

# Photocure ASA Second Quarter 2022 Results

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# Second Quarter 2022 Highlights:

*Recovered from difficult Q1 and prepared for H2 improvement*

## +12%

### Revenue Growth

+9%

Hexvix®/Cysview®  
unit growth

**Improved healthcare access globally;** staffing shortages & Karl Storz launch delay in U.S. tempered growth

**German price increase & subsequent inventory build** supported European unit growth along with ongoing recovery

## EBITDA NOK 1.4 million

**Commercial investment** for post-Covid growth and launch of upgraded BLC® system in U.S.

**Q2 2022 OPEX** remains mostly level with Q4 2021

## Studies & Publications

Positive Danish Registry study results in nearly 10,000 patients

Primary bladder cancer patients treated at clinics with high BLC use experienced **better results for disease recurrence and progression**

## Partnership Activity

Hexvix distribution partnership in Israel  
Cevira progress (post-period)

**Israel:** Photocure enters into license agreement with IGL Medical Ltd. for approval & distribution of Hexvix in Israel

**Cevira:** Asieris announces completion of enrollment in Cevira Phase III trial (August 2022)

# Segment Trends

North America and Europe markets



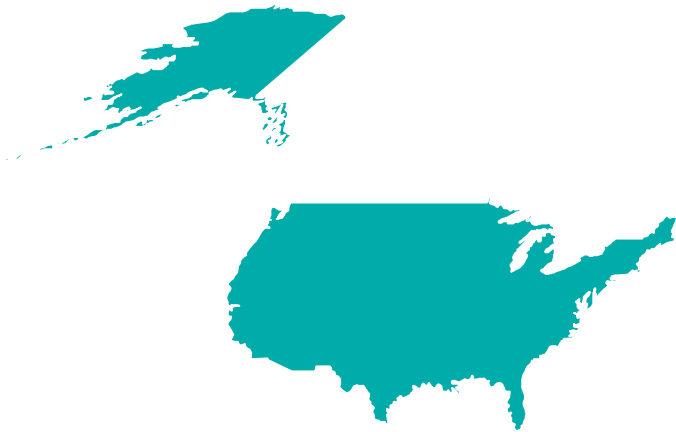


# COVID-19 Update

*Healthcare access re-opened in Q2, staffing shortages remain*



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- Staffing shortages are impacting case load capacity / procedure volume in both regions
- OR and physician clinic access more restrictive in the U.S. given ongoing Covid-19 risk and reduced staffing
- Hospital access good during Q2 in Europe with exception of some remaining limitations in Germany
- Procedure volumes anticipated to normalize in the U.S. and Hospital access in Europe anticipated to remain open during H2 2022



