

Corporate Governance Report

Good corporate governance is about ensuring that the company is governed as effectively as possible for the shareholders. The corporate governance of Ovzon AB is based upon Swedish law, primarily the Swedish Companies Act (2005:551) and the Swedish Annual Accounts Act (1995:1554) as well as the Swedish Corporate Governance Code (the “Code”).

Being listed on Nasdaq First North Premier Growth Market, Ovzon complies with the Nasdaq First North Nordic Rulebook as well as statements by the Swedish Securities Council (Aktiemarknadsnämnden) regarding good stock market practice on the Swedish securities market, in addition to applicable legislation. Companies listed on First North Premier Growth Market are required to comply with the Code as of July 1, 2019. The Corporate Governance Report was prepared by the company’s Board of Directors and reviewed by the company’s auditors.

GENERAL MEETINGS

Pursuant to the Companies Act, the general meeting of shareholders is the company’s supreme decision-making body and shareholders exercise their voting rights at such meetings. The Annual General Meeting (AGM) must be held within six months of the end of each preceding financial year to consider such matters as statutory accounts and reports, disposition of profit or loss and discharging the Board members from liability. Ovzon’s Articles of Association stipulate that the notice to attend the AGM shall be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) and be made available on Ovzon’s website. Announcement of the notice to attend shall be published in the Swedish daily newspaper Svenska Dagbladet. The notice to attend the AGM shall be published no earlier than six weeks and no later than four weeks prior to the meeting.

Extraordinary General Meetings are held when the Board of Directors considers such meetings appropriate, or when either the auditor or shareholders representing at least 10 percent of all shares outstanding request such a meeting in writing for a specific purpose.

2019 AGM

- Re-election of Board members Lennart Hällkvist, Nicklas Paulson, Magnus René and Patrik Tigerschiöld. It was further resolved to elect Anders Björkman as a new member of the Board. Anders Björkman was also appointed Chairman of the Board.
- Grant Thornton Sweden AB was reappointed auditor for the company. Grant Thornton Sweden AB announced that Carl-Johan Regell would remain auditor in charge.
- The Meeting resolved to adopt guidelines for remuneration to senior executives in accordance with the Board’s proposal. The guidelines remained essentially unchanged from previous years.
- The AGM resolved in accordance with the Board’s proposal to authorize the Board to decide on issues of shares and/or warrants in an amount corresponding to a maximum of ten (10) percent of the total number of shares in the company on the date of the AGM through cash issue and/or offset, with or without deviation from the preferential rights of shareholders, on one or more occasions for the time prior to the next AGM. Issue of new shares by virtue of this authorization will be on the customary terms under prevailing market conditions.

Major shareholders

Ovzon’s three largest shareholders are:

Shareholder	Number of shares	Percentage, %
1. Öresund	5,009,426	14.3
2. Bure Equity	4,799,698	13.7
3. AFA	3,892,458	11.1

Nomination Committee

The purpose of the Nomination Committee is to submit proposals regarding the chairman at general meetings, candidates for Board members including the position of Chairman of the Board, fees and other remuneration to each member of the Board of Directors, and remuneration for committee work as well as the election of and remuneration to the external auditor.

For the period through the end of the 2020 AGM, the Nomination Committee comprises Öystein Engebretsen, nominated by Investment AB Öresund; Sophie Hagströmer, nominated by Bure Equity; Anders Algotsson, nominated by Afa Försäkring; and Anders Björkman, Chairman of the Board of Ovzon.

No remuneration is paid to the members of the Nomination Committee. The Nomination Committee is entitled to request remuneration from the company for reasonable expenses that are necessary for the Nomination Committee to fulfill its assignment. The mandate period of the Nomination Committee extends until such time as a new Nomination Committee is announced. In conjunction with the work of the Nomination Committee and for its own improvement efforts, the Board of Directors conducts a self-evaluation of its work and efficiency on an annual basis. The results are reported to the Nomination Committee.

