

PHOTOCURE ASA

REPORT ON REMUNERATION TO SENIOR EXECUTIVES FOR 2023

Prepared for annual general meeting 23 May 2024

1 INTRODUCTION

This report on remuneration to Senior Executives (the "**Report**") is prepared by the board of directors of Photocure ASA ("**Photocure**" or the "**Company**" and together with its subsidiaries the "**Group**"). The Report has been prepared in accordance with the Norwegian Public Limited Liability Companies Act 1997 section 6-16 b, the Norwegian Regulation on Guidelines and Report on Remuneration of Leading Employees of 2020 (Nw.: *Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer*) section 6 and the Norwegian Accounting Act section 7-31b.

The Report comprises remuneration to the Company's CEO, CFO and other members of the management who report directly to the CEO ("**Senior Executives**") for the financial year 2023. The purpose of the Report is to provide a comprehensive, clear and understandable overview over awarded and due gross salary and remuneration to Senior Executives for the last financial year and how the remuneration is in accordance with the guidelines for remuneration of Senior Executives adopted by the annual general meeting 2022 of the Company (the "**Remuneration Guidelines**") and to what extent the remuneration is linked to the performance of the Company. The Report provides details, both in total and individualised, on the remuneration of the Company's Senior Executives.

In preparation of the Report, the board of directors have taken into consideration the result of the advisory vote on the report on remuneration for Senior Executives for 2022 at the Company's annual general meeting in 2023. As approx. 73% of the share capital represented at the annual general meeting in 2023 voted in favour of the report on remuneration to Senior Executives for 2022, the board of directors have prepared the Report in accordance with the principles set out and in the same form as the report for 2022.

2 COMPANY HIGHLIGHTS IN 2023

Overall company performance in 2023

Photocure delivered strong financial performance in 2023, with revenue growth of 27% and EBITDA of NOK 55.5 million. During the year, the Company focused on expanding and upgrading the installed base of blue light cystoscopes in North America and Europe in addition to advancing other key initiatives. In 2023, installations of rigid BLC towers were strong with the continued rollout of Karl Storz' high definition Saphira™ blue light capital equipment. The installed base of rigid BLC towers in the U.S. grew 17%, or 51 towers, from the fourth quarter of 2022, which also had a record number of rigid tower placements. The growth of rigid BLC capital equipment more than offset the loss of flexible BLC towers, which fell from 69 to 27 towers throughout the year.

Total revenue for the Group increased 27% to NOK 500.7 million in 2023, and Hexvix®/Cysview® revenue grew 19% to NOK 443.30 million. Global unit sales in 2023 increased 2% compared to 2022.

Operating income before restructuring in 2023 was NOK 27.8 million, an increase of NOK 76.8 million from the NOK 49.0 million operating loss reported in 2022. The operating results in both 2022 and 2023 include milestone payments received from Asieris MediTech Co., Ltd. (Asieris) for the Phase III clinical trial advancement of Cevira®, which is being developed as a non-surgical treatment of high-grade squamous intraepithelial lesions (HSIL), including all human papilloma virus (HPV) sub-types. Furthermore the 2023 and 2022 operating results include NOK 9.9 million and NOK 23.0 million, respectively for non-recurring business development expenses associated with the Company's objective to expand its revenue opportunities. Net income in 2023 was NOK 1.0 million, compared to a net loss of NOK 71.9 million in 2022.

Despite the 2023 challenges including the phase-down of flexible BLC equipment in the U.S. and the launch delay of Olympus' upgraded blue light system in Europe, Photocure delivered on key corporate objectives during the year. The Company reported significant growth in revenues and EBITDA, driven by positive contributions from both its North American and European business units.

For further details on the Company's performance in 2023, reference is made to the Company's consolidated annual accounts for 2023.

Overview of the application of the Remuneration Guidelines in 2023

Under the Remuneration Guidelines, remuneration of Senior Executives shall be competitive but not leading, motivational, transparent and performance driven and may consist of the following components: regular pay, bonus scheme, equity-based long term investment program, pension benefits, and other benefits.

