



# Quarterly Report

Q2 2022

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THE  
BLADDER CANCER  
COMPANY



## Highlights for second quarter 2022

(Numbers in parentheses and comparisons are for the corresponding period in 2021.)

- Hexvix®/Cysview® revenue in the second quarter of 2022 (NOK 99.9 million) increased 12% compared to the same period last year (NOK 88.9) due to higher unit sales in both North America and Europe and a favorable net impact from foreign exchange.
- Photocure achieved the highest quarterly U.S. unit sales in its history and reported 24% revenue growth in North America in Q2 2022.
- Unit sales for the North American segment increased 3% YOY and the European segment increased 11% YoY in the second quarter; Photocure continues to increase penetration of Hexvix/Cysview in the TURBT market.
- The installed base of blue light cystoscopes in the U.S. was 329 (288) at the end of the second quarter, an increase of 41 installed cystoscopes or 14% from the same period last year. The installed base in the U.S. includes 58 flexible cystoscopes, an increase of 38% compared to the second quarter of 2021.
- EBITDA for the second quarter was NOK 1.4 million (NOK 5.8 million). The lower EBITDA compared to the same period last year was primarily driven by a YoY increase in commercial investments. Operating expenses remained mostly level compared to the fourth quarter of 2021.
- Post-period, the Company announced that Karl Storz's new high-definition blue light system is expected to become commercially available in the United States in late Q3 2022.
- Post-period, the Company received a \$1 million milestone payment from Asieris related to the ongoing clinical development of Cevira®.

### Key Figures:

Figures in NOK million	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change	FY 2021
<b>Hexvix/Cysview revenues</b>	<b>99.9</b>	<b>88.9</b>	<b>12 %</b>	<b>181.2</b>	<b>170.5</b>	<b>6 %</b>	<b>351.4</b>
Other revenues	0.7	1.5		0.9	8.1		9.1
<b>Total revenues</b>	<b>100.6</b>	<b>90.4</b>	<b>11 %</b>	<b>182.2</b>	<b>178.6</b>	<b>2 %</b>	<b>360.5</b>
Operating expenses	-93.9	-78.5	20 %	-183.3	-143.5	28 %	-318.2
<b>EBITDA</b>	<b>1.4</b>	<b>5.8</b>		<b>-12.5</b>	<b>24.0</b>		<b>18.3</b>
EBITDA commercial franchise	3.0	7.6		-8.4	26.7		24.5
EBITDA development portfolio	-1.6	-1.8		-4.0	-2.8		-6.2
<b>EBIT</b>	<b>-4.6</b>	<b>-0.2</b>		<b>24.5</b>	<b>12.0</b>		<b>-5.8</b>
<b>Net Earnings</b>	<b>-18.5</b>	<b>-10.6</b>		<b>-40.4</b>	<b>4.6</b>		<b>-30.9</b>
<b>Cash &amp; cash equivalents</b>	<b>273.1</b>	<b>340.2</b>		<b>273.1</b>	<b>340.2</b>		<b>322.9</b>

### President & CEO Daniel Schneider comments:

*"We delivered 12% Hexvix®/Cysview® revenue growth and 9% unit growth in Q2 2022, despite delays in the new Karl Storz blue light system launch and ongoing effects from Covid-19. The commitment of our commercial teams in both the U.S. and in Europe enabled the business to significantly recover from a difficult first quarter and achieve positive year over year growth with our base business, despite the staffing shortages that continue to plague healthcare systems around the world.*

*While access to care has reopened, many hospital systems now have stricter rules for non-essential personnel within the facility, and limited staffing means less time for face to face customer engagement. Nevertheless, in Q2*



*2022, our U.S. business achieved the highest unit sales volume in our history, and we continue to increase Cysview's penetration into the bladder cancer treatment market.*

*I am pleased to reiterate that demand for blue light cystoscopy (BLC®) continues to be very strong, and that new high-definition blue light equipment from Karl Storz is anticipated by our accounts in both the U.S. and European markets. Major capital equipment suppliers are highly aware of the need, and are preparing to launch new upgraded blue light systems in Europe. These technology upgrades are expected to improve the BLC experience for physicians, and we believe that the use of high-definition towers will further accelerate demand for Hexvix/Cysview. Our U.S. pipeline for new BLC towers remains robust, and we continue to work with Karl Storz in preparation of the launch of the new blue light system later this quarter.*

*Progress is also being made with our partners. In the second quarter, we entered into a distribution agreement with IGL Medical in Israel, and our partner Asieris recently announced the completion of enrollment for its Phase III clinical trial evaluating Cevira® to treat pre-cervical cancer. If the Phase III trial is successful, Cevira could become an important non-invasive therapy for the prevention of cervical cancer, which is the fourth most common cancer in women globally.*

*We believe that the second half of this year has potential for some exciting developments. With healthcare access now reopened and the new high-definition blue light system expected to launch in the coming weeks, we are looking forward to significantly expanding the base of blue light capital equipment and accelerating the growth of our Hexvix/Cysview franchise."*

## Operational review

Photocure ASA (Photocure) delivers transformative solutions to improve the lives of bladder cancer patients.

Photocure manufactures and commercializes Hexvix/Cysview, its flagship product, for more precise detection and resection of non-muscle invasive bladder cancer (NMIBC), reduction of disease recurrence and progression rates, and improved and cost-effective patient outcomes.

With established specialty commercial and medical teams in North America (U.S. and Canada) and Europe focused exclusively on the uro-oncology segment, Photocure has a solid foundation for the future growth of its breakthrough bladder cancer product, as well as the potential to expand its portfolio of solutions within the same uro-oncology domain.

Photocure continues to strive for ethical business operations, transparency and accountability in line with stakeholder expectations. In May 2021, the Company joined the UN Global Compact and in April 2022, Photocure published its sustainability (ESG) report for the year 2021, which can be accessed on the Company's website.

## Commercial segment update

Photocure's second quarter 2022 results improved from the first quarter of the year, which was significantly impacted by the surge of the highly contagious Covid-19 Omicron variant. While staffing shortages remain, access to accounts has reopened in North America and in our European territories, enabling the business to begin to recover. Given the improvement in account access and with the benefit of net favorable foreign exchange, revenue of Hexvix/Cysview increased by 12% in the second quarter of 2022, compared to the second quarter of 2021, with global unit sales growth of 9% for the period.

Revenues from Photocure's North American segment increased 24% in the second quarter of 2022, with unit sales up 3% YoY. The increase in revenue was primarily due to higher unit volumes, higher average sales price and positive foreign exchange.

Revenues from the Company's European segment in the second quarter of 2022 increased 6% YoY, with in-market unit sales up 11% compared to the second quarter of 2021. A price increase in Germany for Hexvix resulted in German hospitals acquiring inventory ahead of the price change. Higher ordering in Germany and a recovery in hospital access drove the unit sales and revenue growth in Europe, partially offset by negative foreign exchange.

The net consolidated currency impact was approximately +3% in the second quarter of 2022.

#### Income statement - Commercial Franchise

MNOK	Q2 '22	Q2 '21	YTD '22	YTD '21
North America revenues	38.7	31.4	69.2	58.6
Europe revenues	61.1	57.6	111.6	111.9
Partner revenues	0.0	0.0	0.4	0.0
<b>Hexvix/Cysview total</b>	<b>99.9</b>	<b>88.9</b>	<b>181.2</b>	<b>170.5</b>
YoY growth	12 %		6 %	
Other revenues	0.7	0.2	0.9	6.8
<b>Total revenues</b>	<b>100.6</b>	<b>89.2</b>	<b>182.2</b>	<b>177.3</b>
YoY growth	13 %		3 %	
<b>Gross profit</b>	<b>95.3</b>	<b>83.8</b>	<b>170.9</b>	<b>166.9</b>
Operating expenses	-92.3	-76.2	-179.3	-140.2
<b>EBITDA</b>	<b>3.0</b>	<b>7.6</b>	<b>-8.4</b>	<b>26.7</b>
EBITDA margin	3 %	9 %	-5 %	15 %

Total Hexvix/Cysview revenue in Q2 2022 increased 12% to NOK 99.9 million (NOK 88.9 million) compared to the same period in 2021. The results were driven by higher unit volumes in both Europe and North America and favorably impacted by net foreign exchange.

