



# LEO Pharma Remuneration Policy



## Contents

<b>Remuneration Policy .....</b>	<b>3</b>
1. Introduction.....	3
2. Procedure for adoption and conflicts of interest .....	3
3. Remuneration of the Board of Directors.....	4
4. Remuneration of the Executive Management .....	5
5. Other remuneration components & conditions.....	8
6. Termination and severance pay .....	10
7. Relationship between the Remuneration Policy and the remuneration and terms of other employees .....	10
8. Diversity and Fair pay.....	11
9. Deviations from the Policy.....	11
10. Approval and publication.....	11

# Remuneration Policy

## 1. Introduction

This Remuneration policy (the “Remuneration Policy”) describes the principles for the remuneration of the members of the Board of Directors (the “Board”) and the members of Executive Management of LEO Pharma (the “Company”). “Executive Management” means the members of executive management of the Company registered as such with the Danish Business Authority. Certain sections of the Remuneration Policy also describe selected employment terms of other employee groups, e.g. Sections 7 and 8 about the wider employee population.

The Remuneration Policy has been prepared pursuant to sections 139 and 139a of the Danish Companies Act, even if these are not directly applicable to the Company (as the Company’s shares are not listed on the regulated market), and also taking into account the recommendations published by the Danish Committee on Corporate Governance.

The Remuneration Policy aims to attract, retain and motivate members of the Board and Executive Management. The remuneration objectives shall be to:

- Align the interests of the Board and Executive Management with those of the shareholders;
- Retain, motivate and engage Executive Management by providing financial incentives based on their performance and results achieved in an appropriate alignment of interests with the shareholders;
- Incentivize Executive Management to achieve the Company’s strategic long-term and short-term targets; and provide a clear and transparent remuneration framework through which shareholders can assess the basis on which the Board and Executive Management are remunerated

The Board shall ensure that the remuneration is in compliance with this Remuneration Policy and that the remuneration does not exceed what is considered usual taking into account the nature and extent of the work and the Company’s financial position.

## 2. Procedure for adoption and conflicts of interest

The Remuneration and Nomination Committee is responsible for preparing the Remuneration Policy and submitting it to the Board for review and approval. The Remuneration Policy shall ultimately be approved by the shareholders at the general meeting.

The Remuneration Policy is reviewed at least once a year by the Board based on recommendations from the Remuneration and Nomination Committee. In making its recommendations, the Remuneration and Nomination Committee will among other things consider the need to revise the Remuneration Policy due to changes in market practice, specific circumstances or as a result of any feedback received from shareholders and other stakeholders.

The Remuneration Policy shall be presented to the general meeting of the Company for approval at least every fourth year and upon any proposed material amendments.

The risk of conflicting interests is remedied as the Remuneration Policy and all material changes must be approved by the general meeting. Remuneration to the members of the Board is approved annually by the general meeting. The Board is responsible for determining and approving remuneration to members of Executive Management within the framework of the Remuneration Policy.

To ensure its independence and professionalism, the Remuneration and Nomination Committee engages and works with an independent advisor to assist the Remuneration and Nomination Committee in its assignments.

### 3. Remuneration of the Board of Directors

The goals of the remuneration to the members of the Board are to attract and retain competent expertise from the relevant international business community, to implement the LEO Pharma business strategy, and to ensure long-term sustainable value creation of LEO Pharma. The fee shall reflect the experience and knowledge of the members of the Board.

The “Base Fee” and multipliers are proposed by the Board which has received a recommendation from the Remuneration and Nomination Committee and approved at the annual general meeting and reported in the Remuneration Report. The Base Fee shall reflect the scope and complexity of the work and be reasonable when compared with other comparable listed companies of the same size and complexity.

The members of the Board will not participate in any incentive schemes; however board members (excluding shareholder representatives and the employee-elected board members) are strongly recommended to hold shares corresponding to at least 1x of their annual base fee for ordinary board members and 1x the annual base fee for the Vice Chair (i.e. 2x the ordinary base fee) and the Chair is required to hold shares corresponding to at least 2x of the annual base fee for the Chair. The shareholding requirement is based on the board fees before taxes.

