

The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

Remuneration report 2021

Introduction

This remuneration report describes how the guidelines for remuneration to senior executives of Saniona AB ("**Saniona**"), adopted by the annual general meeting 2020, were implemented in 2021. The report also provides information on remuneration to the CEO and the deputy CEO as well as a summary of the company's outstanding share-related and share price-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the *Remuneration Rules* issued by the Swedish Corporate Governance Board.

Further information on remuneration to senior executives is available in note 11 (Number of employees, salaries, other remuneration and social security expenses) on pages 55-56 in the annual report 2021. Information on the work of the Remuneration Committee in 2021 is set out in the corporate governance report available on page 90 in the annual report 2021.

Remuneration of the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 11 on pages 55-56 in the annual report 2021.

Key developments during 2021

The Interim Chairman of the Board summarizes the company's overall performance in his statement on page 5 in the annual report 2021.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of company's long-term interests, including its sustainability, require that the company is able to recruit and retain highly competent senior executives with a capacity to achieve set goals. In order to achieve this, the company must offer a competitive total remuneration on market terms. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration on market terms.

Under the remuneration guidelines, remuneration to senior executives may consist of the following components: fixed salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non- financial criteria. They may be individualized quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines adopted by the annual general meeting 2020 are found on pages 26-28 in the annual report 2021. During 2021, the company has complied with the applicable remuneration guidelines adopted by the general meeting in 2021. No deviations from the guidelines have been made and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on the company's website, www.saniona.com/about-saniona/corporate-governance/shareholder-meetings/. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the general meetings of the company have resolved to implement long-term share-related incentive plans.

*Table 1 – Total remuneration of the CEO and deputy CEO in 2021 (kSEK) **

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extra-ordinary items	4 Pension expense ⁴⁾	5 Total Remuneration	6 Proportion of fixed and variable remuneration
	Base salary ¹⁾	Other benefits ²⁾	One-year variable	Multi-year variable				
Rami Levin (CEO)	4,581	540	2,151	0	0	88	7,360	70/30
Jørgen Drejer (deputy CEO)	2,869	25	0 ³⁾	0	0	0	2,894	100/0

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2021. Multi-year variable remuneration is reported if vested in 2021, as set out in column 10 of Tables 2(a)-(b) below. Disbursement of any payments may or may not have been made the same year.

¹⁾ No holiday pay paid.

²⁾ This column includes the value of benefits and perquisites such as medical, dental, vision, disability benefits, life insurance and other benefits in kind or perquisites.

³⁾ Vested employee and board options as set out in columns 10 of Tables 2(a)-(b) below.

⁴⁾ Pension expense (column 4), which in its entirety is based on Base salary.

⁵⁾ For Deputy CEO, Jørgen Drejer, 100% of the variable goals for 2021 were achieved. However, despite that the targets have been fulfilled, Jørgen Drejer has waived his bonus for 2021 due to the restructuring program.

Share-based remuneration

Outstanding share-related and share price-related incentive programs

The 2017 Annual General Meeting resolved to implement an employee option program involving the allotment of 38,750 employee options, free of charge, to certain employees and consultants of the Saniona Group. After recalculations as a result of the completed rights issues in 2019 and 2020, each option entitles the holder to acquire 1.03 new shares in Saniona for a subscription price of SEK 40.63. Allotted and vested options can be exercised during 30 days from the day following the publication of Saniona's quarterly reports, or in the case of full-year, the year-end report, for the first time after publication of the quarterly report for the first quarter of 2021 and last time after publication of the quarterly report for the third quarter of 2022. As per December 31, 2021, a total of 38,292 options are outstanding in the program. Upon full exercise of the options, 39,440 shares will be issued.

On January 19, 2018, the extraordinary shareholders' meeting resolved to implement an incentive program involving the allotment of 217,625 options, free of charge, to the chairman of the board of directors, J. Donald deBethizy. After recalculations as a result of the completed rights issues in 2019 and 2020, each option entitles the holder to acquire 1.03 new shares in Saniona for a subscription price of SEK 33.20. Allotted and vested options can be exercised during 30 days from the day following the publication of Saniona's quarterly reports, or in the case of full-year, the year-end report, the first time after publication of the quarterly report for the first quarter of 2021 and last time after publication of the quarterly report for the first quarter of 2024. As per December 31, 2021, a total of 286,003 options are outstanding in the program (including options issued to enable delivery of shares under the program and to secure social security charges which may arise in connection with the program). Upon full exercise of the options, 294,583 shares will be issued.

