

The English text is an unofficial translation. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

REMUNERATION REPORT 2023

Introduction

This remuneration report describes how the guidelines for remuneration to senior executives of Alligator Bioscience AB, adopted by the annual general meeting 2020, were implemented in 2023. The report also provides information on remuneration to the CEO and a summary of the company's outstanding share-related and share price-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the *Remuneration Rules* issued by the Stock Market Self-Regulation Committee.

Further information on remuneration to senior executives is available in note 12 (Payments to senior executives) on page 82 in the annual report 2023. Information on the work of the Remuneration Committee in 2023 is set out in the corporate governance report available on pages 49–56 in the annual report 2023.

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 12 on pages 82–84 in the annual report 2023.

Developments during 2023

The CEO summarizes the company's overall performance in his statement on pages 7–8 in the annual report 2023.

The company's remuneration guidelines: scope, purpose and deviations

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration on market terms. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration on market terms. According to the remuneration guidelines, remuneration to senior executives may consist of the following components: fixed salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They may be individualized quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 40–41 in the annual report 2023. During 2023, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been made 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 the company's website, www.alligatorbioscience.se/en/corporate-governance/general-meeting/. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the general meetings of the company have resolved to implement long-term share-related incentive programs.

Table 1 – Total remuneration to the CEO in 2023 (KSEK)*

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension expense ³⁾	5 Total remuneration	6 Proportion of fixed and variable remuneration
	Base salary ¹⁾	Other benefits ²⁾	One-year variable	Multi-year variable				
Søren Bregenholt (CEO)	3,585	184	936	-	-	496	5,202	82/18

* Except for Multi-year variable remuneration, the table reports remuneration earned in 2023.

¹⁾ Including holiday pay.

²⁾ Refers to car benefit, benefit for fuel and congestion tax.

³⁾ Pension expense (column 4), which in its entirety relates to Base salary and is premium defined, has been accounted entirely as fixed remuneration.

Share-based remuneration

Outstanding share-related and share price-related incentive programs

Warrant programs LTI 2022 I/II

The annual general meeting 2022 resolved to implement a long-term incentive program by way of a warrant program for employees in the company ("**LTI 2022 I**"), whereby initially 3,700,000 warrants were issued within the framework of the program. Subsequently, 1,073,000 unallocated warrants have been cancelled. As of 31 December 2023, participants in LTI 2022 I held a total of 2,377,000 warrants while the remaining warrants were held by a wholly owned subsidiary of the company. In case all warrants held by participants in the program on 31 December 2023 are utilized for subscription of new ordinary shares, a total of 3,128,132 new ordinary shares will be issued, which corresponds to a dilution of approximately 0.47 per cent of the company's ordinary shares. In LTI 2022 I, CEO Søren Bregenholt has acquired a total of 500,000 warrants at market value.

The annual general meeting 2022 also resolved to implement a warrant program for certain board members ("**LTI 2022 II**"), whereby initially 600,000 warrants were issued within the framework of the program. Subsequently, 100,000 unallocated warrants have been cancelled. As of 31 December 2023, participants in LTI 2022 II held a total of 500,000 warrants. In case all warrants held by participants on 31 December 2023 are utilized for subscription of new ordinary shares in the company, a total of 658,000 new ordinary shares will be issued in the company, which corresponds to a dilution of approximately 0.10 per cent of the company's ordinary shares.

After recalculation due to the rights issue completed during 2023, each warrant in LTI 2022 I/II entitles to subscription of 1.316 new ordinary shares in the company at a subscription price of SEK 2.57 per ordinary share. The warrants in LTI 2022 I/II can be utilized for subscription of new ordinary shares in the company during the period 1–30 June 2025. All warrants in LTI 2022 I/II have been transferred to participants at the warrants' market value at the time of the transfer.

Warrant programs LTI 2023 I/II

The annual general meeting 2023 resolved to implement a long-term incentive program by way of a warrant program for employees in the company ("**LTI 2023 I**"), whereby initially 8,955,000 warrants were issued within the framework of the program. As of 31 December 2023, participants in LTI 2023 I held a total of 6,670,000 warrants. The remaining warrants were held by a wholly owned subsidiary of the company. In case all warrants held by participants on 31 December 2023 are utilized for subscription of new ordinary shares, a total of 6,670,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 1.00 per cent of the company's ordinary shares. In LTI 2023 I, the CEO Søren Bregenholt has acquired a total of 1,200,000 warrants at market value.

The annual general meeting 2023 also resolved to implement a warrant program for certain board members ("**LTI 2023 II**"), whereby a total of 1,440,000 warrants were issued within the framework of the program. As of 31 December 2023, participants in LTI 2023 II held all 1,440,000 warrants. In case all warrants held by participants on 31 December 2023 are utilized for subscription of new ordinary shares, a

total of 1,440,000 new ordinary shares will be issued, which corresponds to a dilution of approximately 0.22 per cent of the company's ordinary shares.

