



Quarterly Report

Q2 2023

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THE
BLADDER CANCER
COMPANY



Highlights for second quarter 2023

(Numbers in parentheses and comparisons are for the corresponding period in 2022.)

- Hexvix®/Cysview® revenue in the second quarter of 2023 increased 16% to NOK 115.9 million compared to the same period last year (NOK 99.9 million). The increase was primarily due to higher unit volumes in the U.S., price increases and a benefit from foreign exchange. Sequentially, product sales increased 9% from Q1 2023.
- At the end of the second quarter of 2023, the installed base of rigid blue light cystoscopy (BLC®) systems in the U.S. was 327, an increase of 21% or 56 towers since the second quarter of 2022. These figures do not include the 69 flexible cystoscopy towers that were installed in the U.S. as of December 31, 2022.
- The first half of 2023 marks the highest number of rigid cystoscopes placed in the first two quarters of any year since Photocure launched BLC in the U.S.
- North America unit sales in Q2 2023 increased 3% YoY, as growth of Cysview kits used for TURBT procedures was partially offset by a decline in kits used for flexible cystoscopy.
- During the second quarter, sequential unit sales growth increased by 4% in North America and 6% in Europe compared to Q1 2023. European unit sales decreased 5% YoY in the second quarter, due primarily to the comparison to 2Q 2022, which included inventory stocking in Germany ahead of the July 2022 price increase.
- Year-over-year unit growth in both North America and Europe were impacted by comparisons to the strong performance in the prior-year period, which included a rebound in procedure volumes following the end of the Covid-19 Omicron surge in early 2022.
- EBITDA for the second quarter was NOK 23.4 million (NOK 1.4 million) due primarily to the YoY increase in sales and a NOK 26.9 million milestone payment received from Asieris related to the development of Cevira. Excluding business development (BD) expenses, Q2 2023 EBITDA was NOK 33 million.
- Photocure reiterates its guidance for 2023 and expects new Saphira™ blue light tower installations in the U.S. in the range of 65 to 75, consolidated product revenue growth above 20%, and positive EBITDA excluding BD spending.
- On July 6, 2023, post-period, Photocure’s licensing partner Asieris announced that it had completed enrollment in the Phase III Hexvix clinical trial required for regulatory approval in China.
- Jan H. Egberts, M.D., Chairperson of Photocure, has decided to step down from his position due to increased time commitments to his personal companies. He will leave the Board of Directors in September 2023. The Nomination Committee has initiated a search for a new Chairperson.

Key Figures:

<i>Figures in NOK million</i>	Q2 2023	Q2 2022	Change	2023 YTD	2022 YTD	Change	FY 2022
Hexvix/Cysview revenues	115.9	99.9	16%	221.8	181.2	22%	373.0
Other revenues	28.4	0.7	-	28.7	0.9	-	20.1
Total revenues	144.3	100.6	44%	250.6	182.2	38%	393.1
Operating expenses	-114.0	-93.3	21 %	-215.0	-183.3	17%	-395.1
EBITDA	23.4	1.4		22.2	-12.5		-24.6
EBITDA commercial franchise	7.4	3.0		8.0	-8.4		-34.6
EBITDA development portfolio	16.0	-1.6		14.2	-4.0		10.0
EBIT	16.8	-4.6		9.2	-24.5		-49.0
Net Earnings	4.3	-18.5		-7.4	-40.4		-71.9
Cash & cash equivalents	258.9	273.1		258.9	273.1		268.1



President & CEO Daniel Schneider comments:

"In Q2 2023, Hexvix/Cysview revenue increased 16% year over year driven by higher unit sales in the U.S., price increases and foreign exchange. We generated over NOK 23 million in EBITDA, including a positive contribution from our commercial business and the milestone payment from Asieris related to the clinical development of Cevira™. During the second quarter, flexible BLC sales began to phase down in the U.S., and our European business was up against a tough comparison due primarily to German hospital stocking in the prior-year period.

We grew our North American business during the second quarter despite 10 clinics returning their flexible BLC equipment to Karl Storz, with other customers choosing to conserve use of flexible cystoscopy to avoid breakage and keep the equipment functioning as long as possible. Q2 over Q1 2023, unit sales for our flexible BLC-only accounts declined 31%. Offsetting the loss in flexible BLC equipment, the installed base of rigid blue light capital equipment expanded once again, with 13 new Saphira™ towers installed in Q2. Eight new placements and five upgrades were installed prior to Karl Storz's recent promotional discount program which went into effect in July and shifted the timing of some tower installations into the third quarter. In July alone, 40 quotes were issued for new Saphira systems, and so far in Q3, 12 purchase orders have been received. We believe that this momentum will result in a strong second half of the year for new tower placements.

During the second quarter, we delivered 4% sequential unit sales growth in North America and 6% in Europe, demonstrating continued positive traction in the region. Our European commercial team remains focused on image quality upgrades across the large installed base in the territory, and good progress has been made in our priority growth markets with both new installations and upgrades. We believe that the anticipated upgrade of Olympus's blue light system in early 2024 will re-energize growth in the Nordic region, which has been under pressure because of the poor image quality of this dominant equipment supplier, particularly in Denmark.

I remain confident in Photocure's future and our ability to bring Hexvix/Cysview to more patients and establish Blue Light Cystoscopy as standard of care. The new technology cycle of high-definition blue light equipment from multiple manufacturers is expected to significantly increase the use of Hexvix/Cysview. We continue to await information from Karl Storz and the FDA regarding the Citizen's Petition to re-classify BLC as a Class 2 device, which we believe will enable additional equipment manufacturers to enter the U.S. market and build critical mass behind BLC. Given our prior success in creating and accelerating the use of BLC in the large untapped bladder cancer surveillance market, we are pursuing a strategy to reintroduce the technology in the near to intermediate future. For the remainder of the year, we will focus on driving sales in the rigid cystoscopy setting, and we look forward to several milestone events including the anticipated Phase 3 results for Hexvix in China and Cevira with our partner Asieris."

