

CORPORATE GOVERNANCE REPORT

The corporate governance report for Edgeware (the company) is presented below, and has been reviewed by the company's auditor. The report describes the division of responsibilities within Edgeware and also how the company's three decision-making bodies, the annual general meeting, board of directors and CEO, operate and interact.

APPLICATION OF SWEDISH CODE OF CORPORATE GOVERNANCE

Edgeware AB (publ) is a public Swedish stock corporation which is primarily governed by the following regulations:

- The Swedish Companies Act
- The Rule Book for Issuers Nasdaq Stockholm
- Edgeware's own articles of association and
- The Swedish Corporate Governance Code (the Code).

The Code applies to all Swedish companies with shares listed on a regulated market in Sweden. However, the company is not obliged to comply with every rule in the Code, as the Code itself provides for the possibility to deviate from the rules, provided that all deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (the so-called "comply or explain principle").

Edgeware has no deviations from the Code to report in the corporate governance report for 2017.

ARTICLES OF ASSOCIATION

The current articles of association were adopted on 28 November 2016. As specified in the articles of association, the company's business is to, directly or indirectly, conduct development and sales of electronic systems for network applications and any other activities compatible therewith.

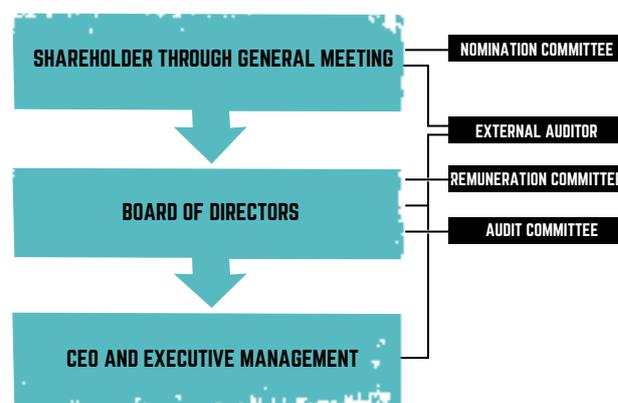
The articles of association establish, inter alia, the rights of shareholders, the number of members of the board of directors and auditors, that the annual general meeting is to be held once a year within six

months of the end of the financial year, how notice of the annual general meeting is to take place and that the company's registered office is in Stockholm. The current articles of association are available on Edgeware's website: www.edgeware.tv

OWNERS

For information about the ownership structure and the largest owners, refer to pages 38-39.

CORPORATE GOVERNANCE ANNUAL GENERAL MEETING



According to the Swedish Companies Act (2005:551), the Annual General Meeting (AGM) is the company's highest decision-making body. At the AGM, all shareholders have the right to exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the company's profit, discharge from liability of board members and the CEO, election of board members and auditors, and remuneration of the board and auditors.

Shareholders who wish to participate in the AGM must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the AGM, and notify the company of their intention to participate no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the AGM in person or by proxy and may also be accompanied by a maximum of two persons. Shareholders can usually register for shareholders' meetings in several different ways, stated more specifically in the notice of the meeting. Shareholders are entitled to

vote for all shares held by the shareholder.

In addition to the AGM, the company may convene extraordinary shareholders' meetings. Shareholders' meetings are to be held in Stockholm and notice of shareholders' meetings shall be published in the Swedish Official Gazette and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

At the AGM for 2017, which was held on 12 April, Michael Ruffolo was elected as chairman of the board and Staffan Helgesson, Sigrun Hjelmquist, Jason Pinto, Karl Thedéen and Kent Sander as members of the board.

NOMINATION COMMITTEE

According to the Code, the company must have a nomination committee tasked with submitting proposals regarding the chair of general meetings, board member candidates (including the chairman), fees and other remuneration for each board member and remuneration for committee work, the election and remuneration of external auditors, and proposals for membership of the nomination committee for the next AGM.

At the extraordinary shareholders' meeting held on 12 April 2017, the meeting resolved that the nomination committee for the 2018 AGM should consist of representatives of the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden as of 31 August 2017, together with the chairman of the board, or another person appointed by the board who has good knowledge of Swedish corporate governance, who will also convene the first meeting of the nomination committee.

The member representing the largest shareholder is to be appointed chairman of the nomination committee, unless the nomination committee unanimously appoints someone else.

If one or more of the shareholders that appointed representatives to the nomination committee is no longer among the three largest shareholders earlier than three months before the AGM, representatives appointed by these shareholders shall withdraw and the shareholder that thereafter becomes one of the three largest shareholders can appoint their representatives. If a representative withdraws from the nomination committee before the nomination committee's work is completed and the nomination committee considers

it necessary to replace him or her, such a replacement representative shall represent the same shareholder or, if the shareholder is no longer one of the largest shareholders, the largest shareholder in order.

