

Annual Report

2023





MISSION
To deliver
transformative solutions
to improve the lives
of bladder cancer
patients

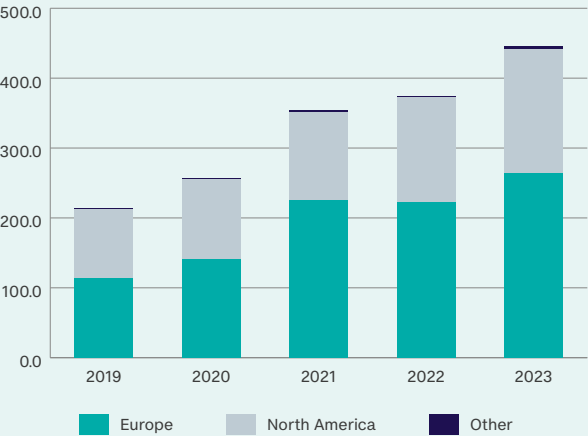
VISION
Leading
change in
bladder
cancer

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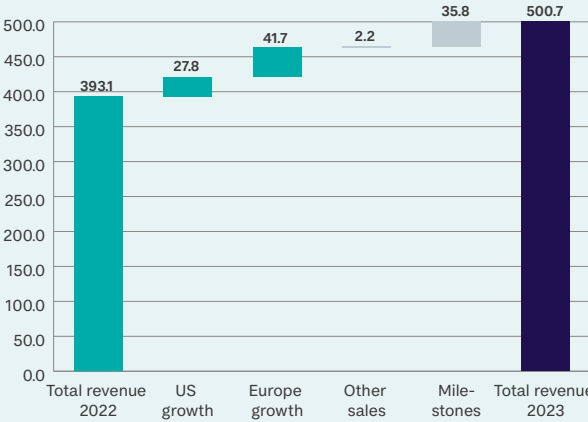
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2023 in brief

SALES REVENUE 2019-2023
(NOK million)



REVENUE 2022-2023
(NOK million)



FINANCIAL HEADLINES
(NOK million)

Commercial Franchise	2023 FY	2022 FY
Europe revenues	263.5	221.8
North America revenues	178.6	150.8
Other sales revenues	4.0	1.9
Total sales revenues	446.2	374.5
Signing fee and milestones	54.4	18.7
Total revenues	500.7	393.1
Gross profit	474.5	370.4
Operating expenses	-419.0	-395.1
EBITDA	55.5	-24.6
Depreciation & Amortization	-27.7	-24.4
EBIT	27.8	-49.0
Net financial items	-18.1	-22.1
Profit/loss(-) before tax	9.7	-71.1
Tax expenses	-8.8	-0.7
Net profit/loss(-)	1.0	-71.9

Cash balance	259.5	268.1
Total assets	712.0	719.0
Total equity	482.8	462.7
Equity ratio	68%	64%

PHOTOCURE HIGHLIGHTS

Capitalized U.S. Cysview Registry: established by Photocure in 2014 and projected to enroll 4,400 patients

27%
Total revenue growth

55M
NOK generated in EBITDA

81
High Definition BLC Towers Installed (New & Upgrades)

7
Abstracts at 5 large urology congresses

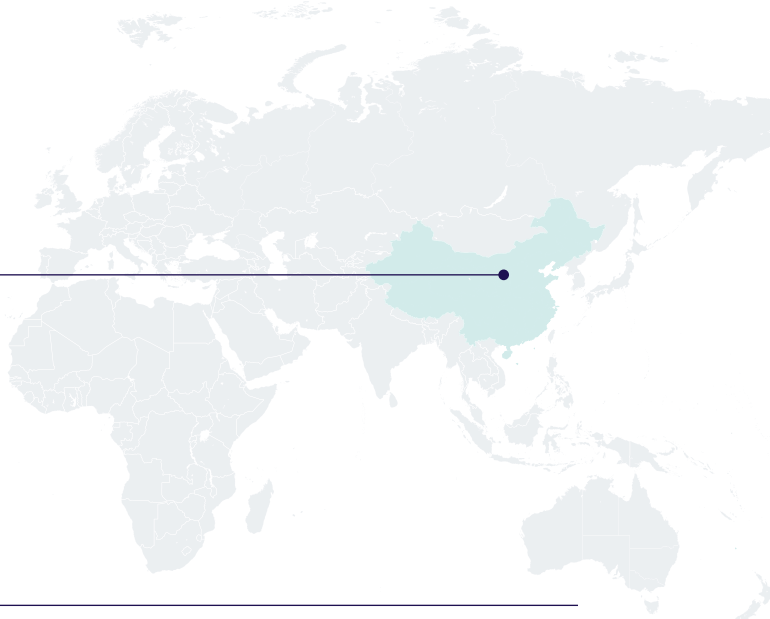
6
Medical journal articles & editorials published

PARTNER HIGHLIGHTS



Successful Phase III Hexvix® pivotal trial in China – 1st RCT done with HD equipment – NDA under review for Chinese approval

Clinical endpoint met in Phase III multinational Cevira® trial



BUSINESS HIGHLIGHTS



EAU Guidelines update clarifying benefits of blue light cystoscopy



Citizen's Petition to the U.S. FDA advanced

Board of Directors Report 2023

Photocure delivered strong financial performance in 2023, with revenue growth of 27% and EBITDA of NOK 55.5 million. During the year, the Company focused on expanding and upgrading the installed base of blue light cystoscopes in North America and Europe in addition to advancing other key initiatives. The number of rigid blue light cystoscopy (BLC®) towers installed in 2023 was the largest ever in the U.S. since the Company launched Cysview®, and in Europe, Photocure facilitated blue light image quality upgrades for approximately 25% of its target accounts. In Europe, the investment in priority growth markets is paying off, with the UK, France and Italy demonstrating growth after a significant negative trend in unit sales when the territories were first acquired in 2020. While U.S. sales in the flexible cystoscopy segment declined during the year due to Karl Storz discontinuing the manufacture and sale of new flexible BLC equipment, the Company is pursuing a strategy to reintroduce a high-definition flexible cystoscope solution to address this important and underserved market. The possible reclassification of blue light cystoscopes in the U.S. and the advancement of the license agreements with Asieris have potential to become significant drivers of future growth.

In 2023, installations of rigid BLC towers were strong with the continued rollout of Karl Storz' high definition Saphira™ blue light capital equipment. The installed base of rigid BLC towers in the U.S. grew 17%, or 51 towers, from the fourth quarter of 2022, which had a record number of rigid tower placements. The growth of rigid BLC capital equipment more than offset the loss of flexible BLC towers, which fell from 69 to 27 towers throughout the year.

Total revenue for the Company increased 27% to NOK 500.7 million in 2023, and

Hexvix®/Cysview® revenue grew 19% to NOK 443.3 million. Global unit sales in 2023 increased 2% compared to 2022.

Operating profit in 2023 was NOK 27.8 million, an increase of NOK 76.8 million from the NOK 49.0 million operating loss reported in 2022. The operating results in both 2022 and 2023 include milestone payments received from Asieris MediTech Co., Ltd. (Asieris) for the Phase III clinical trial advancement of Cevira®, which is being developed as a non-surgical treatment of high-grade

squamous intraepithelial lesions (HSIL), including all human papilloma virus (HPV) sub-types. Furthermore the 2023 and 2022 operating results include NOK 9.9 million and NOK 23.0 million, respectively for non-recurring business development expenses associated with the Company's objective to expand its revenue opportunities. Net profit in 2023 was NOK 1.0 million, compared to a net loss of NOK 71.9 million in 2022.

Despite the 2023 challenges including the phase-down of flexible BLC equipment in the U.S. and the launch delay of Olympus' upgraded blue light system in Europe, Photocure delivered on key corporate objectives during the year. The Company reported significant growth in revenues and EBITDA, driven by positive contributions from both its North American and European business units.

The launch of Karl Storz's Saphira™ BLC system in the U.S. in late 2022 was followed by record installations of this upgraded high definition rigid BLC equipment during 2023. Despite the loss of a significant number of flexible BLC towers and accounts during the year, Photocure's North American commercial team grew the overall business by focusing on the TURBT (rigid BLC) segment of the market.

The Company has vigorously supported the Citizen's Petition by Karl Storz requesting the U.S. Food and Drug Administration (FDA) to reclassify BLC equipment from Class 3 to Class 2, potentially opening a new pathway for

more capital equipment manufacturers to enter and expand the U.S. market for BLC. In 2023, the need for new equipment manufacturers in the U.S. market was discussed through several public comments from concerned individuals and organizations, submitted to the FDA and published in support of the Citizen's Petition including those from physicians, health systems, patient advocacy groups and equipment manufacturers such as Richard Wolf and Stryker Corporation.

Photocure's U.S. Registry is the largest bladder cancer patient registry in the country with over 3,000 patients included in the database to date. In 2023, the Company elected to capitalize expenses associated with this asset, given the high interest from companies pursuing new bladder cancer treatments and seeking access to the real-world data generated by this Registry. The interest, to a large extent, also relates to the use of BLC to identify patients who have failed first-line bladder cancer treatments. As a result, Photocure expects that it will continue to monetize this valuable resource going forward.

In Europe, Photocure's commercial organization delivered 143 blue light image quality upgrades, positioning nearly a quarter of its target accounts with upgraded BLC equipment to drive sales of Hexvix®. The Company also opened 23 new accounts in Europe during the year. In the fourth quarter of 2023, priority growth markets for Photocure such as the UK, France and Italy began to show strong responses to efforts made in 2023 to grow BLC use with upgraded image quality and new capital equipment. Increasing support from key opinion leaders (KOLs) in several European countries and the updated EAU guidelines in 2023, which clarify the benefits of BLC, were important drivers of the progress and should continue to reinforce the growth trend in these markets.

Photocure also announced clinical data presentations at major bladder cancer congresses in 2023 including those sponsored by the American Urology Association (AUA), the American Society of Clinical Oncology (ASCO GU), and the Société Internationale d'Urologie (SIU). In total, there were 7 abstracts accepted for presentation during the year. The Company also announced four publications in peer-reviewed journals highlighting the clinical and health economic benefits of using BLC with Hexvix/Cysview.

Photocure's partner Asieris continued to advance its product candidates licensed from the Company. In August 2023, Asieris announced that its Phase III Hexvix trial in China successfully met the primary endpoint, and in October, the positive results of the trial were presented at the SIU Congress. In November 2023, Asieris announced that the NMPA (Chinese FDA) had accepted its new drug application (NDA) for Hexvix in China, beginning the review process for potential market authorization.

In September 2023, Asieris announced that its international multicenter Phase III trial for Cevira met the primary endpoint. In March 2024 (post-period), Asieris unveiled the positive results for this trial at the EUROGIN HPV Congress, demonstrating highly statistically significant efficacy and a favorable safety profile for Cevira, with a significant clearance rate of high-risk HPV16 and/or HPV18 compared to placebo (p=0.0001). Photocure received milestone payments in both 2022 and 2023 related to the clinical development progress of Cevira.

As both of the Asieris-licensed assets advance, Photocure expects to receive additional regulatory milestones, and has potential to earn sales milestones and royalties on sales if these product candidates are approved by regulatory

authorities and generate commercial revenues.

Major strategic objectives that were initiated and announced in 2023 include Photocure's intent to partner with a capital equipment manufacturer to develop and commercialize a high definition flexible blue light system globally, expanding access to BLC.

About Photocure

Photocure ASA ("Photocure", "the Company" or "the Group"), the Bladder Cancer Company, delivers transformative solutions to improve the lives of bladder cancer patients. Photocure's unique product, sold under the brand names Cysview® (U.S. and Canada) and Hexvix® (all other markets), which make bladder cancer cells glow bright pink under blue light cystoscopy, has led to better health outcomes for patients worldwide.

Photocure is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange (OSE: PHO).

Strategic direction – Photocure's strategy is to maximize the efforts of its commercial infrastructure and the market opportunity for its flagship brands Hexvix/Cysview in the management of bladder cancer. In addition, the Company will continue to explore new product and business opportunities that are complementary to Photocure's commercial activities and expertise in uro-oncology.

Commercial Segment

Hexvix®/Cysview® – the innovative product for improved detection and management of Bladder cancer

Bladder cancer ranks as the 8th most common cancer worldwide – the 5th most common in men – with 1 949 000 prevalent cases (5-year prevalence rate), 614 000 new cases and more than 220 000 deaths in 2022. (Globocan. Incidence/mortality by population: Available at: <https://gco.iarc.fr/today>, accessed February 2024). Bladder cancer has the highest lifetime treatment costs per patient of all cancers (Sievert KD et al. World J Urol 2009;27:295–300). Patients often must undergo multiple cystoscopies due to the high risk of recurrence. There is an urgent need to improve both the diagnosis and the management of bladder cancer for the benefit of patients and healthcare systems alike. Bladder cancer is classified into two types, non-muscle invasive bladder cancer (NMIBC) and muscle-invasive bladder cancer (MIBC), depending on the depth of carcinoma invasion in the bladder wall. NMIBC is the most common type of bladder cancer cases (75%). In MIBC, the cancer has grown into deeper layers of the bladder wall, is more likely to spread, and is harder to treat (Bladder Cancer. American Cancer Society. <https://www.cancer.org/cancer/bladder-cancer.html>).

Photocure is leveraging its flagship brands Hexvix/Cysview to improve the detection of NMIBC and reduce disease recurrence and progression rates to improve cost-effective health outcomes for bladder cancer patients. Hexvix/Cysview is marketed in the U.S., Canada, and Europe by Photocure's own specialist commercial and medical teams and through partnerships in Chile, China, Australia/New Zealand, and Israel. In 2023 Photocure's revenues from Hexvix/Cysview totaled NOK 443.3 million, compared to NOK 373.0 million in 2022.

The Company continues to see significant growth opportunities in its markets and believes that it has a solid foundation for future growth of its breakthrough bladder cancer product. Furthermore, Photocure is exploring expansion of its product portfolio through internal product development and the potential to acquire new technologies, products, or businesses.

The Company has continued to invest in its North American commercial organization, in line with its commercial market opportunities and strategic objectives. The added resources have driven growth in the number of blue light cystoscopes installed at leading U.S. hospitals/urology centers, as well as growth in unit sales and revenue. The availability of Blue Light Cystoscopy (BLC®) with Cysview, for rigid and flexible cystoscopy means that Cysview can be used for both bladder cancer surgery and follow-up surveillance cystoscopy, allowing physicians to detect patients with the disease earlier and manage them more appropriately. Revenue in the Company's North America segment increased 18% in 2023 to NOK 178 million, while the installed base of rigid blue light cystoscopes in U.S. increased by 51 to a total of 352 at end of the year.

In addition to investments in the commercial capacity, growth has been supported by inclusion of Blue Light Cystoscopy with Cysview in prominent national guidelines for the management of bladder cancer and by improved reimbursement.

In February 2020, Photocure announced that the United States Patent and Trademark Office (USPTO) had granted U.S. Patent No. 10,556,010 covering the use of Blue Light Cystoscopy with Hexvix/Cysview as neoadjuvant therapy in the treatment of bladder cancer in patients who are scheduled for a cystectomy. The '010 patent expires in December 2036.

In July 2021, the USPTO granted U.S. Patent No. 11,066,478 which covers a method to treat bladder cancer

including the intravesical instillation of a composition comprising Hexvix/Cysview and anti-PD-L1 and/or anti-PD-1 antibodies followed by exposure of the inside of the bladder to light. The '478 patent expires in December 2036.

In February 2022, Photocure was granted U.S. Patent No. 11,235,168 covering the use of Blue Light Cystoscopy with Hexvix/Cysview as an adjuvant or neoadjuvant therapy for the treatment of bladder cancer. The '168 patent will expire in January 2038.

In line with Photocure's ambition to significantly penetrate the U.S. market, Cysview is on its way to becoming the standard of care for bladder cancer patients. Keys to success are in place and include:

- Approvals – Market authorizations for use in both trans-urethral bladder tumor resection (TURBT) procedures as well as surveillance cystoscopy
- Acceptance – Recommended use of Hexvix/Cysview by the AUA, EAU, SUO, NCCN, and many regional and local guidelines, as well as the published Expert Consensus Guidelines for surveillance with flexible blue light cystoscopes
- Access – Permanent codes authorized in 2020 and 2021 for the use of BLC in TURBT procedures, and improved Medicare reimbursement in surveillance settings as of January 2023.
- Activated Awareness – Demand via advocacy groups, clinics' advertising, and media.
- Acceleration – Commercial investment in the U.S. to optimize the opportunity.

Photocure plans to maximize the return on its commercial investment by growing its business in the largely untapped U.S. market, as well as in Europe where the Company expects to see strong returns in the form of revenue growth and improved profitability. Reacquisition of the broader European commercial rights has given Photocure global control of the Hexvix/Cysview brand, and the opportunity to generate sales in major countries in Europe where blue light cystoscopy is underpenetrated or not yet introduced.

On June 11, 2020, Photocure entered into an agreement with Ipsen Pharma SAS (Ipsen) regarding the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen to the Company. Commercial rights were transferred to Photocure on October 1, 2020. Photocure paid Ipsen EUR 15 million upon transfer on October 1, 2020, and Ipsen booked sales until this date. In addition, Ipsen is entitled to receive earn-out payments in the reacquired markets in the range of 10-15% of sales for the years 1-7 post-transfer and 7.5% of sales for the years 8-10 post-transfer.

By taking direct control of Photocure's own Hexvix/Cysview product in key regions, the Company is supporting its ambition to become a global leader in the treatment and management of bladder cancer, with a solid commercial foundation for expansion and further growth opportunities.

Full year 2023 European segment revenues increased 19% to NOK 263.5 million from NOK 221.8 million in 2022. The increase was mainly driven by higher unit volume, average price, and a benefit from foreign exchange.

During 2023, several scientific publications highlighted and confirmed key benefits of BLC with Hexvix/Cysview. Main publications, presentations are below:

- In January 2023, an article was published in the medical journal, Urologic Oncology entitled, *Clinical and Economic Impact of Blue Light Cystoscopy in the Management of NMIBC at U.S. Ambulatory Surgical Centers: What is the Site-of-Service Disparity?* A budget impact model (BIM) was built to assess projected ASC costs for a cohort of newly diagnosed bladder cancer patients over a 2-year follow-up comparing white light cystoscopy (WLC) alone versus WLC + BLC. Treatment and surveillance intervals were based on AUA/SUO clinical guidelines. The BIM found that use of BLC identified 5 additional NMIBC recurrences compared to WLC alone. There was an associated increased cost of performing BLC in an ASC setting (\$110 per cystoscopy over a two-year period). If recurrences missed using WLC alone were to progress prior to detection, the model projects an increase in treatment costs borne by Medicare of \$9,097-\$34,538 due to more intensive treatments required for more advanced disease. [Link to publication](#)
- In February 2023, clinical data were presented from the Veterans Affairs (VA) BRAVO study at the ASCO Genitourinary Cancers Symposium (ASCO GU) held in San Francisco. The study showed a significant decrease in the risk of recurrence & longer time to recurrence following Blue Light cystoscopy (BLC) with Cysview compared to White Light cystoscopy (WLC) alone. Median time to first recurrence following BLC was longer vs. WLC alone (40 months vs. 26 months, respectively, HR=0.70, 95% CI). The study abstract entitled, *The Impact of Blue Light Cystoscopy Use Among Non-Muscle Invasive Bladder Cancer Patients in an Equal Access Setting: Implications on Recurrence and Time to Recurrence Stratified by Race* was presented by Dr. Steven Williams, University of Texas-Medical

Branch, Galveston. Dr. Williams concluded that "our findings demonstrate increased support for blue light cystoscopy's clinical role in reducing bladder cancer recurrence, and that equal access to health care can achieve equitable outcomes. These data support current AUA/SUO guidelines recommending BLC usage in patients with NMIBC to increase detection and decrease recurrence." [Link to interview with Dr. Williams](#)

- In March 2023 at the European Association of Urology congress in Milan, Italy, two abstracts were presented featuring the blue light cystoscopy procedure. One entitled Immunological changes following blue light cystoscopy with hexaminolevulinate in bladder cancer, in which the preliminary findings suggest that BLC-guided TURBT changes the expression of immune cells of both the adaptive and innate immune system compared to WLC-guided TURBT. And the other from the U.S. BLC with Cysview® Registry entitled, Blue Light Cystoscopy Delays Time to Recurrence in Non-Muscle Invasive Bladder Cancer Patients Treated in a Real-World Setting, demonstrated that use of BLC significantly decreased the risk of recurrence and prolonged time to recurrence compared to White Light alone (p<0.0001). Additionally, BLC in patients with primary tumors extended the time to recurrence compared to recurrent patients (p<0.001), suggesting that earlier use of BLC may have more favorable long-term outcomes. [Link to press release and abstracts](#)

- In April 2023, results from the Nordic Registry for blue light flexible cystoscopy were presented at the American Urological Association (AUA) Congress 2023. Urologist, Karsten Zieger, MD, Ph.D, Lillebælt Hospital, Department of Urology, Vejle, Denmark, presented the

results. The Nordic Registry included data from 319 patients and 436 blue light flexible cystoscopies performed. In the study, biopsies were taken from 452 lesions, showing malignancy in 31% (126/409) of lesions positive for blue light. In 86 of the cystoscopies (20%), lesions were identified only by blue light. The results highlighted that flexible BLC in the surveillance of patients diagnosed with non-muscle invasive bladder cancer improves the detection of malignant lesions, enhances physician confidence, and may reduce patients' tumor burden by enabling immediate fulguration. [Link to abstract](#)

- In May 2023, results from a study entitled, "*Blue-Light Transurethral Resection and Biopsy of Bladder Cancer with Hexaminolevulinate: Histopathological Characteristics and Recurrence Rates in a Single Center Prospective Study*" were published in the journal, *BJU International Compass*. The prospective study enrolled and analyzed 101 patients who underwent BLC between July 2017 and November 2020. Results demonstrated that BLC detected significantly more CIS lesions (41.2% vs 11.8%, p=0.0491), compared to white light cystoscopy, and also resulted in 5.8% of patients being re-staged to muscle invasive bladder cancer. The authors concluded that BLC with Hexvix provides superior detection and diagnosis of CIS in patients with previous white light cystoscopy. [Link to article](#)
- In May 2023, results from a study entitled, "*The Impact of Blue Light Cystoscopy Use Among Non-Muscle Invasive Bladder Cancer Patients in an Equal Access Setting: Implications on Recurrence and Time to Recurrence*" were published on-line in the peer-reviewed medical journal, *Clinical Genitourinary Cancer*. The study sought to

describe bladder cancer outcomes and the impact of BLC with Cysview® among patients with non-muscle invasive bladder cancer (NMIBC) in an equal access setting (the United States Veterans Affairs Healthcare System, or the "VA"). In the study, 378 patients diagnosed with NMIBC within the VA who received BLC were assessed to determine the association between BLC and recurrence, progression, and overall survival; and further, whether these outcomes differed by race. Median follow-up was 40.7 months from bladder cancer diagnosis. Median time to first recurrence following BLC was longer vs. WLC alone (40 vs. 26 months). Recurrence risk was significantly lower following BLC (Hazard Ratio (HR) 0.70; 95% Confidence Interval (CI)). Additionally, there was no significant difference in recurrence (HR 0.69; 95% CI), progression (HR 1.13; 95% CI), and overall survival (HR 0.74; 95% CI) following BLC when patients were analyzed by Black vs. White race, which suggests equal access to care benefits. [Link to publication](#)

- In October 2023, an article was published in the peer-reviewed international *Journal of Medical Economics* entitled, *A cost-consequences and budget impact analysis of blue light-guided cystoscopy with Hexvix in patients diagnosed with non-muscle-invasive bladder cancer in France*. The subject of the article was a budget impact model (BIM) developed as an interactive tool to assess the cost of using blue light cystoscopy compared to white light cystoscopy alone, according to French Medical guidelines. Based on the analysis in this paper, study author, Dr. Jonathan Belsey, Health Economist & Managing Director of JB Medical Ltd., concluded that "Using a model of patient care that reflects the current recommendations of the ccAFU in France, we have shown that the additional expenditure

required to implement BLC-assisted TURBT within individual hospitals is modest and not disproportionate to the overall cost of care for these patients. More nuanced targeting of BLC use has the potential to further improve the budget impact, while future research relating to subsequent event rates and progression risk offer the potential to move towards cost neutrality." [Link to publication](#)

- On October 12, 2023, Photocure's partner, Asieris, presented results from its Phase III randomized controlled clinical trial evaluating the use of Hexvix and blue light cystoscopy in a Chinese population. The highly statistically significant results were presented at the 43rd Congress of the Société Internationale d'Urologie (SIU) Congress and confirmed that, in a Chinese population, BLC with Hexvix outperformed white light cystoscopy (WLC) in the detection of bladder cancer, particularly in cases of carcinoma in situ (CIS) and exhibited good tolerability. The results corroborate the findings of Photocure's own randomized controlled trials (RCTs) that demonstrate the clinical benefits of Hexvix BLC over WLC. Moreover, Asieris' Phase III Hexvix trial is the first RCT conducted with high definition 4K blue light capital equipment. [Link to Asieris press release](#)
- In November 2023, Photocure announced the publication of a study in the journal *European Urology Open Science* entitled: *Immune Contexture Changes Following Blue Light Cystoscopy with Hexaminolevulinate in Bladder Cancer*. In the study, TURBT samples from bladder cancer patients were used to investigate if a change in tumor microenvironment composition could be observed as an effect of Hexaminolevulinate (HAL)-assisted BLC. The results

suggest that BLC-guided TURBT with the metabolic photosensitizer HAL, which has a preferential tumor accumulation, alters the expression of immune cells of both the adaptive and innate immune system compared to WLC-guided TURBT. The findings in the publication were previously presented at the EAU congress in March 2023. Further studies are required to validate the clinical impact of these observations. [Link to article](#)

- On December 1, 2023, Photocure announced that new clinical evidence from routine clinical practice in the Veterans Affairs (VA) healthcare system was presented at the 24th Annual Society of Urologic Oncology (SUO) meeting. The abstract and poster entitled *Comparing white light versus blue light cystoscopy recurrence outcomes among non-muscle invasive bladder cancer patients*

in an equal access setting: a propensity scored matched analysis was presented by Sanjay Das, MD. The study showed a 33% risk reduction in tumor recurrence in non-muscle invasive bladder cancer patients who received BLC compared to patients who only underwent standard White Light Cystoscopy (WLC). A total of 337 BLC recipients were first identified and compared to 337 WLC recipients using 1:1 propensity score matching. The cohorts predominantly were high-grade patients (64%) treated with the current standard of care, including adequate BCG treatment when appropriate. The study authors concluded that overall, the risk of recurrence was significantly lower following use of BLC (Hazard Ratio 0.67; p-value: 0.006) compared to WLC alone. [Link to abstract](#)

Development Portfolio

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.

During the full year of 2023, Photocure received milestone payments from Asieris totaling NOK 54.4 million (NOK 18.7 million). Operating expenses include business development expenses, R&D expenses related to the development of Cevira and Hexvix in China, and an allocation of overhead expenses. Full year business development expenses were NOK 9.9 million (NOK 23.0 million).



Cevira® – in development for the non-surgical treatment of high-grade squamous intraepithelial lesions, including all HPV sub-types

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

In July 2019, the Company announced that it had entered into a License Agreement providing Asieris with a world-wide license to develop and commercialize Cevira (APL-1702) 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 discussed with the U.S. FDA. In late 2020, Asieris initiated patient enrollment in its global, multi-centered Phase III clinical trial for Cevira.

In August 2022, Asieris announced the completion of enrollment in this trial, accruing a total of 402 patients. The majority of patients in the study were enrolled in China, with the remainder enrolled in Europe. On September 20, 2023, Asieris announced that the Phase III trial met its primary endpoint, together with a robust safety profile. Comprehensive positive data from this trial was presented post-period at 2 congresses in March. Asieris plans to communicate with regulatory authorities on a new drug application in the coming months to pursue market approval in China and is expected to evaluate its plans for further development and regulatory activities required to pursue approvals in other regions. Information about the recently completed Phase III trial for Cevira can be found by clicking the following link: <https://clinicaltrials.gov/study/NCT04484415>

Under the License Agreement with Asieris, Photocure has received USD 15.0 million in milestones to date including a signing fee of USD

5.0 million in 2019 and additional development milestone payments. Photocure is eligible for milestone payments totaling USD 13.0 million for the anticipated regulatory submission and potential approval of Cevira in China. In addition, Photocure may also receive milestones of up to USD 31.0 million for regulatory submissions and approvals of Cevira in Europe and the U.S.

Initiation of patient dosing for a second indication of Cevira, and approvals for such an indication in China, Europe, and the U.S. would trigger additional aggregate development and regulatory milestone payments of up to USD 16.0 million to Photocure. The Company is also eligible to receive royalties between 10% and 20% of global sales based on the achievement of certain sales thresholds, as well as cumulative milestone payments up to USD 190.0 million associated with global sales, with a significant portion of those milestones being triggered if the product achieves blockbuster status.



Financial review

The Photocure annual accounts have been prepared in accordance with IFRS® accounting standards as adopted by EU.

Total revenue was NOK 500.7 million in 2023, an increase from the NOK 393.1 million reported in 2022. Total revenue includes signing fees and milestones of NOK 54.4 million in 2023 and NOK 18.7 million in 2022.