Operational review

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

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

With established specialty commercial and medical teams in North America (U.S. and Canada) and Europe focused exclusively on the uro-oncology segment, Photocure has a solid foundation for the

future growth of its breakthrough bladder cancer product, as well as the potential to expand its portfolio of solutions within the same uro-oncology domain.

Photocure continues to strive for ethical business operations, transparency and accountability in line with stakeholder expectations. In May 2021, the Company joined the UN Global Compact and in April 2023, Photocure published its sustainability (ESG) report for the year 2022, which can be accessed on the Company's website.

Commercial segment update

Photocure's second quarter 2023 sales were favorably impacted by foreign exchange. Unit sales performance was impacted by several factors



including the phase down of Cysview usage in the flexible blue light cystoscopy setting due to Karl Storz's decision to discontinue the sale and support of flexible BLC capital equipment in the U.S. by the end of 2023. Additionally, the comparable quarter in 2022 was unusually strong due to German hospital stocking ahead of an expected July 2022 price increase, as well as a rebound in procedure volumes following the Covid-19 Omicron surge in early 2022. Healthcare worker staffing shortages and hospital budget tightening also continued to limit growth. Growth of Cysview sales volume in North America in Q2 2023 was driven primarily by the ongoing roll-out of Saphira™, Karl Storz's upgraded high-definition blue light capital equipment, in addition to increased awareness of BLC.

In Q2 2023, Photocure's North American business achieved the highest second quarter unit volume in its history. Revenues from Photocure's North American segment increased 19% in the second quarter of 2023, with unit sales up 3% YoY. The increase in revenue was primarily due to higher unit volumes and pricing, and a benefit from foreign exchange.

Revenues from the Company's European segment increased 14% in the second quarter of 2023 YoY, with in-market unit sales down 5% compared to the second quarter of 2022. The increase in revenue was driven by price increases and a benefit from foreign exchange, partially offset by lower unit volumes year-over-year due to inventory stocking in Germany in Q2 2022 ahead of a price increase in July 2022.

The consolidated currency impact on sales revenue was NOK 15 million in the second quarter of 2023.

Income statement - Commercial Franchise

<i>MNOK</i>	<u>Q2 '23</u>	<u>Q2 '22</u>	<u>YTD '23</u>	<u>YTD '22</u>
North America revenues	46.2	38.7	88.3	69.2
Europe revenues	69.7	61.1	133.3	111.6
Partner revenues	0.0	0.0	0.2	0.4
Hexvix/Cysview total	115.9	99.9	221.8	181.2
<i>YoY growth</i>	16%		22%	
Other revenues	1.5	0.7	1.8	0.9
Total revenues	117.4	100.6	223.6	182.2
<i>YoY growth</i>	17%		23%	
Gross profit	110.5	95.3	210.3	170.9
Operating expenses	-103.1	-92.3	-202.3	-179.3
EBITDA	7.4	3.0	8.0	-8.4
<i>EBITDA margin</i>	6%	3%	4%	-5%

Total Hexvix/Cysview revenue increased 16% to NOK 115.9 million in Q2 2023, from the NOK 99.9 million

reported in the same period in 2022. The results were mainly driven by higher unit sales growth in North America, price increases in both North America and Europe, and a positive impact of foreign exchange.

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

Operating expenses in the second quarter increased 12% YoY to NOK 103.1 million (NOK 92.3 million). The YoY increase was driven by a negative impact from foreign exchange and inflation. Operating expenses in the quarter, were level with last year in constant currency.

Second quarter 2023 EBITDA for the commercial franchise was NOK 7.4 million, an increase of NOK 4.4 million from the second quarter of 2022 (NOK 3.0 million). The increase was mainly due to higher sales combined with cost containment. For the first half of 2023, EBITDA was NOK 8 million, with an improvement in EBITDA margin of 9% compared to the same period in 2022.

Hexvix/Cysview

Global in-market unit sales volume decreased by 3% in the second quarter of 2023. The decrease was mainly driven by unusually strong Q2 2022 performance due to inventory stocking in the German market during the prior-year period ahead of a price increase in July 2022, and a rebound in procedure volumes following the end of the Covid-19 Omicron surge in early 2022. Unit sales increased 6% sequentially from Q1 2023. Excluding the inventory stocking effect in Germany, year-over-year unit volume growth was 2%.

North America Cysview Segment

Q2 2023 Cysview revenues in North America increased by 19% YoY to NOK 46.2 million (NOK 38.7 million). The increase was driven by 3% higher unit sales due in part to new high-definition tower placements since the launch of Saphira at the end of 2022, 3% higher pricing for Cysview kits, and a NOK 5 million benefit from foreign exchange, partially offset by a decline in Cysview kit sales in the flexible cystoscopy segment.

Sequentially, unit sales in North America increased 4% in Q2 2023 compared to Q1 2023. Photocure continues to increase Cysview's penetration of TURBT procedures in the U.S., as the Company



achieved its highest second quarter performance in the territory in Photocure's history.

Going forward, growth in U.S. unit volume is anticipated to be driven by focused sales resources and further penetration of Cysview in the surgical setting only. Photocure continues to expect the U.S. to be the fastest growing segment of its business over the next several years.

At the end of the second quarter of 2023, the total installed base of rigid blue light cystoscopes in the U.S. was 327, an increase of 21% or 56 towers since the same period in 2022.

In early 2023, Karl Storz announced that it will no longer sell flexible BLC equipment for use in the surveillance setting and will cease servicing existing units when the availability of replacement parts has been exhausted, anticipated in late 2023. There were 69 flexible cystoscopy towers installed in the U.S. as of December 31, 2022, all of which are manufactured by Karl Storz.

