

REPORT AND RECOMMENDATIONS FROM THE NOMINATION COMMITTEE IN PHOTOCURE TO THE ANNUAL GENERAL MEETING TO BE HELD ON APRIL 28TH, 2022

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 May 20th, 2021, Lars Viksmoen, Jónas Einarsson, and Hans Peter Bøhn (leader) were elected to the Nomination Committee. At an Extraordinary General Meeting on July 28th, 2021, Jónas Einarsson resigned due to potential conflicts of interest and his position was replaced by Robert Blatt.

2) THE ACTIVITIES OF THE NOMINATION COMMITTEE

Due to the pandemic situation, the Nomination Committee has operated exclusively online using e-mail exchanges and telephone conferences. The committee has been in regular 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. Finally, the Nomination Committee has identified, interviewed, and secured the interest of Dr Neal Shore as a new member to the Board of Directors.

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, Dr Grannum Sant has indicated he will not be available for re-election at the April 2022 AGM. The Nomination Committee has therefore identified Dr Neal Shore as a replacement for him.

Except for Dr Grannum Sant, all board members are up for election, and all have agreed to be nominated for re-election.

About Dr Neal Shore:

Dr. Shore is the Medical Director for the Carolina Urologic Research Center. He is the Chief Surgical Officer and Head of Urology, Genesis Care, US. He practices with Atlantic Urology Clinics in Myrtle Beach, South Carolina. Dr. Shore has conducted more than 350 clinical trials, focusing mainly on GU Oncology, and serves on the Boards of: Duke Global Health Institute, Society of Urologic Oncology, Bladder Cancer Advocacy Network, and is Immediate Past President, Large Urology Group Practice Association. He serves as the National Urology Research Director for Genesis Care, US. He has more than 200 peer reviewed publications and numerous book chapters; he performs peer review for Lancet Oncology, New England Journal of Medicine, European Urology, Journal Urology, Urology, BJUI, PCPD, and numerous other high impact scientific journals. A graduate of Duke University and Duke University Medical School, Dr. Shore completed a 6-month clinical research fellowship in Pretoria, South Africa, and then completed his General Surgery/Urology training at New York Hospital Cornell Medical Center and at Memorial Sloan-Kettering Cancer Center in New York City. He is a Fellow of the American College of Surgeons

The Nomination Committee propose the following:

Jan H. Egberts (chair)	(re-election)
Neal Shore (board member)	(new elect)
Johanna Holldack (board member)	(re-election)
Anders Tuv (board member)	(re-election)
Anne Worsøe (board member)	(re-election)

Anders Tuv represents Radforsk, one of the major shareholders. The remaining candidates are independent. The proposal from the Nomination Committee is based on a careful evaluation of the Board's composition and function versus the company 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 2023.

4) REMUNERATION OF BOARD MEMBERS

4a) Nominal remuneration

At the 2021 AGM, the remuneration of the board of directors was raised by approximately 20%. This, to reflect the international nature of Photocure and that most board members reside outside Norway.

For the April 2022 AGM we propose to leave the cash compensation unchanged, while gradually phasing in stock options (see below) to supplement the cash remuneration.

Chairperson: NOK 620 000 annually

Board Members: NOK 360 000 annually

4b) Stock options

As Photocure increasingly becomes a company owned by shareholders outside Norway, with operations primarily outside Norway and with a majority of non-Norwegian Board Members, the Nomination Committee aims to gradually align Board Remuneration with that of international peers. As a part of this, the Nomination Committee proposes to introduce stock options as a supplement to Board Members cash remuneration.

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 10% 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 4,528 shares to be issued underlying stock options for the board (about 2bps of annual gross dilution): Each board member will receive 804 options with the Chair entitled to 1,312 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 120.-

5) COMPOSITION OF THE NOMINATION COMMITTEE

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

Hans Peter Bøhn (leader)

Lars Viksmoen (member)

Robert Blatt (member)

6) REMUNERATION OF THE NOMINATION COMMITTEE

Our proposed remuneration of the Nomination Committee for the period ending at the 2022 AGM is:

Committee leader: NOK 35,000

Committee members: NOK 20,000

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

* * *

The proposals from the Nomination Committee are unanimous.

Oslo, April 6th, 2022

Hans Peter Bøhn

(Committee Leader)