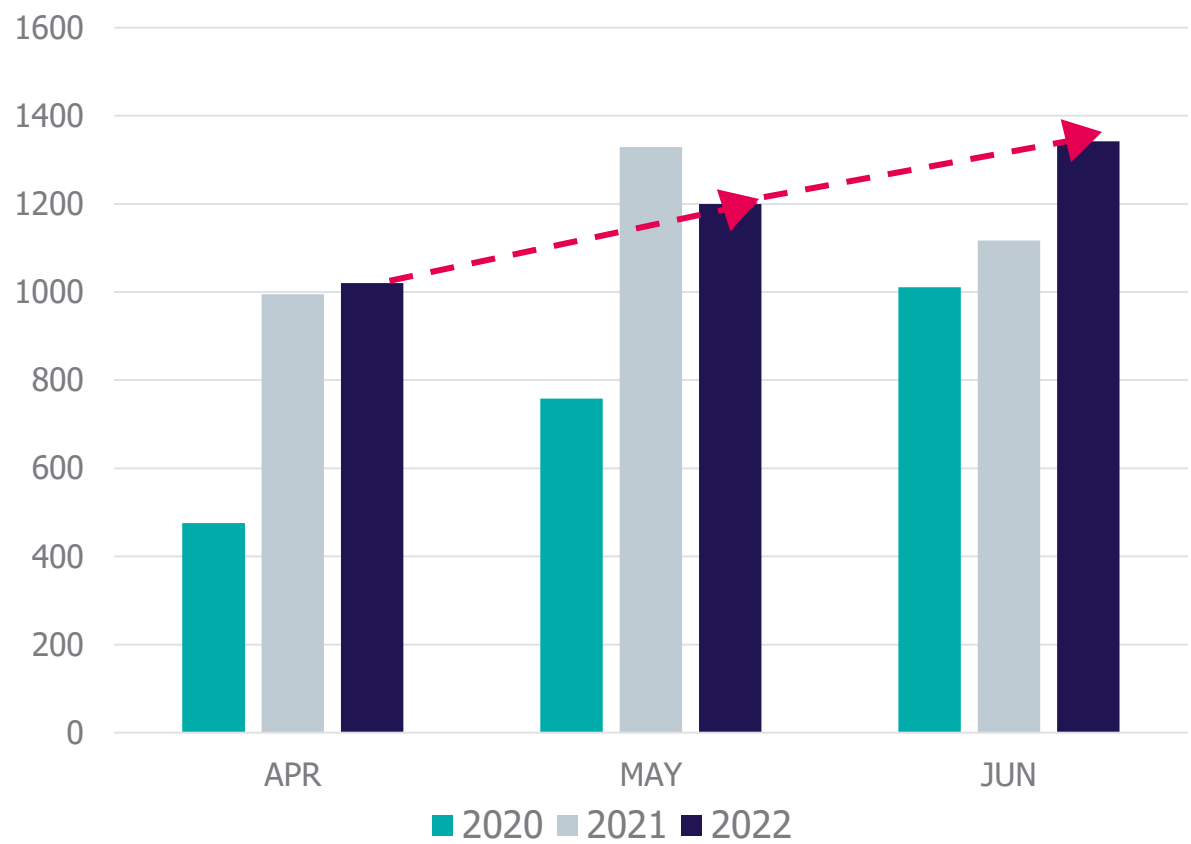
## Outlook both regions:

- Access expected to remain open in H2 2022 as Covid more manageable;
- Staffing shortages remain a challenge

# Trends Continue to Improve in Both Regions

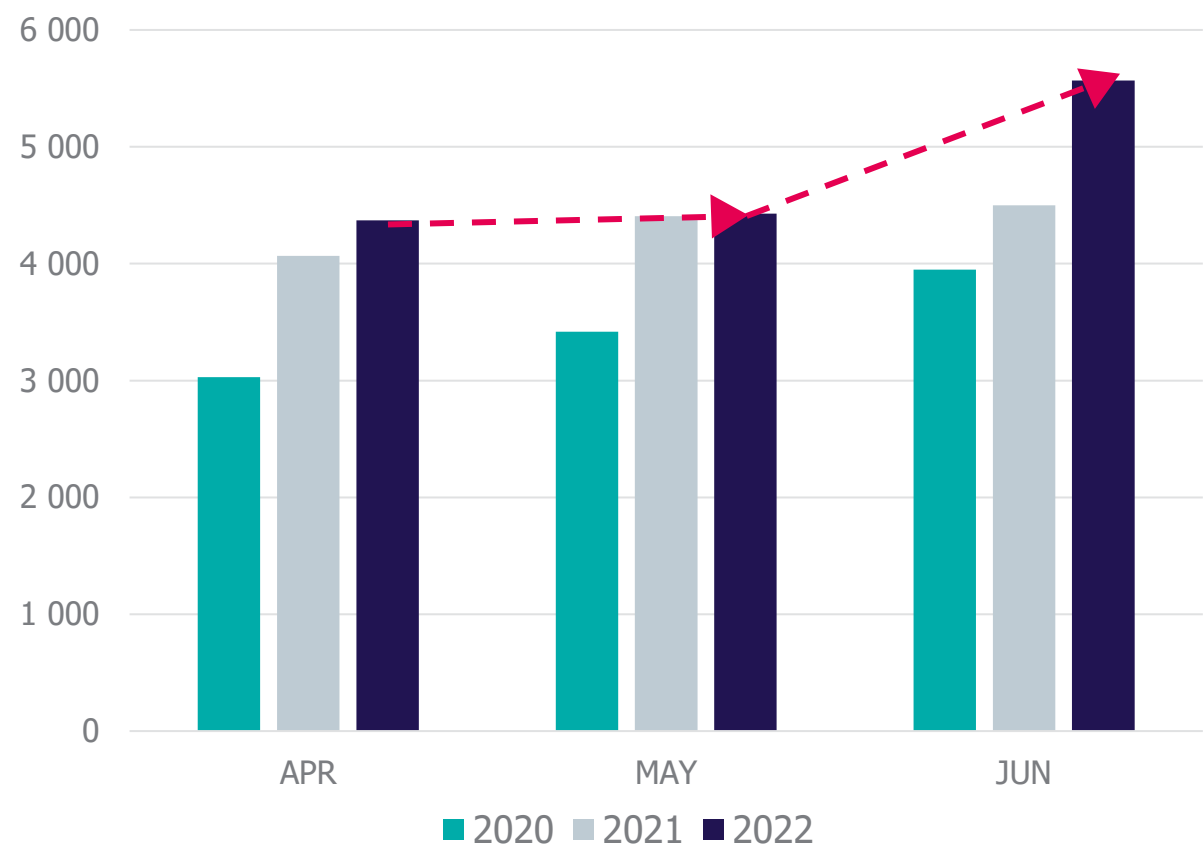
*Second Quarter Hexvix/Cysview Units Last 3 Years by Month*

