

Remuneration Report 2023

Introduction

This Remuneration Report describes the guidelines for remuneration to senior executives in Sedana Medical AB (publ) ("Sedana Medical"), which were adopted by the Annual General Meeting 2023, and implemented during 2023. The report contains detailed information on the remuneration to the CEO of Sedana Medical. The report also contains a summary of Sedana Medical's outstanding long-term share-based incentive programs, and an account of the CEO's participation in these programs. The report has been established in accordance with the Swedish Companies Act and Rules on remuneration to senior executives and on incentive programs issued by the Swedish Corporate Governance Board, now administered by the Stock Market Self-Regulation Committee (*ASK in Swedish*). Remuneration of the Board of Directors is not encompassed by this report. Such remuneration is resolved by the Annual General Meeting annually and is reported in note 5 for the Group in the Annual Report 2023. More information about remuneration to senior management and the work of the remuneration committee is found in note 5 of the Annual Report and in the Corporate Governance Report.

Performance in 2023

The CEO provides a summary of the company's overall performance in the CEO statement on page 7 of the Annual Report.

Overview of the implementation of the Remuneration Guidelines

Sedana Medical's long-term success depends on the company being able to recruit and retain qualified personnel. According to the guidelines, remuneration to senior executives shall be on market terms and may consist of fixed cash salary, variable cash remuneration, pension and other benefits. Additionally, the annual general meeting may resolve on long-term share-based incentive programs. The fixed remuneration shall reflect the individual's responsibility and experience level. The variable remuneration shall be performance-based and linked to satisfaction of predetermined criteria measured over one year. The criteria for variable remuneration shall be designed so as to promote the company's business strategy and long-term interests, including its sustainability, by having a clear link to the business strategy or to promote the executive's long-term development. Variable remuneration to the CEO and other members of senior management was during 2023 based on the following criteria: sales target, EBITDA target ex-US, and patient recruitment for the company's clinical trial in the USA (INSPIRE-ICU). The variable remuneration may not exceed 70 per cent of the annual fixed remuneration for the CEO and may not exceed 45 per cent of the annual fixed remuneration for other executive management. The guidelines are found on the company's website: <https://sedanamedical.com/investors/corporate-governance/remuneration-committee/guidelines-for-remuneration/>
The total remuneration to the CEO is presented in table 1 below.

Adherence to Remuneration Guidelines

Sedana Medical has during 2023 adhered to the applicable guidelines for remuneration adopted by the Annual General Meeting 2023. No deviations have been made from the guidelines and no deviations have been made from the decision process for determining the remuneration outlined in the guidelines.

Table 1: Remuneration to the CEO during 2023 (KSEK)

	Fixed salary	Other benefits	Variable remun. (1yr)	Extra-ord. items	Pension	Total remuneration	Share fixed vs. variable remuneration
Johannes Doll (CEO)	3 260	4	1 238	-	742	5 244	76%/24%

Outstanding share-based incentive programs

Sedana Medical has two ongoing long-term incentive programs; Warrant program 2020/2024 and Warrant program 2022/2025.

Warrant program 2020/2024

The annual general meeting 2020 resolved to implement a warrant program for employees and consultants in the Group. The company therefore issued 360,000 series 2020/2024 warrants at the AGM, entitling holders to subscribe to a total of 360,000 shares, all of which were subscribed to by the company's subsidiary Sedana Medical Incentive AB for later transfer to employees in the Group. Each warrant entitles the holder to subscribe to one new share in Sedana Medical AB (publ) during the period 1 February to 31 May 2024 at a subscription price of SEK 123.88 per share. Full conditions apply to the warrants, including customary conversion terms, which mean that the subscription price, as well as the number of shares that the warrants qualify for subscription to, may in some cases be recalculated, for example in the event that the company makes changes in the share capital and/or the number of shares through, for example, issue of shares or other securities, aggregation or splitting of shares. At the balance sheet date for the financial year 2023, 148,452 warrants series 2020/2024 were held by staff in the Group. All transfers of warrants to staff in the Group have been made at market value, calculated according to the Black & Scholes valuation model by an external valuer. A condition for acquiring warrants under the 2020/2024 warrant program was that employees have undertaken to sell back acquired warrants to Sedana Medical Incentive AB if their employment or appointment in the Group ends before three years have elapsed from the acquisition date. If all the 2020/2024 series warrants that have been transferred to staff in the Group at the balance sheet date are fully exercised, the company's share capital will increase by around SEK 14,845 through the issue of 148,452 shares in the company, equivalent to a dilution of approximately 0.15 percent based on the number of shares in the company at the balance sheet date.

Warrant program 2022/2025

The Annual General Meeting 2022 resolved on the implementation of two new warrant programs, 2022/2025:1 and 2022/2025:2, for the CEO and certain selected employees. The company

therefore issued 895,000 warrants at the AGM, all of which have been subscribed to by the company's subsidiary Sedana Medical Incentive AB. Each warrant entitles the holder to subscribe to one share in the period 30 May to 30 September 2025, at a subscription price of SEK 46.24, equivalent to 140 percent of the volume-weighted average price paid for Sedana Medical shares over the period 28 April to 11 May 2022. A total of 824,947 warrants were transferred to staff in May 2022. Transfers took place against payment of the estimated market value of the warrants calculated by an external valuer according to the Black & Scholes valuation model. The price per warrant was SEK 5.61, based on assumption of a risk-free interest rate during the term of the warrants of 0.4 percent, an estimated volatility for the company's share during the term of the warrants of 37 percent and no dividends or other transfers of value being implemented during the term of the warrants. Volatility has been estimated based on the historical volatility in the company's share. In connection with payment of the warrants, employees received premium subsidies in the form of extra salary amounting to SEK 2.93 before tax per warrant. If the employee leaves employment during the three-year period there is an option to claim repayment of the subsidy in full or in part. If all the warrants are exercised, 824,947 new shares will be issued, which is equivalent to a dilution of around 0.8 percent based on the number of shares in the company at 31 December 2023.

Table 2: Outstanding share-based incentive program CEO

	Program name	Date of award	Period for exercise	Strike price	Instruments (#)
Johannes Doll (CEO)	2022/2025:1	11 maj 2022	30 maj – 30 september 2025	46,24	495 000

Table 3: Comparative information related to changes in remuneration and the company's financial result (KSEK)

	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	Year 2023
Remuneration to CEO (Johannes Doll)		2212	2767	265	5244
		na	125%	5%	
Remuneration to CEO (Christer Ahlberg)	449	-582			
	21%	-22%			
Group operating result (MSEK)	-4	-40	-45	40	-66
	-24%	-190%	-74%	na	
Average remuneration to employees (full-time equivalents)	224	-134	11	129	1249
	22%	-11%	1%	11%	

Note 1: The current CEO Johannes Doll assumed the position in October 2021, which impacts the rate of change 2021-2022. The change of CEO also impacts the rate of change in remuneration for the predecessor Christer Ahlberg during 2021.