

## **PCI Biotech Holding ASA (“PCI Biotech”) - Remuneration Report 2021**

### **Introduction**

PCI Biotech is a biopharmaceutical clinical stage development company focusing on development and commercialisation of novel therapies for the treatment of cancer through its innovative photochemical internalisation (PCI) technology platform.

This remuneration report provides details on the remuneration of executive management for 2021 and an outline of PCI Biotech Holding ASA’s guidelines for executive remuneration (the “remuneration guidelines”), adopted by the annual general meeting in May 2021 and implemented in 2021. The 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 2022. There have not been identified deviations or derogations from the remuneration guidelines for 2021.

The general meeting in May 2021 adopted the remuneration guidelines with 97.2% of the votes represented and on this basis, no actions are taken to amend the guidelines per the date of this report. The remuneration guidelines are available on the company’s website, [www.pcibiotech.com](http://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.

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.

Key objectives for the organisation were set for 2020 and 2021 to ensure reward is linked to goal achievements with a balance of short- and long-term performance components and to fulfill one of the overall remuneration principles of pay for performance. The goals for 2020 and 2021 were primarily linked to progress for the three different development programs and certain corporate goals, with different weighting tailored to the remuneration principle of shareholder alignment, to align the interest of executive management in driving value creation for shareholders. For 2020 and 2021 the progress of development programs weighted 80% and the corporate goals weighted 20%.

The executive team included for 2021 the following six positions; Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Scientific Officer (CSO), Chief Medical Officer (CMO), Chief Development Officer (CDO) and Chief Business Officer (CBO).

The Board of Directors (“BoD”) has not established a separate remuneration committee. Remuneration of the BoD is not covered by this report as such remuneration is resolved annually by the annual general meeting and disclosed in note 23 Related parties transactions in the annual report for 2021.

## **Remuneration principles**

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

<b>Principle</b>	<b>Summary</b>
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 in relative 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 aim 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 (including termination and severance payment)

An appropriate proportion of the reward package is variable performance-based annual bonuses used to award current performance, while the use of share options is used for retention of existing employees, attraction of new employees and alignment with shareholders for the continued creation of shareholder value.

### **Annual review of 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 overall 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 all are set as transparent and measurable goals for individual impact.

### **Annual review of short term incentives - bonus**

PCI Biotech’s remuneration policy aims at a short-term performance reward up to a fixed level of base salary. There are no changes to the target bonus levels for 2020 or 2021, and the target bonus in % of base salary was the following:

<u>Name, position</u>	
Per Walday, CEO	30 %
Ludovic Robin, CBO	25 %
Amir Snapir, CMO	25 %
Ronny Skuggedal, CFO	20 %
Anders Høgset, CSO	15 %
Kristin Eivindvik, CDO	10 %
Lucy Wabakken, CDO	10 %

The 2021 figures for bonuses disclosed in this report are reflecting remuneration received during 2021, meaning that bonus figures are based on evaluation of the achievement of key objectives set for 2020.

Evaluation of the achievement of key objectives set for 2020, and its relative weighting, resulted in a general bonus level of 80% of the target bonus, with adjustments for individual performance. The bonus remuneration based upon goal achievements for 2020 was paid in March 2021. 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 end of February 2021.

The corresponding evaluation of the achievement of key objectives for 2021, and its relative weighting, resulted in a general bonus level of 65 % of the target bonus, with adjustments for individual performance. The bonus remuneration based upon goal achievements for 2021 was paid in March 2022. To be entitled to the bonus remuneration the executive team members need to be under active employment and not have given or received a notice for termination of employment by the end of February 2022. Figures for this bonus remuneration will be disclosed in next year’s report, as it belongs to the remuneration for 2022.

PCI Biotech has not reclaimed any previously paid bonuses for 2020 or 2021.

### **Annual review of long term incentives - share option scheme**

As part of a long-term element of the pay for performance and the shareholder alignment principles, PCI Biotech operates with a share option scheme where all employees may participate. No employees are automatic entitled to annual allotment of share options and share options are not allotted to consultants or BoD members.

The purposes of the share option scheme are threefold. First, it aims to align the interest of employees with that of shareholders through linking rewards to future share price development. Secondly, options vesting into the future that are conditional on still being employed by the company will reward those who remain loyal. Finally, options have become an important tool in attracting new hires for executive management.