The 2018 Annual General Meeting resolved to implement an employee option program involving the allotment of 34,500 employee options, free of charge, to certain employees and consultants of the Saniona Group. After recalculations as a result of the completed rights issues in 2019 and 2020, each option entitles the holder to acquire 1.03 new shares in Saniona for a subscription price of SEK 29.71. Allotted and vested options can be exercised during 30 days from the day following the publication of Saniona's quarterly reports, or in the case of full-year, the year-end report, the first time after publication of the quarterly report for the first quarter of 2022 and last time after publication of the quarterly report for the third quarter of 2023. As per December 31, 2021, a total of 32,792 options are outstanding in the program. Upon full exercise of the options, 33,775 shares will be issued.

The 2018 Annual General Meeting resolved to implement an incentive program involving the allotment of 8,000 options, free of charge, to certain members of the board of directors of Saniona. After recalculations as a result of the completed rights issues in 2019 and 2020, each option entitles the holder to acquire 1.03 new shares in Saniona for a subscription price of SEK 29.71. Allotted and vested options can be exercised during 30 days from the day following the publication of Saniona's quarterly reports, or in the case of full-year, the year-end report, the first time after publication of the quarterly report for the first quarter of 2021 and last time after publication of the quarterly report for the first quarter of 2022. As per December 31, 2021, a total of 10,513 options are outstanding in the program (including options issued to enable delivery of shares under the program and to secure social security charges which may arise in connection with the program). Upon full exercise of the options, 10,828 shares will be issued.

The 2019 Annual General Meeting resolved to implement an employee option program involving the allotment of 34,500 options, free of charge, to certain employees and consultants of the Saniona Group. After recalculation as a result of the completed rights issue in 2020, each option entitles the holder to acquire 1.01 new shares in Saniona for a subscription price of SEK 17.83. Allotted and vested options can be exercised during 30 days from the day following the publication of Saniona's quarterly reports, or in the case of full-year, full-year report, for the first time after publication of the quarterly report for the first quarter of 2023 and last time after publication of the quarterly report for the third quarter of 2024. As per December 31, 2021, a total of 34,500 options are outstanding in the program. Upon full exercise of the options, 34,845 shares will be issued.

The 2019 Annual General Meeting resolved to implement an incentive program involving the allotment of 12,000 options, free of charge, to certain members of the board of directors of Saniona. After recalculation as a result of the completed rights issue in 2020, each option entitles the holder to acquire 1.01 new shares in Saniona for a subscription price of SEK 17.83. Allotted and vested options can be exercised during 30 days from the day following the publication of Saniona's quarterly reports, or for full-year, the year-end report, the first time after publication of the quarterly report for the second quarter of 2022 and last time after publication of the quarterly report for the second quarter of 2023. As per December 31, 2021, a total of 15,770 options are outstanding in the program (including options issued to enable delivery of shares under the program and to secure social security charges which may arise in connection with the program). Upon full exercise of the options, 15,927 shares will be issued.

On February 7, 2020, the extraordinary shareholders' meeting resolved to implement an employee option program involving the allotment of 710,313 options, free of charge, to the CEO, Rami Levin. After recalculation as a result of the completed rights issue in 2020, each employee option entitles the holder a right to acquire 1.01 new shares in Saniona for a subscription price of SEK 29.36. Allotted and vested options can be exercised during 30 days from the day following after the announcement of Saniona's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the fourth quarter of 2022 and the last time after the announcement of the quarterly report for the third quarter of 2025. As per December 31, 2021, a total of 710,313 options are outstanding in the program. Upon full exercise of the options, 717,416 shares will be issued.

