

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 2023

INTRODUCTION

This report describes how the guidelines for executive remuneration of Ascelia Pharma AB ("Ascelia Pharma"), adopted by the Annual General Meeting 2022, were implemented in 2023. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Stock Market Self-Regulation Committee.

Further information on executive remuneration is available in note 7 (Employees and remuneration) on pages 65-70 in the Annual Report for 2023. Information on the work of the remuneration committee in 2023 is set out in the corporate governance report available on pages 39-45 in the Annual Report for 2023.

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 66 in the Annual Report for 2023.

KEY DEVELOPMENTS 2023

The CEO summarizes the company's overall performance in his statement on pages 4-5 in the Annual Report for 2023.

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 highly competent senior executives with a capacity to achieve set goals. To this end, the company must offer competitive remuneration in market terms. The company's remuneration guidelines enable the company to offer senior executives a competitive total remuneration.

Under the remuneration guidelines, executive remuneration shall be in 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 and/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 promoting the senior executive's long-term development.

The guidelines are found on pages 42-43 in the Annual Report for 2023. During 2023, 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.ascelia.com/corporate-governance/general-meeting/>. No remuneration has been reclaimed.

In addition to such remuneration covered by the remuneration guidelines, the general meetings of the company have resolved to implement long-term share-related incentive programs.

Table 1 – Total remuneration of the CEO in 2023 (TSEK)

Name of director (position)	Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense incl. insurance	Total remuneration	Proportion of fixed and variable remuneration
	Base salary	Other benefits	One-year	Multi-year				
	Salary + holiday pay	Company car etc.	Bonus*	Share-related incentive programs**				
Magnus Corfitzen (CEO)	2,090	194	473	428	-	652	3,837	77/23

* Short-term variable remuneration refers to the 2023 target achievement.

**The amount for share-related incentive programs reflects the value of allotted ordinary shares in 2023.

SHARE-RELATED AND SHARE PRICE-RELATED INCENTIVE PROGRAMS
Share option programs

The company has one outstanding share option program (the Option Program 2023/2024). In the Option Program 2023/2024, the participants have been granted options free of charge. The options were granted on 14 November 2023, and are subject to a vesting period, which ends on 31 October 2024. The holders may exercise allotted and vested options during the period from 1 November 2024 up to and including 31 December 2024 at an exercise price of SEK 3.60 per share. Vesting is subject to continued employment (service period) during the vesting period. In the Option Program 2023/2024, the participants were initially granted 1,780,000 options free of charge. As per 31 December 2023, the participants held a total of 1,720,000 options. The CEO has been granted 360,000 options free of charge in the Option Program 2023/2024.

During 2023, the share option program 2018/2022, containing 505,095 options (of which 183,671 options were held by the CEO), expired. No options were exercised in the program as the exercise price of SEK 22.50 per share exceeded the share price at the time.

Share saving programs

The company has three outstanding share saving programs (LTI 2021, LTI 2022 and LTI 2023) offered to all employees. For each acquired ordinary share by the participant ("Saving Shares"), the participant is entitled to receive 1 matching share ("Matching Shares"). In addition, the participant shall have the possibility to receive up to 5 performance shares ("Performance Shares") for each Saving Share. Receipt of both Matching Shares and Performance Shares are conditional upon the fulfilment of the following conditions:

(a) that the participant has retained all Saving Shares during the period from the expiration of the relevant investment period to the end of the relevant Saving Period (30 September 2024 for LTI 2021, 30 September 2025 for LTI 2022 and 30 September 2026 for LTI 2023);

(b) that the participant has continued to be employed by the company throughout the relevant Saving Period; and

(c) the receipt of Performance Shares is further conditional upon that the requirement related to the development of the company's share price from the date of the annual general meeting when the programs were decided (5 May 2021 for LTI 2021, 5 May 2022 for LTI 2022 and 4 May 2023 for LTI 2023) to the end of the Saving Period.

During 2023, the share saving programs LTI 2019 and LTI 2020 expired. In February 2023, 54,500 Matching Shares, corresponding to an equal number of ordinary shares, were allotted to the participants in LTI 2019, of which 24,500 were allotted to the CEO. In November 2023, 34,984 Matching Shares, corresponding to an equal number of ordinary shares, were allotted to the participants in LTI 2020, of which 11,000 were allotted to the CEO. The share price targets set for the programs were not met, with the result that no Performance Shares were allotted in relation to LTI 2019 and LTI 2020.

