

## Remuneration report 2021

### Introduction

This report describes how the guidelines for remuneration to senior executives for Xbrane Biopharma AB, adopted by the 2021 Annual General Meeting, were applied during 2021. 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 programs*.

Further information on remuneration to senior executives can be found in Note 5 (Employees and personnel costs) on pages 64- 67 in the Annual Report for 2021. Information on the remuneration committee's work in 2021 can be found in the corporate governance report on page 35 in the Annual Report 2021. 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 65 in the Annual Report 2021.

### Developments in 2021

The CEO summarizes the company's overall results in his report on pages 6-7 in the 2021 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 market-based terms to each Group Management member according to the current 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 variable remuneration shall be linked to financial and nonfinancial criteria (mainly within research and development) which are both of quantitative and qualitative structure. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, through a clear connection to the company's long-term development.

The guidelines can be found on page 31-34 of the Annual Report 2021. In 2021, 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 during 2021 (Thousand SEK) <sup>1)</sup>**

Executives (position)	<u>Fixed remuneration</u>		<u>Variable remuneration</u>		Total remuneration	Proportion of fixed and variable Remuneration (%)
	Basic salary <sup>2)</sup>	Annual <sup>3)</sup>	Multi-year <sup>4)</sup>	Pension cost <sup>5)</sup>		
Martin Åmark (CEO)	2,029	120	4,648	503	7,300	28/72

1) With the exception of 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 "vested" of Table 2 below. Disbursement of any payments may or may not have been made the same year

2) Includes basic salary remuneration and holiday pay

3). Variable salary earned in 2021, paid in 2022.

4) Vested share awards as set out in Table 2, column "Vested" below

5) The pension provision follows ITP 1.

#### Share option-based remuneration

Xbrane has introduced a share option scheme (2018/2022) for Group Management. A total of 79,000 warrants were subscribed 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. No options have yet been granted as the term has not expired. Upon full exercise of options, this corresponds to 0.1% 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 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 (2019, 2020, 2021). 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 on the share price development during the measurement period, for all the programs.

The allocation is made free of charge after three years. If a program participant resigns from Xbrane during the Program's three-year vesting period, the program participant will be excluded from the program and will not receive any allocation of shares or other benefits under the Program. Further information on outstanding long-term incentive programs can be found in Note 5 in the 2021 Annual Report.

The 2019 program refers to 1,500 savings shares and consequently 1,500 matching share rights and 4,500 performance share rights. Matching share rights and performance share rights have been granted free of charge and are subject to three-year vesting periods and require continued employment. In order to receive the performance shares, fulfillment of certain performance conditions is needed, which are linked to the share price development during the three-year performance period. The 2019 program are structured so if all employees does not invest in their 1,500 savings shares, other employees who have invested in more savings shares may take part of the remaining saving shares and thus credit themselves with more savings shares in the 2019 program. The CEO has invested in 41,006 shares and will be credited 22,177 savings shares, because not all employees subscribed for their part of the savings shares. The outcome of the 2019 program was 1 matching share and 1 performance share, the CEO will thus be allocated 44,453 shares in the 2019 program.

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**Table 2 - Share scheme**

<i>Information regarding the reported financial year</i>										
<u>Executives</u> <u>(position)</u>	<u>Scheme's name</u>	<u>Performance</u> <u>period</u>	<u>Date of</u> <u>allocation</u>	<u>Date of</u> <u>earnings</u>	<u>End of lock-in</u> <u>period</u>	<u>Share rights at</u> <u>start of year</u>	<u>Awarded</u>	<u>Vested</u>	<u>Subject to</u> <u>performance</u> <u>condition</u>	<u>Share rights</u> <u>at end of</u> <u>year</u>
Martin Åmark	LTIP 2019	2019 - 2021	2019-05-16	2021-12-31	2022-05-05	24,256		44,353	-	-
(CEO)	LTIP 2020	2020 - 2022	2020-05-14	2022-12-31	2023-05-31	7,980 <sup>2)</sup>		-	5,985	1,995

1) During the year 2021, vesting was made at the LTIP 2019 program, whereby matching shares (22,117) and performance shares (22,117) will be transferred to the CEO. The difference between “share rights at the beginning of the year” compared with “earned” is explained by the fact that it was first on 31 December 2021 that the actual outcome of saving shares could be read out. This made it possible for the CEO to credit further savings shares than previously assessed. Savings shares, in which the CEO has invested to be eligible to participate in the programs, are not included in the table. The value of vesting in the 2019 program amounts to SEK 4,648 thousand, calculated as market price per share upon earnings (SEK 104.8) multiplied by the number of rights (44,353).

2) Value: SEK 886 thousand, calculated as market price per share upon allotment (SEK 111.0) multiplied by the number of rights (7,980)

#### 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 2021 have been taken into account. The non-financial performance criteria further contribute to adaptation to sustainability and the company's values.

**Table 3 - Share-based remuneration**

<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> <u>b) Actual allocation/remuneration outcome (Thousand SEK)</u>
Martin Åmark (CEO)	LTIP 2019	Share price trend	100%	a) 1 matching share & 1 performance share b) 4,648

**Table 4 - Variable remuneration**

<u>Executives (position)</u>	<u>Description of the criteria related to the remuneration component</u>	<u>Relative weighting of the performance criteria</u>	<u>a) Measured performance and b) actual award/ remuneration outcome (thousand SEK)</u>
Martin Åmark (CEO)	Research and development	75%	a) 40% b) 90
	Finances and market	25%	a) 10% b) 30

Short term variable remuneration

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 2021, the company reached 50% of the set targets and the variable remuneration for the CEO was therefore SEK 120,000.

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Remuneration to the CEO	+7,300 (+283%)	+1,906 (+13%)	+1,690 (+21%)	+1,402 (+39%)	+1,012 (+12%)
Consolidated operating loss	-180,583 (+20%)	-225,257 (- 21%)	-186,572 (- 1534%)	-11,415 (+74%)	-44,718 (- 62%)
Average remuneration based on the number of equivalents full-time employees in the Group	+1,104 (+3%)	+1,076 (+8%)	+992 (+25%)	+796(+2%)	+778 (+16%)