Other revenues included sales to license partners and revenue from Hivec sales associated with the Company's distribution agreement with Combat Medical in the Nordic region.

#### Hexvix/Cysview

Global in-market unit volume increased 9% in the second quarter of 2022. Despite ongoing healthcare labor shortages, access to care reopening in both North America and Europe has enabled an improvement in unit volume growth.

#### North America Cysview Segment

North American unit volume in the second quarter of 2022 increased by 3%, compared to the same period in 2021, and revenues increased by 24% YoY to NOK 38.7 million (NOK 31.4 million). The increase in sales was primarily driven by higher unit sales, a 3% price increase compared to last year's period, favorable foreign exchange on U.S. sales, and the inclusion of sales in Canada in the 2022 period. Photocure continues to increase Cysview's penetration of TURBT procedures in the U.S. market. Cysview volume in the U.S. rose 4% year over year. In Q2 2022, Photocure achieved the highest quarterly unit sales in the territory in its history.

Photocure has been able to increase its penetration into the U.S. TURBT market throughout the Covid-19

pandemic. However, Karl Storz's launch delay of an upgraded version of its blue light system has limited the Company's ability to place blue light towers, which has hindered new account growth. With the new Karl Storz blue light system anticipated to launch in late Q3 2022, Photocure expects that placement of new blue light towers will accelerate beginning in the fourth quarter of 2022.

Growth in U.S. unit volume is being driven by focused sales resources and the penetration of Cysview in the surgical and surveillance settings. Photocure continues to expect the U.S. to be the fastest growing segment of its business over the next several years.

The introduction of Cysview in the surveillance market together with improved reimbursement has resulted in growth of the installed base of blue light cystoscope capital equipment. At the end of the second quarter of 2022, the total installed base of blue light cystoscopes in the U.S. was 329, an increase of 14% or 41 units since the second quarter of 2021 (288). Blue Light Cystoscopy (BLC™) in the surveillance setting remains a strategic priority for Photocure in the U.S. market. In the second quarter of 2022, 5 flexible BLC towers were installed driven by rising demand by large urology group practice associations (LUGPAs). By the end of the second quarter of 2022, 58 flexible cystoscopes for the surveillance cystoscopy setting had been installed, an increase of 16 or 38% compared to the same period last year (42).

#### European Hexvix Segment

In the second quarter of 2022, revenues in the Company's European segment increased by 6% to NOK 61.1 million (NOK 57.6 million), while unit sales were up 11% YoY. A price increase in Germany for Hexvix resulted in German hospitals acquiring inventory ahead of the price change. As a result, higher ordering in Germany and a recovery in hospital access drove unit sales and revenue growth in Europe.

Since Photocure's acquisition of the European territories outside of the Nordic countries in October 2020, the Company has focused on a strategy to re-engage with physicians, key opinion leaders, and capital equipment manufacturers to rebuild or enter major markets in continental Europe. Germany is the largest market for Hexvix/Cysview and continues to recover from the pandemic. Returning Germany to meaningful growth is a key initiative for the Company's European commercial organization, as is the strategy to drive significantly higher growth rates



in large, underpenetrated countries such as the U.K., France and Italy, referred to as Photocure's "priority growth markets". The Company has seen early success in these priority markets, where sales declines have ceased, and growth has returned since the Company acquired the territories. Photocure also intends to enter other large unpenetrated European countries such as Spain and Poland.

#### *Hexvix/Cysview partner sales*

Due to reimbursement and ongoing pandemic challenges, as well as partner transitions, partnership revenues in the second quarter of 2022 were limited. In March 2022, the Company announced that it had terminated its distribution agreement with Juno Pharmaceuticals and simultaneously entered into an exclusive distribution agreement with Endotherapeutics Group to commercialize Hexvix in Australia and New Zealand. Endotherapeutics focuses on serving the urology market. In August 2021, the Company announced that it regained commercial rights to Cysview in Canada from its licensee BioSynt. On January 3, 2022 Photocure announced that it had launched its own commercial operations in Canada combining this territory with its U.S. business to form the Company's North American business segment. The Company believes that these changes, coupled with the lifting of Covid-19 restrictions will begin to yield positive results in the second half of 2022 and beyond. Additionally, Photocure has signed agreements with Genotests SpA ("Genotests") for Chile, Asieris for mainland China and Taiwan, and IGL Medical Ltd. for Israel.

In August 2020, Photocure appointed Genotests as the exclusive distributor of Hexvix in Chile. Under the terms of the agreement, Genotests will cover all costs to secure regulatory approval, as well as the launch and the commercialization of Hexvix in Chile. Photocure will manufacture the product and support Genotests with the regulatory filing, training and promotional materials. There are approximately 1,500 new bladder cancer cases annually in Chile, an estimated 5,000 TURBT procedures and nearly 3,000 surveillance cystoscopies. In August 2021, Photocure was informed by Genotests that the Marketing Authorization for Hexvix was granted in Chile, and that Genotests is preparing for commercialization of the product.

In January 2021, Photocure entered into a partnership agreement with Asieris, a division of Jiangsu Yahong Meditech Co., Ltd., whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan.

The Company received an upfront payment of USD 750,000 from Asieris for the rights to Hexvix in the designated territories and has potential to receive additional payments of up to USD 1.4 million for the achievement of certain regulatory milestones including market approvals in Mainland China and Taiwan. Photocure will manufacture and supply Hexvix and receive a transfer price from Asieris representing a markup on product provided under the agreement and will also receive royalties on any product sales.

In December 2021, Asieris announced that Hexvix was put into pilot use in the Boao Lecheng International Medical Tourism Pilot Zone in Hainan Province with several patients receiving the procedure to date.

In February 2022, Asieris informed Photocure that it had obtained clinical trial application (CTA) approval from the National Medical Products Administration (NMPA) of China, enabling a clinical trial with Hexvix to be conducted in the region. Chinese regulators have required the successful results of this trial to be obtained before granting regulatory approval of the product.

In March 2022, Asieris announced that it had obtained approval to conduct a real-world evidence study for Hexvix in Hainan, China. This study is expected to enable Asieris to capture real-world Hexvix data from the Hainan Pilot in addition to the results generated from the planned Phase III trial in China.

#### *Hexvix/Cysview publications and presentations*

In June 2022, results from a Danish population registry study featuring nearly 10,000 patients were presented at the Nordisk Urologisk Forening (NUF) congress in Helsinki Finland. The study abstract entitled "*Use of photodynamic diagnosis (PDD) at primary TURB: Potential influence on recurrence and progression rates in NMIBC in a registry-based study using a country cohort*" showed a beneficial impact on bladder cancer recurrence and progression in patients treated at clinics that have a higher level of use of BLC in primary patients.

Study investigator Jørgen Bjerggaard Jensen, MD, DMSc, Professor, Consultant in Urology, Chairman of the Danish Bladder Cancer Group and the Nordic Urothelial Cancer Research Group, Department of Urology Aarhus University Hospital stated "These real world data results show the true potential of adding better visual diagnostic methods in endoscopy

compared to the old standard with conventional white light". Following the NUF Congress, the study data were published in the Scandinavian Journal of Urology.

<http://www.nuf2021.fi/abstracts/>

## Development portfolio update

The Company's development portfolio mainly consists of projects related to the development of Hexvix/Cysview and activities related to the agreement with Asieris for Cevira®.