Photocure estimates that in 2022, revenue associated with flexible BLC procedures accounted for approximately 5% of total Company revenue. Despite Karl Storz' decision, flexible BLC in the surveillance setting remains a strategic priority for Photocure, and the Company plans to pursue initiatives to restore this specialized equipment in the U.S. and in international markets in the future. Until a solution is achieved, Photocure will focus its commercial efforts on the market for TURBT surgeries using rigid blue light cystoscopes and on establishing BLC as standard-of-care in this market segment.

European Hexvix Segment

In the second quarter of 2023, revenues in the Company's European segment increased by 14% to NOK 69.7 million (NOK 61.1 million), while unit sales decreased by 5% YoY. Revenue growth for the European segment was mainly driven by higher pricing in the German market, and a NOK 9 million benefit from foreign exchange. The revenue growth was partially offset by lower unit volumes in Germany due to hospital inventory stocking ahead of the price increase in July 2022. Sequentially, European unit sales increased 6% in Q2 2023 compared to Q1 2023.

Since Photocure's acquisition of the European territories outside of the Nordic countries in October 2020, the Company has focused on a strategy to re-engage with physicians, key opinion leaders, and capital equipment manufacturers to rebuild or enter

major markets in continental Europe. Photocure's European commercial organization is focused on growing its business in established markets such as Germany and other countries in the DACH region. In addition, Photocure will focus on the growing demand for Hexvix in large, underpenetrated countries such as the U.K., France and Italy, referred to as the Company's "priority growth markets".

Performance of the European business has been pressured by a decline in sales of Hexvix in the Nordic region, particularly in Denmark. This is related to Olympus, who is the dominant capital equipment provider in Denmark and Norway. Olympus, no longer actively markets or supports its outdated standard definition system; however, it is in the process of upgrading its blue light cystoscopy equipment to high-definition. Olympus is awaiting regulatory approvals for its high-definition blue light system, which Photocure expects will increase the use of Hexvix in the Nordic markets and elsewhere in Europe. Photocure expects Olympus to launch its upgraded blue light system in H1 2024.

The Company intends to enter other large unpenetrated European countries such as Spain and Poland in the future as market conditions provide opportunity.

Hexvix/Cysview partner sales

Due to reimbursement and ongoing staffing challenges, as well as partner transitions, partnership revenues in the second quarter of 2023 were limited.

In August 2021, Photocure announced that it regained commercial rights to Cysview in Canada from its licensee BioSyent. On January 3, 2022, Photocure announced that it had launched its own commercial operations in Canada, combining this territory with its U.S. business to form the Company's North American business segment.

In March 2022, the Company announced that it had terminated its distribution agreement with Juno Pharmaceuticals and simultaneously entered into an exclusive distribution agreement with Endotherapeutics Group to commercialize Hexvix in Australia and New Zealand. Endotherapeutics focuses on serving the urology market.

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



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

In December 2021, Asieris announced that Hexvix was put into pilot use in the Boao Lecheng International Medical Tourism Pilot Zone in Hainan Province.

In February 2022, Asieris informed Photocure that it had obtained clinical trial application (CTA) approval from the National Medical Products Administration (NMPA) of China, enabling a Phase III clinical trial with Hexvix to be conducted in the region. Chinese regulators have required the successful results of this trial to be obtained before granting regulatory approval of the product. On July 6, 2023, Asieris announced the completion of enrollment for its Phase III Hexvix trial and that it plans to file a new drug application with the National Medical Products Administration (NMPA) in the future, pending clinical trial progress and meaningful data.

In March 2022, Asieris announced that it had obtained approval from the National Medical Products Administration (NMPA) to conduct a real-world evidence (RWE) study for Hexvix in Hainan, China. This study is expected to enable Asieris to capture real-world Hexvix data from the Hainan Pilot Study in order to augment the Phase III data package and expedite data collection, review and approval in China. On December 12, 2022, Asieris announced that the first patient was dosed in its RWE study.

Additionally, Photocure has Hexvix marketing and distribution agreements with IGL Medical Ltd. for Israel, and Genotests SpA for Chile.

Hexvix/Cysview publications and presentations

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 Hexaminolevulinat: 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](#)

Development portfolio update

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

Income statement - Development Portfolio

MNOK	Q2 '23	Q2 '22	YTD '23	YTD '22
Total revenues	26.9	-	26.9	-
Gross profit	26.9	-	26.9	-
Operating expenses	-10.9	-1.6	-12.7	-4.0
EBITDA	16.0	-1.6	14.2	-4.0

Development revenue relates to the milestone payment from Asieris received in Q2 2023.

Operating expenses include business development expenses. In Q2 2023 business development expenses were NOK 9.6 million, due mainly to projects related to life cycle management for Hexvix/Cysview.

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 non-surgical treatment of high-grade cervical dysplasia.

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

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

In late 2020, patient enrollment was initiated in Asieris’ Phase III study in China. In August 2022, Asieris announced the completion of enrollment in this trial, with a total of 402 patients enrolled. The

majority of patients in the study were enrolled in China, with the remainder enrolled in Europe. Further development in Europe and a plan for the U.S. will follow if clinical results from the Chinese-focused Phase III study confirms the safety and efficacy of Cevira. Additional information about the ongoing Phase III trial for Cevira can be found by clicking the following link:

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

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

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

Under the License Agreement with Asieris, Photocure previously received a signing fee of USD 5.0 million in 2019, two milestones totaling USD 3.0 million in 2020 and two milestones totaling USD 2.0 million in 2022. In Q2 2023, the Company received a USD 2.5 million milestone payment for the Cevira development program. In addition, the Company may receive a total of USD 15 million based upon the achievement of certain clinical and regulatory milestones in China, and up to USD 33.5 million for certain clinical and regulatory milestones in the U.S. and the EU, as well as contractual time-based milestones. The approval of a second indication in China, the U.S. and Europe would result in payments of up to USD 14.0 million. Royalties on sales between 10% and 20% will apply in all markets, as well as sales milestones up to USD 100 million on global revenues.



