Photocure ASA Third Quarter 2022 Results

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PHOTOCURE®

THE BLADDER CANCER COMPANY

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Third Quarter 2022 Highlights:

Positive momentum into Saphira™ launch & improved Medicare reimbursement

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+12% Revenue growth

+3% Hexvix®/Cysview® unit growth

Karl Storz new blue light launch underway; improved healthcare access globally, staffing shortages remain

7% in-market unit sales growth for Photocure excluding German inventory sell-through

EBITDA NOK 4.7 million

Commercial investment to support Hexvix/Cysview growth and launch of upgraded blue light system

$1 million milestone received from Asieris for Cevira progress

Q3 2022 OPEX remains mostly level with Q4 2021 (excl. Forex)

Key news and events

CMS improves Cysview reimbursement: higher payment for outpatient surveillance procedures expands access in ASC and HOPD settings (post-period: November 2022)

Positive results from LASER III study: outpatient laser-mediated destruction of bladder tumors with BLC® comparable to TURBT surgery

Segment Trends

North America and Europe markets

Covid-19 impact update

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Staffing Shortages

–

Continue to impact case load capacity and procedure volumes in both North America and Europe

Hospital Access

–

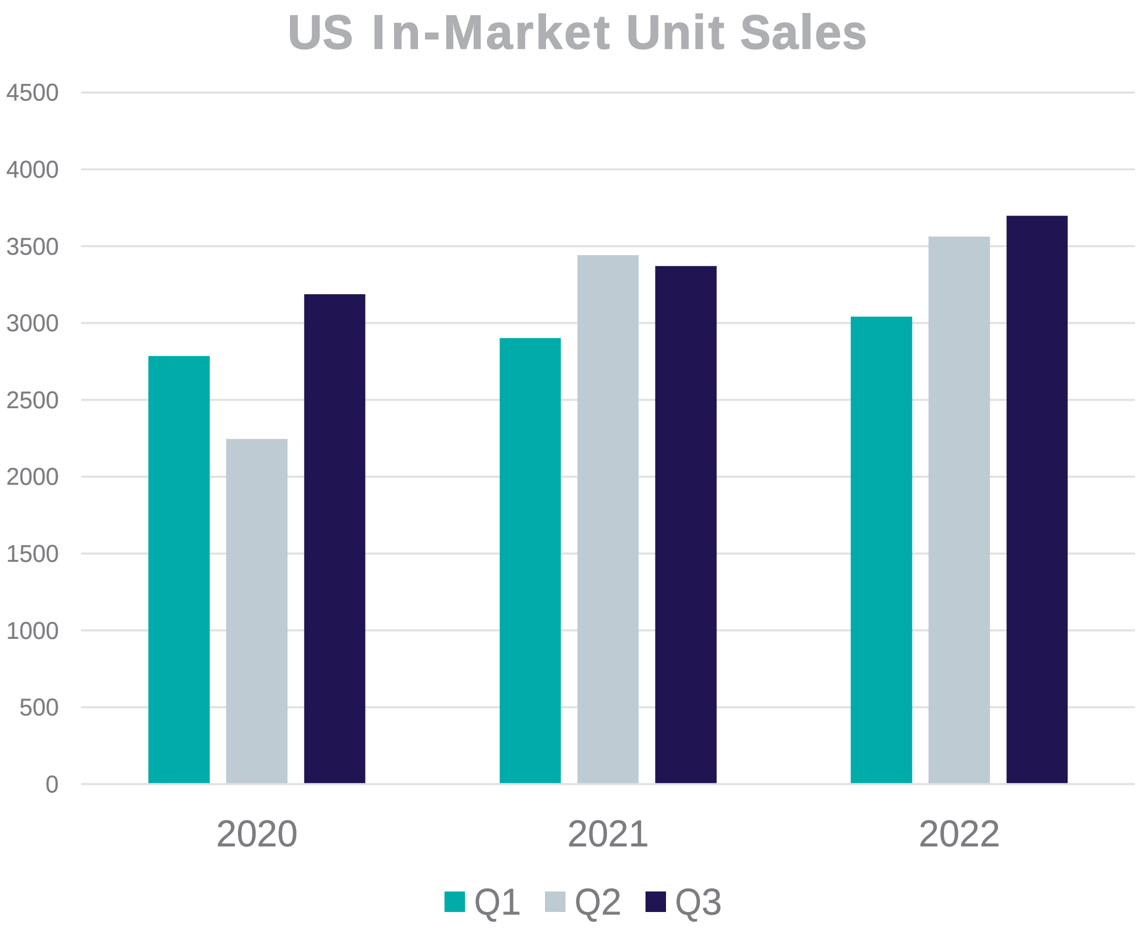
Good access in Q3; expected to remain open in Q4 despite rise in Covid-19 cases

