

## Alvotech Remuneration Report 2023

*Presented to the shareholders of Alvotech at the Annual General Meeting of 7 June 2024.*

This remuneration report (the “Report”) covers the period from 1 January 2023 through 31 December 2023 (the “financial year” of Alvotech, a *société anonyme*, incorporated and existing under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies' Register under number B258884, having its registered office at 9, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg (“Alvotech” or the “Company”).

Alvotech was incorporated on 23 August 2021 and on 15 June 2022 (the Directors of Alvotech were appointed for a three-year period).

The Report has been prepared in accordance with Luxembourg laws. It contains the main features of the remuneration systems for the Board of Directors (the “Board” or the “Board Members” and each member, a “Director”) of Alvotech for the financial year 2023 as well as a statement of the amount and structure of remuneration.

### **The Remuneration Policy**

The Company is subject to the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders at general meetings of listed companies, as amended (the “Luxembourg Shareholders' Rights Law”), which requires that the Company has a policy in place regarding the remuneration of the members of its Board of Directors (the “Remuneration Policy”). In addition to the remuneration of the Board of Directors, the Remuneration Policy sets out, inter alia, the role and composition of the Remuneration committee of the Company. The remuneration of the Board of the Directors, as set out in the Remuneration Policy, comprises a fixed remuneration and participation in the company's equity incentive plan.

The Remuneration Policy for 2023 was presented and adopted by Alvotech's Annual General Meeting held on 6 June 2023 and can be found at the Company's website [alvotech.com](http://alvotech.com).

### **Contribution of the Remuneration Policy to the business strategy, long-term interest, and sustainability of Alvotech**

At Alvotech, we prioritize offering competitive salaries to our employees worldwide. Our approach involves conducting market salary analyses in select countries and utilizing benchmarking data in others to ensure our compensation remains aligned with industry standards. By staying proactive in our salary evaluations, we aim to attract and retain top talent while fostering a culture of fairness and transparency within our workforce. The Remuneration Policy promotes the Company's business strategy and long-term interests and thus contributes to the Company's long-term development. Strengthening the profitable and sustainable growth of the Company's business is the focus and basis for the structure of the Remuneration Policy for the Board of Directors.

The Company therefore provides incentives linked to the development of Alvotech; such as:

- providing compensation to motivate the Board of Directors towards the achievement of long-term goals in order to promote the Company's business strategy, long-term value and creation and sustainability;

- providing adequate compensation in consideration of the responsibilities, competency, commitment, workload, time spent and performance of each individual;
- reflecting the degree of required qualifications and experience of the Board, the risks that they take personally, and honour the dedication and efforts that the Board puts into the Company; and
- ensuring that the Company continues to attract and retain individuals who consistently perform at or above expected levels and contribute to the success of Alvotech.

### **Remuneration Committee of the Board of Directors**

Alvotech has five committees of the Board of Directors (an audit and risk committee, a remuneration committee, a nominating and corporate governance committee, a strategy committee and a corporate sustainability committee). All the committees are constituted of members of the Board based on their expertise, skills and experience relevant to that committee and in accordance with the rules set for each committee by the Board.

The remuneration committee is responsible for, among other things:

- reviewing and approving the corporate goals and objectives, evaluating the performance of and reviewing and approving, (either alone or, if directed by the Board of Directors, in conjunction with a majority of the independent members of the Board of Directors) the compensation of our chief executive officer;
- overseeing an evaluation of the performance of and reviewing and setting or making recommendations to our Board of Directors regarding the compensation of our other executive officers;
- reviewing and approving or making recommendations to our Board of Directors regarding our incentive compensation and equity-based plans, policies and programs;
- reviewing and approving employment arrangements for our executive officers;
- making recommendations to our shareholders regarding the compensation of our directors; and
- retaining and overseeing compensation consultants.

