

Remuneration report 2024

Introduction

This report describes how the guidelines for executive remuneration of Egetis Therapeutics AB (publ), adopted by the annual general meeting on 6th May 2024, were applied during 2024. The report also provides information on remuneration to the CEO and a summary of the Company's outstanding share-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Stock Market Self-Regulation Committee's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Further information on executive remuneration can be found in note 11 (employees and staff costs) on pages 82-84 of the annual report. Information on the work of the remuneration committee in 2024 can be found in the Corporate Governance Report on pages 40-41 of the annual report 2024.

Remuneration of the Board of Directors is not covered by this report as such remuneration is resolved annually by the annual general meeting and disclosed in note 11 and in the Corporate Governance report in the annual report 2024.

Board member Peder Walberg, who left the Board in October, has received remuneration of SEK 0.7 million in accordance with a consultancy agreement and Elisabeth Svanberg has received remuneration of SEK 1.0 million in accordance with a consultancy agreement, which is reported in note 29 (related party transactions) on page 94 of the annual report 2024.

Significant events in 2024

The CEO summarizes the overall performance of the Company in his statement on pages 6-8 of the annual report 2024.

The Company's remuneration guidelines: scope, purpose and exceptions

The Company's business strategy is conducted in accordance with the overall objective of building and delivering an innovative and competitive portfolio of orphan drug candidates and technology for the hospital areas and related indications in which the Company is active, partly through research and development, partly through clinical development programs and market registration.

A successful implementation of the Company's business and sustainability strategy and the safeguarding of the Company's long-term interests requires that the Company can recruit and retain a management team with good competence and capacity to achieve set goals. These guidelines contribute to the Company's business strategy, long-term interests and sustainability by enabling the Company to offer the executive management competitive remuneration.

Forms of compensation

The Company's remuneration system shall be market-based and competitive. Remuneration may be paid in the form of fixed salary, variable remuneration, pension and other benefits.

The guidelines can be found on pages 83-84 of the annual report for 2024. During 2024, the Company has complied with the applicable remuneration guidelines adopted by the general meeting. 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 www.egetis.com. 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.

Total CEO remuneration, Nicklas Westerholm

Table 1- Total CEO remuneration, Nicklas Westerholm, in 2024 (MSEK)

Fixed remuneration		Variable remuneration		Pension- cost ⁵⁾	Total remuneration	Share of fixed and variable remuneration
Base salary ¹⁾	Other benefits ²⁾	One-year ³⁾	Multi-year ⁴⁾			
3,8	0,2	1,3	1,6	1,3	8,2	64,7%/35,3%

¹⁾ Includes vacation pay and deduction for car.

²⁾ Includes other benefits such as health and car allowance.

³⁾ Variable pay earned 2024 to be paid in 2025.

⁴⁾ Cost for share based option plane under IFRS 2, provided on p 68, 82 and 84-86 in the Annual Report.

⁵⁾ The pension is a defined contribution with a charge of 24% on base salary (excluding vacation pay).

Share-based remuneration

Employee Stock Option plan 2021/2025

The annual general meeting 2021 resolved on an employee stock option program for employees of Egetis Therapeutics of 5,000,000 stock options, of which each option entitles the holder to subscribe for one (1) new share in the Company at a subscription price of SEK 9.50 per share. The term of the employee stock option program is 2021/2025. The options were granted free of charge in May 2021. The vesting period runs from the allocation date until May 2024 and is conditional on the fact that employment has not been terminated in Egetis Therapeutics during the vesting period. The options are valued according to the Black & Scholes valuation model. As Egetis Therapeutics has carried out a rights issue in May 2022, the number of shares that each warrant entitles to has been recalculated to 1.02 shares and the subscription price has been recalculated to SEK 9.33/share, in accordance with the terms and conditions of each warrant series.

Employee Stock Option plan 2022/2026

The annual general meeting 2022 resolved on an employee stock option program "2022/2026" for employees of Egetis Therapeutics of 7,300,000 stock options, of which each option carries the right to subscribe for one (1) new share in the Company. The options have a three-year vesting period from the date of grant, provided, with customary exceptions, that the participant is still employed by/still providing services to Egetis Therapeutics. The price per share shall correspond to 120% of a weighted average price at which the Company's shares are traded on Nasdaq Stockholm during the ten trading days preceding the grant date. The options have, at the time of allocation, been valued according to the Black & Scholes valuation model. The exercise price is SEK 4.22-7.15 per option.

