



CESSATECH A/S
REPORTING ON THE RECOMMENDATIONS ON
CORPORATE GOVERNANCE FOR LISTED
GROWTH COMPANIES FROM
THE DANISH ASSOCIATION OF LISTED
GROWTH COMPANIES

Reporting on the recommendations on corporate governance from the Danish Association of listed Growth Companies for companies listed on a growth market

Company name: Cessatech A/S
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Financial year: 01/01-31/21.

Board of directors:

Adam Steensberg (Chairman)

Rachel Curtis Gravesen

Martin Olin

Flemming Steen Jensen

Charlotte Videbæk

Peter Birk

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Preamble

Cessatech A/S is a pivotal-stage biotech company with a unique focus on children's medicine

Cessatech A/S has started providing a status on its corporate governance on the company website in 2023, and will continue to develop this work. The status will be updated on a continuous basis and reviewed by the board of directors at least once a year.

The status is not audited.

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Recommendation	Company complies	The company's explanation and plans		
		Why	How	Plans
1. Interaction with the company's shareholders, investors, and other stakeholders				
1.1 The Committee recommends that the company adopts a strategy for the company's equity story, which shall be made available on the company's website.	X		The company's equity story is described in investor presentations available on the company website.	Plan to have as separate part on website
1.2. The Committee recommends that the company adopts and disclose a policy for the company's corporate social responsibility, i.e., how the company benefits its customers and the surrounding society.	Does not comply	Is it not a (legal) requirement for the company as of today due to its size. The company currently has 4 employees. The company collaborates with partners regarding development, all partners are based in Europe.		The company considers making a policy and disclose this.
1.3. The Committee recommends that management, through ongoing dialogue, ensures shareholders and other stakeholders' relevant insight into the company's affairs, and that the Board of Directors acquaints with and includes the shareholders' opinions in its work, so that the Board of Directors can best represent the shareholders' views.	X		The company informs the market according to relevant rules and legislation. The company further has a newsletter and also seek to participate at investor days and have an on-going investor dialogue.	

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1.4. The Committee recommends that the company's ongoing news flow is consistent and easy to assess, including that the individual news shows how news in company announcements fits into the strategy and affects value creation.	X		The company news flow is published according to relevant rules and is made accessible at the company website as well at social media when relevant. In the information is it also described if it is relevant for the value creation.	
1.5. The Committee recommends that the company adopts a communication strategy for the publication of information via company announcements, press releases, etc. as well as for communication via social media, chat rooms etc.	x		The company has an internal information disclosure policy	
1.6. The Committee recommends that the company publish quarterly reports or, alternatively, quarterly updates, including mention of developments in the most important financial conditions (value-impacting factors).	x		The company reports updates to the market on a quarterly basis.	
1.7. The Committee recommends that the company prepare profit guidance and that the guidance include the coming financial year.	Does not comply	The company is a biotech company, and has not provided a profit guidance. The company is reporting internally		The company considers if this can be relevant going forward.

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		regarding guidance on profit/loss. The company is reporting to the market regarding potential future capital needs according to the relevant rules.		
1.8. The Committee recommends that the company strive for the greatest possible transparency on ownership structure, management constraints and lock-up periods. Regarding the ownership structure, it is recommended to provide clear information about shareholders' stated ownership shares (e.g., the information registered by the company with the Danish Business Authority) on the company's website, in addition to any information about ownership that major shareholders have consented to be disclosed on the company's website.	x		<p>The company displays a list of the largest shareholders at the company website (via an API).</p> <p>The company also describes the managements ownership and warrants as well as any lock ups on the company website.</p>	
1.9. The Committee recommends that if persons related to founders, majority shareholders, board members and members of the executive management are employed by the company, the Board of Directors must keep a list of these relationships and at least once a year assess whether it is still	x		A list is kept with any related employed parties. The board once a year assess this list and the relevance of potential employments.	

