



# Quarterly Report

Q4 2021

[PHOTOCURE.COM/INVESTOR/REPORTS-AND-PRESENTATIONS/](https://PHOTOCURE.COM/INVESTOR/REPORTS-AND-PRESENTATIONS/)



THE  
BLADDER CANCER  
COMPANY



## Highlights for fourth quarter 2021

(Numbers in parentheses and comparisons are for the corresponding period in 2020.)

- Unit sales in the Company's U.S. and European segments increased 11% and 12% YoY, respectively.
- Hexvix®/Cysview® revenue declined 4% YoY in the fourth quarter. Adjusted for the reversal of the non-recurring Medicare 340b accrual in the fourth quarter of 2020 in the U.S., Hexvix/Cysview revenue increased 5% YoY. In constant currencies, the revenue increase would have been 10%.
- The installed base of blue light cystoscopes in the U.S. was 311 (268) at the end of the fourth quarter, an increase of 43 installed cystoscopes or 16% from the same period last year. The installed base in the U.S. includes 48 flexible cystoscopes, an increase of 26% compared to year-end 2020.
- Restricted healthcare access and staffing shortages in both the U.S. and Europe due to the ongoing effects of Covid-19 variants, as well as negative foreign exchange adversely impacted Q4 2021 revenue. Foreign exchange negatively impacted total revenue by 5%.
- EBITDA before restructuring for the fourth quarter was NOK -5.5 million (NOK 15.2 million), due primarily to an increase in commercial investments in the quarter.
- Cash balance at the end of the fourth quarter of 2021 was NOK 322.9 million (NOK 334.9 million). Net cash used in the fourth quarter was NOK 7.2 million, of which repayment of long-term debt was NOK 6.3 million.
- The Company's partner, Asieris MediTech Co. Ltd. ("Asieris") initiated a planned Early Access Program (EAP) enabling physicians and patients to utilize Hexvix in China's Hainan region.
- Photocure made preparations for the direct commercialization of Cysview in Canada after it re-acquired the rights back from BioSyent Pharma.

### Key Figures:

<i>Figures in NOK million</i>	Q4 2021	Q4 2020	Change	FY 2021	FY 2020	Change
<b>Hexvix/Cysview revenues</b>	<b>94.2</b>	<b>97.7</b>	<b>-4 %</b>	<b>351.4</b>	<b>255.2</b>	<b>38 %</b>
Other revenues	0.3	0.2		9.1	1.3	
<b>Total revenues</b>	<b>94.5</b>	<b>97.9</b>	<b>-3 %</b>	<b>360.5</b>	<b>256.5</b>	<b>41 %</b>
Operating expenses	-92.5	-75.8	22 %	-318.2	-241.9	32 %
<b>EBITDA before restructuring</b>	<b>-5.5</b>	<b>15.2</b>		<b>18.3</b>	<b>-3.9</b>	
EBITDA commercial franchise	-3.4	17.9		24.5	4.2	
EBITDA development portfolio	-2.1	-2.7		-6.2	-8.1	
<b>EBIT</b>	<b>-11.5</b>	<b>7.5</b>		<b>-5.8</b>	<b>-36.1</b>	
<b>Net Earnings</b>	<b>-28.2</b>	<b>10.2</b>		<b>-30.9</b>	<b>-22.4</b>	
<b>Cash &amp; cash equivalents</b>				<b>322.9</b>	<b>334.9</b>	

### President & CEO Daniel Schneider comments:

*"Photocure showed strong execution and resilience in 2021 as we continued to grow our U.S. business and successfully completed our first full year of operations in continental Europe despite several surges of Covid-19. For 2021, Hexvix/Cysview revenue increased 38% to NOK 351.4 million with global unit volume up 6% and U.S. unit volume up 16% compared to 2020. Our acquisition of the broader European territories and our ability to add new accounts and increase use of Hexvix/Cysview in areas where healthcare access was open were the primary drivers of growth during the year. While product revenue declined 4% in the fourth quarter of 2021 due to a one-time accrual reversal in the prior-year period and the impact of foreign exchange, fourth quarter unit sales in the U.S. and Europe rose 11% and 12%, respectively year-over-year. Our results in both the fourth quarter and full*



*year were impacted by the planned roll-out of a next-generation blue light system in the U.S. anticipated in 2022. This temporary issue restricted our ability to significantly expand the base of blue light cystoscopy (BLC®) equipment in the U.S. in the back half of 2021.*