### Income statement - Development Portfolio

MNOK	Q2 '22	Q2 '21	YTD '22	YTD '21
Total revenues	-	1.3	-	1.3
Gross profit	-	0.5	-	0.5
Operating expenses	-1.6	-2.2	-4.0	-3.3
EBITDA	-1.6	-1.8	-4.0	-2.8

### *Cevira®: Candidate for the treatment of HPV (human papillomavirus) & precancerous lesions of the cervix*

Cevira is a photodynamic drug-device combination product for non-surgical treatment of high-grade cervical dysplasia.

In July of 2019, the Company entered into a License Agreement providing Asieris with a world-wide license to develop and commercialize Cevira for the treatment of HPV-induced cervical precancerous lesions.

Subsequently, Asieris launched a global clinical development program initially focused on the Chinese market, based on Photocure's Phase IIb data for patients diagnosed with high grade lesions and Phase III study design elements agreed upon with the U.S. FDA. In July 2020, Asieris announced that it had received Clinical Trial Approval (CTA) from China's National Medical Products Administration (NMPA) for the global, multi-centered Phase III clinical trial of Cevira (APL-1702), which is being developed for the non-surgical treatment of high-grade cervical dysplasia (HSIL).

Patient enrolment in an ongoing Phase III study was initiated in China in late 2020, with the majority of patients being enrolled in China and the remainder anticipated to be enrolled in Europe.

In August 2022, Asieris announced the completion of enrollment in this trial, with a total of 402 patients enrolled. Further development in Europe and a plan

for the U.S. will follow if clinical results from the Chinese-focused Phase III study confirms the safety and efficacy of Cevira. Additional information about the ongoing Phase III trial for Cevira can be found by clicking the following link:

<https://clinicaltrials.gov/ct2/show/NCT04484415?term=Asieris&draw=2&rank=1>

In October 2020, Photocure announced that the European Patent Office (EPO) granted patent EP 2983780 covering the commercial Cevira device in Europe until 2034, adding to the patent portfolio for Cevira.

In November 2020, Asieris announced initial dosing of the first patient in its Global Phase III clinical trial for Cevira, which triggered a USD 1.5 million payment to Photocure. In June 2021, Asieris announced initial dosing of the first European patient in the same trial.

In August 2022, Photocure announced that it had received a \$1 million milestone payment from Asieris related to the clinical development of Cevira.

Under the License Agreement with Asieris, Photocure received a signing fee of USD 5 million in 2019 and two milestones totaling USD 3 million in 2020. In addition, the Company may receive a total of USD 16.5 million based upon the achievement of certain clinical and regulatory milestones in China, and up to USD 36 million for certain clinical and regulatory milestones in the U.S. and the EU. The approval of a second indication in China, the U.S. and Europe would result in payments of up to USD 14 million. Sales milestones and royalties of 10% up to 20% will apply in all markets.

## Financial review

(Numbers in parentheses are for the corresponding period in 2021; references to the prior year refer to a comparison to the same period 2021, unless otherwise stated).



MNOK	Q2 '22	Q2 '21	YTD '22	YTD '21
Hexvix / Cysview revenues	99.9	88.9	181.2	170.5
Total other revenues	0.7	1.5	0.9	8.1
<b>Total revenues</b>	<b>100.6</b>	<b>90.4</b>	<b>182.2</b>	<b>178.6</b>
<b>Gross profit</b>	<b>95.3</b>	<b>84.3</b>	<b>170.9</b>	<b>167.4</b>
<b>Operating expenses</b>	<b>-93.9</b>	<b>-78.5</b>	<b>-183.3</b>	<b>-143.5</b>
<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>

Photocure decided to invest in and focus its commercial resources during the Covid-19 pandemic to position the company for a rapid recovery as the situation improves. In line with its commercial market opportunities and strategic objectives, the Company has deployed resources into its commercial organizations, while taking into consideration the Covid-19 pandemic.

### Revenues

Total revenues in the second quarter of 2022 increased 11% to NOK 100.6 million (NOK 90.4 million). Year to date total revenues were NOK 182.2 million (NOK 178.6 million), an increase of 2%. Year to date revenues in 2021 included a signing fee from Asieris of NOK 6.4 million in the first quarter. Excluding this milestone 2022 year to date revenue growth was 6%.

Hexvix/Cysview revenues in the second quarter of 2022 were NOK 99.9 million (NOK 88.9 million), an increase of 12% from second quarter 2021. The increase is driven by increased in-market volume of 9% as well as the strengthening of the USD. Year to date Hexvix/Cysview revenues were NOK 181.2 million (NOK 170.5 million), an increase of 6%. The staffing shortages in the health care sector continue to have a negative impact on revenue.

Other revenues were NOK 0.2 million (NOK 1.5 million) in the second quarter of 2022 and year to date NOK 0.9 million (NOK 8.1 million). 2021 year to date other revenues included signing fees from Asieris totaling NOK 6.4 million, as per the partnership agreement with Asieris whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan. 2021 year to date Other revenues also included the sale of API to Asieris totaling NOK 1.3 million.

### Cost of goods sold (COGS)

Second quarter 2022 COGS was NOK 5.3 million (NOK 6.2 million). The decrease is mainly driven by

COGS related to sales of API in 2021. Without this, 2021 second quarter COGS would have been at level with 2022. Year to date 2022 COGS was NOK 11.3 million (NOK 11.2 million), 6% of sales revenues.

### Operating expenses

Total operating expenses, excluding depreciation and amortization, were NOK 93.9 million (NOK 78.5 million) in the second quarter. Sequentially, from fourth quarter 2021 the operating expenses increased 2%, driven by foreign exchange. Year to date total operating expenses, excluding depreciation and amortization, were NOK 183.3 million (NOK 143.5 million). The main contributor to the YoY increases in operating expenses was the inclusion of the European business from Ipsen in terms of local commercial organization and scaling of regulatory and marketing group activities. In the second half of 2021, the Company also added investments in the U.S. commercial operation reflecting the anticipated gradual improvement of healthcare market access.

Second quarter 2022 research and development (R&D) costs were NOK 0.8 million (NOK 1.5 million). R&D costs year to date were NOK 2.1 million (NOK 2.1 million). The R&D costs relate mainly to regulatory work and the maintenance and expansion of Photocure's intellectual property.

Sales and marketing costs increased by 18% to NOK 70.6 million (NOK 59.7 million) in the second quarter of 2022. The expense increase was mainly driven by investments in the European commercial organization following the re-acquisition of the Hexvix commercial rights in continental Europe from Ipsen. Sequentially, from fourth quarter 2021, Sales and marketing costs declined 1%. Sales and marketing costs year to date were NOK 135.3 million (NOK 109.9 million).

Second quarter 2022 Other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 22.5 million, compared to NOK 17.4 million in the same quarter of 2021. The increase was mainly driven by business development activities as well as the inclusion of the European business from Ipsen. Year to date Other operating expenses were NOK 45.9 million (NOK 31.5 million).

Photocure took measures to contain its expenses during the earlier pandemic surges, and from the second half of 2021, the Company has increased investment in its operations to take advantage of the

anticipated improvement in healthcare access and procedure volumes.

### Financial results

EBITDA was NOK 1.4 million (NOK 5.8 million) for the second quarter of 2022. Year to date EBITDA was NOK -12.5 million (NOK 24.0 million). The reduction in EBITDA was mainly due to revenue development continuing to be affected by staffing shortages related to Covid-19, combined with increased investments preparing for future reduced impact from the pandemic. In addition, the sign-on revenue from Asieris in the first quarter of 2021 improved 2021 revenue results by NOK 6.4 million.

Second quarter 2022 depreciation and amortization was NOK 6.0 million (NOK 6.1 million). The main cost item was the amortization of intangible assets related to the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen. Year to date depreciation and amortization was NOK 12.0 million (NOK 11.9 million).

