



# Quarterly Report

Q3 2023

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THE  
BLADDER CANCER  
COMPANY



## Highlights for third quarter 2023

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

- Hexvix®/Cysview® revenue in the third quarter of 2023 increased 11% to NOK 107.3 million compared to the same period last year (NOK 96.9 million). The increase was primarily due to price increases and a benefit from foreign exchange, partially offset by lower unit volumes in the U.S.
- Q3 2023 EBITDA was NOK 3.3 million (NOK 4.7 million in the prior-year period including a NOK 9.3 million milestone payment). Excluding business development (BD) expenses, Q3 2023 EBITDA was NOK 3.9 million (NOK 9.7 million).
- Photocure is committed to controlling costs, with total headcount relatively level for the last 12 months as the Company remains focused on leveraging its commercial infrastructure.
- At the end of the third quarter of 2023, the installed base of rigid blue light cystoscopy (BLC®) systems in the U.S. was 342, an increase of 23% or 65 towers since the third quarter of 2022. These figures do not include the approximately 30 remaining active flexible cystoscopy towers in the U.S.
- The first three quarters of 2023 mark the highest number of rigid cystoscopes placed during this period of any year since Photocure launched BLC in the U.S.
- European unit sales increased 2% YoY in Q3, while North America unit sales decreased 9%. Growth of Cysview kits used for TURBT procedures in the U.S. was outweighed by a decline in kits used for flexible cystoscopy.
- During the third quarter, Photocure’s partner Asieris announced that both the Hexvix Phase III trial and its Cevira® Phase III trial met their primary endpoints. Photocure is eligible for future milestone payments and royalties from Asieris related to both product candidates.
- Photocure has refined its guidance ranges for 2023: The Company continues to expect 65-75 new Saphira™ blue light tower installations assuming delivery of an anticipated large purchase order in Q4; consolidated product revenue growth in the range of 17-20% including the impact of FX and the ongoing flexible BLC phase down; and positive EBITDA anticipated in the range of NOK 45-50 million excluding BD spending.

### Key Figures:

<i>Figures in NOK million</i>	Q3 2023	Q3 2022	Change	2023 YTD	2022 YTD	Change	FY 2022
<b>Hexvix/Cysview revenues</b>	<b>107.3</b>	<b>96.9</b>	<b>11%</b>	<b>329.1</b>	<b>278.2</b>	<b>18%</b>	<b>373.0</b>
Other revenues	0.3	9.8	-	29.0	10.8	-	20.1
<b>Total revenues</b>	<b>107.5</b>	<b>106.8</b>	<b>1%</b>	<b>358.1</b>	<b>288.9</b>	<b>24%</b>	<b>393.1</b>
Operating expenses	-97.3	-96.3	1%	-312.3	-279.6	12%	-395.1
<b>EBITDA</b>	<b>3.3</b>	<b>4.7</b>		<b>25.6</b>	<b>-7.8</b>		<b>-24.6</b>
EBITDA commercial franchise	6.1	-2.5		14.1	-10.9		-34.6
EBITDA development portfolio	-2.7	7.2		11.5	3.2		10.0
<b>EBIT</b>	<b>-3.9</b>	<b>-1.4</b>		<b>5.3</b>	<b>-25.9</b>		<b>-49.0</b>
<b>Net Earnings</b>	<b>-4.7</b>	<b>-9.9</b>		<b>-12.2</b>	<b>-50.4</b>		<b>-71.9</b>
<b>Cash &amp; cash equivalents</b>	<b>255.1</b>	<b>283.9</b>		<b>255.1</b>	<b>283.9</b>		<b>268.1</b>

### President & CEO Daniel Schneider comments:

*"In the third quarter, Hexvix/Cysview revenue increased 11% year-over-year and we delivered NOK 3.3 million in EBITDA while progressing numerous initiatives to advance our business. We also announced successful Phase III clinical trial outcomes for two assets with our partner Asieris: Cevira™ for the treatment of pre-cervical cancer and Hexvix, our core product to be commercialized by Asieris in China.*



*In North America, the phase down of flexible BLC equipment was aggressive, with the number of accounts using the technology in the surveillance setting falling from 69 at the end of 2022 to approximately 30 accounts at the end of Q3. Despite this pressure, the installed base of rigid blue light capital equipment continued to grow, with 21 new Saphira™ towers readied for use in the third quarter. New high definition Saphira™ cystoscope systems now represent more than a third of the installed base of rigid BLC towers in the U.S. Currently, there are more than 100 quotes for new Saphira™ towers issued, with Karl Storz extending its promotional program through year-end. As a result, we believe that both new placements and upgrades to high-definition blue light equipment in the U.S. will continue to be strong in Q4, as we work to offset the loss of active towers in the surveillance segment.*

*In addition, our North American commercial team remains focused on increasing Cysview kit usage in existing accounts, accelerating adoption in accounts using Saphira™ for the first time, reactivating low users or inactive accounts, and expanding BLC usage in the U.S. Department of Veterans Affairs by leveraging positive clinical results from studies reported this year such as the VA BRAVO study as well as others anticipated to be presented at major medical congresses in 2024.*

