

Remuneration statement 2020

Introduction

This report describes how the guidelines for remuneration to senior executives of BioGaia AB, adopted at the 2020 Annual General Meeting, were applied in 2020. The statement also contains information about remuneration to the Chief Executive Officer, Executive Vice Presidents and a summary of BioGaia's bonus programme. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's rules on remuneration to senior executives and incentive programmes.

Additional information on remuneration to senior executives is provided in Note 3 on pages 68 - 69 of the 2020 Annual Report. Information about the work of the Remuneration Committee in 2020 is provided in the Corporate Governance Report on pages 81 - 83 of the 2020 Annual Report. Fees for members of the Board are not covered in this report. Such fees are determined annually at the Annual General Meeting and reported in Note 3 page 69 of the 2020 Annual Report. The remuneration of SEK 995 thousand paid to the Board Chairman in addition to director's fee is also specified there. Remuneration was paid in the form of a monthly salary in accordance with special approval from the Annual General Meetings in 2020 and 2019.

Development in 2020

The Chief Executive Officer summarises BioGaia's overall results in the statement on page 10 of the 2020 Annual Report.

BioGaia's remuneration guidelines: application areas, purpose and deviations

BioGaia conducts research and development in order to offer consumers clinically-proven, health-promoting, patented and user-friendly probiotic products. For more information about BioGaia's business strategy, see the Annual Report. A successful implementation of the business strategy and safeguarding BioGaia's long-term interests, including its sustainability, require BioGaia to be able to recruit, motivate and retain competent employees who work to achieve maximum shareholder and customer value. This requires BioGaia to be able to offer competitive remuneration.

Remuneration shall be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The Annual General Meeting may in addition resolve on for example share-related and share-price based remuneration. The total remuneration package to senior executives should include a well-balanced mix of the above-named components as well as terms of notice and severance pay. The Board should annually evaluate the extent to which share-based or share-price based long-term incentive programmes should be proposed to the Annual General Meeting. The fixed cash salary shall be individual and based on the senior executive's responsibilities and role as well as the individual's competence and experience in the relevant position.

The variable cash remuneration may amount to a maximum of 25 % of fixed annual cash salary.

These guidelines can be found on page 54 of the 2020 Annual Report. During 2020, BioGaia has followed applicable remuneration guidelines adopted by the Annual General Meeting. No departures from the guidelines have occurred and no deviations have been made from the decision-making process that according to the guidelines shall be applied to determine remuneration. The auditor's opinion on BioGaia's compliance with the guidelines is available at www.BioGaia.se/bolagsstyrning. No remuneration has been reclaimed.

TABLE 1 - TOTAL REMUNERATION TO THE CHIEF EXECUTIVE OFFICER AND VICE CHIEF EXECUTIVE OFFICERS IN 2020 (SEK 000S).

	Fixed salary	Variable cash remuneration	Pension insurance incl. health insurance	Total
Chief Executive Officer Isabelle Ducellier	2,608	0	609	3,217
Vice Chief Executive Officer Sebastian Schröder	1,800	0	396	2,196
Vice Chief Executive Officer Urban Strindlöv	1,834	0	379	2,213
Vice Chief Executive Officer Ulrika Köhler	1,315	0	241	1,556

Application of performance criteria

Variable cash remuneration shall be linked to pre-determined and measurable criteria which may be financial or non-financial. It can also comprise individually adapted quantitative or qualitative targets. The criteria shall be designed so that they promote the Group's business strategy and long-term interests, including its sustainability, through for example having a clear link to BioGaia's business strategy or promoting the senior executive's long-term development.

Fulfilment of the criteria for payment of variable cash remuneration shall be measured during a period of one year. When the measurement period for

fulfilment of the criteria for payment of variable cash remuneration has ended, the extent to which the criteria have been met shall be determined. The Remuneration Committee is responsible for assessment with regard to variable cash remuneration to the Chief Executive Officer. As regards variable cash remuneration to other senior executives, the Chief Executive Officer is responsible for the assessment.

Performance criteria for the Chief Executive Officer and Vice Chief Executive Officers have been related to sales, operating profit and qualitative targets. During the year no criteria for variable cash remuneration were met.

TABLE 2 - CHANGES IN REMUNERATION AND THE COMPANY'S EARNINGS IN THE LAST TWO REPORTED FINANCIAL YEARS (SEK 000S).

	2020	2019	2018
Consolidated operating profit (percentage change)	228,150 (-6 %)	242,511 (-13 %)	277,595
<i>Chief Executive Officer Isabelle Ducellier</i>			
Total remuneration (percentage change) ²⁾	3,217 (-3 %)	3,330 (+11 %)	3,010
<i>Vice Chief Executive Officer Sebastian Schröder</i>			
Total remuneration (percentage change) ⁴⁾	2,196 (+17 %)	1,875 (-15 %)	2,193
<i>Vice Chief Executive Officer Urban Strindlöv</i>			
Total remuneration (percentage change)	2,213 (+0 %)	2,207 (-6 %)	2,356
<i>Vice Chief Executive Officer Ulrika Köhler</i>			
Total remuneration (percentage change) ³⁾	1,556 (-3 %)	1,602	-
Average remuneration based on number of full-time equivalents employed in the Group ¹⁾	603 (+1 %)	597 (-14 %)	693
Average remuneration based on number of full-time equivalents in the Parent Company ¹⁾	718 (+0 %)	720 (-9 %)	795

¹⁾ Excluding Chief Executive Officer and Vice Chief Executive Officers

²⁾ Chief Executive Officer took up her position on 4 November 2018. To enable comparison, the fixed salary for 2018 has been extrapolated to a full year.

³⁾ Vice Chief Executive Officer received position in 2020 therefore no comparative figures are presented.

⁴⁾ Vice Chief Executive Officer was on parental leave for a period in 2019, which affects comparability between the years.