Sales revenues reached NOK 446.2 million in 2023, an increase of 19% from NOK 374.5 million in 2022. Sales revenues comprise the Company's own sales of Hexvix in Europe and Cysview in the U.S. and Canada and income from product sales and royalties from Photocure's license partners on sales of Hexvix/Cysview to hospitals and pharmacies in other regions. The increase in revenues was mainly driven by added volume, price increases and impact from foreign exchange.

The Company had signing and milestone revenues in 2023 of NOK 54.4 million compared to signing revenues of NOK 18.7 million in 2022. The 2023 and 2022 revenue included milestones totaling NOK 54.4 from Asieris related to Cevira.

Operating expenses increased from NOK 419.4 million in 2022 to NOK 446.7 million in 2023. The increase in operating expenses is mainly driven by foreign exchange effects and was partially offset by cost containment measures. Operating expenses include a total of NOK 16.7 million amortization of intangible assets related to the return on October 1, 2020, of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen.

Photocure's operating result was NOK 27.8 million in 2023, compared to an operating result of NOK -49.0 million in 2022. The profit increase is primarily attributable to the increases in sales revenues, milestone payments, and a

reduction in business development expenses, and was partially offset by the increase in expenses due to the effects of foreign exchange. The business development expenses were driven by activities related to the objective to increase the Company's product offering.

Net financial loss totaled NOK 18.1 million in 2023, compared to net financial loss of NOK 22.1 million in 2022. The losses were driven mainly by the Ipsen earnout payment and non-cash valuation adjustments of the earnout liability due to higher expected future sales in Europe.

Result before tax was a profit of NOK 9.7 million in 2023, compared to a loss of NOK 71.1 million in 2022. Tax expense was NOK 8.7 million in 2023 and NOK 0.7 million in 2022. The calculation of deferred tax at year end was based on a tax rate of 22% for both 2023 and 2022.

The Group's net result after tax was NOK 1.0 million in 2023, compared to NOK -71.9 million in 2022.

Net cash flow from operating activities was NOK 48.3 million in 2023 compared to NOK -2.0 million in 2022. The cash flow from operating activities in 2023 was mainly driven by positive operating results. Net cash flow from investing activities was NOK -0.6 million in 2023, compared to NOK -1.5 million in 2022. Net cash flow from financing activities was NOK -56.3 million in 2023 and included 12.5 million in term loan principal payments. This compares to net cash flow from financing activities in 2022 of NOK -51.8 million including 25.0 million in term loan principal payments.

Photocure secured bank financing of NOK 50 million during the second quarter of 2020 and has fully paid off the principal during second quarter 2023. The bank loan was secured under the State Guarantee Scheme for Loans to SMEs as a buffer for Covid-19 impacts.

Photocure follows a low-risk investment strategy for its liquid funds. The return on the liquid funds depends on the rate of interest in the money markets and will therefore vary over time. Liquid funds amounted to NOK 259.5 million on December 31, 2023, and NOK 268.1 million on December 31, 2022.

Shareholder equity was NOK 482.8 million on December 31, 2023, an equity ratio of 68%. At the end of 2022, shareholder equity was NOK 462.7 million (64%).

Dividend

The Board of Directors does not propose a dividend payment for 2023. Photocure is focusing its resources on building a therapeutic area-focused commercial stage pharmaceutical company with a focus on bladder cancer. The Board of Directors will recommend payment of dividends in line with the Company's results, financial position, product and market development plans, and outlook. Photocure does not expect to pay dividends in the near future.

Parent company

In 2023, Photocure ASA (Parent company) had a loss after tax of NOK 3.6 million, compared to a loss after tax of NOK 58.9 million in 2022. The equity in Photocure ASA totaled NOK 791.3 million on December 31, 2023. The equity ratio was 79%.

Share capital and board mandates

On December 31, 2023, 27,120,820 Photocure shares were registered. At the Ordinary General Meeting on April 28, 2023, the Board of Directors was granted authorization to purchase up to 10% of its own shares. On December 31, 2023, Photocure held 15,122 own shares.

Going concern

Pursuant to § 3.3 (a) of the Norwegian Accounting Act, it is confirmed that the conditions for assuming that the Group is a going concern are present, and that the financial statements have been prepared on the basis of this assumption. No events have occurred since the end of 2023, except those which are stated in this report that are of major significance for the assessment of the Company's financial position and results.

Risk factors and risk management

Photocure is subject to several operational and financial risk factors and uncertainties which may affect parts or all the activities in the Group. The Company proactively manages such risks, and management and the Board of Directors regularly analyze operations and potential risk factors to take measures to reduce risk exposure.

Operational risk

Photocure develops innovative products and markets and sells these products through its own commercial teams and in partnerships with other companies. These activities entail exposure to various risks. The Board of Directors and management monitor and analyze the Company's operations and potential risk factors, and actively take risk reduction measures.

Commercial risk

Photocure is commercializing Hexvix/ Cysview directly in the U.S., Canada, and Europe, and has strategic partnerships with Genotests SpA in Chile, Asieris in China, Endotherapeutics in Australia/ New Zealand, and IGL Medical in Israel.

Any significant event that adversely affects revenues from Hexvix/Cysview could have a material and negative

impact on Photocure's results and cash flows. Key commercial risks include:

- Reimbursement may be limited or unavailable in certain markets, which could make it more difficult to achieve profitability in these markets. Changes in reimbursement in Europe and the U.S. may have a material impact on Photocure's results and cash flows.
- Inflationary pressures in the economy and budget tightening may inhibit the hospitals' ability to invest in equipment. This may have a negative impact on the Company's revenues, results and cash flows.
- Hospitals and other medical institutions may restrict access for our staff which will make the sales and support activities more challenging and therefore may have a negative impact on Photocure's results and cash flows.
- Hospitals and other medical institutions may find limited availability of nursing and other staff. This may impact the demand for Photocure's products and therefore may have a negative impact on the Company's revenues, results, and cash flows.
- Use of Hexvix/Cysview requires installation of Blue Light Cystoscopes which are manufactured and sold by other companies, only one of which is approved with Cysview in the U.S. These companies' ability and willingness to develop and promote these products may affect Photocure's results and cash flows.
- Partners' ability to support the brand in key markets.
- The expiration or loss of patent protection may adversely affect Photocure's future results and cash flows. Third parties may challenge

or seek to invalidate or circumvent Photocure's patents and patent applications. The patent for Hexvix expired in the main European countries in 2019 and the patent for Cysview in the U.S. expired in the fourth quarter 2020.

- Competitive products or technologies may emerge at any time, and changes in the competitive landscape may have a material impact on Photocure's results and cash flows.

Manufacturing risk

Photocure relies on third-party suppliers for manufacturing and assembly. Delays or interruptions and quality issues at the production facilities as well as improper transport, handling and delivery may impair supply of Hexvix/Cysview to the market and hence revenues, results, and cash flows.

Development and regulatory risk

Photocure's partner Asieris will need approval from regulatory authorities to market Cevira®. Efficacy or safety issues could arise, and approval may be denied, delayed or limited.

In general, successful launches and sales for pipeline products may not be achieved inter alia due to changes in market dynamics or competition, unsuccessful marketing, and/or pricing pressure due to limitations on healthcare budgets. As with any drug or device intended for diagnostic or therapeutic use, adverse clinical reactions are always a possibility.

Financial risk

Photocure has an international business operation and is exposed to liquidity and funding risk, credit risk, currency risk and interest rate risk. At the end of 2023, the Company had no derivatives or other financial instruments to reduce

the currency risk and interest rate risk. Company management is responsible for managing the financial risk. Financial risk is also monitored by the Board of Directors.

Liquidity and funding risk

The Company monitors its cash flows from both long and short-term perspectives through planning and reporting. Photocure does not have any loan agreements that involve covenants or other restrictions. Photocure uses a multi-currency consolidated accounts system that provides flexibility in relation to drawing on multiple currencies.

The company may require new capital in the future. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms.

Credit risk

Photocure is primarily exposed to credit risk associated with accounts receivable and other short-term receivables. Photocure's sales are mainly to hospitals and pharmaceutical wholesalers. The credit risk is limited as the counterparties are mainly large and non-affiliated companies/hospitals. Photocure's credit risk is considered moderate, and the Company does not use credit insurance.

Currency risk

Because the Norwegian Kroner is the Company's presentation currency, Photocure is exposed to translation risk associated with the Company's net exposure in foreign currency. Photocure's revenues and costs are accrued in different currencies and the Company is therefore exposed

to exchange rate fluctuations. The Company monitors the need for hedging of large transactions on an ongoing basis. Photocure did not have outstanding hedging of future transactions on December 31, 2023, and December 31, 2022.

Interest rate risk

In the second quarter of 2020, Photocure received a loan of NOK 50 million, which is secured under the State Guarantee Scheme for Loans to SME's (Covid-19 related). The loan was a three-year term loan, with first year interest only and with quarterly repayments of NOK 6.25 million thereafter. The loan carried a floating interest rate, and the nominal interest rate at the end of the second quarter of 2023 was 5.4%. The loan was fully repaid in the second quarter of 2023. Interest rate risk is also associated with



the Company's holdings of cash and cash equivalents. The main strategy is to diversify the risk and invest in money market funds and bond funds with low risk, high liquidity, and short duration. The investments are denominated in NOK.

Organization

The Group's Leadership Team at year- end consisted of Dan Schneider, President and Chief Executive Officer; Erik Dahl, Chief Financial Officer; Geoffrey Coy, Vice President and General Manager North America; Susanne Strauss, Vice President and General Manager Europe; Anja Gossens-von der Heidt, Head of Global Human Resources and Anders Neijber, M.D., Chief Medical Officer, Global Medical Affairs and Clinical Development and R&D.

The Board of Directors held 16 meetings in 2023. All members of the Board of Directors are shareholder-elected. The members of the Board of Directors were at the end of 2023; Dylan Hallerberg, (Interim Chairperson), Johanna Holldack, M.D., Neal Shore, M.D., and Malene Brondberg.

Photocure ASA has acquired a director's and officer's liability insurance that applies to the board members and the CEO. The insurance also covers employees who assume independent managerial responsibilities, and includes controlled subsidiaries.

Photocure ASA has offices in Oslo, Norway, in Princeton, New Jersey, U.S. and in Düsseldorf, Germany.

Corporate social responsibility

Photocure's mission is to deliver transformative solutions to improve the lives of bladder cancer patients. It is about patient access to healthcare and quality of life.

This mission in society encompasses all activities from developing products, gaining approval by relevant authorities, working with patient organizations and hospitals, and finally getting products to the market either through Photocure's own sales organization or by partners. The Company is also continuously supporting clinical research activities and training a growing number of physicians in using the blue light cystoscopy procedure. Photocure is also taking part in community involvement activities and is partnering with prominent patient associations to enhance the access to care and awareness of bladder cancer in general.

Sustainability has been part of Photocure's business approach since its origin. The company believes that creating value for patients, customers and society strengthens the Company's business and provides value for shareholders. Beyond the business impact, Photocure has implemented further metrics and operating procedures linked to the UN Global Compact, the globally recognized framework for advancing sustainability in the public and private sectors, and to foster strong relationships with a variety of stakeholders through dialogue on material topics and through its commitment to corporate social responsibility.

Comprehensive ESG reporting for the Company is available at page 92 in this annual report.

The Norwegian Transparency Act has been implemented with written procedures. See further details on page 79 in the ESG section of this annual report. Photocure's Transparency Statement is available on <https://photocure.com/our-impact/corporate-social-responsibility>.

Photocure's corporate social responsibility guidelines are available at www.photocure.com.

Outlook

Photocure delivers transformative solutions that improve the lives of bladder cancer patients. Based on benefits of the Company's breakthrough product for the management of bladder cancer, Hexvix/ Cysview, the Company 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 the Company's uro-oncology product portfolio.

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 remains positioned to take advantage of the growth opportunity throughout these regions.

Photocure 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. Indicators of an anticipated rebound in growth of the Company's business are: (1) ongoing expansion of the installed base of rigid

BLC towers in North America, (2) the potential for reclassification of BLC capital equipment from Class 3 to Class 2 in the U.S., (3) increasing momentum of BLC in the urology community as observed at the European Association of Urology and American Urological Association congresses in 2023, (4) blue light image quality upgrades in European accounts that have

exceeded Photocure's full year plan, and (5) Photocure's plan to reintroduce flexible BLC in high definition globally. Photocure plans to continue supporting its commercial 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.

For 2024, Photocure has issued the following business and financial guidance: The Company anticipates new and upgraded Saphira™ blue light tower installations in the U.S. in the range of 40 to 70, consolidated product revenue growth of 6% to 9% in constant currency, and positive EBITDA excluding business development expenses.

Oslo, 29 April 2024 Photocure ASA		
Dylan Hallerberg Interim Chairperson	Johanna Holldack Director	Neal Shore Director
Malene Brondberg Director	Dan Schneider President and CEO	



Confirmation from the Board of Directors and CEO 2023

We confirm that, to the best of our knowledge, that the financial statements for the period from January 1 to December 31, 2023 have been prepared in accordance with IFRS® accounting standards as adopted by EU and gives a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that the Company is facing.

Oslo, 29 April 2024
Photocure ASA

Dylan Hallerberg
Interim Chairperson

Johanna Holldack
Director

Neal Shore
Director

Malene Brondberg
Director

Dan Schneider
President and CEO

Dylan Hallerberg

Interim Chairperson of the Board
Chairperson of the Compensation Committee
Member of the Audit Committee



Attendance: Board meetings: 9/9
Compensation Committee: 3/3
Audit committee: 3/3

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Dylan Hallerberg holds 150,000 shares
and no share options in Photocure.

Dylan Hallerberg is a seasoned private equity and investment executive with extensive experience operating and improving businesses. He started his career in investment banking at Moelis & Company, after which he worked at The Carlyle Group from 2010 to 2017, where he invested in European public and private markets. Following Carlyle, Mr. Hallerberg continued his investment career as an Analyst/PM at GoldenTree Asset Management before transitioning to leadership roles at Arcturus UAV and Fortress Marine Anchors. He has extensive board experience, having served on seven boards as a member, observer, or an executive. Dylan Hallerberg currently serves as the President and Owner of Fortress Marine Anchors and is an active real estate and private equity investor and family office advisor. He graduated Summa Cum Laude with Highest Honors from University of California, Santa Barbara with a degree in Business Economics. He is an independent director, without material relationship with Photocure and being neither part of its executive team nor involved in the company's day-to-day operations. He is Chairperson of the Compensation Committee and Member of the Audit Committee.

- Elected year 2023
- Position: Owner and president Fortress Marine Anchors
- Education: BA Business Economics, University of California
- Other assignments: Family office advisor

Malene Brondberg

Director
Chairperson of the Audit Committee



Attendance: Board meetings: 8/9
Audit Committee: 3/3

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Malene Brondberg holds no shares
and no share options in Photocure.

Malene Brondberg served as interim CEO of Nordic Nanovector until 1 February 2023. She joined that company as Vice President Investor Relations in February 2018 and was appointed CFO in May 2020. She has over 20 years' operational experience in the financial services sector from a career that included being Global Head of Research and a member of the Executive Committee of the Nordic investment bank ABG Sundal Collier. Ms. Brondberg has also worked as a management consultant within the healthcare and financial sector and has acted as an advisor on investor relations and company funding. In addition, she has held interim CEO, COO and Head of Compliance / HR / Finance management positions at several companies. Malene Brondberg holds a Master of Science degree from Aalborg university in Denmark. She is an independent director, without material relationship with Photocure and being neither part of its executive team nor involved in the company's day-to-day operations. She is Chairperson of the Audit Committee.

- Elected year 2023
- Position: Director at Counting Performance and owner of We Love Seasons Ltd
- Education: Master of Science, Aalborg University, Denmark.
- Other assignments: n/a

Johanna Holldack

Director
Member of the Compensation Committee
Member of the Scientific Committee



Attendance: Board meetings: 16/16
Compensation Committee: 4/4
Scientific Committee: 3/3

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Johanna Holldack holds no shares
and 804 share options in Photocure.

Dr. Holldack has international operational experience from pharma companies, including clinical trials, drug approvals, IPOs and licensing. She has also managed several mergers and acquisitions. In addition, Dr. Holldack has venture capital experience from Swiss-based Aravis Venture where she was a partner for 5 years. Her industry career spans over 30 years, during which she held key positions in both start-up and large pharma companies. Her experience includes management and executive positions at Behringwerke, Chiron, MediGene, Borean Pharma, Telormedix and Trethera Corporation. She is founder and CEO of Kupando GmbH. She was chairperson of Amal Therapeutics. Dr. Holldack has a medical degree from Georg-August-University in Göttingen, Germany and is a board certified pediatrician. In addition, she has held positions as an assistant professor at the University of Essen, research fellow for the Deutsche Krebshilfe and a research associate at Harvard Medical School. She is an independent director, without material relationship with Photocure and being neither part of its executive team nor involved in the company's day-to-day operations.

- Elected year 2017
- Position: CEO Kupando GmbH
- Education: MD
- Other assignments: Advisor to Spark at Charite, Berlin

Neal Shore

Director
Chairperson of the Scientific Committee
Advisor for ESG matters



Attendance: Board meetings: 16/16
Scientific committee: 3/3

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Neal Shore holds no shares
and 804 share options in Photocure.

Dr. Shore is Medical Director for the Carolina Urologic Research Center and is a Fellow of the American College of Surgeons. He has conducted more than 400 clinical trials focusing mainly on genitourinary oncology. Dr. Shore performs peer reviews for Lancet Oncology, New England Journal of Medicine, European Urology, the Journal of Urology, Urology, BJUI, PCPD, and other high-impact scientific journals. He serves on the executive boards of the Society of Urologic Oncology and the Bladder Cancer Advocacy Network (BCAN). He has served as the National/Global Urology Research Director for GenesisCare from 2019-2023. From 2016 to 2018 Dr. Shore was the President of the Large Urology Group Practice Association. In addition, he has served on numerous Committees, Editorial and Review boards, such as the AUA Research and Innovations Committees, Health and Data Committees, the SITC Task Force for Prostate Cancer and Bladder Cancer, the Editorial Boards of Review in Urology, Urology Times, Chemotherapy Advisor, OncLive, PLOS ONE, Urology Practice, and the World Journal of Urology. He is an independent director, without material relationship with Photocure and being neither part of its executive team nor involved in the company's day-to-day operations.

- Elected year 2022
- Position: Medical Director for the Carolina Urologic Research Center, USA
- Education: MD, FACS Duke University/Duke University Medical School; General Surgery/Urology Residency: New York Hospital-Cornell and Memorial Sloan Kettering Cancer
- Other assignments: Fellow of the American College of Surgeons, serves on the executive boards of the Society of Urologic Oncology, the Bladder Cancer Advocacy Network (BCAN)

Corporate Governance Policy and Annual Review

Review of policy adopted by the Board 29 April 2024

Photocure is committed to Good Corporate Governance

Photocure ASA ("**Photocure**" or the "**Company**") has made a strong commitment to ensure trust in the Company and to enhance shareholder value through effective decision-making and improved communication between the management, the board of directors and the shareholders. The Company's framework for corporate governance is intended to decrease business risk, maximize value and utilize the Company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large.

The Company will seek to comply with the Norwegian Code of Practice for Corporate Governance (the "**Corporate Governance Code**"), last revised on 14 October 2021 and available at the Norwegian Corporate Governance Board's web site www.nues.no, to the extent not considered unreasonable due to the Company's size and stage of development. The principal purpose of the Corporate Governance Code is (i) to ensure that listed companies implement corporate governance that

clarifies the respective roles of shareholders, the board of directors and senior management more comprehensively than what is required by legislation and (ii) to ensure effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other parties concerned.

The Company is subject to reporting requirements for corporate governance under the Accounting Act section 3-3b as well as Oslo Børs "Continuing obligations of stock exchange listed companies" section 7. The board of directors will include a report on the Company's corporate governance in each annual report including an explanation of any deviations from the Corporate Governance Code. The corporate governance framework of the Company is subject to annual reviews and discussions by the board of directors.

The following provides a discussion of the Company's corporate governance in relation to each section of the Corporate Governance Code for the financial year 2023. Photocure's

compliance with the Corporate Governance Code is detailed in this report and section numbers refer to the Corporate Governance Code:

1. Implementation and reporting on Corporate Governance

The Company will seek to comply with the Corporate Governance Code. The board of directors shall include a report on the Company's corporate governance in its annual report, including an explanation of any deviations from the Corporate Governance Code.

Non-conformance with the recommendation: None

2. Business

Photocure's business is clearly defined in the Company's articles of association (the "Articles of Association"). The Company's objectives, strategies and risk profiles should be evaluated at least annually to create value for shareholders. Objectives and strategies are presented in the annual report and on the Company's website www.photocure.com.

The Company's business is defined in the following manner in the Articles of Association section 3:

"The purpose and main business of the Company is to operate business related to medical use of photodynamic technology and other medical methods of treatment, and anything thereby connected."

The board of directors of the Company has adopted several corporate governance guidelines, including rules of procedure for the board of directors, instructions for the audit committee, instructions for the compensation committee, insider manuals, manual on disclosure of information and guidelines for corporate social responsibility.

The board of directors is responsible for defining the Company's strategies, primary objectives and risk profile and to support the Company's value creation to shareholders in a sustainable way. The board of directors has taken into account financial, social and environmental factors when defining the Company's strategies, primary objectives and risk profile.

The Company's strategies, primary objectives and risk profile are evaluated by the board of directors on an annual basis and are further described in the annual report, ESG report and on the Company's website www.photocure.com.

Non-conformance with the recommendation: None

3. Equity and dividends

Capital Structure

On 31 December 2023, the Company's consolidated equity was NOK 482.1



million, an equity ratio of 68%. The board of directors considers this equity level to be satisfactory. The Company had at 31 December 2023 interest-bearing debt totaling NOK 151.6 million. The Company's capital structure and financial strength is continuously considered in light of its objectives, strategy and risk profile.

Dividend Policy

Photocure is focusing its resources on building a specialty pharma company and the board of directors will recommend payment of dividends in line with the Company's results, financial position and outlook. The Company has, due to its level of development, uneven revenue streams and net cash flows, and does not expect to pay recurring dividends until justified by recurring cash flows. The dividend policy is disclosed in the annual report.

The ordinary general meeting resolves the annual dividend, based on the

proposal by the board of directors. The amount proposed sets an upper limit for the general meeting's resolution.

Capital Increases and Issuance of Shares

The board of directors is authorized by the general meeting to resolve increases of the Company's share capital. The authorization is restricted to defined purposes, and does not last longer than to the Company's next annual general meeting.

Purchase of own Shares

The board of directors is authorized by the general meeting to purchase the Company's own shares on behalf of the Company. The authorization is restricted to defined purposes, and does not last longer than to the Company's next annual general meeting.

Non-conformance with the recommendation: None

4. Equal treatment of shareholders

Pre-Emption rights to Subscribe

According to the Norwegian Public Limited Liability Companies Act, the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may however be set aside, either by the general meeting or by the board of directors if the general meeting has granted a board authorization which allows for this. Any resolution to set aside pre-emption rights will be justified by the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the Company.

Trading in own shares

Photocure owns a total of 15,122 own shares. Photocure has not acquired nor sold own shares during 2023.

In the event of a future share buy-back program, the board of directors will aim to ensure that all transactions pursuant to such program will be carried out either through the trading system at Oslo Børs or at prevailing prices at Oslo Børs. In the event of such program, the board of directors will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

Non-conformance with the recommendation: None

5. Shares and negotiability

The shares of the Company are freely transferable. There are no restrictions on ownership, trading and voting for shares in the Company pursuant to the Articles of Association.

Non-conformance with the recommendation: None

6. General meetings

The board of directors will make its best efforts with respect to the timing and facilitation of general meetings to ensure that as many shareholders as possible may exercise their rights by participating in general meetings, thereby making the general meeting an effective forum for the views of shareholders and the board of directors.

Notification

The notice for a general meeting, with reference to or attached support information on the resolutions to be considered at the general meeting, shall as a principal rule be sent to shareholders individually, or to their depository banks, no later than 21 days prior to the date of the general meeting. The notice of meeting includes information regarding shareholders' rights, guidelines for registering and voting at the meeting.



The board of directors will seek to ensure that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting. The notice and support information, as well as a proxy voting form, will normally be made available on the Company's website www.photocure.com no later than 21 days prior to the date of the general meeting.

Participation and Execution

Pursuant to the Articles of Association section 9 shareholders who want to participate at the general meeting shall notify the Company thereof within five days prior to the general meeting.

To the extent deemed appropriate or necessary, the board of directors will seek to arrange for the general meeting to vote separately on each candidate nominated for election to the Company's corporate bodies.

The chairperson of the board, the chief executive officer and the chief financial officer shall, as a general rule, be present at the annual general meeting. The board of directors and the chairperson of the nomination committee shall, as a general rule, be present at general meetings. The auditor should attend the ordinary general meeting and any extraordinary general meetings to the extent required by the agenda items or other relevant circumstances.

The chairperson of the board will normally be chairing the general meetings. The board of directors will seek to ensure that an independent chairperson is appointed if considered necessary based on the agenda items or other relevant circumstances.

The Company will aim to prepare and facilitate the use of proxy forms which allow separate voting instructions to be given for each item on the agenda, and nominate a person who will be available

to vote on behalf of shareholders as their proxy.

Non-conformance with the recommendation: Photocure has carried out general meetings during 2023 and prior years where some of the board members have not been able to participate. The board has nevertheless been represented at all general meetings, including by the chairperson of the board of directors.

7. Nomination Committee

The nomination committee is governed by the Articles of Association section 7. In addition, the Company's general meeting adopts instructions for the nomination committee.

The nomination committee shall consist of two or three members who shall be shareholders or shareholder representatives. The members shall be elected by the general meeting for a term of one year. The nomination committee shall give its recommendation to the general meeting on election of and compensation to members of the board of directors and members of the nomination committee. The proposals shall be justified.

Shareholders are encouraged to submit proposals to the nomination committee for candidates for election to the board of directors. Such proposals must be in writing and justified and be submitted minimum 2 months before the general meeting if they are to be considered by the nomination committee.

The nomination committee currently consists of the following three members: Robert Blatt (chairperson), Hans Peter Bøhn and Lars Viksmoen. The current members have been elected by the general meeting with a term until the Company's ordinary general meeting in 2024. All members are independent of the board of directors and senior management.

Non-conformance with the recommendation: None

8. Composition and independence of the Board of Directors

Pursuant to the Articles of Association section 5, the Company's board of directors shall consist of three to seven members. The board of directors currently consists of the following four members: Dylan Hallerberg (interim chairperson), Johanna Holldack, Neal Shore and Malene Brøndberg. The interim chairperson of the board has been elected by the board of directors, after consultation with the nomination committee, after resignation by the previous chairperson, Jan Egberts, in September 2023. The term of office for members of the board of directors is one year at a time.

All members of the board are considered independent of the Company's senior management, material business contacts and the Company's main shareholders.

The Company's annual report provides information to illustrate the expertise of the members of the board of directors and their record of attendance at board meetings. Board members are encouraged to own shares in the Company.

Non-conformance with the recommendation: Current interim chairperson, Dylan Hallerberg, has been elected as interim chairperson by the board of directors and not the general meeting. The Company is in compliance with the Corporate Governance Code with regards to the composition and independence of the board of directors.

9. The work of the Board of Directors

The Rules of Procedure for The Board of Directors

The board of directors is responsible for the over-all management of the Company, and shall supervise the Company's day-to-day management and the Company's activities in general.

The Norwegian Public Limited Liability Companies Act regulates the duties and procedures of the board of directors. In addition, the board of directors has adopted supplementary rules of procedures, which provides further regulation on inter alia the duties of the board of directors and the chief executive officer, the division of work between the board of directors and the chief executive officer, the annual plan for the board of directors, notices of board proceedings, administrative procedures, minutes, board committees, transactions between the Company and the shareholders and confidentiality.

The board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The chief executive officer shall at least once a month, by attendance or in writing, inform the board of directors about the Company's activities, position and profit trend.

The board of directors' consideration of material matters in which the chairperson of the board is, or has been, personally involved, shall be chaired by some other member of the board.

The board of directors shall evaluate its performance and expertise annually, and make the evaluation available to the nomination committee.

The board of directors has adopted rules of procedures for the board of directors, which inter alia include guidelines for notification by members of the board of directors and senior

management if they have any material direct or indirect interest in any transaction entered into by the Company.

The rules of procedures for the board of directors also includes a statement on how the board of directors and the senior management shall handle agreements with related parties, including whether an independent valuation shall be obtained. The board of directors shall include a report on such agreements in the annual report.

The Audit Committee

The Company's audit committee is governed by the Norwegian Public Limited Liability Companies Act and a separate instruction adopted by the board of directors.

The members of the audit committee are appointed by and among the members of the board of directors. A majority of the members shall be independent of the Company's senior management, and at least one member shall have qualifications within accounting or auditing. Board members who are also members of the senior management cannot be members of the audit committee.

The principal tasks of the audit committee are to:

- prepare the board of directors' supervision of the Company's financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the Company's auditor regarding the audit of the annual accounts; and
- review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor.

The audit committee currently consists of the following two members: Malene Brondberg (chairperson) and Dylan Hallerberg.