Net financial items in the second quarter of 2022 were NOK -4.5 million (NOK -7.3 million). Net financial costs were mainly driven by accrued interest costs included for the deferred earnout liability due to Ipsen. Year to date Net financial items were NOK -11.8 million (NOK 0.8 million). Net financial items in the first quarter of 2021 were impacted by unrealized currency gains totaling NOK 14.0 million.

Photocure experienced a net loss before tax of NOK 9.1 million in the second quarter of 2022 (net loss of NOK 7.6 million). Net earnings after tax were a loss of NOK 18.5 million for the second quarter of 2022 (net loss of NOK 10.6 million). Year to date Photocure had a net loss before tax of NOK 36.3 million (net profit of NOK 12.8 million) and net earnings after tax of NOK -40.4 million (NOK 4.6 million).

### Cash flow and statement of financial position

Net cash flow from operations was NOK -2.0 million in the second quarter of 2022 (NOK 14.0 million). Year to date net cash flow from operations was NOK -24.1 million (NOK 12.1 million). The negative cash flow from operations in 2022 was mainly driven by the negative EBITDA as well as working capital development.

Year to date 2022 net cash flow from investments was NOK -2.0 million (NOK 0.5 million).

Year to date 2022 cash flow from financing was NOK -23.8 million (NOK -7.3 million). Year to date cash flow from financing included repayment of long-term debt (Nordea) of NOK 12.5 million and paid earnout of NOK 13.8 million.

For the second quarter of 2022, Net change in cash was NOK -12.4 million (NOK 10.8 million). Year to date, Net change in cash was NOK -49.8 million (NOK 5.3 million). Cash and cash equivalents were NOK 273.1 million at the end of second quarter 2022.

Shareholders' equity was NOK 474.7 million at the end of second quarter 2022, representing an equity ratio of 65%.

Long term liabilities were NOK 169.4 million at the end of second quarter 2022, including capitalized value of expected future earn-out payments to Ipsen totaling NOK 136.9 million.

As of June 30, 2022, Photocure held 44,557 of its own shares.

## Risks and uncertainty factors

Photocure is exposed to risk and uncertainty factors, which may affect some or all of the Company's activities. Photocure has commercial risk, financial risk, market risk, legal and regulatory risk, as well as operational risk and risk related to the development of new products.

The Company is exposed to risks associated with market development for Hexvix/Cysview, progress of partnering activities, the availability and operating condition of capital equipment supplied by third-party companies, as well as financial risks related to interest rates, liquidity and currency fluctuations.

As described in the Company's Annual Report for 2021, the Covid-19 pandemic is still having residual impact, particularly on healthcare staffing shortages and is subject to ongoing attention by Company Management and the Board of Directors.

There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2021.

### Covid-19 pandemic update

Current business conditions continue to be affected by residual consequences of the Covid-19 pandemic



in addition to occasional regional outbreaks of new viral variants. While healthcare access has reopened in most areas around the world, new policies for access to medical personnel in hospitals and healthcare worker staffing shortages continue to impact overall procedure volumes. As a result, regions within North America and Europe are expected to continue to take time to fully recover from Covid-19. Despite these ongoing pressures, the Company has continued to grow Hexvix/Cysview kit sales during the pandemic, increasing its penetration of the global bladder cancer treatment market.

Photocure's main priority is the health and welfare of all Photocure employees and stakeholders. The Company continues to offer partial remote work arrangements across its locations and functions and is fully operational.

In regions in which Photocure does business, the Company's sales force has been trained to maintain contact as needed through digital channels in order to provide continuous optimal service and support.

Photocure retained its full commercial organization during the Covid-19 pandemic to ensure a rapid recovery as the situation improves. Cost-saving measures were implemented by the Company in 2020 and the first half of 2021 in order to reduce the financial impact of the Covid-19 pandemic. As access to care and procedure volumes improve, Photocure remains committed to investing in the growth opportunities for Hexvix/Cysview globally.

Regarding the supply chain, the inventory levels of Hexvix and Cysview kits in the distribution chain remain satisfactory for both Photocure and its partners. Production remains at full capacity and on schedule, and international distribution lines remain uninterrupted.

Overall, Photocure experienced a temporary impact from the Covid-19 pandemic, but the Company believes that its financial position and long-term business outlook remain strong.

## Subsequent events

On August 9, 2022, Photocure announced that it had received a \$1 million milestone payment from Asieris. The milestone is related to the license agreement between Photocure and Asieris for the ongoing clinical development and potential commercialization of Cevira.

## Outlook

Photocure delivers transformative solutions that improve the lives of bladder cancer patients. Based on benefits of the Company's breakthrough product for the treatment of bladder cancer, Hexvix/Cysview, Photocure has embarked on a stepwise approach for continued growth. Photocure sees significant long-term potential in the global bladder cancer treatment market and employs the following growth strategy:

- Acceleration – Drive the breadth and depth of Hexvix/Cysview usage in key accounts
- Expansion – Generate sales in new geographies and product enhancements
- Acquisition – Find and acquire or partner additional products used in the management of bladder cancer patients
- Transformation – Acquire assets to strengthen our uro-oncology product portfolio.

The Company believes that the benefits of Blue Light Cystoscopy with Hexvix/Cysview offering superior detection and management of bladder cancer will continue to be adopted and become the standard of care. In the Company's European markets that were acquired in October 2020, improved access to new accounts is expected to drive uptake of Hexvix across the region. Indicators of a potential rebound in business growth are: (1) continued growth and an increase in market penetration in the Company's U.S. business, (2) Photocure's strong pipeline of anticipated BLC tower placements in the U.S., and (3) early stabilization and rising kit orders driven in priority growth markets in Europe such as France, the U.K. and Italy. Photocure plans to continue supporting these efforts with additional clinical publications in scientific journals and data presentations at medical conferences to underscore the clinical benefits and cost-effectiveness of using BLC with Hexvix/Cysview.

The Company's pipeline of anticipated BLC tower installations in the U.S. remains robust given the demand by physicians and facilities to offer the benefits of BLC with Cysview in their practices.

Despite this pent-up demand, the ongoing effects from the pandemic and Karl Storz's planned transition to launch an upgraded version of its blue light system has limited the Company's ability to significantly expand the installed base of BLC capital equipment in the U.S. since Q2 2021. Photocure continues to work with Karl Storz to resolve the temporary lack of



new rigid towers available for placement in the U.S. market due to the launch delay of the new high-definition blue light system. With the new Karl Storz system anticipated to launch in the U.S. in late 3Q 2022, Photocure expects that the placements of new blue light rigid towers will accelerate in the fourth quarter of this year. Meanwhile, the Company will continue to focus on increasing the use of Cysview in existing accounts as well as placing flexible BLC equipment, for which installation momentum has increased.

North America and Europe are Photocure's primary markets for growth, given the Company's two direct sales forces and a majority of the market still to be penetrated by Hexvix/Cysview with BLC. Photocure regained the sales and marketing rights to Hexvix in continental Europe in the fourth quarter of 2020 and regained the rights to Cysview in Canada in January 2022. As a result, the Company is positioned to take advantage of the growth opportunity throughout these regions.

The global Covid-19 pandemic has had a negative impact on patient visits, BLC procedures, account access, and capital equipment installations since March 2020. The residual effects from the Covid-19 pandemic continue to cause uncertainty. As a result, Photocure is not issuing financial guidance at this time. The Company plans to issue guidance as the business environment stabilizes.

## Responsibility statement

We confirm that, to the best of our knowledge, the unaudited condensed set of financial statements for the first half year of 2022 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the first half 2022 report includes a fair review of the information required under the Norwegian Securities trading Act section 5-6 fourth paragraph.