Board of Directors

Composition of the Board

According to the company's Articles of Association, the Board of Directors shall consist of no less than three ordinary members and no more than ten ordinary members. Five members were elected at the 2019 AGM: Anders Björkman, Lennart Hällkvist, Nicklas Paulson, Patrik Tigerschiöld and Magnus René. Anders Björkman was appointed Chairman of the Board. The CEO is a member of the Board, and is always in attendance at Board meetings. The company's CFO serves as the secretary to the Board.

Board work

The Board of Directors bears ultimate responsibility for governing the company's operations between Annual General Meetings. The Board decides on issues pertaining to the company's strategic approach, financing, major investments, acquisitions, divestments, organizational issues, incentive principles and key policies. The Board's work is regulated, for example, by the Swedish Companies Act (ABL), the Articles of Association, the rules of procedure that the Board has established for its work and the Board's instructions to the CEO. The Board's Articles of Association clarify the responsibilities of the individual members, especially the Chairman, as well as the allocation of responsibilities between the Board and CEO and the authority of the latter. These are further elucidated in the instructions to the CEO. The rules of procedure also indicate, at a general level, the topics that the Board of Directors will normally address during the work year and the allocation of time for the work.

In 2019, the Board of Directors reviewed its rules of procedure, the instructions to the CEO and the reporting instructions, and evaluated the work of the CEO.

The Board has appointed a Remuneration Committee that during the year comprised Anders Björkman and Lennart Hällkvist. As of December 2019, the Remuneration Committee comprises Anders Björkman, Nicklas Paulsson and Patrik Tigerschiöld. The Board of Directors has no Audit Committee; instead, the Board has managed the tasks of this committee as part of its routine activities. From the AGM on April 10, 2019 through February 18, 2020 the Board has held 15 minuted meetings.

The tasks of the Remuneration Committee

The Remuneration Committee prepares items and/or material for decisions concerning the following remuneration issues:

Board of Directors¹

Name	Position	Elected	Independent in relation to the company and Group Management	Independent in relation to the company's major shareholders	Attendance at Board meetings	Attendance at committee meetings
Anders Björkman	Chairman	2019	Yes	Yes	15/15	2/2
Lennart Hällkvist	Board member	2007 ²⁾	No	Yes	15/15	1/1
Patrik Tigerschiöld	Board member	2018	Yes	No	15/15	1/1
Nicklas Paulson	Board member	2018	Yes	No	15/15	1/1
Magnus René	Board member	2018	No	Yes	15/15	-

1) The birth years, education, work experience, other significant assignments, own or related parties' holding of Company shares, independent position year of election to the Board of the CEO and the Board members are shown on pages 38–41.

2) Refers to year of first election to the Parent Company of the former Group, OverHorizon (Cyprus) PLC.

- Providing the Board with proposals for remuneration guidelines and other conditions of employment for the CEO and other senior executives (in accordance with the regulations of the Companies Act) at the first scheduled Board meeting of the financial year. This includes policies regarding salaries, remuneration and other conditions of employment for Ovzon's management. Examples of these are policies for short- and long-term bonus and incentive programs, pension policies and policies for basic salaries and other conditions of employment.
- Proposals regarding individual salaries and other remuneration to the CEO.
- In accordance with proposals from the CEO, decisions on individual salaries and other remuneration to directors who report directly to the CEO.

The CEO and Group management

The CEO is responsible for the routine management of the company's affairs and the daily operations. The division of work between the Board of Directors and CEO is set forth in the company's rules of procedure for the Board of Directors and the instructions to the CEO. The CEO keeps the Board continually informed of the company's operations, results of operations and financial position through monthly reports and other measures. The CEO is responsible for preparing reports and compiling information for Board meetings and for presenting these materials at the Board meetings.

Magnus René was appointed President and CEO in early May. Former CEO Per Wahlberg was appointed EVP Business Development and Innovation and is also deputy CEO. CEO

Magnus René leads the company's operations together with CFO Johan Brandt, CTO Kennet Lejnell, EVP Satellite Operations Pål Ekberg and EVP Key Accounts Jim Gerow.