The Compensation Committee

The Company's compensation committee is governed by a separate instruction adopted by the board of directors. The members of the compensation committee are appointed by and among the members of the board of directors, and shall be independent of the Company's senior management.

The principal tasks of the compensation committee are to prepare:

- proposals for guidelines for remuneration of senior executives and board of directors in accordance with the Norwegian Public Limited Liability Companies Act section 6-16a;
- report on remuneration to senior executives in accordance with the Norwegian Public Limited Liability Companies Act section 6-16b; and
- other matters relating to remuneration and other material employment issues in respect of the senior management.

The compensation committee currently consists of the following two members: Dylan Hallerberg (chairperson) and Johanna Holldack.

Non-conformance with the recommendation: None

10. Risk management and internal control

The board of directors should on an ongoing basis assess the Company's risks. Each year, as a minimum, the board of directors has a thorough assessment of the significant parts of the Group's business and outlook, in

order to identify risks and potential risks, and remedy any incident that have occurred. The board of directors may engage external expertise if necessary. The objective is to have the best possible basis for, and control of, the Company's situation at any given time.

In addition to the annual risk assessment, the management should present quarterly financial statements that will inform the board and shareholders on current business performance, including risk. These reports should be subject to review at the board meetings.

Significant risks include strategic risks, financial risks, liquidity risks and operational risks. The Company's significant risks are assessed on an ongoing basis and at least once a year by the board.

The Company's finance function is responsible for the preparation of the financial statements and to ensure that these are prepared and reported according to applicable laws and regulations and in accordance with IFRS. The audit committee performs reviews of the quarterly and annual financial statements with special focus on transaction types which includes judgments, estimates or issues with major impact on the financial statement. In addition to the quarterly and annual reporting, the board of directors receives monthly financial updates.

Management controls are performed at a senior level in the Company.

Non-conformance with the recommendation: None

11. Remuneration of the Board of Directors

The remuneration of the board of directors shall be decided at the Company's general meeting, and should reflect the board of directors' responsibility, expertise, time

commitment and the complexity of the Company's activities. The remuneration is not linked to the Company's performance.

The nomination committee shall give a recommendation as to the size of the remuneration to the board of directors. Pursuant to the instructions for the nomination committee, the recommendation should normally be published on the Company's website at least 21 days prior to the general meeting that will decide on the remuneration.

The Company has implemented a board option remuneration in accordance with the approval by the annual general meeting in 2022, under which the board members of the Company have received options to acquire shares in the Company. The program was continued in 2023. Details regarding the board option remuneration, inter alia information on pricing, vesting and exercise, can be found in the nomination committee's report and recommendations to the annual general meeting in 2022 and 2023.

Any remuneration in addition to normal fees to the members of the board of directors should be specifically identified in the annual report.

Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the board unless approved by the board of directors. The remuneration for such additional duties should be approved by the board of directors. The Company has entered into a consultancy agreement with board member Neal D. Shore pursuant to which Mr. Shore may provide certain medical expert services to the Company. The agreement is dealt with and approved by the board. In 2023 the Company has paid NOK 529,000 as remuneration pursuant to the consultancy agreement with Mr. Shore.

Non-conformance with the recommendation: The Company has granted options to the members of the board of directors. The board option remuneration has been presented to and approved by the general meeting of the Company. Other than this, the Company acts in compliance with the Corporate Governance Code with regards to remuneration of the board of directors.

12. Remuneration of the senior management

The Company has in accordance with the Norwegian Public Limited Liability Companies Act established guidelines for the remuneration of the senior executives in the Company. The remuneration guidelines have been approved by the general meeting. The remuneration guidelines shall be clear and understandable, and shall contribute to the Company's business strategy, long-term interests and financial sustainability. The arrangements for salary and other remuneration shall be simple and shall ensure convergence of the financial interests of the senior management and the shareholders.

The Company aims to ensure that performance-related remuneration is based on quantifiable factors which the employee in question can influence.

The remuneration guidelines are available at www.photocure.com. The compensation scheme for the Company's senior management is based on a fixed salary, performance related bonus (capped based on fixed salary), a share incentive scheme, pension benefits and certain other benefits. Performance-related remuneration is linked to value creation for the shareholders over time, and is based on quantifiable factors which the employees in question can influence.

Non-conformance with the recommendation: The maximum pay-out under the option program is not subject to an absolute limit. Other than this, the Company acts in compliance with the Corporate Governance Code with regards to remuneration of the senior management.

13. Information and communications

General

The Company has targeted investor relation activities with the aim to consistently provide the market with timely and accurate information.

The Company's reporting of financial and other information is based on openness and takes into account requirements for equal treatment of all investors.

The board of directors has adopted a separate manual on disclosure of information, which sets forth the Company's disclosure obligations and procedures. The board of directors will seek to ensure that market participants receive correct, clear, relevant and up- to-date information in a timely manner, taking into account the requirement for equal treatment of all participants in the securities market.

The Company will each year publish a financial calendar, providing an overview of the dates for major events such as its ordinary general meeting and publication of interim reports.

Information to Shareholders

The Company shall have procedures for establishing discussions with important shareholders to enable the board of directors to develop a balanced understanding of the circumstances and focus of such shareholders. Such discussions shall

be done in compliance with the provisions of applicable laws and regulations.

All information distributed to the Company's shareholders will be published on the Company's web site at the same time as it is sent to shareholders. The chairperson of the board and the chief executive officer are authorized to speak on behalf of the Company, and delegate such authority as is appropriate in relevant cases.

Non-conformance with the recommendation: None

14. Take-overs

In the event the Company becomes the subject of a take-over offer, the board of directors shall ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The board of directors shall also ensure that the shareholders have sufficient information and time to assess the offer.

The board of directors will not attempt to influence, hinder or complicate the submission of bids for the acquisition of the Company's operations or shares, or prevent the execution thereof. There are no defense mechanisms against take-over bids in the Articles of Association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. The board of directors has not established written guiding principles for how it will act in the event of a take-over bid, as such situations are normally characterized by concrete and one-off situations which make a guideline challenging to prepare.

In the event a take-over was to occur, the board of directors will consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

Non-conformance with the recommendation: The Company has not established separate principles for how to act in a take-over situation as described.

15. Auditor

The Company's external auditor is KPMG AS.

On an annual basis, the board of directors reviews with the auditor the Company's internal control procedures, including identified risk areas and proposals for improvement, as well as the main features of the plan for the audit of the Company.

Furthermore, the auditor participates in meetings of the board of directors that deal with the annual accounts and, at least once a year, carries out a review of the Company's procedures for internal control in collaboration with the audit committee. At least one board meeting with the auditor shall be held each year in which no member of the senior management is present.

The board of directors has established guidelines in respect of the use of the auditor by the senior management for services other than the audit.

The remuneration to the auditor will be approved by the ordinary general meeting. The board of directors will report to the general meeting details of fees for audit work and any fees for other specific assignments.

Non-conformance with the recommendation: None

Financial Statements

Photocure ASA

- STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
- STATEMENT OF FINANCIAL POSITION as of 31 December
- STATEMENT OF CASH FLOWS
- STATEMENT OF CHANGES IN EQUITY

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Parent		Amounts in NOK 1,000	Notes	Group	
2023	2022			2023	2022
280 281	236 550	Revenues from contract with customers	1,2,3	446 214	374 474
54 443	18 658	Signing fees and milestone revenues	1,2,3	54 443	18 658
334 724	255 208	Total revenues		500 657	393 132
-25 389	-23 269	Cost of goods sold	4	-26 137	-22 697
309 335	231 939	Gross profit		474 521	370 434
504	899	Other income		-	-
-12 615	-15 371	Indirect manufacturing expenses	5	-12 615	-15 371
-2 070	-3 342	Research and development expenses	5	-2 070	-3 342
-210 863	-192 542	Marketing and sales expenses	5	-334 940	-303 434
-69 501	-70 937	Other operating expenses	5,6,7,8	-97 089	-97 290
-294 545	-281 292	Total other income and expenses		-446 714	-419 437
14 790	-49 353	Operating profit/loss(-)		27 807	-49 003
33 930	48 137	Financial income	9,10	24 554	9 218
-40 804	-30 240	Financial expenses	9,10	-41 177	-30 591
-5 828	-29 565	Remeasure financial balances	9,10	-1 444	-758
-12 703	-11 668	Net financial profit/loss(-)		-18 067	-22 131
2 087	-61 021	Profit/loss(-) before tax		9 740	-71 134
-5 644	2 166	Income tax	11	-8 761	-723
-3 557	-58 856	Net profit/loss(-)		979	-71 857
		Currency translation		-1 021	2 202
		Total other comprehensive income items that may be reclassified to profit & loss		-1 021	2 202
		Comprehensive income		-42	-69 654
		Earnings per share (Amounts in NOK):	12		
		Basic		0.04	-2.66
		Diluted		0.04	-2.66

STATEMENT OF FINANCIAL POSITION as of 31 December - ASSETS

Parent				Group	
2023	2022	Amounts in NOK 1,000	Notes	2023	2022
ASSETS					
112 537	129 209	Customer relations	13	112 537	129 209
144 000	144 000	Goodwill	13	144 000	144 000
12 593	14 048	Property, plant, equipment and other assets	14	33 529	32 479
340 918	315 006	Loan to group company	10, 11	-	-
22 696	17 171	Shares in subsidiaries	15	-	-
49 476	55 120	Deferred tax asset	11	49 476	55 120
682 219	674 554	Total non-current assets		339 541	360 808
34 411	24 412	Inventories	16	37 190	26 534
43 602	31 738	Accounts receivable	17, 19	59 704	47 164
8 268	6 517	Other receivables	17, 19	16 033	16 455
238 252	259 058	Cash and short term deposits	18, 20	259 504	268 073
324 533	321 725	Total current assets		372 431	358 226
1 006 752	996 279	Total assets		711 973	719 034

STATEMENT OF FINANCIAL POSITION as of 31 December - EQUITY AND LIABILITIES

Parent				Group	
2023	2022	Amounts in NOK 1,000	Notes	2023	2022
EQUITY AND LIABILITIES					
13 560	13 560	Share capital	21	13 560	13 560
460 572	440 415	Other paid-in capital		460 572	440 415
317 162	320 296	Retained earnings		8 716	8 758
791 294	774 271	Total equity		482 848	462 733
127 680	126 233	Earnout liability	22	127 680	126 233
-	-	Long term loan financial institution	22	-	-
1 701	2 523	Pension liabilities	8	4 322	4 755
6 875	9 132	Lease liabilities	22	13 974	21 256
136 256	137 888	Total non-current liabilities		145 976	152 245
14 544	15 867	Accounts payable	17, 23	19 660	21 281
2 205	2 344	Employee withholding taxes, social security tax and vat		1 230	4 587
11 292	23 902	Short term part non-current liabilities	22	14 017	27 382
51 161	42 007	Other current liabilities	17, 23	48 241	50 807
79 202	84 120	Total current liabilities		83 148	104 056
215 458	222 008	Total liabilities		229 125	256 301
1 006 752	996 279	Total equity and liabilities		711 973	719 034

Oslo, 29 April 2024
Photocure ASA

Dylan Hallerberg
Interim Chairperson

Neal Shore
Director

Johanna Holldack
Director

Malene Brondberg
Director

Dan Schneider
President and CEO

STATEMENT OF CASH FLOWS

Parent		Group			
2023	2022	Amounts in NOK 1,000	Notes	2023	2022
2 087	-61 021	Profit/loss(-) before tax		9 740	-71 134
20 803	20 051	Ordinary depreciation & amortisation	13, 14	27 687	24 378
14 631	16 907	Share-based payments expense	6	20 156	22 176
328	343	Pension costs	8	1 127	1 235
-11 122	-2 147	Interest income	9	-11 712	-2 147
25 965	25 477	Interest expenses	9	26 336	25 804
1 444	758	Remeasured earnout	13, 22	1 444	758
-9 965	-38 971	Unrealized currency (gain)/loss loan subsidiary	9	-	-
857	763	Unrealized currency (gain)/loss other		858	763
-1 739	574	Other items		-738	-893
		Changes in			
-9 999	2 248	- inventories		-10 656	1 000
-13 615	-3 437	- trade and other receivables		-12 118	-859
-1 323	7 647	- trade and other payables		-1 620	-782
17 417	-2 443	- provisions and other accruals		2 482	460
4 384	28 807	Loss allowance internal loan		-	-
-1 151	-	Settlement employee benefits		-1 560	-
-	49	Tax paid	11	-3 117	-2 777
39 002	-4 395	Net cash flow from operating activities		48 309	-2 018
11 122	2 147	Interest received		11 712	2 147
-19 907	-2 710	Loan to subsidiary	10	-	-
-	-	New subsidiary capital		-	-
-1 918	-1 278	Investments in systems and equipment	14	-12 306	-3 609
-10 703	-1 841	Net cash flow from investing activities		-594	-1 462
-1 669	-1 619	Lease offices and company cars	14, 22	-8 475	-3 164
-12 500	-25 000	Loan financial institution	22	-12 500	-25 000
-540	-1 095	Interest paid financial loans		-912	-1 368
-34 397	-29 390	Earnout liability	22	-34 397	-29 390
-	7 580	Employee options exercised		-	7 580
-49 106	-49 524	Net cash flow from financing activities		-56 284	-51 342
-20 807	-55 760	Net change in cash during the year		-8 569	-54 822
259 058	314 817	Cash and cash equivalents as of 01 January		268 073	322 895
238 252	259 058	Cash and cash equivalents as of 31 December		259 504	268 073

STATEMENT OF CHANGES IN EQUITY - Parent Company

Parent company						
(Amounts in NOK 1 000)	Issued capital	Treasury shares	Other paid-in equity	Translation reserve	Retained earnings	Total equity
Equity as of 31 December 2021	13 487	-311	411 045	0	377 469	801 690
Comprehensive income:						
Net profit for the year					-58 856	-58 856
Adjustment previous year					1 680	1 680
Other comprehensive income that may be reclassified to p&l			-	-		0
Total comprehensive income	0	0	0	0	-57 176	-57 176
Transaction with owners:						
Capital increase						0
Sale own shares						0
Buy back own shares		-3 685				-3 685
Employees' options	74	3 695	29 671			33 440
Total transaction with owners	74	10	29 671	0	0	29 755
Equity as of 31 December 2022	13 560	-301	440 718	0	320 293	774 271
Comprehensive income:						
Net profit for the year					-3 557	-3 557
Adjustment previous year					423	423
Other comprehensive income that may be reclassified to p&l			-	-		0
Total comprehensive income	0	0	0	0	-3 134	-3 134
Transaction with owners:						
Capital increase						0
Sale own shares						0
Buy back own shares						0
Employees' options			20 156			20 156
Total transaction with owners	0	0	20 156	0	0	20 156
Equity as of 31 December 2023	13 560	-301	460 874	0	317 160	791 294

STATEMENT OF CHANGES IN EQUITY - Group

Group						
(Amounts in NOK 1 000)	Issued capital	Treasury shares	Other paid-in equity	Translation reserve	Retained earnings	Total equity
Equity as of 31 December 2021	13 487	-310	411 045	-2 084	80 495	502 633
Comprehensive income:						
Net profit for the year					-71 857	-71 857
Other comprehensive income that may be reclassified to p&l			-	2 202	-	2 202
Total comprehensive income	0	0	0	2 202	-71 857	-69 654
Transaction with owners:						
Capital increase						0
Sale own shares						0
Buy back own shares		-3 685				-3 685
Employees' options	74	3 695	29 671			33 440
Total transaction with owners	74	10	29 671	0	0	29 755
Equity as of 31 December 2022	13 560	-300	440 717	118	8 638	462 733
Comprehensive income:						
Net profit for the year					979	979
Other comprehensive income that may be reclassified to p&l			-	-1 021		-1 021
Total comprehensive income	0	0	0	-1 021	979	-42
Transaction with owners:						
Capital increase						0
Sale own shares						0
Buy back own shares						0
Employees' options			20 156			20 156
Total transaction with owners	0	0	20 156	0	0	20 156
Equity as of 31 December 2023	13 560	-300	460 873	-903	9 617	482 848

Accounting principles 2023

I. General information

The annual accounts for 2023 for Photocure Group (Photocure) comprises Photocure ASA and the four 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. The annual accounts for Photocure were approved for publication by the Board of Directors on 29 April 2024.

Photocure ASA is a public limited company domiciled in Norway. The business of the Group is associated with research, development, production, distribution, marketing and sales of pharmaceutical products. The Company's shares are listed on the Oslo Stock Exchange. The Parent Company's registered office is Hoffsveien 4, NO-0275 Oslo, Norway.

II. Basis for preparation of the annual accounts

The annual accounts for the Group and the Parent Company have been prepared on the basis of historical cost, with the exception of money market funds and earnout liability that are valued at fair value.

The Group and the Parent Company's annual accounts are prepared in accordance with IFRS Accounting Standards (R) as specified by the International Accounting Standards Board as adopted by the European Union (EU) as per 31 December 2023.

Photocure ASA has NOK (Norwegian kroner) 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.

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 the U.S. performed through Photocure's wholly owned subsidiary Photocure Inc. and in Canada thorough Photocure's wholly owned

subsidiary Photocure Canada Inc. In both countries sales, marketing and distribution is performed 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.

III. Changes in significant accounting policies

There are no significant new IFRS standards made effective in 2023 that effect the group accounts for Photocure.

IV. Disclosures regarding new standards not yet effective

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group. The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2023 did not have any significant impact on the reporting for 2023.

V. Use of judgements and estimates

In preparation of these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized, and information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the financial statements as of

31 December 2023, are included in the following notes:

- Note 13 and 22 Goodwill and customer relations: the assumptions in the application of IAS 36 of the annual goodwill impairment analysis, and the remeasurement of the fair value of the earnout liability according to IFRS 9.
- Note 11 Recognition of deferred tax asset: available future taxable profit against which tax losses carried forward can be used.
- Note 9 and 10 Long term loan subsidiaries: impairment and key assumptions underlying the balance sheet value in Parent company.

VI. Summary of important guidelines for accounting for the Group

A. Currency

Monetary items in foreign currencies are converted at closing rate of exchange. In the absence of any statement to the contrary, realized and unrealized exchange rate gains and losses are included in financial income or expenses. Transactions in foreign currencies are recorded at the exchange rate on the date of transaction. Assets and liabilities in foreign currencies are translated into NOK at the exchange rate applicable on the balance sheet date.

Income and expenses in foreign subsidiaries are translated into NOK at the average exchange rate for the financial statement period. The assets and liabilities of the foreign subsidiaries are translated to NOK at exchange rates at the reporting date.

B. Property, plant, equipment and intangible assets

Property, plant and equipment (PPE) are recognized at cost less deductions for accumulated depreciation and

accumulated impairment losses. PPE are depreciated over the expected useful life of the assets taking any residual value into consideration. Costs incurred for major replacements and upgrades of PPE are added to cost if it is probable that the costs will generate future economic benefits for the Group and if the costs can be reliably measured. Ordinary maintenance is expensed as incurred.

PPE are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Production and test equipment	5 years
Furniture and office equipment	3–5 years

Intangible development expenditures are amortized on a straight-line basis in the profit and loss over the remaining patent period for the approved product and indication as follows:

Product development	4 - 10 years
Customer relations	10 years

C. Impairment

Non-current & intangible assets that are recognized in the balance sheet, are tested for impairment if there are indications of a loss in value. If the book value of an asset is higher than the recoverable value of the asset, the loss in value is recognized in profit and loss. The recoverable value is the highest of net sales value and the value in use of the asset. Assets are grouped and measured at the lowest level for determining loss in value.

Goodwill is tested annually for impairment. For impairment testing, assets are grouped that generate cash inflows from continuing use that are largely independent from the cash inflows from other assets or cash generating units (CGU). The recoverable value of the asset is the greater of value in use and its fair value



less cost of disposal. Value in use is based on estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is allocated first to reduce the book value of the goodwill related to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

D. Research and development costs

Research costs are expensed as incurred. Development costs are recognized in the balance sheet as intangible assets only if there is an identifiable asset that is expected to generate future financial benefits, and when the costs of such an asset can be reliably measured. Development costs that have been expensed in previous accounting periods cannot be recognized in the balance sheet at a later date. Cost-sharing of research and development expenses with license partners is booked as a reduction in costs.

The work of the regulatory function and services provided are related to both market expansion and product development. Photocure classifies for this reason the regulatory function into the following two categories:

- Regulatory work and services related to new products or product development based on new clinical trials up to and including phase 3, are classified as R&D costs.
- Regulatory work and services for new markets based on existing clinical data are classified as marketing costs.

E. Investment in subsidiary companies

Shares and investments with the aim of long-term ownership are booked in the balance sheet as long-term investments and are valued at the lower of cost and fair value. Write-downs for permanent declines in value are made on the basis of individual evaluations. Any realized and unrealized profits/ losses and any write-downs related to these investments will be booked in the income statement as financial items.

F. Inventories

Raw materials are valued at the lower of cost and net sales value in accordance with the first-in, first-out principle (FIFO). Semi-finished and finished goods are valued at production cost including a mark-up for their share of the indirect production costs based on the FIFO principle.

G. Financial assets and liabilities

All financial assets not classified as measured at amortized cost or fair Value over comprehensive income are subsequently measured at fair value through profit and loss. Photocure's investments in money market funds are measured at fair value through profit and loss.

The earnout liability is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in profit or loss.

Interest bearing liabilities are recognized at fair value at the time of recognition. In subsequent periods, interest-bearing liabilities are booked at amortized cost according to the effective interest rate method.

Financial income consists of interest income on bank balances and money market fund as well as exchange rate

gains from currency items. Financial expense consists of interest expense on borrowing and exchange rate losses from currency items.

Impairment

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group assumes that the credit risk on a financial asset has increased if it is more than 60 days past due.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. The Group uses an allowance matrix based on historical losses adjusted for forward-looking information.

H. Revenue recognition

The main revenue stream in the company is the sale of pharmaceutical products. The revenue is recognized on the date of delivery, when both control and risk essentially have been transferred to the customer. The license agreements that give the right to a signing fee or achieved milestones are recognized as revenue when the contractual conditions are met. Royalty revenue is booked as Sales revenue in line with the licensee's sale of licensed products.

The core principle in IFRS 15 is revenue should be recognized dependent

on the transfer of promised goods or services to the customer for an amount that reflects the consideration which should be received in exchange for those goods or services. The objective is to provide a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognizing revenue when or as performance obligations are satisfied.

In Photocure's customer contracts which are regarded to be within the scope of IFRS 15, the up-front fees not related to a separate performance obligation will be recognized over the term of the contract upon the delivery of goods.

If the promise to grant the license is distinct from other promised goods or services in the contract, the promise to grant the license is a separate performance obligation. A license contract with a customer is a right to use Photocure's intellectual property as it exists at the point in time at which the license is granted.

The total transaction price is allocated between the performance obligations based on the relative stand-alone selling price. The transaction price allocated to the license may consist of up-front fee, different milestone payments and sales based royalty payments. The part of the transaction price related to variable milestone payments are estimated as the most likely amount but constrained which currently means that these revenues

will be recognized if and when the relevant milestone are achieved. Sales based royalty is recognized when the subsequent sales occur.

I. Share remuneration and other benefits related to share based remuneration

Employees have been offered share options to the Company's shares as an element of the Group's employee incentive policy. If the Group has own shares, the Group may allot own shares instead of issuing new shares when share options are exercised. All share options are offered at strike prices that reflect the market price +10% of the shares at the time of allotment of the rights.

The fair value is expensed over the share options vesting period and



the Company's equity is increased correspondingly. The fair value of share options is calculated according to the Black-Scholes model. Each program is calculated separately with the actual strike price and duration of the program. The share options cease to be valid when the employee's is leaving the Company.

Employer's social security contributions on outstanding share options are accrued as personnel costs based on the intrinsic value of the rights.

J. Tax

The tax expense in the income statement includes both the income tax payable for the period and changes in deferred tax. Deferred tax in Norway is calculated at rate of 22% and in the USA at a total rate of 28% on the basis of the temporary differences that exist between the tax value of the assets and liabilities, and their book value.

Liabilities for deferred tax are included for all temporary differences that increase tax, except when the asset in connection with deferred tax arises as a result of the first-time inclusion of an asset or liability in a transaction that is not in a business combination and affects neither the accounting nor the taxable profit or loss at the time of the transaction.

Assets in connection with deferred tax are included for all tax-reducing temporary differences, carry forward of tax deductions and tax losses in the extent that there is objective proof that there will be sufficient taxable profits against which to offset tax-reducing temporary differences, and carry forward of unused tax deductions and tax losses.

The book value of assets in connection with deferred tax is reviewed on every balance sheet date and is reduced to the degree that there is no longer any objective proof that there will be sufficient taxable profits to utilize all or parts of assets in connection with

deferred tax. Non-recognized assets in connection with deferred tax are reviewed every balance sheet date and are included to the degree that it is probable that future taxable profits will allow the recovery of assets in connection with deferred tax. Each taxable entity in the Group is treated separately.

K. Contingent liabilities and assets

Contingent liabilities are defined as:

- Possible liabilities as a result of earlier events where their existence depends on future events;
- Liabilities that are not included because it is not probable that they will lead to an outflow of resources from the Group;
- Liabilities that cannot be measured with sufficient reliability.

Contingent liabilities are not included in the annual accounts. Notes on significant contingent liabilities are provided, with the exception of contingent liabilities with little probability of occurring.

Contingent assets are not included in the annual accounts but are reported in cases in which there is a certain likelihood of their resulting in a benefit to the Group.

L. Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents consist of cash, bank deposits and other current investments like money market funds.

M. Lease agreements

The main rule is that the leased assets are recognized in the balance sheet as a fixed asset or in a disclosure note for fixed assets. Leased assets are shown

separately from other fixed assets owned by the company as "Right of use assets" in the related disclosure note. Although a lease is a right to use an asset and not a purchase of an asset, the classification in the balance sheet follows the leased asset.

The net present value of the lease liability is calculated by discounting the rental payments with the implicit interest rate of the lease, or the business's marginal borrowing rate if the implicit interest rate is unknown.

According to IFRS 16 depreciation is calculated for the right of use assets. Depreciation is presented together with other depreciation, while interest cost is included in financial expenses in the income statement.

The leased assets are depreciated over their useful lives. This is the shorter of the rental period and the assets economic life.





Notes to the Financial Statements for 2023

Photocure ASA

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O. CURRENCY RATES CHANGES

Photocure revenues and costs are to a large degree in EUR and USD currencies while functional currency is NOK. Due to the strengthening of the EUR and the USD currency against the NOK during 2023, the revenues and costs reported in NOK have been materially affected. This is illustrated by the following table containing the average currency rates between NOK and USD/EUR in 2023 compared to 2022.

Currency rates development 2023 vs 2022			
	2023	2022	% 23 vs 22
Avr currency rate NOK/USD	10.57	9.62	10%
Avr currency rate NOK/EUR	11.43	10.11	13%

1. PARTNERSHIPS

Photocure entered in July 2019 into a license agreement providing Asieris MediTech Co with a world-wide license to develop and commercialize Cevira® for the treatment of HPV induced cervical precancerous lesions. Under the agreement, Photocure will receive signing fees, development- and approval milestones, in addition to sales royalties.

Photocure entered in January 2021 into a license agreement providing Asieris MediTech Co with a license to commercialize Hexvix in mainland China and Taiwan. Under this agreement, Photocure will receive signing fees and approval milestones, in addition to sales royalties.

2. OPERATING SEGMENTS

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). Development Portfolio includes development of pipeline products. Sales revenue Europe in the Commercial segment consists of Hexvix direct sale to hospitals, wholesalers and pharmacies.

The Development segment is split by development of Cevira and other pipeline products.

Operating costs are charged directly to the respective segment involved if directly related. Indirect manufacturing costs are allocated based on sales within the commercial segment and other indirect costs are allocated based on time and resources utilized within the different subsegments.

Segments are reported similarly as the internal reporting to the Group's Chief Operating Decision Maker (CODM) s. CODM are defined as the Group's Senior management. Segment assets and liabilities are not reported to the Chief Operating Decision Makers (CODM) and therefore not allocated to reportable segments.

