

# Corporate Governance Report

## GENERAL

Nuevolution AB (publ), the “Company”, is a limited liability company with its registered office in Stockholm, Sweden. The Company is listed on First North Premier, a multilateral trading facility (MTF) operated by Nasdaq Stockholm AB. The Company has chosen to apply the Swedish Corporate Governance Code (last revised in December 2016), the “Code”, even though it formally only applies to Swedish limited liability companies whose shares are admitted to trading on a regulated market in Sweden (currently Nasdaq Stockholm and NGM Equity). The same applies to the provisions in the Swedish Annual Accounts Act (Sw. årsredovisningslagen (1995:1554)) on corporate governance reporting which also apply only to companies whose shares are admitted to trading on a regulated market, but which the Company on a voluntarily basis has chosen to apply even though not formally obliged to. The Company has therefore prepared this corporate governance report in accordance with the applicable provisions in the Swedish Annual Accounts Act and the Code.

## APPLICATION OF AND DEVIATION FROM THE CODE

Nuevolution has applied the Code since the annual general meeting (AGM) on 12 October 2017. The Company has during 2017 deviated from point 3 of Code rule 10.3 because this specific rule had not been implemented prior to the AGM. The Company intends to comply with this rule in the future and will at least three weeks before the AGM on 28 May 2018

publish the outcome of the Remuneration Committee’s monitoring and evaluation of programs for variable remuneration for the executive management, as well as monitoring and evaluation of the application of the guidelines for remuneration of the board and executive management.

The Company has during 2017 deviated from Code rule 9.7, which requires a vesting period of no less than three years for share-price related incentive programs with the 2016/21 warrant program. This warrant program was adopted before the company applied the Code and was considered to be the best incentive program at the time of approval by the Board of Directors.

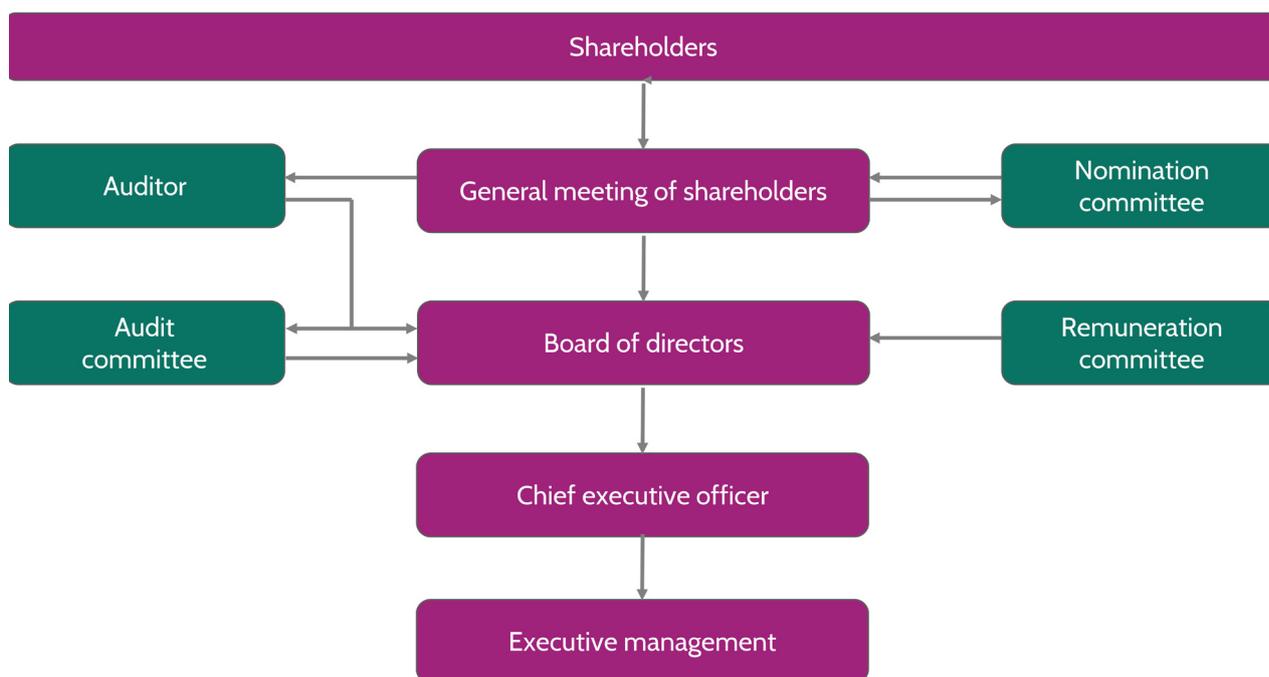
## CORPORATE GOVERNANCE AT NUEVOLUTION

The governance and control of Nuevolution is divided among shareholders attending the annual shareholders’ meeting, the Board of Directors and the Chief Executive Officer. An overview of the organization, governance and control is provided below.

## SHAREHOLDERS

### Shareholder’s voting rights

Nuevolution AB (publ)’s shares have been listed on First North Premier, Stockholm (NUE.ST) since 17 December 2015. The share capital was SEK 42.858 million at 31 December 2017 (30 June 2017: 42.858), divided between 42,858,236 shares.



All shares carry equal voting rights and there is no limit to the number of votes our shareholders may use at a general meeting. The Company's market capitalization, based on the closing price at 31 December 2017, was approximately SEK 711 million (SEK 707 million at 30 June 2017).

#### *Number of shareholders*

Nuevolution AB (publ) had 3,389 shareholders as per 31 December 2017 (3,580 as per 30 June 2017). The larger shareholders, which control more than 10% of the share capital and votes, are comprised of SEB Venture Capital with 23.5% of the share capital and votes, Sunstone Capital with 20.8% of the share capital and votes and Industrifonden with 20.0% of the share capital and votes.