*Nonetheless, demand for BLC equipment remains very strong, and while many customers are awaiting the launch of the new Karl Storz system, we placed 9 towers in the fourth quarter. For the full year, we increased the base of BLC towers in the U.S. by 16%, with increasing demand for flexible cystoscopy in physician clinics. Our backlog for new capital equipment continues to grow, and we are extremely pleased that Karl Storz's new blue light system was approved by the FDA earlier this month. As a result, both Photocure and Karl Storz are energized and preparing to launch this new system in the coming months.*

*We are particularly pleased with the progress that we have made during the 2-year pandemic period, given the challenging conditions. Procedure volumes for bladder cancer resection surgeries in the U.S. declined 11%, while we grew Cysview unit volume by 24% from 2019 to 2021, resulting in an increase in our market penetration. Given our strong pipeline of new rigid and flexible tower installations, and the improved BLC equipment coming to the market, we believe that this trend will continue as Cysview continues to set the standard of care for bladder cancer treatment.*

*While the worldwide pandemic required us to take measures to manage through a period of great uncertainty, we used that time and deployed the necessary resources to position our global commercial organization to drive significant Hexvix/Cysview growth once healthcare access returns to normal. With our European operations fully integrated, a new high-definition BLC system launching in the U.S. market, and Covid-19 becoming better managed, we believe that 2022 will be an exciting year for Photocure as we help more physicians and bladder cancer patients realize the benefits of Hexvix/Cysview."*

## Operational review

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

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

With established specialty commercial and medical teams in the U.S. 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 bladder cancer domain. Despite the significant business challenges of Covid-19, Photocure has continued to grow unit sales in its U.S. segment and successfully transitioned the European Hexvix business from Ipsen to its own European Operations since acquiring this business in October 2020.

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 published its sustainability (ESG) report for the year 2020, which can be accessed on the Company's website.

## Commercial segment update

Photocure's fourth quarter and full year 2021 results were impacted by the global Covid-19 pandemic with a resurgence of the first variant (Alpha) extending from Q4 2020 through mid-2021, emergence of the aggressive Delta variant dominating the back half of 2021, and in late 2021, the highly contagious Omicron variant continues to cause widespread infection rates, impacting treatment volumes, new account openings, and BLC equipment installations. Despite these challenges, full-year Hexvix/Cysview sales increased 38% and unit volume in the U.S. rose 16%. Full year 2021 sales results were positively impacted by the revenue contribution from the successful consolidation of the Ipsen territories that Photocure acquired in 4Q 2020.

Photocure delivered positive unit volume growth in both its U.S. and European segments during the fourth quarter of 2021. However, the global pandemic inhibited a full recovery of the Company's



business, as Covid-19 variants continue to cause access restrictions in the respective territories.

Revenues from the U.S. segment declined 16%, while unit sales rose 11%. The decline in revenue was primarily due to the reversal of a Medicare 340b reserve in the fourth quarter of 2020 and the impact of negative foreign exchange.

Revenues from the Company's European segment rose 5% YoY during the quarter, with unit sales up 12% compared to the fourth quarter of 2020. The revenue increase was driven primarily by higher sales in the DACH region as well as in priority growth markets such as France and the U.K. This was partially offset by negative foreign exchange and a one-time increase in sales in Germany during the 2020 period due to government tax incentives for hospitals to increase supplies during the pandemic. Additionally, the ongoing Covid-19 pandemic restricted the Company's access to hospitals in Europe impacting sales results.

The consolidated currency impact was negative by approximately 5% in the fourth quarter. In constant currencies, Hexvix/Cysview revenue in the fourth quarter 2021 would have been an estimated NOK 99 million, an increase of 10% YoY.

#### Income statement - Commercial Franchise

MNOK	Q4 '21	Q4 '20	FY '21	FY '20
US revenues	34.6	41.1	125.2	113.2
Europe revenues	59.4	56.6	225.8	141.6
Partner revenues	0.3	0.0	0.4	0.4
<b>Hexvix/Cysview total</b>	<b>94.2</b>	<b>97.7</b>	<b>351.4</b>	<b>255.2</b>
YoY growth	-4 %		38 %	
Other revenues	0.3	0.2	7.3	1.0
<b>Total revenues</b>	<b>94.5</b>	<b>97.9</b>	<b>358.7</b>	<b>256.2</b>
YoY growth	-3 %		40 %	
<b>Gross profit</b>	<b>87.2</b>	<b>91.0</b>	<b>335.8</b>	<b>237.9</b>
Operating expenses	-90.6	-73.0	-311.3	-233.7
<b>EBITDA before restr.</b>	<b>-3.4</b>	<b>17.9</b>	<b>24.5</b>	<b>4.2</b>
EBITDA margin	-4 %	18 %	7 %	2 %