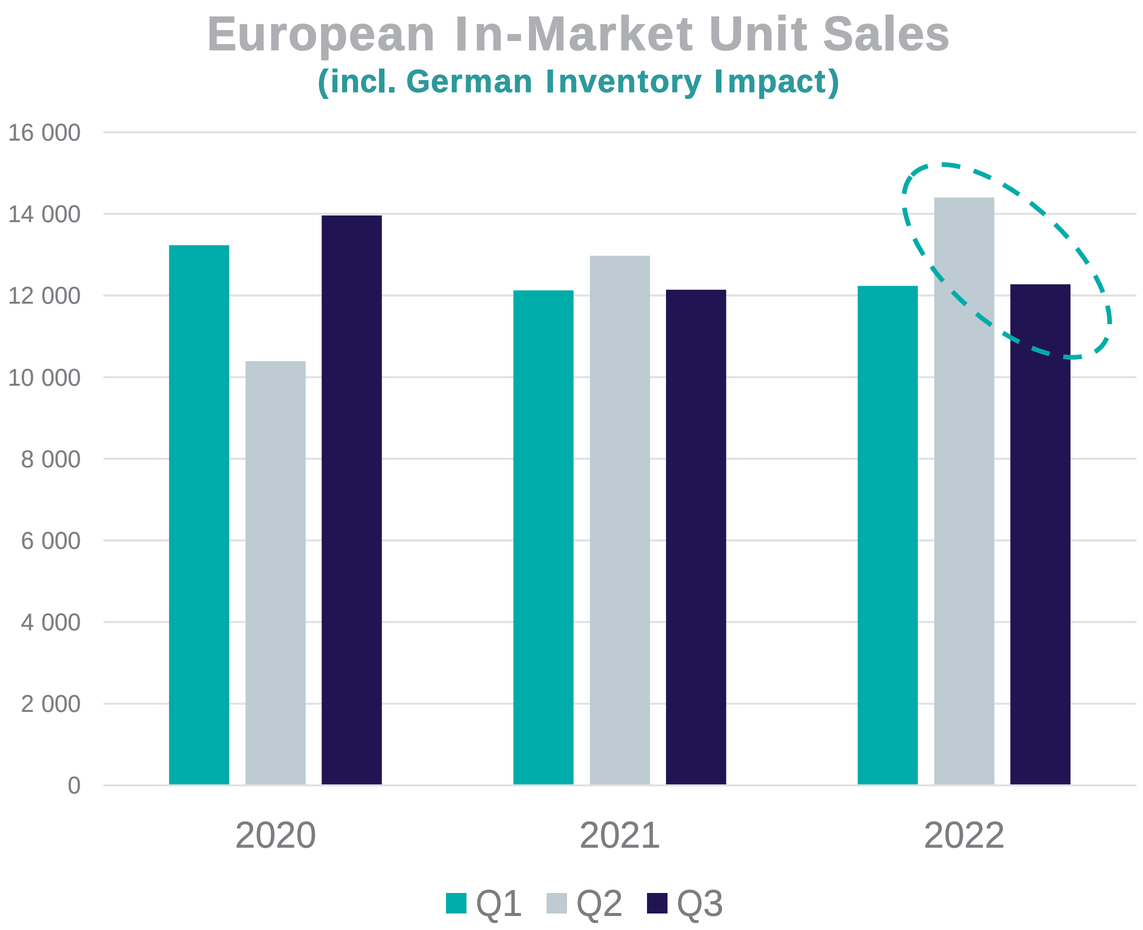
Covid more manageable, access expected to remain open through year-end

