

Remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration of Swedish Orphan Biovitrum AB (publ), (Sobi™) (Reg. No. 556038-9321) (the “Company” or “Sobi”) (the “remuneration guidelines”), adopted by the Annual General Meeting 2020, were applied in 2021. The report also provides information on remuneration to the CEO and the deputy CEO. In addition, the report provides a summary of the Company’s outstanding long-term incentive programmes. The report has been prepared in accordance with the Swedish Companies Act (2005:551) 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 10 (Employees, personnel costs and remuneration of board members and senior executives) on pages 64-68 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 93-99 in the annual report 2021.

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 page 65 in the annual report 2021.

Key developments 2021

The CEO summarises the Company’s overall performance in his statement on pages 6-7 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 is able to recruit and retain highly qualified personnel. As an international company, a majority of the Company’s personnel is employed outside of Sweden. Remuneration for the Executive Committee is designed on a total remuneration approach. The position of total remuneration should be market competitive relative to competitors in each local market. The remuneration guidelines shall enable international hiring and support diversity within the Executive Committee.

Under the remuneration guidelines, the remuneration shall be on market terms and may consist of the following components: fixed base pay, variable pay, pension benefits and other benefits. The guidelines are found on pages 64-66 in the annual report 2021. During 2021, the Company has complied with the applicable remuneration guidelines adopted by the general meeting. No derogations or deviations have been made from the remuneration guidelines or from the decision-making process which, pursuant to the guidelines, is to be applied in order to set remuneration. The auditor’s report regarding the Company’s compliance with the guidelines is available on www.sobi.com/en/governance. 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 incentive programmes.

Tables 1(1) and 1(2) – Total remuneration of the CEO and the deputy CEO, respectively, in 2021 (kSEK)¹

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items ⁴	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration ⁶
	Base salary ²	Other benefits	One-year variable	Multi-year variable ³				
Guido Oelkers (CEO)	10,120	0	8,785	8,162	1,618	2,880	31,565	Fixed: 41% Variable: 59%

¹ 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 and column 8 of Table 3 below (as applicable). Disbursement of any payments may or may not have been made the same year.

² Including vacation allowance and car allowance.

³ Allotment of shares under long-term incentive program 2018. Vesting period of three years (11 May 2018-11 May 2021) with allotment in 2021. Calculated as the market price per share at vesting (SEK 149) multiplied by the number of shares allotted. The value at vesting is not to be equated to the year’s cost for Sobi presented in the annual report 2021.

⁴ A non-recurring payment was made for extraordinary efforts.

⁵ Pension expense, which is expressed as a percentage of base salary, has been counted entirely as fixed remuneration.

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items ⁴	4 Pension expense	5 Total remuneration	6 Proportion of fixed and variable remuneration ⁶
	Base salary ²	Other benefits ³	One-year variable	Multi-year variable ³				
Henrik Stenqvist (deputy CEO)	4,498	115	2,302	812	703	1,273	9,703	Fixed: 61% Variable: 39%

¹ 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 and column 8 of Table 3 below (as applicable). Disbursement of any payments may or may not have been made the same year.

² Including vacation allowance.

³ Including company car, fuel and medical insurance.

⁴ The deputy CEO was allotted shares for the first time during 2021. Allotment of shares under the long-term incentive program 2018. Vesting period of three years (11 May 2018-11 May 2021). Calculated as the market price per share at vesting (SEK 149) multiplied by the number of shares allotted. The value at vesting is not to be equated to the year’s cost for Sobi presented in the annual report 2021.

⁵ A non-recurring payment was made for extraordinary efforts.

⁶ Pension expense, which is defined-contribution, has been counted entirely as fixed remuneration.

Share-based remuneration

Share-related and share price-related incentive plans

The Company’s Annual General Meeting has adopted long-term incentive programmes (“LTIP”) that currently are outstanding (LTIP 2019, LTIP 2020 and LTIP 2021). LTIP 2018 vested in 2021. All programmes run for three years. The aim has been to create long-term commitment to the Company, to offer participants the opportunity to share in the Company’s long-term success and value creation, and to enable the Company to attract and retain senior executives and senior managers. Each of the 2018–2021 LTIPs has two sub-programmes: (i) the Management Programme

covering the CEO, senior executives (including the deputy CEO) and managers, and (ii) the Employee Programme.

