

Championing
Kidney care

Remuneration Report 2020



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Introduction

Remuneration policy

The purpose of the Remuneration Policy is to ensure alignment of interests between the Company's management and shareholders and achievement of BioPorto's short-term and long-term goals in order to support the Company's business strategy, sustainability and value creation for the benefit of shareholders.

In its preparation and review of the Remuneration Policy as well as when entering into individual agreements on remuneration, the Board of Directors will take into account the remuneration and employment conditions of other employees to ensure the appropriate balance between remuneration of the Board of Directors, the Executive Management and the Company's other employees.

The remuneration policy was approved at the Annual General Meeting on April 14, 2020 and can be found on our website [Remuneration-Policy-2020](#).

The Remuneration Policy has been prepared pursuant to sections 139 and 139a of the Danish Companies Act and the Danish Recommendations on Corporate Governance.

Compliance with Policy

There has been no deviation to the policy in relation to remuneration for the Board of Directors and the Board of Management in 2020.

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Remuneration Policy

Remuneration policy and Remuneration Report

This Section constitutes BioPorto's Remuneration Report for 2020.

Each year, the shareholder meeting approves the remuneration of Board members, and any remuneration for alternates, for the current fiscal year. The Board does not participate in the company's share-based compensation.

The basic fee of the Board is set at a level assessed as being competitive and reasonable compared to the sector in general and the company's current situation. Board members are paid a fixed annual remuneration, while the Chairman and Vice Chairman, according to a specific decision of the shareholder meeting, can be remunerated with a higher fee.

If a committee is established, or if Board members are charged with performing special tasks for the Board, the Board may submit a recommendation to the shareholder meeting that supplementary remuneration be provided. The Board may submit a recommendation to the shareholder meeting that alternates should also receive remuneration.

In 2020 the Annual General Meeting approved a fee of DKK 250,000 per ordinary Board member, and a fee of DKK 350,000 for the Vice Chairman and DKK 500,000 for the Chairman. Further it was approved that participation in a committee is remunerated with a supplementary fee of DKK 25,000 per committee, but with an overall cap of DKK 50,000 per ordinary Board member. The Chairman and Vice Chairman do not receive supplementary fees for committee participation.

The remuneration of the Executive Management is set at a level deemed competitive and reasonable compared to the sector in general and the company's current situation. The Executive Management does not receive remuneration for being a member of the Management or Board of BioPorto A/S's Danish subsidiaries. The Executive Management receives remuneration for management positions in US subsidiaries of BioPorto A/S.

The remuneration comprises a fixed salary, pension scheme, annual bonus and participation in share-based compensation. In the view of the Board, a combination of fixed and performance-dependent salary for the Executive Management helps to ensure that remuneration, which is in part incentive-based, motivates the Executive Management to create added value for the benefit of the shareholders.

The annual bonus may comprise 150% of the fixed yearly salary. This may also involve a retention bonus, loyalty bonus or similar. Whether a bonus is paid out, will depend on whether the terms, conditions and targets defined in the agreement were achieved in part or in full. This may involve personal targets associated with the specific director's own performance, BioPorto's results or the occurrence of relevant events.

Board of Directors

Members of the Board of Directors and committees

The Board of Directors of BioPorto consists of five members. At the Annual General Meeting on April 14, 2020 all five members were re-elected. During the year Chris Lindop joined the Audit Committee and replaced Thomas Magnussen. In 2020 Michael Singer joined the Business, Research and Development Committee. In the second half of the year a Strategy Committee were founded consisting of Thomas Magnussen (Chairman), Chris Lindop and Michael Singer.

Remuneration policy

The remuneration of the Board of Directors is set at a level which is deemed competitive and reasonable compared to both the industry in general and the Company's current situation.

Members of the Board of Directors are paid a fixed annual fee, while the Chairman and Vice Chairman may be paid a higher fee, subject to a decision by the general meeting. In the event that a committee is established, or in the event that members of the Board of Directors are charged with performing specific tasks for the Board of Directors, the Board of Directors may submit a recommendation to the general meeting that supplementary remuneration be provided for this.

Members of the Board of Directors does not take part in the Company's share-option programs and does not receive any other type of incentive-based remuneration.

Members of the Board of Directors do not receive remuneration from the subsidiaries in BioPorto.

The Board of Directors finds that a combination of fixed remuneration and ad hoc payment for committee work contributes to achieving the Company's strategy, sustainability and value

creation for the benefit of shareholders and to retain and attract qualified candidates to the Board.

The general meeting annually approves the remuneration of members of the Board of Directors for the current financial year in connection with the approval of the annual report.

Remuneration to the Board was in line with market practice and on the same level as in 2019. In line with the Remuneration Policy, no variable remuneration was paid to any of the Board members.

Composition of board fees in 2020

All members of the Board of Directors are paid a fixed annual fee of DKK 250 thousand in 2020, while the Chairman is paid a fixed annual fee of DKK 500 thousand and Vice Chairman is paid a fixed annual fee of DKK 350 thousand.

