

# Annual statement on corporate governance

---

## **LIFECARE AS EMPHASIZES GOOD CORPORATE GOVERNANCE.**

Lifecare AS (“Lifecare” or “The Company”) bases its policy for corporate governance on the Norwegian Code of Practice of 14 October 2021 (“the Code”), a guideline for listed companies to help regulate the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation.



Lifecare’s Board of Directors (“the Board”) has resolved as main principles that the Company and its subsidiaries comply with relevant legislations and regulations, as well as the recommendations of the Code. The Board has imposed routines to ensure follow-up of established principles and guidelines, amongst others in relation to ethical behaviour, compliance with the law, health environment and safety. The follow-up routines aim to ensure balanced compliance taking the Company’s size and stage of development into account.

Adherence to the Code is implemented based on a «comply or explain principle»: explanations of non-conformance to the Code are provided if not fully implemented. Lifecare’s compliance with the Code is described in this report and section numbers refer to the Code’s chapters.

### **1. Implementation and reporting on corporate governance**

Lifecare acknowledges the division of roles between shareholders, the Board of Directors, and the executive management team. The Board has implemented a sound corporate governance policy. Guidelines on corporate governance and statement of compliance with the Code are presented in the Company’s annual report. The Company ensures that the policy is adopted by holding regular Board of Directors’ meetings which the executive management team attends to present strategic, operational, and financial matters.

Lifecare adheres to the Code for corporate governance. For the reporting period the company have no deviations from the code.

Deviations from the Code: None

### **2. Business**

Lifecare is a Norwegian based company with subsidiaries in Germany, and the United Kingdom and Norway. The Company is focusing on research, development and commercialization of sensor technology for continuous monitoring of body analytes. The main focus for the company is to develop sensor technology for continuous monitoring of glucose for pets and people with diabetes.

The objective and purpose of Lifecare’s business is clearly defined and described in the articles of

association. "The company's objective is to undertake development, production, licensing and sale of medical equipment and technology, and everything connected with this". The Company's articles of association are made available on the Company's website, and the Company's objectives and strategy are available in the annual report.

As of 31 December 2023, the Lifecare Group ("the Group") comprised 32 employees, including consultants engaged in the daily operations. This equals 23 FTE's as of 31 December 2023. The core competencies of the Group are possessed by these employees. Additional resources are purchased from public and private research institutions across Europe.

The German subsidiary Lifecare Laboratory GmbH ("LL") offers medical laboratory services focusing on clinical research and developments of medical devices. Other than this the Group has no sale of services to external customers and hence a limited complexity in terms of commercial operations.

Lifecare has defined the development by milestones and objectives. The Board has evaluated the strategies and risk profiles for the Company's business activities to enable Lifecare to create long-term and sustainable values for its shareholders. The Board of Directors performs annual evaluations of the objectives, strategies, and risk profiles.

Lifecare has not used any specific reporting standards or guidelines for Corporate social responsibility, Sustainability reporting and Ethical guidelines, other than the Code and this section of reporting of social and environmental considerations. In general, Lifecare's strategy and operations are focused on human welfare through our vision: "Changing lives through medical technology".

## 2.1. Corporate social responsibility

The Group has established anti-corruption & anti-bribery policies with procedures and standards in accordance with internal control policies for comparable businesses of similar size, complexity, and industry to fight corruption. The Group requires and expects its directors and employees to demonstrate high ethical standards in business and interpersonal relationships. Other principles followed are prevention through awareness-raising, limitation of opportunities, high detection risk of, and zero tolerance for corruption.



The Group has established its internal control policies and system in line with requirements within the activities that the Group operates. The quality control procedures are based on the relevant activities in relation to the different phases of operation and the development of procedures is thus a continuous and systematic process.

The Group is concerned with animal welfare, human- and labour rights, social issues, and sustainable development. The Group's management conducts regular performance reviews and internal evaluations, and the Group adapts

according to relevant legislation within the areas. The Group's subcontractors are mainly public and private European research institutions and service providers. Preclinical and clinical research is subject to strict government regulation of animal welfare, human rights, and social conditions in all the countries where the research and development work is carried out. The Group therefore considers that animal welfare, human rights, labour rights, and social issues are well taken care of, both internally and among its subcontractors.

## **2.2. Sustainable development**

Lifecare focuses its development of sensor technology for continuous monitoring of glucose and other body analytes. This vision and focus may directly contribute to one of the UN's seventeen sustainable development goals, goal #3: "Good health and well-being".

All international medical development is strictly regulated regarding animal welfare and high focus on safety and well-being for patients participating in clinical trials. Lifecare has internal routines securing that the Group and service providers comply with all relevant standard in these regards.