Share options are meant to be allotted once annually by the BoD, normally within one week after release of the second quarterly report, or in connection with new hires or exceptional reward situations.

At allotment the BoD will seek to allot a number of 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.

Based on the above considerations the BoD allotted in September 2021 a total of 485.000 share options to employees, where 340.000 of these share options were allotted to the executive management team members. The share options are subject to service-based vesting conditions and other standardised terms and conditions for employee incentive programs. Each share option gives the right to acquire one regular share in the company.

PCI Biotech has not reclaimed any value of or a number of previous allotted share options in 2020 or 2021.

#### **Annual review of pension scheme**

PCI Biotech has a defined contribution pension scheme according to the mandatory requirements in Norway. PCI Biotech applies the maximum tax-free contribution level, according to Norwegian regulation, of 7% of annual base salary for the lower 0-7.1G salary range. For the upper 7.1-12G salary range the applied contribution level was 21% for 2021. No contributions are made for annual base salary beyond 12G. No review of or changes to the pension scheme were made in 2021.

Foreign employees that are not members of the Norwegian national social security scheme are excluded from the company pension scheme. For these employees, PCI Biotech arranges for a matching annual pension scheme. For 2021 schemes are established in Sweden and Finland, while a French scheme is underway.

#### **Annual review of benefits in kind**

Employees may be given the 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. It is 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 are made for 2021.

#### **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 his period of notice. There are no agreements beyond the statutory requirements for other employees. The type and level of benefits for termination and severance, will be reviewed when

deemed relevant. There have been no termination or severance payments for 2021. No review of or changes related to termination and severance were made for 2021.

## Disclosure of remunerations for the executive management team for 2021 and 2020

### 2021

(Figures in NOK 1,000)	Fixed remuneration		Variable remuneration		Other fixed benefits		Total remuneration	Proportion of remuneration	
	Annual base salary 31 Dec 2021	Earned base salary in 2021	Earned bonus in 2021	Share option exercise benefits	Pension benefits	Other benefits		Fixed	Variable
Per Walday, CEO	2 173	2 260	487	0	161	20	<b>2 928</b>	83 %	17 %
Ronny Skuggedal, CFO	1 640	1 666	287	0	154	20	<b>2 128</b>	87 %	13 %
Anders Høgset, CSO	1 200	1 399	152	0	138	20	<b>1 710</b>	91 %	9 %
Kristin Eivindvik, CDO	1 134	498	15	0	78	16	<b>607</b>	98 %	2 %
Lucy Wabakken, CDO*	1 119	1 139	104	0	145	20	<b>1 408</b>	93 %	7 %
Ludovic Robin, CBO**	1 836	1 793	222	0	0	63	<b>2 078</b>	89 %	11 %
Amir Snapir, CMO***	2 184	2 163	318	0	406	44	<b>2 932</b>	89 %	11 %
<b>Total executive team</b>	<b>11 286</b>	<b>10 919</b>	<b>1 585</b>	<b>0</b>	<b>1 082</b>	<b>205</b>	<b>13 790</b>	<b>90 %</b>	<b>10 %</b>

\*Lucy Wabakken acting CDO for 2021.

\*\*No French pension scheme established for Ludovic Robin by year-end. The accumulated non-disclosed pension benefit for 2021 is estimated to NOK 160 thousand.

### 2020

(Figures in NOK 1,000)	Fixed remuneration		Variable remuneration		Other fixed benefits		Total remuneration	Proportion of remuneration	
	Annual base salary 31 Dec 2020	Earned base salary in 2020	Earned bonus in 2020	Share option exercise benefits	Pension benefits	Other benefits		Fixed	Variable
Per Walday, CEO	1 940	2 031	317	381	154	19	<b>2 902</b>	76 %	24 %
Ronny Skuggedal, CFO	1 447	1 434	258	1 008	153	19	<b>2 873</b>	56 %	44 %
Anders Høgset, CSO	1 104	1 124	106	254	131	19	<b>1 633</b>	78 %	22 %
Kristin Eivindvik, CDO	1 112	1 017	54	544	130	14	<b>1 759</b>	66 %	34 %
Lucy Wabakken, CDO*	1 086	1 094	92	0	127	19	<b>1 331</b>	93 %	7 %
Ludovic Robin, CBO**	1 800	1 110	0	0	0	65	<b>1 175</b>	100 %	0 %
Amir Snapir, CMO**	2 100	1 271	0	0	183	44	<b>1 497</b>	100 %	0 %
<b>Total executive team</b>	<b>10 589</b>	<b>9 080</b>	<b>827</b>	<b>2 187</b>	<b>878</b>	<b>199</b>	<b>13 171</b>	<b>81 %</b>	<b>19 %</b>