Each warrant in LTI 2023 I/II entitles to subscription of one ordinary share in the company at a subscription price of SEK 1.06 per ordinary share. The warrants in LTI 2023 I/II can be utilized for subscription of new ordinary shares in the company during the period 1–30 June 2026. All warrants in LTI 2023 I/II have been transferred to participants at the warrants' market value at the time of the transfer.

Share saving program LTI 2021

At the annual general meeting 2021 it was resolved to implement a long-term incentive program by way of a performance-based share saving program for employees in the company ("**LTI 2021**"). For each ordinary share acquired by the participant on Nasdaq Stockholm, so called saving shares, the participant has a right to receive so called matching shares. In addition, given that a requirement related to the development of the company's share price from the day of the annual general meeting 2021 up until 30 September 2024 has been achieved, the participant has a right to receive further shares in the company free of charge, so called performance shares. After recalculation due to completed rights issues, each saving share entitles to 1.4406 matching shares. The thresholds for the receipt of performance shares amount to SEK 13.39 for receipt of 1.9665 performance shares, SEK 26.78 for receipt of 3.933 performance shares and SEK 44.63 for receipt of 7.866 performance shares.

The CEO Søren Bregenholt has invested in a total of 15,000 saving shares in LTI 2021. For the company as a whole, a total of 141,866 saving shares were initially acquired by the participants in LTI 2021 and of these, 25,830 saving shares have expired since the persons who have acquired these have left the company. Since the saving period for the share saving program is still ongoing, no matching shares or performance shares have been allotted to the participants in LTI 2021.

Since the performance target for the company's share price in LTI 2021 far exceeds the current share price, the board of directors considers it unlikely that any performance shares will be delivered to participants in LTI 2021, and that only matching shares may be delivered to the participants who are still employed by the company. Thus, in the calculation of total dilution from existing incentive programs below, any delivery of performance shares has been disregarded and only matching shares that may be delivered to participants in the program have been considered. In addition, the dilution below does not consider any conversion of series C shares to ordinary shares that the company may convert and transfer for hedging of cash flow for any social security contributions that may arise in relation to LTI 2021. Based on the participation in LTI 2021 as per 31 December 2023, the maximum number of matching shares that can be issued in relation to LTI 2021 amounts to 167,161, corresponding to an equal number of ordinary shares, which corresponds to a dilution of approximately 0.03 per cent of the company's ordinary shares.

Further information on the company's outstanding incentive programs is available in note 27 (Equity) on page 89 in the annual report 2023. It is noted that the exercise terms for the company's outstanding incentive programs as set out above are subject to recalculation in the event of any occurrences that affect the number of shares in the company.

In table 2 below, the CEO's participation in LTI 2021 is presented.

Table 2 – Share-related incentive programs, share saving program (CEO)

Name of director (position)	The main conditions of share saving program					Information regarding the reported financial year*				
						Opening balance	During the year	Closing balance		
	1 Name	2 Performance period	3 Allotment date	4 Saving period	5 End of retention period	6 Saving shares at beginning of period	7 Saving shares acquired	8 Subject to performance conditions	9 Allotted and unvested	10 Subject to retention period
Søren Bregenholt (CEO)	LTI 2021	2021-2024	2021-07-16	2021-2024	2024-09-30	15,000	0	15,000	15,000	0
Total						15,000	0	15,000	15,000	0

* The CEO can be allotted a maximum of 21,609 matching shares and 117,990 performance shares through LTI 2021, corresponding to a total of 139,599 ordinary shares.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behaviour which is in the long-term interest of the company. In the selection of performance criteria, the strategic objectives and short-term and long-term business priorities for 2023 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company's values.

Table 3 – Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance; and b) actual award / remuneration outcome
Søren Bregenholt (CEO)	Financing/partner agreements	17%	a) 15% b) KSEK 156
	Development of/progress in the clinical programs	83%	a) 75% b) KSEK 780

Comparative information on the change of remuneration and company performance

Table 4 – Change of remuneration and company performance over the last five reported financial years (RFY) (KSEK)

	RFY 2023	RFY 2022	RFY 2021	RFY 2020	RFY 2019
CEO remuneration	5,202	4,399	6,330 ¹⁾	2,719	2,806
Group operating profit	-248,983	-192,789	-141,565	-144,298	-214,519
Average remuneration on a full time equivalent basis of employees ²⁾ of the parent company	916	943	780	766	704

¹⁾ CEO remuneration during the financial year 2021 includes remuneration to the current CEO Søren Bregenholt as well as the former acting CEO Malin Carlsson and the former CEO Per Norlén (including severance pay).

²⁾ Excluding members of the group executive management.

Lund in March 2024

The Board of Directors of Alligator Bioscience AB (publ)