



## NYKODE THERAPEUTICS ASA

### REPORT ON REMUNERATION TO EXECUTIVE MANAGEMENT FOR 2023

Prepared for Board of Directors meeting April 18, 2024

## 1 INTRODUCTION

This report on remuneration to executive management and the Board of Directors (the "Report") is prepared by the Board of Directors of Nykode Therapeutics ASA ("Nykode" or the "Company" and together with its subsidiary the "Group"). The Report has been prepared in accordance with the Norwegian Public Limited Liability Companies Act 1997 section 6-16 b, the Norwegian Regulation on Guidelines and Report on Remuneration of Leading Employees of 2020 (Nw.: Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer) section 6.

The Report comprises remuneration to the Company's Chief Executive Officer, Chief Financial Officer, Chief Business Officer, Chief Development Officer, Chief Scientific Officer and Chief Legal Officer (the "Executive Management") for the financial year 2023. The Executive Management consists of the people who are considered part of the Groups senior management team, but also leads the significant operational areas and have significant influence on the operational decisions in the Company.

The purpose of the Report is to provide a comprehensive, clear and understandable overview over awarded and due gross salary and remuneration to Executive Management for the last financial year and to what extent the remuneration is linked to the performance of the Company. The Report provides details, both in total and individualized, on the remuneration of the Company's Executive Management.

In addition to detailing the remuneration to the Executive Management, the Report extends its scope to include the remuneration to the Company's Board of Directors. This section delves into the compensation structure for the Board members, recognizing their critical role in governance, strategic oversight, and providing direction to the Company's Executive Management team. The remuneration to the Board of Directors is designed to reflect the responsibilities and the value of the contributions made by each member towards the Company's growth and governance.

The guidelines for remuneration of Executive Management are prepared by the Board of Directors for consideration of the Annual General Meeting. On June 1, 2022, the Company converted from a private limited liability company (AS) to a public limited liability company (ASA), and the first remuneration guidelines were approved at the annual general meeting held on May 11, 2023. The remuneration guidelines are available on the Company's website.

## 2 COMPANY HIGHLIGHTS IN 2023

### Key events 2023

The Company reported several key events during 2023, including:

- Announced collaboration with the gynecologic study group GOG Foundation to conduct the planned the VB-C-04 trial in advanced cervical cancer.
- The company expanded its clinical collaboration with Roche, evaluating VB10.16 in combination with Roche's atezolizumab in a potentially registrational trial for advanced cervical cancer.
- Received approvals to initiate the VB-C-03 trial in Europe with VB10.16 in combination with KEYTRUDA (pembrolizumab) for head and neck cancer.
- Positive final results from the Phase 2 trial of VB10.16 with PD-L1 inhibitor atezolizumab in cervical cancer, showing promising survival data and a favorable safety profile.
- Safety clearance for the 9 mg dose of VB10.NEO in the VB-N-02 trial, with no safety concerns or dose-limiting toxicities.
- FDA approval for the IND application for the VB-C-04 trial.
- Hosted Capital Markets Days in New York and Oslo, presenting previously unpublished data on VB10.16 and VB10.NEO and providing update on the partnership with Regeneron.
- Presented data on mRNA delivery of Vaccibodies, its APC-targeted vaccine technology. The data demonstrated that Vaccibodies consistently result in faster, broader and stronger immune responses compared to non-targeted vaccines, whether delivered as DNA or mRNA.
- Showcased preclinical data indicating potent T cell responses and potential in autoimmune disease models.
- Successfully completed a private placement raising USD 45 million in gross proceeds from an oversubscribed private placement, significantly broadening the existing shareholder base with substantial participation from international life science specialist investors.
- Announced the expansion of the pipeline with the addition of NYK011, a potential first-in-class preclinical oncology vaccine program aimed at preventing and treating colorectal cancer.

For further details on the Company's performance in 2023, reference is made to the Company's consolidated annual accounts for 2023.

