

CORPORATE GOVERNANCE REPORT 2023

HAKI Safety, formerly Midway Holding, is a Swedish public limited liability company listed on Nasdaq Stockholm, Small Cap, which complies with Nasdaq Stockholm's rules for issuers.

HAKI Safety also applies the Swedish Code of Corporate Governance (the Code), which is available at www.bolagsstyrning.se, where the Swedish model for corporate governance is also described.

The auditor's review has been conducted in accordance with FAR's standard Auditor's examination of the corporate governance report.

Compliance with the Swedish corporate governance code

HAKI Safety deviates on one point from the Code, in the section on the composition of the Nomination Committee. The explanation for this discrepancy is given in the text.

Compliance with applicable exchange trading rules

There were no breaches of applicable stock exchange rules in 2023. HAKI Safety's operations have been conducted in accordance with good stock market practice.

Shares and shareholders

As of December 31, 2023, the share capital amounted to SEK 273,291,360 divided into 27,329,136 shares, of which 9,584,697 A shares and 17,744,439 B shares, each with a quota value of SEK 10. Class A shares carry ten votes each and Class B shares carry one vote each.

At the end of 2023, HAKI Safety had 4,015 shareholders (4,026). The two largest shareholders were Tibia Konsult AB and Marknadspotential AB with 53.5 and 29.1 percent of the votes respectively. Tibia Konsult AB is represented by Anders Bergstrand and Marknadspotential AB is represented by Svante Nilo Bengtsson in the HAKI Safety Board.

For more information about the HAKI Safety share and the largest shareholders, see pages 11-12.

Key events in 2023

Midway Holding Aktiebolag's name was changed to HAKI Safety AB on December 20, 2023, following the Extraordinary General Meeting's decision and the Swedish Companies Registration Office's registration of the new name, and Nasdaq Stockholm's registration of the new ticker on the stock exchange.

The purpose of the name change was to clarify the company's strategic shift from a conglomerate to today's industrial group, focusing on safety products and solutions that create safe working conditions at temporary workplaces.

Articles of association

The current Articles of Association can be found at www.hakisafety.com.

The Articles of Association were last amended with the Extraordinary General Meeting's decision to change the name of the Group when the provision on company name (§ 1) became: "The company name shall be HAKI Safety AB. The company is public (publ)."

General meetings 2023

Shareholders' influence is exercised at the Annual General Meeting, which is HAKI Safety's highest decision-making body. At the Annual General Meeting, shareholders exercise their voting rights on key issues such as the adoption of the income statement and balance sheet, the appropriation of the company's profit or loss, the discharge of the members of the Board of Directors and the CEO, the election of the Board of Directors and the auditor, and the remuneration of the Board of Directors and the auditor.

HAKI Safety's 2023 Annual General Meeting took place on April 25 in Malmö. According to the voting list, approximately 83 percent of the votes in HAKI Safety were represented at the meeting.

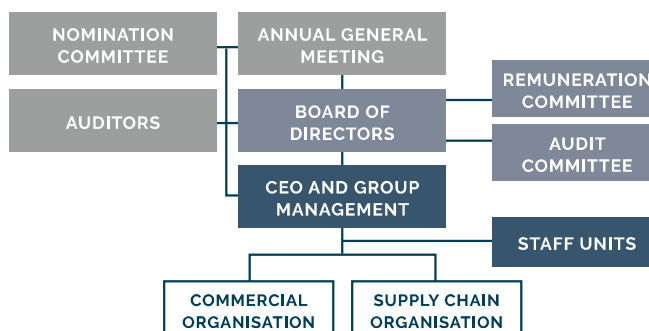
An Extraordinary General Meeting was held on December 12, 2023. According to the voting list, approximately 84 percent of the votes in HAKI Safety were represented at the meeting. The meeting decided to change the name of Midway Holding Aktiebolag to HAKI Safety AB.

Full minutes and information on the meetings are available at www.hakisafety.com.

Annual General Meeting 2024

HAKI Safety's 2024 Annual General Meeting will take place on April 22, 2024, in Malmö. The notice will be published through an announcement in Post- och Inrikes Tidningar, a press release and on www.hakisafety.com. The notice will also be advertised in Svenska Dagbladet.

CORPORATE GOVERNANCE



Nomination Committee for the 2024 Annual General Meeting

The Nomination Committee represents the company's shareholders and nominates the members of the Board of Directors, the Chairman of the Board and the auditor and proposes their remuneration.

As decided by the 2023 Annual General Meeting, HAKI Safety has a Nomination Committee consisting of Jan Bengtsson, Anders Bergstrand and Johnas Lindblom. The Nomination Committee has the tasks set out in the Code. The Nomination Committee's proposal to the 2024 Annual General Meeting will be published in the notice to the Annual General Meeting and on HAKI Safety's website.

With regard to the composition of the Board of Directors, the former and current Nomination Committee has applied point 4.1 of the Code as a diversity policy and its objectives, which resulted in the Nomination Committee's proposal to the 2023 Annual General Meeting for the election of the Board of Directors. The Nomination Committee considered that the proposed Board had an appropriate composition in terms of competence, experience and background, given the company's current situation and its strategic development going forward.