On October 23, 2020, the extraordinary shareholders' meeting resolved to implement an employee option program comprising up to 7,976,690 employee options. During 2020 and 2021, a total of 6,965,998 options were allotted, free of charge, to the CEO, Rami Levin, other senior executives (excluding CSO, Jørgen Drejer), vice presidents and other employees. Each option entitles the holder a right to acquire one new share in Saniona for a subscription price equal to the closing price of Saniona's share on the day before the allotment. Allotted and vested options can be exercised from the time of vesting until the date that falls 10 years after the allotment date. As per December 31, 2021, a total of 6,965,998 options are outstanding in the program. Upon full exercise of the options, 6,965,998 shares will be issued.

On October 23, 2020, the extraordinary shareholders' meeting resolved to implement an incentive program involving the allotment of 308,000 options, free of charge, to all members of the board of directors of Saniona, excluding the chairman of the board of directors, J. Donald deBethizy. Each option entitles the holder a right to acquire one new share in Saniona for a subscription price of SEK 25.40. Allotted and vested options can be exercised during 30 days from the day following after the announcement of Saniona's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the third quarter of 2023 and the last time after the announcement of the quarterly report for the third quarter of 2024. Upon full exercise of the options, 308,000 shares will be issued.

As a consequence of the work force reductions implemented during the Spring of 2022, a certain number of options that had not vested were forfeited. Further, in the employee option program resolved on October 23, 2020, vested options will typically expire to the extent not exercised within 90 days after the participant has ceased to be employed in Saniona. Given the current share price, Saniona does hence expect that additional options in this program will expire without exercise during Q2 and Q3 2022.

More information about Saniona's outstanding incentive programs is available in note 12 (Share-based payments) on pages 57-60 in the annual report 2021.

Table 2(a) – Incentive programs (CEO)

Name of director (position)	The main conditions of the programs							Information regarding the reported financial year*					
								Opening balance	During the year		Closing balance		
	1 Name of program	2 Performance period	3 Allotment date	4 End of vesting period	5 End of retention period	6 Exercise period	7 Exercise price (SEK)	8 Options held at beginning of year	9 Allotted	10 Vested	11 Subject to performance conditions	12 Allotted and unvested	13 Subject to retention period
Rami Levin (CEO)	Employee Option Program 2020	N/A	2020-10-26	2024-10-26 ¹⁾	2024-10-26 ¹⁾	2021-10-26–2031-09-30 ¹⁾	24.25	1,262,000	0	315,500 ²⁾	N/A	946,500	946,500
	Employee Option Program 2020/2025	N/A	2020-02-07	2024-02-07 ³⁾	2024-02-07 ³⁾	2023-2025 ³⁾	29.36	710,313	0	177,578 ⁴⁾	N/A	532,735	710,313
Total								1,972,313	0	493,078	N/A	1,479,235	1,656,813

¹⁾ 25 per cent of the allotted options vested on October 26, 2021. The remaining options vest with 6.25 per cent quarterly thereafter. Allotted and vested options can be exercised from the time of vesting until the date that falls 10 years after the allotment date.

²⁾ Value SEK 0, calculated as the share price that day less the exercise price multiplied by the number of vested employee options.

³⁾ 25 per cent of the allotted options vested on February 7, 2021. The remaining options vest with 25 per cent each at the dates falling 24, 36 and 48 months after allotment. Allotted and vested can be exercised during 30 days from the day following the announcement of the company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the fourth quarter of 2022 and the last time after the announcement of the quarterly report for the third quarter of 2025. If the company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested options may instead be exercised during the last month of the following calendar quarter, the first time in March 2023 and the last time in December 2025.

⁴⁾ Value SEK 0, calculated as the share price that day less the exercise price multiplied by the number of vested employee options.

