

2022 | Remuneration Report

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Remuneration Report

The present remuneration report of Medartis Holding AG sets out the guiding basic remuneration principles, the governance rules around compensation decisions, the current compensation architecture and elements, as well as the actual remuneration paid and/or allocated to the BOD and the EMB for the reported year. It is in compliance with the requirements of the Ordinance Against Excessive Compensation in Publicly Listed Companies ("VegüV"), Medartis' Articles of Association and, with respect to compensation disclosure, article 5 of the appendix to the SIX Exchange Regulation Directive on Corporate Governance (DCG) and section 38 of appendix 1 of the Swiss Code of Best Practice for Corporate Governance.

1. Basic remuneration principles

Medartis' remuneration system underpins the group's commitment to attract, engage and retain the best talents within the industry. The Articles of Association of Medartis Holding AG stipulate the following basic principles:

- BOD (Art. 30): The remuneration of the members of the BOD (BOD) consists of a fixed compensation, which is paid in cash and/or in the form of shares. It may comprise other compensation elements and benefits.
- EMB (Art. 31): The remuneration of the EMB consists of fixed remuneration elements (comprising base salary and possibly other remuneration elements and benefits) and variable compensation elements (consisting of short-term and/or long-term compensation components). The variable components may be paid in cash and/or shares, options or other equity-based instruments.
- Approval by the AGM (Art. 16): The AGM approves annually, on a binding basis and at the request of the BOD, the aggregate amounts of the fixed remuneration of the BOD for the period up to the next AGM, and of the EMB for the next full financial year following the year of the AGM. The General Meeting further approves annually the total amount of variable remuneration elements (short-term and long-term) for the EMB for the current financial year in a binding and separate manner.
- Additional amount for newly appointed members of the EMB (Art. 32): Should new members of the EMB be appointed after the resolution of the AGM, an additional amount of up to 140% of the latest CEO total compensation in case of a new CEO appointment, and/or up to 140% of the latest average group executive's total compensation in case of appointment of other new members of the EMB, may be granted according to article 32 of the Articles of Association. In addition, and based on the same article, buy-out awards in the amount of up to CHF 1'000'000 to a newly appointed CEO and/or up to CHF 500'000 for other newly appointed members of the EMB may be granted in order to compensate the newly appointed executives for the loss of deferred compensation elements with their previous employer. The AGM does not vote on the additional amount used according to article 32 of the Articles of Association.
- No loans, credits, additional pension benefits (Art. 33): Members of the BOD and EMB may not be granted any loans, credits or pension benefits outside the scope of occupational benefits, except for loans up to CHF 250'000 per individual to bridge-finance legal costs.
- Maximum contractual terms (Art. 36): Employment contracts with members of the EMB may be concluded for a fixed term of up to 1 year, or for an indefinite term with a notice period of up to 1 year.

2. Remuneration governance and processes

The overall responsibility for the implementation of the statutory remuneration principles lies with the BOD.

Duties and Responsibilities

According to the HRCC Charter (Art. 3) and the Articles of Association of Medartis Holding AG (Art. 27), the HRCC assists the full BOD in the following tasks:

AGM

(a) Presenting motions to the BOD in view of the next ordinary Annual General Meeting (AGM) with respect to the aggregate amount of remuneration of the directors and of the members of the executive management of the Company;

(b) Assisting the BOD in the preparation of the remuneration report, to be adopted by the Board and then disclosed to the shareholders of the Company at the next ordinary AGM;

(c) Implementing the resolutions passed by the AGM with respect to the aggregate amount of remuneration of the members of the Board and the members of the executive management of the Company;

Remuneration

(d) Reviewing the principles, programs and targets for compensation of the Board, the CEO and the executive management and submitting them to the Board for approval; thereby ensuring that the compensation paid by the Company is based on market and performance-related criteria;

(e) Preparing proposals concerning the compensation of the BOD, the CEO and the executive management, and submitting them to the Board for approval and submission to the next ordinary AGM;