The Board of Directors and CEO  
Photocure ASA

Oslo, August 9, 2022

Jan Hendrik Egberts  
Chairperson

Johanna Holldack  
Director

Neal Shore  
Director

Anders Tuv  
Director

Anne Worsøe  
Director

Daniel Schneider  
President and CEO

## Photocure Group

### Accounts for second quarter and first half year 2022

#### Photocure Group – Statement of comprehensive income

		2022	2021	2022	2021	2021
		Q2	Q2	1.1 - 30.06	1.1 - 30.06	1.1 - 31.12
<i>(all amounts in NOK 1,000 except per share data)</i>						
Sales revenues		100 410	90 436	182 013	172 196	354 124
Signing fees and milestone revenues	7	152	-	152	6 416	6 416
<b>Total revenues</b>		<b>100 562</b>	<b>90 436</b>	<b>182 165</b>	<b>178 612</b>	<b>360 540</b>
Cost of goods sold		-5 257	-6 121	-11 285	-11 186	-24 050
<b>Gross profit</b>		<b>95 305</b>	<b>84 315</b>	<b>170 880</b>	<b>167 425</b>	<b>336 490</b>
Indirect manufacturing expenses	3	-2 083	-2 941	-5 852	-6 669	-14 828
Research and development expenses	3	-764	-1 471	-2 124	-2 145	-4 322
Marketing and sales expenses	3	-74 859	-63 889	-143 843	-118 321	-259 867
Other operating expenses	3	-22 181	-16 262	-43 523	-28 273	-63 298
<b>Total operating expenses</b>		<b>-99 887</b>	<b>-84 563</b>	<b>-195 342</b>	<b>-155 408</b>	<b>-342 315</b>
<b>EBIT</b>		<b>-4 582</b>	<b>-248</b>	<b>-24 462</b>	<b>12 018</b>	<b>-5 826</b>
Financial income		2 190	-431	2 518	17 182	26 212
Financial expenses		-6 661	-6 886	-14 364	-16 424	-52 042
<b>Net financial profit/loss(-)</b>		<b>-4 471</b>	<b>-7 317</b>	<b>-11 846</b>	<b>757</b>	<b>-25 830</b>
<b>Profit/loss(-) before tax</b>		<b>-9 053</b>	<b>-7 565</b>	<b>-36 309</b>	<b>12 775</b>	<b>-31 656</b>
Tax expenses	4	-9 403	-3 049	-4 132	-8 220	759
<b>Net profit/loss(-)</b>		<b>-18 456</b>	<b>-10 614</b>	<b>-40 440</b>	<b>4 555</b>	<b>-30 897</b>
Other comprehensive income		3 466	-1 533	-1 328	-1 132	-1 311
<b>Total comprehensive income</b>		<b>-14 990</b>	<b>-12 146</b>	<b>-41 768</b>	<b>3 423</b>	<b>-32 208</b>
Net profit/loss(-) per share, undiluted	5	-0.68	-0.40	-1.50	0.17	-1.15
Net profit/loss(-) per share, diluted	5	-0.68	-0.40	-1.50	0.17	-1.15

## Photocure Group – Statement of financial position

(Amounts in NOK 1,000)	Note	30.06.2022	30.06.2021	31.12.2021
<b>Non-current assets</b>				
Customer relationship	6	137 545	154 217	145 881
Goodwill	6	144 000	144 000	144 000
Fixed assets	6	32 053	12 314	33 575
Deferred tax asset	4	49 136	41 814	53 003
<b>Total non-current assets</b>		<b>362 734</b>	<b>352 344</b>	<b>376 459</b>
<b>Current assets</b>				
Inventories		32 925	26 991	27 534
Accounts receivable		55 642	49 720	47 980
Other receivables		9 573	8 022	14 780
Cash and short term deposits	8	273 053	340 171	322 895
<b>Total current assets</b>		<b>371 193</b>	<b>424 904</b>	<b>413 189</b>
<b>Total assets</b>		<b>733 927</b>	<b>777 248</b>	<b>789 648</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	10	13 560	13 459	13 487
Other paid-in capital		422 577	397 194	410 734
Retained earnings		38 634	115 040	78 412
<b>Shareholders' equity</b>		<b>474 771</b>	<b>525 692</b>	<b>502 632</b>
<b>Long-term liabilities</b>				
Earnout liability	8	136 880	128 034	139 350
Long term loan financial institution	9	-	25 000	12 500
Other long-term liabilities		32 550	12 161	33 163
<b>Total long-term liabilities</b>		<b>169 430</b>	<b>165 195</b>	<b>185 013</b>
Accountys payable		18 860	19 082	23 648
Short term part of longterm liability	9	25 000	25 000	25 000
Other short-term liabilities		45 865	42 278	53 355
<b>Total liabilities</b>		<b>259 155</b>	<b>251 555</b>	<b>287 015</b>
<b>Total equity and liabilities</b>		<b>733 927</b>	<b>777 248</b>	<b>789 648</b>

## Photocure Group – Changes in equity

(Amounts in NOK 1,000)	2022 Q2	2021 Q2	2022 1.1 - 30.06	2021 1.1 - 30.06	2021 1.1 - 31.12
<b>Equity at end of prior period</b>	<b>480 999</b>	<b>530 042</b>	<b>502 632</b>	<b>508 133</b>	<b>508 133</b>
Capital increase	7 355	4 863	7 569	10 118	13 945
Share-based compensation (share options employees)	4 702	2 986	9 643	4 071	12 665
Own shares	-3 295	-53	-3 305	-53	97
Comprehensive income	-14 990	-12 146	-41 768	3 423	-32 208
<b>Equity at end of period</b>	<b>474 771</b>	<b>525 692</b>	<b>474 771</b>	<b>525 692</b>	<b>502 632</b>



## Photocure Group – Cash flow statement

	2022	2021	2022	2021	2021
(Amounts in NOK 1,000)	Q2	Q2	1.1 - 30.06	1.1 - 30.06	1.1 - 31.12
Profit/loss(-) before tax	-9 053	-7 565	-36 309	12 775	-31 656
Depreciation and amortisation	6 012	6 069	12 012	11 938	24 127
Share-based compensation	4 702	2 986	9 643	4 071	12 665
Interest income	2 042	-494	1 336	-1 259	-1 807
Interest costs	6 603	5 933	12 632	11 824	23 826
Remeasured earnout	-	-	-	-	17 220
Unrealized currency (- gains) / losses	-2 891	2 230	-816	-11 790	-14 869
Changes in working capital	-11 586	7 171	-20 115	-13 305	-3 222
Other operational items	2 195	-2 339	-2 462	-2 171	-2 398
<b>Net cash flow from operations</b>	<b>-1 976</b>	<b>13 989</b>	<b>-24 079</b>	<b>12 081</b>	<b>23 886</b>
Net investments in fixed assets	-436	352	-632	-750	-3 703
Received interest payments	-2 042	494	-1 336	1 259	1 807
<b>Cash flow from investments</b>	<b>-2 478</b>	<b>846</b>	<b>-1 968</b>	<b>510</b>	<b>-1 896</b>
Share capital increase employees	7 355	4 863	7 570	10 118	13 945
Paid earnout	-6 193	-7 037	-13 836	-14 164	-28 818
Payment of lease liability	475	-1 548	-1 358	-2 656	-5 306
Long term loan	-6 250	-	-12 500	-	-12 500
Other financial payments and transactions	-3 361	-330	-3 670	-605	-1 304
<b>Cash flow from financing activities</b>	<b>-7 973</b>	<b>-4 052</b>	<b>-23 794</b>	<b>-7 307</b>	<b>-33 983</b>
<b>Net change in cash during the period</b>	<b>-12 427</b>	<b>10 783</b>	<b>-49 842</b>	<b>5 284</b>	<b>-11 992</b>
Cash & cash equivalents at beginning of period	285 480	329 388	322 895	334 887	334 887
<b>Cash &amp; cash equivalents at end of period</b>	<b>273 053</b>	<b>340 171</b>	<b>273 053</b>	<b>340 171</b>	<b>322 895</b>

## Notes to the accounts for second quarter and first half year 2022

### Note 1 – General accounting principles

#### General information

Photocure ASA is a public limited company domiciled in Norway. The business of the Company is associated with development, production, distribution, marketing and sales of pharmaceutical products and related technical medical equipment. The Company's shares are listed on the Oslo Stock Exchange (OSE: PHO). The Company's registered office is Hoffsvæien 4, NO-0275 Oslo, Norway.