## U.S.



## Europe

*(June '22 incl. German inventory build)*



# Q2 2022 Trends in North America



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- **Continued business growth of existing base business** despite latest staffing shortages and delayed launch of the Karl Storz new BLC system
- **Highest quarterly unit sales** in U.S. in Photocure's history
- **Contracting remains a key growth driver** with accounts taking advantage of volume-based programs
- **Demand for both flexible cystoscopy and the new blue light system** continues to be strong
- **Staffing shortages remain a challenge nationwide**



May 2022: New Blue Light featured at AUA

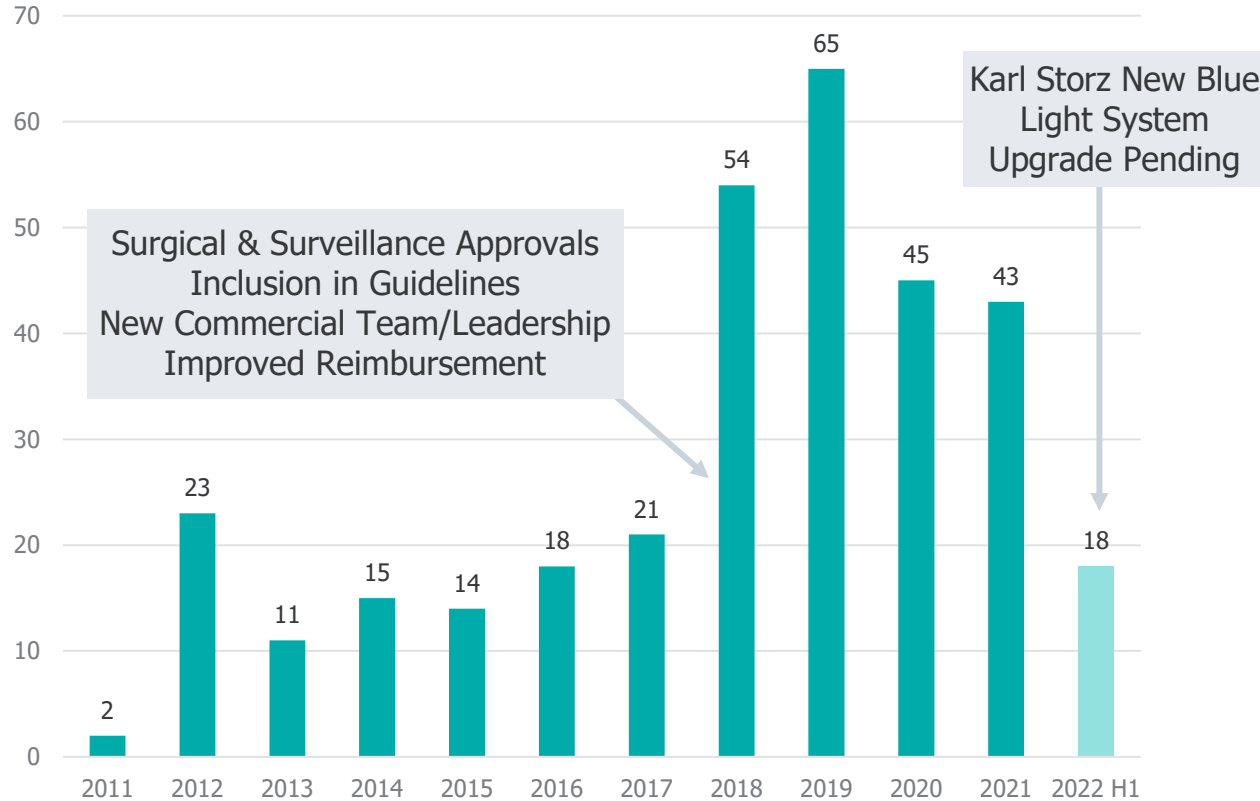
# U.S. continued blue light cystoscope placements