Equity Plans

(f) Assisting the BOD in the setting up of the conditions for the granting, the assignment, the blocking, the exercise and the expiry of the remuneration of the members of the Board and of the executive management in the form of equity securities, conversion rights and option rights in accordance with article 28 and article 29 of the Articles of Association, as well as assisting and advising the Board in the review and approval of general compensation and benefit policies including any long-term incentive compensation or equity plans;

Human Capital

(g) Conducting an annual review of the organization's Human

Resource strategic plan to ensure congruence with the Company's broader strategic plan, which includes a review of:

- recruitment and selection
- talent management
- performance management and
- corporate culture

(h) Annually reviewing the performance of the CEO and the EMB in fulfilling the set strategic objectives;

(i) Conducting forward-looking discussions of how human capital requirements are affected by evolving corporate strategy and external landscape changes (technology, competitors, labour market);

Nomination

(j) Regularly reviewing the structure, size and composition (including the skills, knowledge and experience required) of the BOD compared to its current position and submitting recommendations to the BOD with regard to any changes;

(k) Assessing candidates for the CEO role and submitting a proposal to the BOD for approval;

(l) Discussing the CEO's proposals for appointments to the executive management with the CEO and submitting such proposals to the Board for approval;

Other

(m) Annually reviewing and pre-approving the schedule of services and fees the Company plans to ask the compensation consultants to render in the upcoming year, as presented to the Committee by management, and ensuring that the independence of the compensation consultants is maintained.

The HRCC is entitled to conduct investigations in all matters of its competence.

In well-founded cases, it shall in particular have full access, to the extent required for the accomplishment of its duties, to the company's EMB, employees, books and records.

To the extent required for the accomplishment of its duties, the HRCC may request the services of independent advisors and experts. Details on the constitution of the BOD and of the HRCC, as well as regarding further details such as, for example, maximum number of external mandates, can be found in Medartis' corporate governance report.

The BOD or the HRCC determine annually the performance values and the variable short- and long-term compensation

elements, their amount and attainment, as well as the allocation conditions, vesting conditions and periods, as well as any blocking periods and expiration conditions in accordance with the compensation plan regulations.

The HRCC and the BOD determines, on an annual basis, the amount of the remuneration of the individual members of the BOD, including its Chairman, subject to and within the limits of the maximum total amount approved by the AGM. All decisions are subject to Medartis' conflict of interest policy as put forward in the Organizational Regulations (Art. 35).

Remuneration to the CEO is recommended by the HRCC and determined by the BOD on an annual basis, subject to and within the limits of the maximum total amount approved by the AGM. Remuneration to the other members of the Executive Board is recommended by the CEO, reviewed by the HRCC and determined by the BOD, on an annual basis, subject to and within the limits of the maximum total amount approved by the AGM.

The HRCC meets upon calling of its chairman as often as required for the fulfilment of its duties, but at least three times a year as defined in Article 6 para. 1 and 2 as well as article 9 of the Organizational Regulations. The chairman of the HRCC can invite persons other than committee members to attend all or a portion of a meeting. Invited persons shall not participate in the discussions or deliberations of the HRCC unless invited to do so, and shall not be entitled to vote.

The HRCC reviews the compensation package of the members of the EMB annually and proposes to the BOD any adjustments. As a base for this work the HRCC assesses compensation packages in similar companies. To build the compensation benchmark the following surveys and reference databases were used:

- The Klingler Survey for Executive members for similar companies in the worldwide MedTech industry as well as worldwide players in Health Care with a similar size (in terms of employees and/or revenue), and

As per article 23 para. 1 of the Organizational Regulations, the discussions of the HRCC must be summarized and its decisions recorded in minutes signed by the chairman (or chairing member) thereof and by the person taking such minutes. Article 13 of the Organizational Regulations shall apply by analogy. Every member of the Board shall receive a copy of the minutes of every meeting of the HRCC.

Decisions of the HRCCs and proposals to the BOD can also be made by way of approval of a written resolution circulated to the members of the HRCC. Article 12 of the Organizational Regulations shall apply by analogy.