#### *General meeting of shareholders*

According to the Swedish Companies Act (*Sw. aktiebolagslagen (2005:551)*), the shareholders' meeting is the Company's ultimate decision-making body. At the shareholders' meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual shareholders' meeting (AGM) must be held within six months from the end of the financial year in Stockholm. In addition to the annual shareholders' meeting, extraordinary shareholders' meetings (EGM) may be convened. According to the articles of association, shareholders' meetings are convened by publication of the convening notice in the Swedish National Gazette (*Sw. Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

Shareholders who wish to participate in a shareholders' meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting, and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders' meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders' meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder. Shareholders who are represented by proxy must issue a dated power of attorney for said proxy.

Shareholders who wish to have a matter brought before the shareholders' meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the shareholders' meeting.

#### *Extraordinary general meeting 2017*

An extraordinary general meeting (EGM) was held on 11 De-

cember 2017 in Stockholm. A total of seven shareholders or their proxies were present, representing 75.2 percent of the number of shares and votes. The minutes from the EGM can be found on Nuevolution's website at [www.nuevolution.com](http://www.nuevolution.com). The resolution that was passed is as follows:

It was determined, in accordance with the nomination committee's proposal, that the board of directors shall consist of six ordinary board members with no deputy members. It was resolved, in accordance with the nomination committee's proposal, for the time until the end of the next annual general meeting, to elect Fredrik Arp as member of the board of directors. The board of directors hereinafter consists of Stig Løkke Pedersen (Chairman), Søren Lemonius, Lars Henriksen, Professor Dr. Jutta Monica Heim, Dr. Jeanette Wood and Fredrik Arp, for the time until the end of the next annual general meeting.

It was determined, in accordance with the nomination committee's proposal, that the fees to the board of directors on a full year basis shall be paid in a total amount of SEK 1,520,000. It was noted that the resolution entails an increase on a full year basis of SEK 200,000 for the additional member of the board of directors. It was resolved that the remuneration shall be adjusted in respect of the change of financial year which was resolved by the annual general meeting held on 12 October 2017 and, with regard to the additional member of the board, that he was elected by the extraordinary general meeting.

#### *Annual general meeting 2017*

An AGM was held on 12 October 2017 in Stockholm. A total of 19 shareholders or their proxies were present, representing 76.5 percent of the number of shares and votes. The minutes from the AGM can be found on Nuevolution's website at [www.nuevolution.com](http://www.nuevolution.com). The resolutions that were passed were as follows:

Dain Hård Nevonen from Vinge law firm was elected as Chairman of the general meeting. The AGM resolved to adopt the income statement and balance sheet for Nuevolution AB (publ) and the Group<sup>1</sup> for the financial year 2016/2017. Furthermore, it was resolved that the Company's results shall be carried forward and thus that no dividend shall be distributed. The AGM also resolved to discharge the Board members and the managing director from liability.

The AGM resolved that the number of Board members, as appointed by the annual general meeting, should be five without deputies. Stig Løkke Pedersen, Søren Lemonius, Lars Henriksen, Jutta Monica Heim and Jeanette Wood were re-elected as Members of the Board. Stig Løkke Pedersen was re-elected as Chairman of the Board.

Furthermore, the AGM resolved that the remuneration to the Board of Directors shall be paid in a total amount of not more

<sup>1</sup> Nuevolution AB (publ) and Nuevolution A/S

than SEK 1,320,000, to be allocated as follows: The Chairman shall receive SEK 400,000 and other members, who are not employed by the Company, shall receive SEK 200,000 each. The remuneration for work in the committees of the Board of Directors shall be distributed with SEK 50,000 to the Chairman of the Audit Committee and SEK 25,000 to the other member, and SEK 30,000 to the Chairman of the Remuneration Committee and SEK 15,000 to the other member. Remuneration to the auditors shall be paid in accordance with approved invoices within the auditor's quotation.

The proposal from the nomination committee to adopt principles for the appointment of the nomination committee for the annual general meeting 2018 was resolved.

The AGM resolved, in accordance with the Board's proposal, to authorize the Board of Directors, whether on one or several occasions before the next annual general meeting and whether with or without pre-emption rights for the shareholders, against cash payment or against payment through set-off or in kind, to issue new ordinary shares and warrants and/or convertibles with right to subscribe/convert to ordinary share to an amount not exceeding in total 20 percent of the total number of outstanding ordinary shares in the Company following utilization of the authorization. The purpose of the authorization is to provide the Board with flexibility in its work to secure that the Company, in a suitable way, can be provided with capital for the financing of the business, to enable a broadening of the ownership of the Company, increase the liquidity in, and trading volume of, the share, and to be used in strategic partnerships.

Finally, the AGM resolved, in accordance with the Board's proposal, to adopt new Articles of Association, which include the change of fiscal year to 1 January to 31 December.

#### *Annual general meeting 2018*

The AGM 2018 is to take place on 28 May 2018 at Advokatfirman Vinge's offices, Norrlandsgatan 10, Stockholm. Notice to attend the AGM will be published on Nuevolution's website [www.nuevolution.com](http://www.nuevolution.com).

### **NOMINATION COMMITTEE**

Companies applying the Code shall have a nomination committee. According to the Code, the shareholders' meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Company and the Group Management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or group of shareholders who cooperates in terms of the Company's management.

According to the resolution at the AGM in 2017, the Nomination Committee shall be composed of representatives of the three largest shareholders listed in the shareholders'

register maintained by Euroclear Sweden as of 31 October 2017, as well as the Chairman of the Board. Should one of the three largest shareholders refrain from appointing a representative to the nomination committee, the right shall pass to the shareholder that, excluding these three shareholders, has the largest shareholding in the company. The Chairman of the Board of Directors shall convene the nomination committee. The Chairman of the nomination committee shall be the member representing the largest shareholder, unless the nomination committee unanimously appoints another member. The Chairman of the Board cannot be appointed as committee chair.