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*18 BLC tower placements in H1 2022 (10 flexible) ahead of upgraded Karl Storz system launch*

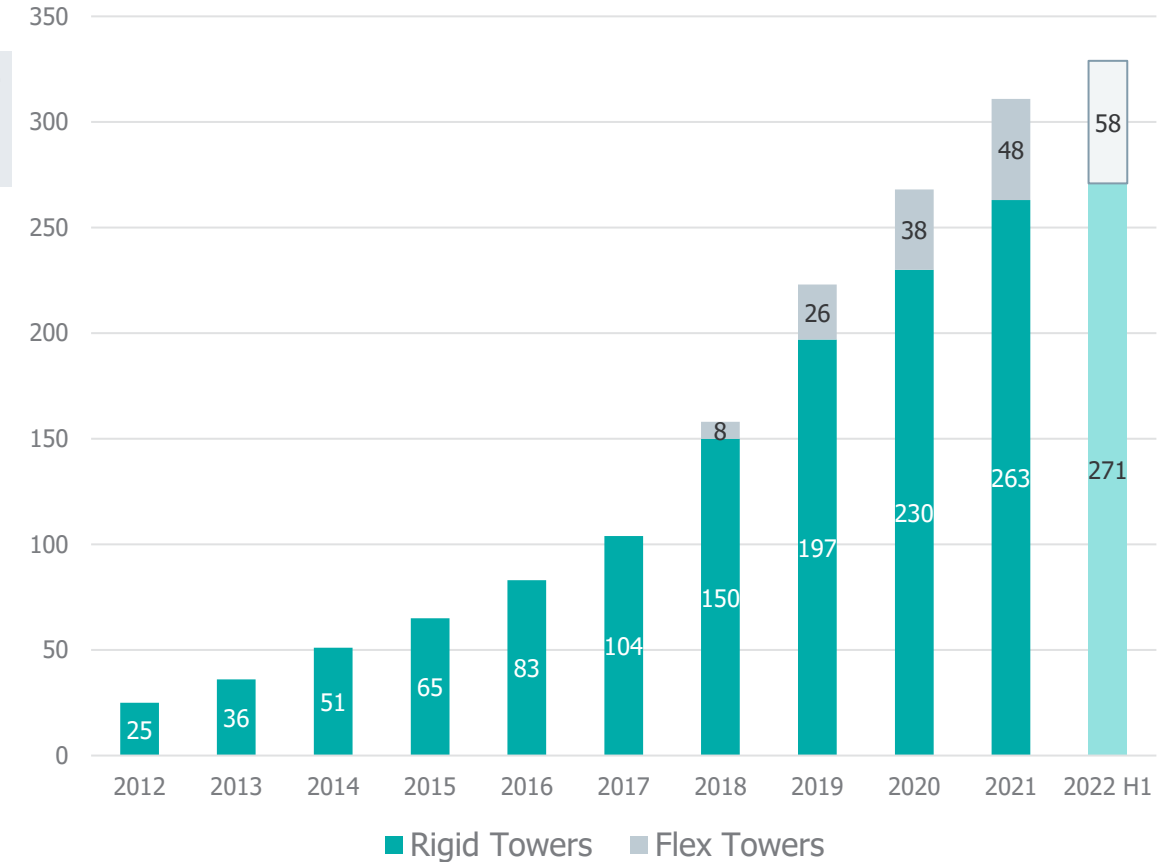
## Annual New Installations



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

Q3 2021: 14 Installations (11 Rigid & 3 Flex)  
Q4 2021: 9 Installations (6 Rigid & 3 Flex)  
Q1 2022: 13 installations (8 Rigid & 5 Flex)  
Q2 2022: 5 Installations (0 Rigid & 5 Flex)

