

REMUNERATION REPORT

2023

PCI BIOTECH HOLDING ASA

Introduction

This remuneration report provides details on the remuneration of executive management for 2023 and 2022 and an outline of PCI Biotech Holding ASA's ("PCI Biotech") guidelines for executive remuneration (the "remuneration guidelines"), adopted by the annual general meeting in May 2021. This remuneration report has been prepared in compliance with the Public Limited Liability Companies Act section 6-16b and the accompanying regulation and will be presented for an advisory vote at the annual general meeting in May 2024.

PCI Biotech is a biopharmaceutical company utilising its innovative photochemical technology platform for developing new technologies to unlock the true potential of certain classes of innovative medicines and products. PCI Biotech is a pre-commercial staged company without any revenue, and the main cost driver for the financial results is research and development activities. The annual deficits for the years 2019-2023, in NOK millions were NOK 88.8; NOK 72.2; NOK 88.4; NOK 55.1; and NOK 20.3 respectively.

PCI Biotech underwent a restructuring process in 2022, including disbanding the entire clinical team and parts of the executive team. The Chief Medical Officer (CMO) and Chief Business Officer (CBO) positions were made redundant, while the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) positions were merged. In 2023 the executive team was further reduced with a part-time Chief Development Officer (CDO) position. These changes were made to tailor the team to

current operations. The executive team per year-end 2023 includes the following two positions: a combined CEO / CFO position and a Chief Scientific Officer (CSO).

These changes were considered appropriate under the circumstances and were not considered to be subject to amendment of the current remuneration guidelines. There have not been identified other deviations or derogations from the remuneration guidelines for 2023.

The general meeting in May 2021 adopted the remuneration guidelines with 97.2% of the votes represented. The advisory vote on the 2022 remuneration report achieved 98.4% (2021: 96.3%) of the votes represented at the general meeting in May 2023. On this basis, no actions have been taken to amend the guidelines per the date of this report. The remuneration guidelines are available on the company's website, www.pcibiotech.com. The Auditor's assurance report regarding whether the company's remuneration report has been prepared, in all material aspects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation is available at the end of this report.

The Board of Directors ("BoD") has not established a separate remuneration committee. All employees in the PCI Biotech group are employed by the wholly owned subsidiary, PCI Biotech AS, hence all employee remunerations for the group are made by this entity, while the BoD is remunerated by PCI Biotech Holding ASA.

Remuneration Principles

The remuneration policy for PCI Biotech is based on the principles summarised below:

Principle	Summary
Market competitive remuneration	<p>PCI Biotech offers competitive reward opportunities to enable the company to attract, retain and motivate the talent needed to achieve the vision and business objectives.</p> <p>PCI Biotech shall not be market leader with respect to compensation, but balance the need to provide competitive levels of reward against a desire to be cost effective when determining reasonable and responsible rewards. PCI Biotech aims at offering the executive management team a total compensation package around the median percentile of the relevant peer group.</p>
Pay for performance	<p>An appropriate proportion of the reward package is performance-based to ensure reward is linked to the achievement of key operational and financial objectives with a balance of short and long-term performance components.</p>
Transparency	<p>Remuneration programs are designed and communicated in a manner that reinforces the link between business objectives, vision, and culture.</p>
Business alignment and consistency	<p>Remuneration decisions are made within an industry framework, with alignment and consistency of the overall principles and policies of PCI Biotech.</p> <p>The remuneration practices will remain flexible enough to evolve as PCI Biotech’s business priorities change.</p>
Shareholder alignment	<p>The remuneration programs are intended to align the interests of employees in driving value creation for shareholders.</p>

Remuneration elements

The remuneration package for the PCI Biotech employees will comprise all or some of the following elements:

- Fixed pay
 - Base salary
- Variable performance-based pay
 - Bonus (short-term incentive)
 - Share options (long-term incentive)
- Benefits
 - Pension scheme
 - Other benefits

An appropriate proportion of the remuneration package is variable performance-based annual bonuses used to reward recent performance, while share options are used for retaining existing employees, attracting new employees and alignment with shareholders for the continued creation of shareholder value.

Annual review of remuneration elements

Industry alignment is a key component of the remuneration principles, and this is achieved by establishing an appropriate peer group to verify the market competitiveness of the remuneration package and to assess market practice for the different remuneration elements.

