

The Board of Directors' proposal for resolution on guidelines for remuneration to senior executives

The Board of Directors in BioArctic AB (publ), corp. reg. no. 556601-2679 ("**BioArctic**") proposes that the Annual General Meeting resolves to adopt the following guidelines for the remuneration of the senior executives.

Review of previously adopted guidelines

Pursuant to the Swedish Companies Act, the Board of Directors shall prepare a proposal for the Annual General Meeting regarding new guidelines for remuneration to senior executives when there is a need for material changes to the guidelines, however at least every four years. The company's current remuneration guidelines were adopted by the Annual General Meeting 2022, and new guidelines shall therefore be adopted at the Annual General Meeting 2026. In light of this, the Board of Directors has reviewed the current remuneration guidelines and in particular evaluated the appropriateness of the guidelines and whether they enable attractive and competitive remuneration to the company's senior executives.

The variable remuneration to the company's senior executives consists primarily of a target-based bonus which is paid upon the fulfilment of predetermined operational targets. The company has had a very positive development in recent years. Leqembi is now approved in more than 50 markets and the company's project portfolio has been broadened with new projects in, among other areas, Huntington's disease and Parkinson-related diseases. At the end of 2024, BioArctic entered into a strategic partnership with Bristol Myers Squibb, which during 2025 was followed by an option, collaboration and license agreement with Novartis. The global agreements with Eisai, Bristol Myers Squibb and Novartis, as well as increased royalty revenues from the sales of Leqembi, contributed to BioArctic reporting a record financial result in 2025. The company's development is to a large extent attributable to the efforts and strategic decisions of the senior management. Against this background, the Board of Directors considers that there may be reasons to pay additional variable remuneration beyond the target-based bonus if the operational targets are exceeded and there are extraordinary achievements or circumstances supporting this. The Board of Directors considered that, in view of the strong development during 2025, it was justified to pay additional variable remuneration, which is described in more detail in the remuneration report. The Board of Directors therefore proposes that the remuneration guidelines are updated to expressly give the Board of Directors the possibility to resolve on such variable remuneration. In addition, certain editorial changes are made.

The scope and applicability of the guidelines

These guidelines apply to the CEO, the deputy CEO (if appointed) and the persons who from time to time are members of the senior management. To the extent that a board member of the company performs work for the company outside the scope of the board assignment, these guidelines shall also apply to any remuneration paid to such board member for such work.

The guidelines apply to remuneration that is agreed, and to amendments that are made to agreed remuneration, after the guidelines have been adopted by the Annual General Meeting 2026. For clarity, these guidelines shall also apply to remuneration paid in accordance with the company's existing milestone-based reward program linked to Leqembi after the guidelines have been adopted by the Annual General Meeting 2026. Transfers of securities and the granting of a right to acquire securities from the company in the future is considered to be remuneration.

The guidelines do not apply to remuneration which is resolved by the Annual General Meeting, such as share-related incentive programs. The company has several outstanding share-related incentive programs which are described in more detail in the annual report.

Senior executives that are board members or deputy board members in other group companies shall not be entitled to separate board fees for such assignments.

How the guidelines contribute to the Company's business strategy, long-term interests and sustainability

BioArctic is a Swedish research-based biopharmaceutical company focused on innovation of pharmaceuticals that can delay or halt severe brain diseases. Through cutting-edge research and strong collaborations, BioArctic creates, develops and provides innovative treatments. The company is behind lecanemab (Leqembi) – the world's first pharmaceutical proven to slow the disease progression and reduce cognitive decline in early Alzheimer's disease. Lecanemab has been developed in collaboration with Eisai. BioArctic has a broad research portfolio within Alzheimer's disease, Parkinson-related diseases, ALS and enzyme deficiency diseases. Several of the projects utilize the company's proprietary technology platform BrainTransporter, which improves the transport of pharmaceuticals into the brain. BioArctic's work is based on groundbreaking scientific discoveries and the company's researchers collaborate with strategic partners such as research groups at universities, contract organizations and global pharmaceutical companies. Within the company there is leading scientific expertise and a long-standing experience of developing pharmaceuticals from idea to market. BioArctic's business model entails that the company conducts research and early-stage project development in-house and at an appropriate time out-licenses commercial rights and late-stage development to global pharmaceutical companies. BioArctic's vision is a world where research conquers severe brain diseases.

The successful implementation of the company's strategy and the safeguarding of the company's long-term interests requires that the company can recruit and retain senior management with high qualifications and the capacity to achieve set goals. This requires that the company can offer competitive remuneration. These guidelines contribute to the company's business strategy, long-term interests and sustainability by giving the company the opportunity to offer senior executives competitive remuneration.

Types of remuneration

The company's remuneration system shall be competitive and in accordance with market practice. The remuneration may consist of fixed salary, variable cash remuneration, pension benefits and other benefits.

Fixed salary shall be determined individually for each senior executive and be based on the executive's position, responsibility, skills, experience and performance. The senior executive may be offered salary exchange arrangements between fixed salary and pension or other benefits, given that this is cost neutral for the company.

Variable remuneration shall be related to the outcome of the company's goals and strategies and shall, as a starting point, be based on predetermined and measurable criteria designed to promote long-term value creation. The share of the total remuneration that consists of variable remuneration may vary depending on the position.

The company's senior executives (including the CEO) may receive variable remuneration linked to operational targets determined by the Board of Directors (target-based bonus). The target-based bonus may for the CEO amount to a maximum of 50 percent of the annual fixed salary and for other senior executives amount to a maximum of 40 percent of the annual fixed salary. Remuneration under the company's milestone-based reward program shall not be included in the maximum amount for the target-based bonus.