For committee work an additional annual fee of DKK 25 thousand is paid to member of the committee, however the Chair and the Vice Chair of the board is not receiving any additional fee for committee work. The committee work will be granted for up to two committees only.

The fees are unchanged from 2019.

Members of the Board of Directors and board committees

	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Business, Research and Development Committee	Strategy Committee
Thomas Magnussen	Chairman		Chairman	Chairman	Member	Chairman
Torben A. Nielsen	Vice-Chairman	Chairman	Member	Member		
Kirsten Drejer	Member				Chairman	
Christopher Lindop	Member	Member				Member
Michael Singer	Member				Member	Member

Remuneration paid to the Board of Directors in 2020

DKK thousand	2020			2019	2018
	Board of Directors	Committees	Total	Total Fee	Total Fee
Thomas Magnussen	500	-	500	500	500
Torben A. Nielsen	350	-	350	350	350
Kirsten Drejer	250	50	300	300	300
Christopher Lindop ¹⁾	250	29	279	94	-
Michael Singer ¹⁾	250	29	279	94	-
Britt Meelby Jensen ²⁾	-	-	-	64	213
Niels Christian Nielsen ³⁾	-	-	-	-	88
Total	1,600	108	1,708	1,402	1,451

¹⁾ Joined the Board of Directors on August 15, 2019.

²⁾ Resigned from the Board of Directors on March 18, 2019.

³⁾ Resigned from the Board of Directors on April 13, 2018.

Shareholdings of the Board of Directors

	January 1, 2020	Purchased	Sold	December 31, 2020	Market Value (DKK thousand)
Thomas Magnussen (Thomas Magnussen & Therazone ApS)	1,016,953	456,498	-	1,473,451	5,953
Torben A. Nielsen	301,925	-	-	301,925	1,220
Kirsten Drejer	15,000	16,900	-	31,900	129
Christopher Lindop	334,866	111,621	-	446,487	1,804
Michael Singer	167,433	-	-	167,433	676
Total	1,836,177	585,019	-	2,421,196	9,782

Executive Management

Remuneration policy

By following the principles in the Remuneration Policy, remuneration paid to Management in 2020 supports the long-term performance and achievement of the Company's strategic goals.

In line with the remuneration policy the remuneration components and levels are based on a comparison with remuneration in other listed companies and consist of the following components:

- Fixed annual salary
- Pension scheme
- Other customary benefits
- Annual cash bonus
- Other incentive-based remuneration, including subscription rights (Warrants)

Individual cash bonuses are incorporated in the remuneration as motivation for the Executive Management to achieve good results on predefined initiatives. Bonus agreements for the Executive Management are decided by the Board of Directors, subject to the level of achievement of predetermined performance targets (see page 7). The specified targets are deemed significant in order to ensure value creation for the shareholders, and essential for the Company's business and long-term performance.

The purpose of the Company's share-based incentive program is to encourage the Executive Management to contribute to fulfil the Company's long-term goals determined by the Board of Directors, including long-term value creation. Executive Management is covered by an existing warrant program. It is decided that Executive Management will not receive any share-based instruments for 2020.

Composition of Remuneration of Executive Management in 2020

During 2020 the Executive Management consisted of :
Peter M. Eriksen, CEO

Overall development of Remuneration in 2020

The remuneration for the Executive Management totalled DKK 4,998 thousand in 2020 which is a decrease of 10% compared 2019. Compared to 2019 the fixed remuneration increased by 4% and the variable remuneration decreased by 41%.

Remuneration of Executive Management in 2018 - 2020

	Fixed remuneration				Variable remuneration			Total Remuneration	IFRS value ¹⁾
	Fixed annual salary	Pension Scheme	Other customary benefits	Total	Annual Cash bonus	Other Incentive-based remuneration	Total		
Peter M Eriksen									
2020	3,268	554	156	3,978	1,020	0	1,020	4,998	7,037
In percent	65%	11%	3%	80%	20%	0%	20%		
2019	3,124	528	156	3,808	360	1,364	1,724	5,532	5,937
In percent	56%	10%	3%	69%	7%	25%	31%		
2018	2,870	483	156	3,509	229	5,989	6,218	9,727	3,582
In percent	30%	5%	2%	36%	2%	62%	64%		

¹⁾ Remuneration of members of Executive Management included in the total staff costs in the Annual Report (Note 4). The value of share options, which is calculated as the fair value of warrants at the grant date using the Black-Scholes model in line with IFRS 2, comprises the annual accounting costs of warrants awarded in current and prior years in accordance with the accounting policies applied.

Fixed annual salary

Fixed annual salary to Executive management total DKK 3,268 thousand of which DKK 496 thousand was paid from the US based subsidiary BioPorto Diagnostics Inc.

Pension Schemes

Payments related to pension schemes for Executive Management total DKK 554 thousand in 2020, equal to 17% of the fixed annual salary paid.