On the occasion of every meeting of the BOD, the HRCC shall inform the BOD of its activities. As per article 23 para. 3 of the Organizational Regulations, circular resolutions must be reflected in the minutes of the next HRCC meeting. In case of emergency, the BOD members shall be informed immediately via the chairman.

As set out above, the AGM approves the total remuneration amounts to the BOD and to the EMB on an annual basis and in a binding manner. The BOD values the dialogue with shareholders and is considerate of their views about executive compensation when reviewing compensation principles. Against this background, the BOD voluntarily submits the compensation report to a consultative vote at the AGM. This vote allows shareholders to express their opinion on the compensation system, compensation disclosure as well as remuneration paid and granted in the past financial year. The remuneration practices are further guided by the basic principles determined in Medartis' Articles of Association, as mentioned above.

3. Compensation architecture and elements

3.1 Board of Directors (BOD)

For their non-executive services in the Board, its members receive a fixed basic compensation, which may be paid in cash and/or in the form of shares, based on the responsibilities and time requirement of their functions within the Board or its committees, without any entitlement to performance-related compensation. There are no additional meeting fees for BOD memberships. This ensures that the BOD remains independent while exercising its supervisory duties towards the EMB.

The amount of fees for each function of the BOD is determined annually, considering the market compensation trends and

comparisons with other listed life science companies of similar size which operate internationally. Members of the BOD who also serve in an executive capacity receive a separate remuneration for function, which is disclosed accordingly below in the section on the EMB. In 2022, no BOD member held an executive function.

At the AGM 2022, Roland Hess (member since 2017) and Dr. Jürg Greuter (member since 1997) retired from the Board by. Nadia Tarolli Schmidt and Ciro Römer were elected to the board to replace them.

Here after are described the roles and responsibilities of the different BOD members:

| Board of Directors (8 Members) | | |
|---|---|---|
| Chairman: Marco Gadola Vice Chairman: Dr. h. c. Thomas Straumann Members: Dominik Ellenrieder, Dr. med. Daniel B. Herren, Willi Miesch, Ciro Römer, Damien Tappy, Nadia Tarolli Schmidt | | |
| Finance & Audit Committee Chairman: Nadia Tarolli Schmidt Members: Ciro Römer, Damien Tappy | HR & Compensation Committee Chairman: Dominik Ellenrieder Members: Dr. med. Daniel B. Herren, Damien Tappy | Strategy & Innovation Committee Chairman: Willi Miesch Members: Dominik Ellenrieder, Dr. med. Daniel B. Herren, Ciro Römer, Dr. h. c. Thomas Straumann |
| Focus Financial Health Risk Management Legal & Compliance M&A and Alliances (Legal and Agreements) | Focus Nomination Compensation Human Capital Culture | Focus Growth initiatives and growth management Innovation Technology M&A |

**Board Structure Medartis Holding AG as of AGM 2022:
Main principles of the new plan which manages the calculation and allocation of the Medartis Restricted Shares for the members of the BOD:**

Unless otherwise determined by the Board, the allocation date shall be within 30 days from the AGM at which the compensation to the BOD for the respective period was approved. Immediately before the allocation date, the equivalent of the Board fees that a member of the BOD elected to receive in the form of shares instead of cash shall be converted into a number

of Medartis restricted shares ("RS") as set out below. The remaining part of the Board fees continues being paid out in cash according to the usual processes and timelines.

The equivalent of the Board fee that a member of the BOD elected to receive in the form of shares shall not be paid out in cash, but shall instead be converted into a number of RS, by dividing such amount by a share value that equals 85% of the volume-weighted average price of a Medartis share over a period of 20 trading days ending with the last trading day before the AGM that triggers the allocation date:

$$\frac{\text{selected Board Fee portion}}{85\% * (20\text{-day volume-weighted average Share price)}} = \text{number of RS allocated}$$

The allocated RS under the current Plan are subject to a Restriction Period, the duration of which will be determined by the Board and set out in the Election Form. The Restriction Period starts on the Allocation Date. The RS are allocated during the 30 days after the AGM with a discount of 15% and are subject to a Restriction Period of 2 years. There are no contractual share ownership requirements for BOD members.