The committee meets all composition requirements set out in its Charter:

- the Committee consists of at least three Non-Executive Directors;
- the Committee Members shall be appointed and dismissed by the Board. The Board shall elect a Committee Member to be the Committee Chairman, provided that the Board may also delegate the power to do so to the Committee itself (and revoke any such delegation at any time at the discretion of the Board). The body entitled to elect the Committee Chairman may also dismiss the Committee Chairman, provided that the Committee Member so dismissed shall subsequently continue his or her term of office as a Committee Member without having the title of Committee Chairman;
- all Committee Members shall be independent within the meaning of NASDAQ Rule 5605(a)(2), except as permitted by the applicable NASDAQ rules; and
- the Committee Chairman shall not be the Chairman or a former Executive Director.

The Remuneration Committee's Charter can be found at the Company's website: [alvotech.com](http://alvotech.com).

The Committee constituted of the following Board members for the financial year of 2023:

**Richard Davies**, Chairman;  
**Arni Hardarson**; and  
**Tomas Ekman**.

## The Board of Directors

Alvotech's Board of Directors is currently composed of eight members. In accordance with Alvotech's Articles of Association, the Board is not divided into classes of directors. Each Director was appointed on 15 June 2022, to serve as Director until the end of the general meeting of shareholders called to approve Alvotech's annual accounts for the 2024 financial year. There are no limitations on the duration of the board membership. The composition of the Board shall at any time be diverse, with regard to educational and professional background, gender and age.

The Board undertakes Alvotech's affairs in between shareholders' meetings unless otherwise provided by law or Alvotech's Articles of Association. The Board is responsible for setting Alvotech's general strategy. The Board has a supervisory role in overseeing that Alvotech's organization and activities are at all times in accordance with the relevant law, regulation and good business practices. The Board met 16 times last year.

### Members of the Board of Directors for the financial year of 2023

**Robert Wessman**, Chairman and CEO (Corporate Sustainability Committee member, Strategy Committee member)

**Richard Davies**, Deputy Chairman and Lead Independent Director (Remuneration Committee Chair, Nomination and Corporate Governance Committee Chair, Audit and Risk Committee member)

**Tomas Ekman**, Director (Remuneration Committee member)

**Faysal Kalmoua**, Director and COO (Strategy Committee Chair)

**Ann Merchant**, Director (Corporate Sustainability Committee Chair, Audit and Risk Committee member, Nomination and Corporate Governance Committee member)

**Arni Hardarson**, Director (Remuneration Committee member, Corporate Sustainability Committee member)

**Lisa Graver**, Director (Strategy Committee member)

**Dr. Linda McGoldrick**, Director (Audit and Risk Committee Chair, Nomination and Corporate Governance Committee member)

## Components of the remuneration of the Board of Directors

The remuneration of the Board of the Directors, as set out in the Remuneration Policy, comprises a fixed remuneration and a participation in an equity incentive plan.

The fixed components of the remuneration for the Board Members are:

- 1) Annual Board Service Retainer
  - a) All eligible directors: USD 50,000
  - b) Executive chairperson: USD 20,000 (in addition to the regular Annual Board Service Retainer)
  - c) Deputy chairperson: USD 25,000 (in addition to the regular Annual Board Service Retainer)
- 2) Annual Committee Member Service Retainer
  - a) Member of the audit committee: USD 10,000
  - b) Member of the compensation committee: USD 10,000
  - c) Member of the nominating committee: USD 10,000
- 3) Annual Committee Chair Service Retainer (in lieu of Annual Committee Member Service Retainer).

- a) Chair of the audit committee: USD 20,000
- b) Chair of the compensation committee: USD 20,000
- c) Chair of the nominating committee: USD 20,000

The equity incentive plan states that: On initial appointment, each Director is entitled to receive an equity grant in the form of restricted stock units equal to a value of USD 250,000 which will vest in three equal annual instalments on the first three anniversaries of the date of the grant. In addition, on the date of each annual general meeting of shareholders of the Company, each Director may, subject to approval by the general meeting of shareholders, receive further grants in the form of stock options for a value of up to USD 230,000 which will be subject to three-year vesting and the exercise price of which will be determined on the date of the respective annual general meeting.