Staffing shortages remain a challenge

Quarterly Unit Sales Trend Last 3 Years

Global growth continues YoY including German hospital inventory build in Q2





Q3 2022 Trends in North America

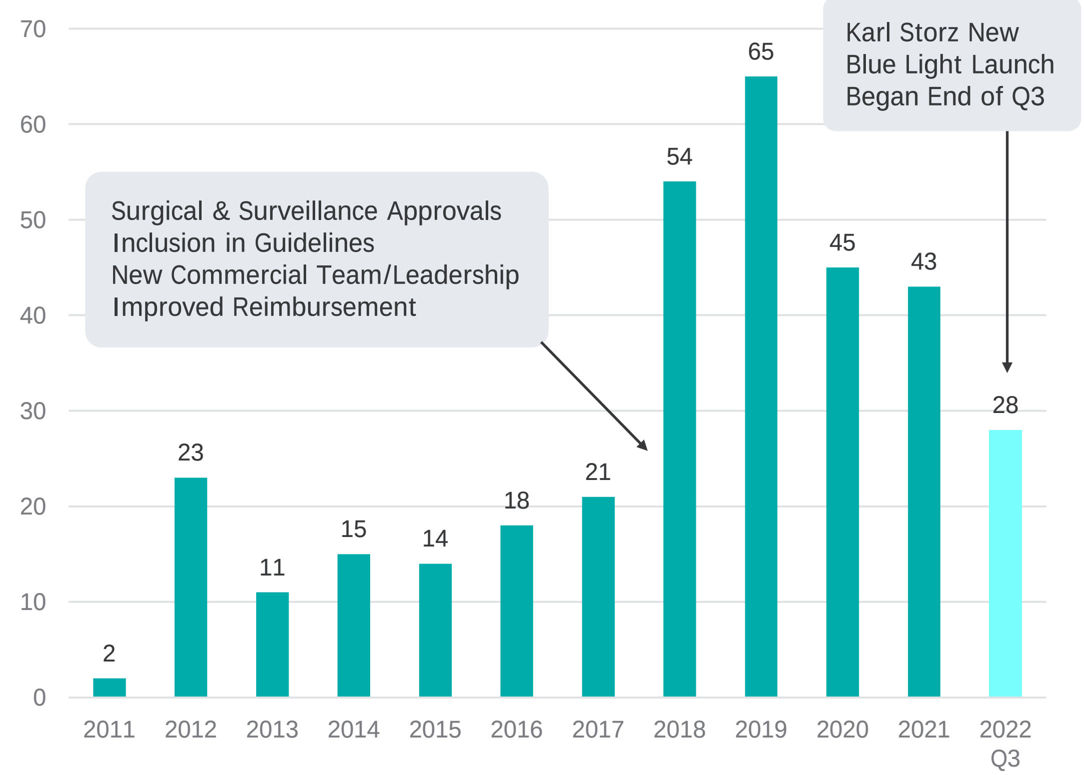
- **Highest quarterly unit sales** in U.S. in Photocure's history
- **Continued growth of existing base business** despite delayed launch of the Karl Storz new blue light system (Saphira™)
- **Demand for both Saphira™ and flexible cystoscopy** remain very strong. Despite limited equipment, 10 towers (6 rigid & 4 flex) installed in Q3
- **Improved Medicare reimbursement** to begin January 1, 2023
- **Contracting remains an important growth driver;** expected to augment higher Medicare reimbursement in HOPD and ASC settings
- **Staffing shortages remain a challenge nationwide**