Depending on the contractual setup and individual circumstances, the remuneration paid to members of the BOD may be subject to VAT or statutory social security contributions.

3.2 Executive Management Board (EMB)

a. Overview

The remuneration of the EMB (CEO and other members of group management) consists of a fixed base salary, an annual, performance-based short-term incentive (STI), a long-term incentive plan (LTI) in the form of restricted share grants, and other benefits (e.g. company car, car allowance, long-service bonus or family allowance).

As previously described in the Corporate Governance Report, the following changes occurred in the Medartis management team last year:

- The BOD appointed Mario Della Casa to the new role of Chief Operating Officer (COO) and member of the EMB in October 2022.
- At the same time, Chief Production Officer (CPO) Axel Maltzen relinquished his responsibilities in the EMB and assumed global responsibility for Quality Management, Sustainability (ESG) and the Project Management Office.
- Lisa C. Thompson, President US, has decided to step down in May following the acquisition of NSI. After the merger of the two organisations, her duties and the additional tasks for the production in Warsaw and R&D were divided among several non-executive employees.

There were no relevant changes to the remuneration structure for the EMB in 2022. Details on each compensation component are set out below.

b. Fixed base salary

The fixed base salary depends on the function, the qualification and the professional experience of the respective individual.

c. Annual short-term incentive (STI)

The STI scheme focuses on rewarding individuals based on company and regional performance and incentivizes growth and cost discipline. When performance targets are met, the annual STI bonus is paid in cash in the first half of the following year. At target,

the annual STI for the CEO is 75% of his (gross) base salary. This is unchanged versus previous year. If the other EMB members meet 100% of their performance criteria, their STI share ranges from 27% to 45% of their individual's annual gross base salary. In 2021, this range was between 27% and 45%. The base salaries as well as the STI target value is determined individually for each member of the EMB and is reviewed in a benchmarking process once per year, considering peer companies and benchmarks.

The performance metrics used for the STI are total company net sales, OPEX and EBITDA as well as regional net sales. The latter applies to senior executives who have regional sales responsibility. OPEX and EBITDA are measured relative to actual net sales. These metrics are considered to be the most critical and sustainable value drivers of the company. This means, for example, that higher OPEX expenses than planned in the budget can be offset by higher than planned net sales. The same logic applies in the opposite direction, of course. The weighting of each of those three performance measures varies per person and is determined at the beginning of each year in the annual performance agreements. There are no individual performance targets at this stage.

For each metric, the CEO determines and the BOD approves the annual target and maximum performance levels in advance and in line with the budget process for the subsequent financial year and with the long-term strategy. Each performance indicator's target achievement, multiplied by its weighting and by the individual's target amount for the short-term incentive, determines the actual payout.

- If 100% of the performance objectives are achieved, 100% of the target amount is paid out.
- For each percentage point that the performance achievement level is above or below the performance targets, the payout is reduced or increased by 20%. This means, for example, that only a target achievement of over 95% will result in a payout. The 95% threshold therefore represents the minimum performance floor. The progression is linear, which explains that each percentage point above this threshold increases the STI by 20%. This means, for example, that higher OPEX spendings than planned in the budget do not necessarily have a negative effect on the STI if net sales exceed the budget and outweighs the OPEX effect. The same logic applies in reverse, of course.
- The maximum STI payout is capped at 200% of the target, which also applies to the three subcategories.

There is no Board of Director's discretion in the measurement of the performance target achievement levels and the calculation of the resulting amounts payable.