The BoD determines the total remuneration of the Chief Executive Officer (“CEO”). The BoD has final approval of the remuneration of the executive team, based on recommendations by the CEO. For the rest of the organisation the BoD approves the overall remuneration level and delegates distribution among the individuals to the CEO. The annual company objectives and the individual objectives of the CEO are set by the BoD. These overall company objectives are broken down into subgroup and individual goals, which are set as transparent and measurable goals for individual contributions.

Key objectives for the organisation were set for 2022 and 2023 to ensure reward is linked to goal achievements with a balance of short- and long-term performance components and to fulfil the remuneration principles of pay for performance, shareholder alignment, and transparency.

To align the interest of executive management in driving value creation for shareholders the goals for 2022 and 2023 were primarily linked to progress in the development programs and certain corporate goals. For transparency, the progress of development programs weighted 65% and the corporate goals weighted 35% for both 2022 and 2023.

Annual review of short-term incentives – bonus

PCI Biotech’s remuneration policy includes a short-term performance reward with a maximum achievable target determined by a percentage of base salary. There are no changes to the target bonus levels for 2023 within the executive positions, and the target bonus in % of base salary was the following:

Name, position	2023	Name, position	2022
Ronny Skuggedal, CEO/CFO	30 %	Ronny Skuggedal, CEO/CFO*	20-30%
Anders Høgset, CSO	15 %	Anders Høgset, CSO	15%
		Kristin Eivindvik, CDO	10%

*R.Skuggedal, CFO, assumed the position as Interim CEO from June 2022. This was made permanent from September 2022, and from then he held both positions with a target bonus level of 30%

PCI Biotech has not reclaimed any previously paid bonuses for 2022 or 2023.

Annual review of long-term incentives – share option scheme

The purposes of the share option scheme are threefold. First, it aims to align the interests of employees and shareholders by linking rewards to future share price development. Secondly, conditional vesting of share options rewards employees who remain loyal. Finally, options have become an important tool in attracting new hires for executive management.

PCI Biotech operates with a share option scheme where key employees may participate. No employees are automatically entitled to annual allotment of share options and share options are not allotted to consultants or BoD members.

Share options are meant to be allotted once annually by the BoD, normally within one week after release of the first half-yearly interim report. It may also be done in connection with new hires or in exceptional reward situations. For 2023 the annual allotment was made in September after release of the first half-yearly 2023 interim report. For 2022 the annual allotment was made in November, after release of the Q3 2022 interim report.

The BoD seek to allot share options with a total fair value, calculated according to the Black-Scholes model, that is partly linked to the annual base salary for each individual. Other elements that will be assessed in the allotment are the balance between total short- and long-term performance-based rewards, current value of share options held, overall performance, work responsibility, importance of retention, and position.

The share options are subject to service-based vesting conditions over three years, with one-third vesting each year, and other customary terms and conditions for employee incentive programs. One additional vesting condition is set for share options awarded in 2022 and 2023, a value cap of 20 times the strike price. If the value cap threshold is met, all share options will vest immediately and be available for exercise. Each share option gives the right to acquire one regular share in the company.

The annual vesting date is normally the day of release of the first half-year interim report. The share options expire approximately five years from the grant date, and the expiry date is one week from release of the first half-year interim report for the respective year of expiry. With some exceptions, like retirement, downsizing, and decease, all share options lapse immediately upon termination of employment.

PCI Biotech has not reclaimed any previous allotted share options during 2022 or 2023.

Annual review of pension scheme

PCI Biotech has a defined contribution pension scheme according to the mandatory requirements in Norway. For 2022 and 2023 PCI Biotech applied the maximum tax-free contribution level, according to Norwegian regulation, of 7% of annual base salary for the lower 0-7.1G salary range (the term “G” refers to an annually revised Norwegian reference, which in 2023 was NOK 118 620). For the upper 7.1-12G salary range the applied contribution level was 21% for 2022 and 2023. No contributions are made for annual base salary beyond 12G. No review of or changes to the pension scheme were made in 2022 or 2023.

Foreign employees who are not members of the Norwegian national social security scheme are excluded from the company pension scheme. The company had foreign employees until September 2022 and PCI Biotech arranged for a matching foreign pension scheme for these employees. All foreign pension schemes ended in 2022.

Annual review of benefits in kind

Employees may be given benefits in kind that are common market practice, i.e., free telephone, free broadband, a laptop, newspapers, healthcare insurance, limited car allowance, etc. on customary terms. They are not given additional remuneration for special services outside the normal functions as an employee. No review of or changes to the types of benefits in kind were made for 2022 or 2023.