October 2022: Saphira virtual launch event

U.S. blue light cystoscope placements

28 BLC tower installations YTD (14 flexible) with new blue light system now rolling out

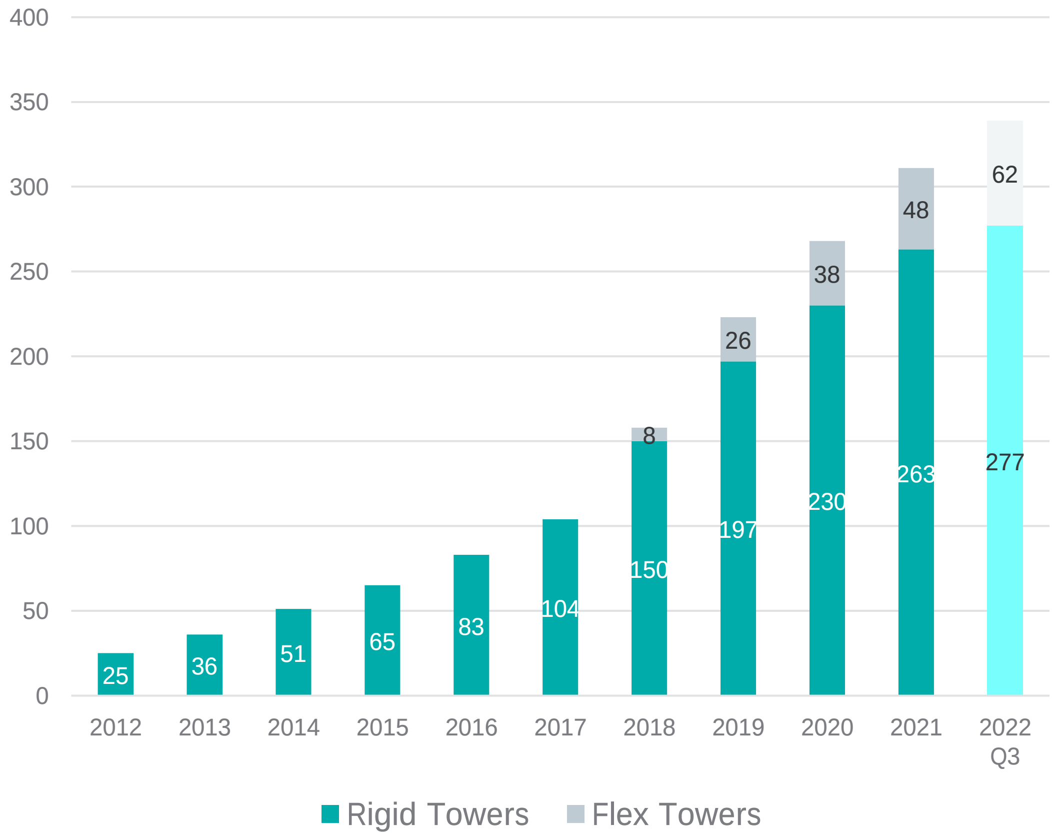
Annual New Installations



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

Q4 2021: 9 Installations (6 Rigid & 3 Flex)
Q1 2022: 13 Installations (8 Rigid & 5 Flex)
Q2 2022: 5 Installations (0 Rigid & 5 Flex)
Q3 2022: 10 installations (6 Rigid & 4 Flex)

Cumulative install base continues strong trend



Q3 2022 Trends in Europe

- **Third Quarter in-market unit sales +6% (+1% as reported with German hospital inventory sell-through) vs. Q3 2021;** inventory work-down expected to complete in Q4
- **Price increase in Germany** did not impact in-market usage
- **Photocure Bladder Cancer Bus** at National German Urology Congress (DGU) in September successfully promoting 2023 campaign
- **Strong interest for new Karl Storz Saphira™ system in Europe**
- **Photocure European KOL Faculty** continues to work on physician education programs and country-specific BLC advisory boards