For illustrative purposes, the performance scheme is explained below using a fictitious example:

An EMB member of Medartis AG participating in the STI Plan has a target value of CHF 100'000 that can be broken down as follows:

- CHF 50'000 based on net sales
- CHF 30'000 based on OPEX
- CHF 20'000 based on EBITDA

The following (fictitious) budget figures and annual results (in millions of CHF) would result in a total STI value of CHF 156'400.

| KPIs | Absolute budget value (in CHF mn) | Percentual budget value | Actual value (in CHF mn) | Actual% | Target achievement | STI sub-value |
|-----------|-----------------------------------|-------------------------|--------------------------|-------------------|------------------------|-----------------------------|
| Net Sales | 120 | 100% | 125 | | +104.2% (125/120) | +184% (100% + 4.2 * 20%) |
| OPEX | 60 | 50% of net sales | 62 | 49.6% (62/125) | +100.8% (50/49.6) | +116% (100% + 0.8 * 20%) |
| EBITDA | 15 | 12.5% of net sales | 16 | 12.8% (16/125) | +102.4% (12.8/12.5) | +148% (100% + 2.4 * 20%) |

| KPIs | STI sub-value % | STI sub-value in CHF | STI total value in CHF |
|-----------|-----------------|-------------------------------|---|
| Net Sales | +184% | 92'000 (184% * CHF 50'000) | CHF 156'400 (CHF 92'000 + CHF 34'800 + CHF 29'600) |
| OPEX | +116% | 34'800 (116% * CHF 30'000) | |
| EBITDA | +148% | 29'600 (148% * CHF 20'000) | |

The maximum payout amount of the STI is limited to 200% (in the example shown, CHF 200'000)

d. Long-term incentive (LTI)

The amount of this long-term compensation is determined individually for each participant, generally at the discretion of the BOD. It is reviewed once a year and may be subject to fluctuations.

According to the plan, the BOD at its sole discretion may determine the grant amount for members of the EMB, which will be converted into a number of granted Restricted Shares (RS), subject to a 2-year restriction period for Swiss-Residents or a number of Restricted Stock Units (RSUs), subject to a 1-year vesting and an additional 1-year blocking period for non-Swiss residents.

Allocation of RS (for Swiss Tax-Residents) or RSUs (for non-Swiss Tax-Residents) granted for any calendar year will take place within two business days after the AGM of the following calendar year. At the end of the restriction period (2 years for both plans), participants have the right to freely dispose of the shares.

The LTI grant amounts for 2022 will be allocated to EMB members following the AGM of 2023. The LTI compensation amount disclosed in the audited tables in section 4 show the allocated LTI grant amount for 2022.

The number of RS/RSUs is calculated as follows:

As of 2021, Medartis implemented the Employee Share Participation Plan (ESPP) as an additional compensation element:

$$\frac{\text{Grant Amount}}{75\% * (20\text{-day volume-weighted average Share price})} = \text{number of RS/RSUs allocated}$$

- Employee Share Purchase Plan (ESPP): EMB members can invest all or part of their payout in Medartis shares with a discount of 25% and subject to a 2 year blocking period. The shares are dividend-bearing from the day of acquisition. The BOD is not eligible for this program. The number of shares is calculated by applying the 20-day VWAP before the allocation date. Three out of the six EMB members have profited from the ESPP in 2022 and acquired a total of 9'537 shares at a price of 81 Swiss francs. These shares are blocked until H2 2023.
- Employees from 6 countries (Switzerland, Germany, Austria, France, UK and USA) who have worked for the company for at least one year can also purchase a limited amount of shares on the same terms. This is another element to promote company affiliation and entrepreneurship.

In 2021, the EMB members were restricted to participate in the ESPP-STI plan due to a special trading blackout period. To address this issue, the BOD has postponed the ESPP-STI subscription in 2022. The redefined plan asks the eligible employee to transfer his/her desired portion of his/her STI to be invested into restricted shares in a dedicated bank account (managed by our LTI plan administrator) five months before the allocation of these restricted shares. The amount to be invested five months later into restricted shares is blocked in this dedicated bank account and can no longer be retrieved by the employee.

Shares required under the share based compensation elements may be made available, at the discretion of the BOD, by capital increase, treasury shares or purchase of shares in the market. Further details on conditional capital are set forth in section 2.2 of the Corporate Governance report.