Remuneration and terms of employment

Board of Directors

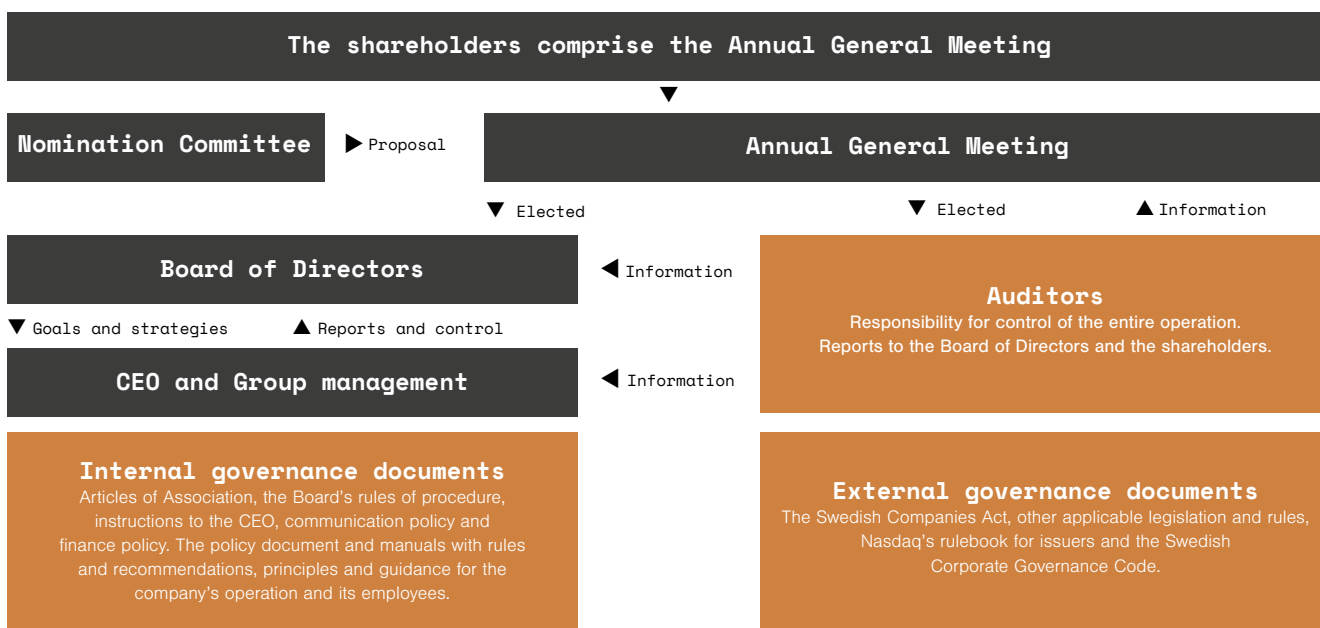
The amount of remuneration granted to the Board of Directors, including the Chairman, is determined by resolution at the AGM. At the AGM on April 10, 2019, it was resolved that fees of TSEK 150 would be paid to Board members not employed by the company and that a fee of TSEK 300 would be paid to the Chairman.

The members of the Board of Directors are not entitled to any benefits upon ceasing to serve as a member of the Board of Directors. Remuneration to the members of the Board of Directors for the 2019 financial year amounted to a total of TSEK 675.

The CEO and Group management

Ovzon will offer market-based total compensation that permits recruitment and retention of senior executives. Compensation will comprise fixed salary, earnings-based remuneration, share shavings programs, pensions and other remuneration. Altogether, these portions composed the total compensation to an individual.

The fixed salary will take into account the individual's areas of responsibility and experience, and will be reviewed annually. The earnings-based remuneration will depend on the individual's fulfillment of qualitative and quantitative goals. For senior executives, the variable portion can constitute up to 50 percent of the fixed salary.



