

## Remuneration report 2020

### Introduction

This report describes how the guidelines for remuneration to senior executives for Xbrane Biopharma AB, adopted by the 2020 Annual General Meeting, were applied during 2020. The report also contains information about remuneration to the CEO and a summary of the company's outstanding share and share price-related incentive schemes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's *Rules on remuneration to senior executives and on incentive programmes*.

Further information on remuneration to senior executives can be found in Note 5 (Employees and personnel costs) on pages 60-63 in the Annual Report for 2020. Information on the remuneration committee's work in 2020 can be found in the corporate governance report on page 36 in the Annual Report for 2020. Board fees are not covered by this report. Such fees are determined annually by the Annual General Meeting and are reported in Note 5 on page 61 in the Annual Report for 2020.

### Developments in 2020

The CEO summarizes the company's overall results in his report on pages 8-9 in the 2020 Annual Report.

### Guidelines for remuneration to Xbrane's Group Management

Xbrane's aim is to be a world-leading developer of biosimilars. A successful implementation of the company's objectives and the safeguarding of the company's long-term interests, including its sustainability, assumes that the company can recruit and retain skilled and committed employees. Achievement of this, requires the company to offer competitive terms to each Group Management member according to the prevailing labor market. The remuneration guidelines enable senior executives to be offered a competitive total remuneration package. For more information about the company's strategy, please refer to the company's website.

The remuneration terms shall stimulate increased interest in the business and earnings trend as a whole, increase the motivation of the senior executives and increase cohesion within the company. The guidelines must also contribute to good ethics and corporate culture. The total remuneration for Group Management must be market-based and may consist of the following components: fixed remuneration, variable remuneration, pension benefits and other benefits.

The guidelines can be found on page 29 of the Annual Report for 2020. In 2020, the company followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process that according to the guidelines is to be applied to determine remuneration. The auditor's opinion on the company's compliance with the guidelines is available at [www.xbrane.com](http://www.xbrane.com). No remuneration has been claimed back. In addition to the remuneration covered by the remuneration guidelines, the company's AGMs have decided to introduce long-term share-based incentive schemes.

**Table 1 - Total remuneration to the CEO and Deputy CEO during 2020 (SEK 000 unless otherwise stated) <sup>1)</sup>**

| Executives (position)     | <u>Fixed remuneration</u>  | <u>Variable remuneration</u> |                          |                            | Total remuneration | Fixed share | Variable share |
|---------------------------|----------------------------|------------------------------|--------------------------|----------------------------|--------------------|-------------|----------------|
|                           | Basic salary <sup>2)</sup> | Annual <sup>3)</sup>         | Multi-year <sup>4)</sup> | Pension cost <sup>5)</sup> |                    |             |                |
| Martin Åmark (CEO)        | 1,481                      | 102                          | -                        | 324                        | 1,906              | 95%         | 5%             |
| Siavash Bashiri (Dep CEO) | 1,182                      | 86                           | 184                      | 232                        | 1,684              | 84%         | 16%            |

1) With the exception of multi-year variable remuneration, the table reports remuneration earned in 2020. Multi-year variable remuneration is reported to the extent that it has been the subject of vesting during 2020

2) Includes basic salary remuneration and holiday pay

3). Variable salary earned in 2020, paid in 2021.

4) Calculated as the number of shares in LTIP 2018 vested as of December 31, 2020 (shares) multiplied by Xbrane's share price on December 31, 2020 (SEK 74.8) (Incl. Soc sec, contributions)

5) The pension provision follows ITP 1.

#### Share option-based remuneration

Xbrane has introduced a share option scheme(2018/2021) for Group Management. A total of 79,000 warrants were subscribed for by subscribers at a price corresponding to the option's market value calculated according to Black & Scholes' valuation model. At the time of allotment, the valuation was SEK 4.18 per option. The vesting period is 4 years. Earning the options does not assume fulfillment of performance conditions. The CEO has acquired 24,000 options and the Deputy CEO 7,000 options. No options have yet been granted as the term has not expired. Upon full exercise of options, this corresponds to 0.14% of the total number of shares.

#### Share-based remuneration

Xbrane has several long-term incentive schemes offered to senior executives and other staff. The goal is to be able to offer benefits in the form of long-term incentives linked to the company's share price in order to attract, motivate and retain senior executives. The schemes are designed so that the participants' incentives correspond to the interests of the shareholders. There are three ongoing share savings schemes (2018, 2019, 2020). The conditions are that the employee has made their own investment in shares in the company (savings shares). Thus, the employee can be allocated the corresponding number of matching share rights and a certain proportion of performance shares, depending on the fulfillment of predetermined

goals. The allocation of performance shares in the share saving schemes is based partly on the share price trend and predetermined strategic goals during the measurement period. Regarding the 2018 scheme, 18,211 shares will be distributed, for the other two schemes (LTIP 2019 & 2020) the outcome is wholly linked to the share price trend.

For the 2018, 2019 and 2020 schemes, the allocation is based on matching shares and performance shares. Matching shares are allocated independently of goal fulfillment, at the same time as the performance shares are allocated only upon fulfillment of predetermined goals. The award is made free of charge after three years. If a Program Participant resigns from Xbrane during the scheme's three-year vesting period, the Program Participant will be excluded from the Program and will not receive any shares or other benefits under the scheme. Further information on outstanding long-term incentive schemes can be found in Note 5 to the Annual Report for 2020.