### 3 TOTAL REMUNERATION OF EXECUTIVE MANGEMENT IN THE COMPANY

Table 1 below sets out total remuneration, split by component, paid and due to each member of Executive Management in the Company for the last financial year.

**Table 1 – Total remuneration of Executive Management in the Company in 2023**

Name and position	Currency	Reported financial year	Fixed remuneration			Variable remuneration	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
			Base salary	Fees	Other benefits	One-year variable				
Michael Engsig CEO	DKK	2023	2 682 454	-	3 040	1 023 804	-	242 231	3 951 529	74%/26%
	DKK	2022	2 259 377	-	10 200	524 579	-	235 993	3 030 149	83%/17%
Harald Gurvin CFO	NOK	2023	3 036 619	-	12 732	863 693	-	168 614	4 081 657	79%/21%
	NOK	2022	2 612 038	-	10 200	568 219	-	159 817	3 350 274	83%/17%
Agnete Fredriksen CBO	NOK	2023	2 991 591	-	12 732	836 418	-	171 819	4 012 560	79%/21%
	NOK	2022	2 372 707	-	10 200	522 760	-	162 902	3 068 569	83%/17%
Mikkel W. Pedersen CSO	DKK	2023	1 979 791	-	3 556	618 223	-	213 180	2 814 751	78%/22%
	DKK	2022	1 620 612	-	10 200	386 389	-	173 825	2 191 026	82%/18%
Klaus Edvardsen <sup>1</sup> CDO	DKK	2023	2 331 533	-	3 556	704 990	-	243 100	3 283 179	79%/21%
	DKK	2022	916 667	-	5 100	239 250	-	95 919	1 256 936	81%/19%
Louise Stubbe <sup>2</sup> CLO	DKK	2023	1 794 590	-	3 556	542 880	-	187 200	2 538 426	79%/21%
	DKK	2022	618 327	-	-	141 375	-	65 000	824 702	83%/17%

<sup>1</sup> Klaus Edvardsen commenced the position July 1, 2022

<sup>2</sup> Louise Stubbe commenced the position August 1, 2022

### 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.

### 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.

### 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.

### 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.

## 4 SHARE BASED REMUNERATION

Nykode has implemented a long-term incentive plan (the “2020 Share Option 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.

Prior to 2020, Executive Management has been awarded warrants following individual warrant agreements.

**Table 2 – Share options awarded or due to the Executive Management for the financial year 2023**

Name and Position	The main condition of the option plan			Information regarding the reported financial year					
	Specification on plan	Award date	Strike price of the share (NOK)	Opening balance					Closing balance
				Share options awarded at the beginning of the year	Share options awarded in 2023	Share options vested in 2023	Share option exercised in 2023	Share options terminated in 2023	Share options awarded and unvested at the end of the year
Michael Engsig CEO	Warrant agreement	16.10.2019	8.8	2 910 000	-	-	-	2 910 000	-
	2020 Share Option Plan - annual grant	16.05.2022	34.99	334 927	-	83 731	-	-	251 196
	2020 Share Option Plan - annual grant	07.07.2023	28.47	-	423 878	-	-	-	423 878
	Option agreement <sup>3</sup>	24.11.2023	8.8	-	2 910 000	-	-	-	2 910 000
Harald Gurvin CFO	2020 Share Option Plan - onboarding	04.05.2021	76.77	800 000	-	200 000	-	-	400 000
	2020 Share Option Plan - annual grant	16.05.2022	34.99	140 214	-	35 053	-	-	105 161
	2020 Share Option Plan - annual grant	07.07.2023	28.47	-	167 876	-	-	-	167 876
Agnete B. Fredriksen CBO	2020 Share Option Plan - annual grant	16.05.2022	34.99	128 997	-	32 249	-	-	96 748
	2020 Share Option Plan - annual grant	07.07.2023	28.47	-	154 446	-	-	-	154 446

<sup>3</sup> The options awarded to the CEO were conditional upon the existing warrants held by him not being exercised before their expiry on December 31, 2023.