\*Lucy Wabakken acting CDO from October 2020.

\*\*Ludovic Robin joined the company in May 2020. No French pension scheme established for Ludovic Robin by year-end. Accumulated non disclosed pension benefit for 2020 estimated to NOK 103 thousand.

\*\*\*Amir Snapir joined the company in May 2020.

Share option exercise benefits represent the reported salary benefits based on the difference between the market value at exercise and the strike price for exercised share options.

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

Name, position	(figures in NOK thousands)	2021	2020	2019	2018	2017
Per Walday, CEO	Total remuneration	2 928	2 902	2 307	2 175	2 137
	Change NOK	26	595	132	38	-
	Change %	0,9 %	25,8 %	6,1 %	1,8 %	-
Ronny Skuggedal, CFO	Total remuneration	2 128	2 873	2 355	1 651	1 440
	Change NOK	-745	518	704	211	-
	Change %	-25,9 %	22,0 %	42,6 %	14,7 %	-
Anders Høgset, CSO	Total remuneration	1 710	1 633	1 364	1 304	1 315
	Change NOK	77	269	60	-11	-
	Change %	4,7 %	19,7 %	4,6 %	-0,8 %	-
Kristin Eivindvik, CDO	Total remuneration	607	1 759	1 298	1 220	1 230
	Change NOK	-1 152	461	78	-10	-
	Change %	-65,5 %	35,5 %	6,4 %	-0,8 %	-
Ludovic Robin, CBO*	Total remuneration	2 078	1 175	-	-	-
	Change NOK	903	-	-	-	-
	Change %	76,8 %	-	-	-	-
Amir Snapir, CMO**	Total remuneration	2 932	1 497	-	-	-
	Change NOK	1 434	-	-	-	-
	Change %	95,8 %	-	-	-	-
Lucy Wabakken, CDO***	Total remuneration	1 408	1 331	-	-	-
	Change NOK	77	-	-	-	-
	Change %	5,8 %	-	-	-	-
Gael L'Heveder, CBO****	Total remuneration	-	-	779	3 170	1 691
	Change NOK	-	-	-2 391	1 479	-
	Change %	-	-	-75,4 %	87,5 %	-
Hans Olivecrona, CMO*****	Total remuneration	-	-	1 119	1 193	238
	Change NOK	-	-	-74	955	-
	Change %	-	-	-6,2 %	401,3 %	-

\*Ludovic Robin joined the company in May 2020.

\*\*Amir Snapir joined the company in May 2020.

\*\*\*Lucy Wabakken acted as CDO from October 2020, and salary for full year 2020 is disclosed.

\*\*\*\*Gael L'Heveder resigned in March 2019.

\*\*\*\*\*Hans Olivecrona joined the company in October 2017 and resigned in June 2019.

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 deficit for the years 2017-2021 was NOK 42.8 million, NOK 34.8 million, NOK 88.8 million, NOK 72.2 million and NOK 88.4 million respectively.

## Disclosure of average annual base salary per year-end

Executive management team	2021	2020	2019	2018	2017
Average base salary per year-end (NOK thousand)	1 612	1 513	1 306	1 194	1 200
No. of employees	7	7	4	6	6
Other employees	2021	2020	2019	2018	2017
Average base salary per year-end (NOK thousand)	838	833	841	838	880
No. of employees	10	8	8	7	6

