

## Remuneration report 2023

### Introduction

This report describes how the guidelines for executive remuneration to senior executives of the company Active Biotech, 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 and share price related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's *Rules on remuneration to senior executives and on incentive programs*.

Further information on executive remuneration to senior executives is available in note 5 (Employees, personnel costs, and senior executive's benefits) on pages 72-73 of the Annual Report 2023. Information on the work of the Board and the Audit Committee in 2023 is set out in the Corporate Governance Report available on page 40-47 of the Annual Report 2023.

Remuneration of the Board of directors, including any consultancy fees, is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 4 on pages 72-73 of the Annual Report 2023. No comments have been received regarding the 2022 remuneration report.

### Key Developments 2023

The company's focus has been to utilize already available data sets for laquinimod and tasquinimod to establish a position for Active Biotech in hematological cancers and inflammatory eye diseases.

In 2023, significant progress was made in the wholly owned projects laquinimod and tasquinimod, both of which advanced in clinical trials.

The preclinical and clinical developments can be summarized as follows:

#### Tasquinimod – focus on myelofibrosis

Following a strategic review of the clinical programs and their continued financing, a decision to focus activities to the clinical programs for tasquinimod in myelofibrosis was taken in 2023.

Myelofibrosis is a rare form of blood cancer characterized by abnormal production of blood-forming cells replacing the healthy bone marrow with fibrous tissue. Results from preclinical models of myelofibrosis indicate that tasquinimod has the potential to modify the disease in broad sense by reducing fibrosis, normalizing spleen size and hematopoiesis, which are the key manifestations of the disease. In December 2023, preclinical data of tasquinimod from our collaboration with MD Anderson was presented as an oral presentation at the prestigious scientific conference ASH. Data from animal models of advanced myelofibrosis demonstrate that tasquinimod, when given as monotherapy or in combination with front-line therapy has a clear effect and thereby a clinical potential in this indication.

Active Biotech's plan is to start two clinical proof of concept studies in myelofibrosis in 2024. The clinical study currently being prepared in Europe has external funding from the Oncode Institute and will be conducted in the HOVON research network at clinics in the Netherlands and Germany. A clinical trial agreement was signed in July 2023, and the study is planned to start in Q3 2024. Preparations for the clinical study in myelofibrosis in the US in collaboration with MD Anderson is advancing, and we currently expect it could commence in H1 2024.

In the beginning of the autumn, we reported that the enrollment to the preplanned expansion cohort of the ongoing Phase Ib/IIa multiple myeloma study with tasquinimod in combination with ixazomib, lenalidomide and dexamethasone (IRd) is ongoing. We are encouraged by the good safety and preliminary response to tasquinimod treatment in this heavily pretreated group of patients and look forward to review the final data of the study towards end of 2024.

From a safety and efficacy perspective, the data for tasquinimod already established in the treatment of patients with multiple myeloma provides a bridge towards the trial program within myelofibrosis, and thereby contributes to documentation of tasquinimod's therapeutic potential in hematological cancers.

### **Laquinimod – commercial activities to establish a partnership**

The results of the clinical phase I study of the eye drop formulation were presented and well received at the International Ocular Inflammation Society (IOIS) 2023 meeting in Berlin, Germany.

A clean safety profile was shown at repeat doses at expected therapeutic concentrations of laquinimod. Pre-clinical data suggesting ocular distribution of laquinimod in the rabbit eye upon application of the eye drops were also presented. To support further development of the eye drop formulation in patients with uveitis, a clinical ocular biodistribution study will be conducted at the Byers Eye Institute at Stanford University in USA. The study preparations have been completed and the study is now recruiting patients. In parallel, commercial activities to establish a partnership for the continued development of laquinimod in uveitis has been initiated.

### **Naptumomab**

With respect to naptumomab, which is developed in collaboration with our partner NeoTX, the clinical phase IIa trial in patients with lung cancer is progressing towards results in 2024. Furthermore, naptumomab was reported to be safe in combination with durvalumab, in patients with selected solid tumors. The preliminary efficacy of the combination was encouraging, and in the next step, an expansion cohort in esophageal cancer is planned. NeoTX's start of this study is subject to new financing and the timing of the start is uncertain due to the current geopolitical situation.

### **Financing of activities**

Active Biotech's investments in pre-clinical and clinical studies will require additional financing. A rights issue to finance planned clinical programs was successfully concluded in December 2023 and added 43,5 MSEK to liquidity before issue costs. The proceeds from the issue will finance the development programs through 2024. The company continuously evaluates the future financing of the business, this includes business development focused on new partner agreements for the fully owned programs laquinimod and tasquinimod but also alternative financing opportunities.

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

A prerequisite for a successful implementation of the company's business strategy and the safeguarding of shareholders' long-term interests, including the company's sustainability, is that the company can recruit and retain qualified personnel. This requires that the company can offer competitive compensation. The company's remuneration guidelines enable senior executives to be offered a competitive total remuneration. According to the remuneration guidelines, the remuneration to senior executives shall be in accordance with market conditions and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. They can consist of personalized quantitative or qualitative goals. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability, by for example, having a clear link to the business strategy or promoting the executive's long-term development.

The guidelines are found on pages 54-55 of the Annual Report for 2023. During 2023, the company has followed the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations have been made from the decision-making process to be applied according to the guidelines to determine the remuneration. The auditor's report regarding the company's compliance with the guidelines is available on [www.activebiotech.com/en/about/corporate-governance/](http://www.activebiotech.com/en/about/corporate-governance/). No remuneration has been reclaimed. In addition to the remuneration covered by the remuneration guidelines, the company's annual general meetings have decided to implement long-term share-related incentive programs.