1 Jan - 31 December 2023	Commercial Franchise				Development Portfolio			
	North Am.	Europe	Other Markets	Total Sales	Cevira	PDT & Explorativ	Total R&D	Grand Total
(Amounts in NOK 1,000)								
Revenues from contract with customers	178 630	263 547	4 037	446 214	-	-	-	446 214
Signing fees and milestone revenues	-	-	-	-	54 443	-	54 443	54 443
Cost of goods sold	-5 866	-19 286	-986	-26 137	-	-	-	-26 137
Gross profit	172 764	244 262	3 051	420 077	54 443	-	54 443	474 520
Gross profit of sales %	97 %	93 %	76 %	94 %				94 %
R&D	-245	-867	-	-1 113	-818	-139	-957	-2 070
Sales & marketing	-164 622	-147 079	-3 621	-315 322	-941	-	-941	-316 262
Other & allocations	-37 369	-43 947	-5 009	-86 325	-1 693	-12 677	-14 370	-100 695
Operating expenses	-202 237	-191 893	-8 630	-402 760	-3452	-12 816	-16 268	-419 028
EBITDA	29 473	52 369	-5 579	17 317	50 991	-12 816	38 175	55 492
Depreciation and Amortization				-27 541			-146	-27 687
EBIT				-10 224			38 029	27 806

1 Jan - 31 December 2022	Commercial Franchise				Development Portfolio			
	North Am.	Europe	Other Markets	Total Sales	Cevira	PDT & Explorativ	Total R&D	Grand Total
(Amounts in NOK 1,000)								
Revenues from contract with customers	150 784	221 826	1 863	374 474	-	-	-	374 474
Signing fees and milestone revenues	-	-	152	152	18 506	-	18 506	18 506
Cost of goods sold	-4 835	-16 810	-1 052	-22 697	-	-	-	-22 697
Gross profit	145 950	205 016	963	351 929	18 506	-	18 506	370 435
Gross profit of sales %	97 %	92 %	44 %	94 %				94 %
R&D	-322	-1 211	-	-1 533	-739	-1 070	-1 809	-3 342
Sales & marketing	-163 706	-118 563	-3619	-285 888	-645	-	-645	-286 533
Other & allocations	-38 214	-52 758	-8 177	-99 149	-1 933	-4 106	-6 038	-105 187
Operating expenses	-202 242	-172 532	-11 795	-386 570	-3 317	-5 176	-8 492	-395 062
EBITDA	-56 292	32 484	-10 832	-34 641	15 189	-5 176	10 013	-24 627
Depreciation and Amortization				-24 231			-147	-24 378
EBIT				-58 872			9 866	-49 005

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

3. REVENUES FROM CONTRACT WITH CUSTOMERS

Performance obligation product deliveries

For the general supply of products Photocure satisfy the contractual performance obligation upon delivery of products according to the delivery terms agreed. Invoices are issued at that point in time and the payment term is usually within 30 days. No discounts were provided to the customers and no return of products were accepted within the expiry of the products.

Performance obligation license

Photocure entered a license agreement with Asieris for the pipeline product Cevira in July 2019. The agreement wasis based on a "ready for Phase 3 study" concept and this study was carried out by Asieris in China from 2020 until July 2023. The Phase III Hexvix trial in China successfully met the primary endpoints, and in October 2023 the results were presented at the SIU Congress. In November 2023, Asieris announced that the NMPA (Chinese FDA) has accepted the new drug application (NDA) for Hexvix in China, beginning the review process for a potential market authorization

Photocure has in the agreement with Asieris promised to transfer the rights for Cevira (license) and deliver the active substance for the phase 3 study and later potential commercialization. Asieris will be responsible for the remaining development of Cevira and pay all the costs. The license is a right to use Photocure's intellectual property as it existed at the contract date. The active substance will not be further developed or changed by Photocure for use by Asieris. The transfer of the license and the delivery of the active substance are by Photocure regarded as two separate performance obligations.

Asieris has in 2023 paid two milestones of USD 2.5 million each related to the phase 3 study and accumulated paid USD 15 million in milestones for Cevira. The agreement include additional milestones and potential sales royalty if a commercial product is approved, this will depend on the outcome of the ongoing phase 3 study. The transaction price allocated to the license consist of signing fee, different milestone payments and sales based royalty payments. The part of the transaction price related to milestone payments are estimated as the most likely amount, but constrained which currently means that these revenues will be recognized if and when the relevant milestone are achieved.

Revenue for the sale of active substance is recognized when the customer takes control of the goods, which is at the time of shipment.

Photocure entered in January 2021 into a partnership agreement with Asieris whereby Asieris has obtained exclusive rights to register and commercialize Hexvixi®] in Mainland China and Taiwan. Based on the agreement, Photocure received an upfront payment of USD 750,000 from Asieris for the rights to Hexvix in the designated territories as a non-refundable payment. Asieris fund all costs to secure required clinical studies and to regulatory approvals of Hexvix in Mainland China and Taiwan.

The license of the Groups intellectual property are under all current licensing agreement considered distinct from the delivery of goods and thus a separate performance obligation. Furthermore the licenses are considered to be a right to use the company's intellectual property as is, and therefore revenue allocated to the license is recognized at point in time taking into consideration the variable constraint for milestone payments that have not yet occurred and sales based royalty. Milestone payments related to future events and sales based royalties are recognized when the events and sales actually occur.

Geographical information

(Amounts in NOK 1,000)

Group revenues from contract with customers	2023	2022
Nordic countries	22 390	22 647
Germany	182 199	148 936
France	31 404	27 032
Austria	12 070	9 500
UK	2 411	2 147
BeNeLux	5 804	4 597
Italy	5 057	4 368
Other European countries	3 025	3 905
United States	175 845	149 045
Canada	2 785	1 740
Own sales	442 990	373 917
Partner countries rest of world	3 224	557
	446 214	374 474

The geographical revenue in all countries except North America are in the parent company. The geographical revenue information is based on the location of the end customers.

The signing fees and milestone revenue are not included in the table above.

Revenue recognition by segments

1 Jan - 31 December 2023	Commercial Franchise				Development Portfolio		Grand Total
	Hexvix/Cysview			Total Sales	Pipeline	Total R&D	
(Amounts in NOK 1,000)	Own sales	Partner	Other Sales				
Contract revenue at point in time		1 700	1 524	3 224		0	3 224
Contract revenue over time				0		0	0
Signing fees and milestone revenues at point in time				0	54 443	54 443	54 443
Sales order revenue at point in time	442 177		813	442 990		0	442 990
	442 177	1 700	2 337	446 214	54 443	54 443	500 656

Revenue recognition by segments

1 Jan - 31 December 2022	Commercial Franchise				Development Portfolio		Grand Total
	Hexvix/Cysview			Total Sales	Pipeline	Total R&D	
(Amounts in NOK 1,000)	Own sales	Partner	Other Sales				
Contract revenue at point in time		430	128	558	0	0	558
Contract revenue over time				0		0	0
Signing fees and milestone revenues at point in time		152		152	18 506	18 506	18 658
Sales order revenue at point in time	372 611		1 306	373 917		0	373 917
	372 611	582	1 434	374 627	18 506	18 506	393 132

4. COST OF GOODS SOLD

Total cost of goods sold includes direct materials, services provided by contract manufacturers and packaging suppliers, products freights and distribution costs.

5. INCOME STATEMENT CLASSIFIED BY NATURE

(Amounts in NOK 1,000)

	Note	Group		Parent	
		2023	2022	2023	2022
Revenues from contract with customers	2	446 214	374 474	280 281	236 550
Signing fees and milestone revenues	2	54 443	18 658	54 443	18 658
Cost of goods sold		-26 137	-22 697	-25 389	-23 269
Gross profit		474 521	370 435	309 335	231 939
Other income		0	0	504	899
Payroll expenses	6, 7	-276 192	-244 881	-117 117	-102 315
R&D costs excluding payroll expenses/other operating expenses		-964	-1 809	-964	-1 809
Ordinary depreciation and amortisation	13, 14	-27 687	-24 378	-20 803	-20 051
Other operating expenses		-141 871	-148 370	-156 165	-158 016
Total operating expenses		-446 714	-419 438	-294 545	-281 292
Operating profit / loss (-)		27 807	-49 003	14 790	-49 353

Specification of Other operating expenses:	2023	2022	2023	2022
Marketing expenses	37 493	45 162	15 691	16 087
Profit split coverage US and Canada	-	-	158	17 888
Sales and marketing costs Europe	-	-	79 484	54 719
Travel expenses	21 152	19 108	5 028	5 308
Patent costs, legal and other fees	47 464	55 848	32 840	41 317
Other expenses	35 763	28 253	22 965	22 698
Total other operating expenses	141 871	148 370	156 165	158 016

6. PERSONNEL EXPENSES

(Amounts in NOK 1,000)

	Note	Group		Parent	
		2023	2022	2023	2022
Salaries		208 298	175 991	83 636	66 879
Employer's social security contributions on salaries, etc.		23 885	20 855	9 662	8 144
Option costs incl employer's social security contributions		19 368	21 674	13 843	16 406
Pension costs	8	13 976	13 101	5 988	5 682
Other benefits		10 665	13 260	3 989	5 205
Total payroll expenses		276 192	244 881	117 117	102 315
No. of full-time equivalent positions		102	106	36	37

Share-based remuneration

As part of the company's incentive policy, employees have been offered share options to the company's shares (the term 'options' is also used). Allocated share options are vested over three years, 25% after first year, 25% second year and 50% third year. The rights are no longer valid after five years or on termination of the employee.

The number of employee share options and average exercise prices for Photocure, and developments during the year:

	2023		2022	
	Number	Average exercise price (NOK)	Number	Average exercise price (NOK)
Outstanding at start of year	1 922 778	116.04	1 355 750	109.61
Granted during the year	1 180 900	61.03	716 028	114.90
Cancelled during the year	798 000	128.69	-	0.00
Become invalid during the year	229 500	110.11	2 000	87.39
Exercised during the year	-	0.00	147 000	51.49
Expired during the year	-	0.00	-	0.00
Outstanding at end of year	2 076 178	80.55	1 922 778	116.04
Exercisable options as per 31 December	586 653	95.41	448 000	101.30

The average weighted life of outstanding share options was 3.6 years at 31 December 2023 and 3.7 years at 31 December 2022.

The exercise prices and the average life of outstanding share options as per 31 December 2023 were as follows:

Average remaining life	No. of options	Exercise price NOK
1 year	69 000	50.72-56.83
2 years	316 250	78.65-81,41
3 years	272 000	87.39-145.27
4 years	243 500	114.89
5 years	1 175 428	59.91-115.70
Total	2 076 178	

Calculation method for market value of employee share options:

The market value of share options is calculated according to the Black-Scholes method. Volatility is calculated on the basis of the development in the historical share price equal to the lifetime of the options. This assumes that historical volatility indicates future volatility, which is not necessarily the case. Strike prices are set as the listed price plus 10% at the time of allocation. Risk-free interest is based on the interest for Norwegian government bonds. Each option program is calculated separately with the actual exercise price and duration of the program. The exercise date for the options is calculated on the basis of historical experience in the company and is differentiated between senior management and other employees. The interest advantage is insignificant and has not been included in the accounts. The table below shows the values that have been used in the model.

	2023*	2022*
Dividends (NOK)	0.00	0.00
Expected volatility (%)	47.85	50.98
Historical volatility (%)	47.85	50.98
Risk-free interest (%)	3.33	2.89
Expected life of options (years)	3.25	3.24

*Weighted average parameters at grant of instrument

7. REMUNERATION OF MANAGEMENT AND BOARD OF DIRECTORS

(Amounts in NOK 1,000)	Pay currency	Directors' fees paid	Salaries paid	Bonuses accrued	Benefits in kind	Pension cost	Total
Senior management 2023							
President and CEO	USD		6 953	2 792	1 004	602	11 351
Chief Financial Officer	NOK		2 776	924	16	383	4 099
VP and General Manager North America	USD		4 387	1 375	601	382	6 745
VP and General Manager Europe	EUR		3 431	1 008	488	-	4 928
VP Global Strategic Marketing & BD to June	NOK		1 035	-	1 052	117	2 203
VP Global Medical Affairs and Clinical Development	SEK		2 555	867	96	379	3 898
VP Global Human Resources to April	USD		1 572	-	100	35	1 707
VP Global Human Resources from April	EUR		1 474	323	-	101	1 898
Total senior management			24 183	7 288	3 358	1 998	36 827
Board of Directors 2023							
			Consultant fee				
Chairperson of the Board	NOK	620					620
Members of the Board	NOK	1 440	529				1 969
Total remuneration		2 060	24 711	7 288	3 358	1 998	39 415

The Group used the professional services of one of its Directors in relation to consulting services during 2023. The consulting services relates to work beyond regular board duties. The consultancy fees are based on a contract approved by the board.

(Amounts in NOK 1,000)	Pay currency	Directors' fees paid	Salaries paid	Bonuses accrued	Benefits in kind	Pension cost	Total
Senior management 2022							
President and CEO	USD		6 013	2 812	754	494	10 072
Chief Financial Officer	NOK		2 629	595	18	343	3 584
VP and General Manager North America	USD		3 848	857	419	319	5 444
VP and General Manager Europe	EUR		2 935	586	427	-	3 948
VP Global Strategic Marketing & BD	NOK		1 754	196	88	221	2 259
VP Global Medical Affairs and Clinical Development	SEK		2 071	431	91	360	2 952
VP Global Human Resources	USD		2 672	310	7	242	3 232
Total senior management			21 921	5 787	1 803	1 979	31 490
Board of Directors 2022							
Chairperson of the Board	NOK	620					620
Members of the Board	NOK	1 440					1 440
Total remuneration		2 060	21 921	5 787	1 803	1 979	33 550

Currency rates development 2023 vs 2022:	2023	2022
Avr currency rate NOK/USD	10.57	9.62
Avr currency rate NOK/EUR	11.43	10.11
Avr currency rate NOK/SEK	1.0	0.95

Share options senior management

Senior managers' holdings of shares in Photocure ASA are stated in the note concerning share capital. Allocation and exercise of share options and holdings of share options for senior managers are presented in the following overview:

	Share options awarded	Expired share options	Share options cancelled	Holding of share options at 31 December 2023	Average exercise price
Share options for senior management 2023					
President & CEO	272 500	-	265 000	332 500	64.24
Chief Financial Officer	178 750	-	157 500	213 750	63.84
VP and General Manager North America	136 250	-	132 500	216 250	63.09
VP and General Manager Europe	136 250	-	132 500	203 750	67.40
VP Global Human Resources from April	28 750	-	22 500	26 750	65.58
VP Global Medical Affairs and Clinical Development	114 000	-	88 000	114 000	60.34
Total	866 500	-	798 000	1 107 000	

	Share options awarded	Expired share options	Share options exercised	Holding of share options at 31 December 2022	Average exercise price
Share options for senior management 2022					
President & CEO	130 000	-	100 000	325 000	121.33
Chief Financial Officer	90 000	-	20 000	192 500	119.46
VP and General Manager North America	65 000	-	-	212 500	106.73
VP and General Manager Europe	65 000	-	-	200 000	113.84
VP Global Strategic Marketing & Business Development	35 000	-	-	112 500	111.12
VP Global Human Resources	-	-	-	80 000	113.34
VP Global Medical Affairs and Clinical Development	60 000	-	-	88 000	122.56
Total	445 000	-	120 000	1 210 500	

Auditing fees

(Amounts in NOK 1,000 ex VAT)	Group and parent	
	2023	2022
Statutory auditing	1 086	972
Other attestation services	172	138
Other services excluding auditing	27	42
Tax advice	36	132
Total	1 320	1 284

8. PENSION COSTS

Photocure ASA has an agreement with a life assurance company concerning contribution-based pensions for Photocure's employees in Norway. The contribution plan match the revised national regulations for pension. The contributions are 6% of the employee's ordinary salary up to 7.1 times the basic amount (G) of the Norwegian National Insurance scheme, and thereafter 16% up to 12 x G. The national insurance cover pension for salaries to 7.1 G. Pension contributions are paid into the employee's contribution account with the life assurance company. As of 31 December 2023 and 31 December 2022, the company had no deposits in the premium and the contribution fund.

Photocure ASA employees in other European countries have individual defined contribution pension plans according to local regulations and their employment agreements.

Photocure Inc matches its employee's contribution to the 401(k) plan dollar for dollar up to 4% of salary for the employees that elect to join the plan. There is a salary maximum set by the IRS, which was \$330,000 in 2023.

Employees in Photocure GmbH in Germany coming from Ipsen have defined benefit pension plans through the TUPE regulations in Germany. Photocure GmbH has a re-assurance agreement with an assurance company in Germany that balance the pension liability. New employees in Photocure GmbH are offered a defined contribution plan.

Salary to senior management employees in Photocure ASA above 12 x G is subject to agreements concerning operational coverage of pensions for salary above this level in the form of contribution-based pensions. The calculated contribution constitutes 16% of the employee's salary above 12 x G. Photocure Inc has established an additional unfunded pension coverage for senior managers accruing annually an amount equal to 4% of salary and earned bonus.

The pension cost for the year is calculated as follows:

(Amounts in NOK 1,000)	Group		Parent	
	2023	2022	2023	2022
Total pension costs, contribution scheme in life assurance	12 940	11 866	5 660	5 339
Total pension costs, company scheme	1 036	1 235	328	343
Total	13 976	13 101	5 988	5 682

9. FINANCIAL INCOME AND EXPENSE

(Amounts in NOK 1,000)				
	Group		Parent	
	2023	2022	2023	2022
Interest income	11 714	2 336	11 124	2 287
Foreign exchange gains	12 841	6 882	22 806	45 850
Total financial income	24 554	9 218	33 930	48 137
Interest costs long term liabilities and lease	903	1 421	540	1 095
Interest costs earnout	25 424	24 383	25 424	24 383
Foreign exchange losses	14 850	4 588	14 849	4 564
Other financial expense	0	199	-9	199
Total financial expense	41 177	30 591	40 804	30 240
Remeasure financial balances	1 444	758	5 828	29 565
Net financial income and expenses	-18 067	-22 131	-12 703	-11 668

The foreign exchange gain in the parent company 2023 include unrealised exchange gain of the long term loan to the subsidiary that is nominated in USD.

The exchange rate NOK/USD increased to 10.2 as of December 31, 2023 compared to exchange rate of 9.9 at end of previous year. This is resulting in an unrealised gain of NOK 9.9 million in 2023 compared to a gain of NOK 38.9 million in 2022.

In the consolidated accounts the unrealised gain/loss is eliminated against the change in equity as part of other comprehensive income.

Remeasure financial balances

Information regarding the remeasured value of the earnout liability is provided in note 22.

A loss allowance in the parent company loan to the US subsidiary has been recognized according to IFRS as a probability weighted estimate of future loan repayments. A loss allowance increase of NOK 4.4 million have been estimated in a downside scenario as of end December 2023 compared the NOK 35.1 million allowance from 31 December 2022. The total allowance 31 December 2023 is NOK 39.4 million and the estimate is based on a probability weighted scenario that the loan will not be paid back in full.

The parent company is anyhow committed to secure the operations in the US.

10. RELATED PARTIES - COMPANIES

Subsidiaries

Photocure has established a wholly owned subsidiary in the US, Photocure Inc, in order to carry out the sales and the marketing-, selling- and distribution activities for the Cysview product. Photocure ASA has the ownership to the patent rights and the trade mark and is responsible in the Group for development and manufacturing of the product. Photocure Inc purchases the completed product from the parent company and distributes in the United States. Photocure Inc has established its own marketing organization that is funded by a loan from its parent company in addition to its own revenues. The transactions between Photocure ASA and Photocure Inc are on terms at arm's length, and the loan is interest free until further notice.

It is Photocure's judgment that the operation in the US will be profitable. This is based on a cash flow model taking into account a balanced view of the market share for Cysview in the US compared to sales of Hexvix in Europe. Photocure Inc has in 2023 entered an agreement with a US based pharmaceutical company for the access to patient registry information obtained by Photocure Inc.

Photocure has established wholly owned subsidiaries in Germany and France. Photocure ASA carries out the sales and distribution in Europe for the Hexvix product. The marketing- and promotion activities for the Hexvix product in Continental Europe are carried out by Photocure GmbH and Photocure SAS. Mark up is assumed on fully loaded local costs for the services rendered to parent company.

Photocure established from January 2022 a sales subsidiary in Canada to carry out the sales, marketing and distribution of Cysview in Canada. Photocure ASA has the pharmaceutical market authorisation for sale of Cysview in the US and Canada

The transfer price method implemented is the profit & loss split method (PSM) for the sales in US and a residual profit model (RPM) for the sales in Germany and France.

Both the PSM and the RPM divides the combined profit or loss between the transacting related entities based on what would be anticipated if the entities had been transacting at arm's length.

A contribution analysis for sale of Cysview in US and sale of Hexvix in Germany and France compares the split of profit or loss between the subsidiaries and Photocure ASA based on the value of the functions performed by each of the related parties, taking into account the assets used and the risks assumed by both parties.

Transactions and intercompany balances:

(Amounts in NOK 1,000)		
	2023	2022
Sales of products	12 710	12 986
Sales of services	504	899
Intercompany sales	13 214	13 885
Purchase of marketing and promotion services	-67 701	-54 719
	31-Dec-23	31-Dec-22
Accounts receivables and other storm-term receivables	6 473	4 733
Long term loan given	380 368	350 072
Accounts payables and other short-term liabilities	-17 039	-17 436
Total subsidiaries	369 802	337 369
Guarantees to bank in favor of subsidiary for requested security	2 804	2 724

These are for licenses with the States of Maryland, Mississippi, Nevada and California to sell Cysview and for the office lease deposit

11. TAX

(Amounts in NOK 1,000)	Parent & Group	
	2023	2022
Income tax expense		
Tax payable	3 117	2 840
Changes in deferred tax	5 644	-2 117
Total income tax expense	8 761	723
Tax base calculation parent		
Profit(-loss) before income tax	2 088	-61 021
Permanent differences *)	22 947	49 534
Change in temporary differences	-17 691	-35 757
(Utilized)/Increased tax loss carried forward	-7 344	47 244
Tax base	0	-0
Temporary differences		
Receivables	-565	-551
Inventories	5 522	4 003
Non current assets	29 893	32 041
Long term currency loans	126 176	116 280
Earnout liability	-19 422	-17 978
Change in earnout true up	-11 243	-
Provisions	-236	-1 024
Pensions	-1 701	-2 523
Gains and loss account	12 887	16 109
Total	141 311	146 356
Tax loss carried forward *	-366 202	-396 901
Net temporary differences	-224 891	-250 545
Deferred tax liability (asset)	-49 476	-55 120

*Tax loss carried forward in 2022 was in later tax declaration decreased by NOK 23.3 million as a true up of earnout payments 2020 - 2022.

	Parent & Group	
Reconciliation of effective tax rate	2023	2022
Profit(-loss) before income tax Group	9 740	-71 134
Expected income taxes at statutory tax rate	2 143	-15 649
Effect tax rates foreign entities	1 144	617
Permanent differences	6 241	11 848
Prior year adjustment	-767	3 907
Income tax expense	8 761	723
Effective tax rate in % **)	89.9 %	-1.0 %

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 the Parent company. The tax payable is however due to the new subsidiaries in Europe that received a residual share of profit in Germany and France or a minimum mark up of the costs incurred.

*) Permanent differences consist of non-deductible costs and non-taxable income and deduction.

**) Tax expense related to profit before tax.

The parent company has a taxable profit in 2023 of NOK 7.3 million compared to a loss in 2022 of NOK 47.2 million. The deferred tax asset is of this reason and changes in temporary differences decreased to NOK 49.5 million compared to NOK 55.1 million as of 31 December 2022. Photocure apply a profit/loss split method for the business in US and a share of the US related revenue and expenses are included in the parent company taxable income. For the operations in Europe Photocure apply a residual profit share for Germany and France through our subsidiaries. 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 remaining deferred tax asset is of this reason maintained as of 31 December 2023.

European business contributes to Photocure profitability in 2023 and will continue to contribute going forward. The parent company is the selling entity of the Hexvix product in all the European countries. The marketing and promotion activities in Germany and France are performed through the subsidiaries in those countries.

It is Photocure's judgment that the operation in the US will be profitable and this will contribute to the pre-tax result in the parent company through the profit/loss split method. This is based on a cash flow model taking into account a balanced view of the market share for Cysview in the US compared to sales of Hexvix in Europe. The US sales and marketing force continues to cover larger parts of the US market and gain further market shares.

Photocure continues to see growth opportunities in the European countries and particulary in several large untapped markets. With Photocure's own dedicated sales force in place in Europe, we believe this will further strengthen the sales.

Several studies have been published highlighting and verifying key clinical benefits including the positive impact of Hexvix/Cysview on reduced disease progression, bladder cancer detection and the safety of repeated use of Hexvix/Cysview. The basis for the recognition of the tax asset is the assessment that there are convincing evidence that the deferred tax benefit will be utilized.

There is no expiry on losses to be carried forward in Norway while it expires after 20 years in US according to tax legislation valid to end of 2017. The new US tax legislation valid for taxable years from 2018 have no expiry of loss carried forward but a 80% limit in utilization.

Deferred tax assets have not been recognised in respect of the following items in the US subsidiary due to no history of pre-tax profit at this point in time:

(Amounts in NOK 1,000)	2023		2022	
Unrecognised deferred tax assets	Amount	Tax effect	Amount	Tax effect
Net deductible temporary differences	-8 690	-2 444	-6 996	-1 969
Tax losses	185 681	52 194	183 930	51 701
Net unrecognised deferred tax asset US	176 990	49 751	176 933	49 732

Tax losses for which no deferred tax asset was recognized, expire as follows:

(Amounts in NOK 1,000)	2023		2022	
	Amount	Expiry date	Amount	Expiry date
Expire Federal	22 718	2030 - 2037	23 091	2030 - 2037
Expire State	15 929	2030 - 2043	15 923	2030 - 2042
Never expire	11 103		10 718	
Total	49 751		49 732	

12. 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 a weighted average number of outstanding shares over the year, reduced by acquisition of treasury shares. The diluted earnings per share is calculated by adjusting the average number of outstanding shares by the number of employee share options that can be exercised. Antidilution effects are not taken into consideration.

	2023	2022
Figures indicate the number of shares		
Ordinary shares 1 January	27 120 820	26 973 820
Effect of treasury shares	-15 122	-20 861
Effect of share options exercised		82 017
Weighted average number of shares, 31 December	27 105 698	27 034 976
Effect of outstanding share options	27 797	113 759
Weighted average number of diluted shares, 31 December	27 133 495	27 148 735
Net profit/loss(-)	979	-71 857
(Amounts in NOK 1 000)		
Earnings per share	2023	2022
Earnings per share in NOK basic	0.04	-2.66
Earnings per share in NOK diluted	0.04	-2.66

13. GOODWILL AND CUSTOMER RELATIONS

(Amounts in NOK 1,000)

Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen Pharma SAS (Ipsen), were acquired by Photocure 1 October 2020. The parties entered into a final agreement where Photocure paid Ipsen EUR 15 million upon transfer on 1 October 2020. Ipsen receives in addition a deferred consideration 15% of sales (years 1-7 post-transfer) and 7.5% of sales (years 8-10) in the previous Ipsen major markets.

One intangible asset has been identified, Customer relationships. The customer relationships relate to existing customers in Europe which have previously been served by Ipsen. Customer relationships has been valued using a multiperiod excess earnings method and the value at transaction date was NOK 166.7 million. Photocure has evaluated this asset to have an estimated value for 10 years from transaction date and the intangible assets is depreciated on a straight-line basis over this period. The net book value of the customer relations as of 31 December 2023 is NOK 112.5 million.

Goodwill amounts to NOK 144 million and this asset is not depreciated, but is tested against impairment as of end December 2023. The impairment analysis carried out confirms the goodwill value given the performance in 2023 and future growth opportunities that are expected to be in line with forecasts prepared in connection with the transaction.

Group and parent		
(Amounts in NOK 1,000)	Customer relations	Goodwill
Accumulated cost at 31 December 2021	166 720	144 000
Additions	0	0
Accumulated cost at 31 December 2022	166 720	144 000
Additions	0	0
Accumulated cost at 31 December 2023	166 720	144 000
Accumulated depreciation at 31 December 2021	20 840	0
Amortization and impairment	16 672	0
Accumulated depreciation at 31 December 2022	37 512	0
Amortization and impairment	16 672	0
Accumulated depreciation at 31 December 2023	54 184	0
Book value at 31 December 2021	145 880	144 000
Book value at 31 December 2022	129 209	144 000
Book value at 31 December 2023	112 536	144 000

Carrying amount of goodwill is allocated to the acquired business in Europe by NOK 144 million. The recoverable amount has been determined as value in use. The impairment test is based on cash flow projections for the business related to the investment. The cash flow projections are based on most recent financial forecast for the business.

Main assumptions are:

- Sales growth and related expenses are based on current penetration and future growth potential as per management assessment. When assessing future growth and related expenses management has taken into consideration experiences from high growth markets as well as more mature markets within the company portfolio.
- With minor exceptions the sales are in Euro. Assumed exchange rate in the forecast projection for NOK/EUR is 11.6, compared to 10.2 exchange rate for 2022 testing.
- The impairment test is based on a 10 year cash flow projection excluding the terminal year. 10 year is applied as this reflects the change in hospital practices driven by the product as well as the low churn experienced in other markets.
- The applied discount rate in 2023 testing is 22.0% post tax compared to 18.0% in 2022 testing. An increase of discount rate with 2% or 4% will not change the conclusion of the impairment test. Terminal growth rate is in the projection estimated to zero as a conservative approach. An increase of the terminal growth rate to 4% will have a positive impact on the fair value of the investment with NOK 11 million. This percent reflects the expected inflation and the growth in the aged population that has the highest prevalence of bladder cancer
- Applied tax rate is 22%.