Employee Stock Option plan 2023/2026

The Annual General Meeting of 2023 approved an employee stock option program, 2023/2026, for employees at Egetis Therapeutics AB, consisting of 9,000,000 stock options, where each option grants the right to subscribe for one (1) new share in the company. The options have a three-year vesting period from the grant date, subject to, customary exceptions, the participant still being employed by/providing services to Egetis Therapeutics. The price per share shall correspond to 120% of a weighted average price that the company's shares trade for on Nasdaq Stockholm during the ten trading days preceding the grant date. At the time of the grant, the options were valued using the Black & Scholes valuation model. The exercise price is 7.2 SEK per option.

Employee Stock Option plan 2024/2027

The Annual General Meeting 2024 decided on an employee stock option program, 2024/2027, for employees of Egetis Therapeutics AB, consisting of 7,968,600 stock options, where each option grants the right to subscribe for one (1) new share in the company. The options have a three-year vesting period from the grant date, provided that, with customary exceptions, the participant is still employed by/continues to provide services to Egetis Therapeutics. The price per share will correspond to 120% of the weighted average price at which the company's shares are traded on Nasdaq Stockholm during the ten trading days preceding the grant date. At the time of allocation, the options have been valued according to the Black & Scholes pricing model. The exercise price is SEK 7.66-7.72 per option.

Table - 2 Remuneration to the CEO, Nicklas Westerholm in the form of stock options

The main terms of the employee stock option plans.						Information regarding the reported financial year.		
Plan name	Performance period	Date of grant	Vesting date	Exercise period	Exercise price (SEK)	Opening balance Stock options at the beginning of the year	Changes Granted	Closing balance
P2021/2025	2021/2024	17/05/2021	17/05/2024	18/05/2024 17/05/2025	9.33	1,400,000	-	1,400,000
P2022/2026	2022/2025	16/06/2022	16/06/2025	16/06/2025 16/06/2026	4.22	1,424,000	-	1,424,000
P2022/2026	2022/2025	21/11/2022	16/06/2025	16/06/2026	5.18	6,463	-	1,430,463
P2023/2026	2023/2026	16/06/2023	16/06/2026	17/06/2026 16/12/2026	7.2	1,313,869	-	1 313 869
P2024/2027	2024/2027	07/05/2024	07/05/2027	07/05/2027 07/11/2027	7.66	-	1,630,600	1,630,600
P2024/2027	2024/2027	13/12/2024	13/12/2027	13/06/2028	7.72	-	69,400	1,700,000

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to drive momentum and focus on adding value to the Company's existing projects in order to realize the Company's strategy and long-term interests. When selecting the performance criteria, strategic objectives as well as short and long-term business priorities for the year 2024 have been taken into account.

Table 3 – Performance of the CEO in 2024: variable cash remuneration (MSEK)

Name of director (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance b) actual award/remuneration outcome to be paid 2025
Nicklas Westerholm (CEO)	Project deliverables	80%	a)68%
	Business objectives and shareholder value	20%	a) 21%
Total		100%	b) 1,3

Comparative information on the change of remuneration and Company performance

Table 4 - Remuneration and Company results in MSEK

	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2024
Nicklas Westerholm , CEO	+0,2 (+7%)	+1,1 (+31%)	+1,2 (+26%)	+0,4 (+7%)	+1,9(+30%)	8,2 ¹⁾
Group operation result	-116,6 (-190%)	+73,5 (+41%)	-89,3 (-85%)	-133,2 (-69%)	-16,5(-5%)	-343,5
Average remuneration based on full-time employees in the group 2)	-0,0 (-2%)	-0,2 (-13%)	0,6 (+41%)	0,0 (0%)	0,1 (+4%)	2,1

¹⁾ Total remuneration during 2024 in accordance with information stated as total remuneration in Table 1.

²⁾ Excluding members of the Group management team