Annual review of termination and severance

The current CEO is, pursuant to specific requirements, entitled to severance salary for up to 6 months after the end of 6 months of notice. There are no other agreements beyond the statutory requirements for other employees, except for a retention bonus. The type and level of benefits for termination and severance, will be reviewed when deemed relevant. There were no termination or severance payments made during 2023. PCI Biotech went through a restructuring process during 2022, including disbanding the entire clinical team and parts of the executive team. In this process there was one termination payment made to one of the former executive team members, corresponding to an additional three months' notice period to standard Norwegian statutory requirements, and the executive team member was relieved from work obligations. Other employees who were included in the downsizing process were offered a one-month additional notice period and relieved from working obligations after fulfilling agreed work requirements. These termination arrangements were considered temporary deviations from the current remuneration guidelines and were not considered to be subject to amendment of the current remuneration guidelines.

No review of or changes related to termination and severance were made for 2022 or 2023.

Disclosure of remunerations for the executive management team for 2023 and 2022

2023

	Fixed remuneration		Variable remuneration		Other fixed benefits		Total remuneration	Proportion of remuneration	
	Annual base salary 31 Dec 2023	Earned base salary in 2023	Earned bonus in 2023	Share option exercise benefits	Pension benefits	Other benefits		Fixed	Variable
(Figures in NOK 1,000)									
Ronny Skuggedal, CEO/CFO	2 103	2 022	241	0	163	17	2 443	90 %	10 %
Anders Høgset, CSO*	1 267	1 247	95	0	146	11	1 500	94 %	6 %
Kristin Eivindvik, former CDO**		143	15	0	53	11	221	93 %	7 %
Total executive team	3 369	3 412	352	0	361	40	4 164	92 %	8 %

*A.Høgset reduced his position to 90% from February 2023

**K.Eivindvik was part of the executive team until August 2023, in a part-time position

The 2023 figures for earned bonus represents remuneration received during 2023, meaning that bonus figures are based on evaluation of the achievement of key objectives set for 2022. For transparency, evaluation of the achievement of key objectives set for 2022, and its relative weighting, resulted in a general bonus level of 50% of the target bonus, with adjustments for individual performance. The bonus remuneration based upon goal achievements for 2022 was paid in January 2023.

The corresponding evaluation of the achievement of key objectives for 2023, and its relative weighting, resulted in a general bonus level of 60 % of the target bonus. The bonus remuneration based upon goal achievements for 2023 was paid in January 2024. To be entitled to this bonus remuneration in January 2024 the executive team members needed to be under active employment and not have given or received a notice for termination of employment by the bonus payment date. This bonus remuneration paid in January 2024 is disclosed in the below table and a corresponding accrual for employee benefits is accounted for in the 2023 annual financial statement.

Executive management team	Variable remuneration, earned bonus January 2024 (Figures in NOK 1,000)
Ronny Skuggedal, CEO/CFO	357
Anders Høgset, CSO	108
Total executive team	465

2022

	Fixed remuneration		Variable remuneration		Other fixed benefits		Total remuneration	Proportion of remuneration	
	Annual base salary 31 Dec 2022	Earned base salary in 2022	Earned bonus in 2022	Share option exercise benefits	Pension benefits	Other benefits		Fixed	Variable
<i>(Figures in NOK 1,000)</i>									
Ronny Skuggedal, CEO/CFO	1 984	1 890	230	0	165	18	2 303	90 %	10 %
Anders Høgset, CSO	1 328	1 325	126	0	159	11	1 621	92 %	8 %
Kristin Eivindvik, CDO	1 184	512	35	0	54	14	614	94 %	6 %
Per Walday, former CEO*	NA	1 487	424	0	80	7	1 998	79 %	21 %
Ludovic Robin, former CBO**	NA	963	0	0	303	435	1 701	100 %	0 %
Amir Snapir, former CMO***	NA	2 002	382	0	413	52	2 850	87 %	13 %
Lucy Wabakken, former CDO (acting)****	NA	1 146	78	0	132	17	1 374	94 %	6 %

*P.Walday left the company in May 2022 and received no termination or severance payment

**L.Robin left the company in May 2022. Pension benefits are payments related to 2021 and 2022. 'Other benefits' include termination payment corresponding to a 3 months additional notice period

***A.Snapir left the company in September 2022 and received no termination or severance payment

****L.Wabakken acting CDO during first half of 2022 and received no termination or severance payment as acting CDO

The earned bonus in 2022 represents bonus achieved based on goals for 2021. For 2021 the progress of development programs weighted 80% and the corporate goals weighted 20%. Evaluation of the achievement of key objectives set for 2021 resulted in a general bonus level of 65% of the target bonus, with adjustment for individual performance. To be entitled to the bonus remuneration the executive team members needed to be under active employment and not have given or received a notice for termination of employment by the payment date, 25th March 2022.