Photocure Group (Photocure) comprises Photocure ASA and three wholly owned subsidiaries; Photocure Inc. registered in U.S, Photocure GmbH registered in Germany, Photocure SAS registered in France and Photocure Canada Inc. registered in Canada.

#### Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021 (the Annual Financial Statements) as they provide an update of previously reported information.

The interim report has not been subject to an audit. The Board of Directors approved the interim financial statements on August 9, 2022.

Photocure performs the sales and distribution of Hexvix in the European markets. Photocure has established wholly owned subsidiaries in Germany (Photocure GmbH) and France (Photocure SAS) that provide marketing and promotion services. These entities have Euro (EUR) as functional currency. The sales, marketing and distribution in North America is in U.S. performed through Photocure's wholly owned subsidiary Photocure Inc. and in Canada through Photocure's wholly owned subsidiary Photocure Canada Inc., in both countries under the trade name Cysview. Photocure Inc. has U.S. dollars (USD) as functional currency while Photocure Canada Inc. has Canadian dollars (CAD) as functional currency.

Photocure ASA has Norwegian kroner (NOK) as its functional currency and presentation currency. In the absence of any statement to the contrary, all financial information is reported in whole thousands. As a result of rounding adjustments, the figures in the financial statements may not add up to the totals.

#### Important accounting valuations, estimates and assumptions

In January 2022, Photocure announced that it had launched its direct commercial operations in Canada after regaining rights to Cysview from its former partner, BioSynt Pharma, Inc. The reacquisition of Canadian marketing and distribution rights enables Photocure's direct management of the Cysview brand in Canada and consolidates the territory into the Company's existing U.S. business to form its North America sales segment.

Preparation of the accounts in accordance with IFRS requires the use of judgment, estimates and assumptions that have consequences for recognition in the balance sheet of assets and liabilities, the estimation of contingent liabilities and recorded revenues and expenses. The use of estimates and assumptions is based on the best discretionary judgement of the Group management.

## Note 2 - Photocure Group – Segment information

Photocure has two segments: Commercial Franchise and Development Portfolio. Commercial Franchise includes Hexvix/Cysview by geography (North America and Europe) and other sales (partners and other products including sales revenues for Hive). Development Portfolio includes development of pipeline products. North America 2022 results includes U.S. and Canada while 2021 and earlier results include U.S. only as sales in Canada were through a partner. Total 2021 revenue for Photocure from this partner was NOK 0.4 million.

### 1.1-30.6 2022

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
<b>Sales revenues</b>	<b>111 583</b>	<b>69 210</b>	<b>1 220</b>	<b>182 013</b>	<b>-</b>	<b>182 013</b>
Milestone revenues	-	-	152	152	-	152
Cost of goods sold	-8 602	-2 167	-516	-11 285	-	-11 285
<b>Gross profit</b>	<b>102 981</b>	<b>67 043</b>	<b>856</b>	<b>170 880</b>	<b>-</b>	<b>170 880</b>
Gross profit of sales %	92 %	97 %	58 %	94 %		94 %
R&D	-892	-237	-	-1 130	-994	-2 124
Sales & marketing	-54 990	-78 621	-1 377	-134 987	-313	-135 301
Other & allocations	-22 946	-16 688	-3 554	-43 188	-2 718	-45 906
<b>Operating expenses</b>	<b>-78 828</b>	<b>-95 546</b>	<b>-4 931</b>	<b>-179 305</b>	<b>-4 025</b>	<b>-183 330</b>
<b>EBITDA</b>	<b>24 153</b>	<b>-28 503</b>	<b>-4 075</b>	<b>-8 425</b>	<b>-4 025</b>	<b>-12 450</b>

### 1.1-30.6 2021

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
<b>Sales revenues</b>	<b>111 864</b>	<b>58 610</b>	<b>437</b>	<b>170 911</b>	<b>1 286</b>	<b>172 197</b>
Milestone revenues	-	-	6 416	6 416	-	6 416
Cost of goods sold	-8 494	-1 670	-215	-10 379	-807	-11 186
<b>Gross profit</b>	<b>103 370</b>	<b>56 940</b>	<b>6 637</b>	<b>166 948</b>	<b>479</b>	<b>167 427</b>
Gross profit of sales %	92 %	97 %	51 %	94 %	37 %	94 %
R&D	-482	-146	-	-627	-1 518	-2 145
Sales & marketing	-45 486	-62 351	-1 779	-109 616	-249	-109 865
Other & allocations	-16 702	-11 095	-2 165	-29 962	-1 512	-31 474
<b>Operating expenses</b>	<b>-62 670</b>	<b>-73 591</b>	<b>-3 944</b>	<b>-140 205</b>	<b>-3 279</b>	<b>-143 484</b>
<b>EBITDA</b>	<b>40 700</b>	<b>-16 651</b>	<b>2 694</b>	<b>26 742</b>	<b>-2 800</b>	<b>23 943</b>



Photocure – Results for second quarter and first half year 2022

**Q2 2022**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	61 135	38 737	538	100 410	-	100 410
Milestone revenues	-	-	152	152	-	152
Cost of goods sold	-3 860	-1 040	-357	-5 257	-	-5 257
<b>Gross profit</b>	<b>57 275</b>	<b>37 698</b>	<b>332</b>	<b>95 305</b>	<b>-</b>	<b>95 305</b>
Gross profit of sales %	94 %	97 %	34 %	95 %		95 %
R&D	-508	-135	-	-644	-120	-764
Sales & marketing	-29 494	-40 231	-741	-70 465	-120	-70 586
Other & allocations	-11 314	-8 383	-1 513	-21 209	-1 317	-22 526
<b>Operating expenses</b>	<b>-41 316</b>	<b>-48 749</b>	<b>-2 254</b>	<b>-92 318</b>	<b>-1 558</b>	<b>-93 876</b>
<b>EBITDA</b>	<b>15 959</b>	<b>-11 051</b>	<b>-1 922</b>	<b>2 987</b>	<b>-1 558</b>	<b>1 429</b>

**Q2 2021**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	57 572	31 355	225	89 151	1 286	90 437
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-4 168	-1 027	-118	-5 314	-807	-6 121
<b>Gross profit</b>	<b>53 404</b>	<b>30 327</b>	<b>106</b>	<b>83 837</b>	<b>479</b>	<b>84 316</b>
Gross profit of sales %	93 %	97 %	47 %	94 %	37 %	93 %
R&D	-232	-70	-	-303	-1 168	-1 471
Sales & marketing	-26 434	-32 079	-1 011	-59 524	-135	-59 659
Other & allocations	-9 052	-6 063	-1 303	-16 419	-945	-17 364
<b>Operating expenses</b>	<b>-35 719</b>	<b>-38 213</b>	<b>-2 314</b>	<b>-76 245</b>	<b>-2 249</b>	<b>-78 494</b>
<b>EBITDA</b>	<b>17 685</b>	<b>-7 885</b>	<b>-2 208</b>	<b>7 592</b>	<b>-1 770</b>	<b>5 822</b>