Changes in the composition of the nomination committee must be announced immediately. The composition of the nomination committee for the 2018 AGM is normally to be announced no later than six months before the meeting.

No remuneration is to be paid to the representatives on the nomination committee. Edgeware is to pay any expenses that the nomination committee may incur in its work.

The term of office for the nomination committee ends when the composition of the subsequent nomination committee has been announced.

On 3 November 2017, the appointment of the nomination committee in Edgeware was announced and consisted of representatives of the three largest shareholders at 31 August 2017: Amadeus Capital Partners (23.1%), Creandum (18.8%) and Swedbank Robur Fonder (8.7%). The owners are represented by Kent Sander, Daniel Blomquist and Annika Andersson, in addition to the chairman of the board Michael Ruffolo. Daniel Blomquist was appointed chairman of the nomination committee.

BOARD OF DIRECTORS

The board of directors is the company's highest decision-making body after the AGM. In accordance with the Swedish Companies Act, the board is responsible for the management and organisation of the company, which means that the board is responsible for establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating the company's financial position and performance, and evaluating executive management, among other tasks.

The board is also responsible for ensuring that the annual report and interim reports are prepared on time. Moreover, the board of directors appoints the CEO. Members of the board are normally appointed by the AGM for the period until the end of the next AGM.

According to the company's articles of association, the members of the board elected by the shareholders' meeting should number no fewer than three and no

more than ten and have no deputy members. According to the Code, the chairman of the board is to be elected by the AGM 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 organised.

The board of directors applies written rules of procedure, which are revised annually and adopted by the statutory board meeting every year. The rules of procedure govern, inter alia, the practices of the board of directors and the functions and the division of work between the members of the board and the CEO as well as between the board of directors and its committees. At the statutory board meeting, the board also adopts instructions for the CEO, including instructions for financial reporting.

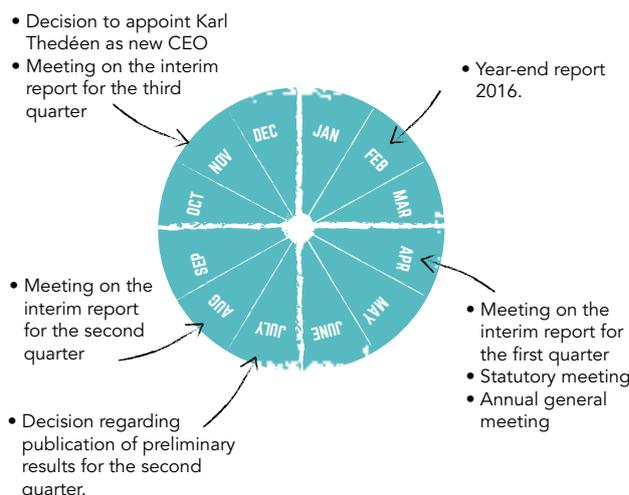
The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next scheduled board meeting. Besides the board meetings, the chairman of the board and the CEO continuously discuss the management of the company.

ANNUAL CYCLE FOR BOARD MEETINGS IN 2017

In 2017, the company's board of directors consisted of six ordinary members elected by the shareholders' meeting, who are presented in section "Board of directors and executive management" and on Edgware's website: <https://corporate.edgware.tv/>

During 2017, the board of directors held 13 meetings, one (one) of which was a statutory meeting. Discussions by the board of directors in 2017 included:

11 January	Decision regarding allotment relating to the warrants programme 2016.
19 February	Year-end report 2016.
10 March	Decision on notice of AGM.
12 April	Statutory meeting.
3 May	Interim report January-March 2017.
7 July	Decision regarding publication of preliminary results for April-June 2017.
2 August	Interim report April-June 2017.
1 November	Interim report July-September 2017.
13 November	Decision to appoint Karl Thedéen as new CEO of the company to take office in February 2018.



Remuneration of the board of directors is reported in the section Remuneration and guidelines for remuneration in this corporate governance report.

BOARD COMMITTEES

The board of directors has established two committees within its ranks: An audit and a remuneration committee.

AUDIT COMMITTEE

According to the Code, the board of directors shall establish an audit committee comprising at least three board members.

