

# Remuneration report 2020

## Introduction

This report describes how the guidelines for executive remuneration of BioInvent International AB, adopted by the annual general meeting 2020, were implemented in 2020. The report also provides information on remuneration to the CEO and a summary of the company's incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes*.

Further information on executive remuneration is available in note 4 (Salaries, other remuneration and social security etc.) on pages 47-49 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 60-63 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 4 on pages 47-48 in the annual report 2020.

## Key developments 2020

The CEO summarizes the company's overall development in his statement on pages 8-9 in the annual report 2020.

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

BioInvent shall offer compensation and terms of employment deemed necessary to recruit and retain qualified executives who are capable of achieving established goals. The overarching principle is to offer market-based salaries and other remuneration to senior executives at BioInvent.

In addition to fixed cash base salary, remuneration may be paid in the form of variable cash salary, pension benefits and other benefits. Additionally, the general meeting may resolve on share-related incentive programs. The fixed cash base salary shall be based on the individual senior executive's area of responsibility, authority, competence, experience and performance. The variable cash salary shall reward clearly target related accomplishments in a simple and transparent way. The senior executives' variable remuneration shall depend on the extent to which previously established targets are met within the frame of the Company's operation, mainly technical and commercial milestones within proprietary drug projects. By rewarding clear and measurable progress in the Company's own drug projects as well as commercial progress, the criteria contribute to support and motivate employees to achieve the Company's established business strategy and long-term value creation. The senior executives' annual variable cash salary may amount to not more than 40 percent of the fixed cash base salary. The variable cash salary shall qualify for pension benefits. The Board of Directors shall have the possibility to, in accordance with general legal principles, reclaim variable cash salary. In addition to the fixed cash base salary and variable cash salary, the company may pay a stay-on bonus (deferred fixed remuneration), which for a three year period may amount to a maximum of 100 percent of the fixed cash base salary for one year, and in the case of new recruitment, a guaranteed fixed bonus which may amount to a maximum of 100 percent of the fixed cash base salary.

Senior executives shall be covered by the prevailing ITP plan or defined contribution occupational pension that does not exceed 35 percent of the pensionable salary. Senior executive who reside outside Sweden or are foreign nationals and have their main pension in a country other than Sweden, may be offered other pension solutions that are reasonable in the relevant country. Such solutions must be defined contribution plans and not exceed 35 per of the salary base.

If a board member performs work for the company that is not board related, market-based remuneration,

taking into account the nature of the work and the work effort, shall be paid. Such remuneration shall be resolved by the Board of Directors (or, if follows from the Swedish Companies Act, the general meeting).

The guidelines are found on pages 33-34 in the annual report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been decided 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 <https://www.bioinvent.com/investors/corporate-governance/general-meetings/>. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term share-related incentive plans.

Table 1 – Total CEO remuneration in 2020 (KSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary	Other benefits*	One-year variable	Multi-year variable **	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration***
Martin Welschof (CEO)	2,700	37	1,080	144	-	810	4,771	74/26

\* Travel and housing expenses in connection with travel to the office in Lund, Sweden.

\*\* Cost for stay-on bonus in 2020. In addition, a share-based remuneration has been vested, which is reported below.

\*\*\* Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been counted entirely as fixed remuneration.

## Share-based remuneration

### ***Outstanding share-related and share price-related incentive plans***

#### **Option Program 2019/2025**

The 2019 annual general meeting resolved to adopt a long-term incentive program in the form of an option program comprising the management group. The option program comprises a maximum of 3,971,000 stock options and the participants may vest options free of charge based on performance and continued employment. Each option entitles the holder to subscribe for 0.04 new share in BioInvent during the period from the day of release of the company's year-end report for the financial year 2022 up to and including 15 December 2025. The subscription price per share shall be SEK 77.25.

Martin Welschof (CEO) has for the 2019 financial year vested options with conditional right to subscribe for 8,865 new shares and for the 2020 financial year vested options with conditional right to subscribe for 11,820 shares. Market value of options vested in 2020 has been calculated at SEK 160 thousand, according to the Black & Scholes model as of February 23, 2021, when the Board approved vesting of the conditional options. During the financial years 2021 and 2022, respectively, Martin Welschof has the possibility to vest an additional 295,492 options per financial year, each with a conditional right to acquire 0.04 shares in BioInvent as above, based on performance and continued employment.

The performance criteria for earning options is the same as for the salary bonus, which is mainly based on technical and commercial milestones within proprietary drug projects.

Further information is available in note 4 on page 48-49 in the annual report 2020.

## Comparative information on the change of remuneration and company performance

Table 2 – Change of remuneration and company performance over the last five reported financial years (KSEK)

	2016 vs 2015	2017**** vs 2016	2018 vs 2017***	2019 vs 2018	2020 vs 2019	Year 2020
Remuneration* to the CEO**	+623	+2,503	-2,611	+443	+707	<b>4,771</b>
	+20%	+67%	-42%	+12%	+17%	
Group operating loss	+32,114	-37,773	-22,600	-14,616	+62,374	<b>-75,474</b>
	+34%	-60%	-22%	-12%	+45%	
Average remuneration on a full time equivalent basis of employees****	+38	-74	+53	-70	+20	<b>526</b>
	+7%	-12%	+10%	-12%	+4%	

\* Excluding share-based remuneration.

\*\* Michael Oredsson 19 August 2013-31 December 2017, Björn Frenhéus (acting CEO) 1 January 2018-31 August 2018, Martin Welschhof, from 1 September 2018.

\*\*\* In 2017, dismissal and severance pay were paid to Michael Oredsson. The total costs (affecting comparability) amounted to SEK 2,604 thousand.

\*\*\*\* Excluding members of the group executive management.

### Application of performance criteria

The performance criteria for the CEO's variable remuneration in the financial year 2020 have mainly been linked to technical and commercial milestones within proprietary drug projects. The milestones have been chosen to contribute to the company's long-term strategy and to encourage acting that is in the company's long-term interest. No performance criteria have been financial.

The performance criteria for 2020 have been achieved milestones in clinical operations, financing of operations, achieved milestones in preclinical operations, partnering and milestones in manufacturing operations. The measured outcome of the milestones achieved has been 100% and based on this outcome, full variable remuneration to the CEO has been paid (see Table 1 above).

The company has provided a stay-on bonus to the CEO for the period September 1, 2018 through August 31, 2021, subject to continued employment. The stay-on bonus amounts to SEK 200 thousand (net after income tax) and will be paid out after the bonus period. Receipt of the retention bonus required the corresponding acquisition of BioInvent shares in 2019 to be held during the three-year period. The Cost in 2020 amounted to SEK 144 thousand.