

Remuneration report 2020

Introduction

This report describes how the guidelines for executive remuneration of Calliditas Therapeutics AB, adopted by the annual general meeting 2020, were implemented in 2020. 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 9 (Employees and personnel costs) on pages 51-53 in the annual report 2020. Information on the work of the remuneration committee in 2020 is set out in the corporate governance report available on pages 82-87 in the annual report 2020.

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 9 on page 52 in the annual report 2020.

Key developments 2020

The CEO summarizes the company's overall performance in her statement on page 6 in the annual report 2020.

The company's remuneration guidelines: scope, purpose and deviations

Calliditas' business strategy and safeguarding of its long-term interests, including its sustainability, presumes that Calliditas is able to recruit and retain qualified personnel. To this end, it is necessary that Calliditas offers competitive remuneration. These guidelines enable Calliditas to offer the executive management a competitive total remuneration.

The remuneration to the executive management may consist of fixed remuneration, variable remuneration, share and share-price related incentive programs, pension and other benefits. The fixed remuneration shall reflect the individual's responsibility and experience level. The fixed remuneration shall be reviewed annually. The variable cash remuneration shall aim at promoting Calliditas' business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 85-86 in the annual report 2020. The remuneration guidelines, adopted unanimously by the annual general meeting 2020, have been fully implemented. 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.calliditas.se/en/annual-general-meeting-2021-3474/>. 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 share-related incentive plans.

Table 1 – Total CEO remuneration in 2020 (kSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary	Other benefits	One-year variable	Multi-year variable	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration*
Renée Aguiar-Lucander (CEO)	3,401	-	1,357	-	-	678	5,436	75/25

* Pension expense (column 4) has been counted entirely as fixed remuneration

Share-based remuneration

Outstanding share-related and share price-related incentive plans

The Group has two warrant programs, whereby personnel and certain other employees have purchased warrants at fair value with rights to acquire shares in the Parent Company. When a warrant is exercised, the holder pays a subscription price and then receives one common share in the Parent Company. For the programs initiated in 2018 and 2019, the warrants can be exercised between January 1, 2022 and March 31, 2022 and between October 1, 2022 and December 31, 2022, respectively. If the warrant holder leaves the Group prior to exercise, the Group has the option to repurchase a certain number of warrants, depending on the time of leaving, at the lesser of fair value or the purchase price.

Warrant Program 2018/2022

In 2018, a total of 856,586 warrants were issued to employees and key consultants in the Group. The warrants in the warrant program 2018/2022 can be exercised between January 1, 2022 and March 31, 2022, where each warrant gives the participant the right to subscribe for a new share in the company at a subscription price of SEK 74.30 per share.

Warrant Program 2019/2022

In 2019, a total of 422,500 warrants were issued to employees and key consultants in the Group. The warrants in the warrant program 2019/2022 can be exercised between October 1, 2022 and December 31, 2022, where each warrant gives the participant the right to subscribe for a new share in the company at a subscription price of SEK 74.50 per share.

The company has further implemented an employee stock option program, ESOP 2020, which was implemented for employees and key consultants in Calliditas. The options were allotted free of charge to participants of the program. The options have a three-year vesting period calculated from the allotment date, provided that, with customary exceptions, the participants remain as employees of, or continue to provide services to, Calliditas. Once the options are vested, they can be exercised within a one-year period. Each vested option entitles the holder to acquire one share in Calliditas at a predetermined price. The price per share is to be equivalent to 115% of the volume weighted average price of the company's shares on Nasdaq Stockholm during the ten trading days preceding the allotment date. The options have, at the time of issue, been valued according to the Black & Scholes valuation model.

Table 2 – Warrants (CEO)

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)	8 Warrants held at beginning of year	During the year			Closing balance	
									9 Warrants awarded	10 Warrants exercised	11 Warrants subject to performance condition	12 Warrants awarded and unvested	13 Warrants subject to retention period
	2017/2020	2017/2020	2017-09-04	2020-06-30	2020-06-30	2020-06-30	42.36	369,500	0	-369,500	0	0	0
Renée Aguiar- Lucander (CEO)	2018/2022	2018-2022	2018-12-19	2022-01-01	2022-01-01	2022-01-01 2022-03-31	74.30	350,000	0	0	0	350,000	0
	2019/2022	2019-2022	2019-07- 10, 2019- 09-25	2022-10-01	2022-10-01	2022-10-01 2022-12-31	74.50	195,000	0	0	0	195,000	0
Total								914,500	0	-369,500	0	545,000	0

Table 3 – Employee stock option plans (CEO)

Name of director (position)	The main conditions of employee stock 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 Employee stock options held at beginning of year	During the year			Closing balance		
							7 Awarded	8 Vested	9 Subject to performance condition	10 Awarded and unvested at year end	11 Shares subject to retention period	
Renée Aguiar- Lucander (CEO)	ESOP 2020	2020-2023	2020-07-02	2023-07-01	2023-07-01	0	225,000*	0	0	0	225,000	0
Total						0	225,000	0	0	0	225,000	0

* Value: Calculated as the market price (SEK 111.20) per share at the time of award multiplied by the number of awarded options (225,000), the value is KSEK 25,020. Exercise price: The total amount for the CEO to pay to exercise the employee stock options is KSEK 27,321 (exercise price per share SEK 121.43).

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance measures, the strategic objectives and short-term and long-term business priorities for 2020 have been taken into account.

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

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) remuneration outcome
Renée Aguiar- Lucander (CEO)	Build competitive commercialization / operations in the US to launch Nefecon & clinical development capabilities in Europe	33.3%	a) 100%, b) KSEK 452
	Complete capital raising activity and Nasdaq listing	33.3%	a) 100%, b) KSEK 452
	Enhance product portfolio through acquisition / licensing and out-licensing transaction for Nefecon	33.3%	a) 100%, b) KSEK 452

Comparative information on the change of remuneration and company performance

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

RFY 2020

CEO remuneration Renée Aguiar-Lucander, KSEK	5,436
Group operating profit/(loss), KSEK	(379,720)
Average remuneration on a full-time equivalent basis of employees, excluding management, of the parent company, KSEK	1,153