The shareholding can be built up over a 3-year period (5 years for the Chair) from the time where the Board member is first elected, starting from the IPO and subject to their continued service on the Board.

As set out in the table below, all members of the Board receive the same Base Fee, however the Chair and the Vice Chair as well as members of Board committees receive an additional proportion of the Base Fee for the additional work required, as set out below:

	<b>Chair</b>	<b>Vice-Chair</b>	<b>Member</b>
<b>Board</b>	3x	2x	1x
<b>Audit Committee</b>	0.80x	N/A	0.53x
<b>Remuneration and Nomination Committee</b>	0.43x	N/A	0.29x
<b>Innovation Committee</b>	0.43x	N/A	0.29x

The exact fees are stated in the Remuneration Report and can vary slightly from above overview due to rounding.

In the event a board member on request from the Board takes on ad hoc tasks, such member may be offered an ad hoc fee for the work carried out. Any ad hoc fee must be approved at the following annual general meeting.

In addition to the above base fees, LEO Pharma pays mandatory social security contributions imposed by foreign authorities in relation to the Board member’s fees. On individual basis, LEO Pharma may choose to cover certain expenses for Board members, such as administrative support to the Chair of the Board, travel costs; or provide a travel allowance for Board members to join board and committee meetings, if approved by the Board or the Chair.

Professional fees in connection with assistance on tax-related matters linked to the above base fees of the Board members based outside of Denmark are covered by LEO Pharma.

## 4. Remuneration of the Executive Management

To attract the desired competencies within key areas, create value for the benefit of LEO Pharma's owners and other stakeholders, fulfil LEO Pharma's business strategy and secure short-term and long-term interests and sustainability, the remuneration should drive the delivery of LEO Pharma's strategic priorities and sustainable value creation. Where superior business performance is achieved, appropriate remuneration should be delivered to high performers.

Total remuneration should be positioned competitively against the relevant market(s) to ensure that LEO Pharma can attract and retain the talent required to drive strong performance.

The remuneration practices and decisions are based on a culture of internal fairness and inclusion. It ensures our people are offered equal opportunities, aligned with local market practice, across similar levels of experience, contribution and skill.

Our policies and our governance framework will be clearly communicated to ensure that our people understand how remuneration works and what is expected of them.

Whilst there should be global principles for the approach to reward at LEO Pharma – they should be sufficiently flexible to consider the bespoke nature of different functions and geographies.

The remuneration packages are benchmarked annually against comparable positions nationally as well as internationally to avoid excessive remuneration packages while still ensuring that LEO Pharma can attract and retain the right executives to deliver on the Company strategy.

### Remuneration components

The remuneration of the Executive Management reflects the Company's wish to attract, motivate, and retain qualified members of the Executive Management and to offer a competitive total remuneration package with a suitable balance between fixed and variable pay. The remuneration to the Executive Management may consist of the following remuneration components:

<b>Fixed annual base salary</b>	<p>Annual base salary is the cash paid to the members of the Executive Management every month or according to local payroll schedule. The fixed annual base salary is competitive and informed by market practice. The fixed annual base salary and any subsequent salary increases will be determined taking into consideration the work required, responsibilities and the performance. Once a year, the Remuneration and Nomination Committee review the base salary level of the Executive Management. The fixed salary serves the purpose of being able to attract and retain high performing members of Executive Management with the ability to implement the Company's strategy and deliver long-term shareholder value. Furthermore, the fixed salary enables the members of Executive Management to make decisions with a long-term perspective in mind without undue considerations for short- or long-term incentives.</p> <p>The fixed salary level is set annually by the Board on the basis of a recommendation of the Remuneration and Nomination Committee.</p>
---------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The remuneration level is generally reviewed annually and compared to the market standard of management remuneration among comparable listed companies of similar size and complexity.

#### **Short-term incentive**

The purpose of the Short-Term Incentive Plan (“STIP”) is to ensure focus on short-term KPIs and reward results that are necessary to successfully implement and execute LEO Pharma’s business strategy and short-term goals.

The STIP for members of the Executive Management may include individual and shared KPIs that link to financial results, strategic goals, and ESG.

