

Item 8.4: Resolution on implementation of a long-term incentive program for Management by way of implementation of a performance-based share Investment program

The board of directors proposes that the 2023 annual general meeting of Initiator Pharma A/S (“Company”) resolves to implement a long-term incentive program in the form of a performance-based share Investment program (the “**LTI 2023**”) for members of the Management and leading employees (collectively “Participants”) in accordance with the below.

Background

The overall purpose with LTI 2023 is to align the interests of the Participants with those of the shareholders and thus ensure a maximum long-term value adding commitment. LTI 2023 is also considered to create a long-term focus on increase in earnings and growth among the Participants. LTI 2023 is further considered to facilitate for the Company to recruit and retain management and key personnel.

Terms and conditions for LTI 2023

LTI 2023 means that the Participants will invest in ordinary shares in the Company (“**Investment Shares**”). Following a predefined time period, the Participants will have the right to subscribe additional shares in the Company (“**Matching Shares**”) at par value. In addition, conditional upon fulfilment of a goal related to the development of the share price, the Participants will further have the right to subscribe additional shares in the Company (“**Performance Shares**”) at par value. The conditions for subscription of Matching Shares and Performance Shares are set out below.

The maximum number of Investment Shares that can be included under this program is 131,500 shares. The maximum number of shares that can be subscribed for under the program (Matching Shares and Performance Shares) is 651,000, representing 1.22% of the issued number of shares.

The maximum number of Investment Shares that each Participant shall be entitled to invest is as follows:

Position	Maximum number of Investment Shares
CEO	30.000
Other Exec Management	22.000 per person
Other Management team members and employees	0 – 10.000 per person

The board of directors shall, within the intervals stated above, resolve on the maximum number of Investment Shares that each individual Participant may acquire.

The investment in Investment Shares shall be made through acquisition of Company shares on the stock market on 30 September 2023 at the latest (the “**Investment Period**”). The board of directors shall be entitled to extend the Investment Period in case Participants have been unable to acquire shares due to applicable insider regulations.

Matching Shares

For each Investment Share, the Participant shall be entitled to subscribe 1 Matching Share at par value in connection with AGM in 2024. The right to subscribe for a Matching Share will be subject to the Participants having maintained ownership of their Investment Shares and continued employment or engagement until the AGM in 2024.

Subscription of Matching Shares shall take place within 30 days from date of the AGM in 2024. The board of directors shall be entitled to extend the Subscription period in case Participants are unable to subscribe to shares due to applicable insider regulations.

The maximum number of Matching Shares that can be subscribed under the program is 108,500.

Performance Shares

In addition, for each Investment Share, the Participant shall have the possibility to subscribe for up to 5 Performance Shares for each Investment Share at par value at the end of the Vesting Period (as defined below).

The number of Performance Shares that can be subscribed is conditional upon the development of the Company's share price from the date of the annual general meeting on 20 May 2020 to and including 31 December 2025 (the "**Performance Target**"). The Performance Target will be measured based on the volume weighted average share price 30 trading days immediately following the annual general meeting on 26 May 2023 and 30 trading days immediately preceding 31 December 2025. An increase in the share price with less than 20 per cent does not entitle to any vesting of any of the Performance Shares, an increase in the share price with 20 per cent entitles to vesting of 1 Performance Share per Investment Share and an increase in the share price with 100 per cent or more entitles to vesting of all the 5 Performance Shares per Investment Share. In the event of an increase in the share price of between 20 and 100 per cent, vesting of the Performance Shares will occur linearly between 1 and 5.

Vesting will be subject to the Participants having maintained ownership of their Investment Shares and continued employment or engagement until 31 December 2025 ("**Vesting Period**"). The board of directors shall in certain cases be entitled to resolve on proportionate allocation in case the engagement is terminated prior to the expiration of the Vesting Period.

Before the number of Performance Shares to be allocated is finally determined, the board of directors shall evaluate if allocation pursuant to the principles set out above is reasonable, having regard to the Company's results and financial standing, to conditions on the stock market and to other circumstances in general. If the board of directors finds that it is not reasonable, then the board of directors may decrease the number of Performance Shares to be allocated to the lower number of shares that the board of directors finds reasonable.

Appendix 2 to notice for Initiator 2023 AGM

Subscription of Performance Shares shall take place within 30 days after 31 December 2025. The board of directors shall be entitled to extend the Subscription period in case participants are unable to subscribe to shares due to applicable insider regulations.

The maximum number of Performance Shares that can be subscribed under the program is 542,500, meaning that the total number of shares – both Matching Shares and Performance Shares - that can be issued to the participants in connection with LTI 2023 will not exceed 651,000.

The number of Matching Shares and Performance Shares that may be allotted by virtue of Investment Shares may be subject to recalculation in consequence of a bonus issue, split or reverse split, rights issue, and/or other similar company actions.

Participation in LTI 2023 is conditional upon that the participation is legally possible and that the participation in the Company's sole opinion can be made with reasonable administrative costs for the Company.

LTI 2023 shall be governed by separate agreements with the respective Participant. The board of directors shall be responsible for the preparation and management of LTI 2023 within the above-mentioned principal terms and guidelines. In connection herewith, the board of directors shall be entitled to resolve on diverging terms for the allocation of Matching Shares and Performance Shares in connection with cessation of employment or engagement during the Investment Period due to death, early retirement or similar occasions or due to termination by the Company that is not related to misconduct by the Participants. In these cases the board of directors may resolve that the Participant will be entitled to subscribe a proportionate part of the Matching Shares and the Performance Shares. Furthermore, in the event of a public take-over offer, a sale of the Company's business, liquidation, merger or any other such transaction affecting the Company, the board of directors shall, at its sole discretion, be entitled to resolve that the Matching Shares and Performance Shares (partially or in full) shall vest and be allotted on completion of such transaction. The board of directors will make this resolution based on the level of achievement of the Performance Target, the remainder of the Investment Period and any other factors deemed relevant by the board of directors.