

Photocure ASA Results for 3rd Quarter 2021

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COMPANY

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Third Quarter 2021 Highlights:

Progress in both commercial regions despite Covid-19

+75%

**Hexvix®/Cysview®
revenue growth**

(+81% constant
currency)

**EBITDA
NOK -0.2
million**

Studies & Publications:

New data on recurrent BC
presented at EAU'21 Congress

Two presentations at AUA'21:
Flexible BLC for surveillance
and surgical techniques
in BC

Partnership activity:

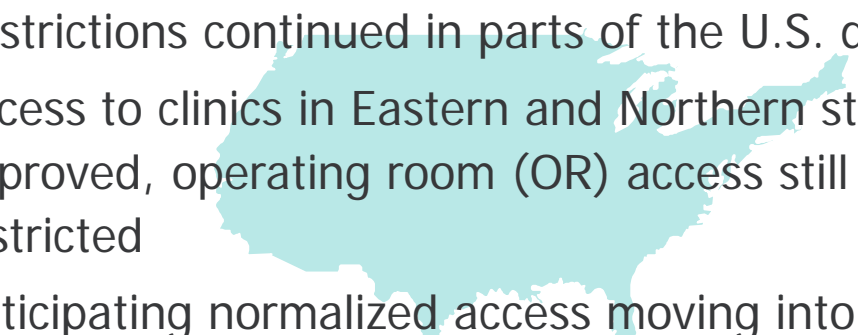
Canada: Photocure regains
rights to Cysview in Canada

Genotests: Marketing
authorization for Hexvix
obtained in Chile

COVID-19 Update

Access restrictions continue due to 3rd and 4th waves

U.S.

- 
- Restrictions continued in parts of the U.S. during Q3
 - Access to clinics in Eastern and Northern states improved, operating room (OR) access still restricted
 - Anticipating normalized access moving into Q2 2022

Europe

- 
- Restrictions in certain markets beginning to lift
 - Good access in France and Nordics since September, rest of Europe remains challenged with volatility of access
 - Majority of hospitals anticipating normalized situation from Q2 2022 onwards

Outlook both regions

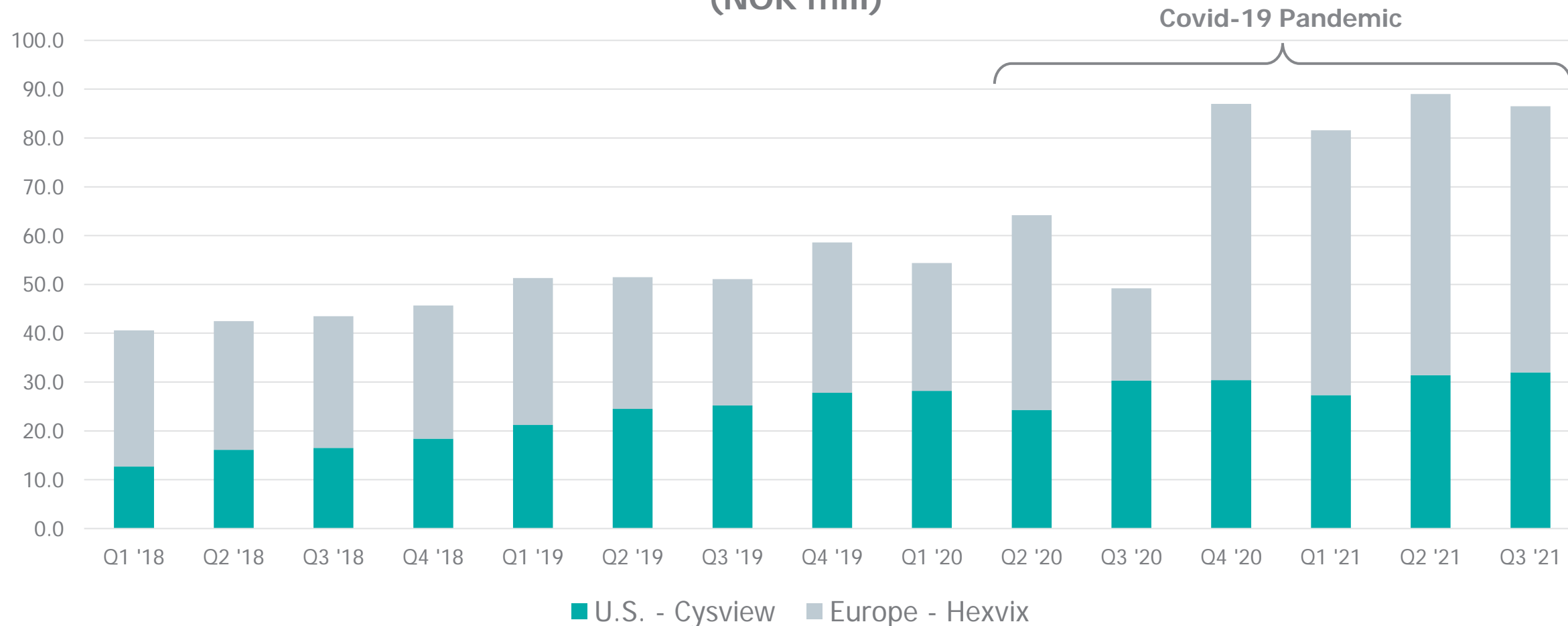
- Covid-19 interruptions expected to continue to limit growth into 2022