If the shareholder that appointed a member of the nomination committee is no longer one of the three largest shareholders, the member appointed by such shareholder shall offer to leave the committee and the shareholder that has become one of the three largest shareholders has the right to appoint a representative to the committee. However, and unless special circumstances exist, no changes shall be made in the composition of the nomination committee if there is only a marginal change in ownership or if the change occurs later than three months prior to the annual shareholders' meeting. In the event that a member leaves the nomination committee before its work is completed, the shareholder who appointed the member shall appoint a new member. If this shareholder is no longer one of the three largest shareholders, a new member is appointed according to the above procedure. Shareholders who have appointed a representative to the nomination committee have the right to dismiss such member and appoint a new representative as a member of the committee.

Changes in the nomination committee's composition shall be announced immediately. The nomination committee's term of office shall extend until a new nomination committee is appointed. The nomination committee shall perform the duty of the nomination committee in accordance with the Code.

The Nomination Committee consists of: David Sonnek (SEB Venture Capital), Peter Besson (Sunstone Capital), Peter Sobocki (Industrifonden) and Stig Løkke Pedersen (Chairman of the Board of Nuevolution AB). David Sonnek has been appointed Chairman of the committee.

The Nominating Committee shall report its work at the AGM.

### **THE BOARD OF DIRECTORS**

#### **THE BOARD'S RESPONSIBILITY, DUTIES, AND DELEGATION OF DUTIES**

The Board of Directors is the second-highest decision-making body of the Company after the shareholders' meeting. As prescribed by the Swedish Companies Act, Nuevolution AB (publ)'s Board of Directors is responsible for the Company's organization and the administration of the Company's affairs. The Board shall continuously assess the financial and operational situation of both the Company and the Group. The Board shall also ensure that the Company's organization is designed in such a manner that the bookkeeping, asset man-

agement and the Company's economic situation in general are controlled in a reassuring manner. Each year, in connection with the Board meeting following the election of the Board, and in conjunction with other Board meetings if necessary, the Board shall adopt a work plan.

Members of the Board of Directors are normally appointed by the annual shareholders' meeting for the period until the end of the next annual shareholders' meeting. According to the Company's articles of association, the members of the Board of Directors elected by the shareholders' meeting shall be not less than three members and not more than ten members with no deputy members.

According to the Code, the Chairman of the Board of Directors is to be elected by the shareholders' meeting and have a special responsibility for leading the work of the Board of Directors and for ensuring that the work of the Board of Directors is efficiently organized.

The Board of Directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the Board of Directors, functions and the division of work between the members of the Board of Directors and the CEO. At the inaugural board meeting, the Board of Directors also adopts instructions for the CEO, including instructions for financial reporting.

The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the Chairman of the Board of Directors and the CEO continuously discuss the management of the Company.

As of 31 December 2017, the Company's Board of Directors consists of six ordinary members elected by the shareholders' meeting,

The Board has established two working committees, the Audit Committee and the Remuneration Committee, in accordance with the recommendations in the Swedish Corporate Governance Code.

#### *Audit committee*

The Audit Committee is a sub-committee of the Board and does not release the Board from any responsibility or liability. The Board has the overall and ultimate responsibility, and retains its sole right, to resolve the more important matters within the framework of the Committee.

The Committee shall perform the tasks set out in the Swedish Companies Act, applicable EU rules and regulations and the Swedish Corporate Governance Code. This includes, among other things, acting on instructions from the Board, to:

- monitor the Company's financial reporting, evaluate its auditing and submit recommendations and proposals to ensure the integrity of the reporting
- monitor the efficiency of the Company's internal controls, regulatory compliance and risk management, in general as well as, in particular, in respect of the financial reporting
- continuously meet with the Company's auditor and keep itself informed regarding the audit of the annual report and group accounts and the conclusions from the quality control carried out by the Supervisory Board of Public Accountants (Sw. Revisorsinspektionen)
- inform the Board and the nomination committee of the outcome of the auditor's audit and explain how the audit contributed to the integrity of financial reporting and what the role of the Committee was in that process
- review and monitor the impartiality and independence of the auditor and, in conjunction therewith, pay special attention to whether the auditor provides the Company with services other than auditing services (and approve, where applicable, guidelines for the purchase of such non-audit services)
- assist in conjunction with the preparation of proposals to the annual shareholders' meeting's resolution regarding election and remuneration of the auditor, including administering the selection procedure

The Audit Committee is to comprise not less than two Board members appointed by the Company's Board of Directors. The majority of the Members of the Committee shall be independent of the Company and its executive management. At least one of the Members who are independent of the Company and its executive management is also to be independent of the Company's major shareholders. At least one of the Members shall have accounting or auditing competence. The Members may not be employed by the Company.

At 31 December 2017, the Audit committee consisted of Lars Henriksson as Chairman of the Committee and Stig Løkke Pedersen as Member of the Committee. Stig Løkke Pedersen is independent of the Company, as well as its executive management and major shareholders.

The Committee shall hold at least four ordinary Committee meetings during each financial year. The meetings shall be held in connection with the publication of the Company's interim reports. In fiscal 2017 (six-month period), the Committee met twice, and Lars Henriksson and Stig Løkke Pedersen were present at both meetings.

#### *Remuneration committee*

The Remuneration Committee is a sub-committee of the Board and does not release the Board from any responsibility or liability. The Board has the overall and ultimate responsi-

bility, and retains its sole right, to resolve the more important matters within the framework of the Committee.

The duties of the Committee are, acting on instructions from the Board, to:

- prepare the Board's decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the executive management
- monitor and evaluate programs for variable remuneration, both ongoing and such that have been completed during the year, for the executive management
- monitor and evaluate the application of the guidelines for remuneration to the executive management established by the annual shareholders' meeting, as well as the current remuneration structures and remuneration levels in the Company.

The Remuneration Committee is to comprise not less than two Board members appointed by the Company's Board of Directors. The members of the Committee are to be independent of the Company and its executive management. However, the Chairman of the Board may chair the Committee.

