



NYKODE THERAPEUTICS ASA

Remuneration Guidelines
Annual General Meeting 11 May 2023
as approved by the Board of Directors on 18 April 2023

REMUNERATION GUIDELINES

These guidelines are prepared by the board of directors (the “Board”) of Nykode Therapeutics ASA (“Nykode” or the “Company”) in accordance with the Norwegian Public Limited Liability Companies Act (the “Companies Act”) section 6-16a. The guidelines are for consideration at the annual general meeting on May 11, 2023, according to the Companies Act section 5-6 (3).

The remuneration guidelines describe the overall guidelines for remuneration of the executive management of the Company, which includes the CEO and Executive Vice Presidents (together the “Executive Management”). The guidelines apply to the financial year 2023 and until new guidelines are adopted by the general meeting.

1. INTRODUCTION

In order to successfully implement the Company’s strategy and safeguard the long-term interests of the Company, the Company must be able to recruit, develop and retain Executive Management with relevant competence, expertise and advanced leadership skills. It is therefore important that the Company offers its Executive Management terms that provide motivation and are in line with the market level, and that are also well balanced and based on the Executive Management’s competence, responsibility and performance. It is fundamental for the Company that the policies for the executive remuneration enables financial sustainability, and that the overall level of remuneration does not entail an unreasonable burden on the Company’s liquidity and equity.

The remuneration guidelines seek to provide a clear framework for remuneration of the Executive Management, so that an environment that promotes the Company’s strategy and long-term goals can be developed and contribute to increased shareholder value.

2. REMUNERATION POLICY

The Executive Management’s remuneration in Nykode shall be determined based on the following main principles:

2.1 Remuneration shall be market competitive, but not leading

Executive Management’s remuneration shall, as a general guideline, be suited to attract and retain skilled leaders in order to enhance value creation in the Company and support the alignment of interests between management and shareholders. Total remuneration should, as a general rule, be at level with remuneration for senior management in comparable industries, businesses and positions in the region in which the individual manager resides.

2.2 Remuneration shall be motivational and drive value creation for shareholders

Executive Management’s remuneration shall be structured to drive motivation and encourage improvements in results and shareholder value.

2.3 Remuneration shall be transparent and acceptable both internally and externally

The remuneration system shall not be unduly difficult to explain to the general public and should not involve disproportional complexity for the administration.

2.4 Remuneration shall be flexible, allowing adjustments over time

To be able to offer competitive remuneration, the Company must have a flexible system that can accommodate changes as the Company and markets evolve.

3. REMUNERATION SCHEME

In general, the remuneration scheme in Nykode is based on the following:

1. Base salary
2. Short Term Incentive Plan
3. Long Term Incentive Plan
4. Pension benefits
5. Other Terms of employment

3.1 Base salary

The base salary is the main element of the remuneration. The base salary of Executive Management is, as a main rule, reviewed annually by the Remuneration Committee and the Board. In determining the base salary, and the adjustment thereof, factors taken into consideration include the individual's skills, experience and performance, the general responsibility of the role, general salary adjustment in the Company, market data for comparable roles in the industry and the financial situation of the Company.

3.2 Short Term Incentive Plan

The Executive Management has a compensation package which includes an annual bonus payment of up to 40% of the fixed annual base salary. For the CEO, the annual bonus payment is up to 50% of the fixed annual base salary.

The bonus payment is based on the achievement of pre-defined corporate goals. As a general rule, there will be three to five main corporate goals in a year, and each main corporate goal may include sub-goals. The corporate goals are set to promote the Company's strategy and to encourage behavior which is in the long-term interest of the Company.

The selection of corporate goals and relative weighting of these is approved by the Board, following preparation and recommendation by the Remuneration Committee. The level of achievement of the corporate goals each year is approved by the Board, following preparation and recommendation by the Remuneration Committee.

The Remuneration Committee may also propose discretionary bonuses that are not bound by set goals/milestones and may rather be based on exceptional performance and achievements during a period.

3.3 Long Term Incentive Plan

Nykode has implemented a long-term incentive plan, by way of a share-option program for Executive Management and eligible employees from Associate Director level and above as decided by the Board. Skilled employees are Nykode's most important resource for success. The Company is dependent on recruiting and retaining competent employees to promote the Company's business

strategy, long-term interests and sustainability. The share-option program has been established as a contribution to achieving this.

