

Remuneration report 2021

Introduction

This report describes how the guidelines for executive remuneration of Vicore Pharma Holding AB (publ) ("Vicore" or "company"), adopted by the Annual General Meeting 2021, were implemented in 2021. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related incentive plans. 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 executive remuneration is available in note 7 (Employees and personnel costs) on pages 43-45 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 page 72 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 7 on page 43 in the annual report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement on page 7-8 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. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration. 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 complete guidelines for executive remuneration can be found on pages 28-29 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 under the notice to the Annual General Meeting 2021 on <https://vicorepharma.com/investerare/bolagsstyrning/bolagsstamma/>. No remuneration has been reclaimed.

In addition to remuneration covered by the remuneration guidelines, the Annual General Meetings have resolved to implement long-term share-related incentive plans.

Table 1 – Total CEO remuneration in 2021 (KSEK)*

	Fixed remuneration		Variable remuneration				
Name (position)	Base salary **	Other benefits ***	One-year variable	Extraordinary items	Pension expense ****	Total-remuneration	Proportion of fixed and variable remuneration *****
Carl-Johan Dalsgaard (CEO)	2,753	9	261	0	745	3,768	93%/7%

* Except for long-term share-related incentive plans, the table reports remuneration earned in 2021. Share-based remuneration is reported in table 2 below.

** Including holiday pay of 470 KSEK.

*** Wellness allowance and private healthcare insurance. Private healthcare insurance is due to tax benefit.

**** Excludes pension tax.

***** Pension expense, 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

Vicore has two active incentive programs (Co-worker LTIP 2018 and Co-worker LTIP 2021) for members of management and key persons. Within the frame of Co-worker LTIP 2018 a maximum of 2 000 000 options (including share options set aside for social fees) can be granted to the members of the program. As of December 31, 2021, a total of 1,325,800 options have been allotted in Co-worker LTIP 2018. At the Annual General Meeting 2021, it was decided to implement a new incentive program, Co-worker LTIP 2021. During 2021 a total of 807,600 options have been allotted in Co-worker LTIP 2021. According to the program participants will be granted, free of charge, options subject to three year vesting that entitle to acquire a maximum of 2,000,000 shares (Co-worker LTIP 2018) respectively 3,000,000 shares (Co-worker LTIP 2021) in the company.

The Board of Directors in Vicore Pharma believes that an equity-based incentive program is a central part of an attractive and competitive remuneration package in order to attract, retain and motivate competent members of senior management and key persons in the company, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders.

The CEO has been granted 300,000 options in Co-worker LTIP 2018 and 100,000 options in Co-worker LTIP 2021. In total, 2,133,400 options have been granted. Assuming full target fulfillment and full exercise of all granted options as of December 31, 2021, this would result in a dilution of 2.9% of the total number of shares.

Table 2 – Share option plans (CEO)

						Information regarding the reported financial year*				
		The main conditions of the share option plan				Opening balance	During the year		Closing balance	
Name (position)	Name of plan	Award date	Vesting date	Exercise period	Exercise price(SEK)**	Share options held at beginning of year	Share options awarded **	Share options vested	Share options awarded and unvested	Share options subject to retention period
Carl-Johan Dalsgaard (CE)	Co-worker LTIP 2018	September 27, 2018	September 27, 2018 – September 27, 2021	September 27, 2021 – September 27, 2022	25.26	100,000	0	33,333	0	0
		September 27, 2019	September 27, 2019 – September 27, 2022	September 27, 2022 – September 27, 2023	26.17	100,000	0	33,333	33,333	100,000
		September 24, 2020	September 24, 2020 – September 24, 2023	September 24, 2023 – September 24, 2024	29.25	100,000	0	33,333	66,667	100,000
	Co-worker LTIP 2021	September 16, 2021	September 16, 2021 – September 16, 2024	September 16, 2024 – September 16, 2026	26.48	0	100,000	0	100,000	100,000
Total						300,000	100,000	100,000	200,000	300,000

* During 2021, there were no changes regarding the Co-worker 2018-program, in which the CEO has 300 000 options. During 2021, the CEO was awarded 100,000 options in the Co-worker 2021-program.

** The aggregate market value of the underlying shares at the time of award is 2,000 KSEK for Co-worker LTIP 2021 and the aggregate exercise price is 2,648 KSEK.

Table 3 – Share award plans (CEO)

There are no issued share award plans for the CEO in Vicore.

Variable cash remuneration and application of performance criteria

The variable cash remuneration shall be linked to predetermined and measurable criteria. The criteria for variable cash remuneration to management and key persons, shall be designed so as 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 the executive's long-term development. These criteria can be measurable advancements in the company's preclinical and clinical trials and other associated activities. The criteria can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives.

Payments shall take place in the form of yearly cash remuneration after the remuneration committee and the board has reviewed and approved the outcome of the set goals, normally decided in the beginning of the year. The board and remuneration committee can at any time revise or cancel set goals and remunerations.

In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2021 have been taken into account. The criteria are the same for CEO, management and key persons. The variable cash remuneration may amount to a maximum of 40 percent of the annual fixed cash salary for the CEO. Further variable cash remuneration may be awarded in extraordinary circumstances. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and may not be paid more than once per year for each individual.

Table 4(a) - Performance of the CEO in the reported financial year: variable cash remuneration

Name (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome
Carl-Johan Dalsgaard (CEO)*	Financial criteria, Preclinical and clinical studies	100%	a) 25% b) 260 KSEK
Total			260 KSEK

* No additional individual variable cash remuneration has been paid to the CEO during 2021.

Table 4(b) - Performance of the CEO in the reported financial year: share-related remuneration

During 2021, all options under Co-worker LTIP 2018 have been earned and the period for exercise regarding 100,000 options runs from and including September 27, 2021 to and including September 27, 2022, see table 2 above

Comparative information on the change of remuneration and company performance

Table 5 – Change of remuneration and company performance over the last five reported financial years (RFY) (KSEK)

Since this is the second remuneration report produced, the information in the table below only pertains to the 2020 and 2021 financial year.

	RFY 2020	RFY 2021
CEO remuneration*	4,016	3,768
Group operating profit	-149,538	-294,818
Average remuneration on a full-time equivalent basis of employees** of the group company	1,869	1,709

* Including pension, variable cash remuneration and holiday pay. Excluding social fees and pension tax

** Including members of the management team but excluding CEO remuneration. Including pension, variable cash remuneration and holiday pay. Excluding social fees and pension tax