Edgware has an audit committee consisting of three members: Karl Thedéen (chairman), Staffan Helgesson and Sigrun Hjelmqvist. Without affecting the other responsibilities and tasks of the board, the audit committee is to monitor the company's financial reporting, monitor the effectiveness of the company's internal control, internal audit and risk management, keep itself informed of the audit of the annual accounts and the consolidated accounts, examine and monitor the auditor's impartiality and independence, paying special attention to whether the auditor provides the company services other than auditing services, and assist in the preparation of proposals on the AGM's election of auditors. During 2017, four (4) meetings were held: on 6 February, 20 April, 27 July and 26 October.

REMUNERATION COMMITTEE

Edgware has a remuneration committee consisting of three members: Kent Sander (chairman), Michael Ruffolo and Jason Pinto. The remuneration committee is to prepare matters concerning the remuneration principles, remuneration and other employment terms

for the CEO and executive management. During 2017, three (3) meetings were held: on 16 February, 1 November and 15 November.

CEO AND EXECUTIVE MANAGEMENT

The CEO is subordinated to the board of directors and is responsible for the everyday management and operations of the company in accordance with the Swedish Companies Act, other laws, regulations, current laws for listed companies including the Code and current instructions for the CEO and other instructions and strategies determined by the board of directors.

The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and in the CEO's instructions.

The CEO is also responsible for preparing reports and compiling information from management prior to board meetings and for presenting the material at the board meetings. According to the instructions for financial reporting, the CEO is responsible for financial reporting in the company and as such is to ensure that the board receives adequate information to be able to evaluate the company's financial position.

The CEO is to continuously keep the board informed of the development of the company's business, the sales trend, the company's financial position and performance, the liquidity and credit situation, important business events and any other event, circumstance or condition that can be assumed to be of material significance to the company's shareholders.

BOARD ATTENDANCE

During the year, the board members attended board and committee meetings in the following extent

Board member	No. of board meeting	Attendance, %	No. of committee meetings	Attendance, %
Michael Ruffolo	13	100	3 ¹⁾	100
Jason Pinto	13	100	3 ²⁾	100
Staffan Helgesson	12	92	4 ³⁾	100
Lukas Holm ⁴⁾	4	80	–	–
Karl Thedéen	12	92	4 ⁵⁾	100
Sigrun Hjelmqvist	13	100	4 ⁶⁾	100
Kent Sander	12	92	3 ⁷⁾	100

1) Remuneration committee 2) Remuneration committee 3) Audit committee 4) Lukas Holm stepped down from the board in connection with the AGM held on 12 April 2017 5) Audit committee 6) Audit committee 7) Remuneration committee

The CEO and executive management are presented in section "Board of directors and executive management" in the 2017 annual report on Edgeware's website: <https://corporate.edgeware.tv/>

REMUNERATION AND GUIDELINES FOR REMUNERATION

Fees and other remuneration to the members of the board, including the chairman, are resolved by the shareholders' meeting. The AGM held on 12 April 2017 resolved that director fees would be payable in an amount of SEK 1,450,000, whereby the chairman of the board would receive SEK 500,000 and each other Board member would receive SEK 175,000. It was also resolved that fees for committee work on the audit committee would be payable in a maximum amount of SEK 60,000, of which SEK 30,000 to the chairman of the committee and SEK 15,000 to each of the two other members. It was resolved that fees for committee work on the remuneration committee would be payable in the amount of SEK 15,000 to the chairman of the committee. The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board. Fees received for 2017 are recognised in Note 12.

The AGM held on 12 April 2017 adopted guidelines for remuneration to the CEO and other executive management.

The remuneration of the executive management shall consist of fixed salary, variable remuneration, long-term share-based or share-related incentive plans (LTI) and pension provisions.

The total remuneration shall be based on market terms, be competitive, well balanced and not wage leading as well as contribute to good ethics and company culture. Fixed salary is to be based on the executive management's competence and area of responsibility, be individual and is normally to be reviewed every year.

Executive management may also be granted customary non-monetary benefits, such benefits shall however not constitute a material part of the total remuneration. The vesting period for the LTI programme must be at least three years. The LTI programme shall be based on shares or share related securities. The LTI shall ensure long-term incentives linked to Edgware's development. Every share-based LTI requires approval of the shareholders before implementation.

Pension benefits are to be premium based and constitute 4.5 percent of the pension-qualifying salary up to 7.5 income base amounts and 30 percent on any excess amount. The board of directors is to be entitled to deviate from the guidelines if there is special reason to do so in an individual case.

CURRENT EMPLOYMENT AGREEMENTS FOR THE CEO AND EXECUTIVE MANAGEMENT

Decisions regarding the current levels of remuneration and other terms of employment for the CEO and executive management have been made by the board. Refer to Note 12 for an overview of remuneration of the CEO and executive management for the 2017 financial year.