The Remuneration Guidelines, adopted by the annual general meeting 2022, can be found on the Company's website <https://photocure.com/investors-hub>. The Company's report regarding the Company's compliance with the Remuneration Guidelines, which is controlled and reviewed by the auditor, is available on <https://photocure.com/investors-hub>.

3 TOTAL REMUNERATION OF SENIOR EXECUTIVES IN THE COMPANY

Table 1 below sets out total remuneration, split by component, paid and due to each current or previous Senior Executive in the Company for the last financial year.

Table 1 – Total remuneration of Senior Executives in the Company in 2023

(Amounts in NOK 1,000)

Name of Senior Executive Position (start/end date)	Reported financial year	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
		Base salary	Fees	Other benefits	One-year variable	Multi-year variable ¹				
Daniel Schneider CEO	2023	6,953	0	1,004	2,792	2,442	-	602	13,793	62%/38%
Erik Dahl CFO	2023	2,776	0	16	924	1,425	-	383	5,523	57%/43%
Geoffrey Coy Vice President & General Manager North America	2023	4,387	0	601	1,375	1,425	-	382	8,170	66%/34%
Susanne Strauss Vice President & General Manager Europe	2023	3,431	0	488	1,008	3,663	-	0	8,590	46%/54%
Anders Neijber Chief Medical Officer, Global Medical Affairs and Clinical Development and R&D	2023	2,555	0	96	867	0	-	379	3,897	78%/22%

¹ IFRS cost of all options vested in 2023, excluding options cancelled in December 2023.

Name of Senior Executive Position (start/end date)	Reported financial year	Fixed remuneration			Variable remuneration		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
		Base salary	Fees	Other benefits	One-year variable	Multi-year variable ¹				
Anja Gossens-von der Heidt, Head of Global Human Resources (from 1 April 2023) ²	2023	1,474	0	0	323	80	-	101	1,978	80%/20%
Patricia Kelly Vice President Global Human Resources (until 31 March 2023)	2023	1,572	0	100	-	0	-	35	1,707	100%/0%
Grete Hogstad Vice President Global Strategic Marketing & Business Development (until 30 June 2023)	2023	1,035	0	43	-	0	-	1,125	2,203	100%/0%

4 SHARE BASED REMUNERATION

The Company has implemented an equity-settled, performance-based compensation plan (the "**Option Program**") for its Senior Executives and selected personnel. Under the Option Program Senior Executives and selected employees has been awarded option awards at the discretion of the board of directors based on recommendations made by the compensation committee. The allocation of option awards is based on performance, organisational level and position, importance of retention, and location. The board of directors has, among other things, upon allocation of option awards for the year 2023 taken into consideration the Company's goals, strategies, and performance as well as targeted individual performance for each participant.

² Anja Gossens-von der Heidt was appointed to the Senior Executive team in April 2023 as Head of Global Human Resources. Prior to the appointment Gossens-Von der Heidt held a position with the Company's Europe HR team that is not a Senior Executive position with Photocure. In the transition to the Senior Executive team, Gossens-Von der Heidt also maintained functions allocated to her previous role. As a result, Gossens-Von der Heidt remuneration consist partly of salary and bonuses allocated to her pervious non-Senior Executive position.

Company goals are mainly financial and related to growth and profitability, as are individual goals designed for the specific position. Company goals are related to revenue growth and EBITDA, strategic business development and ESG. Individual performance goals are position specific and designed to support achievement of Company goals.

Senior Executives are for 2023 measured as follows:

- CEO: Company goals 100%
- Head of Global HR: Company goals 25% / Individual goals 75%
- Other Senior Executives: Company goals 70% / Individual goals 30%

The terms for the options for each individual, including any limits, have been determined by the board of directors within the board of directors' authorizations as resolved by the Company's general meeting.

The options for 2023 are granted with a strike price based on the weighted average share price the last 30 trading days before the grant date with an additional premium of 10% on top of the calculated average price. The share options shall vest over three years, with 25% vesting after one year, 25% after two years, and the remaining 50% after three years. Any non-exercised options expire five years after grant. In the event of a change of control, all unvested options shall become fully vested and exercisable.