All vesting of the restricted stock units is subject to the non-employee director's continuous service on the applicable vesting date. However, for each eligible director who remains in continuous service until immediately prior to the occurrence of a change in control (as such term is defined in the Alvotech Management Incentive Plan (the "2022 Plan"), described further below, the shares subject to his or her then-outstanding restricted stock unit awards will become fully vested immediately prior to the closing of such change in control event.

We will also reimburse our non-employee directors for their reasonable out-of-pocket expenses in connection with attending board and committee meetings.

The following tables sets forth information regarding compensation earned by each of our directors during the years ended 31 December 2023 and 2022:

**Board of Directors' fee for the year and shares at year end (board fees in thousands and shares in whole amounts).**

**2023**

	In USD thousands			
	Board fees	Pension contribution	Other long-term benefits	Shares at year-end**
<b>Robert Wessman, Chairman of the board and CEO*</b>	–	–	–	–
<b>Richard Davies, Vice-Chairman</b>	156	–	104	1,143,713
<b>Ann Merchant, Board Member</b>	113	–	104	10,582
<b>Árni Harðarson, Board Member*</b>	–	–	–	–
<b>Faysal Kalmoua, Board Member*</b>	–	–	–	–
<b>Linda McGoldrick, Board Member</b>	81	–	104	10,582
<b>Lisa Graver, Board Member</b>	71	–	104	10,582
<b>Tomas Ekman, Board Member*</b>	–	–	–	–
<b>Total</b>	421	–	416	1,175,459

\*Waived their board compensation (both cash and equity)

\*\*Direct share ownership

The Company did not reclaim variable remuneration of the Board of Directors during the financial year 2023.

2022

In USD thousands

	Board fees	Pension contribution	Other long-term benefits	Shares at year-end**
Robert Wessman, Chairman of the board	740	—	—	—
Richard Davies, Vice-Chairman	85	—	—	1,133,131
Ann Merchant, Board Member	54	—	—	—
Árni Harðarson, Board Member*	—	—	—	—
Faysal Kalmoua, Board Member*	—	—	—	—
Linda McGoldrick, Board Member	39	—	—	—
Lisa Graver, Board Member	39	—	—	—
Tomas Ekman, Board Member*	—	—	—	—
<b>Total</b>	<b>957</b>	<b>—</b>	<b>—</b>	<b>1,133,131</b>

\*Waived their board compensation (both cash and equity)

\*\*Direct share ownership

The Board of Directors was covered by the Company's directors' & officers' liability insurance and the Directors were reimbursed of any reasonable costs incurred within the scope of their duties, upon presentation of proof of payment of such costs.

### Company Management Incentive Plan

On 13 June 2022 our shareholders approved the 2022 Plan. It is the responsibility of the Remuneration Committee to manage the 2022 Plan.

*Awards:* The 2022 Plan will provide for the grant of shares, restricted shares units, options or any combination of the foregoing including such other Awards that may be denominated or payable in, value in whole or in part, by reference to or otherwise based upon, or related to, shares (the "Awards") to our employees, directors, and consultants and any of our affiliates' employees and consultants.

*Authorized Shares:* Initially, the maximum number of Ordinary Shares that could be issued under the 2022 Plan after it became effective could not exceed 5.79% of our share capital on a fully diluted basis. In addition, the number of Ordinary Shares reserved for issuance under the 2022 Plan may be increased by our Board of Directors by up to 1% annually over ten (10) years from the date of approval of the 2022 Plan.

*Plan Administration:* Our Board of Directors, or any person or persons or committee to whom decision-making authority with respect to the 2022 Plan is delegated by our Board of Directors will administer the 2022 Plan.

*Plan Amendment or Termination:* Our Board of Directors has the authority to amend or, suspend, the 2022 Plan at any time and from time to time, and our Board of Directors has the authority to terminate the 2022 Plan provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our shareholders. No Awards may be granted after the tenth anniversary of the date our Board of Directors adopted the 2022 Plan. No Awards may be granted under the 2022 Plan while it is suspended or after it is terminated. Rights under any Award granted before suspension or termination of the 2022 Plan shall not be impaired by such suspension or termination.

On 1 December 2022, our Remuneration Committee authorized the grant of restricted stock units (“RSUs”) to certain employees, executive officers and directors under the 2022 Plan. Subject to certain vesting and other terms and conditions, the RSUs may be settled in Ordinary Shares.