The Group's operations are of such character that they do not significantly affect the environment beyond normal course of business for a small MedTech company. Travelling, and the need for shipment of devices and materials, are identified as the activities with the most environmental impact. Group meetings and external meetings are evaluated for use of virtual meeting tools when appropriate, to limit travel to what is considered necessary from an operational perspective.

## **2.3. Ethical guidelines**

The Board of Directors and the management of Lifecare are dedicated to ensuring that the development and daily operations of the Group is value-based and performance oriented in compliance with laws and regulations. They will also maintain a high focus on ethics, integrity and HSE.

The Board of Directors and the management of Lifecare work to ensure that the Group's daily operations comprise work environment, interaction with different

stakeholders, intragroup transactions, employees' loyalty, conflicts of interest, confidentiality, environment, accounting, financial reporting, trading of Company shares as well as other employee activities in compliance with formal and non-formal ethical guidelines.

Deviations from the Code: None

## **3. Equity and dividends**

Lifecare's equity as of 31 December 2023 was NOK 54,936,092 million. The capital structure is regularly assessed considering the Company's objectives, strategy, and risk profile. The equity level is assessed as satisfactory per year-end 2023.

To date, the Company has not distributed any dividends, and this dividend policy will apply as long as Lifecare is in a research and development phase. The Board of Directors have no mandate to approve the distribution of dividend.

The Board of Directors was authorised by the Company's General Assembly in May 2023 to increase the share capital by share issue of up to 5.893.287 shares - up to 5% of the registered share capital of the Company, in connection with the Company's employee incentive program, and to issue up to 35.359.723 shares in connection with private placements by an amount up to 30% of the share capital of the Company. The authorisations are valid one year from the date of the resolution. Other than the above the Board of Directors has no general authorisation to issue shares.

Deviations from the Code: None

## **4. Equal treatment of shareholders**

Lifecare has only one class of shares and all shares have equal rights. Each share carries one vote. The Board of Directors and the management are committed to treat all shareholders equally. The Company had no transactions in own shares during 2023.

In October 2023 the Board resolved to issue new shares in a private placement initially waiving the pre-emptive rights of existing shareholders. The Board of Directors considered to initiate a subsequent repair offering.



However, taking into account that the Offer Price in the Private Placement represented a relatively small discount compared to the trading price of the Company's shares, the size of the Private Placement and the limited increase of the Company's share capital entailed by the Private Placement, and also the costs associated with a subsequent repair offering (including costs associated with the preparation of a prospectus), the Board of Directors concluded to not carry out a subsequent repair offering.

The Board's decisions related to the share issue and the considerations related to not initiate a subsequent repair offering was published at Euronext Oslo NewsWeb. The Board of Directors is of the opinion that the Private Placement as well as the decision to not initiate a subsequent repair offering was in compliance with legislation, recommendations and considerations to ensure equal treatment of the company's shareholders.

Deviations from the Code: None

##### **5. Shares and tradability**

The shares in Lifecare are freely tradable with no form of restriction. No restrictions regarding voting, ownership or tradability are placed on the shares in the Company's articles of association.

Deviations from the Code: None

##### **6. General Meetings**

The Board facilitates that as many shareholders as possible may exercise their rights by participating at the General Meeting either in person or via digital meeting-platforms. The General Meetings of Lifecare is an effective forum for both the views of shareholders and the Board.

The Chairman and the Chief Executive Officer (CEO) are present in person at the Annual General Meeting, along with representatives from the Nomination Committee.

The Board of Directors attend the General Meetings by video link or in person when this is considered necessary.

Lifecare's Articles of Associations authorize the Board to decide that voting at the General Meeting can be done by casting in advance, as well as via electronic communication. Shareholders who are unable to participate themselves may vote by proxy, and a person can also be appointed to vote for the shareholders as a proxy. The Board of Directors may decide that shareholders can submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting.

Notice of the meeting and relevant documents are distributed and made available on the company website minimum two weeks in advance of the meeting.

Recommendations from the Nomination Committee is made available on the Company's website no later than the 7th day before the meeting.

Notice of the meeting is sent to all shareholders individually, or to their depository banks, minimum two weeks in advance of the meeting.

The meeting notice includes information regarding shareholders' rights, guidelines for registering and voting at the meeting. The company provides information on the procedure for representation at the meeting through proxy, nominations of a person to vote on behalf of the shareholders and, to the extent possible, prepare a form which allows separate voting instructions for each matter (hereunder for individual candidates for appointment to the Group's governing bodies).