Total Hexvix/Cysview revenue in Q4 2021 decreased 4% to NOK 94.2 million (NOK 97.7 million) compared to the same period in 2020. The decrease was mainly driven by non-recurring revenues booked in Q4 2020 including a reversal of the Medicare 340b reserve in the U.S. and higher orders from customers in Germany in connection with a government tax credit to encourage hospital stocking during the pandemic, as well as negative foreign exchange. This was partially offset by a 13% YoY increase in Hexvix/Cysview unit sales. Full year Hexvix/Cysview

revenue increased 38% YoY to NOK 351.4 million (NOK 255.2 million).

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

Operating expenses, excluding depreciation and amortization, increased 24% to NOK 90.6 million (NOK 73.0 million) in the fourth quarter. The increase was mainly driven by investments to expand the Company's European commercial operations as well as investment in U.S. sales and marketing activities to take advantage of access to healthcare re-opening in certain regions. Full year operating expenses, excluding depreciation and amortization, increased 33% to NOK 311.3 million (NOK 233.7 million) mainly driven by investment in the Company's European commercial organization and to grow the U.S. business.

Fourth quarter 2021 EBITDA was NOK -3.4 million, a decrease of NOK 21.3 million from fourth quarter 2020 (NOK 17.9 million). The decrease was mainly due to lower revenue due to the reversal of the 340b accrual fourth quarter 2020 as well as the planned investment in the build-up of the European organization during 2021. Full year EBITDA was NOK 24.5 million (NOK 4.2 million). The EBITDA was positively impacted by the inclusion of the acquired Ipsen European Hexvix business, partially offset by the negative impact from the pandemic.

#### Hexvix/Cysview

Global in-market volume increased 13% in the fourth quarter and 6% YoY for the full year of 2021. Improved access relative to the fourth quarter and full year 2020, as well as commercial execution in both the Company's U.S. and European businesses drove the growth in unit sales, despite limited access to healthcare globally due to the ongoing Covid-19 pandemic.

#### U.S. Cysview Segment

U.S. unit volume in the fourth quarter of 2021 increased by 11% compared to the same period in 2020, while revenues fell 16% YoY to NOK 34.6 million (NOK 41.1 million). Photocure's U.S. business continued to grow despite ongoing Covid-19 challenges, however, revenues declined in the fourth quarter of 2021 due to a non-recurring reversal of the Medicare 340b reserve which benefited the prior-year period. Additionally, foreign exchange negatively impacted U.S. revenue by 3% in the fourth quarter



of 2021. Full year U.S. revenues increased 11% to NOK 125.2 million (NOK 113.2 million), with unit growth of 16%. In USD, the revenue growth was 21% YoY.

Throughout the pandemic, Photocure has been able to increase its penetration into the U.S. TURBT market. However, because of the ongoing pandemic, access to healthcare in certain regions remains restricted or closed. Additionally, Karl Storz's planned transition to sell an upgraded version of its blue light system has limited the Company's ability to place blue light towers, which has hindered new account growth. With the new Karl Storz blue light system anticipated to launch in the first half of 2022, Photocure expects that placement of new blue light towers will accelerate toward the middle of the year and into H2 2022.

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

The introduction of Cysview in the surveillance market together with improved reimbursement has resulted in growth of the installed base of blue light cystoscopy capital equipment. At the end of the fourth quarter of 2021, the total installed base of blue light cystoscopes in the U.S. was 311, an increase of 16% or 43 units since the fourth quarter of 2020 (268). Blue Light Cystoscopy (BLC™) in the surveillance setting remains a strategic priority for Photocure in the U.S. market. By the end of the fourth quarter of 2021, 48 flexible cystoscopes for the surveillance cystoscopy setting had been installed, an increase of 10 or 26% compared to the same period last year (38).

#### *European Hexvix Segment*

In the fourth quarter of 2021, revenues in the Company's European segment increased 5% to NOK 59.4 million (NOK 56.6 million), while unit sales were up 12% YoY. Driving this performance was positive unit sales growth in all areas of mainland Europe, particularly Germany and priority growth markets such as France and the U.K.