**Table 1 – Total remuneration of the CEO in 2021-2023 (SEK thousand)**

Name of director	Year	Fixed remuneration		Variable remuneration		Other remunerations	Pension expense	Total remuneration	Proportion of fixed/variable remuneration %
		Base salary	Other benefits	One year	Multi year				
Helen Tuveßson (CEO)	2021	2 439	N/A	876	N/A	42	1 052	4 409	79/21
Helen Tuveßson (CEO)	2022	2 610	N/A	693	N/A	128	825	4 256	81/19
Helen Tuveßson (CEO)	2023	2 565	N/A	600	N/A	30	850	4 045	84/16

## Share based remuneration

### *PLAN 2020/2024 – Employees within the Active Biotech Group*

At the Annual General Meeting on May 19, 2020, it was resolved to adopt a long-term performance-based incentive program for Active Biotech employees ("Plan 2020/2024"). The participants in the Plan 2020/2024 are required to invest in shares in Active Biotech at market terms ("Saving Shares"). The participants will thereafter have the opportunity to receive further shares free of charge in accordance with the Plan 2020/2024 ("Performance Shares").

In order to participate in the program, the participant must have made a private investment in the Company by acquiring Saving Shares. Such investment may amount to a maximum of 15 per cent of the respective participant's annual gross base salary and shall be made no later than 31 March each year until 2023. For each Saving Share held under the Plan 2020/2024, the Company grants the participants a right up to two Performance Shares free of charge provided that certain conditions are met. These terms and conditions are related to maintained employment, retained investment in Saving Shares and certain targets related to the Company's development.

Rights will be exercised provided that the participant has retained its own original Saving Shares and has maintained its employment within Active Biotech up to and including 31 December the year in which the investment in Saving Shares was made.

**Table 2 – Share award program (CEO)**

Name of director	Name of plan	Performance period	Award date	Vesting date	End of retention period	Opening balance			Subject to performance condition		Closing balance	Shares subject to retention period
						Share awards held at beginning of year	Awarded	Vested	Awarded	at year end		
Helen Tuveesson (CEO)	LTIP 2020/2024	Jan-Dec 2021	March 31, 2021	Dec. 31, 2021	N/A	0	20,000	20,000	20,000	20,000	N/A	
Helen Tuveesson (CEO)	LTIP 2020/2024	Jan-Dec 2022	March 31, 2022	Dec. 31, 2022	N/A	0	40,000	48,640	48,640	48,640	N/A	
Helen Tuveesson (CEO)	LTIP 2020/2024	Jan-Dec 2023	March 31, 2023	Dec. 31, 2023	N/A	0	15,000	16,110	16,110	16,110	N/A	

Note: the number of vested shares reflects recalculation following the rights issues 2021, 2022 and 2023

### Compliance with the remuneration guidelines and application of performance criteria

The performance criteria for Plan 2020/2024 are divided into corporate/financial and business-related targets. The split between corporate/financial targets and operational targets for the financial year 2023 is 50 percent and 50 percent, respectively, reflecting the prioritization of pre-clinical and clinical activities during the year. The performance targets 2023 reflects the company's focus on value-enhancing pre-clinical and clinical operations to facilitate complementary capital injections and promote future partner discussions.

Set out in Table 3 below is a description of how the criteria for Plan 2020/2024 have been applied during the financial year.

**Table 3 - Performance of the CEO in the reported financial year – share based incentives**

Name of director	Name of plan	1. Discription of the criteria related to the remuneration component	2. Relative weighting of the performance criteria	3. Measured performance of the performance actual award/ remuneration outcome
Helen Tuveesson (CEO)	LTIP 2020/2024	<b>1. Corporate goals</b> - Secure financing of operations - complete financing at agreed level <b>2. Business goals</b> - Goals related to the clinical development of Iaquinimod and tasquinimod - Goals related to the pre-clinical development of Iaquinimod and tasquinimod	50%	
<b>The Board of Directors overall decision on target achievement 2023</b>				<b>50%</b>

The above performance targets for 2023 were reached to 50 percent, which means that the participants in the Plan 2020/2024 program under the Plan Rules were entitled to receive one Performance Share for each Saving Share.

The CEO, Helen Tuveesson, made a private investment of 15 000 shares (Saving Shares) and received, based on the company's performance target for 2023 being reached at 50 percent, a total of 16 110 Performance Shares (vested shares adjusted for rights issue 2023)

**Recommendations and deviations from the remuneration guidelines and from the procedure for implementing the guidelines.**

The remuneration guidelines presented to and approved by the Annual General Meeting have been applied.

**Table 4 – Change of remuneration and company performance over the last five reported financial years**

	2018 vs 2019	2019 vs 2020	2020 vs 2021	2021 vs 2022	2022 vs 2023
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CEO remuneration *	581 22%	-53 -2%	1 222 39%	-239 -5%	-113 -3%
Group operating loss	-32 285 -8%	-32 276 0%	-49 866 -54%	-57 886 -16%	-46 484 20%
Average remuneration on a full time equivalent basis of employees of the parent company **	917 8%	1 026 12%	1 149 12%	1 380 20%	1 278 -7%

\* excl. share based remuneration

\*\* excl. members of the the Executive management group