The shares following exercise of options by Senior Executives shall be held for at least 2 years after exercise, except shares to be sold to cover costs including purchase amount and tax. In the event of a change of control, all shares may be sold.

In case of termination of employment, all options unvested as well as vested but not exercised at the time of expiry of employment will lapse. If the option holder is dismissed, unvested options as well as vested but not exercised options will lapse upon dismissal, unless the board of directors decides otherwise.

The option strike price may be subject to adjustments in the event of share split, combination of shares, dividend payment and/or other distribution. In the event of change of control or a merger the options may vest in full.

According to the remuneration guidelines, the board of directors may alter, reduce, or eliminate the exercise of the options issued in accordance with its terms, including to decide on cash compensation as replacement for any cancelled options, based on the overall situation of the Company or other special circumstances. In December 2023, the board of directors has decided to cancel all vested and unvested options issued under the 2021 and 2022 option programs and to re-issue new options under a 2023 program. The re-issued options are granted in accordance with Photocure's long term incentive program and the Company's guidelines for remuneration of senior executives and other employees, as approved by Photocure's annual general meeting held 28 April 2022.

Table 2 – Share options awarded or due to the Senior Executives for the financial year 2023.

Name of Director, position	The main condition of the option plan			Information regarding the reported financial year						
				Opening balance						Closing balance
	Specification on plan	Award date*	Strike price of the share	Share options awarded at the beginning of the year	Share options awarded: Awards remaining at 31.12	Share options vested: Awards vested	Share option exercised:	Share options terminated:	Share options cancelled	Share options awarded and unvested
Dan Schneider, CEO	Plan 2022 - 2022 July grant - Management	19.07.2022	114.89	130,000	-	-	-	-	130,000	-
Dan Schneider	Plan 2020 - 2020 September grant	15.09.2020	81.41	60,000	-	60,000	-	-	-	-
Dan Schneider	Plan 2021 - 2021 August grant - Conditional Mgmt	16.08.2021	145.27	135,000	-	-	-	-	135,000	-
Dan Schneider	Plan 2023 - 2023 June Grant - Management	23.05.2023	59.91	-	140,000	-	-	-	-	140,000
Dan Schneider	2023 Re-Issue Program - 2023 Grant - Management	20.12.2023	61.03	-	132,500	-	-	-	-	132,500
Erik Dahl, CFO	Plan 2022 - 2022 July grant - Management	19.07.2022	114.89	90,000	-	-	-	-	90,000	-
Erik Dahl	Plan 2020 - 2020 September grant	15.09.2020	81.41	35,000	-	35,000	-	-	-	-
Erik Dahl	Plan 2021 - 2021 August grant - Conditional Mgmt	16.08.2021	145.27	67,500	-	-	-	-	67,500	-
Erik Dahl	Plan 2023 - 2023 June Grant - Management	23.05.2023	59.91	-	100,000	-	-	-	-	100,000

Name of Director, position	The main condition of the option plan			Information regarding the reported financial year							
	Specification on plan	Award date*	Strike price of the share	Opening balance						Closing balance	
				Share options awarded at the beginning of the year	Share options awarded: Awarded remaining at 31.12	Share options vested: Awards vested	Share option exercised:	Share options terminated:	Share options cancelled	Share options awarded and unvested	
Erik Dahl	2023 Re-Issue Program - 2023 Grant - Management	20.12.2023	61.03	-	78,750	-	-	-	-	-	78,750
Geoffrey Coy, VP & GM North America	2022 July grant - Management	19.07.2022	114.89	65,000	-	-	-	-	-	65,000	-
Geoffrey Coy	Plan 2020 - 2020 September grant	15.09.2020	81.41	35,000	-	35,000	-	-	-	-	-
Geoffrey Coy	Plan 2021 - 2021 August grant - Conditional Mgmt	16.08.2021	145.27	67,500	-	-	-	-	-	67,500	-
Geoffrey Coy	Plan 2019 - Sign on - Management	01.01.2020	56.83	45,000	-	45,000	-	-	-	-	-
Geoffrey Coy	Plan 2023 - 2023 June Grant - Management	23.05.2023	59.91	-	70,000	-	-	-	-	-	70,000
Geoffrey Coy	2023 Re-Issue Program - 2023 Grant - Management	20.12.2023	61.03	-	66,250	-	-	-	-	-	66,250
Susanne Strauss, VP & GM Europe	2022 July grant - Management	19.07.2022	114.89	65,000	-	-	-	-	-	65,000	-
Susanne Strauss	Plan 2020 - 2020 September grant	15.09.2020	81.41	67,500	-	67,500	-	-	-	-	-
Susanne Strauss	Plan 2021 - 2021 August grant - Conditional Mgmt	16.08.2021	145.27	67,500	-	-	-	-	-	67,500	-