Hexvix/Cysview Revenue Development



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Quarterly Reported Product Revenue by Segment (NOK mill)



Segment Trends

U.S. and Europe markets



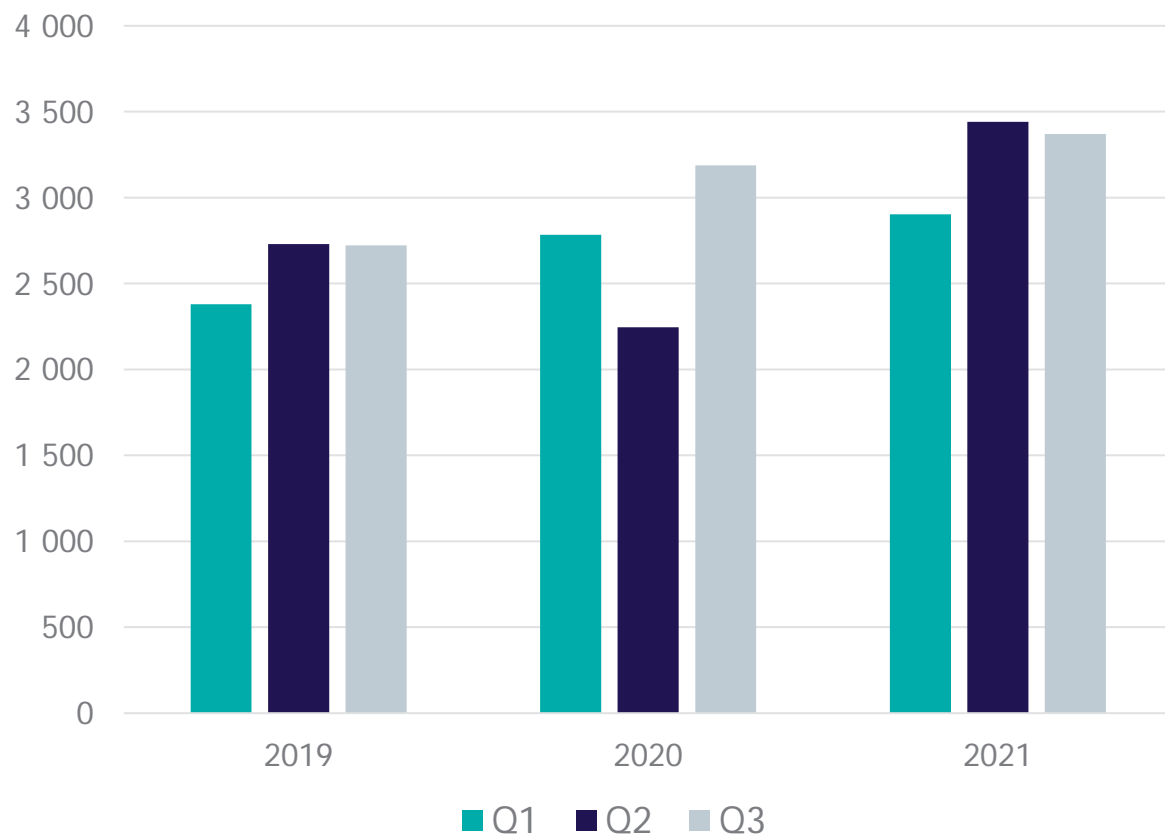


Q3 2021 Momentum in U.S.

