

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 2020

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 2020. 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 10 (Number of employees, salaries, other remuneration and social security expenses) on pages 64-65 in the annual report 2020. Information on the work of the Remuneration Committee in 2020 is set out in the corporate governance report available on pages 97-106 in the annual report 2020.

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 10 on pages 64-65 in the annual report 2020. During 2020, the board member Edward C. Saltzman has received remuneration for consultancy services corresponding to kSEK 181.

Key developments during 2020

The CEO summarizes the company’s overall performance in his statement on page 6 in the annual report 2020.

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 37-39 in the annual report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting in 2020. For the period up until the annual general meeting held on 6 May 2020, the remuneration guidelines adopted by the annual general meeting 2019 applied. In connection with the employment of the new CEO Rami Levin in January 2020, the board of directors deemed that special cause ex-

isted (that is, the ability to recruit a CEO with such experience and skills that can contribute to Saniona’s continued development and growth) to deviate from the guidelines for remuneration to senior executives then in force. The deviations were that the new CEO was offered variable cash remuneration linked to corporate and individual performance targets, severance payment, in addition to salary and other benefits during the notice period, pension benefits and other customary benefits. At the annual general meeting on 6 May 2020, new remuneration guidelines were adopted. No deviations from these 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 2020 (kSEK)**

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense ⁶⁾	5 Total Remuneration	6 Proportion of fixed and variable remuneration
	Base salary ⁴⁾	Other benefits ⁵⁾	One-year variable	Multi-year variable				
Rami Levin (CEO) ¹⁾	4,624	188	2,312	0	0	99	7,223	68/32
Jørgen Drejer (deputy CEO and former CEO) ²⁾	1,999	5	290	0	0	0	2,294	87/13
Thomas Feldthus (former deputy CEO) ³⁾	1,346	0	0	0	0	153	1,499	100/0

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2020. Multi-year variable remuneration is reported if vested in 2020, as set out in column 10 of Table 2 (as applicable). Disbursement of any payments may or may not have been made the same year. The remuneration in Table 1 include remuneration paid by companies within the Saniona Group.

¹⁾ CEO from 7 January 2020.

²⁾ Jørgen Drejer was CEO until 7 January 2020. Jørgen Drejer is deputy CEO from 24 March 2020.

³⁾ Thomas Feldthus was deputy CEO until 24 March 2020, with termination of the notice period 31 August 2020.

⁴⁾ No holiday pay have been 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⁾ Pension expense (column 4), which in its entirety is based on Base salary.

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, 2020, 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, 2020, 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, 2020, 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, 2020, 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, 2020, 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 in 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, 2020, 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, 2020, 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, a total of 5,923,348 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, 2020, a total of 5,915,648 options are

outstanding in the program. Upon full exercise of the options, 5,915,648 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.

In case all options outstanding in relation to incentive programs are exercised for subscription of shares, a total of 7,370,462 new shares will be issued, which corresponds to a dilution of approximately 10.6 per cent of the company's share capital and votes.

More information about Saniona's outstanding incentive programs are available in note 11 (Share-based payments) on pages 66-69 in the annual report 2020.

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 Vesting Date	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 ²⁾	24.25	0	1,262,000 ³⁾	0	N/A	1,262,000	0
	Employee Option Program 2020/2025	N/A	2020-02-07	2024-02-07 ⁴⁾	2024-02-07 ⁴⁾	2023-2025 ⁵⁾	29.36	0	710,313 ⁶⁾	0	N/A	710,313	0
Total								0	1,972,313	0	N/A	1,972,313	0

* In 2020, the CEO was allotted 1,262,000 options under the Employee Option Program 2020 and 710,313 options under the Employee Option Program 2020/2025.

¹⁾ Allotted options vest with 25 per cent on the 12-month anniversary following the allotment date whereafter the remaining options vest with 6.25 per cent quarterly thereafter.

²⁾ Allotted and vested options can be exercised from the time of vesting until the date that falls 10 years after the allotment date.

³⁾ The aggregate market value of the underlying shares at the time of the allotment was approximately kSEK 29,720. The aggregate exercise price is approximately kSEK 30,604.

⁴⁾ Allotted options vest with 1/4 each at the dates falling 12, 24, 36 and 48 months after allotment.

⁵⁾ Allotted and vested 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 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.

⁶⁾ The aggregate market value of the underlying shares at the time of the allotment was approximately kSEK 19,960. The aggregate exercise price is approximately kSEK 21,063.

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 Vesting Date	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	0	77,000 ³⁾	0	N/A	77,000	0
Total								0	77,000	0	N/A	77,000	0

* In 2020, the deputy CEO and CSO was allotted 77,000 options under the Board Option Program 2020.

¹⁾ Allotted options vest with 1/3 on the date when the annual general meeting of 2021 is held; 1/3 will vest 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 30 June 2023.

²⁾ 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.

³⁾ The aggregate market value of the underlying shares at the time of the allotment was approximately kSEK 1,813. The aggregate exercise price is approximately kSEK 1,956.

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 2020 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: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance; and b) actual award/ remuneration outcome	
			a)	b)
Rami Levin (CEO)	Successful financing activities	50%	a) 100%	
				b) kSEK 1,156
	Develop successful regulatory path for Saniona's products and pipeline assets; attain Saniona clinical trial milestones	10%	a) 100%	
				b) kSEK 231
	Successful executive team recruitment	10%	a) 100%	
				b) kSEK 231

	Create, develop and communicate Saniona's equity story in rare diseases	10%	a) 100%
			b) kSEK 231
	Initiate work and due diligence necessary to properly assess a future US Nasdaq listing	10%	a) 100%
			b) kSEK 231
	Successful evolution of the Research and Development teams	10%	a) 100%
			b) kSEK 231
Jørgen Drejer (Deputy CEO)	Support successful financing activities	50%	a) 100%
			b) kSEK 145
	Lead research organization in the advancement of Saniona's pre-clinical efforts	20%	a) 100%
			b) kSEK 58
	Assist in the recruitment of key executive positions	10%	a) 100%
		b) kSEK 29	
	Communicate Saniona's equity story in rare diseases	10%	a) 100%
			b) kSEK 29
	Successfully develop a forward- looking research strategy for Saniona	10%	a) 100%
			b) kSEK 29

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 2020
CEO remuneration ¹⁾	7,255
Deputy CEO remuneration ²⁾	2,426
Group operating profit	-73,430
Average remuneration on a full time equivalent basis of employees ³⁾ of the Saniona Group	1,282

* From and including the financial year 2020, which is the first financial year for this type of remuneration report. Saniona has not previously compiled data from previous financial years in this respect; such data will be reported in the future remuneration reports for the respective financial years for comparison purposes.

¹⁾ Including remuneration for CEO Rami Levin (from 7 January 2020) and former CEO Jørgen Drejer (until 7 January 2020).

²⁾ Including remuneration for deputy CEO and CSO Jørgen Drejer (from 24 March 2020) and former deputy CEO and CFO Thomas Feldthus (until 24 March 2020).

³⁾ Excluding members of the Group executive management.

Malmö in May 2021

The Board of Directors of Saniona AB (publ)