## Cumulative install base continues strong trend





# Q2 2022 Trends in Europe



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- **Second Quarter units +11% vs. Q2 2021;** overall positive trend in Q2 vs prior year. Price increase in Germany, effective August 1<sup>st</sup>, triggered inventory build in certain hospitals in June/July
- **Photocure Bladder Cancer Bus Tour Events** in Denmark in May and at the European Association of Urology (EAU) Congress in July
- **New high-definition BLC system launches (Karl Storz and other manufacturers) anticipated in Europe** / Ongoing cooperation between Photocure and equipment suppliers
- **Photocure European KOL Faculty** executing on physician education programs during 2022, as well as country-specific BLC advisory boards



July 2022: Bladder Cancer Bus with BLC at EAU

# Large Untapped Potential in European Market

## Established Hexvix Markets

Nordics: ~40% penetration

## Active Hexvix Markets

DACH region: ~30% penetration

France: ~10% penetration

Benelux: ~10% penetration

## Untapped Large EU Markets

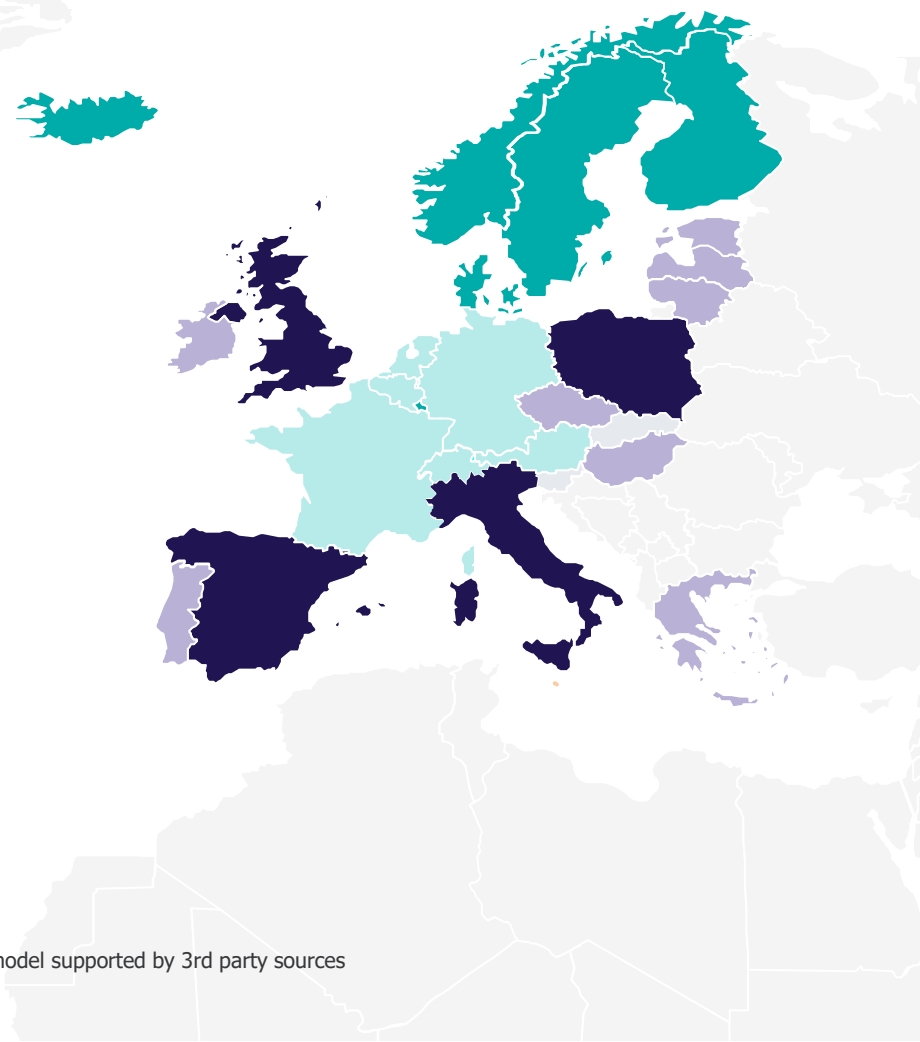
UK, Italy, Spain, Poland

~0% penetration

## Untapped Small EU Markets

Baltics, Czech Rep, Hungary,  
Ireland, Greece, Portugal

~0% penetration



## Change in Trend\* in large European Priority Growth Markets continues



\*In-Market Units Sales

1. Globocan 2018 data on bladder cancer. Internal patient-based model supported by 3rd party sources

Photocure – Presentation of Q2 2022 Results

# Q2 2022 Financials



# Segment Performance Second Quarter 2022



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## North America Segment

<i>Amounts in NOK million</i>	<b>Q2 '22</b>	<b>Q2 '21</b>	Change	<b>YTD '22</b>	<b>YTD '21</b>	Change
<b>Total revenues <sup>(1)</sup></b>	<b>38.7</b>	<b>31.4</b>	24%	<b>69.2</b>	<b>58.6</b>	18%
Gross profit	37.7	30.3	24%	67.0	56.9	18%
% of revenue	97%	97%		97%	97%	
Direct costs	-40.2	-31.6	27%	-78.2	-61.7	27%
<b>Contribution <sup>(2)</sup></b>	<b>-2.5</b>	<b>-1.2</b>		<b>-11.1</b>	<b>-4.8</b>	