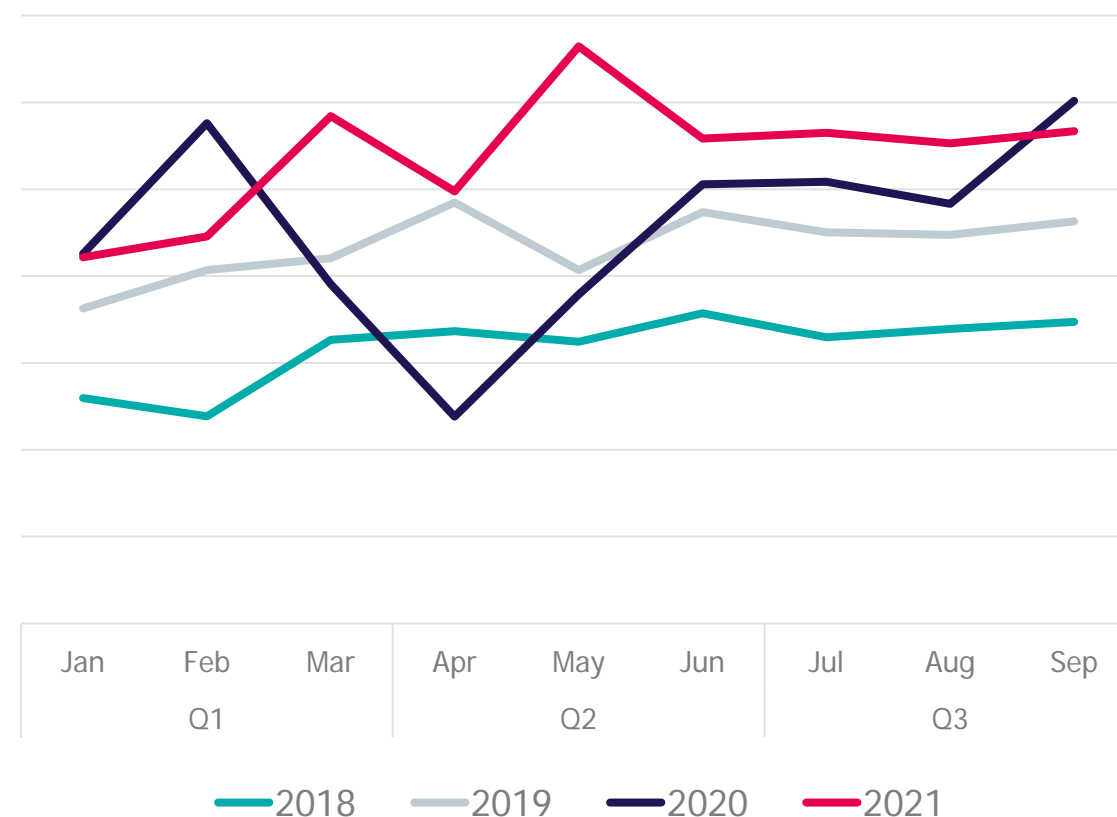
- **Continued growth during surge of Covid-19 Delta**
- Delivered **6% year-over year unit growth** on top of significant rebound in Q3 2020 when the pandemic first appeared to be subsiding
- **Contracting affirmed as key growth driver** with accounts responding to volume-based programs to drive awareness and adoption of Cysview
- **Clinic access improved** in high volume geographies (Northeast)
- Procedural volumes improving, but **OR access still remains challenged** nationwide
- **Strong demand for BLC capital equipment** continues

Growth Trend Continues in U.S.

Despite surge of COVID-19 Delta in Q3 2021



Monthly Unit Sales Trend



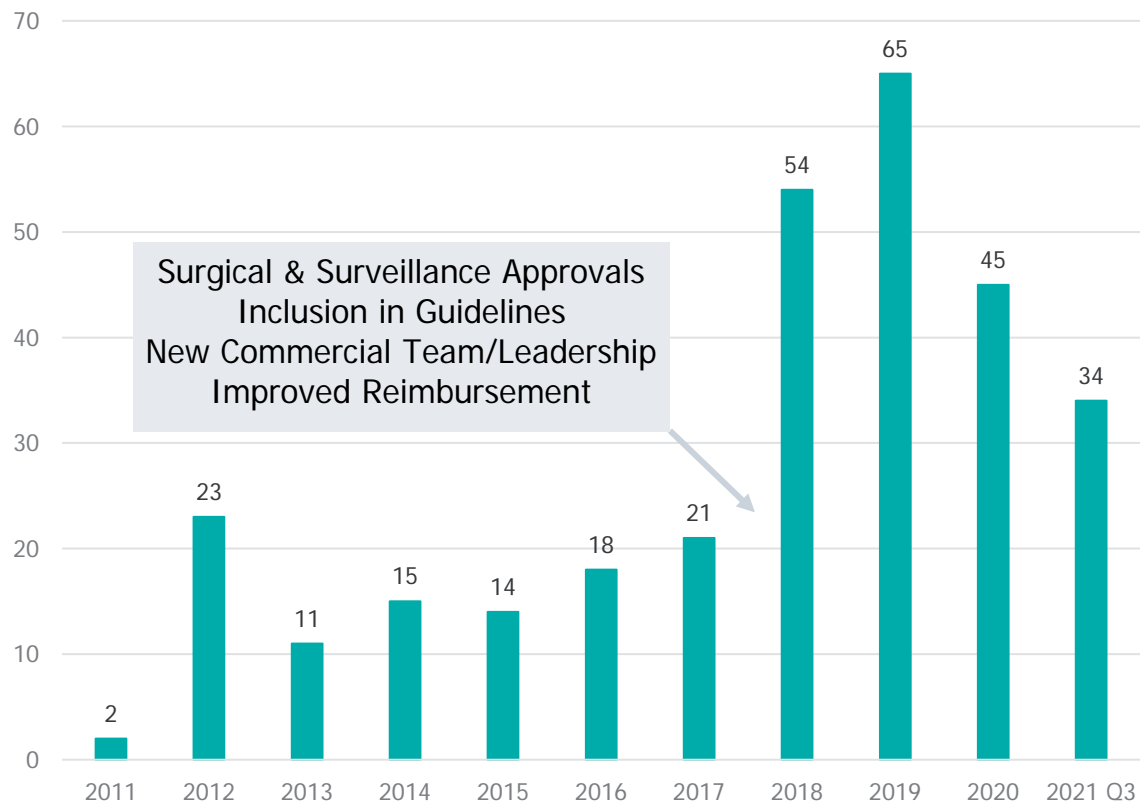
U.S.: Continued blue light cystoscope placements