A new LTI plan including performance criteria is under consideration. This new plan will be implemented in 2023 and will be detailed in next year's Annual Report.

e. Other elements and comments

Members of the EMB participate in the benefits plan available in the country of their employment contract. Benefits consist mainly of retirement, insurance and health care plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and illness / accident. Medartis' pension benefits under Swiss contracts exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and are in line with what other international industrial companies offer.

Out-of-pocket expenses incurred to executives in connection with their employment services for Medartis and duly reimbursed by Medartis in accordance with the applicable regulations are not considered to be compensation subject to approval and are not further considered for the below compensation tables.

Each EMB member is entitled to the following fringe benefits: a company car (or car allowance), a family allowance (if eligible), seniority gifts and wedding bonus. There are no contractual share ownership requirements for the EMB members, but with the current remuneration system, share ownership is encouraged over time. The actual direct and indirect payout of the EMB in the current and previous year is shown in the tables underneath.

4. Actual remuneration for the reported year

This section contains:

- the actual compensation paid to the BOD for the period between AGM 2022 and 2023;
- the actual compensation paid to the EMB for 2022;
- other compensation-related information under the OaEC;
- a general pay-for-performance review;
- comments on the alignment between paid and pre-approved amounts; and
- information on shareholdings of members of the BOD and of the EMB.

Subsections (a), (b) and (c) are subject to external audit according to the Ordinance Against Excessive Compensation in Publicly Listed Companies ("OaEC"; "VegüV").

a) Remuneration of the BOD

The below table shows the compensation paid to members of the BOD for the period between the AGM 2022 and the AGM 2023. The total compensation for the BOD outlined in the table is within the range approved by the AGM 2022.

**BOD compensation in CHF
(audited table):**

| | Fixed board fee (cash) | Social security contributions | Restricted Shares | Restricted share discount* | Total |
|---|------------------------------------|----------------------------------|----------------------------------|---------------------------------|--------------------------------------|
| Marco Gadola Chairman of the BOD | 375'000 <i>0</i> | 36'541 <i>40'611</i> | 125'000 <i>500'000</i> | 8'402 <i>120'528</i> | 544'943 <i>661'138</i> |
| Thomas Straumann Vice-Chairman of the BOD | 228'773 <i>228'078</i> | 63'529 <i>64'216</i> | 0 <i>0</i> | 0 <i>0</i> | 292'303 <i>292'293</i> |
| Willi Miesch Chairman of the SIC Committee | 150'000 <i>150'000</i> | 11'736 <i>11'678</i> | 0 <i>0</i> | 0 <i>0</i> | 161'736 <i>161'678</i> |
| Dominik Ellenrieder Chairman of the HRCC Member of the SIC | 150'000 <i>150'000</i> | 0 <i>0</i> | 0 <i>0</i> | 0 <i>0</i> | 150'000 <i>150'000</i> |
| Nadia Tarolli Chairman of the FAC | 112'500 | 11'601 | 37'500 | 2'544 | 164'145 |
| Ciro Römer Member of the FAC Member of the SIC | 50'000 | 0 | 50'000 | 3'315 | 103'315 |
| Daniel Herren Member of the SIC Member of the HRCC | 50'000 <i>75'000</i> | 7'642 <i>7'991</i> | 50'000 <i>25'000</i> | 3'315 <i>5'958</i> | 110'956 <i>113'949</i> |
| Damien Tappy Member of the HRCC Member of the FAC | 0 <i>100'000</i> | 0 <i>0</i> | 100'000 <i>0</i> | 6'745 <i>0</i> | 106'745 <i>100'000</i> |
| Total all members | 1'116'273 <i>703'078</i> | 131'049 <i>124'495</i> | 362'500 <i>525'000</i> | 24'321 <i>126'485</i> | 1'634'143 <i>1'479'058</i> |
| Board members who stepped down at the 2022 AGM | | | | | |
| Roland Hess | <i>112'500</i> | <i>9'173</i> | <i>37'500</i> | <i>8'973</i> | <i>168'145</i> |
| Dr. iur. Jürg Greuter | <i>100'000</i> | <i>0</i> | <i>0</i> | <i>0</i> | <i>100'000</i> |
| Total | <i>212'500</i> | <i>9'173</i> | <i>37'500</i> | <i>8'973</i> | <i>268'145</i> |

* The BOD remuneration may be drawn in the form of Medartis shares at a discount of 15% in addition to the share appreciation at allocation date.