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appropriate to maintain the employment relationships of the related parties.				
2. The duties and responsibilities of the Board of Directors				
2.1. The Committee recommends that the Board of Directors be composed of competent board members with relevant experience for the individual company (e.g., experience from a listed company, experience with internationalisation, business development, financial matters, etc.) and that the board's overall competence cover the company's needs.	x			
2.2. The Committee recommends that the chairman of the Board of Directors be independent and/or that at least half of the board members elected by the General Meeting are independent, so that the Board of Directors can act independently of special interests.	x		The Chairman is independent.	Next (display that each BoD is independent)
2.3. The Committee recommends that members of the executive management should not be included as part of the Board of Directors.	x			

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2.4. The Committee recommends that the Board of Directors carry out a board evaluation once a year and that it, among other things, conducts a board evaluation, focuses on the recommendations on the board's work, efficiency, composition and organization.	x		The board has an annual evaluation of its work.	
2.5. The Committee recommends that the Board of Directors at least once a year evaluates the work and results of the executive management in accordance with pre-established criteria, and that the chairman subsequently reviews this with the executive management.	x		The board evaluates the work of the management on a continuous basis and has a formal review of the management based on pre-established targets 2-4 times a year.	
2.6. The Committee recommends that the Board of Directors prepare a budget for profit and cash flow, including a liquidity plan with sufficient liquidity buffer for the next 12 months.	x		This is part of the requirement from the accountant.	
2.7. The Committee recommends that the Board of Directors continuously assess the company's capital structure and capital needs and evaluate the financing structure and opportunities, while retaining existing and	x		This is a standing item on the agenda on all board meetings.	

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attracting new shareholders in order to achieve the desired shareholder structure.				
2.8. The Committee recommends that the company has a contingency procedure for takeover attempts that contains a "roadmap" for the matters that the Board of Directors should consider and decide on if a takeover bid has been made or the Board of Directors has a reasonable suspicion that a takeover bid may be made. This is particularly relevant if the market value of the company's shares is significantly below the company's own valuation of the company's value.	Does not comply	The board has of now not made a procedure with a roadmap. The company is listed on Spotlight Stock Market and shall follow the requirements and steps described in the issued rules regarding take over attempts: Takeover rules		The company considers if there is a need for an additional policy.
2.9. The Committee recommends that the Board of Directors approves a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management report and/or on the company's website.	Does not comply	The company does not have policies regarding CSR and related aspects. (see above 1.2)		The company considers the need of a policy.
2.10. The Committee recommends that the board prepares an annual wheel in which the individual responsibilities are incorporated and that the annual wheel is evaluated annually.	x			

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2.11. The Committee recommends that the Board of Directors at least once a year evaluates the ongoing reporting and decides on the content, format and frequency.	(x)	This is evaluated on a continuous basis, there is however no formal procedure.		
3. Remuneration of management				
3.1. The Committee recommends that share-based incentive programs be market-compliant, including that they are revolving, i.e., with periodic allocation, and are primarily long-term with an accrual or maturation period of at least three years.	x			
3.2. The Committee recommends that the variable part of the remuneration has a ceiling at the time of award and that there is transparency about the potential value at the time of utilization under respectively, pessimistic, expected and optimistic scenarios.	x			
3.3. The Committee recommends that the company prepares a remuneration policy, that the remuneration policy is market-compliant and that the variable part of the remuneration is linked to the most important value-creating	x			

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conditions for the company, including relevant financial conditions and ESG key figures.				
3.4. The Committee recommends that the total value of the executive management's remuneration for the notice period, including severance pay, is market-compliant and does not exceed two years' remuneration including all remuneration shares.	x			
3.5. In order to align the risk profile of the Board of Directors with that of shareholders and to attract qualified board competencies, the Committee recommends that variable remuneration in the form of long-term incentive programmes be considered as an element of the Board of Directors' total remuneration.	x			
3.6. The Committee recommends that the annual report should include transparency regarding executive and board remuneration, including the size and possible dilution effect of incentive programs.	x			The company considers the structure and to describe future dilution related to warrants more clearly.
4. Risk management				

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4.1. The Committee recommends that the Board of Directors consider, based on the company's strategy and business models, the most important strategic, operational, and financial risks (e.g., the company's financial leverage and interest rate and foreign exchange risks).	(x)	This is identified and listed, the work with this could be more systematic.		The company considers a way to work with this more systematically.
4.2. In order to reduce the company's cost of capital, the Committee recommends that the company explain in the management report the principal risks and the company's risk management and provide sensitivity analyses for the most important risk conditions.	Does not comply	<p>The company has due to its size and activity not included this in the management report historically.</p> <p>The company has reported on this in relation to the capital raises carried out by the company.</p>		The company considers to include these aspects in the reporting going forward.