The 2018–2021 LTIPs are structured according to similar principles.

- The programmes have a three-year vesting period.
- The Employee Programmes require a personal investment in Sobi shares, and matching shares may be allotted free of consideration.
- The Management Programmes do not require a personal investment in Sobi shares, and no matching shares are allotted. Instead, under the Management

Programmes, performance shares may be allotted if the programme criteria are met. However, the CEO and other members of the Executive Committee (including the deputy CEO) are recommended to accumulate a personal holding in Sobi shares.

- The number of performance shares that employees are entitled to receive differs according to the organisational level.
- One requirement for all programmes is that the employee must be permanently employed throughout the entire vesting period and, in relation to the Employee Programmes, investment shares must be retained throughout the entire vesting period.
- The performance targets for the Management Programmes are that the share price increases (as adjusted for any dividends: absolute TSR) by a certain rate over a three-year period (60% weight). In order for any vesting related to absolute TSR increase to occur for the LTIP 2019-2020, the TSR must increase by more than 15% over the vesting period, and for the LTIP 2021 the TSR must increase by more than 10% over the vesting period. In order for full vesting related to absolute TSR increase to occur for the LTIP 2019-2020, the TSR must increase by at least 50% over the vesting period, and for the LTIP 2021 the TSR must increase by at least 40% over the vesting period. If the TSR increase is between 15% and 50% over the vesting period for the LTIP 2019-2020 or 10% and 40 % for the LTIP 2021, a linear vesting related to absolute TSR increase will occur. Furthermore, the actual annual revenues over a three-year period must meet or exceed the budget for annual revenues (40% weight).

In addition to the possibility to be allocated a number of performance shares, the CEO, other members of the Executive Committee (including the deputy CEO) and a limited number of key individuals in the Company have been granted a number of share options under the Management Programmes of the 2019–2021 LTIPs (the “**Option Programmes**”). Subject to the satisfaction of the performance target (actual average revenues must meet or exceed the budgets over a three-year period) and other programme criteria, each option entitles the holder to acquire one Sobi common share (“**Option Share**”) at a strike price equivalent to 105 % of the volume-weighted average price paid for the Sobi common share at Nasdaq Stockholm, adjusted for any dividend payments, during a period of ten trading days immediately prior

to the commencement of the vesting period. The value of each Option Share received upon exercise of options is capped to three times the strike price in the 2020-2021 Option Programme and to five times the strike price in the 2019 Option Programme, meaning that the number of shares delivered to the participant upon exercise of options may be reduced. The vesting periods of the Option Programmes are three years, followed by a two-year exercise period.

For employees in the US and Canada, the Company has three outstanding cash-based programmes and had one cash-based programme that vested in 2021 (“**Cash-Based Programmes**”). Each of the Cash-Based Programmes 2018-2019 has a four-year vesting period, whereas the Cash-Based Programmes 2020-2021 has a three-year vesting period. Each of the Cash-Based Programmes consists of two components: a time-based component (50% weight) and a performance-based component (50% weight) based on two performance targets. The first performance target (50% weight of the performance-based component) is that the TSR must increase by at least 10% over the vesting period. The second performance target (50% weight of the performance-based component) is that sales in North America must be at least 95% in relation to the budget over the vesting period. The Company also has one outstanding cash based-programme for employees in China and Japan which started in 2021. The programme has a three-year vesting period and consists of two components: a time-based component (50% weight) and a performance-based component (50% weight) based on two performance targets. The first performance target (60% weight of the performance-based component) is that the TSR must increase by 10% to 40 % over the vesting period. There is no payment below 10% and a linear payment for 10% to 40%. The second performance target (40% weight of the performance-based component) is that the actual annual revenues during the three-year period must reach or exceed the budget for the annual revenues. These programs do not include any members of the Executive Committee.

