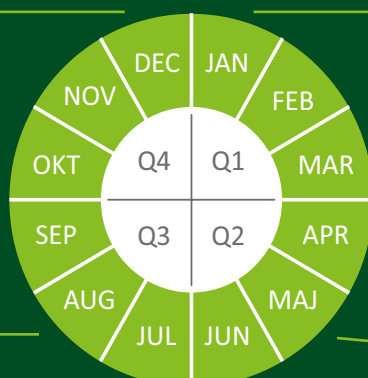
- Interim report Q3 January – September

August

- Revision of strategic plan

July

- Interim report Q2 January – June



February

- Year-end report
- Proposal for allocation of profit
- Report from the auditors

March

- Annual Report
- Proposals and reports for the AGM

April

- Interim report Q1 January – March
- Risk assessment

May

- First board meeting following the AGM: decision on authority to sign for the Company, election of Remuneration Committee and Audit Committee, decision on time and venue for forthcoming ordinary board meetings

documents on accounting and financial reporting represent the most material elements of the control environment in terms of the financial reporting. These documents are updated on an ongoing basis to reflect e.g. changes in accounting standards and legislation.

Risk assessment

The Group conducts ongoing risk assessment to identify material risks associated with financial reporting. Where financial reporting is concerned, the primary risk is considered to lie in material errors in the accounting in terms of accounting records and valuation of assets, liabilities, revenues and costs or other discrepancies. Fraud and losses as a result of embezzlement are another risk. Risk management is built into every process. Different methods are used to evaluate and limit risks and to ensure that the risks to which MilDef is exposed are managed in accordance with established policies, instructions and monitoring routines. These policies, instructions and routines aim to reduce possible risks, and promote correct accounting, reporting and provision of information.

Control activities

The risks identified regarding the financial reporting are managed via the Company's control activities such as authentication in IT systems and authorization verification. The control structure consists of clear roles in the organization that enable an efficient division of responsibilities for specific control activities with a view to discovering or being in time to prevent the risk of errors in reporting. The continual analysis undertaken of financial reporting and the analysis carried out at Group level are very important in ensuring that financial reporting is free from material errors. The Group's financial department plays an important role in the internal control process and is responsible for financial reporting from each entity being correct, complete and on time.

Information and communication

MilDef provides the market with ongoing information on the Group's development and financial position in relevant channels. Policies, guidelines and internal instructions for financial reporting ensure the quality of external communication. Regular updates and notifications

of changes in accounting principles, reporting requirements or other information provision are made available and known to the employees concerned on the Group-wide intranet.

Monitoring process

The CEO is responsible for ensuring that the internal control is organized and monitored in accordance with the guidelines adopted by the Board of Directors. The CEO is also responsible for independent objective reviews being carried out with a view to systematically evaluating and proposing improvements to the Group's processes for governance, internal control and risk management. Financial governance and control are carried out by the Group's financial department. Financial data is reported each month, together with a forecast for the current year. MilDef's management provides a monthly budget follow-up including variance analysis against the financial plan and prior years. Any variance is investigated and assessed with a view to possible internal control activities. In addition, the monthly figures are discussed with the management of the respective company. The Board of Directors is sent monthly financial reports, and the financial reporting is followed up at each board meeting. The Board of Directors and management review financial reporting ahead of publication of the Annual Report and interim reports. A review is conducted of the financial statements for January–September and a full audit is carried out in connection with the annual financial statements. The Company's auditors report their observations to the Board of Directors. The duties of the external auditors also include reviewing the internal control in the Group's subsidiaries on an annual basis.

Articles of Association

Among other things, the Articles of Association set out the Company's business activities, the number of board members and auditors, how the Annual General Meeting is to be convened, handling of items at the Annual General Meeting, and where the meeting is to be held. The shareholders' meeting has full decision-making authority regarding changes to the Articles of Association. The current Articles of Association were adopted at the Annual General Meeting on May 12, 2022, and are available on the Company's website www.mildef.com and on pages 146–147 in the Annual Report 2022.

Helsingborg, May 4, 2023

Board of Directors of MilDef Group AB (publ)

Auditors' statement on the corporate governance report

To the shareholders' meeting of MilDef Group AB, corp. reg. no. 556893-5414

Task and assignment of responsibilities

The board of directors is responsible for the corporate governance report for 2022 on pages 58–64 and ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Scope and focus of the review

Our review has been carried out in accordance with RevR 16 Auditor's review of the corporate governance report issued by FAR. This means that our review of the corporate governance report is different in emphasis and significantly smaller in scope compared with

the scope and emphasis of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this review provides adequate grounds for our opinion.

Opinion

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, 2nd paragraph, points 2–6 of the Swedish Annual Accounts Act and Chapter 7, Section 31, 2nd paragraph of the same Act are consistent with the financial statements and the consolidated financial statements, and are in compliance with the Swedish Annual Accounts Act.

Helsingborg, May 4, 2023

Bengt Ekenberg
Authorized Public Accountant

Andreas Brodström
Authorized Public Accountant