34 new tower installations through Q3 2021



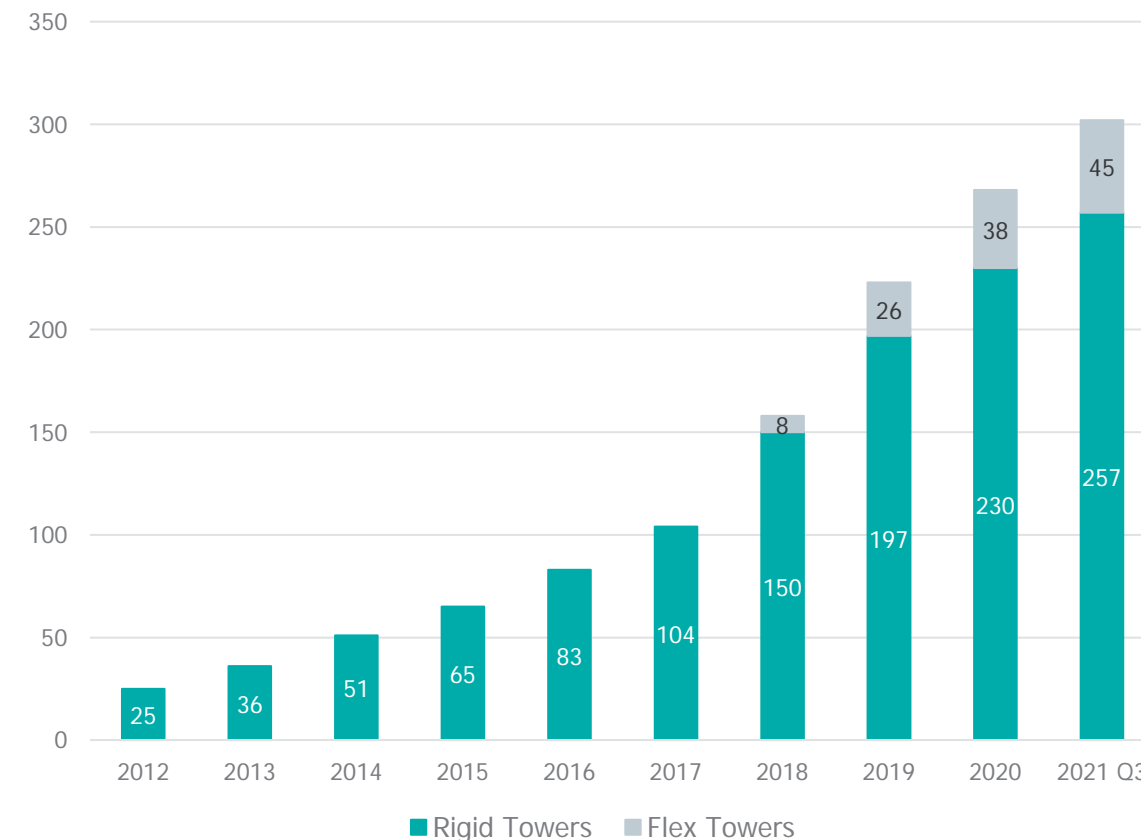
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Annual New Installations



Q4 2020: 15 installations (10 Rigid & 5 Flex)
Q1 2021: 12 installations (9 Rigid & 3 Flex)
Q2 2021: 8 Installations (7 Rigid & 1 Flex)
Q3 2021: 14 installations (11 Rigid & 3 Flex)

Cumulative Installation Base



*2012 – 17 of the 23 installations were converted clinical sites upon Cysview approval

Key Initiatives to Drive Growth in the U.S.



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CONTRACTING

Ongoing contracting with key health systems and community-based Urology Groups

REFRESHED CYSVIEW CAMPAIGN

New campaign tailored to key physician segments & to educate on the disadvantage of using WLC alone

VETERANS AFFAIRS

Recent tower installations, pipeline building interest and demand with key VAs in the United States

PEER-TO-PEER

Virtual and on-site programs have increased access and surge of interest in Blue Light

PATIENT DEMAND

Cysview website locator map serving as a useful tool to get physicians to notice patients are looking for BLC locally

NON-PERSONAL PROMOTION

Expanding brand awareness, opening doors for sales reps through advertisements, mailers etc.