<b>EBITDA</b>	<b>-11.1</b>	<b>-7.9</b>		<b>-28.5</b>	<b>-16.7</b>	
% of revenue	-29%	-25%		-41%	-28%	

- Q2 revenue growth 24%. In-market U.S. unit sales grew 4%
  - FX impact 11%, price increase 3%
- Q2 & YTD direct costs growth as planned
  - YTD includes NOK 2.5m in expenses related to launch of Canadian operations

## Europe Segment

<i>Amounts in NOK million</i>	<b>Q2 '22</b>	<b>Q2 '21</b>	Change	<b>YTD '22</b>	<b>YTD '21</b>	Change
<b>Total revenues</b>	<b>61.1</b>	<b>57.6</b>	6%	<b>111.6</b>	<b>111.9</b>	0%
Gross profit	57.3	53.4	7%	103.0	103.4	0%
% of revenue	94%	93%		92%	92%	
Direct costs	-26.3	-23.0	14%	-47.9	-39.1	22%
<b>Contribution <sup>(2)</sup></b>	<b>31.0</b>	<b>30.4</b>		<b>55.1</b>	<b>64.3</b>	
<b>EBITDA</b>	<b>16.0</b>	<b>17.7</b>		<b>24.2</b>	<b>40.7</b>	
% of revenue	26%	31%		22%	36%	

- Q2 revenue increase 6%. FX impact in Europe -2%
- In-market unit sales grew 10% in Q2; main contributors Germany, Italy and U.K.
  - German sales impacted by several hospitals acquiring inventory ahead of price increase
- Headcount & costs increase as planned as access to care improves

# Consolidated Income Statement Second Quarter 2022



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<i>Amounts in NOK million</i>	Q2 '22	Q2 '21	Change	YTD '22	YTD '21	Change
Hexvix/Cysview Revenue	99.9	88.9	12%	181.2	170.5	6%
Other Revenue	0.7	1.5		0.9	8.1	
<b>Total Revenue</b>	<b>100.6</b>	<b>90.4</b>	11%	<b>182.2</b>	<b>178.6</b>	2%
<b>Gross Profit</b>	<b>95.3</b>	<b>84.3</b>	13%	<b>170.9</b>	<b>167.4</b>	2%
Operating Expenses	-93.9	-78.5	20%	-183.3	-143.5	28%
<b>EBITDA</b>	<b>1.4</b>	<b>5.8</b>		<b>-12.5</b>	<b>24.0</b>	
Depreciation & Amortization	-6.0	-6.1		-12.0	-11.9	
<b>EBIT</b>	<b>-4.6</b>	<b>-0.2</b>		<b>-24.5</b>	<b>12.0</b>	
Net Financial Items	-4.5	-7.3		-11.8	0.8	
<b>Earnings before Tax</b>	<b>-9.1</b>	<b>-7.6</b>		<b>-36.3</b>	<b>12.8</b>	
Tax Expenses	-9.4	-3.0		-4.1	-8.2	
<b>Net earnings</b>	<b>-18.5</b>	<b>-10.6</b>		<b>-40.4</b>	<b>4.6</b>	