Table 2(b) – Incentive programs (deputy CEO)

Name of director (position)	The main conditions of the programs							Information regarding the reported financial year					
								Opening balance	During the year		Closing balance		
	1 Name	2 Performance period	3 Allotment date	4 End of vesting period	5 End of retention period	6 Exercise period	7 Exercise price (SEK)	8 Options held at beginning of year	9 Allotted	10 Vested	11 Subject to performance conditions	12 Allotted and unvested	13 Subject to retention period
Jørgen Drejer (Deputy CEO)	Board Option Program 2020	N/A	2020-10-26	2023-06-30 ¹⁾	2023-06-30 ¹⁾	2023-2024 ²⁾	25.40	77,000	0	25,666	N/A	51,334	77,000
Total								77,000	0	25,666	N/A	51,334	77,000

¹⁾ 1/3 of the allotted options vested on the date when the annual general meeting of 2021 was held, i.e. May 26, 2021. The remaining options will vest with 1/3 on the date when the annual general meeting of 2022 is held, and the remaining 1/3 will vest on the date when the annual general meeting of 2023 is held. The annual general meeting of 2023 is to be held no later than June 30, 2023. Allotted and vested options can be exercised during 30 days from the day following after the announcement of the company's quarterly reports, or for full year, the year-end report, the first time after the announcement of the quarterly report for the third quarter of 2023 and the last time after the announcement of the quarterly report for the third quarter of 2024. If the company does not render any quarterly report or year-end report after the end of any calendar quarter, the allotted and vested options may instead be exercised during the last month of the following calendar quarter, the first time in December 2023 and the last time in December 2024.

²⁾ Value SEK 0, calculated as the share price that day less the exercise price multiplied by the number of vested options.

Application of performance criteria

The performance criteria for the CEO's and deputy CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance criteria, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account. The non-financial performance criteria further contribute to alignment with sustainability as well as the company values.

Table 3 – Performance of the CEO and the deputy CEO in the reported financial year 2021: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Outcome
Rami Levin (CEO)	Advance Our Clinical Development Programs: <ul style="list-style-type: none"> • Initiate Phase 2b trial with Tesomet in H2 in PWS • Initiate Phase 2b trial with Tesomet in H2 in HO • Initiate Phase 1 trial with SAN711 in the selected indication 	Achieved
	Identify and Advance our Pre-Clinical Assets: <ul style="list-style-type: none"> • Advance SAN903 to phase 1 • Identify at least one new molecule targeting rare disease 	Partly achieved
	Ensure Saniona is well funded: <ul style="list-style-type: none"> • Pursuing the listing of the company's shares on the US NASDAQ • Optimizing the company's capital and organization structure • Implementing the necessary financial systems and processes 	Partly achieved
	Build our Technical Operations Capabilities <ul style="list-style-type: none"> • Deliver documentation to support the initiation of Tesomet PWS, HO and SAN711 clinical trials • Drive product specific CMC plans for Tesomet, SAN711 and SAN903 • Build Saniona Technical Operations department • Develop Technical Operations strategy and roadmap 	Achieved
	Organizational Effectiveness <ul style="list-style-type: none"> • Hire, develop and retain top talent • Implement the necessary HR systems and processes • Support cultural evolution 	Achieved
	Enhance Stakeholder Relationships <ul style="list-style-type: none"> • Internal Comms: drive collaboration and engagement • External Comms: build awareness through robust media, through leadership and social outreach • Advocacy: build trust, collaborate, and gain patient insights to drive decisions 	Achieved

In total, 92.59% of the variable goals 2021 for CEO were achieved, resulting in a payout of 2,151 tSEK.

For Deputy CEO, Jørgen Drejer, 100% of the variable goals 2021 for were achieved. However, despite that the targets have been fulfilled, Jørgen Drejer has waived his bonus for 2021 due to the restructuring program.

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)*

	RFY 2021	RFY2020
CEO remuneration	7,360	7,255 ¹⁾
Deputy CEO remuneration	2,894	2,426 ²⁾
Group operating profit	(410,898)	(73,430)
Average remuneration on a full time equivalent basis of employees of the Saniona Group ³⁾	1,786	1,282

* From and including the financial year 2020, which is the first financial year for this type of remuneration report.

¹⁾ Including remuneration for CEO Rami Levin and former CEO Jørgen Drejer.

²⁾ Including remuneration for deputy CEO and CSO Jørgen Drejer and former deputy CEO and CFO Thomas Feldthus.

³⁾ Excluding members of the Group executive management.

Malmö in May 2022

The Board of Directors of Saniona AB (publ)