Disclosure of average annual base salary per year-end 2023-2019

Executive management team	2023	2022	2021	2020	2019
Average base salary year-end (figures in NOK thousands)	1 685	1 498	1 612	1 513	1 306
No. of employees	2	3	7	7	4

Other employees	2023	2022	2021	2020	2019
Average base salary year-end (figures in NOK thousands)	774	831	838	833	841
No. of employees	5	6	10	8	8

Disclosure of share-based remuneration for executive management team per 31.12.2023

Name of Director Position	The main conditions of share option plans					Information regarding the reported financial year						
						Opening Balance	During the Year			Closing Balance		
	1	2	3	4	5		6	7	8	9	10	11
	Plan	Award Date	Vesting Date	Expiry Date	Strike Price (NOK)	Share Options Awarded	Share Options Awarded	Share Options Expired	Share Options Vested	Share Options Awarded and Vested	Share Options Awarded and Unvested	Total Share Options Awarded

Ronny Skuggedal, CEO / CFO	2019	June 2019	1y/2y/3y	Sept. 2024	25.78	40 000	0	0	0	40 000	0	40 000
	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	50 000	0	0	0	50 000	0	50 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	50 000	0	0	16 667	33 333	16 667	50 000
	2022	Nov. 2022	1y/2y/3y	Sept. 2027	1.90	220 000	0	0	73 333	73 333	146 667	220 000
	2023	Sept. 2023	1y/2y/3y	Sept. 2028	1.66	0	300 000	0	0	0	300 000	300 000
	Total					360 000	300 000	0	90 000	196 667	463 333	660 000

Anders Høgset, CSO	2019	June 2019	1y/2y/3y	Sept. 2024	25.78	40 000	0	0	0	40 000	0	40 000
	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	50 000	0	0	16 667	50 000	0	50 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	40 000	0	0	13 333	26 667	13 333	40 000
	2022	Nov. 2022	1y/2y/3y	Sept. 2027	1.90	120 000	0	0	40 000	40 000	80 000	120 000
	2023	Sept. 2023	1y/2y/3y	Sept. 2028	1.66	0	120 000	0	0	0	120 000	120 000
	Total					250 000	120 000	0	70 000	156 667	213 333	370 000

Based on the considerations, set forth by the remuneration policy, the BoD allotted in September 2023 a total of 700 000 share options to employees, of which 420 000 were allotted to the executive management. In November 2022 a total of 570 000 share options were allotted to employees, of which 360 000 were allotted to the executive management.

No share options were exercised during 2022 or 2023.

Disclosure of total remunerations changes for the executive management team for the last 5 years

Name, position		2023	2022	2021	2020	2019
Ronny Skuggedal, CEO/CFO	Total remuneration	2 443	2 303	2 128	2 873	2 355
	Change NOK	141	175	-745	518	704
	Change %	6 %	8 %	-26 %	22 %	43 %
Anders Høgset, CSO	Total remuneration	1 500	1 621	1 710	1 633	1 364
	Change NOK	-122	-88	77	269	60
	Change %	-7 %	-5 %	5 %	20 %	5 %
Kristin Eivindvik, former CDO	Total remuneration	221	614	607	1 759	1 298
	Change NOK	-393	7	-1 152	461	78
	Change %	-64 %	1 %	-65 %	36 %	6 %
Per Walday, former CEO	Total remuneration		1 998	2 928	2 902	2 307
	Change NOK		-930	26	595	132
	Change %		-32 %	1 %	26 %	6 %
Ludovic Robin, former CBO	Total remuneration		1 701	2 078	1 175	-
	Change NOK		-376	903	-	-
	Change %		-18 %	77 %	-	-
Amir Snapir, former CMO	Total remuneration		2 850	2 932	1 497	-
	Change NOK		-82	1 434	-	-
	Change %		-3 %	96 %	-	-
Lucy Wabakken, former CDO (acting)	Total remuneration		1 374	1 408	1 331	-
	Change NOK		-35	77	-	-
	Change %		-2 %	6 %	-	-
Gael L'Heveder, former CBO	Total remuneration		-	-	-	779
	Change NOK		-	-	-	-2 391
	Change %		-	-	-	-75 %
Hans Olivecrona, former CMO	Total remuneration		-	-	-	1 119
	Change NOK		-	-	-	-74
	Change %		-	-	-	-6 %