Financial review

(Numbers in parentheses are for the corresponding period in 2022; references to the prior year refer to a comparison to the same period 2022, unless otherwise stated).

MNOK	Q2 '23	Q2 '22	YTD '23	YTD '22
Hexvix / Cysview revenues	115.9	99.9	221.8	181.2
Total other revenues	28.4	0.7	28.7	0.9
Total revenues	144.3	100.6	250.6	182.2
Gross profit	137.4	95.3	237.2	170.9
Operating expenses	-114.0	-93.9	-215.0	-183.3
EBITDA	23.4	1.4	22.2	-12.5
Depreciation & amortization	-6.5	-6.0	-13.1	-12.0
EBIT	16.8	-4.6	9.2	-24.5
Net financial items	-4.9	-4.5	-7.3	-11.8
Earnings before tax	12.0	-9.1	1.9	-36.3
Tax expenses	-7.6	-9.4	-9.3	-4.1
Net earnings	4.3	-18.5	-7.4	-40.4

Revenues

Hexvix/Cysview revenues in the second quarter of 2023 were NOK 115.9 million (NOK 99.9 million), a 16% increase versus Q2 2022. The sales increase is driven by a combination of price increases and positive effects of foreign currency exchange.

Other revenues were NOK 28.4 million (NOK 0.7 million) in the second quarter of 2023 and include a milestone payment related to the development of Cevira by Asieris of NOK 26.9 million.

Total revenues in the second quarter of 2023 increased 44% to NOK 144.3 million (NOK 100.6 million).

Cost of goods sold (COGS)

Second quarter 2023 COGS was NOK 6.9 million (NOK 5.3 million). The increase is mainly driven by higher volume. Total COGS in the second quarter of 2023 was 6% of sales revenues, in line with COGS for the full year 2022 (6%).

Operating expenses

Total operating expenses, excluding depreciation and amortization, were NOK 114.0 million (NOK 93.9 million) in the second quarter, mainly due to the impact of foreign exchange.

Second quarter 2023 research and development (R&D) costs were NOK 0.2 million (NOK 0.8 million). The R&D costs relate mainly to regulatory work and the maintenance and expansion of Photocure's intellectual property.

Sales and marketing costs increased by 17% to NOK 82.4 million (NOK 70.6 million) in the second quarter of 2023. The expense increase was mainly driven by foreign exchange.

Second quarter 2023 Other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 31.4 million, compared to NOK 22.5 million in the same quarter of 2022. Business development expenses in Q2 2023 amounted to NOK 9.6 million (NOK 5.1 million) due mainly to projects related to life cycle management for Hexvix/Cysview.

Financial results

EBITDA was NOK 23.4 million (NOK 1.4 million) for the second quarter of 2023. The major components of this result were the milestone payment related to the development of Cevira by Asieris of NOK 26.9 million, Business development expenses of NOK 9.6 million and a positive EBITDA for Photocure's commercial segment of NOK 7.4 million.

Second quarter 2023 depreciation and amortization totaled NOK 6.6 million (NOK 6.0 million). The main cost item was the amortization of intangible assets related to the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen.

Net financial items in the second quarter of 2023 were NOK -4.9 million (NOK -4.5 million). Net financial costs were driven by foreign exchange losses, as well as accrued interest costs included for the deferred earnout liability due to Ipsen, partially offset by gains on foreign exchange and incurred interest income.

Net income before tax was NOK 12.0 million in the second quarter of 2023 (net loss of NOK 9.1 million). Net earnings were NOK 4.3 million for the second quarter of 2023 (net loss of NOK 18.5 million).

Cash flow and statement of financial position

Net cash flow from operations was NOK 29.1 million in the second quarter of 2023 (NOK -2.0 million). The cash flow from operations in 2023 was mainly driven by the milestone payment received from Asieris.

Second quarter 2023 net cash flow from investments was NOK 0.1 million (NOK -2.5 million).

Second quarter 2023 cash flow from financing was NOK -16.3 million (NOK -8.0 million). Second quarter cash flow from financing included repayment of long-



term debt (Nordea) of NOK 6.3 million and paid earnout of NOK 8.1 million. Photocure made its last payment of NOK 6.3 million on the Nordea loan in Q2 2023, and the Company has no remaining term debt.

Net change in cash for the second quarter of 2023 was NOK 12.9 million (NOK -12.4 million). Cash and cash equivalents were NOK 258.9 million at the end of second quarter 2023.

Long term liabilities were NOK 162.1 million at the end of the second quarter 2023, including capitalized value of expected future earn-out payments to Ipsen totaling NOK 130.3 million.

Shareholders' equity was NOK 467.5 million at the end of second quarter 2023, representing an equity ratio of 66%.

As of June 30, 2023, Photocure held 15,122 of its own shares.

Risks and uncertainty factors

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

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

As described in the Company's Annual Report for 2022, factors related to healthcare delivery in the post-Covid-19 environment are still having residual impact on the business and are subject to ongoing attention by Company Management and the Board of Directors.

There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2022.

Subsequent events

On July 6, 2023, post-period, Photocure's licensing partner Asieris announced that it had completed enrollment in the Phase III Hexvix clinical trial required for regulatory approval in China.

On August 9, 2023, the Company announced on that Jan H. Egberts, M.D. has decided to step down as Chairperson of Photocure and will leave the Board of Directors in September 2023. The Nomination Committee has initiated a search for a new Chairperson.