The CEO has invested 10,000 Saving Shares in LTI 2021, 22,500 Saving Shares in LTI 2022 and 31,000 Saving Shares in LTI 2023. For the company, in the active programs, 169,203 Saving Shares have been acquired by the participants (23,703 in LTI 2021 and 48,510 in LTI 2022 and 96,990 in LTI 2023). The number of acquired shares has been revised due to employees who have resigned.

Table 2 – Share option programs (CEO)

Name of director (position)	The main conditions of share option programs							Information regarding the reported financial year					
	1	2	3	4	5	6	7	Opening balance	During the year		Closing balance		
	Name of program	Service period	Award date	Vesting date	End of retention period	Exercise period	Exercise price of the share and date	Share options held at the beginning of the year	Share options awarded	Share options vested	Share options subject to a performance condition **	Share options awarded and unvested	Share options subject to a retention period
Magnus Corfitzen (CEO)	2023/2024	2023-2024	2023-11-14	31 Oct 2024	2024-11-01	2024-11-01 – 2024-12-31	3.60 SEK per share	-	360,000*	-	360,000	360,000	-
TOTAL								-	360,000	-	360,000	360,000	-

* The aggregate market value of the shares at the time of the allotment was SEK 1,018,800. The aggregate exercise price is SEK 1,296,000.

** The performance condition means that the participant has not terminated the employment as of the date when the vesting occurs.

Table 3 – Share saving programs (CEO)

Name of director (position)	Main conditions					Information regarding the reported financial year					
						Opening balance	During the year		Closing balance		
	Specification of program	Performance period	Award date	Vesting period (Saving Period)	End of retention period	Number of Saving Shares at start of year	Saving Shares acquired	Allotted Matching Shares**	Shares subject to a performance condition***	Shares unvested at year end*	Shares subject to a retention period
Magnus Corfitzen (CEO)	LTI 2019	14 Nov 2019 - 31 Dec 2022	2019-11-14	Jan 2020 - Dec 2022	2022-12-31	24,500	-	24,500	-	-	-
	LTI 2020	6 May 2020 - 30 Sep 2023	2020-05-06	May 2020 - Sep 2023	2023-09-30	11,000	-	11,000	-	-	-
	LTI 2021	5 May 2021 - 30 Sep 2024	2021-05-05	May 2021 - Sep 2024	2024-09-30	10,000	-	-	10,000	10,000	-
	LTI 2022	5 May 2022 - 30 Sep 2025	2022-05-05	May 2022 - Sep 2025	2025-09-30	22,500	-	-	22,500	22,500	-
	LTI 2023	4 May 2023 - 30 Sep 2026	2023-05-04	May 2023 - Sep 2026	2026-09-30	-	31,000	-	31,000	31,000	-
	TOTAL					68,000	31,000	35,500	63,500	63,500	-

* The total estimated costs throughout the vesting period 2021-2026 for all active share saving programs amount to 2.2 MSEK. The calculation of costs is based on the generally accepted modelling technique Monte Carlo for simulation of future share prices.

** The value of the 35,500 allotted Matching Shares, corresponding to an equal number of ordinary shares, in 2023 amounts to TSEK 428.

*** The performance condition means that the participant has not terminated the employment as of the date when the vesting occurs.

APPLICATION OF PERFORMANCE CRITERIA

The performance criteria for the CEO's variable remuneration have been selected to support the company's strategy and long-term goals. The performance criteria have been composed of both operational and financial criteria that overall support the long-term strategic direction and value creation of Ascelia Pharma.

Table 4 – Outcome of the CEO's variable remuneration for 2023*

In 2023, the CEO was awarded 473 TSEK in variable remuneration based on fulfilment of performance criteria*. The weighting of each performance criteria and their individual degree of fulfilment are found in the table below.

Performance criteria	Relative weighting	Degree of fulfilment
Development	60%	58%
Financing and corporate	40%	

* Outcome of the CEO's variable remuneration refers to the 2023 target fulfillment.

COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

Table 5 – Remuneration and company performance in 2023 and 2022

	2023	2022
Remuneration to Magnus Corfitzen, CEO	3.8 MSEK*	3.4 MSEK
Operating Results for the Group	-110,914 TSEK	-147,007 TSEK
Share price performance	-77%	-52%
Average remuneration on FTE basis of employees of the Group and Ascelia Pharma**	1.0 MSEK	1.1 MSEK

* Of the total remuneration in 2023, around 0.4 MSEK reflects the of value of share-related incentive programs.

** Excluding members of the Group executive management.

Malmö in March 2024

The Board of Directors of Ascelia Pharma AB (publ)