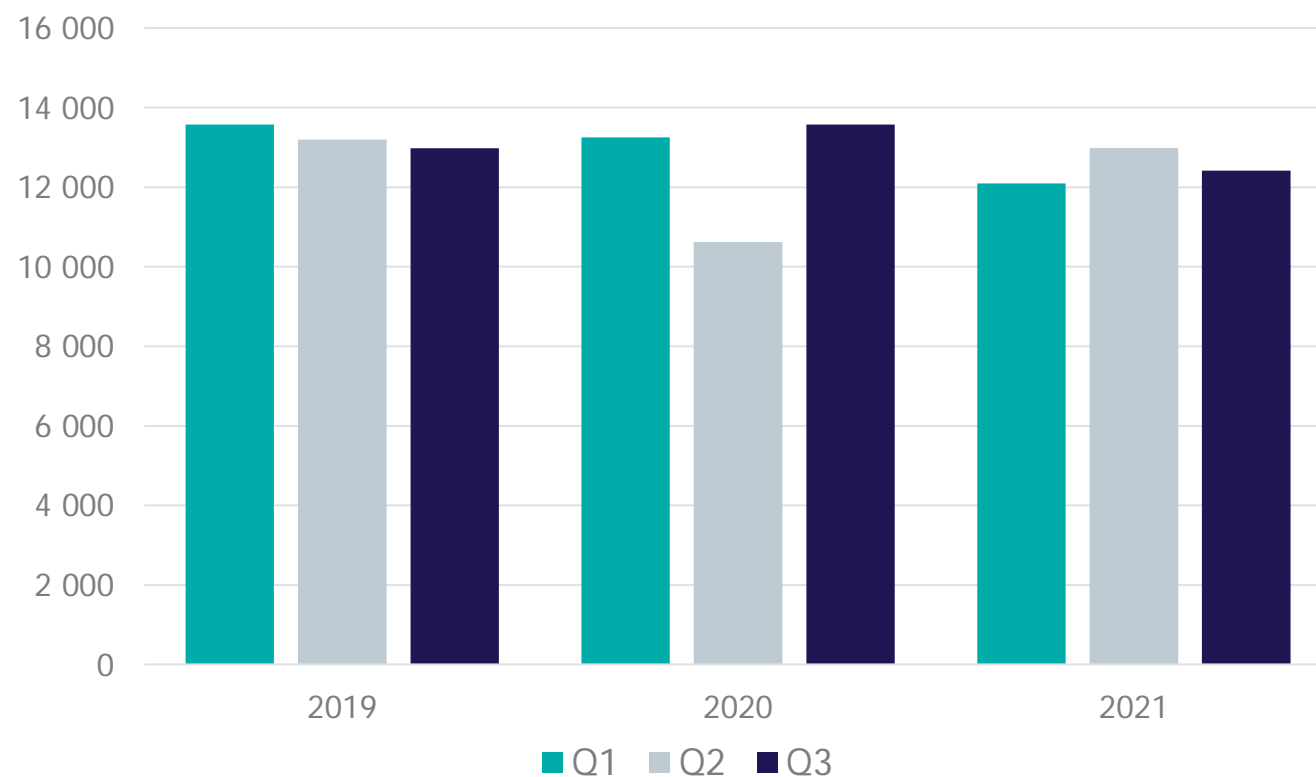


Q3 2021 Momentum in Europe

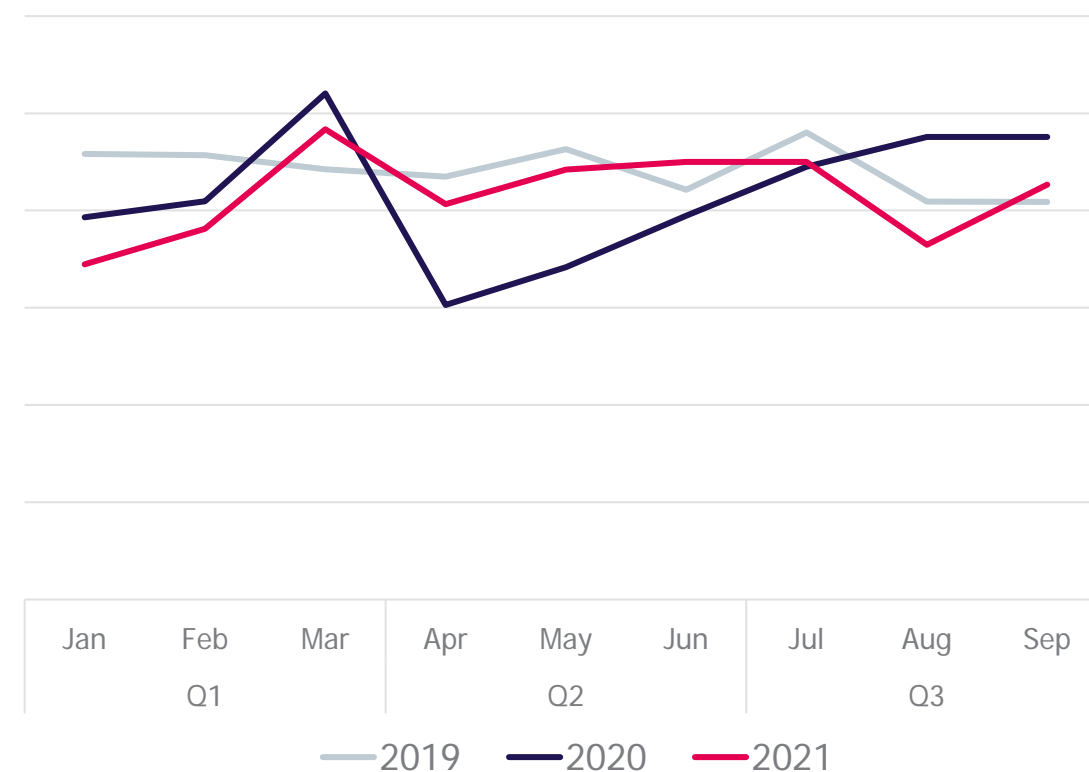
- **Third Quarter unit volume -8% vs. Q3 2020;** year-ago period included hospitals building safety stock prior to Ipsen transition as well as temporary subsiding of pandemic
- **Total Europe sales holding relatively stable from Q1 to Q3 2021 despite Covid surges** mostly driven by established markets
- **High potential future growth markets (France, UK, Italy)** confirming positive change in trend
- **Successful bladder cancer bus tour in cooperation with BLC equipment supplier** starting at key German medical conference; gained significant attention and media coverage
- **New European Campaign launched** “Don’t let them go home with bladder cancer”
- **European Faculty of leading KOLs** convened and re-engaged on BLC, preparing for expert educational programs in 2022