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 via 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 organizations 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) continued strong demand for new BLC capital equipment in North



America, (2) increasing momentum of BLC in the urology community as observed at the most recent European Association of Urology and American Urological Association congresses with multiple sessions including discussions about BLC, and (3) a rebound back to growth in unit sales in Q1 2023 with sequential growth in Q2 2023 in both the Company's North American and European business segments. 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.

Photocure reiterates its guidance for 2023 and continues to expect new Saphira™ blue light tower installations in the range of 65 to 75, consolidated

product revenue growth above 20%, and positive EBITDA excluding business development spending.

Responsibility statement

We confirm that, to the best of our knowledge, the unaudited condensed set of financial statements for the first half year of 2023 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the first half 2023 report includes a fair review of the information required under the Norwegian Securities trading Act section 5-6 fourth paragraph.

The Board of Directors and CEO
Photocure ASA

Oslo, August 08, 2023

Jan Hendrik Egberts
Chairperson

Malene Brondberg
Director

Dylan Hallerberg
Director

Johanna Holldack
Director

Neal Shore
Director

Dan Schneider
President and CEO



Photocure Group

Accounts for second quarter 2023

Photocure Group – Statement of comprehensive income

<i>(all amounts in NOK 1,000 except per share data)</i>	Note	2023 Q2	2022 Q2	2023 1.1 - 30.06	2022 1.1 - 30.06	2022 1.1 - 31.12
Sales revenues		117,397	100,410	223,639	182,013	374,474
Signing fees and milestone revenues	4	26,924	152	26,924	152	18,658
Total revenues		144,321	100,562	250,563	182,165	393,132
Cost of goods sold		-6,883	-5,257	-13,364	-11,285	-22,697
Gross profit		137,438	95,305	237,199	170,880	370,434
Indirect manufacturing expenses	3	-2,729	-2,083	-6,031	-5,852	-15,371
Research and development expenses	3	-211	-764	-798	-2,124	-3,342
Marketing and sales expenses	3	-86,845	-74,859	-166,840	-143,843	-303,434
Other operating expenses	3	-30,811	-22,181	-54,348	-43,523	-97,290
Total operating expenses		-120,597	-99,887	-228,017	-195,342	-419,437
EBIT		16,841	-4,582	9,182	-24,462	-49,003
Financial income		4,082	2,190	9,893	2,518	9,218
Financial expenses		-8,968	-6,661	-17,225	-14,364	-31,349
Net financial profit/loss(-)		-4,886	-4,471	-7,332	-11,846	-22,131
Profit/loss(-) before tax		11,956	-9,053	1,850	-36,309	-71,134
Tax expenses	5	-7,644	-9,403	-9,271	-4,132	-723
Net profit/loss(-)		4,311	-18,456	-7,421	-40,441	-71,857
Other comprehensive income		1,597	3,466	1,526	-1,328	2,202
Total comprehensive income		5,909	-14,990	-5,894	-41,769	-69,654
Net profit/loss(-) per share, undiluted	6	0.16	-0.68	-0.27	-1.50	-2.66
Net profit/loss(-) per share, diluted	6	0.16	-0.68	-0.27	-1.50	-2.66



Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	6/30/2023	6/30/2022	12/31/2022
Non-current assets				
Customer relationship	7	120,873	137,545	129,209
Goodwill	7	144,000	144,000	144,000
Fixed assets	7	34,330	32,053	32,479
Deferred tax asset	5	46,225	49,136	55,120
Total non-current assets		345,427	362,734	360,808
Current assets				
Inventories		29,251	32,925	26,534
Accounts receivable		58,694	55,642	47,164
Other receivables		14,272	9,573	16,455
Cash and short term deposits	9	258,945	273,053	268,073
Total current assets		361,163	371,193	358,226
Total assets		706,590	733,927	719,034
Equity and liabilities				
Equity				
Share capital	11	13,560	13,560	13,560
Other paid-in capital		448,277	422,577	440,415
Retained earnings		5,708	38,634	8,758
Shareholders' equity		467,544	474,771	462,733
Long-term liabilities				
Earmout liability	8, 9	130,325	136,880	135,333
Long term loan financial institution	10	-	0	-
Other long-term liabilities		31,726	32,550	31,794
Total long-term liabilities		162,051	169,430	167,127
Accounts payable		10,817	18,860	21,281
Short term part of longterm liability	10	-	25,000	12,500
Other short-term liabilities		66,177	45,865	55,394
Total liabilities		239,046	259,155	256,301
Total equity and liabilities		706,590	733,927	719,034



Photocure Group – Changes in equity

	2023	2022	2023	2022	2022
<i>(Amounts in NOK 1,000)</i>	Q2	Q2	1.1 - 30.06	1.1 - 30.06	1.1 - 31.12
Equity at end of prior period	455,324	480,999	462,733	502,632	502,632
Capital increase	-	7,355	-	7,569	7,569
Share-based compensation (share options employees)	6,311	4,702	10,705	9,643	22,176
Own shares	-	-3,295	-	-3,305	11
Comprehensive income	5,909	-14,990	-5,894	-41,769	-69,654
Equity at end of period	467,544	474,771	467,544	474,771	462,733