## Revenue

- Q2 Hexvix/Cysview revenue 12% above last year, driven by volume and FX
- Q2 total revenue 11% above last year. YTD total revenue in 2021 included sign-on fee from Asieris of NOK 6.4m

## Operating Expenses

- Q2 operating expenses increased YoY mainly due to investment in the European commercial operation and increased activity level in North America including start up of Canadian operations
- Q2 operating expenses mostly level compared to Q4 2021 (increased 1.5% due to FX)

## EBITDA

- Decline in Q2 EBITDA driven by higher operating costs partly offset by higher revenue. Approx. half of decline driven by FX

## Net financial items

- Q2 for both years driven mainly by the Ipsen earnout. YTD 2021 net financial income driven by unrealized currency gain



# Cash Flow & Balance Sheet

## Second Quarter 2022



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<i>Amounts in NOK million</i>	Q2 '22	Q2 '21	YTD '22	YTD '21
<b>Operations Cash Flow</b>	<b>-2.0</b>	<b>14.0</b>	<b>-24.1</b>	<b>12.1</b>
Earnings before tax	-9.1	-7.6	-36.3	12.8
Depreciation & amortization	6.0	6.1	12.0	11.9
Working capital	-11.6	7.2	-20.1	-13.3
Other	12.7	8.3	20.3	0.7
<b>Investments Cash Flow</b>	<b>-2.5</b>	<b>0.8</b>	<b>-2.0</b>	<b>0.5</b>
<b>Financing Cash Flow</b>	<b>-8.0</b>	<b>-4.1</b>	<b>-23.8</b>	<b>-7.3</b>
<b>Net Change in Cash</b>	<b>-12.4</b>	<b>10.8</b>	<b>-49.8</b>	<b>5.3</b>

<i>Amounts in NOK million</i>	30.06.22	31.12.21
Non-current assets	362.7	376.5
Inventory & receivables	98.1	90.3
Cash & short-term deposits	273.1	322.9
Equity	474.8	502.6
Long-term liabilities	169.4	185.0
Current liabilities	64.7	77.0
<b>Total balance</b>	<b>733.9</b>	<b>789.6</b>

## Cash Flow

- Net cash flow from operations in Q2 NOK -2.0m, impacted by working capital -11.6m
  - Increased receivables revenue driven, DSO approx. 45 days
- Net cash flow from financing in Q2 NOK -8.0m includes loan repayment of NOK 6.3m and earnout payments of NOK 6.2m
- Remaining loan NOK 25m, will be fully repaid in Q2 2023
- Net cash flow Q2 NOK -12.4m, cash balance end of Q2 2022 NOK 273.1m