*In our European business, we are actively targeting 590 key hospitals and clinics out of the 1,400 TURBT-performing centers in the major markets. We have successfully supported implementation of 130 image quality upgrades year to date, which is ahead of our full-year 2023 internal plan. Additionally, 15 new blue light accounts were opened in Europe this year, and there are 27 Saphira™ purchase orders currently pending fulfilment by Karl Storz. In Germany, hospitals that were upgraded since the beginning of the year are growing significantly above the average of all accounts with blue light in the country. Upgrades in France took place in in early Q3, while hospital strikes in the U.K. through Q3 negatively impacted the growth of blue light procedures this year. With the anticipated fulfilment of the pending Saphira orders and our accomplishments in Europe so far, we expect that these efforts will begin to pay off in Q4 and continue through 2024. We believe that the anticipated upgrade of Olympus' blue light equipment in 2024 will re-energize Hexvix growth in the Nordic region and other areas in Europe where Olympus has significant market share.*

*I am proud that in 2023 alone, Photocure has worked with blue light equipment manufacturers to open a total of 56 new accounts and upgrade components or full towers in over 150 accounts internationally. We believe that reclassification of BLC equipment from Class 3 to Class 2 in the U.S. will open a regulatory pathway facilitating the entry of equipment manufacturers eager to access the U.S. market to expand BLC use, as indicated by Stryker Corporation's recent supportive public comment on the pending Citizen's Petition. Simultaneously, we are actively pursuing a global strategy to reintroduce flexible blue light cystoscopy equipment with the intention to rebuild the larger surveillance segment of the market worldwide. Given our plans to reaccelerate growth, a strong balance sheet and the potential for additional milestones and sales royalties from our partner Asieris, I remain confident that Photocure is in a solid position to deliver value for our patients and shareholders."*

## 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 third quarter 2023 sales were favorably impacted by price increases in the U.S. and Europe, and 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. Healthcare worker staffing shortages and hospital budget tightening also continued to limit growth. The Company continued to execute on its plan to expand blue light cystoscopy use, with 21 new Saphira™ towers placed in U.S. during the third quarter (both new and upgraded accounts), and image quality upgrades for existing accounts in the EU ahead of plan.

Revenues from Photocure's North American segment increased 2% in the third quarter of 2023, with unit sales down 9% YoY. The increase in revenue was primarily due to higher pricing and a benefit from foreign exchange. Karl Storz' phase down of flexible blue light capital equipment resulted in lower flexible BLC kit sales, outweighing the positive development within the rigid segment.

Revenues from the Company's European segment increased 17% in the third quarter of 2023 YoY, with in-market unit sales up 2% compared to the third quarter of 2022. The increase in revenue was mainly driven by price increases and a benefit from foreign exchange.

The consolidated currency impact on sales revenue was NOK 9 million in the third quarter of 2023.

MNOK	Q3 '23	Q3 '22	YTD '23	YTD '22
North America revenues	43.6	42.9	132.0	112.1
Europe revenues	63.4	54.0	196.7	165.6
Partner revenues	0.2	0.0	0.4	0.4
<b>Hexvix/Cysview total</b>	<b>107.3</b>	<b>96.9</b>	<b>329.1</b>	<b>278.2</b>
<i>YoY growth</i>	<i>11%</i>		<i>18%</i>	
Other revenues	0.3	0.6	2.1	1.5
<b>Total revenues</b>	<b>107.5</b>	<b>97.5</b>	<b>331.2</b>	<b>279.7</b>
<i>YoY growth</i>	<i>10%</i>		<i>18%</i>	
<b>Gross profit</b>	<b>100.7</b>	<b>91.7</b>	<b>310.9</b>	<b>262.6</b>
Operating expenses	-94.6	-94.2	-296.8	-273.5
<b>EBITDA</b>	<b>6.1</b>	<b>-2.5</b>	<b>14.1</b>	<b>-10.9</b>
<i>EBITDA margin</i>	<i>6%</i>	<i>-3%</i>	<i>4%</i>	<i>-4%</i>

Total Hexvix/Cysview revenue increased 11% to NOK 107.3 million in Q3 2023, from the NOK 96.9 million reported in the same period in 2022. The results were mainly driven by price increases in both North

America and Europe and a positive impact of foreign exchange, partially offset by the lower unit sales in the U.S.

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 third quarter increased 0.4% YoY to NOK 94.6 million (NOK 94.2 million). Operating efficiencies and capitalization of certain medical expenses in the U.S. were outweighed by the negative impact of foreign exchange on expenses.

Third quarter 2023 EBITDA for the commercial franchise was NOK 6.1 million, an increase of NOK 8.6 million from the third quarter of 2022 (NOK -2.5 million). The increase was mainly due to higher sales combined with cost containment and capitalization of certain medical expenses in the U.S. Year-to-date 2023, EBITDA was NOK 14.1 million, with an improvement in EBITDA margin of 8% compared to the same period in 2022.

## Hexvix/Cysview

Global in-market unit sales volume decreased by 1% in the third quarter of 2023. The decrease was driven by lower North American unit sales, partially offset by higher unit sales in Europe.

### North America Cysview Segment

Q3 2023 Cysview revenues in North America increased by 2% YoY to NOK 43.6 million (NOK 42.9 million). The increase was driven by 5% higher pricing for Cysview kits, and a NOK 2 million benefit from foreign exchange, partially offset by a 9% decline in Cysview kit sales, due to lower flexible cystoscopy unit volume year over year.

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 third quarter of 2023, the total installed base of rigid blue light cystoscopes in the U.S. was 342, an increase of 23% or 65 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, 2023, all of which are manufactured by Karl Storz. Photocure estimates that there were 30 active flexible blue light cystoscopes in the market at the end of Q3 2023.