Due to practical reasons the Board of Directors have nominated the Chairman of the Board to act as chairman of the General Meeting, while ensuring that the participating shareholders – being in person, by video link



or represented by proxy - can nominate any alternative candidate as chairman of the General Meeting.

Deviations from the Code: None.

### 7. Nomination Committee

The requirement for a Nomination Committee is stated in article 9 of the articles of association. The duties of the Nomination Committee are described in the said article and further elaborated in the guidelines stipulated by the Company's General Meeting "Instructions for the Nomination Committee" (available on Lifecare's webpage). In short, they include the following: To propose candidates for election to the Board and to propose remuneration, as well as to propose members of the Nomination Committee and to propose remuneration for such.

The Nomination Committee shall consist of a chairperson and two members. The chairperson is elected by the General Meeting for two years at a time, while the members are elected for one year at a time. The remuneration to the members of the Nomination Committee is determined by the General Meeting.

The Nomination Committee shall ensure that shareholders' views are considered when qualified members are nominated to the governing bodies of Lifecare. Shareholders are encouraged to submit proposals to the Nomination Committee for candidates for election to the board of directors. Such proposals are recommended to be in writing with justification. The Nomination Committee can decide to fix a deadline for inputs to be considered by the Committee, and if so, the deadline will be communicated on the Company's website.

None of the Committee's members represent Lifecare's management or Board and they are all considered to be independent of daily management and the Board. The nomination committee currently consists of the

following three members: Marita Haugen (chairperson), Svein Milford and Trond Eidsnes. The current members have been elected by the general meeting with terms until the Company's ordinary general meeting in 2024. The Nomination Committee's contact details are available at Lifecare's website.

Deviations from the Code: None

### 8. Board of Directors, composition and independence

The Board is composed to ensure that the body can operate independently, attend the common interest for all shareholders and the Company's need for expertise, capacity, and diversity. The Board evaluates its own work annually, both as a whole to ensure effective functionality as a collegial body and individually per member of the Board.

The main shareholder of Lifecare, Teigland Eiendom AS, is represented in the Board by Trine Teigland.

In accordance with the Company's Articles of Associations the Board consists of 3 to 7 members according to the resolution of the General Meeting. The Chairman of the Board is elected by the General Meeting. All members of the Board are elected for two-year terms by the General Meeting. The Board of Directors is presented on the company website.

All board members are considered to be independent from the Company's day-to-day management, and material business connections, and no members of the Board are executive personnel of the Company. The composition of the Board is considered to ensure that the collegial body operates independently from any special interest. All board members are encouraged to be shareholders and their shareholdings are disclosed in the Annual Report.

Deviations from the Code: None

## 9. Work of the Board of Directors

The Board of Lifecare has issued instructions for its own work and for the CEO emphasizing clear internal allocation of responsibilities and duties providing rules on the Board's work and case handling, as well as the relationship between the Board and the management. The document "Instructions to the Board and the CEO" is available on the Company's website. These instructions are subject to annual revision by the Board.

The Board has the overall responsibility for the Company's management and to ensure that the operations are conducted in accordance with all relevant laws and regulations, as well as guidelines issued by the General Meeting or the Board. It is within the Board's responsibility to prepare and implement the Company's strategy, safeguard the Company's responsibility towards, and communication to, the shareholders, and to ensure that the Company is properly organized and financed.

It is the responsibility of the Board to ensure that the Company has a well-functioning internal control environment in accordance with the regulations that apply to its activities and to supervise daily management and activities of the company in general. In addition, the Board is responsible for appointment of Chief Executive Officer (CEO) and convening and preparing for general meetings. The objectives, responsibilities and functions of the Board of Directors and the CEO are in compliance with rules and standards applicable for the company.

The Board's instructions include regulations of conflicts of interest to ensure that no members of the Board or executive management participate in considerations or decision of an issue with special significance for his or her own or closely relative's part that leads to a prominent personal or financial interest in the case. Furthermore, the Board has issued guidelines for the Company's primary insiders as well as anti-bribery and anti-corruption policy. These guidelines and policies are made available on the Company's website.

The Board of Directors adopts an annual plan for its work. The CEO is responsible for keeping the Board of Directors informed about the company's activities, position and financial and operational developments. The Board

of Directors evaluates its performance and expertise annually and the evaluation is made available to the Nomination Committee.

Due to the Company's size and complexity the Board has decided to not implement an Audit Committee. The Company's Nomination Committee advice the General Meeting on remuneration for the members of the Board and the Nomination Committee. The Board and the CEO act as Remuneration Committee for executive personnel, except for remuneration matters for the CEO where the Board act as Remuneration Committee.