The specific targets linked to the short-term incentive program, including the weighting of each target, are determined by the Board on an annual basis

Company targets typically weigh 70% of the potential incentive and typically reflect areas such as revenue, earnings, commercial success, and sustainability.

Individual targets typically weigh 30% of the potential incentive and performance against pre-defined and measurable individual and functional targets, such as innovation, organizational development and personal contribution, relating to the executive and the executive’s functional area.

If a member of the Executive Management achieves a performance significantly below or above the targets defined by the Board of Directors, the cash bonus for one year may decrease or increase relative to target bonus. It is the responsibility and discretion of the Board of Directors to assess and decide on a potential adjustment of the final bonus pay-out.

The cash bonus under the short-term incentive program may have a maximum value of up to 135% of the annual fixed salary for the CEO, and 75% for the CFO. Typical target bonus level is 41.67-75% of the annual fixed salary.

#### **Long-term incentive (LTIP) 2024**

The Long-Term Incentive Program (“LTIP”) is a cash-based program and is working alongside the STIP to balance between short- and long-term objectives. This plan was replaced by a shared-based Long-Term incentive in 2025.

The purpose of the LTIP is to incentivize and reward long-term value creation and align long-term interests of executives and owners and broader stakeholders. By having a link to the development and performance of LEO Pharma, the Executive Management will have more incentive to grow LEO Pharma on a long-term sustainable basis for the benefit of all stakeholders.

The LTIP has a vesting period of 3 (three) full consecutive calendar years (the “Plan Period”).

Upon expiry of the three-year Plan Period, the Participant is eligible to receive a one-time cash payment, provided that the pre-determined KPIs are met and that the Participant is employed in LEO Pharma Group by the end of the last year of the Plan Period (payout rules are subject to local legislation).

The goals are a combination of financial and non-financial strategic goals and KPIs. The achievement of the KPIs and the actual payout is calculated following the approval of the Company's annual accounts for the last year of the Plan Period at the Company's Annual General Meeting the following year.

#### **Long-term incentive (LTIP)**

The long-term incentive is designed to align the interests of management with those of the shareholders, to appropriately retain members of Executive Management and to give each member a significant interest in the performance of the company, its sustainability and the share price development over a longer period of time.

The total grant value of the Performance Shares awarded within a given financial year is up to 100% of the base salary for the CEO and up to 60% of the base salary for the CFO.

The gross return on the LTI for each annual grant cannot exceed a value equal to four times the LTI target of the relevant member of the Executive Management at the time of the grant.

Members of Executive Management are subject to customary "good leaver" and "bad leaver" provisions for unvested awards. In "good leaver" situations, any unvested awards will vest relative to Company performance during the employment and/or the vesting period applicable to long-term incentive awards. In "bad leaver" situations, all unvested awards will be forfeited.

Members of the Executive Management participate in a long-term incentive program in the form of a performance share units ("PSUs") program.

#### **Performance share units**

Members of Executive Management may be granted performance share units (PSUs). The vesting period shall as a main rule be at least three years and is determined by the Board prior to grant. If the Board decides that it may be in the shareholders' interests, it may decide that the grant will vest gradually over a period of three years.

The grant value of PSUs shall be based on the market price of our shares which is calculated every year during the Annual Valuation prior to the Annual Window.

The grant value of PSUs shall be based on the market price of our shares which is calculated as an average price as quoted on Nasdaq Copenhagen during a number of trading days preceding the time of grant as determined by the Board (typically a 5-day average).

The number of PSUs that vest may be between 0% and 200% of the granted PSUs depending on achievement of a number of pre-determined KPIs, such as revenue growth, earnings growth, or major innovation milestones. The Board has decided that focusing on ESG in the short-term incentives instead of the long-term incentives, LEO Pharma can drive immediate, measurable progress and maintain the flexibility to adapt to evolving ESG priorities, ultimately supporting a more dynamic and responsive approach to sustainability and social responsibility.

---

If the KPI thresholds are not achieved, no PSUs shall vest. Upon vesting, holders of PSUs will receive one share in the Company free of charge for each vested PSU. In exceptional circumstances, the Board can decide to settle vested PSUs in cash.

Prior to receiving shares, holders of PSUs will not have any shareholder rights, such as voting and dividend rights.