The composition of the Nomination Committee deviates from the Code's requirement that a majority of the members of the Nomination Committee shall be independent in relation to the company and Group management.

Anders Bergstrand is considered dependent in relation to the company because he is a member of the Board of Directors of the company. Jan Bengtsson is also considered to have such a position of dependence in light of the fact that he was previously a Board member of the company, and that his son, Svante Nilo Bengtsson, is a Board member of HAKI Safety.

The reason for the deviation is that it is natural for the company's two largest shareholders to be represented on the Nomination Committee as they nevertheless have a decisive influence on the composition of the Nomination Committee through their majority of votes at the Annual General Meeting.

Auditor 2023

The Annual General Meeting appoints an auditor who examines the

Annual Report, accounts and consolidated accounts, the management of the Board of Directors and the CEO, and the Annual Report and accounts of subsidiaries, and issues an audit report.

At the 2023 Annual General Meeting, the registered auditing firm Deloitte AB was re-elected as auditors for a period of one year. Richard Peters, an authorised public accountant, is chief auditor. For specification of remuneration to the auditor, see note 7.

The Board of Directors and its work in 2023

The Board of Directors is ultimately responsible for the organisation and management of the company. According to the articles of association, the Board of Directors of HAKI Safety shall consist of at least three and no more than seven members with the number of deputies, but no more than three, as decided by the Annual General Meeting.

Since the 2023 Annual General Meeting, the Board has consisted of five members, with no deputies. The composition of the Board meets the Code's requirements for independent members. None of the Board members are employed by HAKI Safety. The proportion of women on the Board is 40 percent. The members of the Board have long and varied experience from several different businesses, both Swedish and international. Members represent both technical and commercial expertise. For a presentation of the Board, see page 68.

The Board monitors activities through its work, monthly reporting and informal contacts between meetings. The Chairman of the Board represents the Board both externally and internally. The Chairman leads the work of the Board and ensures that the Board performs its duties. The CEO is responsible for day-to-day management in accordance with the guidelines and instructions issued by the Board of Directors.

Evaluation of the Board of Directors and the CEO

The Chairman of the Board initiates an annual evaluation of the Board's work. The purpose of the evaluation is to understand the views of Board members on how Board work is carried out and what measures can be taken to make Board work more effective. The aim is also to get an idea of what kind of issues the Board considers should be given more time and in which areas additional expertise may be needed in the Board.

The evaluation for 2023 was carried out by having each Board member answer a questionnaire. The results of the evaluation have been discussed by the Board and reported by the Chairman of the Board to the Nomination Committee. The Board of Directors continuously evaluates the performance of the CEO by monitoring the progress of the activities towards the objectives set.

The work of the Board of Directors 2023

The Board shall hold at least five ordinary meetings per financial year and work according to established rules of procedure. Before Board meetings, members receive written material on the issues to be discussed at the meeting. In 2023, the Board held eight minuted meetings. All members have attended all Board meetings.

Much of the Board's time in 2023 was devoted to the Group's strategic direction and to the financial reports presented at each regular Board meeting. The company's auditor has reported his observations in connection with the audit at a Board meeting. The Board also met with the company's auditors on one occasion without the presence of members of Group management.

Management Committee

Audit Committee

The Board has appointed an Audit Committee consisting of Anna Söderblom, who chairs the committee, and Lennart Pihl. The Group's CFO attends the meetings, as well as other employees and the company's auditor, if necessary. The Committee held five minuted meetings during the year, in addition to regular contacts by telephone and e-mail. Both Anna Söderblom and Lennart Pihl attended all meetings. The Group's auditors attended two meetings.

The Audit Committee has both an advisory and a preparatory function for decision-making matters before processing and decisions are made by HAKI Safety's Board of Directors.

The overall tasks of the Audit Committee include, being responsible for the preparation of the financial reporting, informing itself of the focus and scope of the audit and establishing guidelines for which services other than auditing that the company may procure from the company's

auditor, and assisting the Nomination Committee with proposals for the election of the auditor. It also deals with issues related to internal control, risks and sustainability.

Remuneration Committee

The Board has appointed a Remuneration Committee consisting of Lennart Pihl, who chairs the committee, and Anders Bergstrand. The Committee held two minuted meetings during the year. Both Lennart Pihl and Anders Bergstrand attended all meetings.

The Remuneration Committee has both an advisory and a preparatory function for decision-making matters before processing and decisions are made by HAKI Safety's Board of Directors.

The main tasks of the Remuneration Committee are to prepare issues regarding remuneration principles, remuneration and other terms of employment for the Group management and to monitor and evaluate the application of the guidelines and remuneration to senior executives decided by the Annual General Meeting.

CEO and management

The Board appoints the CEO and establishes instructions for his/her work. The CEO is responsible for the day-to-day operations of the company. The CEO, together with the Chairman of the Board, ensures that the Board receives the information necessary to make informed decisions.