**1.1-31.12 2021**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
<b>Sales revenues</b>	<b>225 751</b>	<b>125 232</b>	<b>1 306</b>	<b>352 289</b>	<b>1 836</b>	<b>354 124</b>
Milestone revenues	-	-	6 416	6 416	-	6 416
Cost of goods sold	-18 454	-3 901	-521	-22 876	-1 175	-24 051
<b>Gross profit</b>	<b>207 297</b>	<b>121 331</b>	<b>7 200</b>	<b>335 828</b>	<b>661</b>	<b>336 489</b>
Gross profit of sales %	92 %	97 %	60 %	94 %	36 %	93 %
R&D	-1 279	-386	-	-1 665	-2 657	-4 322
Sales & marketing	-105 127	-131 251	-5 976	-242 354	-612	-242 965
Other & allocations	-37 083	-24 920	-5 317	-67 321	-3 581	-70 901
<b>Operating expenses</b>	<b>-143 489</b>	<b>-156 557</b>	<b>-11 293</b>	<b>-311 339</b>	<b>-6 849</b>	<b>-318 188</b>
<b>EBITDA</b>	<b>63 808</b>	<b>-35 226</b>	<b>-4 093</b>	<b>24 489</b>	<b>-6 188</b>	<b>18 301</b>



### Note 3 – Income statement classified by nature

	2022	2021	2021
(Amounts in NOK 1 000)	1.1-30.06	1.1-30.06	1.1-31.12
Sales revenues	182 013	172 196	354 124
Signing fees and milestone revenues	152	6 416	6 416
Cost of goods sold	-11 285	-11 186	-24 050
<b>Gross profit</b>	<b>170 880</b>	<b>167 425</b>	<b>336 490</b>
Payroll expenses	-116 307	-98 612	-210 552
R&D costs excl. payroll expenses/other operating exp.	-994	-975	-2 657
Ordinary depreciation and amortisation	-12 012	-11 938	-24 127
Other operating expenses	-66 030	-43 883	-104 979
<b>Total operating expenses</b>	<b>-195 342</b>	<b>-155 408</b>	<b>-342 315</b>
<b>EBIT</b>	<b>-24 462</b>	<b>12 018</b>	<b>-5 826</b>

### Note 4 – Tax

(Amounts in NOK 1 000)	30.06.2022	31.12.2021
<b>Income tax expense</b>		
Tax payable	-265	-2 365
Changes in deferred tax	-3 867	3 124
<b>Total income tax expense(-)/income</b>	<b>-4 132</b>	<b>759</b>
<b>Tax base calculation</b>		
Profit before income tax	32 805	-22 950
Permanent differences	-17 095	8 346
Temporary differences	-39 225	10 050
Change in tax loss carried forward	23 515	4 554
<b>Tax base</b>	<b>0</b>	<b>-</b>
<b>Temporary differences:</b>		
<b>Total</b>	<b>-149 825</b>	<b>-110 533</b>
Tax loss carried forward	373 172	351 456
<b>Net temporary differences</b>	<b>223 348</b>	<b>240 923</b>
<b>Deferred tax benefit</b>	<b>223 348</b>	<b>240 923</b>
<b>Deferred tax asset</b>	<b>49 136</b>	<b>53 003</b>

Temporary differences are recognized for the parent company only and the note disclosure for the Group is of this reason identic to the disclosure for parent company. The calculation of deferred tax asset 30 June 2022 and 31 December 2021 is based on a tax rate of 22%.

The deferred tax asset is reduced to NOK 49.1 million due to movements in other temporary differences greater than the tax loss in the period. The deferred tax asset was NOK 53.0 million as of 31 December 2021. There is no expiry on losses to be carried forward in Norway. The basis for recognition of a tax asset in Norway are the predicted future profit according to the business plan for all major markets and that temporary differences for the coming years will be reversed. The basis for the recognition of the tax asset is the assessment that there is convincing evidence that the deferred tax benefit will be utilized.

For further information Photocure refer to the consolidated financial statements for the year ended 31 December 2021 Note 11.

## Note 5 – Earnings per share

Earnings per share are calculated on the basis of the profit/loss for the year after tax but excluding other comprehensive items. The result is divided by the weighted average number of outstanding shares over the year, reduced by acquired treasury shares. The diluted earnings per share is calculated by adjusting the average number of outstanding shares by the number of employee options that can be exercised. Antidilution effects are not taken into consideration.

	2022	2021
(Figures indicate the number of shares)	1.1-30.06	1.1-31.12
Issued ordinary shares 1 January	26 973 820	26 717 536
Effects of share options exercised	15 956	142 718
Effect of treasury shares	-19 702	-16 919
<b>Weighted average number of shares</b>	<b>26 970 074</b>	<b>26 843 335</b>
Effect of outstanding share options	125 742	264 553
<b>Weighted average number of diluted shares</b>	<b>27 095 816</b>	<b>27 107 888</b>
Earnings per share in NOK	-1.50	-1.15
Earnings per share in NOK diluted	-1.50	-1.15

## Note 6 – Intangible and Fixed Assets

	Customer		Fixed assets			Total fixed
(Amounts in NOK 1 000)	Goodwill	relations	Right of use	Equipment	Intangibles	assets
<b>Net book value 31.12.2021</b>	<b>144 000</b>	<b>145 881</b>	<b>28 691</b>	<b>3 728</b>	<b>1 156</b>	<b>33 575</b>
Net investments and revaluation 2022	-	-	1 148	964	42	2 154
Depreciation and amortization	-	-8 336	-2 505	-903	-268	-3 676
<b>Net book value 30.06.2022</b>	<b>144 000</b>	<b>137 545</b>	<b>27 334</b>	<b>3 789</b>	<b>930</b>	<b>32 053</b>

The right of use assets includes mainly the office rental agreements in Oslo, Dusseldorf and Princeton. The related lease liability is measured at the present value of the lease payments that are not paid at the commencement, discounted using the Groups incremental borrowing rate as the discount rate. The lease liability as of June 30, 2022 was NOK 28.3 million compared to NOK 29.6 million December 31, 2021 and the interest expense was NOK 225 thousand.

## Note 7 – Signing fee

Photocure has received a non-refundable signing fee of EUR 15 thousand (NOK 152 thousand) from a new distributor in Israel - IGL Medical Ltd. The distributor shall at own expense obtain regulatory approval for Hexvix in Israel and hold & maintain the market approval.

## Note 8 – Fair value financial assets

The table below analyses financial assets recognized in the balance sheet at fair value according to the valuation method. The different levels have been defined as follows:

Level 1: Noted prices in active markets for corresponding assets or liabilities

Level 2: Available value measurements other than the noted prices classified as Level 1, either directly observable in the form of agreed prices or indirectly as derived from the price of equivalent.

Level 3: Value measurements of assets or liabilities that are not based on observed market values

<b>Market value hierarchy</b> (Amounts in NOK 1 000)	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
- Money market funds	238 719	-	-	<b>238 719</b>
- Earnout liability			-136 880	<b>-136 880</b>
<b>Total</b>	<b>238 719</b>	<b>-</b>	<b>-136 880</b>	

## Note 9 – Long term loan

Photocure received a loan of NOK 50 million from Nordea in the second quarter 2020. The loan is secured under the State Guarantee Scheme for Loans to SME's (Covid-19 related). The loan carries a floating interest rate, and the effective interest rate at the end of the quarter was 2.98%. The loan is a three-year term loan, first year interest only, thereafter, from September 2021, quarterly repayments of NOK 6.25 million. The loan balance as of end June 2022, was NOK 25.0 million of which all is due within next 12 months.