**Table 2 – Share options awarded or due to the Executive Management for the financial year 2023 (Continued)**

Name and Position	The main condition of the option plan			Information regarding the reported financial year					
				Opening balance					Closing balance
	Specification on plan	Award date	Strike price of the share (NOK)	Share options awarded at the beginning of the year	Share options awarded in 2023	Share options vested in 2023	Share option exercised in 2023	Share options terminated in 2023	Share options awarded and unvested at the end of the year
Mikkel W. Pedersen CSO	2020 Share Option Plan - onboarding	03.06.2021	81.14	200 000	-	50 000	-	-	100 000
	2020 Share Option Plan - annual grant	16.05.2022	34.99	123 348	-	30 837	-	-	92 511
	2020 Share Option Plan - annual grant	07.07.2023	28.47	-	156 108	-	-	-	156 108
Klaus Edvardsen CDO	2020 Share Option Plan - onboarding	01.07.2022	31.11	200 000	-	50 000	-	-	150 000
	2020 Share Option Plan - annual grant	07.07.2023	28.47	-	193 322	-	-	-	193 322
Louise Stubbe CLO	2020 Share Option Plan - onboarding	01.08.2022	29.44	101 410	-	25 352	-	-	76 058
	2020 Share Option Plan - annual grant	07.07.2023	28.47	-	137 083	-	-	-	137 083

## 5 APPLICATION OF PERFORMANCE CRITERIA

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. The Company must therefore offer a competitive total remuneration. The remuneration of Executive Management shall be competitive but not leading, motivational and flexible, and may consist of the following components: base salary, short term incentive plan, long term incentive plan, pension benefits, and other benefits.

The performance measures for the Executive Management's variable remuneration for 2023 have been selected to promote the Company's strategy and to encourage behavior which is in the long-term interest of the Company. The selection of company goals and relative weighting of these are approved by the Board of Directors. The final approval of the achieved goals is also determined by the Board of Directors.

Company goals for 2023 were as follows:

#	Goal / Target	Weight	Achieved
1	Development Corporate Goals	40%	
2	Research Corporate Goals	35%	
3	Financial Corporate Goals	25%	
	<b>TOTAL</b>	<b>100%</b>	<b>72.5%</b>

The Company has paid out bonuses for the reported financial year pursuant to a bonus scheme for Executive Management, which is based on the Company's achievement of company goals.



**Table 3 - Performance of Executive Management in the reported financial year**

Name and Position	Criteria related to the remuneration component	Relative weighting	Measured performance	Currency	Actual award
Michael Engsig CEO	Company goals	100%	72.5%	DKK	1 023 804
Harald Gurvin CFO	Company goals	100%	72.5%	NOK	863 693
Agnete B. Fredriksen CBO	Company goals	100%	72.5%	NOK	836 418
Mikkel W. Pedersen CSO	Company goals	100%	72.5%	DKK	618 223
Klaus Edvardsen CDO	Company goals	100%	72.5%	DKK	704 990
Louise Stubbe CLO	Company goals	100%	72.5%	DKK	542 880

## **6 USE OF RIGHT TO RECLAIM**

The Group has not used any right to reclaim during the reported period.

## 7 COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

**Table 4: Comparative table on the change of remuneration and company performance over the last five reported financial years (RFY)**