Sverker Lindberg has been Chief Executive Officer since September 1, 2016. He is assisted by a Group management team of four people. The proportion of women in Group management is 40 percent. For a presentation of the Group management, see page 6g.

The Group management meets every month. The meetings focus on the Group's strategic and operational development and performance monitoring. In addition, several reviews and regular reconciliations with the operational activities are carried out according to an established meeting schedule.

The operational organisation consists of a commercial organisation supported by a supply chain organisation. In addition to sales, commer-

cial activities include innovation, technical support, customer support and marketing. The supply chain includes functions such as production, logistics, procurement, development and quality, health, safety and environment (QHSE).

Remuneration

Remuneration to the Board of Directors

The 2023 Annual General Meeting set the Board's remuneration at SEK 1,030,000 to be distributed with SEK 375,000 to the Chairman of the Board, SEK 100,000 to Anders Bergstrand and SEK 175,000 each to the other Board members. In addition, it was decided to pay a fee of SEK 30,000 to the Chairman of the Audit Committee.

Remuneration to the management

Remuneration to the management is based on the guidelines for remuneration and other terms of employment for Group management adopted by the Annual General Meeting. The CEO's remuneration is decided within this framework by the Board of Directors. The remuneration of other members of Group management is decided by the CEO and reported to the Board. The Board's guidelines for remuneration and other terms of employment for Group management were adopted at the 2021 Annual General Meeting.

The Board of Directors presents a separate Remuneration Report to the Annual General Meeting, that provides a comprehensive picture of the remuneration, including benefits, paid or due to the CEO. Variable remuneration shall be linked to predetermined and measurable criteria, designed to promote the company's long-term value creation.

Internal control over financial reporting

The main objectives of HAKI Safety's internal control are that it is appropriate and effective, provides reliable reports and complies with laws and regulations.

The Board has assessed that the current internal control process is sufficient from a corporate governance perspective and that there is no need for an internal audit function.

Control environment

A good control environment is based on an organisation with clear decision-making channels and a corporate culture with shared values and individual awareness of their role in maintaining good internal control. Effective governance is the basis for good internal control. The Board of Directors is ultimately responsible for internal control over financial reporting and annually approves a number of governance documents to support the Board and Group management in acting in a manner that promotes proper and thorough internal control and risk management.

The Board of Directors' rules of procedure and instructions for the CEO ensure a clear division of roles and responsibilities to ensure effective management of business risks.

The Board has also adopted authorisation instructions and a financial policy. The company also has a financial manual, which contains principles, guidelines and processes for accounting and financial reporting. In addition, the Board of Directors has established an Audit Committee whose main task is to monitor the company's financial reporting, evaluate the effectiveness of internal controls and annually evaluate the need for an internal audit function as well as risk management and the impartiality of the auditors. The Board has also established a number of basic guidelines for investments and the Group's financing.

Risk assessment

Risk is defined as the uncertainty of whether an event will occur and its effect on an entity's ability to achieve its business objectives over a given period of time. Risk assessment and risk management are key components of internal control for which the Board of Directors has ultimate responsibility. The risk assessment is regularly performed by management for discussion by the Audit Committee and the Board of Directors in accordance with established principles. The focus is on material income statement and balance sheet items, which are relatively higher risk due to their complexity or where the impact of any errors is likely to be significant, as the values of the transactions are substantial.

In addition, external risks that could have a significant impact on the company's operations are evaluated.

The risk matrix and action plans for managing the key risks have been adopted by the Board of Directors. Control activities aimed at continuously preventing, detecting and correcting errors and deviations have been implemented and reported to the Audit Committee and the Board of Directors. Suggestions for improvements are identified and implemented on an ongoing basis. For a description of risks and other risk management, see pages 23-24 and note 19.

Control activities

Financial controls in the companies' business processes include approval of business transactions, reconciliation with external counterparties, monitoring of risk exposure, account reconciliation, monthly performance monitoring and analytical monitoring of decisions. HAKI Safety's financial reports are analysed and validated within the company's finance function and regular analyses are made of the subsidiaries' financial reporting.

Information and communication

Significant guidelines, manuals, etc. governing financial reporting are updated and communicated regularly to the relevant personnel within the Group. There are both formal and informal information channels to the Group management and the Board of Directors for essential information from employees.

To ensure that external information is correct and complete and communicated to the market in a timely manner, HAKI Safety has an information policy adopted by the Board of Directors. HAKI Safety has an established whistleblower system, which is available to all employees in the Group and guarantees anonymity. The whistleblower system is also available on the company's website and can thus also be used by external persons.

Monitoring

HAKI Safety's Board and management continuously monitor the quality of the financial reporting. HAKI Safety's financial position is discussed at each Board meeting, where the Board receives reports on the development of the business. The Board reviews and approves all interim reports before publication.

The external auditors report their review of internal control to the Board of Directors once a year, in connection with the reporting of the financial statement audit. Group management is responsible for informing all employees that control responsibilities are to be taken very seriously and that financial reporting is done on a group-wide system for all entities and according to common formats.