14. PROPERTY, PLANT, EQUIPMENT AND LEASE ASSETS

(Amounts in NOK 1,000)

Group	Intangible assets		Right-of-use	Machinery and Equipment		Total
	Registry intangible	Software Systems	Office Lease	Medical & manu-facture	Office	
Accumulated cost at 31 December 2021	0	4 933	31 062	776	9 348	46 119
Additions		1 133	3 498	78	3 532	8 241
Disposals and lease expiry	0		-83		-1 797	-1 880
Accumulated cost at 31 December 2022	0	6 066	34 477	854	11 083	52 480
Additions	8 250	1 505	2 582	260	2 371	14 968
Disposals and lease expiry			-8 324			-8 324
Accumulated cost at 31 December 2023	8 250	7 571	28 735	1 114	13 454	59 124
Accumulated depreciation at 31 December 2021	0	3 778	2 371	442	5 954	12 545
Amortization and depreciation		615	5 779	161	1 151	7 706
Disposals and lease expiry	0		236		-486	-250
Accumulated depreciation at 31 December 2022	0	4 393	8 386	603	6 619	20 001
Amortization and depreciation	849	1 178	6 729	145	2 113	11 014
Disposals and lease expiry			-5 420			-5 420
Accumulated depreciation at 31 December 2023	849	5 571	9 695	748	8 732	25 595
Book value at 31 December 2022	0	1 673	26 091	251	4 464	32 479
Book value at 31 December 2023	7 401	2 000	19 040	366	4 722	33 529

PPE are depreciated on a straight-line basis over the estimated useful life of the asset as follows					
	4 years	3 - 5 years	Contract period	3 - 5 years	3 - 5 years

The registry intangible of net book value of NOK 7.4 million is in the Photocure Inc accounts and the right of use assets include net book value of NOK 8.2 million in Photocure Inc and NOK 1.7 million in Photocure GmbH. The machinery and equipment include net book value of NOK 2.9 million in Photocure Inc and NOK 0.7 million in Photocure GmbH. The remaining assets belong to parent company

Right-of-use assets (Lease)	31-Dec-22		31-Dec-23			
(Amounts in NOK 1,000)						
	Discount rate	Contract value	Expiry	New/ increase contracts	Remeasure	Contract value
Right-of-use office contract Norway	315%	13 582			758	14 340
Right-of-use office contract US	3.70%	11 189			335	11 524
Right-of-use office contract Germany	1.40%	7 309	(7 822)		513	(0)
Right-of-use office company car fleet Germany	1.40%	2 397	(502)	1 619	(642)	2 872
Total lease assets		34 477				28 735

The Right-of-use assets comprise the office lease contracts covered by IFRS 16. In addition are the lease contracts for the company car fleet in the Germany included.

The calculation of the lease asset is excluding utility services shared by the tenants.

The Parent company has a 6-year rental agreement for office premises at Hoffsveien 4 in Oslo starting 1 September 2021 and ending 31 August 2027. The agreement give Photocure an option to expand the rent period by 4 years. The rent amounts to NOK 2.9

million for the period 1 January 2024 through 31 December 2024. The rent for the remaining period until the expiry of the agreement amounts to NOK 10.5 million.

Photocure Inc rented office premises at Carnegie Center, Princeton, New Jersey from 1 April 2011 through 10 December 2022. On December 13, 2021, Photocure Inc. signed a lease amendment to move to a new office of 5,212 square fee in Carnegie Center and to extend the lease term by six years with an expiration date of December 31, 2028. The lease commitment is NOK 11.2 million (USD 1.1 million) at 3.7% discount rate. The rent commitment for the period 1 January 2024 to 31 December 2024 is NOK 1.9 million while the rent for the remaining period until the expiry of the agreement amounts to NOK 7.9 million.

Photocure GmbH rented office premises in Düsseldorf, Marc-Chagall-Straße 2 from 1 April 2021 until termination 31 December 2023. The company has entered into a new office lease agreement in Düsseldorf in the beginning of 2024.

The standard lease period for the car fleet in Germany is 36 months. As of 31 December 2023 Photocure GmbH had 7 lease agreements with an average remaining lease term of 22.3 months.

15. SUBSIDIARIES

(Amounts in NOK 1,000)

Company	Country	Ownership		Book value	
		31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Photocure Inc.	USA	100%	100%	19 567	15 353
Photocure GmbH	Germany	100%	100%	2 647	1 532
Photocure SAS	France	100%	100%	482	285
Photocure Canada Inc.	Canada	100%	100%		-
Total subsidiaries				22 696	17 170

16. INVENTORIES

(Amounts in NOK 1,000)

	Group		Parent	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Raw materials	2 254	3 026	2 254	3 026
Resale products	81	48	81	48
Semi-finished and finished goods	34 855	23 461	32 077	21 339
Total inventories	37 190	26 534	34 411	24 412

The raw materials inventory consists of active substances for the pharmaceutical products. Raw materials are valued at cost. Finished and semi-finished goods are valued at full manufacturing cost. Consumption is accounted in accordance with the FIFO principle. Obsolete goods are written down to net realisable value. Provisions and write-downs of inventories are included in cost of goods sold in the income statement.

17. FINANCIAL RISK

The note describes the Company’s various financial risks and the management of same. In addition, numerical presentations of risk associated with financial risks are included.

(I) Organisation of financial risk management

Photocure has an international business operation and is exposed to currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk. Responsibility for managing financial risk is placed with the management of the company, including financing, interest rate and currency management as well as risk within the business areas and the risk associated with the company’s business processes. Financial risk is also monitored by the Board of Directors.

Centralised risk management

Photocure has a centralised finance department. This department ensures the company’s financial freedom to act both long and short term, and to monitor and manage financial risk in collaboration with the individual business units within the company. The finance department maintains communication with the company’s bank connections, and carries out hedging transactions regarding interest and currency when regarded neccessary. Required authorisations for borrowing and entering into derivative agreements are to be granted by the Board of Directors. Any transactions involving financial instruments are backed by an underlying commercial hedging requirement.

Commercial operations – production, sales and marketing

Photocure manufactures, markets and sells the company’s products through own sales organization in Europe and North America and through license partners in other countries. Revenues from license partners consist of two elements: sales of products to license partners and milestone revenues. Photocure manufactures the company’s products by renowned contract manufacturers in Italy, Spain, Netherland and Austria. Prices of raw materials is a risk factor. Photocure’s commercial operations in the North America expose Photocure for currency risk against USD/CAD as both revenues and expenses are in USD/CAD. The same applies for commercial operations in Europe which are mostly in Euros. Currency risks are partly naturally hedged by purchasing goods and services in EUR and USD.

(II) Classes of financial risk

Interest rate risk

Photocure has an interest bearing earnout liability from 2020 with original interest rate equal to the internal rate of return for the investment project that later have been changed according to changes in interest rate levels. In addition Photocure has interest bearing leasing liability and pension liability. The long-term bank loan that was settled in 2023 had a floating interest and 90% of the loan has a state guarantee.

The company’s risk related to interest income is mainly associated with the company’s holdings of cash and cash equivalents. The main strategy is to diversify the risk and invest in money market funds and bond funds with low risk, high liquidity and short duration. More than 90% of the investments are denominated in NOK and are not hedged.

Liquidity and funding risk

The Company monitors its cash flows from both long and short-term perspectives through planning and reporting. Photocure does not have any loan agreements that involve covenants or other restrictions. Photocure uses a multi-currency consolidated bank accounts system that provides flexibility in relation to drawing on multiple currencies. The company may require new capital in the future. Adequate sources of capital funding may not be available when needed or may not be available on favorable terms.

A main objective of Photocure’s financial policy is to ensure that the company has the financial freedom to act both short and long term to achieve strategic and operational goals. Photocure’s policy is to have sufficient funds to cover known capital requirements during the forthcoming 12 months in addition to a strategic reserve. Photocure follows a low risk investment strategy for its liquid funds. The return on the liquid funds depends on the rate of interest in the money markets and will therefore vary over time.

The following table presents an overview of the maturity structure of the Group’s financial obligations, based on non-discounted contractual payments:

	Remaining period				
(Amounts in NOK 1,000)	Less than 1 month	1–3 months	3–12 months	1–5 years	Total
31-Dec-23					
Accounts payable	16 710	2 950			19 660
Withholding tax and social securities	1 230				1 230
Other current liabilities	22 640	14 150	19 857		56 647
Loan and lease liabilities		3 250	9 500	134 510	147 260
31-Dec-22					
Accounts payable	18 091	3 190			21 281
Withholding tax and social securities	2 440	1 500	647		4 587
Other current liabilities	20 630	13 000	17 177		50 807
Loan and lease liabilities		7 250	18 750	151 370	177 370

Credit risk

Management of credit risk associated with accounts receivable and other operational receivables is dealt with as a part of the commercial risk and is followed up continuously as a part of normal operations. Photocure is primarily exposed to credit risk associated with accounts receivable and other short-term receivables. Photocure’s sales is a mix of sales directly to hospitals, pharmacies and wholesalers in Europe and North America. The credit risk is limited as the customers are hospitals which are either publicly owned or financed by public funds or insurance companies. The same applies for the wholesalers customers. Photocure’s credit risk is considered moderate and the Company does not use credit insurance.

Currency risk

As NOK is the Company’s presentation currency, Photocure is exposed to translation risk associated with the company’s foreign net exposure. Photocure’s revenues and costs are incurred in different currencies, primarily EUR, USD, GBP and SEK. Photocure is therefore exposed to exchange rate fluctuations. The company regularly monitors the need for hedging of large transactions. Bank accounts in foreign currencies are used actively to reduce exposure to all the main currencies, and currency risk is to some degree naturally hedged in EUR, USD and SEK by having both revenues and costs in the same currency. However, Photocure have in both 2023 and 2022 cash surplus in EUR and a cash deficit in USD. The Company has not entered into any currency hedging contracts during 2023.

The following table shows the Company’s sensitivity for potential changes in the NOK exchange rate with all other factors constant. The calculation is based on the same change in relation to all relevant currencies. The effect in the income statement comes from changes in the value of monetary items.

(Amounts in NOK 1,000)	Change in the NOK exchange rate	Effect on operating profit/loss
2023	+ 10 %	-15 374
2023	- 10 %	15 374
2022	+ 10 %	-2 270
2022	- 10 %	2 270

18. FAIR VALUE

The table below analyses financial assets recognised 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

(Amounts in NOK 1,000)				
Market value hierarchy	Level 1	Level 2	Level 3	Total
Money market funds	192 661			192 661
Earnout liability, ref note 22			-127 680	-127 680
Total	192 661	-	-127 680	64 981

19. RECEIVABLES

Maximum credit risk

The company's maximum credit risk associated with financial instruments corresponds to gross receivables. In a hypothetical situations, where no receivables are actually paid, this would correspond to:

(Amounts in NOK 1,000)				
	Group		Parent	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Accounts receivable	59 704	47 164	37 129	27 005
Accounts receivable intercompany	-	-	6 473	4 733
Total	59 704	47 164	43 602	31 738
Prepaid expenses	11 352	9 113	7 720	5 516
Other receivables and deposits	4 681	7 342	548	1 001
Total other receivables	16 033	16 455	8 268	6 517

Loan to the subsidiary is disclosed in Note 10.

Age breakdown of group accounts receivable	Not yet due	0–30 days	30–60 days	60–90 days	Over 90 days	Total
31 December 2023	40 324	12 703	4 197	2 066	415	59 704
31 December 2022	33 106	8 340	3 679	1 552	487	47 164

Photocure's sales are mainly hospitals and pharmacies and wholesalers in Europe and North America.

Photocure has implemented the expected loss model under IFRS 9 on trade receivables. The expected loss as of December 31, 2023 amounts to NOK 1.2 million. Realised bad debt loss' in 2023 and 2022 has been immaterial. Credit risk and foreign exchange risk in regard to trade accounts receivable are dealt with in more detail in Note 17.

20. CASH AND SHORT TERM DEPOSITS

(Amounts in NOK 1,000)				
	Group		Parent	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Cash and cash equivalents, restricted	3 168	3 422	3 168	3 422
Cash and cash equivalents, non-restricted	63 675	30 449	42 423	21 434
Money market funds, non-restricted	192 661	234 202	192 661	234 202
Total	259 504	268 073	238 252	259 058

Money market funds are considered as cash equivalents because they are readily convertible to known amounts of cash and are held for the purpose of meeting short-term cash commitments.

Restricted cash and cash equivalents at 31 December 2023 include security for employees' withholding tax in of NOK 1.4 million, while the remaining amount refers to deposit for rent of office.

21. SHARE CAPITAL

Amounts that are distributed to or contributed by shareholders are included directly in the equity. The Group's equity is increased in direct relation to the cost of share-based remuneration for employees.

1. The nominal value of treasury shares is presented in the balance sheet as a negative equity element. The net purchase price is entered as a reduction of other paid-in equity. Profits or losses on transactions in treasury shares are not included in the income statement.
2. Transaction charges in connection with equity transactions are included directly in equity after deduction for tax. Only transaction charges that are directly attributable to the equity transaction are included directly in equity.

Registered share capital in Photocure ASA amounted to:

	No. of shares	Nominal value per share NOK	Share capital in NOK
Share capital at 31 December 2022	27 120 820	0.50	13 560 410
Share capital at 31 December 2023	27 120 820	0.50	13 560 410

Treasury shares:			
Holdings of treasury shares at 31 December 2021	14 846		7 423
Buy-back of restricted shares	481	0.50	241
Buy-back of treasury shares	36 000	0.50	18 000
Share options exercised from treasury shares	-36 205	0.50	-18 103
Holdings of treasury shares at 31 December 2022	15 122		7 561
Buy-back of treasury shares	0	0.50	0
Share options exercised from treasury shares	0	0.50	0
Holdings of treasury shares at 31 December 2023	15 122		7 561

All shares have the same voting rights and otherwise the same rights in the Company. Ordinary shares are classified as equity. Expenses that are directly attributable to the issue of ordinary shares are included as a reduction of equity.

At the General Meeting 3 May 2023, the Board of Directors of Photocure ASA was granted authorisation to issue up to 4.8 million shares. Of this authorisation, (a) 4.1 million shares are linked to financing of the Company's development, while (b) 0.75 million shares are associated with the issue of shares to the Company's employees. Subscription of shares under the incentive program shall be subscribed at the market price with an addition of 10% at the time of allocation of the employee share options. At the General Meeting the Board of Directors was granted authorisation to purchase treasury shares to 2.7 million shares. The basis for this authorisation to purchase treasury shares is the desire by the Board of Directors to increase the liquidity of the Company's shares and in connection with the incentive schemes.

All authorisations are valid up until the Ordinary General Meeting in 2024. Previously issued authorisations have expired.

The table below indicates the status of authorisations at 31 December 2023:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
(Figures indicate the number of shares)			
Authorisation issued at the General Meeting on 3 May 2023	2 712 082	4 068 123	750 000
Share issues after the General Meeting on 3 May 2023	0	0	0
Purchase of treasury shares after 3 May 2023	0	0	0
Remaining under authorisations at 31 December 2023	2 712 082	4 068 123	750 000

2 076 178 share options have been allocated to employees 31 December 2023 (see note 6).

Ownership structure

The major shareholders in Photocure as of 31 December 2023 were:

	Shares	Shareholding
Morgan Stanley & Co. LLC	4 189 053	15.4 %
Skandinaviska Enskilda Banken AB	1 920 000	7.1 %
Skandinaviska Enskilda Banken AB	1 205 319	4.4 %
Skandinaviska Enskilda Banken AB	1 018 101	3.8 %
Skandinaviska Enskilda Banken AB	799 178	2.9 %
The Bank of New York Mellon SA/NV	782 677	2.9 %
MP pensjon PK	661 093	2.4 %
J.P. Morgan SE	625 987	2.3 %
Nordnet Bank AB	615 657	2.3 %
Verdipapirfondet Equinor Aksjer NO	458 572	1.7 %
JPMorgan Chase Bank, N.A., London	428 887	1.6 %
Verdipapirfondet KLP Aksjenorge	375 630	1.4 %
Danske Bank A/S	274 262	1.0 %
BNP Paribas	271 500	1.0 %
Avanza Bank AB	262 609	1.0 %
Nordnet Livsforsikring AS	257 582	0.9 %
Svenska Handelsbanken AB	253 908	0.9 %
Verdipapirfondet KLP Aksjenorge IN	238 101	0.9 %
Sparli AS	215 000	0.8 %
Billington, Erik	201 080	0.7 %
Total of 20 largest shareholders	15 054 196	55.5 %
Treasury shares	15 122	0.1 %
Total other shareholders	12 051 502	44.4 %
Total number of shares	27 120 820	100.0 %

Shares owned, directly or indirectly, by members of the Board of Directors, the President and CEO and senior management and their closely related associates as of 31 December 2023:

Name	Position	No. of shares	No. of share options**
Daniel Schneider	President & CEO	99 689	332 500
Erik Dahl	Chief Financial Officer	32 750	213 750
Anders Neijber	VP Global Medical Affairs and Clinical Development	-	114 000
Anja Gossens-von der Heidt	Head of Global Human Resources	-	26 750
Geoffrey Coy	VP and General Manager North America	15 207	216 250
Susanne Strauss	VP and General Manager Europe	1 392	203 750
Dylan Hallerberg	Chairperson of the board (interim)	150 000	-
Johanna Holldack	Board member	-	804
Neal Shore	Board member	-	804

** See note 6 for additional information about the share options.

22. LOAN TERMS AND REPAYMENT

	Currency	Nominal interest rate	Year of maturity	Loan amount 01.01	Instal- ments paid	Book value 31-Dec-23	1st year instal- ments
(Amounts in NOK 1,000)							
Bank loan secured through governmental guarantee due to Covid-19	NOK	4.80%	2023	12 500	-12 500	0	0
Deferred consideration (Earnout)	NOK/EUR		2030	135 333	-34 397	127 680	8 404
Right-of-use office contract Norway	NOK	3.15%	2027	11 434	-2 427	9 764	2 889
Right-of-use office contract US	USD	3.70%	2028	9 591	-1 360	8 231	1 745
Right-of-use office contract Germany	EUR	1.40%	2026	5 064	-1 782	0	0
Right-of-use office company car fleet Germany *	EUR	1.40%	2024	949	-1 012	1 592	980
Total non-current liabilities				174 871		147 267	14 017

* There are seperate lease agreements for each lease subject

Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen Pharma SAS (Ipsen), were acquired by Photocure 1 October 2020. The parties entered into a final agreement where Photocure paid Ipsen EUR 15 million upon transfer on 1 October 2020. Ipsen receives in addition a deferred consideration 15% of sales (years 1-7 post-transfer) and 7.5% of sales (years 8-10) in the previous Ipsen major markets. The deferred consideration is paid as quarterly earnout payments in EURO after the close of the quarter.

The fair value of the deferred consideration is driven by future expected sales and is remeasured on a yearly basis. Photocure performed a new remeasurement as of 31 December 2023. The remeasurement resulted in a fair value of NOK 127.7 reflecting an increase of fair value of NOK 1.4 million compared to remeasurement adjustment of NOK 0.8 in 2022. The increased fair value has been recognized in profit or loss as a financial cost. To arrive at the remeasured fair value of NOK 127.7 million, Photocure has discounted the estimated earnout payments by an IRR at level with the investment project adjusted for later changes in the borrowing interest level. This IRR has been deemed appropriate as a discount rate for the earnout payments since the level of the payments will be subject to the same risk factors as the cash flow prognosis for the acquisition as a whole. Future sales, given performance in 2023 and growth opportunities going forward, are expected to be in line with forecasts prepared in connection with the transaction.

Photocure has made the remeasurement of the earnout liability in NOK currency and based the forecasted cashflow on a fixed exchange rate EUR/NOK of 11.6 compared to an exchange rate of 10.2 in prior year remeasurement. The effects of the interest rate increase and the updated exchange rate between NOK/EUR are to a large degree balancing the net remeasurement carried out at end 2023.

The agreement with Ipsen determined a floor revenue for the earnout from 2022 to the end of the forecast period and there is no upper cap of revenue.

The total undiscounted amount of the earnout may be in the interval of NOK 160 - 260 million depending on revenue and development of the currency exchange rate between EUR and NOK. According to our sensitivity analysis the corresponding net present value of the liability may decrease or increase by NOK 28 million.

Group

	Earnout liability	Financial loan bank	Office Lease Oslo	Office Lease Princeton, US	Office and car Lease Germany	Total
Accumulated 31 December 2021	139 350	37 500	13 052	10 269	6 322	206 492
Proceeds from loans and borrowing						0
Loan repayment and earnout instalments	-5 714	-25 000				-30 714
Payment of lease liabilities			-2 193	-1 548	-1 889	-5 630
Total changes from financing	-5 714	-25 000	-2 193	-1 548	-1 889	-36 344
Remeasurerd liability	758		574	1 245	410	2 988
New lease liability				-324	1 170	846
Interest expense	24 383	846	249	248	79	25 804
Interest paid	-23 444	-846	-249	-298	-79	-24 915
Total liability related changes	1 697	0	574	871	1 580	4 723
Accumulated 31 December 2022	135 333	12 500	11 433	9 592	6 013	174 871
1th year instalments	-9 100	-12 500	-2 302	-1 598	-1 882	-27 382
Accumulated 31 December 2022	135 333	12 500	11 433	9 592	6 013	174 871
Proceeds from loans and borrowing					1 023	1 023
Loan repayment and earnout instalments	-8 940	-12 500				-21 440
Payment of lease liabilities			-2 427	-1 360	-2 794	-6 581
Total changes from financing	-8 940	-12 500	-2 427	-1 360	-1 771	-26 998
Remeasurerd liability	1 444		758	-1	631	2 832
Terminated lease liability					-3 282	-3 282
Interest expense	25 424	209	332	273	99	26 336
Interest paid	-25 581	-209	-332	-273	-99	-26 493
Total liability related changes	1 287	0	758	-1	-2 651	-607
Accumulated 31 December 2023	127 680	0	9 764	8 231	1 592	147 266
1th year instalments	-8 404	0	-2 889	-1 745	-980	-14 017

23. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

(Amounts in NOK 1,000)	Group		Parent	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Accounts payable	19 660	21 281	13 324	12 479
Accounts payable intercompany	-	-	1 220	3 388
Total	19 660	21 281	14 544	15 867
Accrued bonus, holiday pay, salaries	35 378	30 782	18 817	12 442
Short-term payable, intercompany	-	-	25 863	14 048
Miscellaneous other accrued costs	12 863	20 025	6 481	15 517
Total other current liabilities	48 241	50 807	51 161	42 007

The incurred earnout liability is for net sales in last quarter.

Accrued bonus, holiday pay, salaries include accrual for estimated annual bonus as of 31 December 2023. Final annual bonus for the Group is to be decided by the Board of Directors.

24. SUBSEQUENT EVENTS

There are no subsequet events after 31. December 2023 that had any material impact on the Financial Statements.



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To the General Meeting of Photocure ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Photocure ASA, which comprise:

- the financial statements of the parent company Photocure ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Photocure ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years from the election by the general meeting of the shareholders on 29 April 2009 for the accounting year 2009.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Deferred tax asset

Reference is made to Note 11 Tax in the financial statements

The Key Audit Matter	How the matter was addressed in our audit
<p>The Group has recognized a deferred tax asset of NOK 49.5 million in the Company and Group's financial statements as of 31 December 2023.</p> <p>The recognized deferred tax asset relates to deductible temporary differences and unused tax losses in the Company in Norway. Management has assessed that there is convincing evidence that it is probable that taxable profits from the product Hexvix®/Cysview®, will be available in the future, against which unused tax losses in Norway can be utilized.</p> <p>Due to the application of the profit/loss split method for the business in the US, future taxable profits in Norway are not only dependent on the development for Hexvix® in Europe, but also the market development for Cysview® in the US.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount of future taxable profits.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none">Evaluating the appropriateness of key assumptions in the estimated future taxable profit analysis prepared by management, including revenue and cash flow growth, the impact of the expiry of patents and the reversal of significant temporary differencesComparing financial performance with the original forecasts, to evaluate the reliability of management's prognoses related to future taxable profitEvaluating management's sensitivity analysis to assess the impact of reasonable changes in key assumptions including future sales for Hexvix®/Cysview®Evaluating the adequacy of the disclosures in the financial statements.

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Tromsø
Alta	Finnsnes	Molde	Trondheim
Arendal	Hamar	Sandefjord	Tynset
Bergen	Haugesund	Stavanger	Ulsteinvik
Bodø	Knarvik	Stord	Ålesund
Drammen	Kristiansand	Straume	

2. Loan to subsidiary

Reference is made Note 10 Related Parties – Companies in the financial statements

<i>The Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>Photocure ASAs subsidiary, Photocure Inc, was established in order to carry out the marketing-, selling- and distribution activities for the Cysview ® product in the US. Photocure ASA has a long-term loan to Photocure Inc. that is recognized at NOK 338.9 million in the Company's financial statement as of 31 December 2023.</p> <p>We have determined risk of impairment of the loan to be a key audit matter, due to the inherent risk related to future cash flow estimates and the Group's ability to successfully commercialize the individual product concerned.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • Challenging management and applying our own knowledge of the business and the industry to identify any indicators of impairment of the loan • Assessing the impairment documentation prepared by management • Evaluating the appropriateness of key assumptions in the impairment documentation, including revenue and cash flow growth, the impact of the expiry of patents and agree these with the relevant key assumptions used in determining the expected credit loss • Comparing historical cash flow development in mature markets in Europe with expected future cash flows in the US market • Evaluating management's sensitivity analysis to assess the impact of reasonable changes in key assumptions like future sales in the US for Cysview ® • Evaluating the adequacy of the financial statement disclosures in the Company's financial statement

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.



- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Photocure ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXG8OW35-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Oslo, 29 April 2024

KPMG AS

Gunnar Sotnakk

State Authorised Public Accountant

(This document is signed electronically)

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Sotnakk, Gunnar

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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:

All amounts in NOK 1,000	2023 11-31.12	2022 11-31.12
Gross profit	474 520	370 434
Operating expenses excl depreciation & amortization	-419 028	-395 061
EBITDA	55 492	-24 627
Depreciation & amortizaation	-27 687	-24 376
EBIT	27 806	-49 003

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:

	2023 11-31.12	2022 11-31.12
USD (NOK per 1 USD)	10.57	9.62
EUR (NOK per 1 EUR)	11.43	10.11

Financial Calendar

Follow us at our quarterly financial presentations and annual general meeting.

**Annual
General
Meeting:**
**May 23,
2024**

Results:
1st quarter
May 15, 2024
2nd quarter
August 7, 2024
3rd quarter
November 13,
2024

The dates are subject to change.
The time and location of the
presentations will be announced
in due time.

[HTTPS://PHOTOCURE.COM/INVESTORS-HUB/INVESTORS-EVENTS-AND-PRESENTATIONS](https://photocure.com/investors-hub/investors-events-and-presentations)

ESG Report

2023



THE
BLADDER CANCER
COMPANY

About this report

This is Photocure’s fifth sustainability report and is applicable for the period January 1st - December 31st, 2023, in line with the company’s financial reporting period. The report will be conducted annually.

This report is prepared by a cross-functional team within the company and in accordance with the 2021 GRI Standards. The report complies with Euronext guidelines for ESG reporting. For GRI index, please see page 114 or the online GRI Database. Minor restatements are mentioned in the text. No significant restatements have been made from previous reporting periods.

The achievements and goals are followed up quarterly with the leadership team, tracked and documented with the oversight from the Global Head of Regulatory, Quality & Compliance Lise Borgen Carlson.

This Photocure sustainability report, including the material topics, has been reviewed and approved by the Board of Directors. Dr. Neal Shore, an assigned member of the Board, provided guidance to the internal ESG task force on behalf of the Board. The claims and data in this report have not been audited by a third party.

For information about this report and its content, please contact Photocure ASA and CFO Erik Dahl or Corporate Communications Director Maja Bergmann.

Photocure’s ESG reporting journey



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CEO letter

At Photocure, we focus all our efforts and resources on delivering transformative solutions to improve the lives of bladder cancer patients. Our medicinal product makes cancer cells visible for physicians so they can optimize the diagnoses, staging and treatments for cancer patients. More than 750 000 diagnostic procedures have been conducted around the world to date.

In the past three years, the company had to deal with business volatility due to the global Covid-19 pandemic. While I am pleased with how we managed through these unprecedented times and proud of our employees for adapting to changing working conditions and continuing to serve our patients and customers, cancer care has clearly suffered from hospital staffing shortages and the postponement of important diagnostic procedures. Increasing intervals between surveillance visits have made a thorough diagnostic procedure even more crucial.

Since 2021, Photocure has been a participant of the United Nations Global Compact (UNGC); the world's largest corporate sustainability initiative. This commitment means we are part of a global movement, striving to become a more sustainable and responsible company. As a participant we must adhere to the ten principles of the UNGC within human rights, labor, environment, and anti-corruption. In the past years, we have also experienced an increased attention to responsible business and high ESG (Environmental,

Social and Governance) standards from our various stakeholders. For Photocure, sustainability is about both the quality products we make and the way we run our operations: we strive to give bladder cancer patients access to care in a sustainable way, while working to create value for our shareholders.

This year, we deliver Photocure's fifth sustainability report guided by the Euronext ESG guidelines and according to the GRI Standards. We have implemented a process based on stakeholder dialogue and materiality assessment to ensure that Photocure reviews and reports on the most material topics for our company and our industry and that our reporting is aligned with our business objectives, supports our strategy, and minimizes risks. We also reference our attention to industry standards and regulations, which helps us implement our responsibilities across our value chain in a systematic manner.

The material topics are key focus areas for our company and our industry, taking into account the interests of

stakeholders and the wider society. They include the quality and safety of our products, how they are produced and sourced, standards followed by our suppliers, as well as the working environment of our employees. As for our business and risk minimization, the material topics include human rights, ethical conduct in our business relationships, in research and development and when working with personal data. As a pharmaceutical company, we believe responsibility, transparency and sustainability must be integrated in Photocure's business model and strategy, and that efficient, high-quality products manufactured, sold and used in a responsible manner is what makes us a successful company. The backbone for this success is our people and company culture.