Values in italics represent data for the period between the AGM 2021 and the AGM 2022. Nadia Tarolli and Ciro Roemer were

elected at the AGM 2022 replacing Roland Hess and Dr. iur. Jürg Greuter. The total compensation of the BOD in unchanged composition would have amounted to CHF 1'634'828.

Comments:

- “Fixed board fee (cash)”: Gross amounts before deduction of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable.
- “Social security contributions”: Company contributions to social security and occupational pension schemes, as far as applicable.
- The valuation of Restricted Shares is determined by the closing share price average of 09 March 2022 – 05 April 2022 in-line with the Restricted Share Plan for the Board.

b) Remuneration of the EMB

The below table shows the compensation paid to the CEO and other members of the EMB for 2022 and 2021. End of 2022, the EMB consists of the CEO and five additional EMB members. The

total compensation listed underneath is within the range approved by the AGM 2022.

EMB compensation (in CHF; audited table):

| | Fixed compensation | Variable compensation in cash | Variable compensation in equity | Indirect compensation | Total |
|---|--------------------------------------|------------------------------------|--|---|--------------------------------------|
| | Fixed base salary | Annual short-term incentive (STI) | Long-term incentive (LTI – Buy-out awards, ESPP) | Social security contributions and fringe benefits | |
| Christoph Brönnimann CEO | 500'000 500'000 | 250'026 750'000 | 790'450 948'547 | 308'831 351'775 | 1'849'307 2'550'322 |
| Other members of the EMB | 1'794'698 2'027'652 | 395'581 1'236'779 | 648'218 573'352 | 808'715 945'445 | 3'647'212 4'783'228 |
| Total EMB (incl. former members)¹ | 2'294'698 2'527'652 | 645'607 1'986'779 | 1'438'668 1'521'899 | 1'117'546 1'297'220 | 5'496'519 7'333'550 |

¹ Mario Della Casa has been a member of the EMB since 1 October 2022. Former executives Lisa Thompson, Axel Malzen and Dominique Leutwyler received compensation in 2022 based on their employment contracts.

Comments:

- “Fixed base salary”: Gross amounts before deduction of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable.
- “Annual short-term incentive (STI)”: Amounts based on the performance in 2022, payable in 2023. Gross amounts before deduction of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable.
- “Long-term incentive (LTI)”: As further explained in section 3.2 d), the disclosed amounts are LTI grant amounts for 2022 (though not converted into restricted shares yet), plus step-up in value deriving from the use of a 25% reduced conversion price. Gross amounts before deductions of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable. In 2022, the LTI part of the CEO and CFO does include the amount related to their 2022 part of their buy-out awards. The mechanism of these buy-out awards have been described in the 2019 remuneration report for the CEO and in the 2021 remuneration report for the CFO. The LTI section does include as well the advantage from the shares acquired at 25% discount by EMB members with the ESPP-STI plan.
- “Social security contributions and fringe benefits”: Company contributions to social security and occupational pension schemes, as far as applicable. This column further includes the value of fringe benefits, consisting of company car (or car allowance), family allowance (if applicable), health insurance (if applicable), seniority gifts (if applicable) or any benefits defined in a severance package.

c) Other compensation-related information under the OaEC

For the reporting period, no compensation other than listed above in a) and b), respectively, was paid or granted to members of the BOD and EMB. No further compensation was paid or granted to former members of the BOD or EMB apart from the amounts listed above.