Full year European segment revenues increased 59% to NOK 225.8 million (NOK 141.6 million). The increase was mainly driven by the consolidation of revenues from the acquisition of the Ipsen territories and higher unit sales, partially offset by foreign exchange headwinds and the Covid-19 pandemic

#### *Hexvix/Cysview partner sales*

Photocure currently has market access through its partner in New Zealand/Australia (Juno). Due to reimbursement challenges and restrictive pandemic conditions, partnership revenues in the fourth quarter of 2021 were limited. Furthermore, Photocure has signed agreements with Genotests SpA ("Genotests") for Chile and Asieris for mainland China and Taiwan. In August 2021, the Company announced that it regained commercial rights to Cysview in Canada from its licensee BioSyent. On January 3, Photocure announced that it had launched its own commercial operations in Canada and expects to begin booking full revenue for Cysview in this territory in the first quarter of 2022.

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

In January 2021, Photocure entered into a partnership agreement with Asieris, a division of Jiangsu Yahong Meditech Co., Ltd., whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan. The Company received an upfront payment of USD 750,000 from Asieris for the rights to Hexvix in the designated territories and has potential to receive additional payments of up to USD 1.4 million for the achievement of certain regulatory milestones including market approvals in Mainland China and Taiwan. Photocure will manufacture and supply Hexvix and receive a transfer price from Asieris representing a markup on product provided under the agreement, and will also receive royalties on any product sales.

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



have required the successful results of this trial to be obtained before granting regulatory approval of the product.

*Hexvix/Cysview publications and presentations*

On October 12, 2021, an article by Hamed Ahmadi et al. was published in the British Journal of Urology entitled "Role of Blue Light Cystoscopy in Detecting Invasive Bladder Tumor: Data from Multi-Institutional Registry." The study results are part of the Company's U.S. Registry, which has enrolled over 2,000 patients to date. Results showed that of the 3,514 cancerous lesions, 818 (23.2%) were only detected under blue light cystoscopy (BLC). Of those detected, 55 lesions were invasive including 28/55 (51%) newly diagnosed invasive lesions. The authors concluded that "A considerable proportion of invasive lesions are only detectable by BLC and the rate of pathologic upstaging is significant." <https://pubmed.ncbi.nlm.nih.gov/34637596/>

In late October, an article by Meera R. Chappidi, et al. entitled "Utility of Blue Light Cystoscopy for Post-BCG Bladder Cancer Recurrence Detection: Implications for Clinical Trial Recruitment and Study Comparisons" was published in the Journal of Urology. The study results are part of the Company's U.S. Registry, which has enrolled over 2,000 patients to date. The study objective was to determine if BLC improves recurrence detection in non-muscle invasive bladder cancer (NMIBC) patients undergoing BCG treatment. Key study results included: The overall recurrence rate was 45% (detection with BLC). Detection of recurrences with white light only in the same patients would have been 39.4% (n=111/282) instead of 45.0% (n=127/282) with BLC. Furthermore, without BLC, 12.6% (n=16/127) of the total recurrences would not have been detected, which is important in a population that had undergone standard of care treatment within one year. The study authors noted "As clinical trials of novel therapies for BCG unresponsive disease increase and there are no clear guidelines on BLC use for post-treatment cystoscopies, it is important to consider how variable BLC use could affect enrolment and comparisons of these studies."

<https://www.auajournals.org/doi/10.1097/JU.0000000000002308>

In December, a Cochrane systematic review was published on assessing the impact of blue light-enhanced TURBT compared to white light-TURBT in the treatment of non-muscle invasive bladder cancer (NMIBC) in order to provide a stronger basis

for decision-making, both for healthcare professionals and researchers. The review included 16 randomized clinical trials in 4,325 patients and showed a beneficial effect of using BLC in reducing the risk of disease recurrence and progression. Key findings of the publication show that use of blue light-enhanced TURBT in the diagnosis and treatment of non-muscle invasive bladder cancer compared to white light-TURBT reduces the risk of disease recurrence (34% reduction in the likelihood of disease recurrence based on 15 trials), and disease progression (35% reduction in the likelihood of progression based on 9 trials). Cochrane is an international network with headquarters in the UK, a registered not-for-profit organization, and a member of the UK National Council for Voluntary Organizations.

[https://www.cochrane.org/CD013776/PROSTATE\\_b\\_lue-light-enhanced-versus-white-light-resection-treatment-non-muscle-invasive-bladder-cancer](https://www.cochrane.org/CD013776/PROSTATE_b_lue-light-enhanced-versus-white-light-resection-treatment-non-muscle-invasive-bladder-cancer)

**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	Q4 '21	Q4 '20	FY '21	FY '20
<b>Total revenues</b>	-	-	1.8	0.3
<b>Gross profit</b>	-0.2	-	0.7	0.1
Operating expenses	-1.9	-2.7	-6.8	-8.2
<b>EBITDA before restr.</b>	-2.1	-2.7	-6.2	-8.1

*Cevira®: Candidate for the treatment of HPV (human papillomavirus) & precancerous lesions of the cervix*  
Cevira is a photodynamic drug-device combination product for non-surgical treatment of high-grade cervical dysplasia.

