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Remuneration report 2022

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 2022. 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 Stock Market Self-Regulation Committee.

Further information on remuneration to senior executives is available in note 11 (Number of employees, salaries, other remuneration and social security expenses) on pages 50-51 in the annual report 2022. Information on the work of the Remuneration Committee in 2022 is set out in the corporate governance report available on pages 77-87 in the annual report 2022.

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 50-51 in the annual report 2022. During 2022, the chairman of the board of directors Jørgen Drejer has received remuneration for consultancy services corresponding to kSEK 926.

Key developments during 2022

The CEO summarizes the company’s overall performance in his statement on page 5 in the annual report 2022.

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

A prerequisite for the successful implementation of the company’s business strategy and safeguarding of the company’s long-term interests, including its sustainability, is 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 22-25 in the annual report 2022. During 2022, the company has complied with the applicable remuneration guidelines adopted by the general meeting in 2020. 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, <https://saniona.com/investors/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 programs.

*Table 1 – Total remuneration of the CEO and deputy CEO in 2022 (kSEK) **

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extra-ordinary items	4 Pension expense ⁷⁾	5 Total remuneration	6 Proportion of fixed and variable remuneration
	Base salary ⁴⁾	Other benefits ⁵⁾	One-year variable	Multi-year variable ⁶⁾				
Thomas Feldthus (CEO) ¹⁾	1,312	12	0	0	707 ⁸⁾	287	2,318	69/31
Rami Levin (Former CEO) ²⁾	2,111	461	0	0	9,902 ⁹⁾	80	12,554	21/79
Jørgen Drejer (Former deputy CEO) ³⁾	1,022	9	0	0	0	0	1,031	100/0

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2022. Multi-year variable remuneration is reported if vested in 2022, 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⁾ Thomas Feldthus assumed the position as CEO on April 30, 2022.

²⁾ Rami Levin was CEO until April 30, 2022.

³⁾ Jørgen Drejer was deputy CEO until April 30, 2022.

⁴⁾ No holiday pay paid.

⁵⁾ 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.

⁶⁾ Vested employee and board options as set out in columns 10 of Tables 2(a)-(b) below.

⁷⁾ Pension expense (column 4), which in its entirety is based on Base salary.

⁸⁾ CEO Thomas Feldthus received a sign-on bonus in the amount of kSEK 707 when assuming the position as new CEO.

⁹⁾ Former CEO Rami Levin received a severance package in the amount of kSEK 9,902.

Share-based remuneration

Ended share-related and share price-related incentive programs during 2022

The 2017 annual general meeting resolved to implement an employee option program involving the initial allotment of 38,750 employee options, free of charge, to certain employees and consultants of the Saniona Group. Each option entitled the holder to acquire 1.03 new shares in Saniona for a subscription price of SEK 40.63. Allotted and vested options could be exercised during 2021–2022.

The 2018 annual general meeting resolved to implement an incentive program involving the initial allotment of 8,000 options, free of charge, to certain board members of Saniona. Each option entitled the holder to acquire 1.03 new shares in Saniona for a subscription price of SEK 29.71. Allotted and vested options could be exercised during 2021–2022.

No options were exercised under the above programs for subscription of shares in Saniona.

Outstanding share-related and share price-related incentive programs

The general meetings of Saniona have resolved to implement long-term share-related incentive programs. A summary of Saniona's outstanding incentive programs is presented in Table 2 below.

As of December 31, 2022, there are 4,021,775 outstanding options in Saniona. In case all options outstanding in relation to the incentive programs are exercised for subscription of shares, a total of 4,035,391 new shares will be issued, which corresponds to a dilution of approximately 6.1 per cent of the company's share capital and votes.

More information about Saniona's outstanding incentive programs is available in note 12 (Share-based payments) on pages 52-55 in the annual report 2022.

Table 2 – Outstanding incentive programs as of December 31, 2022

Program	Allotted during 2022	Forfeited during 2022	Total outstanding as of December 31, 2022	Maximum number of shares to be issued	Exercise price (SEK)	Exercise period
2017	0	38,292	0	0	40.63	2021-2022
2018:1	0	0	286,003	294,583	33.20	2021–2024
2018:2	0	0	32,792	33,775	29.71	2022–2023
2018:3	0	10,513	0	0	29.71	2021-2022
2019:1	0	0	34,500	34,845	17.83	2023–2024
2019:2	0	0	15,770	15,927	17.83	2022–2023
2020:1	0	355,157	355,156	358,707	29.36	2023–2025
2020:2	0	5,030,948	884,700	884,700	20.60-24.25	2021–2031
2020:3	0	25,667	282,333	282,333	25.40	2023–2024
2021:1	0	901,300	700	700	18.02-22.75	2022–2031
2021:2	0	148,350	0	0	19.26	2022–2031
2022:1	2,129,821	0	2,129,821	2,129,821	5.89	2025–2028
Total	2,129,821	6,510,227	4,021,775	4,035,391		

Table 2(a) – Incentive programs (CEO)