Despite Karl Storz' decision, flexible BLC in the surveillance setting remains a strategic priority for Photocure, and the Company is pursuing targeted 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 third quarter of 2023, revenues in the Company's European segment increased by 17% to NOK 63.1 million (NOK 54.0 million), while unit sales increased by 2% YoY. Revenue growth for the European segment was mainly driven by higher pricing in the German market, and a NOK 7 million benefit from foreign exchange.

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 third 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. Additionally, 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.

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. In August 2023, Asieris announced that its Phase III Hexvix trial successfully met the primary endpoint. In October 2023 at the 43<sup>rd</sup> Congress of the Société Internationale d’Urologie (SIU) in Istanbul Turkey, Asieris presented the clinical results of the trial, which demonstrated that BLC with Hexvix outperformed white light cystoscopy in the detection of bladder cancer, particularly in cases of carcinoma in situ (CIS), and exhibited good tolerability.

The prospective, self-controlled, multicenter Phase III bridging trial evaluated the safety and detection benefits of blue light cystoscopy (BLC) with Hexvix compared to white light cystoscopy (WLC) in the diagnosis of non-muscle invasive bladder cancer (NMIBC) in a Chinese population. In the trial, 114 patients underwent BLC, and of the 97 patients diagnosed with NMIBC, a total of 42 patients (43.3%) had one or more additional lesions detected with Hexvix BLC compared to WLC ( $p < 0.0001$ ). Among the 114 patients, 11.4% (13/114) had CIS lesions, and among these, 11 patients (84.6%, 11/13) had additional CIS lesions detected under Hexvix BLC that were not found under WLC. The detection rates for tumor lesion types CIS, Ta, T1, and T2-T4 in the BLC group were 94.7%, 100%, 98.2%, and 100%, respectively, while in the WLC group, they were 42.1%, 76.1%, 91.2%, and 100%, respectively.

The trial is the first randomized controlled clinical trial conducted with high definition (HD) blue light capital equipment. The highly statistically significant results support previous studies with Hexvix/Cysview, including Photocure’s pivotal Phase III trials, which were used for market approval in major international markets. Asieris has stated that it plans to actively advance the related regulatory submissions in China, expediting Hexvix’s market entry to benefit more patients as soon as possible.

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 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. Results were analysed for 2 different theoretical scenarios: 1) a large public hospital implementing the specific BLC recommendations within the cCAFU guidelines for 300 new patients per year and 2) a small private hospital, using BLC in a more high-risk targeted subgroup from a cohort of 100 new patients per year.

Based on these two scenarios in this paper, the use of BLC is likely to be associated with an incremental cost of approximately 5-10% of the index procedural cost to access the significant clinical benefits offered by blue light cystoscopy. 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](#)

### 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	Q3 '23	Q3 '22	YTD '23	YTD '22
<b>Total revenues</b>	-	9.3	26.9	9.3
<b>Gross profit</b>	-	9.3	26.9	9.3
Operating expenses	-2.7	-2.1	-15.4	-6.1
<b>EBITDA</b>	<b>-2.7</b>	<b>7.2</b>	<b>11.5</b>	<b>3.2</b>



During the third quarter of 2023, development revenue was zero, compared to NOK 9.3 million in the third quarter of 2022, related to an Asieris milestone payment for the development of Cevira.

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. In Q3 2023, business development expenses were NOK 0.6 million, due primarily to life cycle management projects 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 (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 data from this trial is planned for presentation at forthcoming academic conferences and for publication in scientific journals. 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/ct2/show/NCT04484415?term=Asieris&draw=2&rank=1>

Under the License Agreement with Asieris, Photocure has received USD 12.5 million in milestones to date including a signing fee of USD 5.0 million in 2019 and additional development milestone payments. Photocure expects to receive an additional USD 2.5 million in Q4 2023 for the development of Cevira and is eligible for milestone payments totaling USD 13 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 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 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 million associated with global sales, with a significant portion of those milestones being triggered if the product achieves blockbuster status.

## 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	Q3 '23	Q3 '22	YTD '23	YTD '22
Hexvix / Cysview revenues	107.3	96.9	329.1	278.2
Total other revenues	0.3	9.8	29.0	10.8
<b>Total revenues</b>	<b>107.5</b>	<b>106.8</b>	<b>358.1</b>	<b>288.9</b>
<b>Gross profit</b>	<b>100.7</b>	<b>101.0</b>	<b>337.9</b>	<b>271.9</b>
<b>Operating expenses</b>	<b>-97.3</b>	<b>-96.3</b>	<b>-312.3</b>	<b>-279.6</b>
<b>EBITDA</b>	<b>3.3</b>	<b>4.7</b>	<b>25.6</b>	<b>-7.8</b>
Depreciation & amortization	-7.2	-6.1	-20.2	-18.1
<b>EBIT</b>	<b>-3.9</b>	<b>-1.4</b>	<b>5.3</b>	<b>-25.9</b>
Net financial items	-4.8	-4.8	-12.1	-16.7
<b>Earnings before tax</b>	<b>-8.7</b>	<b>-6.3</b>	<b>-6.8</b>	<b>-42.6</b>
Tax expenses	3.9	-3.7	-5.4	-7.8
<b>Net earnings</b>	<b>-4.8</b>	<b>-9.9</b>	<b>-12.2</b>	<b>-50.4</b>

### Revenues

Hexvix/Cysview revenues in the third quarter of 2023 were NOK 107.3 million (96.9 million), a 11% increase versus Q3 2022. The sales increase is driven by a combination of price increases and positive effects of foreign currency exchange.