R.Skuggedal assumed the combined position as CEO and CFO from June 2022

A.Høgset reduced his position to 90% from February 2023

Former employees:

K.Eivindvik worked in a part-time position from 2021 until August 2023

P.Walday left the company in May 2022, and total remuneration for 2022 includes all holiday payments

L.Robin left the company in May 2022, and total remuneration includes all holiday payments for 2022, termination payment 2022 and pension scheme payments related to 2021 and 2022

A.Snapir left the company in September 2022, and total remuneration for 2022 includes all holiday payments

L.Wabakken acted as CDO during first half of 2022, and remuneration for the full year of 2022 is disclosed

G.L'Heveder left the company in March 2019 and total remuneration for 2019 includes all holiday payments

H.Olivecrona left the company in June 2019 and total remuneration for 2019 includes all holiday payments

Disclosure of remuneration for the Board of Directors 2023-2019

The Board of Directors (“BoD”) is remunerated with a retrospective annual fixed fee, proposed by the Nomination Committee and approved by the annual general meeting, normally held in May. The BoD operates without sub-committees and the table below discloses the fixed remuneration fee received in the respective year. The current BoD, as elected by the annual general meeting in May 2023, is represented by Hans P. Bøhn (Chair), Lars K. Viksmoen and Hilde Furberg.

Hans P. Bøhn has been Chair for the disclosed period. Andrew M. Hughes and Christina E. Herder did not stand for re-election in May 2023, while Hilde H. Steineger did not stand for re-election in May 2019.

Name, position		2023	2022	2021	2020	2019
Hans P. Bøhn, Chair	Total remuneration	395	355	355	345	330
	Change NOK	40	0	10	15	30
	Change %	11 %	0 %	3 %	5 %	10 %
Lars K. Viksmoen, Director	Total remuneration	260	220	220	210	200
	Change NOK	40	0	10	10	15
	Change %	18 %	0 %	5 %	5 %	8 %
Hilde Furberg, Director	Total remuneration	260	220	220	210	200
	Change NOK	40	0	10	10	15
	Change %	18 %	0 %	5 %	5 %	8 %
Andrew M. Hughes, Director	Total remuneration	260	220	220	210	200
	Change NOK	40	0	10	10	15
	Change %	18 %	0 %	5 %	5 %	8 %
Christina E. Herder, Director	Total remuneration	260	220	220	210	200
	Change NOK	40	0	10	10	15
	Change %	18 %	0 %	5 %	5 %	8 %
Hilde H. Steineger, Director	Total remuneration	-	-	-	-	200
	Change NOK	-	-	-	-	15
	Change %	-	-	-	-	8 %


Board of Directors' statement on the remuneration report

The remuneration report has been prepared, to the best of our knowledge, in compliance with the Public Limited Liability Companies Act section 6-16b and the accompanying regulation. It will be presented for an advisory vote at the annual general meeting scheduled for 24th May 2024. It is the view of the Board of Directors that the remuneration of the executive management for the financial year 2023 has been compliant with PCI Biotech Holding ASA's remuneration guidelines as approved by the general meeting in May 2021.

Oslo, 25 April 2024, Board of Directors,
PCI Biotech Holding ASA


Hans Peter Bøhn
Chairman


Lars Viksmoen
Director


Hilde Furberg
Director

RSM Norge AS

Ruseløkkveien 30, 0251 Oslo
Pb 1312 Vika, 0112 Oslo
Org.nr: 982 316 588 MVAT +47 23 11 42 00
F +47 23 11 42 01www.rsmnorge.no

To the General Meeting of PCI Biotech Holding ASA

Independent auditor's assurance report on report on salary and other remuneration to directors*Opinion*

We have performed an assurance engagement to obtain reasonable assurance that PCI Biotech Holding ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2023 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

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We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 25 April 2024
RSM Norge AS



Marthe Lise Drolsum
State Authorised Public Accountant

PCI BIOTECH HOLDING ASA
Ullernchausséen 64 N-0379 Oslo,
Norway

Phone: +47 67 11 54 00 email:
post@pcibiotech.com web:
www.pcibiotech.com