Annual change	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 v 2018	Information regarding 2022
Amounts in NOK <sup>4</sup>	Executive Management remuneration					
CEO	47% 1 941 263	(6%) (282 354)	13% 520 115	22% 690 740	(11%) (384 474)	4 115 245
CFO <sup>5</sup>	22% 731 383	1,0% 34 133	NA	NA	NA	3 350 274
CBO <sup>6</sup>	31% 943 991	(9%) (315 436)	NA	NA	NA	3 068 569
CSO	45% 1 338 537	9,5% 256 739	3,9% 101 575	(19.1%) (614 183)	46.8% 1 027 041	2 975 646
CDO <sup>7</sup>	47% 1 618 039	NA	NA	NA	NA	3 414 090
CLO <sup>8</sup>	44% 1 186 947	NA	NA	NA	NA	2 701 918
Company's performance						
Change in Revenues 000 USD <sup>9</sup>	48% 4 294	(75%) (26 736)	(83%) (179 929)	15 176% 214 283	(11%) (179)	
Change in Net Profit/(Loss) 000 USD	18% 7 589	(354%) (33 329)	(106%) (159 158)	1 193% 163 440	(75%) (5 853)	
Year end share price	(23.9%) 21.4 v 28.12	(65.2%) 28.12 v 80.70	7.6% 80.70 v 74.99	NA	NA	
Average change remuneration on a full-time equivalent basis of employees						
Employees of the company <sup>10</sup>	4%	17%	2%	39%	6%	1 351 406

<sup>4</sup> Figures in DKK have been converted from DKK to NOK by using the average exchange rate from Norges Bank. The DKK/NOK rate for 2023 was 1.5327 and for 2022 1.3581

<sup>5</sup> Role established in May 2021, 2021 figure represents calculated annualized salary

<sup>6</sup> Role established in June 2021, 2021 figure represents calculated annualized salary

<sup>7</sup> Role established in July 2022, 2022 figure represents calculated annualized salary

<sup>8</sup> Role established in August 2022, 2022 figure represents calculated annualized salary

<sup>9</sup> Nykode converted to IFRS starting 2020, years prior to this follows NGAAP.

<sup>10</sup> Represents the change in average employee benefits per FTE excluding executive management.

## 8 COMPENSATION TO THE BOARD OF DIRECTORS

The Board members do not have agreements for any remuneration other than the board fee and remuneration for participation in committee work in the audit committee, remuneration committee and R&D Committee. The fees for the board members are determined annually by the general meeting following a recommendation from the nomination committee. The board members receive a fixed fee for the various positions and committees. An overview of the board's fees for the fiscal year 2022 and 2023 is shown in table 5.

**Table 5: Total remuneration to Board of Directors in the Company in 2023**

Name and position	Currency	Reported financial year	Fixed remuneration				Total remuneration
			Board Compensation (BOD)	Audit Committee	Remuneration Committee	R&D Committee	
Martin Nicklasson Chairman of the Board	USD	2023	80 000	5 000	10 000	-	95 000
	USD	2022	80 000	5 000	10 000	-	95 000
Anders Tuv Board Member	USD	2023	45 000	10 000	5 000	-	60 000
	USD	2022	45 000	10 000	5 000	-	60 000
Anne Whitaker <sup>11</sup> Board Member	USD	2023	45 000	-	5 000	-	50 000
	USD	2022	22 500	-	2 500	-	25 000
Bernd Robert Seizinger Board Member	USD	2023	45 000	-	-	7 500	52 500
	USD	2022	45 000	-	-	7 500	52 500
Birgitte Volck Board Member	USD	2023	45 000	-	-	7 500	52 500
	USD	2022	45 000	-	-	7 500	52 500
Christian Åbyholm Board Member	USD	2023	45 000	5 000	-	-	50 000
	USD	2022	45 000	5 000	-	-	50 000

<sup>11</sup> Commenced as Board Member in May 2022.

**Table 5: Total remuneration to Board of Directors in the Company in 2023 (Continued)**

Name and position	Currency	Reported financial year	Fixed remuneration				Total remuneration
			Board Compensation (BOD)	Audit Committee	Remuneration Committee	R&D Committee	
Einar J. Greve Deputy Board Member	USD	2023	45 000	-	-	-	45 000
	USD	2022	43 000				43 000
Elaine Sullivan <sup>12</sup> Board Member	USD	2023	45 000	-	-	15 000	60 000
	USD	2022	22 500			7 500	30 000
Harald Arnet <sup>13</sup> Board Member	USD	2023	45 000	-	5 000	-	50 000
	USD	2022	-	-	-	-	-
Jan Haudemann-Andersen <sup>14</sup> Board Member	USD	2023	-	-	-	-	-
	USD	2022	45 000		5 000		50 000

<sup>12</sup> Commenced as Board Member in May 2022.