---

## 5. Other remuneration components & conditions

Additional remuneration components are described below.

### **Shareholding requirement**

The shareholding requirement serves the purposes of aligning members of the Executive Management's interests with those of the shareholders as well as the long-term development and sustainability of the Company.

The CEO is required to hold shares corresponding to at least 24 months' salary before tax. For other members of the Executive Management this corresponds to at least 12 months' salary before tax.

The shareholding may be built up over a 5-year period by retaining share-based instruments granted as part of the Company's long-term incentive program from time to time, starting from IPO.

### **Amendment of incentive programs in exceptional cases**

The Board may decide:

The lapse of the scheme, including lapse in the event that the member of Executive Management resigns;

in case of a takeover in whole or in part, significant divestiture of activities, demerger, merger or other amalgamation of the Company, that specific terms shall apply for accelerated vesting as well as for adjustment of the incentive program;

in the event that the Company's capital structure is changed, or in the event of other material events, which would otherwise adversely influence the value or effect of the incentive program either significantly up or down, to lay down terms governing adjustment of e.g. the number of PSUs in order to maintain the same intended incentive opportunity.

### **Benefits**

Pension: Members of the Executive Management receive pension contributions in the form of a fixed payment as a percentage of the fixed annual base salary to a maximum of 15% to ensure financial security at retirement.

Members of the Executive Management are offered defined non-monetary customary benefits, such as, mobile phone, tablet, membership fees, newspapers, health insurance, company car, etc., in line with typical market practice

## Size and relativity of the components

The split between fixed and variable remuneration is intended to result in a reasonable part of the salary being linked to performance, while at the same time promoting sound business decisions to achieve the Company's long-term strategy and sustainability.

Chief Executive Officer	Relative size at		
	minimum performance	on-target performance	maximum performance
Remuneration component			
<b>Fixed annual base salary</b>	85%	35%	23%
<b>Pension</b>	13%	5%	3%
<b>Short-term cash bonus (STIP)</b>	0%	24%	28%
<b>Long-term incentive (LTIP)</b>	0%	35%	45%
<b>Other benefits</b>	2%	1%	1%
<b>Total</b>	100%	100%	100%

Chief Financial Officer	Relative size at		
	minimum performance	on-target performance	maximum performance
Remuneration component			
<b>Fixed annual base salary</b>	85%	46%	32%
<b>Pension</b>	13%	7%	5%
<b>Short-term cash bonus (STIP)</b>	0%	19%	24%
<b>Long-term incentive (LTIP)</b>	0%	27%	38%
<b>Other benefits</b>	2%	1%	1%
<b>Total</b>	100%	100%	100%

### Claw back

Any variable remuneration from the Company earned, awarded or paid out may be reduced, lapse or be reclaimed by the Company if the variable remuneration was earned, awarded or paid out on the basis of fraud, willful misconduct, gross negligence, incorrect or misleading information or that the conditions for earning, award or payment of variable remuneration have not been fulfilled.

### Recruitment arrangements

Sign-on bonus may be granted in extraordinary cases to recruit candidates, where compensation for loss of short- or long-term incentives, or similar, is required. Sign-on bonuses follow relevant legislation applicable in the country of employment.

If a sign-on arrangement is deemed necessary to attract talented executives, the terms for such arrangement will be determined on a case-by-case basis and take into consideration that (a significant part of) the arrangement should be payable in restricted shares and depend on the executive staying in the company for a defined period of time.

Further such sign-on arrangement, whether in the form of bonus or special LTI grant cannot exceed 200% of the fixed annual salary, to member of the Executive Management for the annualized financial year.

It is the responsibility and discretion of the Board to ultimately verify and determine if a sign on bonus or other sign on arrangement is reasonable and appropriate.

---

Retention bonuses are used to retain key employees in business-critical positions for a defined, limited period, in line with relevant legislation applicable in the country of employment. Retention bonuses are linked to the completion of a project or well-defined task(s).

On individual basis, LEO Pharma may choose to cover relocation cost, costs for tax advice and similar costs, if relevant, for employees and their household.

**D&O Liability Insurance** To attract appropriate qualified Board members and members of Executive Management, it is the Company's policy to take out customary directors' and officers' (D&O) liability insurance, as applicable.