Name of Director, position	The main condition of the option plan			Information regarding the reported financial year						
	Specification on plan	Award date*	Strike price of the share	Opening balance						Closing balance
				Share options awarded at the beginning of the year	Share options awarded: Awarded remaining at 31.12	Share options vested: Awards vested	Share option exercised:	Share options terminated:	Share options cancelled	Share options awarded and unvested
Susanne Strauss	Plan 2023 - 2023 June Grant - Management	23.05.2023	59.91	-	70,000	-	-	-	-	70,000
Susanne Strauss	2023 Re-Issue Program - 2023 Grant - Management	20.12.2023	61.03	-	66,250	-	-	-	-	66,250
Anja Gossens-von der Heidt, Head of Global HR	Plan 2020 - 2020 September grant	15.09.2020	106.25	3,000	-	3,000	-	-	-	-
Anja Gossens-von der Heidt	Plan 2021 - 2021 August grant	16.08.2021	145.27	7,500	-	-	-	-	7,500	-
Anja Gossens-von der Heidt	Plan 2022 – 2022 July grant	19.07.2022	114.89	10,000	-	-	-	-	10,000	-
Anja Gossens-von der Heidt	Plan 2022 – 2023 July grant	30.03.2023	85.78	-	5,000	-	-	-	5,000	-
Anja Gossens-von der Heidt	Plan 2023 - 2023 June Grant - Management	23.05.2023	59.91	-	12,500	-	-	-	-	12,500
Anja Gossens-von der Heidt	2023 Re-Issue Program - 2023 Grant - Management	20.12.2023	61.03	-	11,250	-	-	-	-	11,250
Anders Neijber, VP Global Medical Affairs and Clinical Development	2022 July grant - Management	19.07.2022	114.89	60,000	-	-	-	-	60,000	-
Anders Neijber	Plan 2021 - 2021 August grant	16.08.2021	145.27	20,000	-	-	-	-	20,000	-

Name of Director, position	The main condition of the option plan			Information regarding the reported financial year							
	Specification on plan	Award date*	Strike price of the share	Opening balance						Closing balance	
				Share options awarded at the beginning of the year	Share options awarded: Awarded remaining at 31.12	Share options vested: Awards vested	Share option exercised:	Share options terminated:	Share options cancelled	Share options awarded and unvested	
Anders Neijber	Plan 2021 - 2021 October grant	01.10.2021	123.34	8,000	-	-	-	-	-	8,000	-
Anders Neijber	Plan 2023 - 2023 June Grant - Management	23.05.2023	59.91	-	70,000	-	-	-	-	-	70,000
Anders Neijber	2023 Re-Issue Program - 2023 Grant - Management	20.12.2023	61.03	-	44,000	-	-	-	-	-	44,000
Patricia Kelly, VP Global Human Resources (until 31 March 2023)	Plan 2020 – 2020 September Grant	15.09.2020	81.41	-	-	-	-	-	40,000	-	-
Patricia Kelly	Plan 2021 - 2021 August grant - Conditional Mgmt	16.08.2021	145.27	-	-	-	-	-	40,000	-	-
Grete Hogstad, VP Global Strategic Marketing & Business Development (until 30 June 2023)	Plan 2019 – 2019 Management	01.01.2020	50.72	-	-	-	-	-	12,500	-	-
Grete Hogstad	Plan 2020 – 2020 September Grant	15.09.2020	81.41	-	-	-	-	-	25,000	-	-
Grete Hogstad	Plan 2021 - 2021 August grant - Conditional Mgmt	16.08.2021	145.27	-	-	-	-	-	40,000	-	-

