

REPORT AND RECOMMENDATIONS FROM THE NOMINATION COMMITTEE IN PHOTOCURE TO THE ANNUAL GENERAL MEETING TO BE HELD ON MAY 3rd, 2023

1) NOMINATION COMMITTEE MANDATE AND MEMBERSHIP

The mandate of the Nomination Committee is stipulated in the Articles of Association § 7:

“The company shall have a Nomination Committee.

The Nomination Committee shall make recommendations to the general meeting regarding election of shareholder-elected members of the Board of Directors, remuneration to the members of the Board of Directors, election of members to the Nomination Committee and remuneration to the members of the Nomination Committee.

The Nomination Committee shall consist of two to three members out of whom at least two shall be shareholders or representatives of shareholders. The members of the Nomination Committee, including the chairperson of the Nomination Committee, are elected by the general meeting for a term of one year. Remuneration to the members of the Nomination Committee is determined by the general meeting.

The general meeting shall resolve the instructions for the Nomination Committee.”

At the Annual General Meeting (AGM) on April 28th, 2022, Robert Blatt, Lars Viksmoen and Hans Peter Bøhn (leader) were elected to the Nomination Committee.

2) THE ACTIVITIES OF THE NOMINATION COMMITTEE

The committee has been in contact with the Board Chairman, Jan Egberts. The CEO, Dan Schneider has also been consulted. All board members have been interviewed by at least one member of the Nomination Committee. The interest of largest shareholder, Briarwood Capital has been represented through Robert Blatt.

3) PROPOSED COMPOSITION OF THE BOARD OF DIRECTORS

The BoD appears to function well. The skillsets and experience of the Board members are well matched to the expected need of Photocure over the coming 12 months. The interaction and collaboration between the BoD and the Executive Management is also working well. However, Anders Tuv and Anne Worsøe have indicated that they will not be available for re-election at the 2023 AGM.

Except for Anders Tuv and Anne Worsøe, all board members are up for election, and all have agreed to be nominated for re-election. We propose Dylan Hallerberg is elected to replace Anders Tuv. We propose that Malene Brondberg is elected to replace Anne Worsøe.

About Malene Brondberg:

Ms. Brondberg served as interim CEO of Nordic Nanovector until recently. She joined that company as Vice President Investor Relations in February 2018 and was appointed CFO in May 2020. She has over 20 years' operational experience in the financial services sector from a career that included being Global Head of Research, managing a team of over 65 people, and a member of the Executive Committee of the Nordic investment bank ABG Sundal Collier. Ms. Brondberg has also worked as a management consultant within the financial sector, acting as an advisor in relation to investor relations and funding. In addition, she has held interim CEO, COO and Head of Compliance / HR / Finance management positions at several companies.

About Dylan Hallerberg:

Dylan Hallerberg is a seasoned private equity and investment executive with extensive experience operating and improving businesses. He worked at The Carlyle Group for almost seven years, where he invested in European public and private markets. After Carlyle, Dylan continued his investment career as an Analyst/PM at GoldenTree Asset Management before transitioning to leadership roles at Arcturus UAV and Fortress Anchors. Dylan has extensive board experience, serving as a member, observer, or an executive on seven boards over the past ten years. He currently serves as the President and Owner of Fortress Marine Anchors and is an active real estate and private equity investor and family office advisor.

The Nomination Committee propose the following board is to be elected at the 2023 AGM:

Jan H. Egberts (chair)	(re-election)
Neal Shore (board member)	(re-election)
Johanna Holldack (board member)	(re-election)
Dylan Hallerberg (board member)	(new elect)
Malene Brondberg (board member)	(new elect)

All proposed candidates are independent of major shareholders. The proposal from the Nomination Committee is based on a careful evaluation of the Board's composition and function versus the company's needs. It is our belief that the proposed Board is eminently suited to help meeting the challenges the company faces at present and up to the ordinary AGM in 2024.

4) REMUNERATION OF BOARD MEMBERS

During the year 2022, the value of the NOK versus EUR and USD has depreciated. As the majority of Board Members are domiciled outside Norway, we propose to compensate for this and general inflation. The Nomination Committee propose to raise the value of the total remuneration by approximately 9% from the 2023 AGM. We propose that the value of the raise be composed entirely of the Options parts of the remuneration package.

4a) Cash remuneration

For the May 2023 AGM we propose to leave the cash compensation unchanged, while continuing to gradually phase in stock options to supplement the cash remuneration.

Chairperson: NOK 620 000 annually

Board Members: NOK 360 000 annually

4b) Stock options

The Nomination Committee proposes that the 2023 AGM resolves to raise the number of stock options to the Board of Directors in such a way that the value of the increase corresponds to an approximate 9% increase vs. last year's total remuneration package (Cash plus Options).

The Nomination Committee proposes that the board members, in addition to the cash compensation proposed under 4a (above), shall receive a number of options corresponding in value to 16% of the remuneration paid to board members in the current year, based on a Black-Sholes formula. Options may be granted at terms similar to the existing share option program for management, with the following adjustments:

- Pricing – the strike price will be set at a 10% premium to the weighted average closing price in the 30 business days following the AGM
- Options are granted starting this year, following the AGM
- The expiration of each option is 5 years from date of vesting
- The share options shall vest upon completion of a one year term as a board member, defined as the period from the annual general meeting that elects the board member until the first following annual general meeting
- At retirement/non-reelection of a board member, all granted options vest immediately followed by a limited exercise window
- The nomination committee shall monitor the board option program, and shall decide the further terms and conditions for the program, including claw back regulations

The Nomination Committee propose to authorize 17,974 shares to be issued underlying stock options for the board (about 6.6bps of annual gross dilution): Each board member will receive 3,169 options with the Chair entitled to 5,298 options

4c) Compensation for time spent on international travel

As an extra incentive for attracting board members from outside Norway, the Nomination Committee proposed in 2017 to compensate board members for the working hours lost while on international travel. The arrangement pertains to Photocure board members domiciled abroad and is applicable for travels to and from Board meetings.

The Nomination Committee proposes to continue the scheme:

For each working hour thus spent traveling, Board members domiciled outside Norway are compensated the equivalent of EUR 125.-

5) COMPOSITION OF THE NOMINATION COMMITTEE

All members of the Nomination Committee wish to be re-elected for another period and as follows:

Robert Blatt (leader)
Hans Peter Bøhn (member)
Lars Viksmoen (member)

6) REMUNERATION OF THE NOMINATION COMMITTEE

Our proposed remuneration of the Nomination Committee for the period ending at the 2023 AGM is:

Committee members: NOK 20,000

Robert Blatt has chosen to forgo any remuneration for his work on the Nomination Committee.

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The proposals from the Nomination Committee are unanimous.

Oslo, April 10th, 2023

Hans Peter Bøhn

(Committee Leader)