Other revenues were NOK 0.3 million (NOK 9.8 million) in the third quarter of 2023. Historically, Other revenues include milestone payments from Asieris related to the development of Hexvix and Cevira in China.

Total revenues in the third quarter of 2023 increased 1% to NOK 107.5 million (NOK 106.8 million).

#### *Cost of goods sold (COGS)*

Third quarter 2023 COGS was NOK 6.9 million (NOK 5.8 million). Total COGS in the third 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 97.3 million (NOK 96.3 million) in the second quarter. Negative impact of foreign exchange was offset by cost containment measures and timing of expenses.

Third quarter 2023 research and development (R&D) costs were NOK 1.0 million (NOK 0.7 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 5% to NOK 72.5 million (NOK 69.2 million) in the third quarter of 2023. The expense increase was mainly driven by the negative impact of foreign exchange, partially offset by cost containment measures and timing of expenses.

Third quarter 2023 Other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 23.9 million, compared to NOK 26.4 million in the same quarter of 2022. Business development expenses in Q3 2023 amounted to NOK 0.6 million (NOK 5.0 million) due mainly to projects related to life cycle management for Hexvix/Cysview.

#### *Financial results*

EBITDA was NOK 3.3 million (NOK 4.7 million) for the third quarter of 2023.

Third quarter 2023 depreciation and amortization totaled NOK 7.2 million (NOK 6.1 million). The main cost item was the amortization of intangible assets related to the reacquisition of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen.

Net financial items in the third quarter of 2023 were NOK 4.8 million (NOK 4.8 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 loss before tax was NOK 8.7 million in the third quarter of 2023 (NOK 6.3 million). Net losses were NOK 4.8 million for the third quarter of 2023 (NOK 9.9 million).

#### *Cash flow and statement of financial position*

Net cash flow from operations was NOK 8.7 million in the third quarter of 2023 (NOK 21.3 million). The cash flow from operations in 2022 includes a milestone payment received from Asieris.

Third quarter 2023 net cash flow from investments was NOK -2.5 million (NOK -0.3 million). Investments include USD 5.2 million capitalization of certain medical expenses in the U.S.

Third quarter 2023 cash flow from financing was NOK -10.0 million (NOK -10.2 million). Third quarter cash flow from financing was mainly driven by the payment of the Ipsen Earn-out.

Net change in cash for the third quarter of 2023 was NOK -3.9 million (NOK 10.8 million). Cash and cash equivalents were NOK 255.1 million at the end of third quarter 2023.

Long term liabilities were NOK 157.3 million at the end of the third quarter 2023, including capitalized value of expected future earn-out payments to Ipsen totaling NOK 128.7 million.

Shareholders' equity was NOK 464.9 million at the end of third quarter 2023, representing an equity ratio of 66%.

As of September 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

In October 2023, Asieris presented the results for its prospective, self-controlled, multicenter Phase III clinical trial for Hexvix in China, which demonstrated that BLC with Hexvix outperformed WLC in the detection of bladder cancer ( $P < 0.0001$ ) and exhibited good tolerability.

## 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 European Association of Urology and American Urological Association congresses in 2023 with multiple sessions including discussions about BLC, and (3) blue light image quality upgrades in European accounts that have outpaced Photocure's full year plan. 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 has refined its guidance ranges for 2023: The Company continues to expect 65-75 new Saphira™ blue light tower installations assuming delivery of an anticipated large purchase order in Q4; consolidated product revenue growth in the range of 17-20% including the impact of FX and the ongoing flexible BLC phase down; and positive EBITDA anticipated in the range of NOK 45-50 million excluding BD spending.