The current guidelines for the share-option program were approved in 2020 and shall apply for 2021 through 2023, unless extended by the Board. As a main rule, the Company grants options annually shortly after the annual general meeting, however the Company may in its sole discretion decide to grant options on an ad hoc basis, including for onboarding of new hires. The number of outstanding options shall currently not exceed 7.5 % of the Company's total outstanding shares at any point in time and annual grants shall not exceed 1.5% of the outstanding shares.

The CEO is responsible to make a proposal on annual basis to the Remuneration Committee, for approval by the Board, for the number of options to be granted to Executive Management (excluding the CEO) and other eligible employees in any annual grant. The proposed number of options will depend on amongst other the seniority level, base salary and share price at the time. The Remuneration Committee will make a proposal to the Board, for their approval, for any options awarded to the CEO in an annual grant.

Unless otherwise determined by the Board, the base strike price for options granted shall be equal to the volume weighted average price (VWAP) for the last 20 trading days before the grant date.

The share options shall vest over four years, with 25% vesting after one year, 25% after two years, 25% after three years and the remaining 25% after four years. Any non-exercised options expire five years after grant. The exercise price of exercised options shall be settled by cash contribution.

If an option holder resigns or is lawfully dismissed by the Company, all unvested options shall lapse. Options which are vested prior to the date of notice of resignation/dismissal may be exercised at the later of (i) the expiry of the second exercise period following the termination date of the option holders' employment, and (ii) six months following the termination date of the option holders' employment.

3.4 Pension plan

The Company has a defined contribution pension plan for its Executive Management which meets the statutory requirements in Norway and Denmark. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

For members of Executive Management employed in the Norwegian entity, the contributions are currently 7% of the annual salary up to 7.1 times the basic amount (G) of the Norwegian National Insurance Scheme, and thereafter 13% up to 12 times G. For members of Executive Management employed in the Danish entity, the contributions are currently 10% of the annual salary.

3.5 Other Terms of employment

3.5.1 Benefits in kinds and other benefits

Executive Management are given the benefits in kind that are common market practice, i.e., telephone expenses, a laptop, free broadband connection, newspapers and general insurances (travel,

health etc). The benefits in kind for Executive Management may be updated in line with the regular update of Company policies.

3.5.2 Severance Arrangements

If the CEO is terminated by the Company, the CEO is entitled to notice period and severance pay in accordance with the CEO's employment agreement, which is currently 6 month's notice period and 8 months of severance pay.

In case of termination, the other members of the Executive Management team are entitled to their individual notice period as agreed in their individual employment agreements, currently between 3 and 6 months notice period.

4. PREPARATION AND DECISION-MAKING PROCESS FOR ESTABLISHING, REVIEWING AND IMPLEMENTING THE GUIDELINES

The Board has established a remuneration committee (the "Remuneration Committee"). The Remuneration Committee shall monitor and evaluate the application of the guidelines, variable remuneration programs for Executive Management that are ongoing and those that were concluded during the year, as well as remuneration structures and levels within the Company. For each financial year, the Board shall prepare a remuneration report and make this available to shareholders on the Company's website at least three weeks prior to the annual general meeting.

The duties of the Remuneration Committee include preparing the Board's resolution on proposed guidelines for remuneration of Executive Management. The Board shall prepare proposed new guidelines at least every four years and submit the proposal for decision at the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting.

Remuneration to the Executive Management shall be decided by the Board in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives shall be decided by the CEO in line with approved policies and after consultation with the Remuneration Committee if deemed necessary.

The members of the Remuneration Committee are independent in relation to the Executive Management. The CEO and other members of the Executive Management shall not participate in the Board's discussions on matters related to remuneration that concerns them.

5. DEVIATION FROM THESE GUIDELINES

The principles in these guidelines are binding for the Company from the time they are adopted by the general meeting. The Board may nevertheless decide to deviate from the guidelines in individual cases, provided that special circumstances are considered to make it necessary to deviate from the guidelines in order to satisfy the Company's long-term interests including its sustainability, or to ensure the Company's financial viability. The Remuneration Committee prepares the Board's assessments of matters concerning remuneration, including deviations from these guidelines.