Other customary benefits

During 2020 members of Executive Management received non-monetary benefits such as company car, health insurance, telephone, newspaper etc. in line with the remuneration policy.

Annual Cash bonus

The targets for Executive management for the Annual Cash bonus were split between as shown below.

Peter M Eriksen achieved a fulfilment of KPIs equaling 63% of the maximum bonus and the paid annual cash bonus totalled DKK 1,020 thousand in 2020.

	Target	Weight	Performance in 2020
Peter M Eriksen			
Group financial targets	Revenue	30%	Below
	EBIT	40%	Above
Individual	Individual targets	30%	3 out of 4 targets met

Other incentive-based remuneration

Executive Management did not participate in the only warrant program issued in 2020 (May).

As a result of the COVID-19 pandemic the timeline for the KPI's in the LTI bonus program from 2018 was extended.



Clawback

The Company's agreements concerning variable remuneration (participation in warrants programs and bonus schemes) will specifically establish a right for the Company to reclaim, in full or in part, variable remuneration paid on the basis of information that can subsequently be documented as being incorrect.

There has been no clawback in 2020.

Overview of warrants programs for Executive Management from 2016-2020

	Program	Grant date	KPIs	Vesting date	Expiration date	No. of warrants granted	Exercise price	Market value (DKK thousand)
Peter M Eriksen	April 2016	Apr 8, 2016	- KPIs fulfilled at time of vesting	Apr 8, 2018	Apr 7, 2021	910,000	4.58	-
	August 2018	Aug 20, 2018	- Achieved FDA clearance of The NGAL Test within the vesting period, and - 50 new hospital customer sites in the USA are achieved and - Achieved NGAL revenue growth of 100 % (in local currency in the USA) no later than 12 months after the FDA clearance	Aug 20, 2021	Aug 19, 2023	1,700,000	3.44	1,020
	December 2018	Dec 20, 2018	- Achieved FDA clearance of The NGAL Test within the vesting period, and - 50 new hospital customer sites in the USA are achieved and - Achieved NGAL revenue growth of 100 % (in local currency in the USA) no later than 12 months after the FDA clearance	Dec 20, 2020	Dec 19, 2023	1,800,000	3.75	522
	April 2019	Apr 15, 2019	- No KPI	Apr 16, 2021	Apr 15, 2024	1,350,000	3.92	162

Executive Management's holding of warrants

	January 1, 2020	Granted during the year	Exercised during the year	December 31, 2020	Market Value (DKK thousand)
Peter M Eriksen	5,760,000	-	-	5,760,000	1,704
Total	5,760,000	-	-	5,760,000	1,704

Executive Management's holding of shares

	January 1, 2020	Purchased	Sold	December 31, 2020	Market Value (DKK thousand)
Peter M Eriksen, CEO	69,239	36,267	-	105,506	426
Total	69,239	36,267	-	105,506	426

Business Performance

Business performance

	2020	2019
	DKK thousand	DKK thousand
Group		
Revenue	23,204	26,622
Revenue growth	(13%)	2%
Annual change	(15%)	(1%)
EBIT	(63,590)	(74,299)
EBIT margin	(274%)	(279%)
Annual change	5%	(118%)
Parent		
Revenue	9,600	9,600
Revenue growth	0%	0%
Annual change	0%	0%
EBIT	(21,473)	(18,785)
EBIT margin	(224%)	(196%)
Annual change	(28%)	(87%)

Remuneration development

REMUNERATION DEVELOPMENT	2020	2019
Board of Directors		
Thomas Magnussen	0%	0%
Torben A. Nielsen	0%	0%
Kirsten Drejer	0%	0%
Christopher Lindop ¹⁾	12%	n/a
Michael Singer ¹⁾	12%	n/a
Executive Management - Peter M Eriksen		
Change in base salary, pension and other benefits (Fixed)	4%	9%
Change in total remuneration, including cash bonus and warrants	(10%)	(43%)
BioPorto's employees		
Group	11%	14%
Parent	1%	(16%)
CEO PAY RATIO	2020	2019
Group	3.7	4.6
Parent	2.4	2.7

¹⁾ The development is based on annualized numbers. The increase is related to entering Committees in 2020.

Statement by the Board of Directors

The Board of Directors has today considered and adopted the Remuneration Report of BioPorto A/S for financial year 2020.

The Remuneration Report is prepared in accordance with section 139 b of the Danish Companies Act.

The Remuneration Report is submitted to the General Meeting for an indicative vote.

Hellerup, March 17, 2021

Board of Directors:

Thomas Magnussen
Chairman

Torben A. Nielsen
Vice Chairman

Kirsten Drejer

Christopher Lindop

Michael Singer

Independent auditor's report on Remuneration Report

To the shareholders of BioPorto A/S

We have examined whether the remuneration report for BioPorto A/S for the financial year 1 January - 31 December 2020 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with *ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and additional requirements under Danish auditor regulation to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Companies Act, section 139 b, subsection 3.

Hellerup, March 17, 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

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