September 2022: Bladder Cancer Bus with BLC at DGU

Large Untapped Potential in European Market

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Established Hexvix Markets

Nordics: ~40% penetration

Active Hexvix Markets

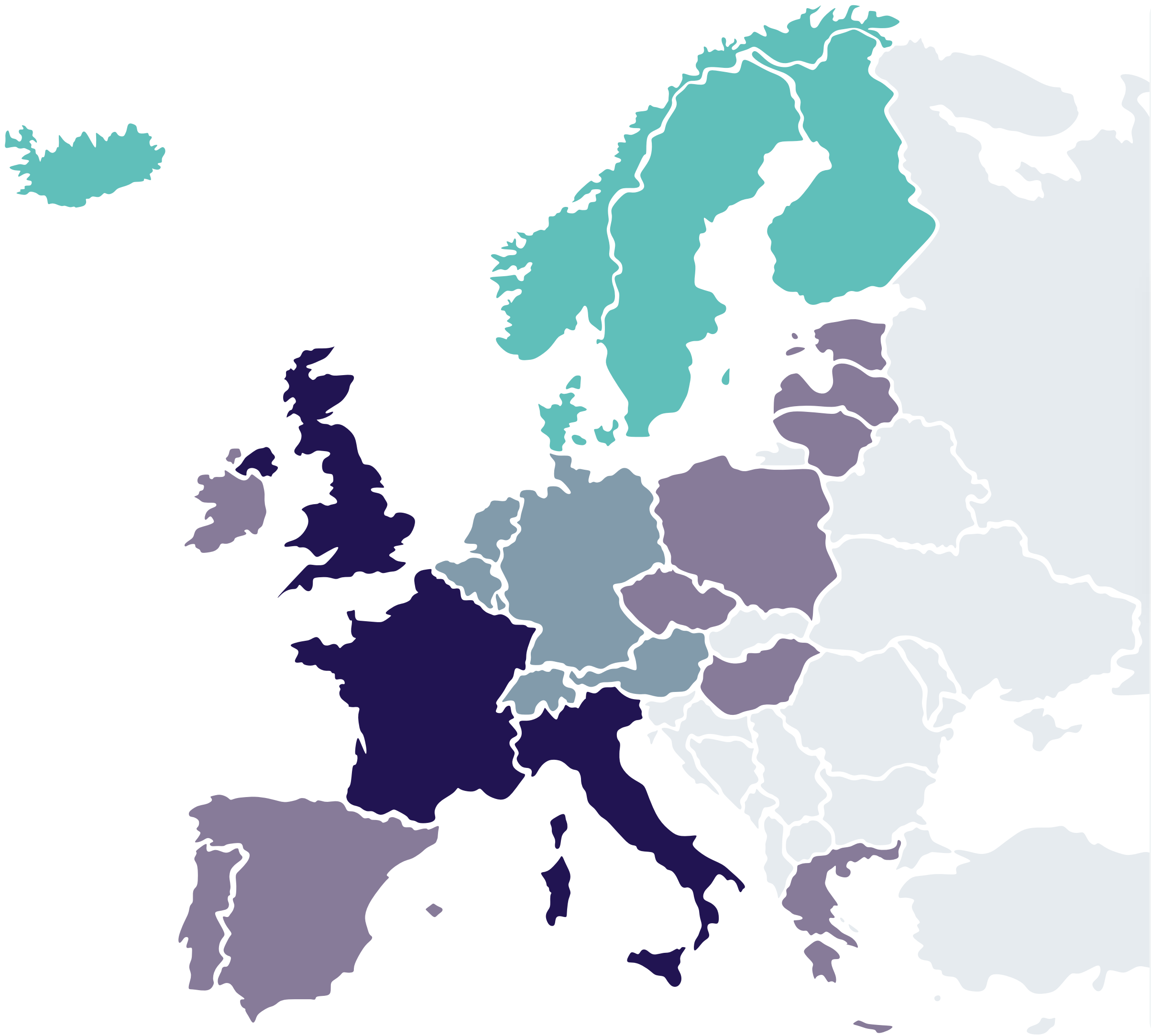
DACH: ~30% penetration
Benelux: ~10% penetration