The Board of Directors decides on the remuneration policy for the CEO and Group management. As of the date of publication of this Annual Report, the applicable policy is designed in accordance with the guidelines for remuneration of the CEO and Group management, as adopted by the Annual General Meeting. Individual compensation to the CEO is approved by the Remuneration Committee, whereas individual compensation to other members of Group management is decided by the CEO and approved by the Remuneration Committee.

During the financial year, the CEO received salary of TSEK 2,687. Variable remuneration to the company's CEO for 2019 of TSEK 833 has been reserved as of the balance sheet date. The employment agreement for the CEO runs through the end of October 2020 and is subject to a mutual notice period of three months.

Auditing

The company's statutory auditor is appointed at the Annual General Meeting. During the year, the Board receives presentations from the company's auditors, who have reviewed whether the company's internal control and external reporting meet the requirements placed on a listed company. Carl-Johan Regell from Grant Thornton Sweden AB was appointed as auditor for 2019. For the 2019 financial year, the total remuneration to the company's auditor amounted to TSEK 1,088.

Deviations from the Code

Deviation from Code Rule 4.4

The company does not meet the requirement that at least two of the Board members who are not independent in relation to the company, are independent in relation to the major shareholders. The deviation arose during the year as Board member Magnus René was elected CEO. Owing to Lennart Hällkvist declining re-election ahead of the 2020 AGM and Cecilia Driving and Dan Jangblad being proposed as new members, the deviation from Code Rule 4.4 will cease to exist if the proposal from the Nomination Committee is approved at the AGM.

Deviation from Code Rule 9.8

The company does not meet the requirement that salaries during the period of notice and severance pay together do not exceed an amount corresponding to the fixed salary for two years. The deviation applies to a senior executive whose employment contract was signed before the company was listed.

Deviation from Code Rule 4.3

The company does not meet the requirement that at most one Board member elected by the AGM can work in the company's management or in the management of the company's subsidiaries. This deviation also arose during the year when Magnus René was elected CEO. In the same manner as above, this will cease to exist at the 2020 AGM.

Internal control and risk management

The Board of Directors is responsible for internal control. Internal control and risk management regarding financial reporting is a process designed by the Board of Directors for the purpose of providing the Board, management and others concerned in the organization with reasonable assurance concerning reliability in the external financial reporting, and whether the financial reports have been prepared in accordance with accepted business practice and applicable laws and ordinances as well as other requirements for listed companies.

Control environment

The basis for the internal control environment is the allocation of authority and responsibility among the Board of Directors, its committees, the CEO and the rest of company management. Within the company, the most substantial components of the control environment are documented in the Board's rules of procedure and the instructions to the CEO as well as policies and other governing documents.

Control activities

Suitable control activities are a prerequisite for managing substantial risks in internal control. To safeguard this internal control, the Company has both automated system-based controls and manual controls, for example, in the form of check-offs and inventories. Financial analyses of the company's earnings and monitoring of plans and forecasts supplement the controls, providing an overall confirmation of the quality of the reporting.

Internal audit

Ovzon has established a governance and internal control system, compliance with which is monitored regularly at different levels in the company. In light of this, the Board of Directors is of the opinion that there is currently no need to inaugurate a special audit function. This assessment is reviewed annually by the Board.

Information and communication

The company's governing documentation in the form of policies, guidelines and manuals in terms of internal and external communication is kept updated and is communicated internally through the relevant channels, such as internal meetings and internal news mails. The company's communication policy, containing the guidelines for how information is to be disclosed, applies to communication with external parties. The purpose of this policy is to ensure that the company meets its disclosure obligations correctly and completely in accordance with applicable legislation and rules.

Stockholm, March 10, 2020
Board of Directors of Ovzon AB

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Ovzon AB (publ),
corporate identity number 559079-2650.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 on pages 32-35 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.

Stockholm, March 10, 2020

Grant Thornton Sweden AB

Carl-Johan Regell
Authorized Public Accountant