At 31 December 2017, the Remuneration committee consisted of Søren Lemonius as Chairman of the Committee and Stig Løkke Pedersen as Member of the Committee. Søren Lemonius and Stig Løkke Pedersen are independent of the Company and its executive management. In fiscal 2017 (six-month period), the Committee met once, and Søren Lemonius and Stig Løkke Pedersen were present at this meeting.

#### *Composition of the board and its committees and directors' independence*

As of 31 December 2017, the Board of Directors currently consisted of six directors: Stig Løkke Pedersen, Søren Lemonius, Lars Henriksson, Jutta Monica Heim, Jeanette Wood and Fredrik Arp. The Board's assessments of the directors' independence in relation to the Company, its executive management and the Company's largest shareholders can be found in the table below, which shows that Nuevolution AB (publ) complies with the requirement for independence in the Swedish Corporate Governance Code.

2017	Born	Position	Elected	Independence of management	Independent in relation to major shareh	Independent in relation to the Company	Audit Committee	Remuneration Committee	R&D Committee
Stig Løkke Pedersen	1961	Chairman	2015/2001	Yes	Yes	Yes	Member	Member	
Søren Lemonius	1965	Member	2015/2007	Yes	No	Yes		Chairman	
Lars Henriksson	1961	Member	2015	Yes	No	Yes	Chairman		
Jutta Heim	1951	Member	2015/2013	Yes	Yes	Yes			Chairman
Jeanette Wood	1952	Member	2015	Yes	Yes	Yes			Member
Fredrik Arp	1953	Member	2017	Yes	Yes	Yes			

#### *Work of the board*

The Board of Directors held four meetings in fiscal 2017 (six-month period). The attendance of Board members is shown in the table 'Attendance at Board meetings' below. The main issues covered at Board meetings in fiscal 2017 were: the annual report 2016/17, year-end report 2016/17, the interim report for the three-month period ended 30 September 2017, approval of corporate policies, internal governance documents, internal control, evaluation of the CEO and Board of Directors, remuneration of the CEO and other executive managers, appointment of advisors for listing shares at a regulated market, strategy and goals, plan for the auditors.

#### **Attendance at Board meetings**

Stig Løkke Pedersen, Chairman	4 of 4
Søren Lemonius	4 of 4
Lars Henriksson	4 of 4
Jutta Heim	3 of 4
Jeanette Woods	4 of 4
Fredrik Arp*	0 of 1

\* Fredrik Arp joined the Board of Directors on 11 December 2017

#### *Evaluation of the work of the board*

According to the Board Wheel (work plan for the Board of Directors), the Chairman of the Board's responsible for ensuring that the work of the board is evaluated annually. In 2017, this evaluation was performed by the Board under the direction of Stig Løkke Pedersen, Chairman of the Board.

#### *Remuneration to the board of directors*

Fees and other remuneration to the members of the Board of Directors, including the Chairman, are resolved by the shareholders' meeting. At the annual shareholders' meeting held on 12 October 2017, it was resolved that the fee to the Chairman of the Board of Directors should be SEK 400,000 and that the fee to the other members should be SEK 200,000. Moreover, it was resolved that the fee to the Chairman of the audit committee shall be SEK 50,000, the fee to the other member of the remuneration committee shall be SEK 25,000, the fee to

## Remuneration of Board of Directors, 1 July 2017 - 31 December 2017 (6 months)

TSEK	Directors' fee	Variable compensation	Share-based payments	Pension costs	Other social security costs	Total
Stig Løkke Pedersen, Chairman of the Board of Directors, member of Audit and remuneration committee	220	0	0	0	0	220
Lars Henriksson, Board member and chairman of Audit committee	125	0	0	0	98	223
Søren Lemonius, Board member and chairman of remuneration committee	115	0	0	0	0	115
Jutte Heim, Board member	100	0	0	0	0	100
Jeanette Wood, Board member	100	0	0	0	0	100
Frederik Arp, Board member*	0	0	0	0	0	0
<b>Total</b>	<b>660</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>98</b>	<b>758</b>

\* Elected to the Board of Directors on 11 December 2017.

the Chairman of the remuneration committee shall be SEK 30,000 and the fee to the other member of the remuneration committee shall be SEK 15,000. Further, it was resolved that the remuneration shall be adjusted in accordance with the change of the company's financial year to be the calendar year, which was resolved on 12 October 2017. The members of the Board of Directors are not entitled to any benefits following termination of their assignments as directors of the board. At the extraordinary shareholders' meeting held on 11 December 2017, it was further resolved that the additional board member Fredrik Arp shall receive SEK 200,000 on a full-year basis. Further, it was resolved that the remuneration shall be adjusted in accordance with the change of the company's financial year to the calendar year, which was resolved on 12 October 2017.

Remuneration to the Board of Directors during the 2017 financial year

The table below presents an overview of remuneration to the Board of Directors elected by the shareholders for the 2017 financial year.

### Consultancy agreements

Jeanette Monica Wood and Jutta Heim have entered into consultancy agreements with Nuevolution A/S according to which Jeanette Wood and Jutta Monica Heim receives an annual fee of USD 8,000 each for providing consultancy services to the executive management. The services provided under the consultancy agreements only relate to the Company's various science projects.

### The ceo and other executive management

The CEO is subordinated to the Board of Directors and is responsible for the everyday management and operations of the Company. The division of work between the Board of Direc-

tors and the CEO is set out in the rules of procedure for the Board of Directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the Board of Directors receives adequate information for the Board of Directors to be able to evaluate the Company's financial condition.

The CEO must continuously keep the Board of Directors informed of developments in the Company's operations, the development of sales, the Company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and executive management are presented on pages 83-85.

### Current employment agreements for the executive management

Decisions with regards to the current remuneration levels and other conditions for employment for the members of the executive management have been resolved by the Board of Directors.

The table below presents an overview of remuneration to the members of executive management for the 2017 financial year.