<sup>13</sup> Commenced as Board Member in May 2023.

<sup>14</sup> Resigned from the Board of Directors in May 2023.

## 9. COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION TO THE BOARD OF DIRECTORS

**Table 6: Comparative table on the change of remuneration over the last five reported financial years (RFY)**

Annual change	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 v 2018	Information regarding 2022
Amount in USD <sup>15</sup>	Bord of Directors remuneration					
Chairman of the Board	0% -	104% 48 484	46% 14 603	40% 9 196	3% 588	95 000
Board Member 1	0% -	158% 36 742	46% 7 301	76% 6 870	0% -	60 000
Board Member 2	0% -	17% 7 500	97% 22 191	70% 9 379	0% -	52 500
Board Member 3	0% -	115% 26 742	46% 7 301	76% 6 870	0% -	50 000
Board Member 4	0% -	115% 26 742	46% 7 301	76% 6 870	0% -	50 000
Board Member 5	0% -	158% 36 742	46% 7 301	76% 6 870	0% -	60 000
Board Member 6	0% -	17% 7 500	182% 29 043	76% 6 870	0% -	52 500
Board Member 7	0% -	115% 26 742	46% 7 301	-	-	50 000
Deputy Board Member <sup>16</sup>	0% -	-	-	-	-	45 000

<sup>15</sup> Figures from 2021 and earlier have been converted from NOK and EUR to USD by using the yearly average exchange rates as provided by Norges Bank.

<sup>16</sup> Commenced as Deputy Board Member in 2022.

## 10 SHARE BASED REMUNERATION TO THE BOARD OF DIRECTORS

**Table 7 – Share options awarded or due to the Board of Directors for the financial year 2023**

Name and Position	The main condition of the option plan			Information regarding the reported financial year					
				Opening balance					Closing balance
	Specification on plan	Award date	Strike price of the share (NOK)	Share options awarded at the beginning of the year	Share options awarded in 2023	Share options vested in 2023	Share option exercised in 2023	Share options terminated in 2023	Share options awarded and unvested at the end of the year
Martin Nicklasson Chairman of the Board	Option agreement December 2021	22.12.2021	100	300 000	-	100 000	-	-	200 000
	Option agreement May 2022	16.05.2022	31.9	200 000	-	66 667	-	-	133 333
	Option agreement May 2023	26.05.2023	27.87	-	25 000	-	-	-	25 000
Anders Tuv Board Member	Warrant agreements <sup>17</sup>	21.01.2020	18	400 000	-	-	400 000	-	-
	Warrant agreements <sup>18</sup>	02.05.2017	2.5	400 000	-	-	400 000	-	-
	Option agreement May 2022	16.05.2022	31.9	45 000	-	45 000	-	-	-
	Option agreement May 2023	26.05.2023	27.87	-	10 000	-	-	-	10 000
Anne Whitaker Board Member	Option agreement May 2022	16.05.2022	31.9	45 000	-	45 000	-	-	-
	Option agreement May 2023	26.05.2023	27.87	-	10 000	-	-	-	10 000

<sup>17</sup> Anders Tuv had a total of 400 000 historical warrants, which were all exercised January 25, 2023. A total of 400 000 warrants had a strike price of NOK 18.

<sup>18</sup> Anders Tuv had a total of 400 000 historical warrants, which were all exercised January 25, 2023. A total of 400 000 warrants had a strike price of NOK 2.5.



## **11 INFORMATION ON SHAREHOLDER VOTING**

The report on remuneration to Executive Management and to the Board of Directors will be presented to the Annual General Meeting for an advisory vote on May 16, 2024.