During the financial year ending 2023, our Remuneration Committee authorized the grant of a total of 820,602 RSUs to certain employees and executive officers under the 2022 Plan.

If all RSUs vest and are exchanged for Ordinary Shares, the combined grants may result in an aggregate of 6,891,717 Ordinary Shares.

In accordance with the 2022 plan, on 1 December 2022 the Remuneration committee approved a “gift of shares” to all employees of the company who were not a part of other equity programs. In total 581 employees around the world received shares in the company – 159 shares each.

Also, in accordance with the 2022 plan, the Remuneration Committee approved a share issuance of 112 shares to each team member in March 2024, eligible employees are – 735 in total. As of 31 December 2023, we had 1,026 employees globally.

### Comparative Information for the remuneration of the board of directors

Comparative information illustrating the changes in remuneration of the Board between the fiscal years 2023 and 2022, split out by component, is provided above.

Presented in the table below is a comparative overview of the global amounts awarded or due between the fiscal years 2023 and 2022. Note that the fees for 2022 only apply to about half the year (see *footnote\*\*\*\**).

	Annual change between FY2023 and FY2022	Percentage change between FY2023 and FY2022	Change in Shares** between FY2023 and FY2022	Explanation
Robert Wessman, Chairman of the board	(740)	(100%)	–	***
Richard Davies, Vice-Chairman	72	85%	10,582	****
Ann Merchant, Board Member	58	108%	10,582	****
Árni Harðarson, Board Member*	–	–	–	
Faysal Kalmoua, Board Member*	–	–	–	
Linda McGoldrick, Board Member	42	105%	10,582	****
Lisa Graver, Board Member	31	79%	10,582	****
Tomas Ekman, Board Member*	–	–	–	
<b>Total</b>	<b>421</b>	<b>–</b>	<b>416</b>	<b>1,175,459</b>

\*Waived their board compensation (both cash and equity)

\*\*Direct share ownership

\*\*\* Robert’s role at the company changed on 1 January 2023 to the CEO. From that date, his compensation is classified as management compensation and not as board compensation as in the year before.

\*\*\*\*The numbers for 2022 reflect the board fees for the period 16 June 2022 to year end 2022 and the board fees for 2023 are for the full year.

### Compensation of Executive Officers

Our executive officers have entered into an employment agreement with us for an indefinite period of time. The agreements provide the terms of each individual’s employment or service with us, as applicable.

Our executive compensation program reflects its compensation policies and philosophies, as they may be modified and updated from time to time. In addition to a base salary and certain performance-based bonuses, executive officers can be eligible to receive awards under our equity incentive plan, the 2022 Plan. Decisions with respect to the compensation of our executive officers, including our named executive officers, are made by the remuneration committee of our Board of Directors.

The following table sets forth information regarding compensation earned by Robert Wessman, the Chief Executive Officer from 1 January 2023.

	In USD thousands			
	Salaries and benefits	Pension contribution	Termination benefits	Other long-term benefits
Robert Wessman CEO	1,491	26	–	–
Other Members of the Leadership Team	5,020	346	52	9,456
<b>Total</b>	<b>6,511</b>	<b>372</b>	<b>52</b>	<b>9,456</b>

### Comparative presentation of the annual change in compensation with earnings development and employee salary development.

	% change
Revenue development	10%
Operating EBITDA development	-2%
Average salary development of employees	0%

### Benchmarking and competitiveness

At Alvotech, we prioritize offering competitive salaries to our employees worldwide. Our approach involves conducting market salary analyses in select countries and utilizing benchmark data in others to ensure our compensation remains aligned with industry standards. By staying proactive in our salary evaluations, we aim to attract and retain top talent while fostering a culture of fairness and transparency within our workforce.

To support pay decisions in 2023, the Remuneration Committee engaged an independent executive compensation consulting firm, Aon Solutions UK Limited, to provide guidance on a market peer group, compensation levels, and incentives design for both executive management and the non-executive board members.

Approved by the Board of Directors of Alvotech.