No loans or credits were granted to current or former members of the BOD and EMB. No such loans or credits were outstanding at the balance sheet date.

No compensation, loans or credits were paid or granted at non-market conditions to persons closely associated with current or former members of the BOD or EMB. No such loans or credits were outstanding at the balance sheet date.

In accordance with local market practice, a financial severance payment of more than six months was agreed with the former US President who was part of the EMB.

d) Performance-related compensation: General pay-for-performance review

In 2022, the weightings for the different metrics for the annual short-term incentive of members of the EMB have been:

| Weighting of STI performance criteria | Company Net Sales | Company OPEX | Company EBITDA | Regional Net Sales |
|---------------------------------------|-------------------|--------------|----------------|--------------------|
| CEO | 50% | 30% | 20% | n.a. |
| CFO, CTO, CHRO & COO | 50% | 30% | 20% | n.a. |
| VP EMEA | 25% | 15% | 10% | 50% |

Consequently and in total, the 2022 STI payout to members of the EMB (excl. CEO) equals CHF 395'581 (previous year CHF 1'236'779) as stated in the table above. As a percentage of the fixed (base) salary, this represents 22% (previous year: 61%). For the CEO, the STI payout of CHF 250'026 (previous year: CHF 750'000) represents 50% of the base salary (previous year: 150%).

In 2022, the grant value of restricted shares under the LTI was CHF 648'218 (previous year CHF 573'352) for the entire EMB (excl. CEO) and CHF 790'450 for the CEO (previous year: CHF 948'547). Combining the STI and the LTI and excluding the buy-out award and advantages of the ESPP plan of the CEO, his total variable compensation for 2022 amounted to 150% of his base salary (previous year: 250%). This is the total pay mix for the regular compensation elements. The aggregate variable

compensation (STI and LTI) for 2022 represents 51% (previous year: 89%) of the fixed base salary for the entire EMB (excl. CEO).

The main difference in the EMB remuneration between 2022 and 2021 is the lower STI target achievement. For EMB members and the CEO, this translated into an STI payments ranging from 33% to 85% of the target amount.

e) Alignment with pre-approved maximum amounts (audited)

At the AGM 2021 and 2022 the Medartis shareholders have determined and approved the following maximum compensation amounts:

| | |
|--|---------------|
| Compensation for the BOD for the period from the AGM 2022-2023: | CHF 2'232'162 |
| Fixed base salary to the EMB (incl. CEO) for the business year 2022: | CHF 4'298'705 |
| Variable compensation to the EMB (incl. CEO) for the business year 2022: | CHF 5'543'335 |

Board of Directors:

As shown in the remuneration table above, the total compensation (subtotal fixed board fee and social security contributions) of the BODs for their services in the 2022 financial year amounted to CHF 1'634'143 (2021: CHF 1'747'203 in 2021). This is within the amount pre-approved by shareholders at the 2022 AGM (CHF 2'232'162).

Fixed remuneration for the EMB:

The fixed remuneration paid to all EMB members in 2022 amounted to CHF 2'995'264. The shareholders approved in the AGM 2021 a total fixed compensation (base salary) of CHF 4'298'705 for the January-December 2022 period. The actual amount is therefore within the approved range.

Variable compensation for the EMB:

The total variable remuneration in 2022, consisting of STI and LTI, amounted to a total of CHF 2'501'255 (2021: CHF 3'924'430). Also this value is well below the maximum amount of CHF 5'543'335 approved by the Medartis shareholders.

f) Shareholdings of members of the Board of Directors and of the EMB

See attachment to the 2022 financial statements of Medartis Holding AG.



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To the General Meeting of
Medartis Holding AG, Basel

Basle, 9 March 2023

Report of the statutory auditor on the audit of the remuneration report



Opinion

We have audited the remuneration report of Medartis Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked "audited" on pages 83 to 85 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 83 to 85) complies with Swiss law and Art. 14-16 VegüV.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Elisa Alfieri
Licensed audit expert
(Auditor in charge)

Daniel Zaugg
Licensed audit expert