

## Remuneration Report 2021

### Introduction

This report describes how the guidelines for executive remuneration of Cantargia AB (publ), adopted by the annual general meeting 2020, were implemented in 2021. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes* issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in note 7, 18 and 19 on pages 58, 62-64 and 65-67 in the annual report 2021. Information on the work of the remuneration committee in 2021 is set out in the corporate governance report available on pages 77-81 in the annual report 2021.

Remuneration to the board of directors is not covered by this report. Such remuneration is resolved annually by the annual general meeting and disclosed in note 18 on pages 63-64 in the annual report 2021.

### Key developments 2021

The CEO summarizes the company's overall performance in his statement on pages 7-9 in the annual report 2021.

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

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel who are working to achieve the maximum level of shareholder and customer value. To this end, the company must offer competitive remuneration, which is enabled through the company's remuneration guidelines. Under the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria, designed to contribute to the company's long-term value creation. The criteria shall relate to the development of the company's development projects, financing of the company and partnerships entered into by the company for acceleration of the clinical development and future commercialization, as well as the remuneration (such as upfront fees upon entering an agreement, milestone payments or royalties) resulting from such development. Furthermore, the criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability.

The guidelines are found on pages 41-42 in the annual report 2021. During 2021, 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 [www.cantargia.com](http://www.cantargia.com). No remuneration has been reclaimed. In addition to the 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 2021 (kSEK)\***

Name of the director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration****
	Base salary**	Other benefits	One-year variable	Multi-year variable****				
Göran Forsberg (CEO)	2,236	38	737	834	-	927	4,772	3,201/1,571

\* Except for 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 10 of Table 2 below (as applicable). Disbursement of any payments may or may not have been made the same year.

\*\* Including holiday pay of 43 kSEK.

\*\*\* Vested share awards as set out in column 10 of Table 2 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**

#### Employee option program 2020/2023

At the annual general meeting on 27 May 2020, an employee option program (2020/2023) for the company's employees was implemented. The option program 2020/2023 consisted of not more than 1,900,000 employee options. The employee options should be offered to employees or consultants of the company. Allotment should be made, free of charge, to the participants no later than the day falling one year after the annual general meeting 2020. The employee options vest over a three-year period (1/3 per year) calculated from the grant date, provided that, subject to customary exceptions, the participant is still employed by or otherwise engaged in the company and that the participant has not given notice or terminated the employment or engagement as of the date when the relevant vesting occurs. Once vested, the employee options may be utilized during a two-year period, however not earlier than three years after the relevant grant date. Each vested employee option gives the holder a right to purchase one share in the company at a pre-determined price. The subscription price shall correspond to 150 percent of the volume weighted average price of the company's shares on Nasdaq Stockholm during the ten trading days preceding the day the options are granted. Under the option program 2020/2023, a maximum of 350,000 employee options should be allotted to the CEO. Within the framework of the employee stock option program 2020/2023, a total of 1,860,333 (excluding revoked) options were granted, of which 350,000 to the CEO.

#### Employee option program 2021/2024

At the annual general meeting on 26 May 2021, an employee option program (2021/2024) for the company's employees was implemented. The option program 2021/2024 consists of not more than 3,000,000 employee options. The employee options shall be offered to employees or consultants of the company. Allotment is made, free of charge, to the participants no later than the day falling three years after the annual general meeting 2021. The employee options vest after a three-year period calculated from the grant date, provided that, subject to customary exceptions, the participant is still employed by or otherwise engaged in the company and that the participant has not given notice or terminated the employment or engagement as of the date when the relevant vesting occurs. Once vested, the employee options may be utilized during a two-year period, however not earlier than three years after the relevant grant date. Each vested employee option gives the holder a right to purchase one share in the company at a pre-determined price. The subscription price shall correspond to 150 percent of the volume weighted average price of the company's shares on Nasdaq Stockholm during the ten trading days preceding the day the options are granted. Under the option program 2021/2024, a maximum of 500,000 employee options may be allotted to the CEO. In 2021, a total of 1,310,000 (excluding revoked) options were granted, of which 225,000 to the CEO.