Further information on share-related and share price-related incentive plans is available in note 10 (Employees, personnel costs and remuneration of board members and senior executives) on pages 64-68 in the annual report 2021.

Tables 2-3 below set forth information on relevant share and option-based programmes granted or offered to the CEO and the deputy CEO (including the main conditions for exercising the rights under such programmes).

Table 2 – Option Programmes

Name of director (position)	The main conditions of share option plans							Information regarding the reported financial year						
	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)	Opening balance		During the year		Closing balance		
								8 Options held at beginning of year	9 Options awarded	10 Options vested	11 Options subject to performance condition	12 Options awarded and unvested	13 Options subject to retention period	
Guido Oelkers (CEO)	2019 Option Programme	2019-2021	2019-05-28	2022-05-28	2022-05-28	2022-05-28 2024-05-28	180.65	301,973	0	0	301,973	0	0	
	2020 Option Programme	2020-2022	2020-05-28	2023-05-28	2023-05-28	2023-05-29 2025-05-29	213.86	322,158	0	0	322,158	0	0	
	2021 Option Programme	2021-2023	2021-06-01	2024-06-01	2024-06-01	2024-06-02 2026-06-02	153.01	0	416,749 ¹⁾	0	416,749	0	0	
Total								624,131	416,749	0	1,040,880	0	0	
Henrik Stenqvist (deputy CEO)	2019 Option Programme	2019-2021	2019-05-28	2022-05-28	2022-05-28	2022-05-28 2024-05-28	180.65	74,315	0	0	74,315	0	0	
	2020 Option Programme	2020-2022	2020-05-28	2023-05-28	2023-05-28	2023-05-29 2025-05-29	213.86	69,271	0	0	69,271	0	0	
	2021 Option Programme	2021-2023	2021-06-01	2024-06-01	2024-06-01	2024-06-02 2026-06-02	153.01	0	91,787 ²⁾	0	91,787	0	0	
Total							143,586	91,787	0	235,373	0	0		

¹⁾ The aggregate market value of the options at the time of award, based on a Black & Scholes valuation method, was kSEK 13,165. The exercise of the options is subject to performance targets (actual average revenues meeting or exceeding the budgets over a three-year period). The aggregate market value of the underlying shares at the time of the award was kSEK 60,731. The aggregate price to exercise the options is kSEK 63,767.

²⁾ The aggregate market value of the options at the time of award, based on a Black & Scholes valuation method, was kSEK 2,900. The exercise of the options is subject to performance targets (actual average revenues meeting or exceeding the budgets over a three-year period). The aggregate market value of the underlying shares at the time of the award was kSEK 13,376. The aggregate price to exercise the options is kSEK 14,044.

Table 3 – LTIP

Name of director (position)	The main conditions of share award plans						Information regarding the reported financial year					
	1 Name of plan	2 Performance period	3 Award date	4 Vesting date	5 End of retention period	6 Share awards held at beginning of year ¹⁾	Opening balance		During the year		Closing balance	
							7 Awarded	8 Vested	9 Subject to performance condition	10 Awarded and unvested at year end ⁴⁾	11 Shares subject to retention period	
Guido Oelkers (CEO)	2018 Share Programme	TSR: 2018-05-11 - 2021-05-11 Annual revenues (each year): 2018 - 2020	2018-05-11	2021-05-11	2021-05-11	136,940	0	54,776 ²⁾	0	0	0	0
	2019 Share Programme	TSR: 2019-05-28 - 2022-05-28 Annual revenues (each year): 2019 - 2021	2019-05-28	2022-05-28	2022-05-28	81,948	0	0	49,169	32,779	0	0
	2020 Share Programme	TSR: 2020-05-28 - 2023-05-28 Annual revenues (each year): 2020 - 2022	2020-05-28	2023-05-28	2023-05-28	70,100	0	0	51,407	18,693	0	0
	2021 Share Programme	TSR: 2021-06-01 - 2024-06-01 Annual revenues (each year): 2021 - 2023	2021-06-01	2024-06-01	2024-06-01	0	98,527	0	85,390	13,137	0	0
Total						288,988	98,527	54,776	185,966	64,609	0	0
Henrik Stenqvist (deputy CEO)	2018 Share Programme	TSR: 2018-05-11 - 2021-05-11 Annual revenues (each year): 2018 - 2020	2018-05-11	2021-05-11	2021-05-11	13,622	0	5,449 ³⁾	0	0	0	0
	2019 Share Programme	TSR: 2019-05-28 - 2022-05-28 Annual revenues (each year): 2019 - 2021	2019-05-28	2022-05-28	2022-05-28	17,393	0	0	10,436	6,957	0	0
	2020 Share Programme	TSR: 2020-05-28 - 2023-05-28 Annual revenues (each year): 2020 - 2022	2020-05-28	2023-05-28	2023-05-28	15,074	0	0	11,054	4,020	0	0
	2021 Share Programme	TSR: 2021-06-01 - 2024-06-01 Annual revenues (each year): 2021 - 2023	2021-06-01	2024-06-01	2024-06-01	0	21,700	0	18,807	2,893	0	0
Total						46,089	21,700	5,449	40,297	13,870	0	0