Photocure's core values comprise important standards for the company, both internally and externally, guiding our behavior, what we believe and how we will succeed. They exist under the principle that We Care about everything we do and everyone we engage with. Our core values – Take Ownership, Be Passionate, Be Courageous, Be Agile, Be Curious and Work Together – have been established from within our teams.

In this year's report, we follow up on the targets and progress for each material topic, as defined in last year's ESG report and we continue to set goals for how to improve our work in the future. Going forward, we will

work systematically on implementing sustainability targets in our purchasing and supply chain activities. We will also continue to strengthen the focus on a safe, healthy, productive and inclusive working environment and ensure the appropriate channels for reporting concerns are well known.

Photocure's mission is to deliver transformative solutions to improve the lives of bladder cancer patients. We seek to do so in a responsible way. We will continue to build a high-performance corporate culture based on a foundation that values diversity, equality, respect and inclusion, and

operates with the highest level of integrity. I hope this report will highlight our commitment to sustainability as well as provide insights about our approach to its challenges and opportunities for our business and society.



"Photocure's mission is to deliver transformative solutions to improve the lives of bladder cancer patients. We seek to do so in a responsible way."

Dan Schneider
President and CEO of Photocure

About Photocure

Photocure was founded by the Norwegian Radium Hospital to develop and commercialize a promising photodynamic non-melanoma skin cancer product with a vision to become a global leader in photodynamic technology.

Photocure has since transformed from a technology-based focus and being a global leader in photodynamic therapy to a valued player in the bladder

cancer area. Based on its experience, solid foundation and the growth of its breakthrough bladder cancer product, the company has a stepwise approach to further developing its products and services for the benefit of patients, urology care providers and the health care community.

Photocure has a strong track record of developing and commercializing pharmaceutical products based

on photodynamic technology. The company has brought two first-in-class products to the market; Metvix® sold by Galderma and indicated for nonmelanoma skin cancer, and Hexvix®/ Cysview® indicated for the better detection and management of bladder cancer. Photocure has also developed Cevira® through completion of Phase II studies. Cevira is a photodynamic drug-device combination product, for non-surgical

treatment of high-grade cervical dysplasia. Cevira was outlicensed to Asieris Meditech Co., Ltd in 2019.

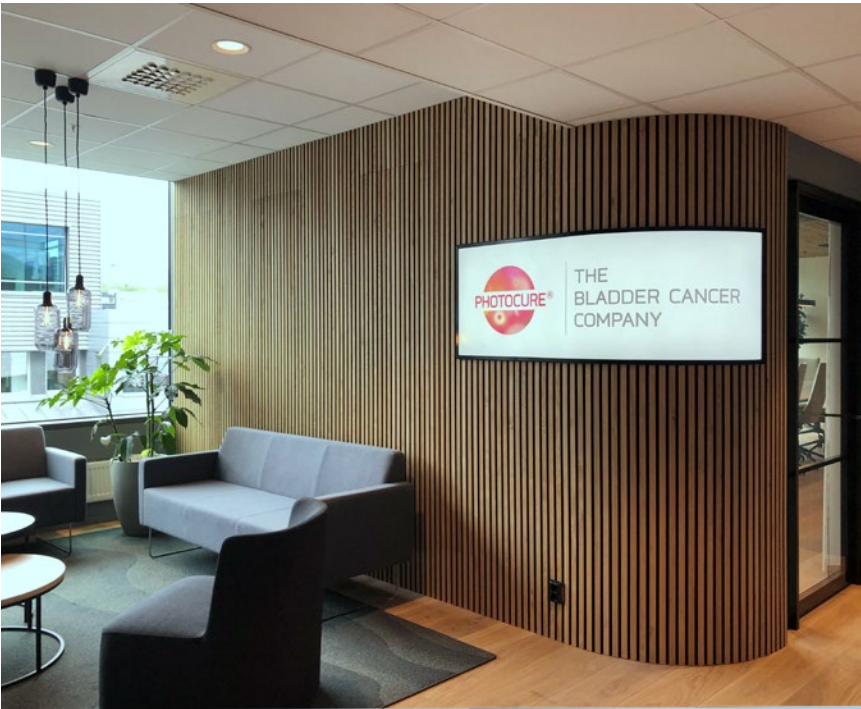
Photocure has evolved into a therapeutic area-focused commercial stage pharmaceutical company with a focus on bladder cancer. The company is exploring expansion opportunities within the bladder cancer domain. In 2020, Photocure regained the commercialization rights to Hexvix in Europe and other territories around the world from Ipsen Pharmaceuticals. Photocure started commercial and medical activities in these new European territories on October 1, 2020. In 2021 Photocure continued its growth and business expansion, announcing to partner with Asieris MediTech Co. Ltd for the commercialization of Hexvix® in Mainland China and Taiwan. The company also reacquired the marketing and distribution rights to Cysview® in Canada, taking effect on January 1, 2022.

Today, the company's vision is driving change in bladder cancer and its mission is to deliver transformative solutions to improve the lives of bladder cancer patients. There have been no significant changes to the sectors in which Photocure is active, the company's value chain or other relevant business relationships compared to the previous reporting period.

Photocure is member of NHO (The Confederation of Norwegian Enterprise) and the Oslo Cancer Cluster.

Locations

Photocure is located in Oslo, Norway (Global headquarter), in Princeton, New Jersey (North America office) and in Düsseldorf, Germany (Europe office). In addition, Photocure has fully



owned affiliates in France and Canada. Photocure ASA is listed on the Oslo Stock Exchange (ticker: PHO).

Employees per region:

Location	Total
Norway HQ	18
Europe	39
North America	45
Total	102

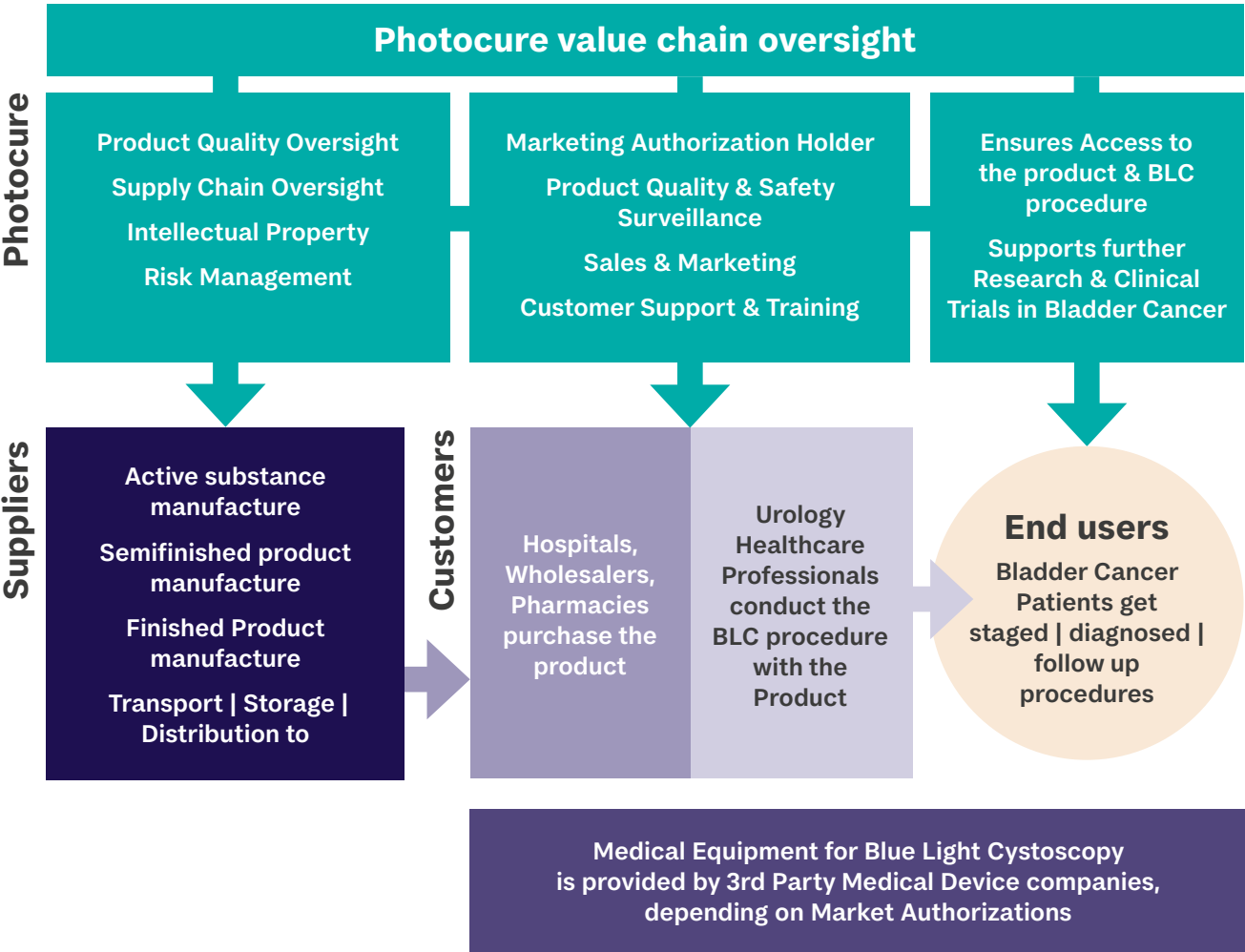
Corporate governance

Photocure has made a strong commitment to ensure trust in the company and to enhance shareholder value through effective decision-making and improved communication between the management, the Board

of Directors and the shareholders. The company's framework for corporate governance is intended to decrease business risk, maximize value and utilize the company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large. The Company will seek to comply with the Norwegian Code of Practice for Corporate Governance (the "Corporate Governance Code"), last revised on 14 October 2021 and available at the Norwegian Corporate Governance Board's website www.nues.no, to the extent not considered unreasonable due to the Company size and stage of development.

The Board of Directors is responsible for the overall management of the company and shall supervise the company's day-to-day management and the company's activities in general.

Value chain oversight



The Annual General Meeting (AGM) is Photocure's supreme governing body at which shareholders can influence how sustainability is practiced. Photocure's Board of Directors bears the ultimate responsibility for the company's sustainability approach and the ESG report is discussed and approved by the board.

The company discloses board and governance guidelines annually in the annual report and on photocure.com (Corporate Governance Policy and Annual Review). For more information about Corporate Governance, Nomination Committee, Audit Committee and ESG Board Advisor, please see the Photocure corporate governance policy in the 2023 annual report on pages 22-28.

Board composition, including independence, gender split, professional and committee roles can be found in the Leadership/board-of-directors section of the company website. Information regarding remuneration is published on the Photocure website in the Management

Remuneration Policy (Our Impact – ESG section). In addition, the Nomination Committee report, also available on the company website (Investors – Events & Presentations section), provides details on the Nomination Committee mandate, membership and remuneration. While the Board is overseeing the management of the organisation's impacts on the economy, environment and people, no specific Board committees are assigned to this task. The board has delegated responsibility for managing sustainability impacts to the CEO and operational responsibility is delegated to Finance, Quality/Regulatory/Compliance and Corporate Communications functions. The process and frequency to report back to the board is through the quarterly ESG goal tracking and the annual sustainability report which is approved by the board.

Photocure's Core Values

Photocure's core values set important standards for the company, both internally and externally. Our values guide what we believe and how we

will succeed. These standards ensure that we always act in a responsible way. They exist under the principle that We Care - about everything we do and everyone we engage with. We are respectful and inclusive, and we operate with the highest level of integrity. Our values guide the behavior of employees and form the basis for Photocure's ethical guidelines:

- **Take Ownership:** Take initiative and responsibility
- **Be Passionate:** Care deeply about what we do
- **Be Courageous:** Take action in the face of obstacles
- **Be Agile:** Move quickly, act decisively
- **Be Curious:** Have the desire and interest to learn new things, grow and develop
- **Work Together:** Think individually, act as One Team to achieve more





Work Together

Be inclusive and respectful
Work collaboratively
Have fun doing what you do
Build trust



Be Curious

Have a learning mindset
Think innovatively
Be resourceful
Be inquisitive



Be Agile

Adapt to changes
Demonstrate flexibility
Be responsive
Be quick



Be Passionate

Care about the people we serve
Inspire your colleagues
Be enthusiastic about what we do
Be spirited in our interactions



Be Courageous

Exhibit determination
Have integrity in all interactions
Challenge the status quo
Be open in our communications



Take Ownership

Be accountable for your actions
Drive for results
Act Professionally
Make an impact

We Care...

about everything we do and everyone we engage with.

We are respectful and inclusive, and we operate with the highest level of integrity.

Care & Respect Council:

As a result of the work on company values, Photocure formed a Care and Respect Council composed of 8 employees from different functions and regions. Membership is on a voluntary basis and for the duration of 12 months.

The Care and Respect Council's charter is to foster ideas and actions that create an inclusive work environment that values the contributions of all colleagues and supports a workforce that reflects and embraces the wide range of diversity that each of us brings to the company. The council shall act as an advisory body that provides insight and recommendations

on matters regarding our Core Values, Diversity & Inclusion, and the engagement of our colleagues, which could include:

- **Fostering intercultural and interpersonal communication in the workplace**
- **Creating awareness and appreciation of diversity and inclusion**
- **Maintaining a healthy and sustainable work life balance**

This year, to further our charter to foster an inclusive work environment, the Care & Respect Council facilitated

discussions around the topic of "Unconscious Bias". Working together on this global initiative, and with support from Human Resources, the team was trained, and then developed and conducted several internal discussions on the topic for all employees. The awareness and understanding created by the thoughtful sessions were very much appreciated by all colleagues. The Unconscious Bias discussions have provided a foundation for further awareness around diversity topics that affect our work culture. This initiative acknowledged the importance and value the C&R Council brings across the organization.

Photocure's approach to sustainability

Stakeholder prioritization and dialogue

This report covers sustainability topics that are of importance to Photocure and the company's stakeholders. The identification of priority stakeholders for the company was done by an interdisciplinary working group consisting of Photocure employees representing medical affairs, finance, operations, HR, communications, IT, compliance, and quality management.

We continuously engage with stakeholders regarding sustainability issues and priorities. Since 2020, we have carried out stakeholder dialogue on this topic regularly (at least annually),

to make sure that we report on relevant topics, and we communicate on our progress through the annual sustainability reports.

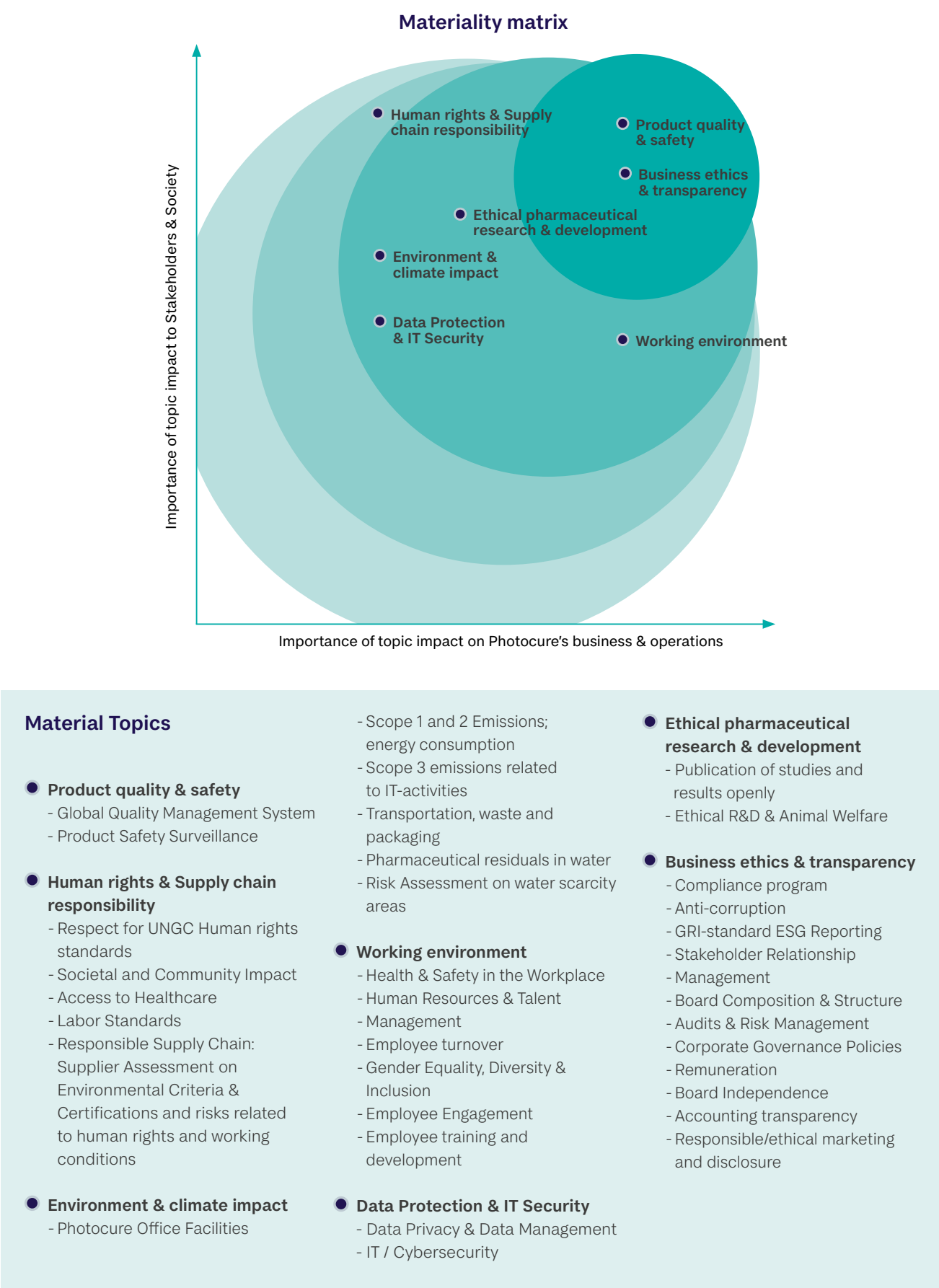
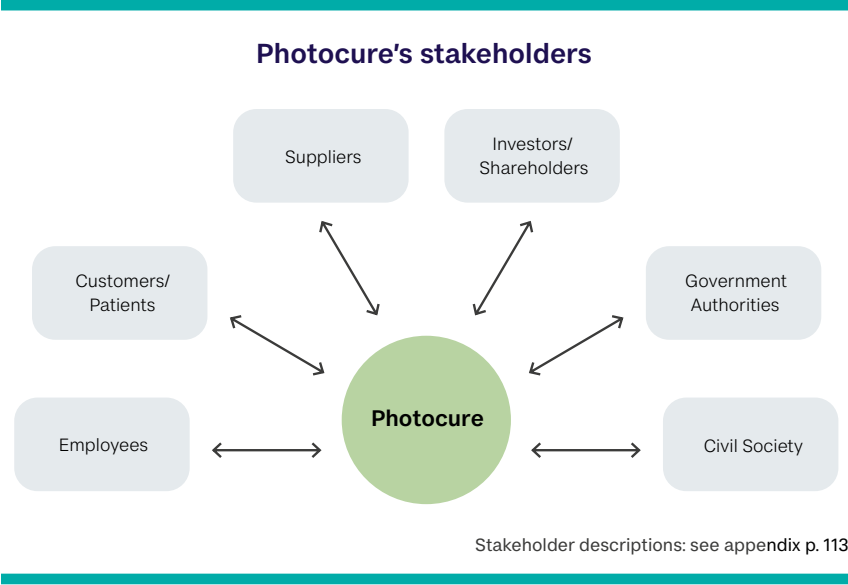
When conducting stakeholder dialogue, we make sure to talk to as many relevant stakeholders as possible, including representatives among Photocure's investors, employees, customers and suppliers. The last stakeholder dialogue was carried out at the end of 2023 / beginning of 2024 and consisted of short semi-structured interviews, in addition to a review of relevant documentation, such as the annual employee survey, sustainability ratings and industry level ESG topics/reports. In the stakeholder interviews / document

reviews, we seek information about the stakeholder's own sustainability priorities, guidelines and procedures (in order to learn from them, and to make sure that we are collaborating with responsible partners), as well as industry specific topics, their impression of Photocure's performance and where / how they think we can improve.

Materiality assessment

After the interviews / document revision have been completed, feedback from stakeholders (the 'outside-in' perspective) is structured for discussion with Photocure's ESG working group, who carefully consider it from an 'inside-out' perspective. The sustainability topics mentioned are evaluated on the basis of their actual or potential impact on the company and Photocure's direct or indirect impact.

The list of material topics has not significantly changed since the company conducted its first stakeholder dialogue in 2020. Although our impact on environment and climate is limited, this was introduced as a new topic from 2022 at the request of some investors / rating agencies. Human rights and supply chain responsibility were given increased attention in 2023, due to the introduction of the Norwegian Transparency Act and related reporting requirements. The 2023/2024 stakeholder dialogue have not resulted in any new material topics from the previous reporting period.





Reporting on material topics

In this chapter, the company's management approach, activities, goals and performance for the reporting period is described for each of the material topics.

Product quality & safety

Photocure's high quality products and processes are a prerequisite for the company's contribution to value creation for both owners and society and for future growth. Providing access to safe and high-quality healthcare is at the core of what the company aims for. A negative management of this area could impact patients' wellbeing and endanger the company reputation. In the reporting period, the company was not involved with any negative impacts in the product quality & safety area, neither through its activities nor through business relationships. Photocure's product Hexvix®/Cysview® is available in over 30 countries, with its established specialist commercial and medical teams in North America and Europe.

The quality policy and the quality and compliance manual are the overarching documents describing the company's quality goals and quality system.

Photocure has a quality management system (QMS) which is compliant with Norwegian, European and North American Health Authorities' rules and regulations for drug manufacturing, drug distribution, research activities and surveillance of drug safety and drug quality. The QMS also covers Norwegian and European rules and regulations

for distribution of medical devices. The QMS is a set of written policies, standard operating procedures, work instructions and forms managed in a validated computer system.

Photocure holds a manufacturing license and a good manufacturing practice certificate issued by the Norwegian Medicine Agency which is available on the EudraGMP public database. Photocure follows the EU regulation for medical devices with respect to distribution of medical devices.

An annual review of all aspects of the quality system, product quality and safety are conducted with the management team.

All reports of adverse events and/or product complaints are promptly investigated and assessed. Adverse events are reported to applicable health authorities according to procedures. All complaints are investigated to identify if the root cause is linked to the manufacturing process and if there is a potential quality issue/ defect with the product. In 2023 there were no quality and/or safety incidents that led to any market actions or need for reporting to health authorities e.g. product

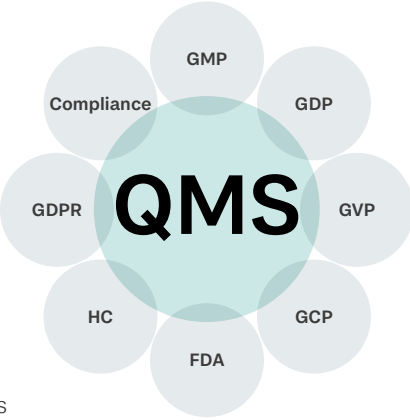
Abbreviations:
GMP = Good Manufacturing Practice
GDP = Good Distribution Practice
GVP = Good Pharmacovigilance Practice
GCP = Good Clinical Practice
FDA = Food & Drug Agency
HC = Health Canada
GDPR = General Data Protection Regulations

recall or healthcare information letter. The processes for adverse event and product complaint management and reporting, were subject to two Health Authority Inspections during 2023. The outcomes of both inspections were satisfactory, the adjustments identified were corrected and both inspections were closed out before year end.

At Photocure we aim to be accessible to any healthcare provider who needs information or wants to submit feedback regarding our product. Our medical information team replies to any requests received.

Goals and targets for 2024

- Maintain Photocure's track record of no quality and/or safety incidents leading to any market actions e.g. product recall or healthcare information letter.



Human rights & Supply chain responsibility

Human rights

As a participant of the United Nations Global Compact, Photocure upholds the Ten Principles which are derived from: the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. Committing to these principles means supporting and respecting the protection of human rights in all aspects of our business operations and making sure we encourage our suppliers and partners to do the same.

Our policy commitment regarding this topic is further outlined in the company Code of Conduct and Supplier and Partner Code of Conduct, which are available on the Photocure.com website.

In 2022 and 2023 we increased our focus on Human Rights and decent working conditions in our upstream supply chain. Written procedures are in place to ensure compliance with the **Norwegian Transparency Act**, which include e.g. procedures for carrying out due diligence when engaging new suppliers and yearly risk assessment for potential breaches of human rights and decent labor conditions, in our own business and in our supply chain.

Photocure does not carry out any production itself, and our supply chain therefore relies solely on outsourcing. Our human rights risk assessment has therefore been divided in two; a) an initial risk assessment of the suppliers contributing to our daily operations, and b) a more in-depth risk assessment of the supply chain related to our contract manufacturers.

a) In the initial human rights risk assessment of the relevant suppliers contributing to Photocure's daily operations, such as consultants, rent

of offices and canteen services, all of these suppliers were considered as "low risk". The initial risk assessment of these suppliers is based on the risk criteria country risk and industry risk.

b) For the outsourced part of our business (product manufacturing), we have conducted a human rights risk assessment based on the geographic location of our contract manufacturers as well as their sub-contractors for raw materials. Out of 16 suppliers contributing to our product three subcontractors were rated as "medium risk" and 13 as "low risk". Within the supply chain no new contracts were signed in the reporting period.

Three of the subcontractors rated as medium risk are subcontractors of one of our supplier in Spain and located in India. None of the three medium risk subcontractors are considered as critical for the company.

The Indian subcontractors are subcontractors of one of Photocure's main suppliers in Spain. According to the ITUC index, India is inter alia especially exposed to human rights risks with regards to low wages, lack of social security, gender discrimination, harassment at work and indecent working conditions. We have however not identified any potential or actual adverse impacts related to human rights with the Indian subcontractor.

In order to mitigate the risks with regards to the three medium risks suppliers located in India, Photocure has been in dialogue with the main supplier in Spain and requested information regarding the company's human rights assessment of the supply chain. The preliminary feedback from the supplier with regards to the medium risk subcontractors indicate that there are no specific risks that have been uncovered as materialised or threatening. There is therefore no reason for implementing any mitigating measures now. The supplier in Spain has also confirmed that they are in a process with following up the relevant subcontractors with regards to the human rights risks.

One additional supplier was rated as medium risk and is located in Israel. This subcontractor is owned by a major and renowned international company . In that geography, water scarcity is an issue and Israel controlling water resources and access to water in the Palestinian territories, for the population or in connection to production, is a known human rights risk. In the case of this subcontractor, the production facility is situated near Tel Aviv, i.e. not in occupied territory. Photocure has assessed the risk for whether the water being used in the production facility may derive from the occupied territories, and deems the risk as low. However, Photocure will continue to follow up on this matter. We have however not identified any potential or actual adverse impacts related to human rights related to the Israeli subcontractor.

Based on the information received so far, currently Photocure has no reason to believe that any of their subcontractors' activities involve violations of any human rights at the present time. Nevertheless, as both India and Israel are associated with a risk of human rights violations, the company will continue to carry out investigations and seek information.

Photocure will continue to follow up with the relevant supplier and subcontractors to secure all necessary and relevant information in order to assess whether any mitigating measures should be implemented.

We also report on aspects of human rights in the "Business ethics and transparency" chapter.

Goals and targets for 2024

- Discuss the "medium risk" rated sub-contractors in business review meetings with the supplier
- Follow up that Photocure receives the requested information from the subcontractors and assess whether it is necessary to implement any mitigating measures.

Supply chain responsibility

As a business with outsourced manufacturing and logistics, Photocure relies on suppliers, individuals or organizations who provide goods and services to the company. Photocure is thereby directly and indirectly exposed to risks and opportunities in its business relations and supply chain.

Photocure has procedures in place for the interaction with suppliers, including qualification and follow up, risk assessment, auditing and procurement. As a part of the initial and ongoing evaluation of suppliers, Photocure obtains confidence that the supplier is able to deliver the materials/services as requested with the required quality, and that the supplier complies with all applicable laws relating to ethical and responsible standards of behavior in



Safety feature:
All Photocure products sold in Europe have a unique identifier (2D barcode) as a safety feature. In addition, all product packs have tamper evidence in the form of glued cartons.

accordance with the United Nations Global Compact or similar. Photocure continuously keeps close dialogue with all its suppliers. Further, the company performs risk assessments (measures and analyzes potential risks) in its supply chain on a regular basis.

Upon engagement of any new suppliers, Photocure has in place written procedures, with regards to qualification and follow up of such suppliers. Upon engagement of new critical suppliers, these procedures also include a detailed questionnaire in order for Photocure to collect the necessary information for the company to be able to assess, among other things, any human rights risks associated with the new supplier.

All new and revised supplier contracts include a claim that the supplier shall materially comply with all Applicable Laws relating to ethical and responsible standards of behavior, including, without limitation, those dealing with human rights, labor, environmental protection, sustainable development and bribery and corruption in accordance with the Ten Principles of the UN Global Compact.