Name of director (position)	The main conditions of the programs							Information regarding the reported financial year								
	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)	Opening balance	Opening balance	During the year			Closing balance			
								8 Options held at beginning of year	9 Options vested at the beginning of year	10 Allotted	11 Vested	12 Forfeited	13 Subject to performance conditions	14 Allotted and unvested	15 Subject to retention period	
Thomas Feldthus (CEO)	Employee Option Program 2022:1	N/A	2022-08-25	2025-08-25 ¹⁾	2025-08-25 ¹⁾	2025-08-26–2028-12-31 ¹⁾	5.89	0	0	1,661,928 ²⁾	0	0	N/A	1,661,928	1,661,928	
Rami Levin (Former CEO)	Employee Option Program 2020:2	N/A	2020-10-26	2022-04-30 ³⁾	2022-07-29 ³⁾	2021-10-26–2022-07-29 ³⁾	24.25	1,262,000	315,500	0	157,750 ⁴⁾	1,262,000 ⁵⁾	N/A	788,750 ⁶⁾	0 ⁶⁾	
	Employee Option Program 2020:1	N/A	2020-02-07	2022-04-30 ³⁾	2023-02-23 ³⁾	2023–2025 ⁷⁾	29.36	710,313	177,578	0	177,578 ⁸⁾	355,157 ⁹⁾	N/A	355,157 ⁹⁾	355,156	
Total								1,972,313	493,078	1,661,928	335,328	1,617,157	N/A	2,805,835	2,017,084	

¹⁾ The allotted options will vest with 1/3 each on the date that falls 12, 24 and 36 months, respectively, following the allotment date. Allotted and vested options can be exercised during the period starting on the date that falls three years after the allotment date and ending on December 31, 2028.

²⁾ The aggregate market value of the shares at the time of the allotment was approximately kSEK 7,462. The aggregate exercise price is approximately kSEK 9,789.

³⁾ 25 per cent of the allotted options vested on October 26, 2021. The remaining options vested with 6.25 per cent quarterly thereafter, meaning that an additional 6.25 per cent of the allotted options vested on January 26, 2022 and an additional 6.25 per cent of the allotted options vested on April 26, 2022. In the aggregate a total of 473,250 options were vested when Rami Levin's employment ended on April 30, 2022. No further vesting occurred after April 30, 2022. Allotted and vested options had to be exercised within 90 days from the date when the participant ceased to be employed. None of the 473,250 vested options were exercised for subscription of shares in Saniona.

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

⁵⁾ Rami Levin's employment as CEO ended on April 30, 2022, meaning that no further vesting will take place in relation to the 788,750 unvested options in this program.

⁶⁾ As noted in item 3 above, allotted and vested options had to be exercised at the latest within 90 days from the date when the participant ceased to be employed. None of the options that had been vested for Rami Levin were exercised within said period and hence all options allotted to Rami Levin in this program were forfeited during 2022.

⁷⁾ 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, meaning that an additional 25 per cent of the allotted options vested on February 7, 2022. In the aggregate 355,157 options were vested when Rami Levin's employment ended on April 30, 2022. No further vesting occurred after April 30, 2022. Allotted and vested options 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 (February 23, 2023) 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.

⁸⁾ Value SEK 0, calculated as the share price that day less the exercise price multiplied by the number of vested options.

⁹⁾ Rami Levin's employment as CEO ended on April 30, 2022, meaning that no further vesting will take place in relation to the 355,157 unvested options in this program.

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 (Former deputy CEO)	Board Option Program 2020:3	N/A	2020-10-26	2023-06-30 ¹⁾	2023-06-30 ¹⁾	2023–2024 ¹⁾	25.40	77,000	0	25,666 ²⁾	N/A	25,668	51,332
Total								77,000	0	25,666	N/A	25,668	51,332

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, and 1/3 of the allotted options vested on the date when the annual general meeting of 2022 was held, i.e. May 25, 2022. The remaining 1/3 will vest on the date when the annual general meeting of 2023 is held, i.e. May 25, 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 2022 have been taken into account. The non-financial performance criteria further contribute to alignment with sustainability as well as the company values.

In the spring of 2022, the company implemented a major restructuring program involving the closing of the company's U.S. operations and termination of all U.S. employees. On April 30, 2022, Thomas Feldthus assumed the position as new CEO of Saniona. There were no bonus agreements with the CEO, Thomas Feldthus, for 2022. Hence, no performance criteria have been applied and no variable cash remuneration is, or will be, payable to Thomas Feldthus for 2022.

Due to the above-mentioned restructuring program, the former deputy CEO, Jørgen Drejer (who was deputy CEO until April 30, 2022), has waived his right to receive variable cash remuneration for 2022. Hence, no variable cash remuneration is, or will be, payable to Jørgen Drejer for 2022.

Rami Levin's employment as CEO ended on April 30, 2022. Hence, no performance criteria have been applied and thus no variable remuneration is, or will be, payable to Rami Levin for 2022.

Comparative information on the change of remuneration and company performance

Table 3 – Change of remuneration and company performance over the last five reported financial years (RFY) (kSEK)*

	RFY 2022	RFY 2021	RFY 2020
CEO remuneration	14,872 ¹⁾	7,360	7,255 ²⁾
Deputy CEO remuneration	1,031	2,894	2,426 ³⁾
Group operating profit	-245,357	-410,898	-73,430
Average remuneration on a full-time equivalent basis of employees of the Saniona Group ⁴⁾	1,483	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 Thomas Feldthus and former CEO Rami Levin. The increase in the remuneration for the CEO is primarily explained by a severance package of kSEK 9,902 for former CEO Rami Levin. As evidenced by Table 1, the total remuneration to the new CEO after the closing of Saniona's U.S. operations is substantially lower than the total remuneration paid to the previous U.S. based CEO.

²⁾ Including remuneration for former CEO Rami Levin and former CEO Jørgen Drejer.

³⁾ Including remuneration for former deputy CEO Jørgen Drejer and former deputy CEO and CFO Thomas Feldthus.

⁴⁾ Excluding members of the Group executive management.

Malmö in May 2023

The Board of Directors of Saniona AB (publ)