Stability Maintained in Europe

Despite impact of COVID-19 Delta



Monthly Unit Sales Trend



Key Initiatives to Drive Growth in Europe



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ESTABLISH ADVOCACY

Identify the strongest advocates for BLC among European top experts and leverage their experience

HEXVIX (RE)LAUNCH CAMPAIGN

Impactful campaign to clarify potential misconceptions about Hexvix in formerly neglected/new territories

BLC EQUIPMENT SUPPLIERS

Leverage cooperation opportunities with Equipment Suppliers realizing common business interests

KEY OPINION LEADER FACULTY

Group of experts to educate about BLC supported by developing Centers of Excellence across Europe

ORGANIZATION

Consistently meet opportunity with the right resource and competence level as the commercial situation develops in Europe

BUILD CUSTOMER INSIGHT

Build a strong customer data base in new territories identifying the hot spots for growth and execute

Q3 2021 Financials

Segment Performance Third Quarter 2021

U.S. Segment

<i>Amounts in NOK million</i>	Q3 '21	Q3 '20	Change	YTD '21	YTD '20	Change
Total revenues	32.0	30.3	6%	90.6	72.1	26%
Gross profit	30.8	28.7	8%	87.8	68.1	29%
<i>% of revenue</i>	<i>96%</i>	<i>95%</i>		<i>97%</i>	<i>94%</i>	
Direct costs	-32.9	-30.0	9%	-94.6	-98.5	-4%
Contribution ⁽²⁾	-2.0	-1.4		-6.8	-30.4	
EBITDA	-9.8	-5.0		-26.4	-41.2	
<i>% of revenue</i>	<i>-30%</i>	<i>-16%</i>		<i>-29%</i>	<i>-57%</i>	

- FX impact Q3: -4%
 - Revenue growth Q3: 11% in constant currency
 - Strong rebound of sales in Q3 '20
- Unit volume increase Q3: 6% YoY
- Direct costs growth as expected
- Covid-19 impact ongoing

Europe Segment

<i>Amounts in NOK million</i>	Q3 '21	Q3 '20	Change	YTD '21	YTD '20	Change
Total revenues ⁽¹⁾	54.5	18.9	189%	166.4	85.0	96%
Gross profit	50.8	17.3	193%	154.1	78.1	97%
<i>% of revenue</i>	<i>93%</i>	<i>92%</i>		<i>93%</i>	<i>92%</i>	
Direct costs	-22.7	-4.1		-61.8	-12.3	
Contribution ⁽²⁾	28.0	13.3		92.3	65.8	
EBITDA	13.5	2.9		54.2	31.6	
<i>% of revenue</i>	<i>25%</i>	<i>16%</i>		<i>33%</i>	<i>37%</i>	

- FX impact Q3: -3%
 - Q3 '20 revenue driven by less purchase and return of remaining inventory from Ipsen, impact NOK 8.9 million
- Unit volume Q3: -8% YoY; Strong volume rebound Q3 '20
- Headcount and expense increase as access to care opens
- Covid-19 impact ongoing