Priority Growth Markets

France, UK, Italy
<2% penetration

Untapped EU Markets

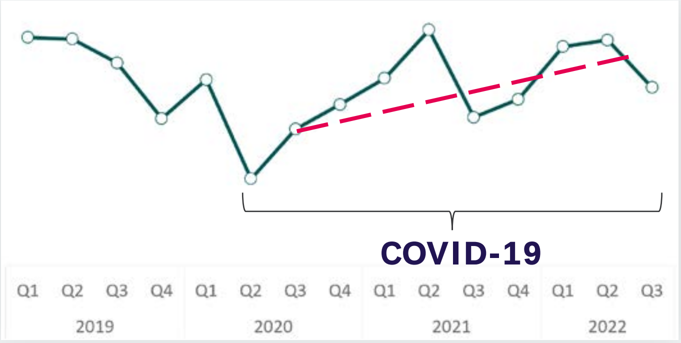
Spain, Poland, Baltics, Czech Rep, Hungary, Ireland, Greece, Portugal:
~0% penetration



Change of Trend*

in large European Priority Growth Markets continues

France/UK/Italy



Last 2 years CAGR Ipsen: - 8.3%
vs.
First 2 years CAGR Photocure: + 8.6%

*In-Market Units Sales

Q3 2022 Financials

Segment Performance Third Quarter 2022

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North America Segment

Amounts in NOK million	Q3 '22	Q3 '21	Change	YTD '22	YTD '21	Change
Total revenues (1)	**42.9**	**32.0**	34%	**112.1**	**90.6**	24%
Gross profit	41.4	30.8	34%	108.5	87.8	24%
% of revenue	*97%*	*96%*		*97%*	*97%*	
Direct costs	-38.8	-32.9	18%	-116.9	-94.6	24%
Contribution (2)	**2.7**	**-2.0**		**-8.5**	**-6.8**	
EBITDA	**-7.1**	**-9.8**		**-35.6**	**-26.4**	
% of revenue	*-17%*	*-31%*		*-32%*	*-29%*	

- Q3 revenue growth 34%. In-market U.S. unit sales grew 10%
  - FX impact 14%, price increase 3%
- Q3 & YTD direct costs growth as planned
  - YTD includes NOK 3.7m in expenses related to launch of Canadian operations

Europe Segment

Amounts in NOK million	Q3 '22	Q3 '21	Change	YTD '22	YTD'21	Change
Total revenues	**54.0**	**54.5**	-1%	**165.6**	**166.4**	0%
Gross profit	50.0	50.8	2%	152.9	154.1	-1%
% of revenue	*92%*	*93%*		*92%*	*93%*	
Direct costs	-25.6	-22.7	13%	-73.5	-61.8	19%
Contribution (2)	**24.3**	**28.0**		**79.5**	**92.3**	
EBITDA	**7.2**	**13.5**		**31.3**	**54.2**	
% of revenue	*13%*	*25%*		*19%*	*33%*	

- Q3 revenue decline 1%. FX impact in Europe -3%
- In-market unit sales grew 1% in Q3; 6% growth excluding German inventory impact
- Headcount & costs increase as planned with improvement in access to care

(1) North America revenue 2021 does not include Canada
(2) Contribution = revenue – COGS – direct/local sales, marketing, medical and G&A costs

Consolidated Income Statement Third Quarter 2022

Amounts in NOK million	Q3 '22	Q3 '21	Change	YTD '22	YTD '21	Change
Hexvix/Cysview Revenue	96.9	86.7	12%	278.2	257.1	8%
Other Revenue	9.8	0.7		10.8	8.9	
Total Revenue	**106.8**	**87.4**	22%	**288.9**	**266.0**	9%
Gross Profit	**101.0**	**82.0**	23%	**271.9**	**249.5**	9%
Operating Expenses	-96.3	-82.2	17%	-279.6	-225.7	24%
EBITDA	**4.7**	**-0.2**		**-7.8**	**23.8**	
Depreciation & Amortization	-6.1	-6.2		-18.1	-18.1	
EBIT	**-1.4**	**-6.3**		**-25.9**	**5.7**	
Net Financial Items	-4.8	-5.1		-16.7	-4.3	
Earnings before Tax	**-6.3**	**-11.4**		**-42.6**	**1.4**	
Tax Expenses	-3.7	4.1		-7.8	-4.1	
Net earnings	**-9.9**	**-7.3**		**-50.4**	**-2.7**	

