

DECISION ON A PERFORMANCE-BASED INCENTIVE PROGRAM (LTI 2022)

The Board proposes that the annual general meeting resolves to adopt a performance-based incentive program (“**LTI 2022**”) for certain employees and contractors in CombiGene AB (the “**Company**”). If the meeting adopts LTI 2022, the Board intends to subsequently provide notice of target levels and results not later than at the annual general meeting in 2025.

Summary and reasons

The program covers a maximum of eight current employees and contractors in the Company (the “**Participants**”). The Board may also, if the Board finds it in the Company’s best interest, offer one or more newly hired employees or contractors (or as the case may be, a current employee or contractor not initially offered to participate in LTI 2022) to become a Participant in LTI 2022 within the scope of the terms and conditions and guidelines set forth herein.

After a qualifying period of three years, the Participants will be allotted warrants in the Company without any payment of consideration provided that certain qualifying terms and conditions have been fulfilled (“**Performance Share Right**”). In order for these so-called Performance Share Rights to entitle the Participant to receive allotment, the Participants must have elected to maintain the scope of their assignment in the Company during a Qualifying Period. In order for allotment to take place, performance targets based on certain milestones must also be achieved.

The reasons for the proposal by the Board regarding LTI 2022 are to strengthen the Company’s ability to maintain its workforce, to broaden and increase share ownership amongst the Participants, and to ensure a common focus on long-term growth in shareholder value which ensures that shareholders and the Participants have the same targets. Through a performance-based incentive program, the rewards provided to the Participants can be linked to the Company’s future prospects thereby prioritizing long-term growth and ensuring that the shareholders and Participants have the same targets.

To be able to implement LTI 2022 in a cost-efficient manner, the Board’s proposal for LTI 2022 is conditional on that the AGM also resolves on the delivery and hedging methods proposed under item 17 a) – c) on the agenda.

Performance Share Rights

Performance Share Rights mean that Participants in the program are entitled, for each Performance Share Right, to acquire one warrant in the Company with a right for its holder to acquire a share in the Company for a price equal to the share’s quota value (SEK 0.05), provided that the below qualifying terms and conditions have been fulfilled. Performance Share Rights are allotted without payment of any consideration.

Participant terms and conditions for LTI 2022

LTI 2022 covers a maximum of eight existing employees and contractors of the Company as well as any additional employee or contractor the Board decides to offer to participate in the program (the Participants) who are divided into four categories as follows:

- Category 1: CEO (1)
- Category 2: Chief Research and Development Officer (1)
- Category 3: Any additional Participants (6)

Participants in each category may receive an allotment of the following maximum number of Performance Share Rights:

- Category 1: 150,000 Performance Share Rights
- Category 2: 90,000 Performance Share Rights
- Category 3: 20,000-60,000 Performance Share Rights (according to pre-established criteria)

The figures in parentheses above indicate the initial number of Participants who will be offered to participate in LTI 2022 in each category resulting in a maximum of 500,000 Performance Share Rights being granted to current employees and consultants in the Company. In addition, the Board of Directors has the right to offer new employees or consultants in the Company within each category to participate in LTI 2022 provided that such participation may give rise to a total of 117,220 Performance Share Rights being allotted to such Participants.

Qualifying terms and conditions

In order for the Participant to be able to exercise their Performance Share Rights and receive allotment, the following qualifying terms and conditions must be fulfilled:

Maintained assignment

The Participant must be at the Company's disposal to carry out the Participant's assignment as the Company from time to time requests (the "**Employment Condition**") up until the announcement of the Company's interim report for the first quarter of 2025, or if no such report is published, 1 June 2025 (the "**Qualifying Period**").

The Participant has the right to exercise one third of the Performance Share Rights granted to the Participant if the Employment Condition is met throughout the Qualifying Period. If a Participant's employment or assignment is terminated, the Participant's right to exercise Performance Share Rights as described above shall be reduced pro rata in relation to how long the Qualifying Period the Participant has been active in the Company.

Performance

The Participant will earn the right to exercise the remaining two-thirds of the Performance Share Rights allotted to the Participant if two established performance targets based on the Company achieving certain milestones (the "**Performance Targets**") are achieved. The performance targets relate partly to the Company's market capitalization and partly to the development of research projects in the Company.

If the condition regarding the Company's market capitalization is only partially fulfilled, the allotment shall be reduced linearly in relation to the degree of fulfilment between an entry level and a maximum level.