The Board of Directors and CEO  
Photocure ASA

Oslo, November 07, 2023

Dylan Hallerberg  
Interim Chairperson

Malene Brondberg  
Director

Johanna Holldack  
Director

Neal Shore  
Director

Daniel Schneider  
President and CEO



## Photocure Group Accounts for third quarter 2023

### Photocure Group – Statement of comprehensive income

<i>(all amounts in NOK 1,000 except per share data)</i>	Note	2023 Q3	2022 Q3	2023 1.1 - 30.09	2022 1.1 - 30.09	2022 1.1 - 31.12
Sales revenues		107,548	97,524	331,187	279,537	374,474
Signing fees and milestone revenues	4	-	9,253	26,924	9,405	18,658
<b>Total revenues</b>		<b>107,548</b>	<b>106,777</b>	<b>358,111</b>	<b>288,942</b>	<b>393,132</b>
Cost of goods sold		-6,896	-5,807	-20,260	-17,092	-22,697
<b>Gross profit</b>		<b>100,652</b>	<b>100,970</b>	<b>337,851</b>	<b>271,850</b>	<b>370,434</b>
Indirect manufacturing expenses	3	-4,325	-4,114	-10,356	-9,966	-15,371
Research and development expenses	3	-952	-676	-1,751	-2,800	-3,342
Marketing and sales expenses	3	-77,590	-73,477	-244,430	-217,320	-303,434
Other operating expenses	3	-21,636	-24,148	-75,984	-67,671	-97,290
<b>Total operating expenses</b>		<b>-104,504</b>	<b>-102,415</b>	<b>-332,521</b>	<b>-297,757</b>	<b>-419,437</b>
<b>EBIT</b>		<b>-3,852</b>	<b>-1,445</b>	<b>5,330</b>	<b>-25,907</b>	<b>-49,003</b>
Financial income		6,611	3,070	16,504	5,588	9,218
Financial expenses		-11,425	-7,888	-28,650	-22,252	-31,349
<b>Net financial profit/loss(-)</b>		<b>-4,814</b>	<b>-4,818</b>	<b>-12,146</b>	<b>-16,664</b>	<b>-22,131</b>
<b>Profit/loss(-) before tax</b>		<b>-8,666</b>	<b>-6,262</b>	<b>-6,816</b>	<b>-42,571</b>	<b>-71,134</b>
Tax expenses	5	3,878	-3,670	-5,392	-7,802	-723
<b>Net profit/loss(-)</b>		<b>-4,788</b>	<b>-9,932</b>	<b>-12,208</b>	<b>-50,373</b>	<b>-71,857</b>
Other comprehensive income		135	5,387	1,661	4,059	2,202
<b>Total comprehensive income</b>		<b>-4,653</b>	<b>-4,546</b>	<b>-10,547</b>	<b>-46,314</b>	<b>-69,654</b>
Net profit/loss(-) per share, undiluted	6	-0.18	-0.37	-0.45	-1.87	-2.66
Net profit/loss(-) per share, diluted	6	-0.18	-0.37	-0.45	-1.87	-2.66



## Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	9/30/2023	9/30/2022	12/31/2022
<b>Non-current assets</b>				
Customer relationship	7	116,705	133,377	129,209
Goodwill	7	144,000	144,000	144,000
Intangible and fixed assets	7	36,757	32,757	32,479
Deferred tax asset	5	50,278	45,600	55,120
<b>Total non-current assets</b>		<b>347,740</b>	<b>355,733</b>	<b>360,808</b>
<b>Current assets</b>				
Inventories		33,190	29,619	26,534
Accounts receivable		53,785	49,406	47,164
Other receivables		15,832	14,033	16,455
Cash and short term deposits	9	255,057	283,872	268,073
<b>Total current assets</b>		<b>357,864</b>	<b>376,929</b>	<b>358,226</b>
<b>Total assets</b>		<b>705,603</b>	<b>732,663</b>	<b>719,034</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	11	13,560	13,560	13,560
Other paid-in capital		452,774	430,472	440,415
Retained earnings		2,608	35,531	8,758
<b>Shareholders' equity</b>		<b>468,942</b>	<b>479,563</b>	<b>462,733</b>
<b>Long-term liabilities</b>				
Earnout liability	8, 9	128,658	135,805	135,333
Long term loan financial institution	10	-	0	-
Other long-term liabilities		28,663	33,342	31,794
<b>Total long-term liabilities</b>		<b>157,321</b>	<b>169,147</b>	<b>167,127</b>
Accounts payable		24,026	12,532	21,281
Short term part of longterm liability	10	-	18,750	12,500
Other short-term liabilities		55,314	52,670	55,394
<b>Total liabilities</b>		<b>236,661</b>	<b>253,099</b>	<b>256,301</b>
<b>Total equity and liabilities</b>		<b>705,603</b>	<b>732,663</b>	<b>719,034</b>



## Photocure Group – Changes in equity

	2023	2022	2023	2022	2022
<i>(Amounts in NOK 1,000)</i>	Q3	Q3	1.1 - 30.09	1.1 - 30.09	1.1 - 31.12
<b>Equity at end of prior period</b>	<b>467,544</b>	<b>474,771</b>	<b>462,733</b>	<b>502,632</b>	<b>502,632</b>
Capital increase	-	-	-	7,569	7,569
Share-based compensation (share options employees)	6,051	6,333	16,756	15,666	22,176
Own shares	-	3,004	-	10	11
Comprehensive income	-4,653	-4,546	-10,547	-46,314	-69,654
<b>Equity at end of period</b>	<b>468,942</b>	<b>479,563</b>	<b>468,942</b>	<b>479,563</b>	<b>462,733</b>