Full exercise of granted options as of December 31, 2021, corresponding to a total of 3,170,333 shares, would result in a dilution of shareholders by 3.1 percent. If decided, but not allotted options,

a further total of 1,666,000 are fully exercised, it would result in a total dilution of shareholders of 4.7 percent. Further information about the company's share-based remunerations can be found in Note 19 on pages 65-67 in the annual report for 2021.

**Table 2 – Share option plan (CEO)**

Name of director (position)	The main conditions of share award plan							Information regarding 2021					
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Exercise period	7 Exercise price (SEK)	8 Opening balance Share options held at beginning of year	9 During the year Share options awarded	10 Share options vested	11 Share options subject to performance condition **	12 Closing balance Share options awarded and unvested	13 Share options subject to retention period
Göran Forsberg (CEO)	2020/2023	3 years	2020-06-09	1/3 2021-06-09 1/3 2022-06-09 1/3 2023-06-09	2023-06-09	2023-06-09 – 2025-06-09	31.71	350,000	-	116,667	350,000	233,333	350,000
	2021/2024	3 years	2021-09-17	2024-09-17	2024-09-17	2024-09-17 – 2026-09-16	36.66	0	225,000 *)	0	225,000	225,000	225,000
<b>Total</b>								<b>350,000</b>	<b>225,000</b>	<b>116,667</b>	<b>575,000</b>	<b>458,333</b>	<b>575,000</b>

\* The aggregate market value of the underlying shares at the time of the award is 5,134 kSEK. The aggregate exercise price is 8,248 kSEK.

\*\* Performance condition means condition to retain employment.

**Table 3(a) – Performance of the 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
	Göran Forsberg (CEO)	Strategy/project pipeline	12 %
Clinical development		60 %	a) 88 % b) 345 kSEK
Other R&D		28 %	a) 80 % b) 147 kSEK

### Share based incentive scheme 2021

At the annual general meeting on 26 May 2021, a long-term share related incentive scheme (which was based on a corresponding scheme 2019 and 2020) for senior executives and key personnel within the company was implemented. The long-term share-based incentive scheme was implemented in order to create long-term incentives for the company's management team other employees and to promote investments in and ownership of the company's shares. The scheme is designed so the participants are offered long-term variable remuneration in the form of a group bonus which shall be used to acquire shares in the company. The scheme is based on the annual bonus target or targets set up by the board of directors of Cantargia and that refer to the company's activities, financial key performance indicators and internal processes. Target achievement will be assessed by the company's board of directors in connection with the adoption of the annual report for each year. When the target achievement has been determined by the board of directors, the amount will be distributed to each participant in the scheme. Acquisition of shares by the participant shall be made as soon as possible thereafter. Participants are required to use their entire remuneration under the scheme, net of tax, to acquire Cantargia shares on the stock market. In case of partial target achievement, a portion of the maximum amount will be distributed. The maximum pay-out to each scheme participant for 2021 is capped at 10 per cent of the participant's base cash salary. The total size of the scheme for 2021 is capped at SEK 1,800,000, excluding social security contributions. The table below evidences the outcome of the scheme regarding the company's CEO.

**Table 3(b) – Performance of the CEO in the reported financial year: share-based incentives**

Name of director (position)	Name of plan	1 Description of the criteria related to the remuneration component	2 Relative weighting of performance criteria	3	
				a) Measured performance and	b) actual award / remuneration outcome
Göran Forsberg (CEO)	Incentive scheme 2021	Strategy/project pipeline	12 %	a) 78 %	b) 20 kSEK
		Clinical development	60 %	a) 88 %	b) 115 kSEK
		Other R&D	28 %	a) 80 %	b) 49 kSEK

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)**

	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	RR 2021
CEO remuneration	2,566 (+16%)	2,531 (-1%)	2,997 (+18%)	3,753 (+25%) **	4,772 (+27%) **	4,772
Company operating profit	-60,009 (+26%)	-93,306 (+55%)	-111,589 (+20%)	-173,945 (+56%)	-370,267 (+113%)	-370,267
Average remuneration on a full time equivalent basis of employees* of the parent company	-	577 (-)	608 (+5%)	685 (+13%)	832 (+21%)	-

\* Excluding members of the company's management team

\*\* Excluding accounting related costs in connection with the employee option programs for not vested options