The CEO is entitled to a notice period of 12 months, if the employment is terminated by the Company. Upon termination by the CEO the Company is entitled to a notice period of six months. The CEO and the Company have not agreed

## Remuneration of Management, 1 July 2017 - 31 December 2017 (6 months)

TSEK	Base salary	Variable compensation	Share-based payments	Pension costs	Other social security costs	Total
CEO	1,219	0	0	122	1	1,342
Other Executive Management (CSO, CBO and CFO)	2,635	-164	0	35	4	2,510
<b>Total</b>	<b>3,854</b>	<b>-164</b>	<b>0</b>	<b>157</b>	<b>5</b>	<b>3,852</b>

upon any severance fee in addition to the base salary as set out above.

Other members of the executive management are entitled to a notice period of six months, if the employment is terminated by the Company. Upon termination by such employee, the Company is entitled to a notice period of three to six months. The employees are not entitled to any severance fees in addition to their base salaries as set out above.

The CEO, other members of the executive management and certain other employees are participants in incentive programs.

The CEO is the only employee in the executive management for whom the company pays a separate pension contribution based on employment terms in 2001. Such pension contribution is either paid to the Company's own pension scheme or a pension scheme decided by the CEO. In addition, the Company's employees, including the other individuals of the executive management, are obligated to pay a pension contribution to the mandatory company pension scheme. For most of the employees, such contribution is 5 percent of their base salary and the amount is deducted from their base salary and paid into the Company pension scheme. The Company contributes 2 percent to employees' and other management member's pension.

### BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL AND RISK MANAGEMENT WITH RESPECT TO FINANCIAL REPORTING

Internal control and risk management with respect to financial reporting is a central component of Nuevolution's corporate governance. In accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for the company's internal control. Internal control and risk management with respect to financial reporting are aimed at providing reasonable assurance that external financial reports are reliable. This relates to interim reports, year-end reports and annual reports. The control framework also ensures that external financial reporting is prepared in accordance with the law, applicable accounting standards (domestic and IFRS) and other requirements for listed companies.

The Company's Internal control and risk management are based on Internal Control - Integrated Framework published

in 2013 by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO). According to COSO, internal control is a process with five components: control environment, risk assessment, control activities, information and communication, and monitoring.

#### Control environment

The control environment forms the basis of internal control and risk assessment within Nuevolution and consists of the values and the culture communicated and acted on by the Board and management, as well as the organization structure, decision-making procedures, authorities and responsibility. This includes several internal policy documents, which have been adopted by the Board of Directors, and a Code of Conduct signed by all employees.

The Board of Directors has overall responsibility for internal control and reporting and has appointed an Audit Committee with the task and responsibility of monitoring Nuevolution's financial reporting and monitoring the effectiveness of this process. See the section "Audit Committee" for more information.

#### Risk assessment

A structured risk assessment and risk management enable identification of significant risks that affect the internal control relating to financial reporting and where these risks are found. The aim of risk management is to minimize the number of risk factors within the financial reporting. The management has also identified and evaluated risks arising in the company's operations and assessed how these risks can be mitigated.

Within the Board, the Audit Committee bears the prime responsibility for regularly assessing the company's risks. The Board of Directors has delegated the operative responsibility for risk assessment and internal control to the management group. Nuevolution's management group carries out an annual systematic risk assessment, and reports it to the Board of Directors, which approves the company's final risk assessment.

#### Control activities

In accordance with the internal control policy, the CFO is responsible for financial reporting, including sufficient internal control and monitoring activities. Together with the accounting department and others, the CFO must ensure that the

process descriptions and internal framework are set up, and is responsible for reporting the status of work referring to internal control and risk management within Nuevolution to the Group CEO and Audit committee.

To ensure good internal control referring to financial reporting the company has set up control activities for the key financial processes, aimed at prevention, discovery and correction of errors and non-conformities. Areas that are controlled include payroll, invoices and purchases, financial statement close process, budget and estimate creation, compliance with laws and other requirements of listed companies, segregation of duties, adoption of accounting standards and other areas containing material elements of assessment.

#### *Information and communication*

The Board of Directors has established an information policy for external information provision that is to ensure that the market receives relevant, reliable, correct and current information on the company's progress and financial position. The Board of Directors has also established an insider policy aimed at safeguarding the integrity of information provision.

The company's Fraud memo stipulates control activities to prevent fraud. Control activities regarding third party operations, such as IT, are carried out annually.

Financial information is regularly provided in the form of:

- Year-end and interim reports
- Annual reports
- Press releases regarding important news and events that may have a significant impact on the valuation of the company and the share price
- Presentations and telephone conferences for investors, financial analysts and media

#### *Monitoring*

The CFO has the operative responsibility for monitoring risk

management and internal control referring to financial reporting. The main processes and control activities are regularly evaluated to ensure functionality and effectiveness. The results are reported to the Board of Directors and the Audit Committee.

The Board of Directors and Audit Committee discuss all interim reports, year-end reports and annual reports before they are published.

Taking into account the company's current size and operations, the Board of Directors has decided not to have a separate internal audit function but it annually assesses the need of such a function.

#### **AUDITOR**

Nuevolution's auditors audit the annual accounts, the consolidated accounts and the Company's bookkeeping. The auditors work according to the audit plan and report to the Audit Committee. The auditors participate at the AGM in order to present the audit report.

The Company's auditor is Ernst & Young and the auditor-in-charge is Beata Lihammar. The AGM 2017 resolved to remunerate the auditors in accordance with approved invoices within the auditor's quotation.

# Board of Directors

## **Stig Løkke Pedersen (born 1961)**

Chairman of the Board (since 2001)

Independent in relation to the Company

Independent in relation to major shareholders

Member of Nuevolution's Nomination Committee, Audit and Remuneration Committee

*Education:* Master's degree in economics from the University of Aalborg.