## Photocure Group – Cash flow statement

	2023	2022	2023	2022	2022
<i>(Amounts in NOK 1,000)</i>	Q3	Q3	1.1 - 30.09	1.1 - 30.09	1.1 - 31.12
Profit/loss(-) before tax	-8,666	-6,262	-6,816	-42,571	-71,134
Depreciation and amortisation	7,190	6,133	20,242	18,145	24,378
Share-based compensation	6,051	6,333	16,756	15,975	22,176
Interest income	-3,368	-323	-7,202	1,014	-2,147
Interest costs	6,450	6,616	19,998	19,247	25,804
Remeasured earnout	-	-	-	-	758
Unrealized currency (- gains) / losses	838	-819	424	-1,634	763
Changes in working capital	1,756	5,560	-11,745	-14,556	-180
Other operational items	-1,582	4,111	-2,984	1,649	-2,435
<b>Net cash flow from operations</b>	<b>8,669</b>	<b>21,349</b>	<b>28,673</b>	<b>-2,731</b>	<b>-2,018</b>
Net investments in fixed assets	-682	-621	-3,827	-1,253	-3,609
Investments in intangible assets	-5,206	-	-5,206	-	-
Received interest payments	3,368	323	7,202	-1,014	2,147
<b>Cash flow from investments</b>	<b>-2,520</b>	<b>-299</b>	<b>-1,831</b>	<b>-2,267</b>	<b>-1,462</b>
Share capital increase employees	-	-	-	7,570	7,570
Paid earnout	-9,938	-8,253	-25,991	-22,089	-29,390
Payment of lease liability	72	1,593	-624	235	-3,164
Long term loan	-	-6,250	-12,500	-18,750	-25,000
Other financial payments and transactions	-171	2,680	-744	-991	-1,358
<b>Cash flow from financing activities</b>	<b>-10,037</b>	<b>-10,231</b>	<b>-39,858</b>	<b>-34,026</b>	<b>-51,342</b>
<b>Net change in cash during the period</b>	<b>-3,888</b>	<b>10,819</b>	<b>-13,016</b>	<b>-39,023</b>	<b>-54,822</b>
Cash & cash equivalents at beginning of period	258,945	273,053	268,073	322,895	322,895
<b>Cash &amp; cash equivalents at end of period</b>	<b>255,057</b>	<b>283,872</b>	<b>255,057</b>	<b>283,872</b>	<b>268,073</b>



## Notes to the accounts for third 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 Hoffsvæien 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 November 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.

<b>Q3 2023</b>						
(Amounts in NOK 1 000)	<b>Hexvix Europe</b>	<b>Cysview North Am</b>	<b>Other Sales</b>	<b>Total Sales</b>	<b>Total R&amp;D</b>	<b>Grand Total</b>
Sales revenues	63,442	43,615	491	107,547	-	107,547
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-5,238	-1,426	-232	-6,895	-	-6,895
<b>Gross profit</b>	<b>58,204</b>	<b>42,189</b>	<b>259</b>	<b>100,652</b>	<b>-</b>	<b>100,652</b>
Gross profit of sales %	92%	97%	53%	94%		94%
R&D	-140	-40	-	-180	-772	-952
Sales & marketing	-35,770	-35,357	-1,078	-72,204	-237	-72,441
Other & allocations	-11,931	-9,005	-1,245	-22,182	-1,738	-23,920
<b>Operating expenses</b>	<b>-47,841</b>	<b>-44,402</b>	<b>-2,323</b>	<b>-94,566</b>	<b>-2,747</b>	<b>-97,314</b>
<b>EBITDA</b>	<b>10,363</b>	<b>-2,213</b>	<b>-2,064</b>	<b>6,086</b>	<b>-2,747</b>	<b>3,339</b>

<b>Q3 2022</b>						
(Amounts in NOK 1 000)	<b>Hexvix Europe</b>	<b>Cysview North Am</b>	<b>Other Sales</b>	<b>Total Sales</b>	<b>Total R&amp;D</b>	<b>Grand Total</b>
Sales revenues	54,024	42,915	585	97,525	-	97,525
Milestone revenues	-	-	-0	-0	9,253	9,253
Cost of goods sold	-4,069	-1,487	-251	-5,807	-	-5,807
<b>Gross profit</b>	<b>49,956</b>	<b>41,428</b>	<b>334</b>	<b>91,717</b>	<b>9,253</b>	<b>100,970</b>
Gross profit of sales %	92%	97%	57%	94%		94%
R&D	-201	-53	-	-254	-422	-676
Sales & marketing	-29,147	-39,028	-864	-69,040	-150	-69,189
Other & allocations	-13,426	-9,434	-2,058	-24,918	-1,497	-26,415
<b>Operating expenses</b>	<b>-42,774</b>	<b>-48,515</b>	<b>-2,922</b>	<b>-94,212</b>	<b>-2,069</b>	<b>-96,281</b>
<b>EBITDA</b>	<b>7,181</b>	<b>-7,087</b>	<b>-2,588</b>	<b>-2,494</b>	<b>7,184</b>	<b>4,690</b>



Photocure – Results for third quarter and first nine months 2023

**1.1-30.9 2023**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
<b>Sales revenues</b>	<b>196,729</b>	<b>131,962</b>	<b>2,496</b>	<b>331,187</b>	-	<b>331,187</b>
Milestone revenues	-	-	-	-	26,924	26,924
Cost of goods sold	-14,780	-4,235	-1,245	-20,260	-	-20,260
<b>Gross profit</b>	<b>181,949</b>	<b>127,727</b>	<b>1,251</b>	<b>310,927</b>	<b>26,924</b>	<b>337,851</b>
Gross profit of sales %	92%	97%	50%	94%		94%
R&D	-506	-143	-	-649	-1,101	-1,751
Sales & marketing	-103,593	-123,443	-2,779	-229,814	-691	-230,505
Other & allocations	-34,320	-28,315	-3,739	-66,374	-13,649	-80,023
<b>Operating expenses</b>	<b>-138,419</b>	<b>-151,901</b>	<b>-6,518</b>	<b>-296,838</b>	<b>-15,441</b>	<b>-312,279</b>
<b>EBITDA</b>	<b>43,530</b>	<b>-24,174</b>	<b>-5,267</b>	<b>14,089</b>	<b>11,483</b>	<b>25,572</b>