**Table 2 - Share Option Scheme (CEO & Deputy CEO)**

| <u>Executives (position)</u> | <u>Scheme's name</u>                 | <u>Performance period</u> | <u>Date of allocation</u> | <u>Date of earnings</u> | <u>End of lock-in period</u> | <u>Exercise period</u>  | <u>Redempt ion price</u> | <u>Share options at start of year</u> | <u>Share options at end of year</u> |
|------------------------------|--------------------------------------|---------------------------|---------------------------|-------------------------|------------------------------|-------------------------|--------------------------|---------------------------------------|-------------------------------------|
| Martin Åmark (CEO)           | Warrants scheme series III 2018/2021 | 2018–2021                 | 04-04-2018                | 04-01-2022              | 04-01-2022                   | 04-01-2022 - 05-31-2022 | 121.73                   | 24,000                                | 24,000                              |
| Siavash Bashiri (Dep CEO)    | Warrants scheme series III 2018/2021 | 2018–2021                 | 04-04-2018                | 04-01-2022              | 04-01-2022                   | 04-01-2022 - 05-31-2022 | 121.73                   | 7,000                                 | 7,000                               |

**Table 3 - Share scheme (CEO & Deputy CEO)**

| <u>Executives (position)</u> | <u>Scheme's name</u> | <u>Performance period</u> | <u>Date of allocation</u> | <u>Date of earnings</u> | <u>End of lock-in period</u> | <u>Share rights at start of year</u> | <u>Earnings</u> | <u>Share rights at end of year</u> |
|------------------------------|----------------------|---------------------------|---------------------------|-------------------------|------------------------------|--------------------------------------|-----------------|------------------------------------|
| Martin Åmark (CEO)           | LTIP 2018            | 2018 - 2020               | 05-31-2021                | 05-31-2021              | 05-31-2021                   | -                                    | -               | -                                  |
|                              | LTIP 2019            | 2019 - 2021               | 05-31-2022                | 05-31-2022              | 05-31-2022                   | 24,256                               | -               | 24,256                             |
|                              | LTIP 2020            | 2020 - 2022               | 05-31-2023                | 05-31-2023              | 05-31-2023                   | 1,500                                | -               | 1,500                              |
| Siavash Bashiri (Dep CEO)    | LTIP 2018            | 2018 - 2020               | 05-31-2021                | 05-31-2021              | 05-31-2021                   | 2,196                                | 2,196           | -                                  |
|                              | LTIP 2019            | 2019 - 2021               | 05-31-2022                | 05-31-2022              | 05-31-2022                   | 7,272                                | -               | 7,272                              |
|                              | LTIP 2020            | 2020 - 2022               | 05-31-2023                | 05-31-2023              | 05-31-2023                   | 1,500                                | -               | 1,500                              |

#### Application of performance criteria

The performance criteria for the CEO's variable remuneration have been chosen to realize the company's strategy and to encourage actions that are in the company's long-term interest. When selecting performance criteria, the strategic goals, as well as short- and long-term business priorities for the year 2020 have been taken into account. The non-financial performance criteria further contribute to adaptation to sustainability and the company's values. The variable remuneration for the CEO and Deputy CEO is paid in accordance with the company's short-term bonus scheme, which is for all employees at the company. All employees are entitled to an annual bonus that can correspond to up to 2 monthly salaries upon fulfillment of all targets. In 2020, the company reached 50% of the set targets and the variable remuneration for the CEO and Deputy CEO was therefore SEK 102,000 and SEK 86,000, respectively.

**Table 4 - Share-based remuneration (CEO & Deputy CEO)**

| <u>Executives (position)</u> | <u>Scheme's name</u> | <u>Description of criteria attributable to the remuneration component</u> | <u>Relative weighting of performance shares</u> | <u>a) Measured performance</u><br><u>b) Actual allocation/remuneration outcome (SEK 000)</u> |
|------------------------------|----------------------|---|---|--|
| Martin Åmark (CEO)           | LTIP 2020            | Share price trend   | 100%  | a) N/A<br>b) N/A   |
| Siavash Bashiri (Dep CEO)    | LTIP 2020            | Share price trend   | 100%  | a) N/A<br>b) N/A   |

**Table 5 - Changes in remuneration and the company's earnings during the last five reported financial years SEK 000)**

|  | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Remuneration to the CEO  | 1,906       | 1,690       | 1,402       | 1,012       | 900         |
| Consolidated operating loss  | -225,257    | -186,572    | -11,415     | -44,718     | -27,567     |
| Average remuneration based on the number of equivalents full-time employees in the Group | 1,076       | 992         | 796         | 778         | 671         |
| Remuneration to deputy CEO   | 1,684       | 1,586       | 1,329       | 1,046       | 753         |
| Consolidated operating loss  | -225,257    | -186,572    | -11,415     | -44,718     | -27,567     |
| Average remuneration based on the number of equivalents full-time employees in the Group | 1,076       | 992         | 796         | 778         | 671         |