Name of Director, position	The main condition of the option plan			Information regarding the reported financial year						
				Opening balance						Closing balance
	Specification on plan	Award date*	Strike price of the share	Share options awarded at the beginning of the year	Share options awarded: Awards remaining at 31.12	Share options vested: Awards vested	Share option exercised:	Share options terminated:	Share options cancelled	Share options awarded and unvested
Grete Hogstad	Plan 2022 – 2022 July Grant - Management	19.07.2021	114.89	-	-	-	-	35,000	-	-

*Allocated share options are vested over three years after award date, 25%, 25% and 50% respectively. The options are no longer valid after five years or on termination of the employee.

5 COMPLIANCE WITH THE REMUNERATION GUIDELINES AND APPLICATION OF PERFORMANCE CRITERIA

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified personnel. The Company must therefore offer a competitive total remuneration, and the Company's Remuneration Guidelines must enable the Company to offer Senior Executives such competitive total remuneration. Under the Remuneration Guidelines of the Company, remuneration of Senior Executives shall be competitive but not leading, motivational and flexible, and may consist of the following components: regular pay, bonus scheme, equity-based long term investment program, pension benefits, and other benefits.

The performance measures for the Senior Executive's variable remuneration for 2023 have been selected to promote the Company's strategy and to encourage behaviour which is in the long-term interest of the Company. In the selection of performance measures, the strategic objectives, and short-term and long-term business priorities for 2023 have been taken into account. In accordance with the Remuneration Guidelines, the variable remuneration for 2023 has been determined by the achievement of key performance indicators (KPIs) and goals at both individual and company level. The Senior Executives of the Company have, both individually and as a group, been given the opportunity to influence the attainment of the KPI's and the goals which have formed the basis for the assessment of the variable remuneration in 2023.

The CEO is measured 100% on Company goals, while other Senior Executives are measured 70% on Company goals and 30% on Individual goals which will depend on position.

Company goals for 2023 were as follows:

#	Goal / Target	Weight	Achieved - weighted
1	Revenue growth in constant currencies	40%	
2	EBITDA growth in constant currencies	20%	
3	Inorganic growth opportunity	25%	
4	Strengthen Environmental, Social and Governance	7.5%	
5	Develop High Performance Culture	7.5%	
	TOTAL	100%	75%

In accordance with the Remuneration Guidelines, the Company has paid out bonuses for the reported financial year pursuant to a bonus scheme for Senior Executives which is based on the Company's achievement of strategic, operational and financial goals.

Table 3 - Performance of Senior Executives in the reported financial year

Name & Position	Criteria related to the remuneration component	Relative weighting	Measured performance ³	Actual award NOK '000
Dan Schneider, CEO	Company goals	100%	75,0%	2,792
Erik Dahl, CFO	Company goals	70%	85,5%	924
	Personal goals	30%		
Geoffrey Coy, VP & GM North America	Company goals	70%	80,3%	1.375
	Personal goals	30%		
Susanne Strauss, VP & GM Europe	Company goals	70%	80,3%	1.008
	Personal goals	30%		
Anja Gossens-von der Heidt, Head of Global Human Resources ⁴	Company goals	25%	89,3%	323
	Personal goals	75%		
Anders Neijber, Chief Medical Officer, Global Medical Affairs and Clinical Development and R&D	Company goals	70%	82,5%	867
	Personal goals	30%		

³ Measured performance is calculated on the basis of the weighted average of company goals and personal goals.

⁴ Anja Gossens-von der Heidt was appointed to the Senior Executive team in April 2023 as Head of Global Human Resources. Prior to the appointment Gossens-Von der Heidt held a position with the Company's Europe HR team that is not a Senior Executive position with Photocure. In the transition to the Senior Executive team, Gossens-Von der Heidt also maintained functions allocated to her previous role. As a result, Gossens-Von der Heidt remuneration consist partly of salary and bonuses allocated to her pervious non-Senior Executive position.