In addition to the target-based bonus, the Board of Directors shall have the possibility to resolve on additional variable remuneration to senior executives in the event of extraordinary achievements or work efforts resulting in the operational targets being exceeded. The total variable remuneration (excluding remuneration under the company's milestone-based reward program) may amount to a maximum of 150 percent of the annual fixed salary for the CEO and to a maximum of 80 percent of the annual fixed salary for other senior executives.

Furthermore, BioArctic has a milestone-based reward program which is linked to Leqembi and which comprises milestones linked to clinical research studies, regulatory approvals and future potential sales. Payment of a pre-determined amount will be made if and when the company achieves certain predetermined goals (milestones). The achievement of such milestones is typically associated with significant uncertainties. Variable remuneration according to the milestone-based reward program is payable, if at all payable, irregularly as milestones are reached. Such compensation can also be expected to show significant variations from one year to another. The design of and uncertainty surrounding the milestone-based reward program justifies that the existing program and future programs with a similar design are not covered by the guidelines on the share of variable remuneration in relation to fixed salary.

The variable remuneration shall not qualify for pension benefits, unless otherwise required pursuant to mandatory collective bargaining agreements. The Board of Directors shall have the possibility to, in accordance with law or agreement, and subject to the limitations arising therefrom, in whole or in part reclaim variable remuneration that has been paid on incorrect grounds.

Pension benefits shall be paid to a defined contribution scheme (premium based), unless the executive is covered by defined benefit pension pursuant to mandatory collective bargaining agreements. Pension premiums for defined contribution pension shall not exceed 40 percent of the executive's annual fixed salary.

Other benefits may consist of car benefits, corporate health benefits, life and health insurance and other similar benefits. These benefits shall be of limited value in relation to the total remuneration and may correspond to a maximum of 10 percent of the executive's annual fixed salary.

Consultancy fees shall be payable on market terms. To the extent that a board member performs consultancy services for the company, the board member in question will not be entitled to participate in the board's (or the remuneration committee's) handling of remuneration-related matters regarding the consultancy services.

In addition to and regardless of these guidelines, the Annual General Meeting may decide on share-based incentive schemes and similar remunerations.

Criteria for payment of variable remuneration

With the exception of the milestone-based reward program, the criteria for variable remuneration shall be determined annually by the Board of Directors in order to ensure that the criteria are in line with BioArctic's current business strategy and performance targets. The criteria can be individual or collective, financial or non-financial and shall be designed in such a way that they promote the company's business strategy, sustainability strategy and long-term interests. For example, the criteria may be linked to the company achieving certain goals within the framework of its clinical studies, the company initiating or completing a certain phase or achieving a certain research result within its pharmaceutical development, the company initiating a research collaboration with a particular partner or the company entering into a certain agreement. The criteria may also be linked to the individual executive, for example a requirement that the executive has been employed by the company for a certain minimum period of time. Variable remuneration pursuant to the milestone-based reward program shall be linked to the fulfilment of predefined milestones within the company's development projects or the commercialization of the company's drug candidates.

The period underlying the assessment of whether the criteria have been met shall be at least one year, with the exception of the milestone-based reward program where payments are made based on achieved predefined milestones. The assessment of the extent to which the criteria have been met shall be made at the end of the measurement period. The assessment of whether financial criteria have been met shall be based on the latest financial information published by the company. The Board of Directors decides on the payment of any variable remuneration, after preparation in the remuneration committee.

Salary and employment conditions for employees

To evaluate the reasonableness of the guidelines, the Board of Directors has considered, as part of the preparation of this proposal, the salary and employment conditions for the employees of the company. In this context, the Board of Directors has taken into account information regarding the employees' total remuneration, the components of the remuneration and how the remuneration levels have changed over time.

Termination and severance pay

The notice period for the CEO shall not exceed twelve months, if the employment is terminated by the company, and shall be at least six months, if the employment is terminated by the CEO.

For senior executives other than the CEO, the notice period shall be six months, regardless of whether the termination is initiated by the company or the executive.

Severance pay may be paid to senior executives if the employment is terminated by the company. Fixed salary during the notice period and severance pay shall, in total, not exceed an amount corresponding to the fixed salary during a two-year period.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the former executive is not entitled to severance pay. The remuneration may not exceed an amount corresponding to 60 percent of the senior executive's fixed salary at the time of the termination, unless otherwise provided by mandatory collective agreement provisions. The remuneration may be paid during the time during which the non-compete undertaking applies, however, not more than 12 months after the termination of the employment, with the possibility of deduction against other income from employment or according to consultancy agreements.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has a remuneration committee with the task of preparing the Board of Directors' decisions regarding remuneration principles, remuneration and other terms of employment for the senior management, monitoring and evaluating ongoing and during the year completed programs for variable remuneration for the senior management, and monitoring and evaluating the application of the guidelines for remuneration to senior executives which is to be decided by the General Meeting as well as current remuneration structures and remuneration levels in the company. The committee's tasks also include preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives.

The Board of Directors shall prepare a proposal for new guidelines when the need arises and if material changes to the guidelines are required, however, at least every fourth year. The Board of Directors shall present the proposal for resolution at the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting.

To avoid conflicts of interest, the senior executives will not participate in the board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviations from the guidelines

The Board of Directors may decide to temporarily deviate from the guidelines if there are special reasons for doing so in an individual case and a deviation is necessary to meet BioArctic's long-term interests or to ensure the company's financial stability.

Special reasons may, for example, be that a deviation is deemed necessary to recruit or retain key personnel, in extraordinary circumstances such as the company achieving a certain desired result in a shorter time than planned, that the company succeeds in concluding a certain agreement on better conditions than expected, or that the company's value, turnover or profits increase to a substantially greater extent than projected.

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