Photocure Group – Cash flow statement

	2023	2022	2023	2022	2022
<i>(Amounts in NOK 1,000)</i>	Q2	Q2	1.1 - 30.06	1.1 - 30.06	1.1 - 31.12
Profit/loss(-) before tax	11,956	-9,053	1,850	-36,309	-71,134
Depreciation and amortisation	6,549	6,012	13,052	12,012	24,378
Share-based compensation	6,311	4,702	10,705	9,643	22,176
Interest income	-1,438	2,042	-3,834	1,336	-2,147
Interest costs	6,879	6,603	13,548	12,632	25,804
Remeasured earnout	-	-	-	-	758
Unrealized currency (- gains) / losses	1,936	-2,891	-414	-816	763
Changes in working capital	-1,053	-11,586	-11,745	-20,115	-180
Other operational items	-2,016	2,195	-3,158	-2,462	-2,435
Net cash flow from operations	29,123	-1,976	20,004	-24,079	-2,018
Net investments in fixed assets	-1,309	-436	-3,145	-632	-3,609
Received interest payments	1,438	-2,042	3,834	-1,336	2,147
Cash flow from investments	129	-2,478	689	-1,968	-1,462
Share capital increase employees	-	7,355	-	7,570	7,570
Paid earnout	-8,089	-6,193	-16,053	-13,836	-29,390
Payment of lease liability	-1,774	475	-696	-1,358	-3,164
Long term loan	-6,250	-6,250	-12,500	-12,500	-25,000
Other financial payments and transactions	-230	-3,361	-572	-3,670	-1,358
Cash flow from financing activities	-16,343	-7,973	-29,821	-23,794	-51,342
Net change in cash during the period	12,909	-12,427	-9,128	-49,842	-54,822
Cash & cash equivalents at beginning of period	246,036	285,481	268,073	322,895	322,895
Cash & cash equivalents at end of period	258,945	273,053	258,945	273,053	268,073



Notes to the accounts for second quarter 2023

Note 1 – General accounting principles

General information

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

Photocure Group (Photocure) comprises Photocure ASA and 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.

Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022 (the Annual Financial Statements) as they provide an update of previously reported information.

The interim report has not been subject to an audit. The Board of Directors approved the interim financial statements on August 8, 2023.

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 the U.S. are performed through Photocure's wholly owned subsidiary Photocure Inc. and Photocure Canada Inc. under the trade name Cysview. Photocure Inc. has U.S. dollars (USD) as functional currency while Photocure Canada Inc. has Canadian dollars (CAD) as functional currency.

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

Important accounting valuations, estimates and assumptions

Photocure has in 2020 re-acquired the Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen Pharma SAS. The residual value in the acquisition constituted goodwill and is tested at end of 2022 for impairment. The contingent consideration was measured at fair value at the date of acquisition and is remeasured at fair value as of December 31, 2022. The changes in the fair value are recognized in profit or loss as financial income or expense.

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



Note 2 - Photocure Group – Segment information

Photocure has two segments: Commercial Franchise and Development Portfolio. Commercial Franchise includes Hexvix/Cysview by geography (North America and Europe) and other sales (partners and other products including sales revenues for Hivec). Development Portfolio includes development of pipeline products.

Q2 2023						
(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	69,718	46,211	1,467	117,397	-	117,397
Milestone revenues	-	-	-	-	26,924	26,924
Cost of goods sold	-4,559	-1,413	-911	-6,883	-	-6,883
Gross profit	65,159	44,798	556	110,514	26,924	137,438
Gross profit of sales %	93%	97%	38%	94%		94%
R&D	-242	-68	-	-311	100	-211
Sales & marketing	-35,679	-45,527	-958	-82,163	-254	-82,418
Other & allocations	-9,764	-9,534	-1,331	-20,628	-10,791	-31,419
Operating expenses	-45,685	-55,129	-2,288	-103,102	-10,945	-114,047
EBITDA	19,475	-10,331	-1,732	7,412	15,979	23,390

Q2 2022						
(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	61,135	38,737	538	100,410	-	100,410
Milestone revenues	-	-	152	152	-	152
Cost of goods sold	-3,860	-1,040	-357	-5,257	-	-5,257
Gross profit	57,275	37,698	332	95,305	-	95,305
Gross profit of sales %	94%	97%	34%	95%		95%
R&D	-508	-135	-	-644	-120	-764
Sales & marketing	-29,494	-40,231	-741	-70,465	-120	-70,586
Other & allocations	-11,314	-8,383	-1,513	-21,209	-1,317	-22,526
Operating expenses	-41,316	-48,749	-2,254	-92,318	-1,558	-93,876
EBITDA	15,959	-11,051	-1,922	2,987	-1,558	1,429



1.1-30.6 2023

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	133,287	88,347	2,005	223,639	-	223,639
Milestone revenues	-	-	-	-	26,924	26,924
Cost of goods sold	-9,542	-2,809	-1,013	-13,364	-	-13,364
Gross profit	123,744	85,538	992	210,275	26,924	237,199
Gross profit of sales %	93%	97%	49%	94%		94%
R&D	-366	-103	-	-469	-329	-798
Sales & marketing	-67,823	-88,086	-1,701	-157,610	-454	-158,064
Other & allocations	-22,389	-19,310	-2,494	-44,192	-11,910	-56,103
Operating expenses	-90,577	-107,499	-4,195	-202,272	-12,694	-214,965
EBITDA	33,167	-21,961	-3,203	8,004	14,230	22,234

1.1-30.6 2022

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

1.1-31.12 2022

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	221 826	150 784	1 863	374 474	-	374 474
Milestone revenues	-	-	152	152	18 506	18 658
Cost of goods sold	-16 810	-4 835	-1 052	-22 697	-	-22 697
Gross profit	205 016	145 950	963	351 929	18 506	370 435
Gross profit of sales %	92 %	97 %	44 %	94 %		94 %
R&D	-1 211	-322	-	-1 533	-1 809	-3 342
Sales & marketing	-118 563	-163 565	-3 619	-285 747	-645	-286 392
Other & allocations	-52 758	-38 355	-8 177	-99 290	-6 038	-105 328
Operating expenses	-172 532	-202 242	-11 795	-386 570	-8 492	-395 062
EBITDA	32 484	-56 292	-10 832	-34 641	10 013	-24 627



Note 3 – Income statement classified by nature

INCOME STATEMENT CLASSIFIED BY NATURE

	2023	2022	2022
<i>(Amounts in NOK 1 000)</i>	1.1-30.06	1.1-30.06	1.1-31.12
Sales revenues	223,639	182,013	374,474
Signing fees and milestone revenues	26,924	152	18,658
Cost of goods sold	-13,364	-11,285	-22,697
Gross profit	237,199	170,880	370,434
Payroll expenses	-139,730	-116,307	-244,881
R&D costs excl. payroll expenses/other op	-429	-994	-1,809
Ordinary depreciation and amortisation	-13,052	-12,012	-24,378
Other operating expenses	-74,806	-66,030	-148,370
Total operating expenses	-228,017	-195,342	-419,437
EBIT	9,182	-24,462	-49,003

Note 4 – Signing fee

Photocure received in June 2023 a milestone payment from Asieris Pharmaceuticals related to the ongoing clinical development of Cevira of USD 2.5 million (NOK 26.9 million).