The Board evaluates its performance and expertise annually.

The Board conducted 8 meetings in 2023. Board members had the following attendance at these meetings:

> Morten Foros Krohnstad	8/8	100%
> Trine Teigland	8/8	100%
> Lutz Heinemann	8/8	100%
> Bo Petersson	6/8	75%
> Hans Johan Hekland	8/8	100%

Deviations from the Code: None

## 10. Risk management and internal control

It is the responsibility of the Board of Directors to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Significant risks include strategic risks, market risks, financial risks, liquidity risks and operational risks including risks related to development of products.

The Company's significant risk areas and internal control systems are assessed on an on-going basis and at least once a year by the Board of Directors. Please also refer to The Board of Directors' report, for a description of relevant risk factors.

Deviations from the Code: None



### 11. Remuneration of the Board of Directors

The General Meeting determines the remuneration to the Board of Directors based on a proposal from the Nomination Committee. Remuneration reflects the Board of Directors responsibility, expertise, time commitment and the business complexity. The remuneration is not linked to the Company's performance, and no share options are granted to members of the Board of Directors. Detailed information on the remuneration of the Board of Directors can be found in the Annual Report.

Board members, or companies to which they are connected, should not undertake separate assignments for the Group in addition to the Board appointment. If they nevertheless do, the whole Board is to be informed. Fees for such assignments are to be approved by the Board. If remuneration has been paid above the normal Board fee, this is to be specified in the annual report.

Deviations from the Code: None

### 12. Remuneration of executive personnel

Determination of salaries and other remuneration of the executive personnel in the Company is concluded on a case-by-case basis. Such determinations are based on clear and easily understandable principles with the purpose to contribute to the long terms interest of the company in combination with financial viability and commercial strategies.

On the basis of authorization from the General Meeting the Board has outlined a share purchase program for all employees in Lifecare and a share option program for the Company's executive and leading personnel.

The Company's share option program for executive and leading personnel is primarily performance related and linked to performance targets that influence the Company's long-term value creation interests. The Board

has taken great care when awarding options to the executive and leading personnel, with the overall aim to contribute to the Company's commercial strategy, long-term interests and financial viability. The Board considers its praxis in line with market standards and the interests of the shareholders and is consequently appropriate.

Deviations from the Code: None

### 13. Information and communication

The Company presents its financial statements in accordance with NRS, and procedures have been established to ensure compliance with NRS interim and annual reporting requirements. The Company's management, the Chief Executive Officer (CEO) and Financial Controller are responsible for preparing the financial statements, and annual and semi-annual financial reports are approved by the Board of Directors prior to publication. Lifecare reports in accordance with the rules in the Norwegian Securities Trading Act, as well as with the requirements specified by the Oslo Børs for companies with listed shares.

The Board has approved guidelines and procedures relating to the handling of insider information and trading in the company's shares.

The Company's guidelines for reporting of financial and other information are based on transparency and consider the requirement for equal treatment of all participants in the securities market. The Company is committed to report financial results and other relevant information on an accurate and timely basis. The Company publishes a financial calendar on an annual basis, including dates for release of interim and annual reports and dates for general meetings. Lifecare considers it important to inform shareholders about the Group's development and economic and financial status. Management members are available for discussions with



shareholders, other than through general meetings, to develop a balanced understanding of such shareholders' situation and focus, subject however to the provisions in legislation and regulations. The Chair of the Board ensures that shareholders' viewpoints are communicated to the whole Board.

Deviations from the Code: None

#### 14. Take-overs

The Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of Norwegian law and in accordance with the Code and all applicable principles for good corporate governance.

The Board of Directors will not hinder or obstruct takeover bids for Lifecare's activities or shares. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer. If a takeover offer is received, the Board will issue a statement with a recommendation as to whether shareholders should or should not accept the offer.

A transaction that in fact is a business disposal shall be approved by a General Meeting.

Deviations from the Code: None

#### 15. Auditor

RSM Norge AS (RSM) is the appointed auditor of Lifecare.

The auditor shall annually in writing confirm to the Board of Directors that he/she satisfies established requirements for independence and objectivity. The auditor participates at least one Board of Directors meeting per year, where he/she presents auditors plan for the audit, the assessment of the Company's internal

control and participate during the approval of the annual accounts.

The Board of Directors has established separate guidelines for use of non-audit services. Fees paid to the external auditor for audit and non-audit services are reported in the Company's Annual Report, which are, in turn, approved by the annual general meeting. The auditor is requested to participate at the annual general meeting for consideration of the annual financial statement.

Deviations from the Code: None