Suppliers' Business Conduct and responsible business practice is part of the agenda on regular business review meetings with the suppliers. All suppliers have received our Supplier and Partner Code of Conduct ("Code"). In addition, all Photocure's critical* suppliers have been assessed for presence of a Code

of conduct / corporate responsibility policy. Photocure has not terminated or discontinued contracts with any suppliers due to sustainability breaches.

Within Supply chain responsibility several notable achievements can be reported for 2023:

- Environmental, social and governance topics were followed up in regular business review meetings.
- The status of ESG topics related policies from all critical suppliers was assessed.
- The one critical supplier who did not have any formal policy in line with UN Global Compact, was encouraged to implement this. This supplier did provide evidence of such a policy during 2023.

Goals and targets for 2024

- Include following up on environmental, social and governance topics in regular business review meetings
- Assess the status of ESG topics related policies from all critical suppliers
- Encourage and support one of the critical suppliers to improve their ESG policy

Critical supplier screening; manufacturing and supply chain	2021	2022	2023
Number of critical suppliers	11	11	11
Location of the critical suppliers	Europe and North-America	Europe and North-America	Europe and North-America
Critical suppliers with Code of conduct / corporate responsibility policy available on website or shared with Photocure	9 (82%)	10 (91%)	11 (100%)
Critical supplier with clear statements for adherence and respecting human rights available on website or shared with Photocure	9 (82%)	10 (91%)	11 (100%)

*Critical suppliers are defined according to internal procedure and risk matrix.

Environment & climate impact

In Photocure, we focus all our efforts and resources to improve the lives of bladder cancer patients and we recognize that we do have an economic, social, and environmental impact on our surroundings.

As a participant of the United Nations Global Compact and committed to the Ten Principles, Photocure supports a precautionary approach to environmental challenges; the company shall undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies. This commitment is also part of the Photocure Supplier Code of Conduct as well as Photocure's own [Environmental Policy](#), implemented in 2023.

Scope 1 & 2 emissions

Photocure's business locations contribute to environmental and climate impact directly through energy use in our offices (see table below), waste generated at our offices, and employee business travel. In addition, the manufacture, transport and use of pharmaceutical products and their disposal can lead to impacts on the environment.

Photocure Location	kWh electricity			kWh district heating			Total Kg CO ₂ e		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Headquarter (Oslo)	75 560	68 818	68 571	32 416	57 284	57 206	1 980	1 410	2 161
Europe (Düsseldorf) ¹	5.214*	11 087**	5 371****	NA	26 077***	25 024*****	1 630	13 530	3 046
North America (Princeton) ²	48 148	37 958	63 076	-	-	-	10 740	8 460	14 066

¹ Düsseldorf office: data reported as stated or from latest available 12-month period: *May-Dec 2021, **May 2021-May 2022, ***Jan-Dec2022 ****21.12.2022-4.1.2024 *****Dec 2022-Nov 2023. Electricity 100% from Renewable energy sources (Information: Vattenfall)

² North America office: electricity & heating consumption are reported together and have been calculated with the New Jersey electricity factor. Greenhouse gas (GHG) emissions (in CO₂-equivalents) from Photocure locations. Calculated and validated by Variable AS (<https://variable.co>), in accordance with the GHG Protocol.

Office locations & emissions

- Global Headquarters**
Photocure's headquarter is located in an office building in Oslo, Norway, that is certified by the BREEAM Code for a sustainable built environment. The certificate is renewed annually, and the building obtained “very good” in the asset performance and building management categories (BREEAM certificate renewal ongoing in January 2024). In addition, a best-in-class approach (100%) to waste was highlighted in the April 2022 BREEAM assessment, analyzing that the real estate “assets have adequate space for waste stream separation on site, allowing for recycling to take place and thus reduce waste being sent to landfill or for incineration.”

In 2021 Photocure refurbished its office space within the Hoffsveien 4 building. That year, the whole office building in Oslo underwent a full refurbishment of the canteen, meeting center, entrance area and staircase with a focus on employee wellbeing and design.

The tenants can use a shared terrace with a roof garden on the 7th floor. In the seating area of the canteen, hybrid fireplaces ensure an atmospheric, sustainable indoor climate.

The professional property company managing the building publishes their sustainability strategy and ethical guidelines annually, focussing in priority on energy savings in their buildings, increasing the source sorting rate of waste and on environmental certification of the buildings. They are ISO 9001 and 14001 certified and a member of Grønn Byggallianse.

- North America**
In December 2022 Photocure's North America operations moved to a different office within the same building complex, the Carnegie Center, privileging open plan and meeting spaces to better accommodate the evolving and flexible office usages. This office building complex in Princeton, USA, has been “Energy Star” certified from 2017 to 2023 and has seen a number of energy and water conservation upgrades in 2023. In addition, Carnegie Center has been awarded Gold Tier Certification for Conservation and Sustainability by the Wildlife Habitat Council (WHC) for 2024. Carnegie Center is currently the only multi-tenant office facility in the Northeastern US to achieve Gold Tier Certification. In response to growing focus on occupant health during the Covid-19 pandemic, the

“Fitwel Viral Response Module” was created in order to set the global standard for safeguarding occupant health and wellness, offering the premier evidence-based, third-party certification to mitigate viral transmission in buildings. Carnegie Center also has an extensive recycling program, diverting over 50% of waste from the landfill. Recycled items include paper, glass, cardboard, plastic, electronics, lightbulbs, pallets, plant material, asphalt, concrete and food waste.

The commercial real estate company is included in the GRESB: The Global Real Estate Sustainability Benchmark, the worldwide portfolio-level standard for environmental, social and governance (ESG) benchmarking for real estate Corporate Level Disclosure. The real estate company also earned the BOMA 360 label for operational

best practices of its building management.

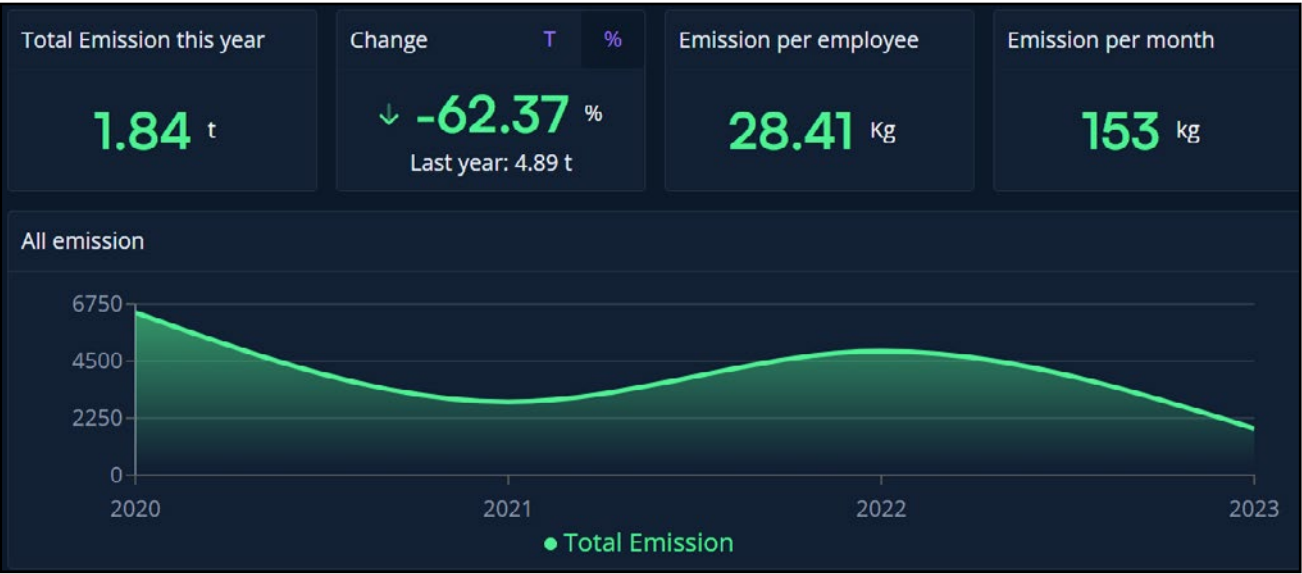
- Europe**
The office building in Düsseldorf, Germany, was built in 2015 and it has a Gold Certificate from the DGNB System. Post-period, Photocure GmbH will be moving to a new office location in central Düsseldorf in January 2024: better matching office surface and people present in the office versus the colleagues traveling or working from home. Shared office management and meeting facilities will provide economies of scale. In addition, the central location is easy to reach, making public transport the evident and environmentally friendly choice for our employees based in Düsseldorf.

The group will continue to broaden its focus on monitoring ESG criteria regarding its existing and future locations.

Scope 3 emissions

Carbon footprint linked to third-party IT hardware & services

Photocure contracts its IT services, hardware, servers and data centers from a third party corresponding to approximately 75% of its activity in that domain: Microsoft 365 for all Photocure users, Microsoft Azure, servers including website servers, PCs managed for approximately 50% of Photocure employees. This third-party vendor uses the cradle-to-gate method for the calculation of product lifetime emissions, in accordance with the GHG protocol. The Cradle-to-gate method calculates the total CO₂e of each asset in the year of acquisition. The following graph & table provide information about the company's share of emissions resulting from that vendor & activity:



Photocure data provided by third party

	2021	2022	2023
Total scope 3 CO ₂ e emissions	2.89 t	4.89 t	1.84 t
CO ₂ e emissions per employee	47.58 kg	77.42 kg	28.41 kg

Supply chain monitoring, packaging & transportation

As a business with outsourced manufacturing and logistics, Photocure relies on suppliers, individuals or organizations who provide goods and services to the company (see p. 93 "Supply chain responsibility"). Beyond resource consumption at its office locations, Photocure acknowledges that an impact on the environment and climate is found in the company's indirect impact through suppliers and raw materials.

Photocure aims to minimize the carbon footprint caused by transportation, by utilizing as much of the pallet and vehicle capacities as possible. In addition, when selecting primary containers and secondary packaging of our product, Photocure takes into consideration the environmental impact of the different options available.

In 2021, 2022 and 2023, all Photocure's critical suppliers within the supply chain were screened for environmental criteria, such as the existence of an Environmental Policy and the location of their operations

in high water-stress areas (see next page). All 11 suppliers are in either a low or low-medium water risk area. None are located in a high-water stress area.

Environmental risk related to Photocure's medicinal product

Pharmaceuticals can be considered as a class of environmental contaminants when they are responsible for bioaccumulation and toxic effects in aquatic and terrestrial ecosystems. The active ingredient in Photocure's Hexvix/Cysview product, Hexaminolevulinate hydrochloride (HAL), is instilled in the patient's bladder and after ca one hour the bladder is emptied, so that the urologist can look for bladder tumors, highlighted by the product's fluorescence. The risk for residuals in nature has been evaluated.

HAL has very limited stability in biological tissues and fluids and is readily biodegradable. The products of hydrolysis are two substances; one which is a natural compound found in all living cells and it will readily be biodegraded or metabolized in a natural environment and the second

one is a fatty alcohol, which is derived from natural fats and oils, and it can be found in fruits, animal, vegetable, and marine sources.

The Hexvix/Cysview product is non-reactive under normal conditions of use, storage and transport and chemically stable under normal conditions. The product is not considered toxic or harmful to aquatic organisms nor to cause long-term adverse effects in the environment. The product contains no REACH substances as per the EU regulations*.

In conclusion:

- Environmental risk: Use of HAL has been considered to result in insignificant environmental risk.
- Degradation: The predicted environmental concentration of HAL is so low that it did not reach the prespecified action limit for further risk investigations at time of approval (2010).
- Bioaccumulation: HAL has low potential for bioaccumulation.

Within Environment & climate impact, the following achievements can be reported for 2023:

- A notable achievement in the Environment & climate impact ESG area in 2023 has been Photocure's creation and implementation of a group environmental policy, available on the company website. All Photocure functional leaders have been informed of its implementation via Photocure's quality system in October 2023.
- Building / Real estate provider monitoring of environmentally friendly upgrades.

Goals and targets for 2024

- Continue annual environmental topics monitoring of real estate providers for Photocure locations and include them in any new real estate searches.
- Continue stakeholder dialogue to assess evolving environmental and climate reporting needs.
- Investigate reporting tool for travel mileage reporting in 2024

Critical supplier screening; manufacturing and supply chain	2021	2022	2023
Total number of critical suppliers in Photocure's manufacturing and supply chain	11	11	11
Critical suppliers with Environmental policy available on website or shared otherwise with Photocure	9 (82%)	9 (82%)	10* (91%)
Critical suppliers located in high-water stress area	0 (0%)	0 (0%)	0 (0%)

Suppliers screened for Environmental criteria – Source: Aqueduct Water Risk Atlas
*the only exception is an IT-service provider.



* REACH is a European Regulation and is an acronym for the Registration, Evaluation, Authorization and Restriction of Chemicals



Working environment

We continue to work on different projects and measures supporting our ambition ‘To create a great place – for great people – being able to do great work’. It is based on this desire that we build our working environment. The ability to attract, engage and retain a skilled workforce as well as maintaining a safe and healthy working environment are key interests of both the company and its stakeholders.

The company follows all regulations related to Employee Health & Safety (e.g. the Norwegian “Working Environment Act). Whether working in an office environment or remotely as part of our sales team, the company and its employees are mainly exposed to risk related to the working environment, such as the mental

well-being of employees and physical risks related to an office setting, e.g. ergonomics and sedentary work and risk associated with business travel.

In the reporting period, the company was not involved with any negative impacts in the working environment, through its activities or business relationships. Our policy commitment regarding a safe and healthy working environment is further outlined in the company Code of Conduct and our values statements, which are available on the Photocure.com website.

Photocure directly impacts the working environment through its strong “We Care” culture, policies and agreements, and by keeping an active and regular dialogue with colleagues across the globe both in virtual and in-person

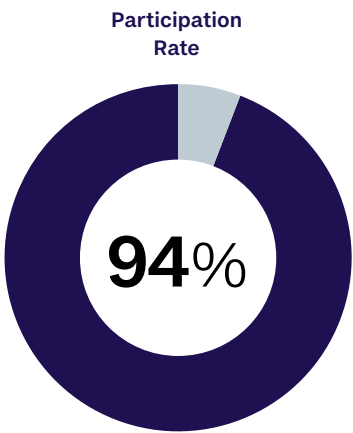
meetings. As our culture is built on trust, Photocure continues with hybrid remote work arrangements across its locations in Norway, Germany and the U.S. for its non-customer facing employees which represents approximately 39% of its global team, after Covid 19 pandemic. If possible, employees aim to work from their offices on an average of three days per week and engaged in regular in-person meetings, as needed. Colleagues are genuinely happy with great locations and offices environment, which is seen as very beneficial for the overall well-being and spirit of the team.

“To create a great place – for great people – being able to do great work”

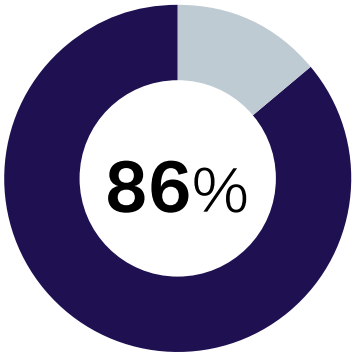
Employee engagement

This year again the company was successful in effectively maintaining a positive work environment and engaged workforce during 2023. The main priority of the organization is the health, safety and welfare of all Photocure employees and stakeholders.

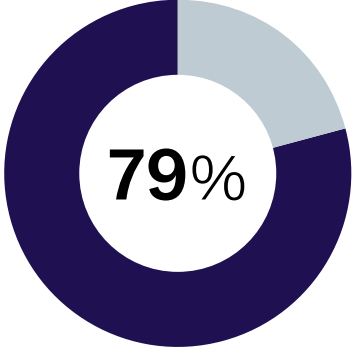
The working environment within the company continues to be very good. We take the “pulse” of our global colleagues on an annual basis via our anonymous, digital ‘Employee Pulse Survey’, as well as regularly receiving feedback from colleagues through a variety of individual, small and large group sessions. As we have created a trustful organization, our employees are very open to providing their thoughts and ideas. Participation in the 2023 employee engagement survey was once again very strong with 94% of employees providing their feedback. The overall results of the survey continued to be very high. Both our participation rate and responses to critical questions such as ‘feeling proud to work for the Company’ and ‘recommending the Company as a great place to work’, fare very well,



Satisfaction with the Support and Guidance you get from your manager



Do you feel that Photocure cares about you as a person? Agree:



Photocure 2023 Global Employee Survey

relative to critical metrics around employee surveys. We will once again, organize focus group sessions to further understand the results and input we received in an effort to improve where we can, implement new ideas and maintain a positive working environment. The employee pulse survey will continue to be administered annually and will stay fully anonymous.

Photocure employees also have the chance to actively engage in shaping our company culture through the **Care & Respect Council**. In 2023, the Care and Respect Council – with support from Human Resources – developed and executed regional training sessions for all colleagues on “Unconscious Bias”. This is a prelude to a future, broader effort of awareness for the whole organization, and was very much appreciated by all participants. As a follow up to our mandatory, company-wide Harassment Prevention and Awareness training, the course explored the potential effects of a lack of cultural competency which includes a better understanding of one’s own cultural views, creating awareness around stereotypes, microaggressions and the self-awareness around acceptance, receptiveness and respect.

In addition, to ensure our colleagues understand the importance of respect in the workplace, all employees are required to attend an online harassment prevention training every other year. There were no cases of discrimination reported in 2023. All employees are being trained in Photocure’s Code of Conduct and would be aware how to raise an issue if there was any concern.

Policies & workplace key figures

Photocure strives to ensure a good working environment for all employees and aims to be a workplace with equal opportunities in all areas. The company’s policy is to ensure and provide equal employment rights and opportunities for all persons employed by, or seeking

employment with Photocure without regard to race, age, color, religion, sexual orientation, citizenship, gender, marital status, pregnancy, national origin, disability, or other non-work-related criteria as may be protected by local or country law. This extends to the employment relationship and all other areas of personnel activity, such as recruitment, selection, job assignment, supervision, training, promotions, performance evaluations, transfers, terminations, compensation, benefits, educational opportunities, recreational activities, and work facilities.

Photocure recognizes its obligation to actively promote such opportunities for all qualified persons and will take reasonable and necessary action to ensure that these objectives are met.

The company has implemented separate processes for talent acquisition, compensation, training and development, performance management and communications. These processes ensure a non-discriminating, secure working environment, follow local labor law regulations and are compliant with the Norwegian Working Environment Act, the European Directive 89/381-OSH and the U.S. employment law and standards, as well as aligning to industry best practices. The company does not have employee representatives on the Board due to the size of the company. The number of employees covered by collective bargaining agreements in 2023 was 0%. Working conditions are being determined through local industry benchmark data and employee feedback through the global annual employee survey.

At the end of 2023, the organization comprised of 102 employees all of which were full-time employees. In addition, Photocure continues to successfully utilize a strong network of consultants to support the operations and development as needed, and the company’s practice is to outsource

non-core operations and highly specialized skills and services where it makes sense. This practice allows the company to manage its resources in an effective, efficient, and practical way.

The mid-year as well as the year-end performance appraisal for Photocure employees and management includes an assessment of the performance in relation to the company's values in addition to goal achievement. Participation and execution rate is >95%.

Even if our strong and very valued company culture is one of our key assets and supports talent retention, we make talent retention one of the focus topics for the company. Company initiatives include for example the implementation of a 'Years-of Service' policy to value engagement and commitment over the years. Complementary to the close communication between manager and employee and to ensure valuable cooperation and leadership, Photocure also implemented a risk of loss assessment process.

In the reporting period, Photocure had no employee or contractor fatalities to report. The Company had a low incidence of accidents and absences due to illness in the Countries where

this is actively tracked. There was one on-the-job accident reported globally that resulted in an absence from work (bicycle accident on the way to the office). Absences due to illness in the reporting countries of Germany and Norway, was 6.1% of total hours, including three long term illnesses during the year. While in the U.S., absences due to illness are not tracked due to its paid time-off policy (PTO), there were no on-the-job accidents reported in 2023 in the U.S.

After implementing our parental leave policy in the U.S. beginning of 2023, two men and one woman took parental leave in 2023. In Europe, one female employee was on parental leave in 2023.

Photocure has not been in any legal proceedings regarding working environment in 2023.

Turnover

Turnover at Photocure is monitored on a rolling 12-month basis. We feel that turnover in a company is very natural and that the "right" amount of change in the organization is healthy to promote a growing and developing environment. Longstanding ways and new thoughts come together in a way that keeps the organization fresh, combining

consistency with new ideas. We track and report overall turnover as well as turnover deemed regrettable. We further establish goals to help to ensure that senior leaders and HR business partners work together to remain highly conscious of engaging and motivating colleagues.

Employees by region

Regions as listed on p.85, all numbers are provided in FTE and at the end of the reporting period.

Gender equality and diversity

Traditionally, Photocure has recruited from environments where the number of women and men is relatively equally represented. In terms of gender equality, 50% of Photocure's four board members are women, as are 33% of the 6-member Executive Leadership Team (ELT) and 47% (= 9) of the 19-member Global Leadership Team (GLT) at the end of 2023.

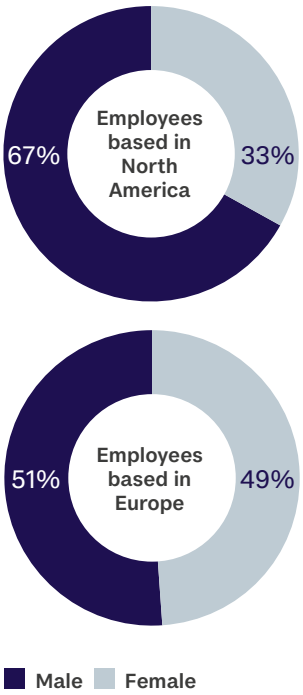
Globally, Photocure employs 57.8% men and 42.2% women. Working time arrangements at the company, independent of gender, strive to enhance the individual work-life balance.

Employees by region

	(Corp.) Functions	Commercial Operations	Total
Based in North America (USA and Canada)	13	32	45
Based in Europe (HQ Oslo and other countries)	23	34	57
Total	36	66	102

Gender Split	Male	Female	Male	Female	Male	Female
Based in North America (USA and Canada)	8	5	22	10	30	15
Based in Europe (HQ Oslo and other countries)	12	11	17	17	29	28
Total	20	16	39	27	59	43
Total in %	55.56	44.44	59.09	40.91	57.84	42.16

Gender split by geography



Compensation equity

To support growth and fulfil our ambitious strategy and targets, we need highly qualified professionals. Thus, reward and recognition are key parts of our HR strategy to attract, engage, motivate and retain great talent at Photocure.

We are proud to actively work on our compensation philosophy to offer fair, attractive, equitable pay based on experience, knowledge, and position responsibilities. We consider both internal pay guidelines and external market competitive financials when developing our remuneration package, independent of age, gender, origin, nationality, or any other. This is further communicated in our Code of Conduct.

Photocure is a small organization of 102 employees who are based in 11

countries. Due to the size, geographic diversity, and the fact that 60% of the roles in the organization are unique, we are unable to make general compensation comparisons that are meaningful. This is specifically challenging due to the uniqueness of the roles, confidentiality of the data, and overall data privacy.

Where we have larger populations of similar roles, as in our customer-facing positions, we report that we fare well in terms of our gender comparisons as it relates to salaries:

- U.S. sales force women earn 100.33% compared to men in that category
- Europe sales force women earn 101.96% compared to men in that category

Breakdown of employees

	2021			2022			2023		
Organisation	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of FTE	50	47	97	59	46	105	58	44	102
Part time employees	0	1	1	0	1	0	0	0	0
Temporarily hired	0	0	0	0	0	0	0	0	0
Total of employees	50	48	98	59	47	106	58	44	102
Newly hired									
Total number of newly hired employees in 2020-2022	11	9	20	12	8	20	8	3	11
Employee turnover									
Number of employees who have left the company	8	5	13	4	8	12	8	7	15
Parental leave									
Number of employees on parental leave	0	0	0	1	2	3	2	2	4

Regions as listed on p.100, all numbers are provided in FTE and at the end of the reporting period

Turnover

Dec-23	Headcount Dec '23	New Hires (last 12 month)	Terms last 12 month	Turnover % last 12 month	Regret. Turnover (last 12 month)
TOTAL	102	11	15	13.7%	3.90%

Breakdown of employees and board members by gender:

	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Organisation total	50	48	59	47	59	43
Board of Directors	3	2	3	2	2	2
Executive level management	4	3	4	3	4	2
Non-executive level management	10	11	10	13	11	11

Within working environment several notable achievements can be reported for 2023:

- All colleagues on-boarded have received the on-boarding training needed
- 94% response rate in Pulse Survey with over 80% indicating satisfaction with the company
- Internal training program continued on change management and unconscious bias
- Succession planning for key functions implemented with development plans being established for key talent and successors
- Risk of loss analysis implemented
- Years-of-Service policy implemented to value sustainable engagement



Goals and targets for 2024

- Maintain engagement to be measured by low regrettable turnover, high participation (>80%) and high overall score in the employee survey (>75%).
- Continue to build a strong performance driven culture where all colleagues feel respected and are motivated to do their best work.
- Support talents on their development being able to meet the future needs of the organization
- driving towards a strong, diverse pool of successors to key positions in the organization.
- Focus on a holistic employee experience (along the employee life cycle)
- Encourage and support our colleagues to have a learning mindset and to think innovatively by providing opportunities for training and development and through experiential projects.

Business ethics & transparency

Being part of a global value chain, Photocure is directly and indirectly exposed to ethical risks through its business operations. Ethical misconduct could negatively impact Photocure's business reputation whereas a solid corporate governance generates trust in the company's ability to do things the right way. Therefore, Photocure has high focus on conducting business in the most ethical and transparent way. This includes good corporate governance, commitment to local and industry specific business ethics norms, such as pharma industry associations ethical codes for interactions with health care professionals, ethical research, as well as anti-corruption and adherence to Photocure's core values and respect for human rights.

In the reporting period, Photocure was not involved with any negative impacts related to business ethics or as a result of its business relationships.

In 2021 Photocure became a participant of the UN Global Compact which commit the company to respect the ten principles related to human rights, environment, labor, and anti-corruption. The company's CEO and management team are responsible for following up business ethics and anti-corruption work at Photocure. As part of this the anti-corruption policy were reviewed and updated in Q4 2023.

Photocure has high focus on conducting business in the most ethical and transparent way.

Senior management are responsible for the implementation of Policy commitments related to responsible business conduct in daily company activity. New and reviewed policies are being introduced to all relevant employee categories or functions within

Photocure's quality system. Trainings on newly introduced policies and standard operation procedures ensure that daily practices are adapted as appropriate.

Each year, the Board of Directors conducts a thorough risk assessment of the significant parts of the company's business and outlook in order to identify risks and potential risks and remedy any incident that may have occurred. This company risk assessment includes areas relating to corruption and business ethics. In 2023, suppliers and sub-contractors were subject to a human rights review including the risk of corruption; see Human Rights Chapter page 92/93.

New board members receive a general introduction training from management and the legal counsel. The training includes an introduction to business ethics and insider rules, as well as a review of the company's corporate governance and sustainability strategy. In addition, new board members receive an introduction to quality and compliance. A process to ensure conflicts of interest are prevented/ mitigated has been established. The topic is included in all board agendas: Board members need to confirm that there are no conflicts of interest related to any agenda items. Furthermore, the "Board rules of procedure" state that "Members of the board shall notify the board if they hold a material direct or indirect interest in any agreement or transaction entered into by the company". Conflicts of interest are not disclosed to stakeholders. In 2023 two new board members were appointed and trained according to the above process.

Photocure's framework for corporate governance is intended to decrease business risk, maximize value and utilize the company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large. The company seeks to comply with the Norwegian Code of Practice for

corporate governance (NUES). Critical concerns are being communicated to the Board. The Leadership team has reported no critical concerns to the board in 2023. There have been no significant instances of non-compliance with laws and regulations in the reporting period, and no fines or non-monetary sanctions were incurred or paid.

Compliance program

Photocure has established a compliance program in line with the U.S. "OIG Compliance Program Guidance for Pharmaceutical Manufacturers". The program has the following pillars: risk assessment, policies & procedures, training, supplier management, monitoring, and reporting and investigations. The purpose of the compliance program is to ensure ethical and responsible interactions with health care organizations, professionals and stakeholders.

The following policies set the frame for business ethics and compliance:

- [Code of Conduct](#)
- [Anti-corruption policy](#)
- [Supplier and Partner Code of Conduct](#)
- [Quality and compliance policy](#)
- [Quality and compliance manual](#)

The Code of Conduct, Anti-corruption policy and the Supplier and Partner Code of Conduct are available on Photocure's website and have been approved by senior leadership. All policies above are periodically reviewed, and all employees are trained. All new employees are introduced to the content of the documents as part of their onboarding. More detailed written procedures are in place to ensure policies are being implemented in business activities and that they are in line with applicable regulations and guidelines.

Ethical marketing and disclosure

Photocure's overarching goal is to comply with pharma industry codes in all markets where we promote our product and interact with health care professionals and health care organizations. In Europe, the company follows the European Federation of Pharmaceutical Industries and Association's (EFPIA) code of practice, while for the U.S. market, Photocure follows the Pharma Code. Written procedures are established to ensure promotional materials are reviewed and approved and that promotional and medical activities are conducted responsibly and according to industry standards. A pharmacovigilance inspection from the Norwegian Medicine Agency, included review of promotional materials and activities. Comments identified were addressed and the inspection was closed in due time.