## Disclosure of share-based remuneration for the executive management team

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	Share Strike Price NOK	Share Options Awarded	Share Options Awarded	Share Options Vested	Share Options Awarded and Vested	Share Options Awarded and Unvested	Total Share Options Awarded	
Per Walday CEO	2017	May 2017	1y/2y/3y	Sept. 2022	21.48	95 000	0	0	95 000	0	95 000
	2019	June 2019	1y/2y/3y	Sept. 2024	25.78	60 000	0	20 000	40 000	20 000	60 000
	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	70 000	0	23 333	23 333	46 667	70 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	0	70 000	0	0	70 000	70 000
<b>Total</b>						225 000	70 000	43 333	158 333	136 667	295 000

Ronny Skuggedal CFO	2017	May 2017	1y/2y/3y	Sept. 2022	21.48	50 000	0	0	50 000	0	50 000
	2019	June 2019	1y/2y/3y	Sept. 2024	25.78	40 000	0	13 333	26 667	13 333	40 000
	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	50 000	0	16 667	16 667	33 333	50 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	0	50 000	0	0	50 000	50 000
<b>Total</b>						140 000	50 000	30 000	93 333	96 667	190 000

Anders Høgset CSO	2017	May 2017	1y/2y/3y	Sept. 2022	21.48	60 000	0	0	60 000	0	60 000
	2019	June 2019	1y/2y/3y	Sept. 2024	25.78	40 000	0	13 333	26 667	13 333	40 000
	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	50 000	0	16 667	16 667	33 333	50 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	0	40 000	0	0	40 000	40 000
<b>Total</b>						150 000	40 000	30 000	103 333	86 667	190 000

Kristin Eivindvik CDO	2017	May 2017	1y/2y/3y	Sept. 2022	21.48	20 000	0	0	20 000	0	20 000
	2019	June 2019	1y/2y/3y	Sept. 2024	25.78	40 000	0	13 333	26 667	13 333	40 000
	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	10 000	0	3 333	3 333	6 667	10 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	0	40 000	0	0	40 000	40 000
<b>Total</b>						70 000	40 000	16 667	50 000	60 000	110 000

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	Share Strike Price NOK	Share Options Awarded	Share Options Awarded	Share Options Vested	Share Options Awarded and Vested	Share Options Awarded and Unvested	Total Share Options Awarded	
Lucy Wabakken CDO (acting)	2017	May 2017	1y/2y/3y	Sept. 2022	21.48	40 000	0	0	40 000	0	40 000
	2019	June 2019	1y/2y/3y	Sept. 2024	25.78	30 000	0	10 000	20 000	10 000	30 000
	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	50 000	0	16 667	16 667	33 333	50 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	0	40 000	0	0	40 000	40 000
<b>Total</b>						120 000	40 000	26 667	76 667	83 333	160 000

Ludovic Robin CBO	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	90 000	0	30 000	30 000	60 000	90 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	0	40 000	0	0	40 000	40 000
<b>Total</b>						90 000	40 000	30 000	30 000	100 000	130 000

Amir Snapir CMO	2020	Oct. 2020	1y/2y/3y	Sept. 2025	50.36	90 000	0	30 000	30 000	60 000	90 000
	2021	Sept. 2021	1y/2y/3y	Sept. 2026	19.41	0	60 000	0	0	60 000	60 000
<b>Total</b>						90 000	60 000	30 000	30 000	120 000	150 000

The general service vesting term is three years, with one-third vested each year. The annual vesting date is the day for the release of the interim first half-year report, estimated to last week of August.

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

There are four annual exercise periods, which are within one week from release of the interim quarterly reports.

## 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, and will be presented for an advisory vote at the annual general meeting scheduled for 25<sup>th</sup> May 2022. It is the view of the Board of Directors that the remuneration of the executive management for the financial year 2021 has been in compliance with PCI Biotech's remuneration guidelines as approved by the general meeting in May 2021.

Oslo, 27 April 2022, Board of Directors,  
PCI Biotech Holding ASA

  
Hans Peter Bøhn  
Chairman

  
Christina Herder  
Director

  
Lars Viksmoen  
Director

  
Hilde Furberg  
Director

  
Andrew Hughes  
Director

## INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of PCI Biotech Holding ASA

### Opinion

We have performed an assurance engagement to obtain reasonable assurance that PCI Biotech Holding ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 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 control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains 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".

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, 29 April 2022  
ERNST & YOUNG AS

*The auditor's assurance report is signed electronically*

Tommy Romskaug  
State Authorised Public Accountant (Norway)