¹⁾ Refers to the maximum number of shares at the award date subject to performance conditions under the respective performance periods.

²⁾ Value at vesting: kSEK 8,162, calculated as the market price per share at vesting (SEK 149) multiplied by the number of shares allotted, 54,776. The value at vesting is not to be equated to the year's cost for Sobi presented in the annual report 2021.

³⁾ Value at vesting: kSEK 812, calculated as the market price per share at vesting (SEK 149) multiplied by the number of shares allotted, 5,449. The value at vesting is not to be equated to the year's cost for Sobi presented in the annual report 2021.

⁴⁾ Refers to shares awarded which were subject to achieved targets with regards to annual revenues. The shares will not be allotted until after the respective vesting date.

Application of performance criteria

The performance measures for the variable remuneration of the CEO and the deputy CEO have been selected for the promotion of the Company's business strategy, long-term development including its sustainability, value creation and financial growth and

have been designed in a way that encourages compliant behaviour.

Set out below is a description of how the criteria for payment of variable short- and long-term compensation have been applied during the financial year.

Performance of the CEO and the deputy CEO in the reported financial year: short term variable cash remuneration

As to the short-term variable remuneration (“STI”), the board of directors has made both quantitative and qualitative assessments. This has involved the application of judgement and discretion to ensure that the outcome will reflect broader considerations and remain appropriate and proportionate, in addition to the formulaic outcome on the basis of scorecards. Accordingly, the short-term variable cash remuneration for the financial year 2021 was determined by both financial and non-financial performance criteria. The financial performance criteria consisted of annual revenue (relative weighting 52.5%) and EBITA (relative weighting

22.5%). The non-financial performance criteria were selected based on strategic objectives as well as short-term and long-term business development goals for 2021 (relative weighting 25%).

The evaluation of the performance criteria resulted in a remuneration outcome for the CEO Guido Oelkers amounting to kSEK 8,785, whereof kSEK 4,190 is related to annual revenue, kSEK 2,181 to EBITA and kSEK 2,413 to the non-financial objectives. For the deputy CEO Henrik Stenqvist, the evaluation of the performance criteria resulted in a remuneration outcome amounting to kSEK 2,302, whereof kSEK 1,098 is related to annual revenue, kSEK 572 to EBITA and kSEK 632 to the non-financial objectives.¹

Table 4 – Performance of the CEO and the deputy CEO in the reported financial year: share-based incentives¹