**1.1-30.9 2022**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
<b>Sales revenues</b>	<b>165,607</b>	<b>112,125</b>	<b>1,805</b>	<b>279,537</b>	-	<b>279,537</b>
Milestone revenues	-	-	152	152	9,253	9,405
Cost of goods sold	-12,671	-3,654	-767	-17,092	-	-17,092
<b>Gross profit</b>	<b>152,936</b>	<b>108,471</b>	<b>1,190</b>	<b>262,597</b>	<b>9,253</b>	<b>271,850</b>
Gross profit of sales %	92%	97%	58%	94%		94%
R&D	-1,093	-291	-	-1,384	-1,416	-2,800
Sales & marketing	-84,137	-117,649	-2,241	-204,027	-463	-204,490
Other & allocations	-36,373	-26,122	-5,612	-68,107	-4,215	-72,321
<b>Operating expenses</b>	<b>-121,603</b>	<b>-144,061</b>	<b>-7,853</b>	<b>-273,517</b>	<b>-6,094</b>	<b>-279,611</b>
<b>EBITDA</b>	<b>31,334</b>	<b>-35,590</b>	<b>-6,663</b>	<b>-10,920</b>	<b>3,159</b>	<b>-7,761</b>

**1.1-31.12 2022**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
<b>Sales revenues</b>	<b>221 826</b>	<b>150 784</b>	<b>1 863</b>	<b>374 474</b>	-	<b>374 474</b>
Milestone revenues	-	-	152	152	18 506	18 658
Cost of goods sold	-16 810	-4 835	-1 052	-22 697	-	-22 697
<b>Gross profit</b>	<b>205 016</b>	<b>145 950</b>	<b>963</b>	<b>351 929</b>	<b>18 506</b>	<b>370 435</b>
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
<b>Operating expenses</b>	<b>-172 532</b>	<b>-202 242</b>	<b>-11 795</b>	<b>-386 570</b>	<b>-8 492</b>	<b>-395 062</b>
<b>EBITDA</b>	<b>32 484</b>	<b>-56 292</b>	<b>-10 832</b>	<b>-34 641</b>	<b>10 013</b>	<b>-24 627</b>



### Note 3 – Income statement classified by nature

#### INCOME STATEMENT CLASSIFIED BY NATURE

	2023	2022	2022
<i>(Amounts in NOK 1 000)</i>	1.1-30.09	1.1-30.09	1.1-31.12
Sales revenues	331,187	279,537	374,474
Signing fees and milestone revenues	26,924	9,405	18,658
Cost of goods sold	-20,260	-17,092	-22,697
<b>Gross profit</b>	<b>337,851</b>	<b>271,850</b>	<b>370,434</b>
Payroll expenses	-207,350	-178,631	-244,881
R&D costs excl. payroll expenses/other op	-1,101	-1,416	-1,809
Ordinary depreciation and amortisation	-20,241	-18,146	-24,378
Other operating expenses	-103,828	-99,564	-148,370
<b>Total operating expenses</b>	<b>-332,521</b>	<b>-297,757</b>	<b>-419,437</b>
<b>EBIT</b>	<b>5,330</b>	<b>-25,907</b>	<b>-49,003</b>

### 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>	9/30/2023	12/31/2022
<b>Income tax expense</b>		
Tax payable	-550	-2,840
Changes in deferred tax	-4,842	2,117
<b>Total income tax expense(-)/income</b>	<b>-5,392</b>	<b>-723</b>
<b>Tax base calculation</b>		
Profit before income tax	5,273	-61,021
Permanent differences	16,309	49,534
Temporary differences	-32,893	-35,757
Change in tax loss carried forward	11,311	47,244
<b>Tax base</b>	<b>0</b>	<b>-0</b>
<b>Temporary differences:</b>		
<b>Total</b>	<b>-156,318</b>	<b>-146,356</b>
Tax loss carried forward	384,857	396,901
<b>Net temporary differences</b>	<b>228,539</b>	<b>250,545</b>
<b>Deferred tax benefit</b>	<b>228,539</b>	<b>250,545</b>
<b>Deferred tax asset</b>	<b>50,278</b>	<b>55,120</b>

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 September 30, 2023 and December 31, 2022 is based on a tax rate of 22%. The deferred tax asset is decreased to NOK 50.3 million due to the profit and the 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 a 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>	1.1-30.09	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	-	-
<b>Weighted average number of shares</b>	<b>27,105,698</b>	<b>27,034,976</b>
Effect of outstanding share options	13,169	113,759
<b>Weighted average number of diluted s</b>	<b>27,118,867</b>	<b>27,148,735</b>
Earnings per share in NOK	-0.45	-2.66
Earnings per share in NOK diluted	-0.45	-2.66



## Note 7 – Intangible and Fixed Assets

(Amounts in NOK 1 000)	Customer		Right of use	Registry		Other	Total fixed assets
	Goodwill	relations		Equipment	Intangibles	Intangibles	
<b>Net book value 31.12.2022</b>	<b>144,000</b>	<b>129,209</b>	<b>26,092</b>	<b>4,714</b>	-	<b>1,674</b>	<b>32,480</b>
Net investments and revaluation 2023	-	-	2,750	2,629	5,206	1,429	<b>12,014</b>
Depreciation and amortization	-	-12,504	-4,962	-1,304	-651	-820	<b>-7,737</b>
<b>Net book value 30.09.2023</b>	<b>144,000</b>	<b>116,705</b>	<b>23,880</b>	<b>6,039</b>	<b>4,555</b>	<b>2,283</b>	<b>36,757</b>

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 include 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 September 30, 2023 are NOK 24.7 million compared to NOK 27.0 million as of December 31, 2022 and the interest expense is NOK 535 thousand.