Photocure received in 2022 two milestone payments from Asieris related to the clinical development of Cevira of USD 1 million each (NOK 18.6 million).

Note 5 – Tax

<i>(Amounts in NOK 1 000)</i>	6/30/2023	12/31/2022
Income tax expense		
Tax payable	-375	-2,840
Changes in deferred tax	-8,895	2,117
Total income tax expense(-)/income	-9,271	-723
Tax base calculation		
Profit before income tax	28,207	-61,021
Permanent differences	11,799	49,534
Temporary differences	-33,385	-35,757
Change in tax loss carried forward	-6,621	47,244
Tax base	-	-0
Temporary differences:		
Total	-146,190	-146,356
Tax loss carried forward	356,305	396,901
Net temporary differences	210,115	250,545
Deferred tax benefit	210,115	250,545
Deferred tax asset	46,225	55,120

Temporary differences are recognized for the parent company only and the note disclosure for the Group is of this reason identical to the disclosure for parent company.

The calculation of deferred tax asset June 30, 2023 and December 31, 2022 is based on a tax rate of 22%. The deferred tax asset is decreased to NOK 46.2 million due to movements in tax loss in the period. The deferred tax asset was NOK 55.1 million as of December 31, 2022. There is no expiry on losses to be carried forward in Norway. The basis for recognition of a tax asset in Norway are the expected future profits according to the business plan for all major markets and the assumption that temporary differences for the coming years will be reversed.

For further information refer to the consolidated financial statements for the year ended 31 December 2022 Note 11.

Note 6 – Earnings per share

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

	2023	2022
<i>(Figures indicate the number of shares)</i>	1.1-30.06	1.1-31.12
Issued ordinary shares 1 January	27,120,820	26,973,820
Effects of share options exercised	-	82,017
Effect of treasury shares	-15,122	-20,861
Effect of shares issued	-	-
Weighted average number of shares	27,105,698	27,034,976
Effect of outstanding share options	51,154	113,759
Weighted average number of diluted shares	27,156,852	27,148,735
Earnings per share in NOK	-0.27	-2.66
Earnings per share in NOK diluted	-0.27	-2.66

Note 7 – Intangible and Fixed Assets

INTANGIBLE AND FIXED ASSETS

(Amounts in NOK 1 000)	Customer		Right of use	Fixed assets		Total fixed assets
	Goodwill	relations		Equipment	Intangibles	
Net book value 31.12.2022	144,000	129,209	26,092	4,714	1,674	32,480
Net investments and revaluation 2023	-	-	3,104	2,207	1,255	6,566
Depreciation and amortization	-	-8,336	-3,313	-881	-522	-4,716
Net book value 30.06.2023	144,000	120,873	25,883	6,040	2,407	34,330

Goodwill amounts to NOK 144 million and relate to the Hexvix sales, marketing and distribution rights in Europe previously controlled by Ipsen Pharma SAS (Ipsen) that were acquired by Photocure on October 1, 2020. The goodwill is not depreciated but was tested against impairment as of end December 2022. The impairment analysis carried out confirmed the goodwill value given the performance in 2022 and future growth opportunities that are expected to exceed forecasts prepared in connection with the transaction.

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 1 October 2020 was NOK 166.7 million. Photocure has evaluated this asset to have an estimated value for 10 years and the intangible assets is depreciated on a straight-line basis over this period.

The right of use assets includes the office rental agreements for Norway, US and Germany. In addition, a company car fleet related to the sales organization in Germany is included. The related lease liability is measured at the present value of the lease payments that are not paid at the commencement, discounted using the Groups incremental borrowing rate as the discount rate. The lease liabilities as of June 30, 2023, are NOK 26.7 million compared to NOK 27.0 million as of December 31, 2023 and the interest expense is NOK 363 thousand.

Note 8 – Earnout

Ipsen receives a deferred consideration with 15% of net sales (years 1-7 post-transfer) and 7.5% of net 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. Photocure has as of end June 2023 paid earnout installments of NOK 3.5 million compared to NOK 5.7 million in total 2022. The remaining deferred consideration amounts to NOK 130.3 million as of 30 June 2023.

The fair value of the deferred consideration is driven by future expected sales and is remeasured on a yearly basis. Photocure carried out a remeasurement as of December 31, 2022. The remeasurement resulted in a fair value of NOK 135.3 million, reflecting an increase of fair value of NOK 0.8 million. The increased fair value has been recognized in the profit or loss statement as a financial cost. To arrive at the remeasured fair value of NOK 135.3 million, Photocure has discounted the estimated earnout payments by an IRR equal to the IRR applied at license acquisition. 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. Future sales, given performance in 2022 and growth opportunities going forward, are expected to confirm forecasts prepared in connection with the transaction.

Note 9 – Fair value financial assets

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



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

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

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

Market value hierarchy <i>(Amounts in NOK 1 000)</i>	Level 1	Level 2	Level 3	Total
- Money market funds	190,775	-	-	190,775
- Earnout liability			-130,325	-130,325
Total	190,775	-	-130,325	

Note 10 – Long term loan

Photocure received in the second quarter of 2020 a loan of NOK 50 million from Nordea. The loan was secured under the State Guarantee Scheme for Loans to SME's (Covid-19 related). The loan carried a floating interest, effective interest rate at end of the previous quarter was 5.4%. The loan has been fully repaid during the current quarter.