*Experience:* Stig has more than 30 years' experience in the pharmaceutical industry, working for Ciba-Geigy from 1986 to 1992 in various managerial positions in Denmark, Switzerland and South Africa, and holding a number of executive positions with H. Lundbeck A/S, from 1992 to 2011, including the position of Chief Commercial Officer (CCO) from 2006 to 2011. He was appointed Executive Vice President and Board member of Management at the company in 2003 and held that position until he left Lundbeck in 2011. Since then, Stig has been active in a number of different roles and responsibilities as an investor and Board member, and as an executive in various companies and partnerships.

*Current assignments:* Stig Løkke Pedersen is Executive Chairman of the Board of moksha8 Ltd, Chairman of the Board of Nuevolution AB and A/S, Chairman of the Board of SSI Diagnostica A/S, NGI A/S and Transmedica A/S. He is a Board member of several companies including Index Pharmaceuticals AB, MSI Ltd, SkyBrands A/S, AntibiotX A/S and Broen-Lab A/S. He is also CEO of H&L Invest ApS and an Operational Partner in the private equity fund Catacap.

*Previous assignments:* Stig was previously Chairman of the Board of the following companies: Chemometec A/S, Tytex A/S, Vernalis AG, R5 A/S, Microlytic A/S, Ergolet ApS and x3 Capital A/S, and was Executive Vice President of H. Lundbeck A/S.

*Number of shares:* 212,334 (212,334)

*Number of warrants:* 242,476 warrants series 1 and 148,167 warrants series 2



## **Søren Lemonius (born 1965)**

Member of the Board of Directors (since 2006), Investor Representative (Sunstone Life Science Ventures)

Independent in relation to the Company

Not independent in relation to major shareholders

Chairman of Nuevolution's Remuneration Committee

*Education:* Master's Degree in Experimental Cell Biology from the University of Odense.

*Experience:* Søren is a Founding Partner of Sunstone Life Science Ventures. Søren has 18 years' experience from corporate management in R&D-intensive companies. He has previously worked as Innovation Manager at food diagnostics company FOSS Analytical and prior to joining Sunstone Capital, he served as Chief Technology Officer at Danionics – an electronics component company – where he participated in developing the company from a private venture-backed technology firm into a €27 million revenue listed company.

*Current assignments:* Managing Partner at Sunstone Life Science Ventures. Board Member of Euro Diagnostica AB, Galecto Biotech AB, Nuevolution AB and A/S and Sunstone Capital A/S. Observer on the Board of Directors of Symphogen. Board Member and Managing Director of several Sunstone entities.

*Previous assignments:* Chairman of the Board of Biomonitor A/S. CEO and Board Member and Chairman of Chempaq A/S. Board Member of Atonomics A/S, Evolva Biotech A/S and TD Vaccines A/S. Managing Director of Chempaq Patent Holding ApS, Strategic Advisor to DONG A/S.

*Number of shares:* Sunstone Capital 8,930,580; 20.8% (8,930,580; 20.8%)

*Number of warrants:* 0 (0)



### **Lars Henriksson (born 1961)**

Member of the Board of Directors (since 2015), Investor Representative (Industrifonden)  
Independent in relation to the Company  
Not independent in relation to major shareholders  
Chairman of Nuevolution's Audit Committee

*Education:* Master of Science in Industrial Engineering and Management, 1985.

*Experience:* Working on investments in the life sciences industry at Industrifonden from 2003 to 2017. Prior to becoming an Investment Manager, Lars gained extensive international experience through his years as a strategy, financial and business consultant followed by a CFO assignment within a VC-backed telecommunications company.

*Current assignments:* Senior advisor to Industrifonden and operating an independent strategy and business consulting firm. Board Member of Nuevolution AB and A/S and Chairman of the Audit Committee of Nuevolution AB. Board Member of ZtraBiz Advisory AB and Deputy Board Member of Calvinus AB.

*Previous assignments:* Board member of Trialbee AB, Advanced MR Analytics AB, CellaVision AB (publ), Diashunt Intressenter AB, SHS Intressenter AB, BioInvent International AB (publ). Deputy Board member of Oncopeptides AB\*, Carmel Pharma AB, RxEye AB and Boule Diagnostics AB\*\*.

\*Oncopeptides AB became a publicly-listed company on February 22, 2017

\*\*Boule Diagnostics AB became a publicly-listed company on June 23, 2011

*Number of shares:* Industrifonden 8,573,666; 20.0% (8,573,666; 20.0%)

*Number of warrants:* 0 (0)



### **Jutta Heim (born 1951)**

Member of the Board of Directors (since 2013), Scientific Advisor to the Board  
Independent in relation to the Company  
Independent in relation to major shareholders  
Chairman of Nuevolution's R&D Committee

*Education:* PhD from the University of Tübingen.

*Experience:* Dr. Jutta Heim is Professor of Biotechnology at the University of Basel. She worked for more than 20 years at CibaGeigy/Novartis in Switzerland and the US, where she was involved in the successful development and launch of anti-thrombotic and fibrinolytic products. At Novartis, she established a molecular genetics department in oncology, became the company's Senior Scientific Expert in Molecular Biology and a Member of the Research Management Board. Dr. Heim completed her career at Novartis by becoming head of the Novartis Lead Discovery Center, with worldwide responsibility. From 2004 to 2009, she served as CSO at Basilea Pharmaceutica Ltd., a Swiss biopharmaceutical company focusing on anti-infectives, inflammation and oncology. From 2009 to 2013, she served as CTO and CSO at Evolva SA, where she led the company's discovery activities and strengthened the development of its technology platform.

*Current assignments:* Board Member of Nuevolution AB and A/S, Chairman of the R&D Committee of Nuevolution AB, Member of the Advisory Board of Stiftung für Wissenschaftliche Forschung Universität Zürich. Board Member of Evolva SA and of AntibioTx A/S. Chair of the Scientific Advisory Committee, GARDP/DNDI.

*Previous assignments:* CSO and CTO at Evolva SA, CSO at Basilea Pharmaceutica Ltd, Head of Novartis Lead Discovery Center.

*Number of shares:* 0 (0)

*Number of warrants:* 69,279 warrants series 1.