Name of director (position)	Name of plan	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
Guido Oelkers (CEO)	2018 Share Programme ²	Absolute TSR increase 2018-05-11 - 2021-05-11	60%	a) -23,31% ³ b) kSEK 0
	2019 Share Programme	Absolute TSR increase 2019-05-28 - 2022-05-28	60%	N/A ⁵
		Annual Revenues 2019 - 2021	40%	a) MSEK 15,529 b) kSEK 2,022 ⁴
	2020 Share Programme	Absolute TSR increase 2020-05-28 - 2023-05-28	60%	N/A ⁵
		Annual Revenues 2020 - 2022	40%	a) MSEK 15,529 b) kSEK 1,730 ⁴
	2021 Share Programme	Absolute TSR increase 2021-06-01 - 2024-06-01	60%	N/A ⁵
		Annual Revenues 2021 - 2023	40%	a) MSEK 15,529 b) kSEK 2,432 ⁴
	Henrik Stenqvist (deputy CEO)	2018 Share Programme ²	Absolute TSR increase 2018-05-11 - 2021-05-11	60%
2019 Share Programme		Absolute TSR increase 2019-05-28 - 2022-05-28	60%	N/A ⁵
		Annual Revenues 2019 - 2021	40%	a) MSEK 15,529 b) kSEK 429 ⁴
2020 Share Programme		Absolute TSR increase 2020-05-28 - 2023-05-28	60%	N/A ⁵
		Annual Revenues 2020 - 2022	40%	a) MSEK 15,529 b) kSEK 372 ⁴
2021 Share Programme		Absolute TSR increase 2021-06-01 - 2024-06-01	60%	N/A ⁵
		Annual Revenues 2021 - 2023	40%	a) MSEK 15,529 b) kSEK 535 ⁴

¹ Any right to exercise the options under the Option Programmes requires that the actual average revenues meet or exceed the budgets over a three-year period. The outcome of the 2019-2021 Option Programmes will be concluded in 2022, 2023 and 2024, respectively. The Option Programmes are therefore not included in Table 4.

² Annual Revenues were measured during 2018, 2019 and 2020, and was fully achieved.

³ The Absolute TSR increase performance target for the 2018 Share Programme was not achieved and therefore there has been no vesting related to this.

⁴ Annual Revenues for the performance year 2021. Based on market price per share at balance date 31 December 2021 (SEK 185,1) multiplied by the number of shares awarded. Vesting period still running, and the shares will not be allotted until after the respective vesting date. The value at balance date, 31 December 2021, is not to be equated to the year's cost for Sobi presented in the annual report 2021.

⁵ Performance period still running.

ⁱ The financial targets for STI are calculated at fixed rates. Annual Revenues for 2021 at fixed rates was MSEK 15,316 and EBITA for 2021 at fixed rates was MSEK 5,465.

Comparative information on remuneration and company performance

Table 5 – Remuneration of the CEO and deputy CEO compared with company performance and remuneration of other employees¹⁾

Total Remuneration CEO and deputy CEO (kSEK)	RFY 2020	RFY 2021
Guido Oelkers (CEO)	55,571	31,564 (-43%) ²⁾
Henrik Stenqvist (deputy CEO)	7,617	9,703 (+27%) ³⁾
Company's Performance (MSEK)		
Total Revenue	15,261	15,529 (+2%)
EBITA ⁴⁾	6,301	5,575 (-12%)
Average remuneration on a full-time equivalent basis of employees (kSEK) ⁵⁾		
Employees of the parent company	1,210	1,239 (+2,4%) ⁶⁾

¹⁾ The table will be extended over time to include a five-year historical comparison.

²⁾ Total Remuneration as set out in column 5 of Table 1(1), including the value at vesting for multiple-year variable remuneration (vesting period of three years, 11 May 2018-11 May 2021) with allotment in 2021, which had a lower outcome compared to 2020.

³⁾ Total Remuneration as set out in column 5 of Table 1(2), including the value at vesting for multiple-year variable remuneration (vesting period of three years, 11 May 2018-11 May 2021) with allotment in 2021. The deputy CEO was allotted shares for the first time during 2021.

⁴⁾ Alternative Performance Measures (APMs), see page 132 in the annual report 2021.

⁵⁾ Excluding members of the group executive management per 31 December 2021.

⁶⁾ Average remuneration for the Company's other employees includes the total remuneration, including the value at vesting for multiple-year variable remuneration (vesting period of three years, 11 May 2018-11 May 2021, and 1 November 2018-1 November 2021) with allotment in 2021 which had a lower outcome compared to 2020. The one-year variable cash remuneration amount included in the table is preliminary related to the 2021 financial year which will be finally approved and paid during the spring of 2022.