In the reporting period no cases of promotional material recalls or fines related to improper promotion of pharmaceutical products have been reported in any of the markets where Photocure operates.

A transparent disclosure regarding payments and transfers of value between the medical community and the pharmaceutical industry is important to keep a trustworthy and healthy relationship with patients, health care professionals, government officials and the public, and it also strengthens the company's commitment to keeping a high ethical business standard.

Therefore, Photocure publishes annual disclosure reports describing these payments and transfers on its website or applicable external websites. Photocure is equally disclosing its support for research and open access to scientific publications.

Suppliers and partners

Our Supplier and Partner Code of Conduct was introduced in 2021. As our suppliers are seen as an extension of Photocure, we require our suppliers and partners, to comply with this Code which is the same as The Ten principles of the UN Global Compact. Photocure also expects its suppliers and partners to require their own suppliers and subcontractors to follow these principles. In contracts with business partners and suppliers, Photocure has included statements that both parties are obliged to follow all applicable laws, rules and regulations, and this general statement also includes anti-corruption laws. To strengthen the internal awareness of the importance of oversight and follow up on suppliers, a written procedure applicable for all suppliers' engagement is in place

There have been no confirmed incidents of corruption in the reporting period, nor has any Photocure employee been dismissed or disciplined for corruption. There have been no cases of terminations or contracts not being renewed due to suspected business ethics breaches in 2023, nor has Photocure been involved in any legal proceedings regarding business ethics or corruption.

Reporting and monitoring

Employees can report suspected cases of business ethics breaches or corruption through an anonymous whistleblowing channel.

All employees have been introduced to the channel, both in meetings and in writing.

Within Business ethics & transparency several notable achievements can be reported for 2023:

- The Code of Conduct was reviewed by an external counsel and updated with more details regarding how to report issues.
- The Anti-Corruption Policy was reviewed by an external counsel and adapted accordingly.
- All employees were trained in the above mentioned policies, including a competence check.
- All new employees were trained in business ethics and compliance. All relevant employees had refresher trainings in the applicable industry codes for ethical sales and marketing.

Goals and targets for 2024

- Maintain the compliance breaches with severity "critical" to zero
- Maintain employee awareness including training on compliance and execution of the activities as outlined in the compliance program



Research activities

Research activities & supporting the scientific community

Photocure delivers transformative solutions to improve the lives of bladder cancer patients. New clinical research and real world data provide the scientific community with new insights to improve bladder cancer care. In the past year, we have engaged in 12 research projects, underscoring our commitment and tangible contribution to the lives of bladder cancer patients through our support of the scientific advancement of care in this domain. A potential negative impact stemming from the non-respect of our policies, best practices and international requirements for trials and studies, could be flawed results leading to

uninformed medical decisions. In the reporting period, Photocure was not involved with any negative impacts in its research activities or relationships with the scientific community.

Photocure is dedicated to improving bladder cancer care, and is conducting clinical trials and data generation activities in advancing this mission. In doing so, Photocure has established a full set of standard operating procedures for all research and development related activities, including laboratory, pre-clinical and clinical research, including also grants and non-sponsored trials. The procedures outline our commitment to ensure research activities are conducted in an ethical manner in compliance with all applicable laws and regulations as well as industry best practice and international codes.

Photocure's standard operating procedures about research and clinical trial management cover various aspects including responsible management of trials, commitment to publish trials and results in clinical trial registries like clinicaltrials.gov, patients' informed consent and independent ethical committee approval, sponsor oversight of outsourced activities, risk assessments before and during the conduct of a trial, monitoring, vendor and internal team qualification, and commitment to publish results, including when results are negative. Our procedures are subject to regular review and audits. Photocure is headquartered in Oslo, Norway, which requires Institutional Review Boards in Norway to review applicable clinical trials to ensure that they comply with applicable regulations, meet commonly accepted ethical standards, follow



institutional policies, and adequately protect research participants, even when the trial is conducted in another country. The Institutional Review Board at each site will also approve the trial, patient information and patient consent procedure as well as ensure protection of vulnerable patient groups in trials. In addition, authorities approve the relevance of clinical trial populations in relation to the investigated product. The local ethical committee, the Norwegian ethical committee, or the authorities independently have the prerogative to approve, modify or stop any applicable trial and to request information on trial progress and trial results, including individual safety signals.

Clinical trials

In 2023, Photocure was sponsor of one clinical trial, registered at clinicaltrials.gov: NCT05600322. This study compared Hexvix blue light cystoscopy with standard white light cystoscopy in the detection of bladder cancer in a Chinese population and was conducted as part of the process to obtain marketing authorization approval in China. The New Drug Application for Hexvix was accepted for regulatory review by the Chinese National Medical Products Administration in November 2023. The study was a collaboration with Photocure's partner Asieris. Photocure did not conduct any experimental studies on animals in 2023.

Real world data & patient registries

Beyond clinical trials, Photocure has a commitment to bridge the gap between randomized clinical trials and real-world outcomes in bladder cancer care. The company has established partnerships with different organizations to help generate the long-

term real-world data needed in bladder cancer treatment across diverse and otherwise underserved sub-groups of patients. Due to factors including a restricted patient pool defined by comprehensive eligibility criteria, controlled trial settings, as well as set trial durations, randomized clinical trial outcomes may have gaps that need to be addressed by other means to progress therapy options. To bridge the knowledge gap that exists in bladder cancer care, Photocure has supported and worked closely with several patient registries to benefit from such real world data. In 2023, Photocure published a white paper about this commitment to support scientific research in bladder cancer: the paper is entitled "Addressing inequality in bladder cancer care — How can Photocure help uncover disparities in bladder cancer care and outcomes? And how can real world evidence play a part in supporting healthcare equality?" clarifies the role of real world data to detect unequal access or outcomes in bladder cancer care. It is published on the company website (<https://www.photocure.com/our-impact/patient-registries-and-real-world-evidence/addressing-inequality>).

One such real-world, non-interventional Photocure sponsored study (Blue Light Cystoscopy with Cysview® registry in the U.S.: Clinicaltrials NCT02660645) was ongoing in the reporting period. The Blue Light Cystoscopy with Cysview Registry was established by Photocure in the U.S. in 2014 and is projected to enroll 4,400 patients. This large, prospective, longitudinal, multisite registry collects data on non-muscle-

invasive bladder cancer patients who have undergone transurethral resection of bladder tumor using blue Light as an adjunct to white light cystoscopy. Several other real world evidence projects also receive Photocure's support.

In addition, Photocure has provided multiple research grants, supported investigator-initiated trials and research collaborations. During 2023, a number of studies were published, or presented at the major urology conferences, highlighting and confirming key benefits of blue light cystoscopy with Hexvix/ Cysview.

Main publications and presentations can be found in the Annual Report 2023 on pages 9-11.

Moving forward, Photocure expects that the Precision Medicine / Precision Diagnostics movement will grow more important. We anticipate that the application of precision uro-oncology will continue to be implemented at all stages of bladder cancer, starting with the research stage, with the aim of customizing cancer treatment. blue light cystoscopy with Hexvix/Cysview will likely be key in identifying certain types of patients in order to tailor their cancer treatment. Additionally, precision diagnosis can reduce misdiagnosis, delayed diagnosis, under-treatment and use of unnecessary treatments. It is also indispensable in therapeutic monitoring i.e. the progression of disease and predicting and assessing responses to treatment. It can help address cancer inequalities by providing higher quality care to more patients.

Data protection & IT security

As a company in the pharmaceutical sector working with research and development and cooperating with physicians and patient advocacy groups, Photocure and/or its research partners may need to gather and store personal data as part of its research and development practices or business operations. In addition, as a listed company on the Oslo Stock Exchange, information security and data protection are also an important part of the company's obligations to its shareholders and the marketplace.

Data and information security is a priority for Photocure and described in the company's quality manual. IT activities and security are evaluated, and if necessary new risk analyses are performed. Management is informed about the result of the evaluations and approves corrective and preventive actions. The company has received no substantiated complaints concerning breaches of customer privacy in 2023, nor has it reported any leaks, loss or theft of customer data in the reporting period.

Photocure has invested in an extensive security and information security platform based on international standards ISAE3402 and ISAE3000. Furthermore, Photocure's IT-provider Intility has a Security Operations Centre (SOC) which is responsible for managing all suspected and confirmed cyber security incidents 24/7/365. This is performed in close collaboration with other operational departments and renowned external security partners.

The procedures and processes that Photocure has established for personal data protection are based on the Norwegian Personal Data Act and the General Data Protection Regulation (GDPR), EU 2016/679. A personal data protection group has been established and a procedure is in place to describe the responsibility and process for data protection issues. Photocure has a dedicated personal data contact person with delegated responsibility from the board and management.

Photocure's quality manual describes the overall responsibility for both data protection and IT security. To ensure appropriate management and documentation of electronic files critical for Photocure's activities in a GxP environment, Photocure has a number of standard operating procedures. For instance, Photocure has established processing of personal data, that is governed by applicable laws and regulations, and in particular the Personal Data Act and The General Data Protection Regulation (GDPR) where applicable. In addition, there are several Photocure procedures that describe the personal data process for a specific task. These procedures include work instructions for relevant roles such as employees, contractors, job candidates and board members.

One objective for 2024, is a review of the data privacy process in EU/ EEA and will be initiated by a third-party review of existing procedures, including all underlying instructions relating to personal data processed by Photocure. The review will also include processing of personal data in the US to ensure compliance with the California

Privacy Rights Act in the US. This will be prioritized in 2024, as the privacy laws in US are being implemented at a state level, effective this year and continuing through 2026. The California Privacy Rights Act (CPRA) is modelled after GDPR.

The security platform is supported by an industrialized information security and compliance service that simplifies work to ensure compliance with internal and external audits. This security and compliance service also acts as a compliance hub when leveraging public cloud services.

Photocure's security platform is audited annually according to ISEA3402 and ISAE3000 by PWC. The ISAE reports are also mapped up to the Cloud Control Matrix framework to fit industry standards defined by the Cloud Security Alliance. Photocure keeps a live dashboard on all security incidents.

Notable achievements in Data protection & IT security in 2023:

- Kept security tickets with severity "critical" to zero.
- Held a GDPR refresher training to make sure every employee gets a better understanding on how to handle personal data in their daily work
- Implemented Defender for Office 365 and Risky Users to increase security in email and collaboration services

Security tickets and breaches	2021	2022	2023
Number of moderate security tickets registered	42	9	14
Number of critical security tickets registered	0	0	0
Number of personal data breaches	0	0	0

Goals and targets for 2024

- Keep security tickets with severity "critical" to zero
- Initiation of a third-party review of existing data privacy procedures, including all underlying instructions relating to personal data processed by Photocure both in EU/EEA and in the U.S.
- Implement management of mobile devices to enhance IT security when Photocure data is accessed and processed on mobile devices
- Hold an annual data privacy refresher training and IT awareness training for all employees
- Continue to increase awareness of the security situation and reporting of suspicious e-mails by annual reminders to all employees



APPENDIX:

Goals and targets - achievements 2023:

Area	Goals and targets 2023	Action and progress in 2023
Product quality & safety	Maintain Photocure's track record of no quality and/or safety incidents that led to any market actions e.g., product recall or healthcare information letter.	<div></div> No quality and/or safety incidents with any market actions reported.
Human rights	Discuss the "medium risk" rated sub-contractors in business review meetings with the supplier.	<div></div> Formal business review conducted in February 2023. The supplier provided their plans within ESG which satisfy our requirements for future follow up their sub-contractors.
	Review the procedures to identify further improvement of the oversight of human rights and indecent working conditions risks.	<div></div> Completed. Revised procedures. Now inclusive business development and instructions for complying with Norwegian Transparency Act.
Supply chain responsibility	Include following up on environmental, social and governance topics in regular business review meetings	<div></div> For all suppliers, meetings were completed in 2023 which included environmental, social and governance topics. For most suppliers, this is documented in "task lists".
		<div></div> In addition, for two suppliers, formal business meetings were completed with formal minutes. Also in these meetings, topics on environmental, social and governance were included on the agenda.
	Assess the status of ESG topics related policies from all critical suppliers.	<div></div> During 2023, it was ensured that all suppliers in qualified state and evaluated as satisfactory with respect to ESG. Two critical suppliers were formally re-qualified, in line with the procedure of re-qualification every 3rd year. Evaluation of ESG is part of the re-qualification procedure.
	Encourage and support critical suppliers to implement policies in line with UN Global Compact.	<div></div> The only critical supplier without a formal/published policy on ESG, was prioritized during 2023. After communication with Photocure, this supplier finalized and shared their policy late 2023
Working environment	Maintain engagement to be measured by low regrettable turnover, high participation (>80%) and high overall score in the employee survey (>75%).	<div></div> Regrettable Turnover below target throughout the year. Employee annual survey kicked off in November 2023 closed first week of December. Results expected Q1 2024
	Continue to build a strong performance driven Culture where all colleagues feel respected and are motivated to do their best work.	<div></div> Regular Head Quarter morning meetings and quarterly global meetings for all employees to improve communication and information flow.
	Build a pipeline of talent that can meet the future needs of the organization driving towards a strong, diverse pool of successors to key positions in the organization.	<div></div> Ongoing. Extensive HR review process each year.
	Encourage and support our colleagues to have a learning mindset and to think innovatively by providing opportunities for training and development and through experiential projects.	<div></div> Initiatives throughout the year: Oslo Team Meeting (brainstorming AI) Change Management training delivered Roll out 'Unconscious Bias' training to all through the Care & Respect Council members – in planning

Complete Work in progress / partly achieved Not started

Goals and targets - achievements 2023:

Area	Goals and targets 2023	Action and progress in 2023
Environment & climate impact	Draft & implement a group environmental policy.	<div></div> Implemented in Sep 2023. PHO-POL-0007 Environmental Policy Photocure version1
	Continue annual environmental topics monitoring of real estate providers for Photocure locations and include them in any new real estate searches.	<div></div> One new contract negotiated in 2023; effective in January 2024. Moved German office: <ul style="list-style-type: none">Beyond cost efficiency, the footprint will be quite positive as the sqm per employee will be reduced drastically: the three offices have 46sqm vs 441sqm in the current setupCentral location 3 metro stops from central station in Düsseldorf favoring public transport
	Continue stakeholder dialogue to assess evolving environmental and climate reporting needs	<div></div> Work in progress. Dialogue in Q4 with ISS on August 2023 rating report & errors. New report issued in December 2023. <div></div> Improved ISS numerical score 49.05 (2023) vs 45.74. Retain overall C rating Workshops with the external agency.
Business ethics & transparency	Maintain the compliance breaches with severity "critical" to zero. Maintain employee awareness including training on compliance and execution of the activities as outlined in the compliance program.	<div></div> No compliance breaches. All new employees trained during the year. European team trained in "marketing compliance" in Q2 and North America team in Q4
Data protection & IT security	Keep security tickets with severity "critical" to zero	<div></div> No critical security tickets.
	Improve e-mail security by increasing the impersonation protection, security checks of links and e-mail attachments and surveillance of attempts to compromise e-mail accounts	<div></div> Implement Defender for Office 365 and Risky Users in Q1.
	Continue to increase awareness of the security situation and reporting of suspicious e-mails by annual reminders to all employees	<div></div> Training conducted in Jan 2023 on awareness of IT security (fake WhatsApp calls, suspicious e-mails etc). Employee awareness resulted in Ca 300 e-mails reported to "Mailrisk" for analysis.
	Hold an annual GDPR refresher training and IT awareness training for employees	<div></div> Training in data privacy and IT awareness for all employees in Q1 2023. A new annual training will be scheduled for Q1 2024
	Attend network for data privacy to stay compliance with the data protection legislation	<div></div> Ongoing, networking with colleagues across different companies. Updates on the latest legislation, breaches and more within data privacy. To be continued in 2024

Goals and targets 2024:

Area	Goals and targets 2024
Product quality & safety	Maintain Photocure's track record of no quality and/or safety incidents that led to any market actions e.g., product recall or healthcare information letter.
Human rights	Discuss the "medium risk" rated sub-contractors in business review meetings with the supplier Review the procedures to identify further improvement of the oversight of human rights and indecent working conditions risks.
Supply chain responsibility	Include following up on environmental, social and governance topics in regular business review meetings Assess the status of ESG topics related policies from all critical suppliers. Encourage and support one of the critical suppliers to improve their ESG policy.
Environment & climate impact	Continue annual environmental topics monitoring of real estate providers for Photocure locations and include them in any new real estate searches. Continue stakeholder dialogue to assess evolving environmental and climate reporting needs. Investigate reporting tool for travel mileage reporting in 2024
Working environment	Maintain engagement to be measured by low regrettable turnover, high participation (>80%) and high overall score in the employee survey (>75%). Continue to build a strong performance driven Culture where all colleagues feel respected and are motivated to do their best work. Support talents on their development being able to meet the future needs of the organization driving towards a strong, diverse pool of successors to key positions in the organization. Focus on a holistic Employee Experience (along the employee life cycle) Encourage and support our colleagues to have a learning mindset and to think innovatively by providing opportunities for training and development and through experiential projects.
Business ethics & transparency	Maintain the compliance breaches with severity "critical" to zero. Maintain employee awareness including training on compliance and execution of the activities as outlined in the compliance program.
Data protection & IT security	Keep security tickets with severity "critical" to zero Implement management of mobile devices to enhance IT security when Photocure data is accessed and processed on mobile devices Continue to increase awareness of the security situation and reporting of suspicious e-mails by annual reminders to all employees Initiation of a third-party review of existing data privacy procedures, including all underlying instructions relating to personal data processed by Photocure both in EU/EEA and in the US Hold an annual Data Privacy refresher training and IT awareness training for all employees



Photocure's stakeholders

Employees

Photocure's employees are directly affected by the company's internal policies and activities, and directly affect the company through their performance and actions.

Customers/Patients

Photocure's customers consist of urologists, hospitals, clinics and the bladder cancer patients they treat. Customers are directly affected by the quality and safety of Photocure products. Customers directly affect the company economically and customer expectations also impact Photocure's sustainability priorities.

Suppliers

Photocure's suppliers are economically affected by the company and their responsibility is indirectly affected by Photocure's focus on responsible practices and the expectations placed on them by the company. Suppliers directly affect the company through the quality and pricing of their products and services.

Investors/Shareholders

Photocure's investors and owners are primary stakeholders and directly affect the company's priorities and strategic direction. Photocure's economic and business performance may affect the priorities of investors and shareholders.

Government authorities

Government and regulatory authorities affect the company's operating conditions directly and indirectly.

Civil society

Civil society affect the company's operating conditions directly and indirectly. Local communities are indirectly socially, environmentally and economically affected by Photocure's activities in terms of job creation, contribution to local value creation and environmental impact.

GRI content index

Photocure has reported in accordance with the 2021 GRI Standards for the reporting period January 1st to December 31st, 2023.

Disclosure	Disclosure description	Reference	Omission
GRI 2 - GENERAL DISCLOSURES 2021			
2-1	Organizational details	Accounting principles 2023 (General information) + About Photocure (Locations)	
2-2	Entities included in the organization's sustainability reporting	Accounting principles 2023 (General information)	
2-3	Reporting period, frequency and contact point	About this report + Confirmation from the Board of Directors and CEO 2023	
2-4	Restatements of information	About this report	
2-5	External assurance	Independent auditor's report + Corporate Governance Policy and Annual Review (Auditor) + About this report	N/A: The ESG report has not been externally assured.
2. ACTIVITY AND WORKERS			
2-6	Activities, value chain and other business relationships	Board of Directors Report 2023 (About Photocure) + Accounting principles 2023 (General information) + Notes to the Financial Statements for 2023 (Operating segments + Partnerships) + About Photocure + Human rights & Supply chain responsibility + 2023 in Brief	
2-7	Employees	Employees by region (table) + Breakdown of employees (table) + Policies & workplace key figures + Turnover	Information incpcomplete: We are providing information about most employee categories for the total number of employees. We do not show a complete breakdown on gender and region for each category.
2-8	Workers who are not employees		Information unavailable: We do not disclose information about workers who are not employees and whose work is controlled by Photocure.
3. GOVERNANCE			
2-9	Governance structure and composition	Corporate Governance Policy and Annual Review (composition and independence of the board of directors + the work of the Board of Directors) + About Photocure (Corporate governance) + Confirmation from the Board of Directors and CEO 2023 (CVs)	N/A: While the Board is overseeing the management of impacts on the economy, environment and people, no specific Board committees are assigned to this task.

Disclosure	Disclosure description	Reference	Omission
2-10	Nomination and selection of the highest governance body	Corporate Governance Policy and Annual Review (7. Nomination committee + 8. Composition and independence of the Board of Directors + 9. The work of the Board of Directors) + Instructions for the Nomination Committee (4. Guidelines for the work of the nomination committee, available on Photocure's website)	
2-11	Chair of the highest governance body	Corporate Governance Policy and Annual Review (composition and independence of the board of directors) + Confirmation from the Board of Directors and CEO (2022)	N/A: The chair is not a senior executive.
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Policy and Annual Review (Business + The work of the Board of Directors) + About this report + About Photocure (Corporate governance)	Information incomplete: The Board reviews and approves the sustainability report including the goals and targets related to sustainable development, but does not oversee due diligence and other processes to identify and manage Photocure's impact on the environment and people.
2-13	Delegation of responsibility for managing impacts	About Photocure (Corporate governance)	
2-14	Role of the highest governance body in sustainability reporting	About this report	
2-15	Conflict of interest	Business ethics & transparency	
2-16	Communication of critical concerns	Business ethics & transparency	
2-17	Collective knowledge of the highest governance body		N/A: No measures have been taken to advance the collective knowledge, skills and experience of the Board in 2023, but measures are in planning for 2024.
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Policy and Annual Review (The work of the Board of Directors)	Information unavailable / N/A: The Board conducts self assessments, but not specifically linked to its role in overseeing sustainability impacts. There are currently no processes for evaluating the performance of the Board in overseeing the management of the organisation's impacts.

Disclosure	Disclosure description	Reference	Omission
2-19	Remuneration policies	Corporate Governance Policy and Annual Review (Remuneration of the Board of Directors + Remuneration of the senior management) + Guidelines for remuneration of senior executives and Board of Directors (3.2 Variable remuneration, 9. Board of directors' remuneration, 4. Conditions for dismissal and severance schemes, available on the website)	
2-20	Process to determine remuneration	Corporate Governance Policy and Annual Review (The compensation committee + remuneration of the Board of Directors + Remuneration of the senior management) + Guidelines for remuneration of senior executives and Board of Directors (website)	Information incomplete: The disclosure is met with one minor exception: Views or votes of stakeholders are represented, but we do not report on this.
2-21	Annual total compensation ratio	Remuneration of the management and Board of Directors (table) + Compensation equity	Information incomplete: We report a gender pay comparison, but do not report an average salary for employees, percentage increase, or the median annual total compensation.
4. STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	CEO letter	
2-23	Policy commitments	Business ethics & transparency + Compliance Program + Human rights	
2-24	Embedding policy commitments	Business ethics & transparency + Compliance Program	Information incomplete: We describe how policy commitments are integrated and implemented, but not how we allocate responsibility to implement the commitments across different levels within the organisation.
2-25	Processes to remediate negative impacts	Business ethics & transparency (Reporting and monitoring)	Information incomplete: We describe our approach to identify and address grievances, including the grievance mechanisms that the organisation has established, but we do not describe our commitments / process to provide for or cooperate in the remediation of negative impacts, and how stakeholders are involved in the design, review, operation and improvement of the grievance mechanisms. As we did not receive any reports in 2023, we have not tracked the effectiveness of the grievance mechanism.
2-26	Mechanisms for seeking advice and raising concerns	Business ethics & transparency (Reporting and monitoring)	

Disclosure	Disclosure description	Reference	Omission
2-27	Compliance with laws and regulations	Business ethics & transparency (Reporting and monitoring)	
2-28	Membership associations	Board of Directors Report (Corporate Social Responsibility) + About Photocure	
5. STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement	Stakeholder prioritization and dialogue	
2-30	Collective bargaining agreements	Policies and workplace key figures	
MATERIAL TOPCIS			
GRI 3: MATERIAL TOPCIS 2021			
3-1	Process to determine material topcis	Materiality assessment + Stakeholder priotitization and dialogue	
3-2	List of material topics	Materiality assessment + CEO letter	
HUMAN RIGHTS + SUPPLY CHAIN RESPONSIBILITY			
3-3	Management of material topics	Human rights + Supply chain responsibility + Stakeholder prioritization and dialogue	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
412-1	Operations that have been subject to human rights reviews or impact assessments	Human rights	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human rights	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Working environment	N/A: there have been no incidents of discrimination in the reporting period.
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Human Rights + Supply chain responsibility	N/A: We had no new suppliers in 2023
OWN KPI			
KPI	Location of the critical suppliers	Critical supplier screening; manufacturing and supply chain (table)	

Disclosure	Disclosure description	Reference	Omission
KPI	Critical suppliers with Code of Conduct / corporate responsibility policy available on website or shared with Photocure	Critical supplier screening; manufacturing and supply chain (table)	
KPI	Critical supplier with clear statements for adherence and respecting human rights available on website or shared with Photocure	Critical supplier screening; manufacturing and supply chain (table)	
PRODUCT QUALITY AND SAFETY			
3-3	Management of material topics	Product quality & safety + Stakeholder prioritization and dialogue	
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Product quality & safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of product and services	Product quality & safety	
ENVIRONMENT AND CLIMATE IMPACT			
3-3	Management of material topics	Environment & climate impact + Scope 1 & 2 emissions + Supply chain monitoring, packaging and transportation + Environmental risk related to Photocure's medicinal product + Achievements 2023 + Stakeholder prioritization and dialogue	
GRI 305: EMISSIONS 2016			
305-1	Direct (Scope 1) GHG emissions	Environment & climate impact (Energy use (electricity) from Photocure locations, Carbon footprint linked to third-party IT hardware & services)	N/A: We do not have any Scope 1 emissions.
305-2	Energy indirect (Scope 2) GHG emissions	Environment & climate impact (Energy use (electricity) from Photocure locations, Carbon footprint linked to third-party IT hardware & services)	Information incomplete: We have not included information about the marked-based GHG emissions or the gases included in the calculation.
305-3	Other indirect (Scope 3) GHG emissions	Environment & climate impact (Energy use (electricity) from Photocure locations, Carbon footprint linked to third-party IT hardware & services)	Information incomplete: We do not report the gases included in the calculation or on biogenic CO2 emissions.
OWN KPI			
KPI	Critical suppliers with Environmental policy available on website or shared otherwise with Photocure	Critical supplier screening; manufacturing and supply chain (table)	

Disclosure	Disclosure description	Reference	Omission
KPI	Critical suppliers located in high-water stress area	Critical supplier screening; manufacturing and supply chain (table)	
WORKING ENVIRONMENT			
3-3	Management of material topics	Working environment + Policies and workplace key figures + Stakeholder prioritization and dialogue	
GRI 401: EMPLOYMENT 2016			
401-1	New employee hires and employee turnover	Breakdown of employees (table) + Turnover (table)	Information incomplete: The disclosure is met with one minor exception: We do not disclose information about employees' age.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	Diversity of governance bodies and employees	Breakdown of employees and board members by gender (table)	Information incomplete: We are not reporting on the age of board members or employees and do not provide a breakdown of employees per employee category.
OWN KPI			
KPI	Absence due to illness in % in the reporting period	Policies & workplace key figures	
KPI	No. of employees on parental leave in the reporting period	Policies & workplace key figures + Breakdown of employees (table)	
KPI	Participation rate in Employee Survey	Employee engagement	
DATA PROTECTION & IT SECURITY			
3-3	Management of material topics	Data Protection & IT security + Stakeholder prioritization and dialogue	
GRI 418: CUSTOMER PRIVACY 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Protection & IT security	
OWN KPI			
KPI	No. of moderate security tickets registered	Security tickets and breaches	
KPI	No. of critical security tickets registered	Security tickets and breaches	
KPI	No. of personal data breaches	Security tickets and breaches	

Disclosure	Disclosure description	Reference	Omission
RESEARCH ACTIVITIES			
3-3	Management of material topics	Research activities + Stakeholder prioritization and dialogue	
OWN KPI			
KPI	No. of research projects (IITs, grants, research collaborations) supported in the reporting period	Research activities	
BUSINESS ETHICS AND TRANSPARENCY			
3-3	Management of material topics	Business ethics & transparency + Compliance program + Ethical marketing and disclosure + Suppliers and partners + Stakeholder prioritization and dialogue	
GRI 205: ANTI-CORRUPTION 2016			
205-1	Operations assessed for risks related to corruption	Business ethics & transparency + Human rights + Supply chain responsibility	Information incomplete: We report the assessment of 133 suppliers regarding human rights risk and the risk of corruption, based on geography, but we do not report the total number and percentage of operations assessed for risks related to corruption.
205-3	Confirmed incidents of corruption and actions taken	Suppliers and Partners	

Images

Photocure: p. 1, 11, 12, 19, 20, 23, 41, 75, 79, 85, 90, 105, 106, 113. G. Perkins: p. 21. J. Nytingnes: p. 83
iStock: p. 2, 15, 17, 24, 36, 39, 42, 76, 86, 96, 98, 102, 109, 122



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