

# **The Board of Directors remuneration report for financial year 2019/2020**

## **Introduction**

This remuneration report gives an overview of how the guidelines for executive remuneration of CELLINK AB (publ ("CELLINK"), adopted by the Annual General Meeting on 18 December 2019, have been applied during the financial year 2019/2020.

The report also provides information on remuneration to the CEO of CELLINK as well as a summary of CELLINK's outstanding share-based and share-priced related incentive programs. The report has been prepared in accordance with the Swedish Companies Act (2005:551) and the Remuneration Rules issued by the Swedish Corporate Governance Board (1 January 2021).

Information required under Chapter 5, Section 40 – 44 of the Annual Accounts Act (1995:1554) is available in note 6 on pages 87 – 90 of the Group's annual report for 2019/2020. Information on the work of the Remuneration Committee 2019/2020 is set out in the Group's Corporate Governance report, available on page 119 in the annual report 2019/2020.

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 6 on pages 89 – 90 in the annual report 2019/2020. The Group has no Deputy CEO covered by this report.

## **The Group's development 2020**

The CEO summarises the Group's overall performance in his statement on pages 8 – 11 in the annual report 2019/2020.

## **The Group's remuneration guidelines: scope, purpose and deviations**

A prerequisite for the successful implementation of the Group's business strategy and safeguarding of its long-term interests is that the Group can recruit and retain qualified employees. To this end, the group must offer competitive remuneration. The Group's remuneration guidelines enable the Group to offer executives a competitive 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, long-term incentive programs, pension and other benefits.

The variable cash remuneration shall be linked to pre-determined financial or non-financial criteria. The criteria shall be designed to contribute to the Group's business strategy and long-term interests, by for example being clearly linked to the business strategy or promote long-term development. The guidelines are available on pages 119 – 120 in the annual report 2019/2020.

The remuneration guidelines, adopted unanimously by the Annual General Meeting on 18 December 2019, 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. No remuneration has either been refunded. The auditor's report regarding the Group's compliance with the guidelines is available on <https://www.cellink.com/investors/annual-general-meeting-2021/>.

## Total CEO remuneration in 2019/2020 (kSEK)

Name, position	Financial year	Fixed remuneration		Variable remuneration		Extra-ordinary remuneration **	Pension expense ***	Total remuneration	Relation between fixed and variable remuneration
		Base salary *	Other benefits	One-year variable	Multi-year variable				
Erik Gatenholm, CEO	2019/2020 (16 months)	2,256	-	-	-	200	525	2,981	93% fixed remuneration
	2018/2019 (12 months)	672	-	-	-	-	30	702	100% fixed remuneration

\*Including holiday pay.

\*\* Discretionary extra cash bonus based on the Remuneration Committee's overall evaluation of this year's performance, including IPO on Nasdaq Stockholm and the acquisition of Scienion AG.

\*\*\* Pension expense, which in its entirety relates to base salary and is premium defined.

In order to make the remuneration to the CEO more competitive, the fixed base salary has been increased during the financial year. The Board of Directors considers that the CEO's performance justifies the implemented increase and that the increase has been implemented within the framework of the remuneration guidelines.

### Share-based remuneration

CELLINK has three long-term incentive programs for the Group's employees and board members. The purpose of the incentive programs is to encourage a broad shareholding among CELLINK's employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed the Group's goals. Further information about the incentive programs are available in note 6 on pages 87 – 90 in the annual report 2019/2020.

The Group's CEO has chosen to refrain from participating in the incentive programs for the benefit of other employees. Thus, no share-based remuneration has been paid to the CEO.

### Application of performance criteria

Performance criteria for the CEO's variable remuneration have been chosen to deliver the strategy of the Group and to encourage behaviour that is in the Group's long-term interest. When selecting performance criteria, the strategic objectives as well as short-term and long-term business priorities for 2020 have been considered.

### CEO's performance during the financial year 2019/2020: variable cash remuneration

Name, position	Criteria relating to the remuneration component	Relative weighting of performance criteria	a. Measured performance and b. Actual remuneration outcome
Erik Gatenholm, CEO	Net sales 2019/2020	17%	a. MSEK 416.0 b. KSEK 0
	Operating income 2019/2020	83%	a. MSEK -51.9 b. KSEK 0

The CEO's performance was measured for the first 12 months and not the entire financial year. As the company was negatively affected by COVID-19 during the first 12 months, no performance-based remuneration was paid for the period.

**Comperative information on the change of CEO remuneration and the Group's performance (kSEK)**

	<b>2017/2018 vs 2016/2017</b>	<b>2018/2019 vs 2017/2018</b>	<b>2019/2020 (16 months) vs 2018/2019 (12 months)***</b>	<b>2019/2020 (16 months)</b>
CEO remuneration	+166 (38%)	+72 (12%)	+1 584 (235%)	2,256
EBIT	+1,259 (from negative to positive)	-4,126 (from positive to negative)	-48,173 (-1 283%)	-51,927
Net sales	+32,178 (144%)	+60,120 (+133%)	+310,552 (+294%)	416,009
Average remuneration based on a full time equivalent basis of employees* (of the Group companies**)	+37 (10%)	-8 (-2%)	+424 (109%)	169,376

\* Excluding CEO and other members of group management.

\*\* Comparisons are made with employees in all Group companies as the Group's key functions are found in more than the Parent Company.

\*\*\* CELLINK's transition to reporting per calendar year from 1 January 2021 resulted in an extended financial year 2019/2020 which spanned from 1 September 2019 to 31 December 2020. This entails that the periods are not directly comparable.