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Revenue

- Q3 Hexvix/Cysview revenue 12% above last year, driven by volume, price and FX
- Q3 total revenue 22% above last year. Q3 2022 includes USD 1.0 million milestone revenue related to Cevira

Operating Expenses

- Q3 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 as well as FX
- Q3 operating expenses mostly level compared to Q4 2021 (increased 4% due to FX)

EBITDA

- Improved Q3 EBITDA driven by milestone revenue of USD 1.0 million related to Cevira

Net financial items

- Q3 for both years driven mainly by the Ipsen earnout. YTD 2021 also driven by unrealized currency gain

Cash Flow & Balance Sheet Third Quarter 2022

Amounts in NOK million	Q3 '22	Q3 '21	YTD '22	YTD '21
Operations Cash Flow	**21.3**	**5.5**	**-2.7**	**17.6**
Earnings before tax	-6.3	-11.4	-42.6	1.4
Depreciation & amortization	6.1	6.2	18.1	18.1
Working capital	5.6	1.5	-14.6	-11.8
Other	15.9	9.2	36.3	9.9
Investments Cash Flow	**-0.3**	**-2.5**	**-2.3**	**-2.0**
Financing Cash Flow	**-10.2**	**-13.0**	**-34.0**	**-20.3**
Net Change in Cash	**10.8**	**-10.0**	**-39.0**	**-4.7**

Amounts in NOK million	**30.09.22**	**31.12.21**
Non-current assets	355.7	376.5
Inventory & receivables	93.1	90.3
Cash & short-term deposits	283.9	322.9
Equity	479.6	502.6
Long-term liabilities	169.1	185.0
Current liabilities	84.0	102.0
Total balance	**732.7**	**789.6**

Cash Flow

- Net cash flow from operations in Q3 NOK 21.3m, impacted by working capital NOK 5.6m and milestone payment NOK 9.4m
- Net cash flow from financing in Q3 NOK -10.2m includes loan repayment of NOK 6.3m and earnout payments of NOK 8.3m
- Remaining loan NOK 18.8m, will be fully repaid in Q2 2023
- Net cash flow in Q3 NOK 10.8m, cash balance end of Q3 2022 NOK 283.9m

Financial position

- Non-current assets includes intangibles and goodwill from Ipsen transaction totaling NOK 277.4m
- Long-term liabilities includes deferred Ipsen earnout totaling NOK 135.8m
- Equity NOK 479.6m, 65% of total assets

Summary

Summary results

- 12% Hexvix®/Cysview® revenue growth YoY despite ongoing staffing shortages & lack of rigid towers
- 10 towers placed in U.S. during Q3 ahead of broad launch of Karl Storz Saphira™ system
- Strong new account pipeline; U.S. customers awaiting installations of new Blue Light system
- Improved Medicare reimbursement for BLC in surveillance setting enables access to ASC segment
- Europe to benefit from healthcare access re-openings and Saphira™ system launch
- Continuing to drive key initiatives in both commercial regions and with licensing partners
- Photocure is well-positioned for strong organic growth

Anticipated Milestones & Corporate Priorities

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- Regain prior sales momentum with improved healthcare access tempered by ongoing staffing shortages
- Execute on launch of upgraded Blue Light system and improved Medicare reimbursement in the ASC and HOPD settings; 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 and other studies on the use of BLC® with Hexvix/Cysview
- Report on progress of partnered companies and license agreements
- Evaluate strategic product or business opportunities that leverage organizational strengths

Leading change in bladder cancer

Q&A