## Financial position

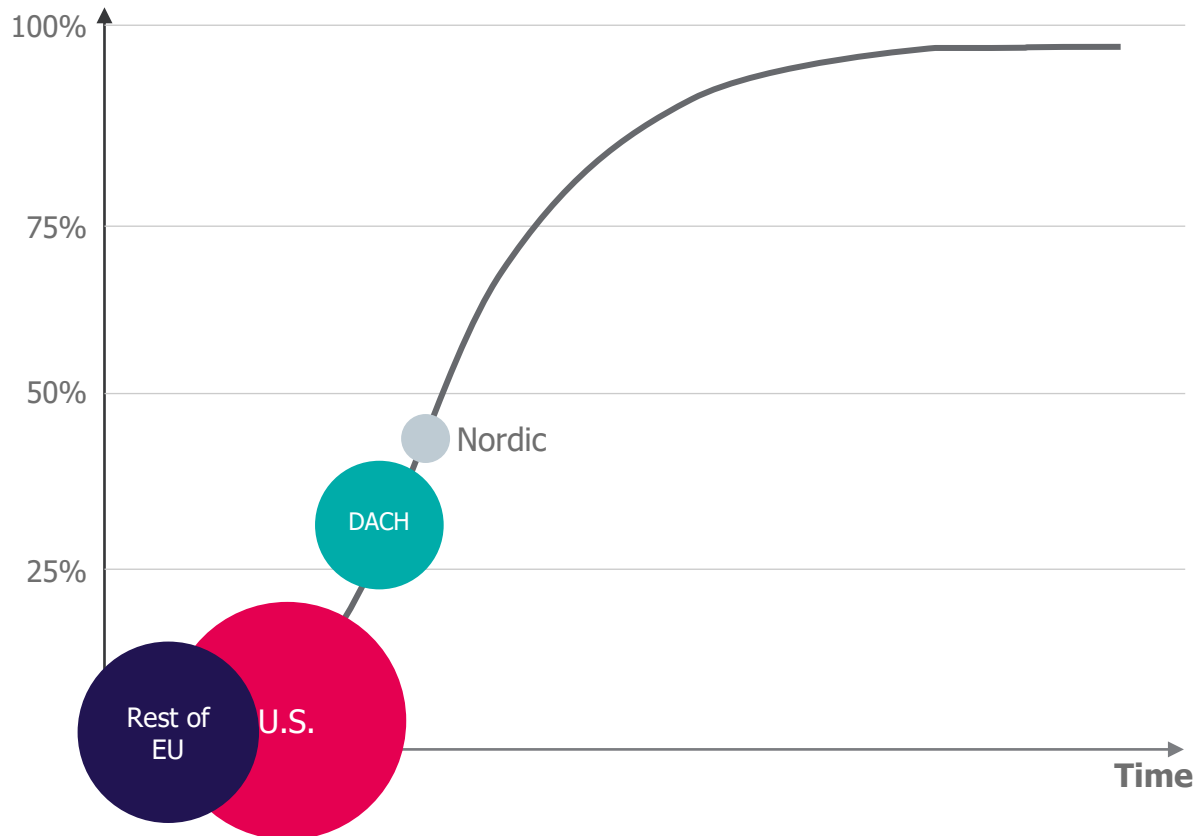
- Non-current assets includes intangibles and goodwill from Ipsen transaction totaling NOK 281.5m
- Long-term liabilities includes deferred Ipsen earnout totaling NOK 136.9m
- Equity NOK 474.8m, 65% of total assets

# Strategy for Shareholder Value Creation

# Hexvix<sup>®</sup>/Cysview<sup>®</sup> – ambition to become standard of care in a \$1.9 billion total addressable market\*\*

## POSITION IN THE LIFE CYCLE

Penetration



## 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

\*AUA, EAU, SUO, AFU, NICE, DGU guidelines

\*\*TAM = estimation of total addressable market U.S. and EU5

<sup>1</sup>Source: Photocure internal patient-based model built on Globocan 2019 EU5 data.

# Anticipated Milestones & Corporate Priorities



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- Regain prior sales momentum on full Covid recovery including resolution of staffing shortages
- Late Q3 launch of Karl Storz's upgraded Blue Light system in U.S.; continue expanding base of BLC capital equipment in North America
- Further execute on contracting with GPOs and large Hospital/Health Systems in the U.S.
- Continue geographic expansion by penetrating untapped European and Canadian markets, and through additional Hexvix licensing agreements ROW
- Present/publish additional data from patient registries on the use of BLC® with Hexvix®/Cysview®
- Report on the progress of partnered companies and license agreements
- Evaluate strategic product or business opportunities that leverage organizational strengths

# Summary



# Summary



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## Executed on Key Deliverables Ahead of Anticipated Second Half Improvement

- 12% Hexvix<sup>®</sup>/Cysview<sup>®</sup> revenue growth YoY despite ongoing staffing shortages & lack of rigid towers
- Strong new account pipeline; customers anticipate new Karl Storz Blue Light system
- 5 flexible BLC<sup>®</sup> towers placed in the U.S. during Q2 expanding the installed base
- New Karl Storz BLC system launch expected late Q3 in U.S.; H2 2022 in Europe
- Continuing to drive key initiatives in both commercial regions and with licensing partners
- Photocure is well-positioned for strong organic growth

# Leading change in bladder cancer

## Q&A