### **Jeanette Wood (born 1952)**

Member of the Board of Directors (since 2015), Scientific Advisor to the Board  
Independent in relation to the Company  
Independent in relation to major shareholders  
Member of Nuevolution's R&D Committee

*Education:* PhD in Pharmacology from the University of Otago.

*Experience:* More than 30 years of drug discovery experience in Big Pharma and biotech companies in senior leadership positions and with a track record of novel drugs progressed to clinical trials and to the market. Author of more than 100 peer-reviewed publications and numerous patents. During her career, Jeanette has held positions as Vice President of Oncology Research at AstraZeneca UK, CSO at Genkyotex AG CH, Head of Biology at S\*Bio Pte Ltd, SG, and a number of leadership research roles within Novartis AG / Ciba-Geigy AG CH. She has also served as a part-time lecturer at universities in New Zealand, Switzerland, Singapore and Korea.

*Current assignments:* Board Member of Nuevolution AB and A/S, Member of the R&D Committee of Nuevolution AB, Senior Scientific Advisor to the Board.

*Previous assignments:* CSO at Genkyotex AG.

*Number of shares:* 0 (0)

*Number of warrants:* 69,279 warrants series 1.



### **Fredrik Arp (born 1953)**

Member of the Board of Directors (since 2017)  
Independent in relation to the Company  
Independent in relation to major shareholders

*Education:* Sc. Econ and Honorary Doctor of Economics at Lund's University.

*Experience:* Fredrik Arp is among Sweden's most experienced business executives. In his most recent operational role (2005-08) he was managing director of Volvo Cars. He was CEO and managing director of Trelleborg AB (publ) from 1999 to 2005. Prior to Trelleborg, Fredrik held positions at PLM AB (1996-1999), Trelleborg Industrier AB (1989-1996) and Boliden Kemi AB (1988-1989). Fredrik Arp has considerable experience in medical technology, such as former board member of Getinge AB (publ) and Mediplast AB as well as in his role as chairman in Nolato AB (publ).

*Current assignments:* Chairman of Nolato AB, Chairman of the Advisory board at Lund's School of Economics and Management, Board member in Vattenfall AB and Chairman of the Audit Committee and Board member of Swedfund International.

*Previous assignments:* President and CEO of Volvo Car Corporation (2005-2008), CEO of Trelleborg AB (1999-2005), CEO of PLM AB (1996-1999), CEO of Trelleborg Industrier AB (1989-1996) and CEO of Boliden Kemi AB (1988-1989). Chairman of Qioptiq, Hilding Anders AB, Thule AB, Parques Reunidas, Munksjö AB, Bröderna Edstrand AB and Ahlsell AB, Chairman of Innovation and Chemical Industries in Sweden, Vice Chairman of Getinge AB, Board member of Perstorp AB, Board member of Confederation of Swedish Enterprise, Board member Technogym SpA.

*Number of shares:* 50,000

*Number of warrants:* 0 (0)



# Executive Management

## Alex Haahr Gouliaev

Chief Executive Officer (since 2005), Co-Founder of Nuevolution (2001)

*Education:* MSc (1994) and PhD (1996) in Chemistry, University of Southern Denmark, Aarhus University and Department of Pharmacy, University of Copenhagen.

*Experience:* Nuevolution deal track record as CEO: (Deals: 16, Revenues: 535 MSEK, Cap. Raises: ~580 MSEK) Scientific expertise in drug discovery chemistry, pharmacology and technology development

2005 to date: CEO, Nuevolution  
2001-2005: Co-Founder, EVP Chemistry, Nuevolution  
1996-2001: Senior. Scientist, Director of Chemistry, Management and Board Member, NeuroSearch

*Number of shares:* 70,778 (70,778) through holding company ATZ Holding ApS

*Number of warrants:* 1,911,113 warrants series 2

*Background:* I am 51 years of age and married for 20 years. My wife and I are fortunate to have two children; a son (age 21) and a daughter (age 12).

My interest in science was triggered at age 7, when my older brother introduced me to astronomy, although during my teenage years, my interests for a time period also included potentially becoming a legal attorney. High School took me back to natural sciences, made me excited about chemistry & biology, and keen on starting my studies to become a scientist. Three years into my chemistry and biology studies, I craved to learn about medicine, but in particular how medical molecules work in the human body. Following the medical doctor's course in pharmacology, and a grant allowing me to conduct animal pharmacology studies for one year, it was clear to me, that life sciences seeking discovery and development of new medicines was the dream field of interest to me. During the remainder of my studies, I focused on my skills as an organic synthetic and medicinal chemist, while keeping close ties to biology and medicine. After completion of my Ph.D., my wish came through, when I was offered employment at NeuroSearch, one of Denmark's first true-life science biotech companies. During my six years stay, I had the opportunity to be involved in and lead projects from early stage optimization through to candidate selection, synthetic route optimization and outsourcing of kilogram scale production of the active pharmaceutical ingredient, I was entrusted with the leadership of Neurosearch's Chemistry Department, and enjoyed being part of management and having the confidence from my colleagues as one of their employee board of directors' representative.

In 2001, I left Neurosearch to co-found Nuevolution with a dream of revolutionizing discovery of small molecule (tablet) based medicines, and to participate in the establishing of a life science company with a business model having lower operational and financial risk than what is the standard of the industry. On a daily basis, I involve myself in all aspects of our operations including our technology and drug discovery activities to influence our direction and to be optimally dressed for our business promotions and contract negotiations. I take great pride in making sure that everything we do is of high quality, and that we continue to keep our shareholders well informed as we have been doing for nearly 16 years. I feel very fortunate to be part of all of this.

My ambitions: To continue the build of Nuevolution making it a highly valuable company, which develops and eventually potentially markets multiple novel medicines for efficient and safe treatment of severe diseases, to maintain Nuevolution's high standards for quality & innovation and to safeguard Nuevolution as an attractive working place and powerhouse for ambitious and skilled scientists and business professionals.