Consolidated Income Statement

Third Quarter 2021

<i>Amounts in NOK million</i>	Q2 '21	Q2 '20	Change	YTD '21	YTD '20	Change	FY '20
Hexvix/Cysview Revenue	86.7	49.6	75%	257.1	157.5	63%	255.2
Other Revenue	0.7	0.3		8.9	1.1		1.3
Total Revenue	87.4	49.9	75%	266.0	158.6	68%	256.5
Gross Profit	82.1	46.5	77%	249.5	147.0	70%	238.0
Operating Expenses	-82.2	-51.9	59%	-225.7	-166.1	36%	-241.9
EBITDA before Restructuring	-0.2	-5.4		23.8	-19.1		-3.9
Depreciation & Amortization	-6.2	-3.8		-18.1	-11.6		-19.3
EBIT before Restructuring	-6.3	-9.2		5.7	-30.7		-23.2
Restructuring Expenses	-	-7.2		-	-10.4		-12.9
Net Financial Items	-5.1	2.2		-4.3	8.2		2.8
Earnings before Tax	-11.4	-14.2		1.4	-32.8		-33.2
Tax Expenses	4.1	8.0		-4.1	0.2		10.8
Net earnings	-7.3	-6.2		-2.7	-32.6		-22.4

Revenue

- Q3 revenue driven mainly by inclusion of European operations, continued U.S. growth, partly offset by negative FX impact (3-4%)

Operating Expenses

- Q3 operating expenses increased YoY mainly due to investment in the European commercial operation

EBITDA

- Q3 EBITDA improved NOK 5.2 million YoY
 - Driven by Hexvix/Cysview revenue
 - Improvement partly offset by strong catch-up in Q3 2020
- YTD EBITDA at NOK 23.8 million

Net financial items

- YTD driven mainly by interest component of Ipsen earnout and currency gain

Cash Flow & Balance Sheet

Third Quarter 2021



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<i>Amounts in NOK million</i>	Q3 '21	Q3 '20	YTD '21	YTD '20	FY '20
Operations Cash Flow	5.5	-9.9	17.6	4.5	15.6
Earnings before tax	-11.4	-14.2	1.4	-32.8	-33.2
Depreciation & amortization	6.2	3.8	18.1	11.6	19.3
Contract receivable (Asieris)	-	-	-	12.3	23.0
Working capital	1.5	-4.2	-11.8	10.2	-5.9
Other	9.2	4.6	9.9	3.2	12.5
Investments Cash Flow	-2.5	-166.4	-2.0	-166.5	-166.2
Financing Cash Flow	-13.0	-1.2	-20.3	358.5	360.2
Net Change in Cash	-10.0	-177.6	-4.7	196.5	209.6

<i>Amounts in NOK million</i>	30.09.21	30.09.20	31.12.20
Non-current assets	365.6	226.7	363.8
Inventory & receivables	84.1	59.8	77.4
Cash & short-term deposits	330.1	321.8	334.9
Equity	522.7	491.8	508.1
Long-term liabilities	176.2	45.5	188.1
Current liabilities	81.0	71.2	79.8
Total balance	779.9	608.4	776.0

Cash Flow

- Net cash flow in Q3 NOK -10 million includes loan repayment of NOK 6.3 million
- Net cash flow in Q3 2020 driven by payment for return of market rights in Europe of EUR 15 million
- YTD net cash flow NOK -4.7 million, LTM NOK 8.3 million, cash end of Q3 2021 NOK 330.1 million