## Note 10 – Share capital

Registered share capital in Photocure ASA amounts to:

	<b>No. of shares</b>	<b>Nominal value per share</b>	<b>Share capital in NOK</b>
Share capital at 31 December 2021	26 973 820	NOK 0.50	13 486 910
Share capital at 30 June 2022	27 120 820	NOK 0.50	13 560 410
<b>Treasury shares:</b>			
Holdings of treasury shares at 31 December 2021	14 846		7 833
Buy-back of shares	29 230	NOK 0.50	14 615
Sale(-)/Buy-back of restricted shares	481	NOK 0.50	241
<b>Holdings of treasury shares at 30 June 2022</b>	<b>44 557</b>		<b>22 689</b>

The table below indicates the status of authorizations as of June 30, 2022:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on 28 April 2022	2 697 657	5 395 314	750 000
Share issues after the General Meeting on 28 April 2022	-	-	144 250
Purchase of treasury shares after 28 April 2022	29 230	-	-
<b>Remaining under authorisations at 30 June 2022</b>	<b>2 726 887</b>	<b>5 395 314</b>	<b>605 750</b>

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of June 30, 2022:

Name	Position	No. of shares	No. of subscription rights
Daniel Schneider	President & CEO	99 484	195 000
Erik Dahl	Chief Financial Officer	32 750	102 500
Geoffrey Coy	VP & General Manager North America	15 207	147 500
Grete Hogstad	VP Global Strategic Marketing & BD	30 719	77 500
Patricia Kelly	VP Global Human Resources	-	80 000
Anders Neijber	VP Global Medical Affairs and Clinical Dev.	-	28 000
Susanne Strauss	VP & General Manager Europe	1 392	135 000
Jan H. Egbert	Chairperson of the board	14 500	-
Anders Tuv *	Board member	679 619	-

## Note 11 – Share options

As of June 30, 2022, employees in Photocure had the following share option schemes:

Year of allocation	2021	2020	2020
Option program	2021	2020	2019
Number	735 000	389 250	84 500
Exercise price (NOK)	87.39 - 145.27	78.65 - 81.41	50.72 - 56.83
Year of expiry	2026	2025	2024

The number of employee options, including conditional grants, and average exercise prices for Photocure, and development during the year:



	30.06.2022		31.12.2021	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1 355 750	109.61	981 534	66.28
Allocated during the year	-	-	756 000	142.57
Become invalid during the year	-	-	125 500	81.99
Exercised during the year	147 000	51.49	256 284	54.41
Expired during the year	-	-	-	-
Outstanding at end of period	1 208 750	116.68	1 355 750	109.61
Exercisable options at end of period	448 500	101.28	90 375	77.66

## Note 12 – Shareholders

Overview of the major shareholders as of June 30, 2022:

Major Shareholders	Citizen	Type	# Shares	%
Morgan Stanley & Co. LLC	United States	Nominee	3 405 910	12.6 %
Skandinaviska Enskilda Banken AB	Ireland	Nominee	810 487	3.0 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	810 000	3.0 %
Radforsk Investeringsstiftelse	Norway	Ordinary	679 619	2.5 %
RBC Investor services bank S.A.	Luxembourg	Nominee	545 262	2.0 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	531 639	2.0 %
Nordnet Bank AB	Sweden	Nominee	528 868	2.0 %
MP Pensjon PK	Norway	Ordinary	520 178	1.9 %
The Bank of New York Mellon SA/NV	Ireland	Nominee	515 000	1.9 %
The Bank of New York Mellon	United States	Nominee	485 304	1.8 %
Goldman Sachs International	United Kingdom	Nominee	441 892	1.6 %
JPMorgan Chase Bank, N.A., London	United States	Nominee	435 418	1.6 %
Avanza Bank AB	Sweden	Nominee	421 194	1.6 %
Skandinaviska Enskilda Banken AB	Finland	Nominee	417 940	1.5 %
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	416 696	1.5 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	412 990	1.5 %
The Northern Trust Comp, London Br	United Kingdom	Nominee	412 987	1.5 %
The Bank of New York Mellon SA/NV	Denmark	Nominee	400 000	1.5 %
Verdipapirfondet KLP AksjeNorge	Norway	Ordinary	375 630	1.4 %
SEB CMU/SECFIN POOLED ACCOUNT	Sweden	Ordinary	304 885	1.1 %
<b>Total 20 largest shareholders</b>			<b>12 871 899</b>	<b>47.5 %</b>
Total other shareholders			14 248 921	52.5 %
<b>Total number of shares</b>			<b>27 120 820</b>	<b>100.0 %</b>

## Photocure Group – Alternative Performance Measures

(Information provided based on Guidelines on Alternative Performance Measures (APMs) for listed issuers by The European Securities and Markets Authority - ESMA)

Photocure reports certain performance measures that are not defined under IFRS, but which represent additional measures used by the Board and management in assessing performance as well as for reporting both internally and to shareholders. Photocure believes that the presentation of these non-IFRS performance measures provides useful information which provides readers with a more meaningful understanding of the underlying financial and operating performance of the Company when viewed in conjunction with the IFRS financial information.

Photocure uses the following alternative performance measures.

### EBITDA & EBIT

Photocure regards EBITDA as the best approximation to pre-tax operating cash flow and reflects cash generation before working capital changes and capex. EBITDA is widely used by investors when evaluating and comparing businesses and provides an analysis of the operating results excluding depreciation and amortization. The non-cash elements depreciation and amortization may vary significantly between companies depending on the value and type of assets.

The definition of EBITDA is "Earnings Before Interest, Tax, Depreciation and Amortization."

The reconciliation to the IFRS accounts is as follows:

	2022 Q2	2021 Q2	2022 YTD Jun.	2021 YTD Jun.	2021 Full Year
<i>(all amounts in NOK 1 000)</i>					
<b>Gross profit</b>	<b>95 305</b>	<b>84 315</b>	<b>170 880</b>	<b>167 425</b>	<b>336 490</b>
Operating expenses excl depreciation & amortization	-93 875	-78 481	-183 330	-143 470	-318 188
<b>EBITDA</b>	<b>1 430</b>	<b>5 834</b>	<b>-12 450</b>	<b>23 955</b>	<b>18 302</b>
Depreciation & amortization	-6 012	-6 082	-12 012	-11 938	-24 127
<b>EBIT</b>	<b>-4 582</b>	<b>-248</b>	<b>-24 462</b>	<b>12 018</b>	<b>-5 826</b>

### Revenue growth in constant currency

Photocure's business is conducted internationally and in respective local currency. Less than 5% of the revenue is conducted in Norwegian kroner, Photocure's functional currency. Fluctuations in foreign exchange rates may have a significant impact on reported revenue in Norwegian kroner. To eliminate the translational effect of foreign exchange and to better understand the revenue development in the various regions, Photocure provides calculated revenue growth information by region and in total for the Company. The average exchange rates used to translate revenues as per the reporting dates were as follows:

	2022 Q2	2021 Q2	2022 YTD Jun.	2021 YTD Jun.	2021 Full Year
USD (NOK per 1 USD)	9.24	8.34	9.01	8.44	8.59
EUR (NOK per 1 EUR)	9.88	10.06	9.91	10.18	10.16
DKK (NOK per 100 DKK)	132.81	135.31	133.22	136.93	136.66
SEK (NOK per 100 SEK)	94.94	99.13	94.86	100.52	100.25



**For more information, please contact:**

**Dan Schneider**, President and CEO  
Email: ds@photocure.com

**Erik Dahl**, CFO  
Email: ed@photocure.com

**David Moskowitz**, Head of Investor Relations  
Email: dm@photocure.com

**Photocure ASA**  
Hoffsveien 4,  
NO - 0275 Oslo,  
Norway

Tel: +47 22 06 22 10  
Fax: +47 22 06 22 18

**Please visit our websites for information about our products:**

[www.photocure.com](http://www.photocure.com)

[www.hexvix.com](http://www.hexvix.com)

[www.cysview.com](http://www.cysview.com)

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**PHOTOCURE ASA**  
Hoffsveien 4  
0275 Oslo, Norway  
+47 22 06 22 10  
[info@photocure.no](mailto:info@photocure.no)

**PHOTOCURE INC.**  
104 Carnegie Center, suite 303  
Princeton, NJ 08540, USA  
+1 609 759 6500  
[info@photocure.com](mailto:info@photocure.com)

**PHOTOCURE GMBH**  
Marc-Chagall-Str. 2  
40477 Düsseldorf, Germany  
[kontakt@photocure.com](mailto:kontakt@photocure.com)