## **Dr. Thomas Franch**

Chief Scientific Officer (since 2012), key scientist since company foundation (2001)

*Education:* MSc and PhD in Molecular Biology from the University of Southern Denmark. Studied at the Institute of Biochemistry and Molecular Biology (BMB) at the University of Southern Denmark and at Uppsala University.

*Experience:*

2012 to date: Chief Scientific Officer at Nuevolution  
2005-2012: Chief Technology Officer at Nuevolution  
2001-2005: Joined Nuevolution with multiple responsibilities including Project Manager and Scientific Officer  
1999-2001: CEO of RNA Tech Aps

*Number of shares:* 1,300 (1,300)

*Number of warrants:* 311,755 warrants series 1 and 229,334 warrants series 2.

*Background:* I am 47 years of age and live with my wife and our two sons, age 14 and age 12.

When I commenced my studies in 1989, Molecular Biology as a scientific discipline was novel and still considered a bit provocative. However, to me, the advent of ground-breaking techniques such as molecular cloning, DNA sequencing and the Polymerase Chain Reaction (PCR) offered exciting new opportunities for biological studies and new applications. I was always intrigued by inventions and the applied sciences where scientific knowledge is put into general use or providing new ways for innovative applications. During my Ph.D work I noticed that Nature have evolved a unique mechanism for making regulatory RNA molecules bind each other with high speed for efficient gene regulation. To apply this principle in a therapeutic setting, I co-founded RNA Tech Aps in 1999. Here, we successfully applied the knowledge gained from Nature's principle to enhance the binding kinetics of artificial antisense molecules inhibiting a cancer target called the Telomerase.

When I was approached by Nuevolution in early 2001, I immediately knew that this unexplored concept of using nucleic acids to encode chemical compounds for drug-target screening was huge and could likely be the future of drug discovery. Obviously, I did not hesitate to join the company.

During my 16 years at Nuevolution, I have had the opportunity to head our Chemetics® Platform technology developments, our Biology department as well as multiple Pharma and Biotech partnerships. Most importantly, Nuevolution has provided me the privilege to work with some very clever and dedicated people that strive to develop and mature the platform technology, streamline our drug discovery operations and further build an exciting company with a great pipeline.

My ambitions: It is my ambition to make Nuevolution a premier and world-class Biotech company, where the successful business is founded on true innovation, scientific excellence and hard work.



## **Ton Berkien**

Chief Business Officer (since 2014)

*Education:* BEc from the Saxion University of Applied Science (Netherlands), and an LSid from PwC/Harvard Business School/IMD.

*Experience:*

2014 to date: CBO, Nuevolution  
2007-2013: Senior Director of Corporate Development/M&A, Takeda (Nycomed 2007-11)  
2003-2007: Director of Competitive Intelligence, Ferring Pharmaceuticals  
2001-2003: Senior Manager Corporate Finance, PwC  
1993: Sc Economics, University of Deventer

*Number of shares:* 1,400 (1,400)

*Number of warrants:* 138,558 warrants series 1 and 3,822 warrants series 2.



*Background:* I was born (1968) and raised in Nijmegen, The Netherlands and I am married. Together with my Swedish wife, we have two sons in the age of 16 and 18. We have our residence in Sweden.

During my working period at Takeda and Nycomed, I was overall responsible for leading merger & acquisition efforts as well as asset acquisition transactions, in the US (Bradley Pharmaceuticals), China (Techpool), Colombia (Farmacol), (Eastern-) Europe (assets from Sanofi/Zentiva) and Brazil (Multilab), deals with an accumulated value exceeding EUR 800 million.

During 2003-2007, I was Director of Competitive Intelligence at Ferring Pharmaceuticals (Denmark), where I was responsible for corporate competitive intelligence project management mainly in the R&D and commercial organization. Furthermore, I was involved, as Director Portfolio Planning, in managing and supporting Portfolio Planning within the R&D organization. Earlier, I held Senior Manager positions at PricewaterhouseCoopers (Sweden), Rijnconsult, KPMG and was market research analyst at Gilde Investment Management (The Netherlands).

Throughout my career, I have gained extensive experience in corporate finance, venture capital / management buy-outs, business development, competitive and corporate intelligence and strategic consultancy. I have a Dutch nationality. I have furthermore a strong passion for basketball, which I played on a national level in The Netherlands, as well as other activities like road cycling and MTB.

*My ambitions:* It is my ambition to work hard to see this exciting company realize its growth ambitions towards a profitable business, addressed in financial strength and eventually patient benefit.

## **Henrik D. Simonsen**

Chief Financial Officer (since 2015)

*Education:* MSc in Economics, University of Copenhagen.

### *Experience:*

2015 to date:	CFO, Nuevolution
2012-2015:	Director responsible for life science, SEB Corporate finance
2004-2011:	Senior Analyst, Life Science, SEB Equity
1990-2004:	Senior Analyst, Life Science, Nordea Securities
1992:	MSc in Economics, University of Copenhagen

*Number of shares:* 650 (650)

*Number of warrants:* 86,599 warrants series 1 and 3,822 warrants series 2.

*Background:* I was born in 1963 and raised in Copenhagen and Roskilde, Denmark and I am married. We have two children at age 11 and age 8.

Albeit an economist by training, the healthcare industry caught my interest early in my professional career, as I began to cover and track European and US pharmaceutical and biotech stocks as an equity analyst at Nordea Securities and SEB Equity. Having followed the sequencing of the human genome, the introduction of breakthrough medicine and diagnostics have been very fascinating and inspiring.

Drug discovery remains challenging, but also fascinating and can be extremely rewarding for shareholders when successful. Nuevolution's Chemetics® technology can overcome challenges inherent in drug discovery and revolutionize the discovery and development of small molecule medicines. For this reason, I joined Nuevolution.

*My ambitions:* I am committed to realizing the maximum potential of our technology and business strategy thereby creating significant value for our shareholders.