Full goal fulfillment in the event of a change of control of the Company

If the Company becomes subject to a change of control, the participants shall be given the right to exercise all allotted Performance Share Rights.

Allotment due to fulfilment of the Performance Targets or after a change of control of the Company, however, requires that the Employment Condition is fulfilled at the end of the Qualifying Period or when the change of control of the Company occurs.

Lock-up

The participants shall enter into an agreement with the Company under which they undertake not to divest 50 percent of the allotment they receive during LTI 2022 for a period of 24 months from the allotment.

Other terms and conditions

Participants are not entitled to transfer, pledge, or sell the Performance Share Rights, or to exercise any shareholder rights with respect to the Performance Share Rights, during the Qualifying period.

Structure and administration

The Board is responsible for the more detailed structure and administration of LTI 2022 as well as the detailed terms and conditions which shall apply between the Company and the Participant under the program, within the scope of the terms and conditions and guidelines set forth herein. In conjunction with this, the Board shall be entitled to establish different terms and conditions for the program regarding, among other things, the Qualifying Period and allotment, in the event of termination of assignment during the Qualifying Period under specific circumstances. The Board shall also be entitled to make adjustments in order to fulfil specific rules or market conditions.

In certain cases, the Board shall be entitled to reduce the final allotment or to terminate LTI 2022 early, in whole or in part, without payment of any compensation to the Participants in the event of significant changes in the Company or on the market.

Maximum quantity

The maximum number of Performance Share Rights which may be issued according to LTI 2022 is 617,220, corresponding to approximately 3 percent of the outstanding shares and votes in the Company, and 282,780 warrants issued to hedge the Company's costs under the Program, corresponding to approximately 1.4 percent of the outstanding shares and votes in the Company.

According to the specific conditions adopted by the Board, the number of shares covered by LTI 2022 may be subject to recalculation due to a bonus issue, reverse share split or share split, rights issue, or similar measures carried out by the Company, taking into consideration customary practice for corresponding incentive programs. Recalculation may also be made so that extraordinary payments of dividends are taken into consideration.

Delivery and cost-hedging measures

In order to secure the Company's obligations pursuant to the Performance Share Rights, the Board proposes that the Company shall issue and resolve to transfer warrants to the Participants (according to item 17 a) and b)). If necessary to secure certain costs, the Board proposes that it shall be authorized to enter into a swap-agreement with a third part (inter alia a shareholder or a financial institute, according to item 17 a) and c)).

Costs for LTI 2022

As a result of the proposed delivery and cost-hedging measures (item 17 a) – c)), the Company's liquidity will only be impacted by administrative costs occurring in relation to LTI 2022.

Costs related to the Performance Share Rights will be booked in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's (BFNAR) General Recommendation 2012:1: Annual Report and Consolidated Accounts ("K3"). Under the assumption of full participation in LTI 2022 and the outcome of the Performance Targets, the costs, given an annual share price increase of 20 percent, are estimated to amount to approximately SEK 11 million. The future effect on company accounts will be the increase in equity of 45,000 SEK (warrants x quota value per share) if all warrants are exercised. Any difference between the quota value and market value at exercise will for physical persons be handled by benefit taxation for the difference.

The Board is authorized to reduce the number of Performance Share Rights the Participant may exercise, if for example the expected taxation of LTI 2022 differs from the actual taxation, resulting in additional costs for the Company. Such costs are hedged through the measure proposed in item 17 c).

The Board believes that the positive earnings' effects which ultimately can be achieved through LTI 2022 will outweigh any costs related to LTI 2022.

Dilution

The total number of warrants issued to enable the delivery and for hedging costs is 900,000. At full utilization of the warrants, the number of outstanding shares in the company will increase by 900,000. These shares constitute 4.35 percent of the number of shares and votes after full dilution, calculated as the number of new shares in relation to the number of existing and new shares in the Company.

Preparation of the matter

LTI 2022 was initiated by the Board of the Company and has been prepared in consultation with Advokatfirman Lindahl KB.

The Board's proposal for a resolution

In consideration of the aforementioned description, the Board proposes that the annual general meeting resolves to implement LTI 2022.

Majority requirement

The Board's proposal for a resolution implementing LTI 2022 is conditional upon the annual general meeting approving the Board's proposal under item 17 a) – c). Hence, the Board proposes that the annual general meeting resolves on item 16 and item 17 a) – c) jointly and that a resolution only shall be valid if it is supported by shareholders representing at least nine tenths of both the votes cast and the shares represented at the general meeting.

Stockholm, April 2022

CombiGene AB

The Board of directors