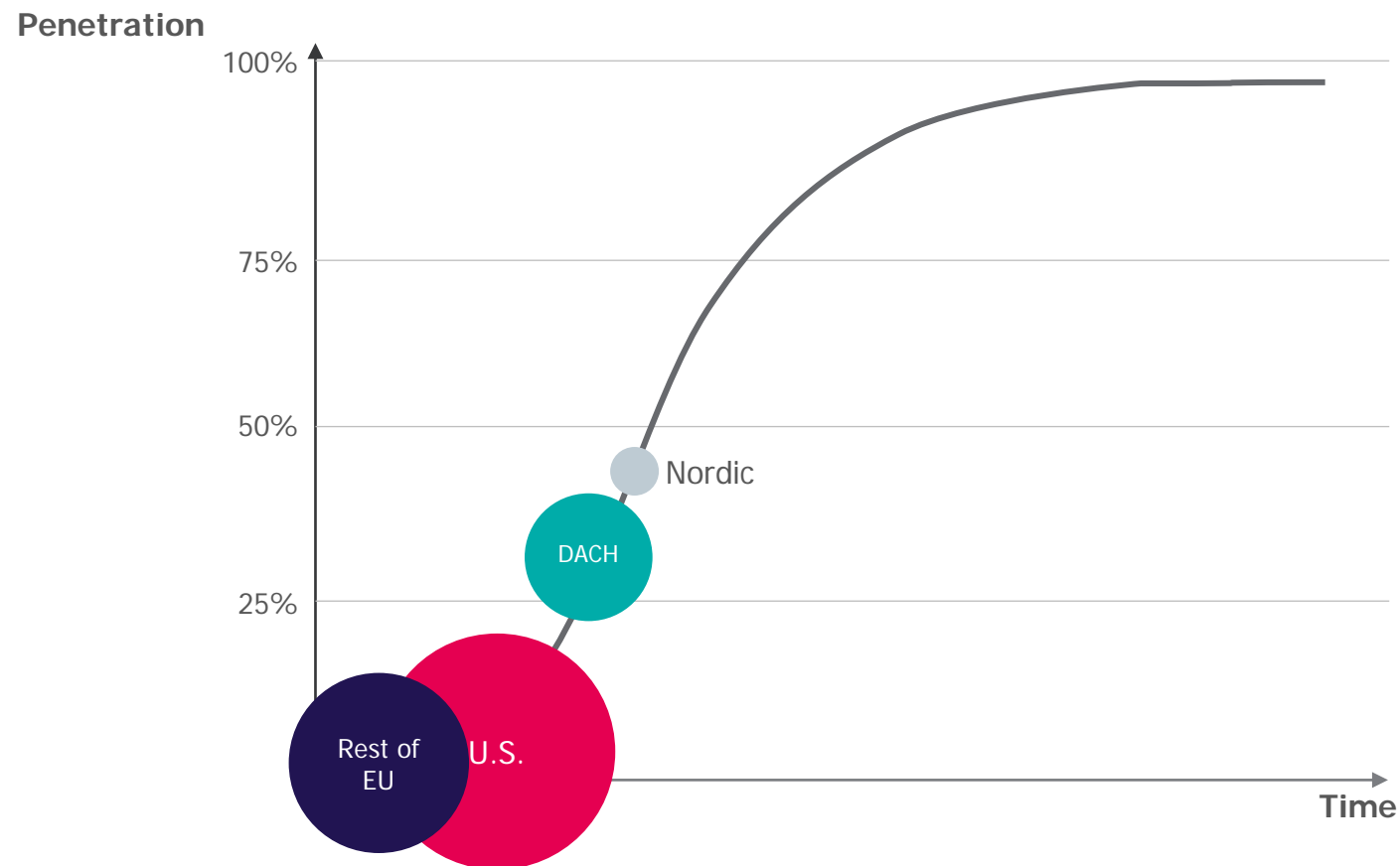
Financial position

- Non-current assets includes intangibles and goodwill from Ipsen transaction totaling NOK 294.0 million
- Long-term liabilities includes deferred Ipsen earnout (NOK 126.6 million) and long-term portion of bank term loan (NOK 25.0 million)

Strategy for Shareholder Value Creation

Hexvix[®]/Cysview[®] – ambition to become standard of care in a \$1.9 billion total addressable market^{**}

POSITION IN THE LIFE CYCLE



^{*}AUA, EAU, SUO, AFU, NICE, DGU guidelines

^{**}TAM = estimation of total addressable market U.S. and EU5

[†]Source: Photocure internal patient-based model built on Globocan 2019 EU5 data.

Photocure – Presentation of Q3 2021 Results

KEY SUCCESS FACTORS

APPROVAL



SURGICAL & SURVEILLANCE

ACCEPTANCE



MAJOR & LOCAL GUIDELINES^{*}

ACCESS



PERMANENT AND FAVORABLE
REIMBURSEMENT

"ACTIVATED"
AWARENESS



PATIENT DEMAND VIA ADVOCACY
GROUPS AND MEDIA

ACCELERATE



COMMERCIAL INVESTMENT TO
OPTIMIZE THE OPPORTUNITY

Investment Highlights



Photocure has established a position as an innovation leader in the large and underserved bladder cancer treatment market



Our Hexvix®/Cysview® product is a best-in-class solution for the detection, staging, and long-term management of bladder cancer



Treatment guidelines and reimbursement support our market penetration efforts – demonstrated commercial execution



Significant upside potential with only ~5% U.S. market penetration today, recent re-launch of Hexvix in underpenetrated European region, and ROW partnering opportunities



Strategy to grow organically and inorganically with plans to acquire new products, technologies, or businesses to build our bladder cancer franchise

Anticipated Milestones & Corporate Priorities

- Regain prior sales momentum once Covid-19 is in significant decline
- Continue geographic expansion by penetrating untapped European and Canadian markets, and through additional Hexvix licensing agreements ROW
- Further execute on contracting with GPOs and large Hospital/Health Systems in the U.S.
- Co-launch the Karl Storz enhanced BLC system to expand the base of capital equipment in the U.S. and other territories
- Present/publish additional clinical data on the use of BLC[®] with Hexvix[®]/Cysview[®]
- Report on the progress of partnered companies and license agreements
- Continue evaluating strategic product or business opportunities

Summary



Summary

Continuing to execute despite ongoing Covid-19 impact

- Delivered strong Hexvix/Cysview revenue growth in Q3 2021 despite Covid-19 & FX headwinds
- Break-even EBITDA
- 14 new BLC towers placed in Q3 in the U.S. / reactivating and initiating new European sites
- Strong new account pipeline; customers anticipating new BLC system may postpone orders
- Continuing to drive key initiatives in both commercial regions and with licensing partners
- Photocure is well-positioned for strong growth post-pandemic

Leading change in bladder cancer

Q&A