

# Remuneration report 2022

## Introduction

This report describes how the guidelines for remuneration to senior executives of BioGaia AB, adopted at the 2021 Annual General Meeting, were applied in 2022. The statement also contains information about remuneration to the Chief Executive Officer, Executive Vice Presidents and a summary of BioGaia's bonus programme and long-term incentive 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 108–109 of the 2022 Annual Report. Information about the work of the Remuneration Committee in 2022 is provided in the corporate governance report on pages 124 of the 2022 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 108–109 of the 2022 Annual Report. The remuneration of SEK 600 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 Meeting in 2021 and 2022.

## Development in 2022

The Chief Executive Officer summarises BioGaia's overall results in the statement on page 11 of the 2022 Annual Report.

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

BioGaia performs research and development to provide consumers with clinically proven, health-promoting, patented and user-friendly probiotic products. For more information about BioGaia's business strategy, see the Annual Report. 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. These guidelines enable senior executives to be offered competitive total 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 – and independent of these guidelines – 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 35% of fixed annual cash salary.

These guidelines can be found on page 94 of the 2022 Annual Report. During 2022, BioGaia has followed applicable remuneration guidelines adopted by the General Meeting of Shareholders except for the variable cash remuneration to the Chief Executive Officer that amounted to 38 percent of the fixed annual cash salary. The reason for the deviation was the exceptionally good result for BioGaia 2022. The auditor's opinion on BioGaia's compliance with the guidelines is available at [www.biogaia.com/investors/corporate-governance/](http://www.biogaia.com/investors/corporate-governance/). No remuneration has been reclaimed.

## 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 CEO. As regards variable cash remuneration to other senior executives, the CEO is responsible for the assessment.

**Table 1 – Total remuneration to the Chief Executive Officer and Executive Vice Presidents in 2022 (SEK 000s)**

	Fixed salary	Variable cash remuneration	Pension insurance incl. health insurance	Total
Chief Executive Officer Isabelle Ducellier	3,194	1,204	854	5,252
Executive Vice President Marika Isberg	1,441	270	332	2,043
Executive Vice President Alexander Kotsinas	2,014	510	452	2,976

## Incentive programme

The company has an incentive programme for all employees based partly on the company's sales and profit (quantitative portion) and partly on qualitative targets. The maximum bonus is equal to 12% of annual salary.

In 2022, the quantitative portion (6%) was linked to the achieved sales budget and three target levels for gross margin and operating profit. Full quantitative bonus was achieved in 2022.

For 2022, a condition for the quantitative portion (6%) is that 90% of the sales budget is achieved as well as the targets listed below:

- Company-wide target (2%)
- Departmental target (2%)
- Individual target (2%)

The target achievement for the Chief Executive Officer and Executive Vice Presidents and bonus are presented in the table below.

## Long-term warrant programme

BioGaia has also implemented a subscription warrants programme as resolved by the 2021 Annual General Meeting. The programme involves the issue of a maximum of 365,000 warrants where each warrant shall entitle the holder during the period from 6 July 2024 through 6 November 2024 to subscribe for five new class B shares in BioGaia for a subscription price per five shares that amounts to SEK 578.2. The employees were invited to purchase the warrants at an amount of SEK 55.6 which was the market value determined with the support of an external valuation expert. A total of 89,730 warrants were subscribed for, which resulted in an additional equity injection of SEK 5.0 million and a possible dilution of existing shareholders of 0.4%. The programme also includes a stay-on bonus extending over a three-year period. In 2022, a total of SEK 694 thousand was paid in stay-on-bonuses to participants in the warrant programme.

Out of the total of 89,730 warrants subscribed in conjunction with the incentive programme, 84,750 were subscribed for by the management team including the Chief Executive Officer, who subscribed for 32,250 warrants. The Executive Vice Presidents subscribed for 43,000 warrants. 2,000 warrants relating to former Executive Vice President Sebastian Schröder were repurchased in the first quarter.



**Table 2** Performance of the Chief Executive Officer and Executive Vice Presidents in 2022 (SEK 000s) variable cash remuneration

	Relative weighting quantitative remuneration component (performance measured)	Relative weighting qualitative remuneration component (performance measured)	Discretionary bonus	Stay-on bonus	Remuneration outcome
Chief Executive Officer Isabelle Ducellier	50% (100%)	50% (100%)	560	269	1,204
Executive Vice President Marika Isberg	50% (100%)	50% (100%)	-	83	270
Executive Vice President Alexander Kotsinas	50% (100%)	50% (100%)	-	275	510

**Table 3** Changes in remuneration and the company's earnings in the last three reported financial years (SEK 000s)

	2022	2021	2020	2019
Group operating profit (percentage change)	361,459 (+42%)	253,737 (+11%)	228,150 (-6%)	242,511 (-13%)
Chief Executive Officer Isabelle Ducellier Total remuneration (percentage change)	5,252 (+31%)	3,866 (+20%)	3,217 (-3%)	3,330 (+11%)
Executive Vice President Marika Isberg Total remuneration (percentage change) <sup>2)</sup>	2,043			
Executive Vice President Alexander Kotsinas Total remuneration (percentage change) <sup>2)</sup>	2,976			
Average remuneration based on number of full-time equivalents employed in the group <sup>1)</sup>	686 (+3%)	664 (+10%)	603 (+1%)	597 (-14%)
Average remuneration based on number of full-time equivalents in the Parent Company <sup>1)</sup>	929 (+8%)	856 (+19%)	718 (+0%)	720 (-9%)

<sup>1)</sup> Excluding Chief Executive Officer and Executive Vice Presidents.

<sup>2)</sup> Executive Vice President received position in 2022 therefore no comparative figures are presented.