Note 11 – Share capital

Registered share capital in Photocure ASA amounts to:

	No. of shares	Nominal value per share	Share capital in NOK
Share capital at 31 December 2022	27,120,820	NOK 0.50	13,560,410
Share capital at 30 June 2023	27,120,820	NOK 0.50	13,560,410
Treasury shares:			
Holdings of treasury shares at 31 December 2022	15,122		7,971
Sale/Buy-back of shares	-	NOK 0.50	-
Sale(-)/Buy-back of restricted shares	-	NOK 0.50	-
Holdings of treasury shares at 30 June 2023	15,122		7,971

The table below indicates the status of authorizations as of June 30, 2023:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
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	-	-	-
Purchase of treasury shares after 3 May 2023	-	-	-
Remaining under authorisations at 30 June 2023	2,712,082	4,068,123	750,000



Photocure – Results for second quarter and first half year 2023

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of June 30, 2023:

Name	Position	No. of shares	No. of subscription rights
Daniel Schneider	President & CEO	99,689	465,000
Erik Dahl	Chief Financial Officer	32,750	292,500
Geoffrey Coy	VP & General Manager North America	15,207	282,500
Anders Neijber	VP Global Medical Affairs and Clinical Development	-	158,000
Susanne Strauss	VP & General Manager Europe	1,392	270,000
Jan H. Egbert	Chairperson of the board	14,500	1,312
Johanna Holidack	Board member	-	804
Neal Shore	Board member	-	804
Dylan Hallerberg	Board member	-	-
Malene Brandborg	Board member	-	-

Note 12 – Share options

On June 30, 2023, employees in Photocure participated in the following share option schemes:

Year of allocation	2023	2022	2021	2020	2020
Option program	2023	2022	2021	2020	2019
Number	781,900	714,028	688,000	341,250	81,500
Exercise price (NOK)	59.91-85.78	114.89-115.70	87.39-145.27	78.65-81.41	50.72-56.83
Year of expiry	2028	2027	2026	2025	2024

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

	6/30/2023		12/31/2022	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1,922,778	116.04	1,355,750	109.61
Allocated during the year	781,900	61.03	716,028	114.90
Become invalid during the year	98,000	110.48	2,000	87.39
Exercised during the year	-	-	147,000	51.49
Expired during the year	-	-	-	-
Outstanding at end of period	2,606,678	99.75	1,922,778	116.04
Exercisable options at end of period	423,403	101.68	448,000	101.30



Note 13 – Shareholders

Overview of the major shareholders as of June 30, 2023:

Name	Citizenship	Account Type	Holding	Stake
Morgan Stanley & Co. LLC	United States	Nominee	3,859,139	14.23%
Skandinaviska Enskilda Banken AB	Sw eden	Nominee	1,794,000	6.61%
Skandinaviska Enskilda Banken AB	Ireland	Nominee	1,391,101	5.13%
SKANDINAVISKA ENSKILDA BANKEN AB	Luxembourg	Nominee	1,073,619	3.96%
Skandinaviska Enskilda Banken AB	Sw eden	Nominee	810,644	2.99%
RADFORSK INVESTERINGSSTIFTELSE	Norw ay	Ordinary	679,619	2.51%
Nordnet Bank AB	Sw eden	Nominee	599,233	2.21%
The Bank of New York Mellon SA/NV	United Kingdom	Nominee	571,689	2.11%
J.P. Morgan SE	Sw eden	Nominee	486,728	1.79%
MP PENSJON PK	Norw ay	Ordinary	478,026	1.76%
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	437,726	1.61%
Skandinaviska Enskilda Banken AB	Sw eden	Nominee	404,954	1.49%
VERDIPAPIRFONDET KLP AKSJENORGE	Norw ay	Ordinary	375,630	1.39%
Avanza Bank AB	Sw eden	Nominee	323,151	1.19%
The Bank of New York Mellon	United States	Nominee	277,524	1.02%
SVENSKA HANDELSBANKEN AB	Sw eden	Nominee	263,822	0.97%
The Northern Trust Comp, London Br	United Kingdom	Nominee	262,144	0.97%
VERDIPAPIRFONDET EQUINOR AKSJER NO	Norw ay	Ordinary	258,572	0.95%
Danske Bank A/S	Denmark	Nominee	253,316	0.93%
VERDIPAPIRFONDET KLP AKSJENORGE IN	Norw ay	Ordinary	240,176	0.89%
Total 20 largest shareholders			14,840,813	54.72%
Total Other shareholders			12,280,007	45.28%
Total number of shares			27,120,820	100.00%



Photocure Group – Alternative Performance Measures

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

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

Photocure uses the following alternative performance measures.

EBITDA & EBIT

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

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


The reconciliation to the IFRS accounts is as follows:

	2023	2022	2023	2022	2022
	Q2	Q2	YTD Jun.	YTD Jun.	Full Year
<i>(All amounts in NOK 1 000)</i>					
Gross profit	137,438	95,305	237,199	170,880	370,434
Operating expenses excl depreciation & amortization	-114,048	-93,875	-214,965	-183,330	-395,061
EBITDA	23,390	1,430	22,234	-12,450	-24,627
Depreciation & amortization	-6,549	-6,012	-13,052	-12,012	-24,376
EBIT	16,841	-4,582	9,182	-24,462	-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	2022	2023	2022	2022
	Q2	Q2	YTD Jun.	YTD Jun.	Full Year
USD (NOK per 1 USD)	10.70	9.42	10.47	9.13	9.61
EUR (NOK per 1 EUR)	11.66	10.02	11.32	9.98	10.10



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