Pensions for the CEO and executive management follow the same guidelines as for other employed personnel. For pension provisions or similar benefits, see Note 12.

A mutual period of notice of six months applies for the CEO and the company. For executive management residing in Sweden, a period of notice of one to three months applies for the employee and the employer. For the employer, the period of notice according to the Swedish Employment Protection Act (1982:80) applies in the majority of cases, which means the actual period of notice for executive management is longer than three months.

The CEO is entitled to severance pay amounting to six months' salary upon dismissal by the company.

Except for the CEO, no employees are entitled to severance pay.

During 2016, the company entered into a consultancy agreement with Gunilla Wikman, IR Manager, through a company owned by Gunilla Wikman. The agreement runs up to and including the twelfth month after the first day of trading in the company's share on Nasdaq Stockholm and constitutes part-time work with an estimated workload of approximately 25–80 percent of full-time employment during the period.

During 2016, the company also entered into a consultancy agreement with Richard Brandon, CMO, through a company owned by Richard Brandon. The agreement constitutes part-time work of four days per week, or 80 percent of full-time employment, and runs up to and including June 2017 and is automatically renewed by six-month periods.

INTERNAL CONTROL

The board of directors and the board's audit committee are responsible for internal control. At the Group level, the CEO, along with the Group's finance department, Head of Legal and the CFO, is responsible for every legal entity for ensuring that the necessary controls are conducted together with adequate monitoring.

Internal control comprises the control of the company's and the Group's organisation, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the company's and the Group's financial reporting is prepared in accordance with law and applicable accounting standards, the company's assets are protected and that other requirements are fulfilled. The system for internal control is also intended to monitor compliance with the company's and the Group's policies, principles and instructions. Internal control also comprises risk analysis and follow-up of incorporating information and business systems.

INTERNAL CONTROL OF FINANCIAL REPORTING 2017

The board of directors is responsible for internal auditing in accordance with the Swedish Companies Act and the Code. The Annual Accounts Act states that the corporate governance report is to include information regarding the most important aspects of a company's system for internal control and risk management in connection with financial reporting.

To date, Edgeware has found no reason to establish a separate function for internal audit as the company is still relatively small. Internal control is therefore carried out by the board's audit committee and by the board of directors itself.

EXTERNAL REPORTING

The board of directors monitors and evaluates the quality assurance of financial reporting through interim reports on the company's business development and earnings trend and by addressing the Group's financial situation at each scheduled board meeting. The company's auditor is present at two audit committee meetings per year, when the result of the audited year-end accounts and the third quarter accounts are presented. On these occasions, any changes to accounting policies relevant to the company are also presented. In connection with the review of the year-end accounts, the board meets the company's auditor without the presence of executive management.

The internal system for reporting and control is built around annual financial planning, interim reporting and daily follow-up of business-related performance measures in order to facilitate external reporting and risk management.

The Group's legal and financial functions control and monitor the accuracy of reporting and compliance with internal and external regulations. In addition to compliance with laws and regulations, the functions also control compliance with internal rules and guidelines for the tasks of the financial control function. The company's internal rules and guidelines are gathered in the company's policies, such as the financial policy, IT policy, and the Code of Conduct and in the employee handbook.

It is the responsibility of the audit committee to identify and handle any major financial risks and the risk of mistakes in financial reporting in order to ensure correct financial reporting. One specific priority is to identify processes where the risk for material error is relatively higher due to the complexity of the process or in contexts which involve substantial values.

The company follows an annual cycle in its work to evaluate risks, which includes evaluation of identified risks and implementing and ensuring compliance with

relevant control activities. Internal control aims to identify risks and any inaccuracies that could have a material impact on the company's financial reporting. The risks identified require internal control in order to minimise the risk of error. Relevant control activities have been implemented for all identified risk areas. For each control activity, it has been defined what activity is to be carried out, by whom and where documentation for the implemented control is to be archived. The controlling person is separate from the person who performs the process in line with the four-eye principle.

AUDIT

The auditor is to review the company's annual reports and financial statements as well as the management of the board and CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the AGM. According to the company's articles of association, the company is to have a minimum of one and a maximum of two auditors and a maximum of two deputy auditors. Authorised public accountants or a registered public accounting firm is to be appointed as auditors and, when appropriate, deputy auditors. The company's auditor is Deloitte AB, with Erik Olin as the Auditor-in-Charge. In 2017, the remuneration of the company's auditor totalled SEK 0.8 million (2.5), of which SEK 0.7 million (0.5) comprised audit fees.