Photocure has the ownership of valuable patient registries with the treatment of blue-light diagnosis of bladder cancer. The registry in USA is particular interesting for external parties and Photocure has decided to capitalize the registry costs from start of 2023 for amortization of a limited time period.

## 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 with NOK 3.5 million compared to NOK 5.7 million in total 2022. The remaining deferred consideration amounts to NOK 128.7 million as of 30 September 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 statement of comprehensive income as a financial cost. To arrive at the remeasured fair value, 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

<b>Market value hierarchy</b> <i>(Amounts in NOK 1 000)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
- Money market funds	193,597	-	-	<b>193,597</b>
- Earnout liability			-128,658	<b>-128,658</b>
<b>Total</b>	<b>193,597</b>	-	<b>-128,658</b>	

## 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 second quarter in 2023.

## Note 11 – Share capital

Registered share capital in Photocure ASA amounts to:

	<b>No. of shares</b>	<b>Nominal value per share</b>	<b>Share capital in NOK</b>
Share capital at 31 December 2022	27,120,820	NOK 0.50	13,560,410
Share capital at 30 September 2023	27,120,820	NOK 0.50	13,560,410
<b>Treasury shares:</b>			
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	-
<b>Holdings of treasury shares at 30 September 2023</b>	<b>15,122</b>		<b>7,971</b>

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

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

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



## Photocure – Results for third quarter and first nine months 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
Johanna Holldack	Board member	-	804
Neal Shore	Board member	-	804
Dylan Hallerberg	Chairperson of the board (interim)	150,000	-
Malene Brondberg	Board member	-	-

## Note 12 – Share options

On September 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:

	9/30/2023		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	944,903	107.67	448,000	101.30



## Note 13 – Shareholders

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

Name	Citizenship	Type of account	Holding	Stake
Morgan Stanley & Co. LLC	United States	Nominee	4,020,299	14.82%
Skandinaviska Enskilda Banken AB	Sweden	Nominee	1,864,000	6.87%
Skandinaviska Enskilda Banken AB	Ireland	Nominee	1,322,101	4.87%
SKANDINAVISKA ENSKILDA BANKEN AB	Luxembourg	Nominee	1,079,619	3.98%
Skandinaviska Enskilda Banken AB	Sweden	Nominee	810,644	2.99%
RADFORSK INVESTERINGSSTIFTELSE	Norway	Ordinary	679,619	2.51%
MP PENSJON PK	Norway	Ordinary	634,093	2.34%
Nordnet Bank AB	Sweden	Nominee	622,926	2.30%
The Bank of New York Mellon SA/NV	United Kingdom	Nominee	580,739	2.14%
J.P. Morgan SE	Sweden	Nominee	517,277	1.91%
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	422,310	1.56%
VERDIPAPIRFONDET KLP AKSJENORGE	Norway	Ordinary	375,630	1.39%
Avanza Bank AB	Sweden	Nominee	311,565	1.15%
Danske Bank A/S	Denmark	Nominee	271,164	1.00%
SVENSKA HANDELSBANKEN AB	Sweden	Nominee	269,043	0.99%
VERDIPAPIRFONDET EQUINOR AKSJER NO	Norway	Ordinary	258,572	0.95%
VERDIPAPIRFONDET KLP AKSJENORGE IN	Norway	Ordinary	245,501	0.91%
NORDNET LIVSFORSIKRING AS	Norway	Ordinary	230,695	0.85%
The Bank of New York Mellon SA/NV	Belgium	Nominee	216,124	0.80%
SPARLI AS	Norway	Ordinary	215,000	0.79%
Total 20 largest shareholders			14,946,921	55.11%
Total Other shareholders			12,173,899	44.89%
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
<i>(All amounts in NOK 1 000)</i>	Q3	Q3	YTD Sep.	YTD Sep.	Full Year
<b>Gross profit</b>	<b>100,652</b>	<b>100,970</b>	<b>337,851</b>	<b>271,850</b>	<b>370,434</b>
Operating expenses excl depreciation & amortization	-97,314	-96,282	-312,280	-279,612	-395,061
<b>EBITDA</b>	<b>3,338</b>	<b>4,688</b>	<b>25,571</b>	<b>-7,762</b>	<b>-24,627</b>
Depreciation & amortization	-7,190	-6,133	-20,241	-18,145	-24,376
<b>EBIT</b>	<b>-3,852</b>	<b>-1,445</b>	<b>5,330</b>	<b>-25,907</b>	<b>-49,003</b>

### Revenue growth in constant currency

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

	2023	2022	2023	2022	2022
	Q3	Q3	YTD Sep.	YTD Sep.	Full Year
USD (NOK per 1 USD)	10.48	9.42	10.47	9.42	9.61
EUR (NOK per 1 EUR)	11.40	10.02	11.35	10.01	10.10



**PHOTOCURE ASA**  
Hoffsveien 4  
0275 Oslo, Norway  
+47 22 06 22 10  
info@photocure.no

**PHOTOCURE INC.**  
202 Carnegie Center, suite 101  
Princeton, NJ 08540, USA  
+1 609 759 6500  
info@photocure.com

**PHOTOCURE GMBH**  
Marc-Chagall-Str. 2  
40477 Düsseldorf, Germany  
kontakt@photocure.com