6 USE OF THE RIGHT TO RECLAIM

During the reported financial year, the Company has not reclaimed remuneration from any Senior executive.

7 DEROGATIONS AND DEVIATIONS FROM THE REMUNERATION GUIDELINES AND FROM THE PROCEDURE OF IMPLEMENTATION

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company can recruit and retain qualified personnel. The Company must therefore offer a competitive total remuneration, and the Company's Remuneration Guidelines must enable the Company to offer Senior Executives such competitive total remuneration.

Based on Photocure's compensation policy, the board of directors of the Company have considered it necessary to make certain adjustments in base pay as well as target bonus for certain Senior Executives. Consequently, target bonus for the Company's Senior Executives has been adjusted to the following:

- For the Chief Medical Officer (CMO), the target bonus was adjusted to 35% in recognition of assuming the VP Global Medical Affairs & Clinical Development prior to the CMO role.

8 COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE

Table 4: Comparative table on the change of remuneration and company performance over the last five reported financial years (RFY)

Annual change ⁵ Absolute amounts are in TNOK	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	Information regarding 2023
Daniel Schneider, CEO ⁶	-0,9% -48,3	11.5% 620,4	52.5% 3,157,8	45,1% 4,143,5	3,5% 471.7	13,793,,3
Erik Dahl, CFO	-8.0% -208,7	11.5% 275,4	22.5% 601,7	44,5% 1,460,5	16,5% 784.0	5,523.5
Geoffrey Coy, Vice President & General Manager North America ⁷	-14.4% --599,3	27.9% 994,9	13.8% 631,3	40,9% 2,124,4	11,6% 848.7	8,169.6
Susanne Strauss, Vice President & General Manager Europe ⁸	-	-	3.00% 76,3	13,6% 634,5	62,6% 3,307.2	8,590.3
Anders Neijber, Chief Medical Officer, Global Medical Affairs and Clinical Development and R&D ⁹	27.8 438,8	9.9% 200,6	18.8% 416,3	31,0% 744,5	24,0% 753.2	3,897.3
Anja Gossens-von der Heide, Head of Global Human Resources ¹⁰	-	-	3.00% 66,9	21,3% 684,0	-5,4% -210.5	1,978.1
Revenues 000 NOK	+100,046 +55%	-25,074 -9%	+104,058 +41%	+32,592 +9%	+107,526 +27%	
EBITDA 000 NOK	+69,441	-62,861	+22,213	-42,928	+80,120	
Year-end share price	89.5 vs 48.0 +86%	106.6 vs 89.5 +19%	102.7 vs 106.6 -4%	106.8 vs 102.7 +4%	67.4 vs 106.8 -37%	
Employees of the company (Parent)	4.7%	3.0%	3.3%	5.8%	1.9%	1,575.0

⁵ The columns 2023 vs 2022, 2022 vs 2021 etc. represent the change in the senior executive's remuneration between the preceding financial years over which the comparative information in the table should be provided. The annual change should be presented in a percentage showing this difference, and in absolute numbers reflecting the total amount of the remuneration of the senior executive corresponding the two financial years which are compared as included in the table 1 of the report. The annual changes include foreign currency effects as changes in f/x rates against NOK. The information regarding the total remuneration for the relevant financial year is presented in the last column.

⁶ Daniel Schneider was appointed as CEO with effect from November 2018. Numbers prior to this is based on the remuneration to the previous CEO.

⁷ Geoffrey Coy was appointed as Vice President & General Manager US Operations with effect from 16 September 2019. Numbers prior to this is based on the remuneration to the person holding the similar position until June 2019.

⁸ Susanne Strauss was appointed as Vice President & General Manager of Europe with effect from 1 July 2020. There was no one holding the equivalent position prior to the appointment of Susanne Strauss.

⁹ Anders Neijber was appointed as Vice President Global Medical Affairs and Clinical Development with effect from September 2021. Numbers prior to this is based on the remuneration to the person holding the similar position.

¹⁰ Anja Gossens-von der Heide was appointed as Head of Global Human Resources with effect from April 2023. Numbers prior to this is based on the remuneration to the person holding the similar position.