## 6. Termination and severance pay

The overall value of the remuneration for the notice period, including severance payment, in connection with the exit of a member of the executive management cannot exceed twenty-four months remuneration including all remuneration elements (remuneration consisting of twelve months' notice period plus up to twelve months' severance payment; STIP and LTIP as per Terms & Conditions).

The specific terms and conditions regarding termination, including severance payments, and resignation of members of the Executive Management are determined on an individual basis by the Board.

LEO Pharma may offer severance payments corresponding to up to twelve (12) months of the fixed annual base salary.

Depending on the situation, the Executive Management member may be compensated for applicable non-competition and non-solicitation clauses with an amount of 60% of the salary.

## 7. Relationship between the Remuneration Policy and the remuneration and terms of other employees

The Remuneration Policy has been formulated taking into consideration the remuneration and other terms of employment of the Company's employees.

Considering the market practice for remuneration in comparable companies, the size, complexity, geographic scope and industry of the Company, and considering the responsibilities and duties of the members of the Board and Executive Management compared to other employees of the Company, the Board believes there is an appropriate balance between remuneration to employees of the Company and remuneration to the Board and Executive Management.

As determined by the Board, selected key employees of the Company may be eligible to participate in long-term incentive programs on terms similar to those of Executive Management. Sales incentives may apply for selected employees in commercial functions and are governed locally. Employees on Sales Incentives are not eligible for Global STIP or other local STIP.

Other variable pay plans may be offered to employees in connection to local requirements or collective agreements and are governed locally. Employees on other local STIP are not eligible for Global STIP or sales incentives.

The Board of Directors has established a Remuneration and Nomination Committee to assist the Board of Directors in aspects related to remuneration, assessment, and nomination.

The Remuneration and Nomination Committee meets when required, but at least four times a year. The Remuneration and Nomination Committee comprises at least three members, two of whom must be members of the Board of Directors.

The Board has the overall responsibility for reviewing the Remuneration Policy. The Remuneration Committee has the responsibility for reviewing and proposing changes to the Remuneration Policy to the Board.

This policy has been prepared, reviewed, and approved first by the Remuneration Committee and then by the Board of Directors. The policy will at least be up for a vote at the AGM every fourth years and reviewed by the Remuneration Committee and Board annually.

## 8. Diversity and Fair pay

LEO Pharma is committed to having a remuneration policy that is inclusive by design to ensure everyone is treated fairly. This means that our remuneration policy supports our goal of having a diverse workforce on all levels and within all areas of our organization. Therefore, LEO Pharma constantly strives to promote equality with respect to work conditions, pay, career development and progression, incentives, etc.

An employee's total remuneration package is fixed, based on the role and position, professional experience, seniority, education, responsibility, job complexity, local market conditions, business results, and individual performance.

The employee remuneration is set with no regard to gender, race, ethnic origin, political views, sexual orientation, age, or other diversity factors. LEO Pharma supports diversity, inclusion and equal opportunities through active Diversity, Equity & Inclusion programs and pay transparency.

## 9. Deviations from the Policy

In order to serve the long-term interests of the shareholders, the Company as a whole and its sustainability, or to assure its viability the Board may, based on a recommendation from the Remuneration & Nomination Committee, in exceptional circumstances in relation to specific members of Executive Management temporarily deviate from Sections 4 and 5 of this Remuneration Policy.

In the event of exceptional circumstances (e.g., M&A), the Board may decide to deviate from the Policy to align and guarantee the long-term interests of the company and the shareholders. The Board may offer extraordinary compensation when it deems it appropriate. Such discretion shall only be approved based on verifiable criteria, and application of the derogation will be disclosed in the company's Remuneration Report for the respective financial year.

## 10. Approval and publication

This Remuneration Policy has been approved by the Board of Directors on 17 February 2026 to be presented for adoption by the shareholders in an Extraordinary / Annual General Meeting of the Company held on 25 February 2026.

The Remuneration Policy is made available on the Company's website.

Information on the remuneration, including the remuneration components for the Board of Directors and Executive Management granted by the Company, including any Group Company, shall be disclosed on an individual basis in the Company's Remuneration Report for the relevant financial year.