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

Subsequently, Asieris launched a global clinical development program initially focused on the Chinese market, based on Photocure's Phase 2b data for patients diagnosed with high grade lesions and Phase 3 study design elements agreed upon with the U.S. FDA. Patient enrolment in an ongoing Phase 3 study was initiated in China in late 2020, with the majority of patients being enrolled in China and the remainder



anticipated to be enrolled in Europe. Further development in Europe and a plan for the U.S. will follow if clinical results from the Chinese-focused Phase 3 study confirms the safety and efficacy of Cevira. Further information about the ongoing Phase 3 trial for Cevira can be found by clicking the following link:

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

In July 2020, Asieris announced that it had received Clinical Trial Approval (CTA) from China's National Medical Products Administration (NMPA) for the global, multi-centered Phase III clinical trial of Cevira (APL-1702), which is being developed for the non-surgical treatment of high-grade cervical dysplasia (HSIL).

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

## Financial review

(Numbers in parentheses are for the corresponding period in 2020; references to the prior year refer to a comparison to the same period 2020, unless otherwise stated).

MNOK	Q4 '21	Q4 '20	FY '21	FY '20
Hexvix / Cysview revenues	94.2	97.7	351.4	255.2
Total other revenues	0.3	0.2	9.2	1.3
<b>Total revenues</b>	<b>94.5</b>	<b>97.9</b>	<b>360.5</b>	<b>256.5</b>
<b>Gross profit</b>	<b>87.0</b>	<b>91.0</b>	<b>336.5</b>	<b>238.0</b>
<b>Operating expenses</b>	<b>-92.5</b>	<b>-75.8</b>	<b>-318.2</b>	<b>-241.9</b>
<b>EBITDA before restruct.</b>	<b>-5.5</b>	<b>15.2</b>	<b>18.3</b>	<b>-3.9</b>
Depreciation & amortization	-6.0	-7.7	-24.1	-19.3
<b>EBIT before restruct.</b>	<b>-11.5</b>	<b>7.5</b>	<b>-5.8</b>	<b>-23.2</b>
Restructuring expenses	-	-2.5	-	-12.9
<b>EBIT</b>	<b>-11.5</b>	<b>5.0</b>	<b>-5.8</b>	<b>-36.1</b>
Net financial items	-21.5	-5.4	-25.8	2.8
<b>Earnings before tax</b>	<b>-33.0</b>	<b>-0.4</b>	<b>-31.7</b>	<b>-33.2</b>
Tax expenses	4.9	10.6	0.8	10.8
<b>Net earnings</b>	<b>-28.2</b>	<b>10.2</b>	<b>-30.9</b>	<b>-22.4</b>

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

With the inclusion of the European business from Ipsen, Photocure has significantly increased its sales revenue, established its commercial presence throughout Europe, and has improved its potential to increase profitability.

### Revenues

Total revenues in the fourth quarter of 2021 decreased 3% to NOK 94.5 million (NOK 97.9 million). The decrease in revenues was driven by a reversal of part of the Medicare 340b accrual from the second quarter of 2020, which had a positive impact on fourth quarter 2020 sales of NOK 8 million (USD 0.9 million). Adjusted for this reversal YoY revenue increase would have been 6%.

Full year 2021 revenues were NOK 360.5 million (NOK 256.5 million). The increase was mainly driven by the inclusion of the European revenues from Ipsen from the fourth quarter of 2020 and the continued growth of the U.S. sales.

Hexvix/Cysview revenues in the fourth quarter of 2021 were NOK 94.2 million, a decrease of 4% from the fourth quarter of 2020 (NOK 97.7 million). The decrease was mainly driven by the reversal of part of the Medicare 340b accrual from the second quarter of 2020, which had a positive impact on fourth quarter 2020 sales of NOK 8 million (USD 0.9 million). Adjusted for this reversal, the YoY revenue increase would have been 5%.



Full year 2021 Hexvix/Cysview revenues were NOK 351.4 million (NOK 255.2 million), an increase of 38%. A primary contributor to the increase was the inclusion of the Ipsen territories in Europe in Q4 2020 as well as the revenue impact from one-off reduced purchase and transfer of inventory from Ipsen in the third quarter of 2020. Currency fluctuations impacted the revenue negatively with approximately 7% for the year as compared to 2020.

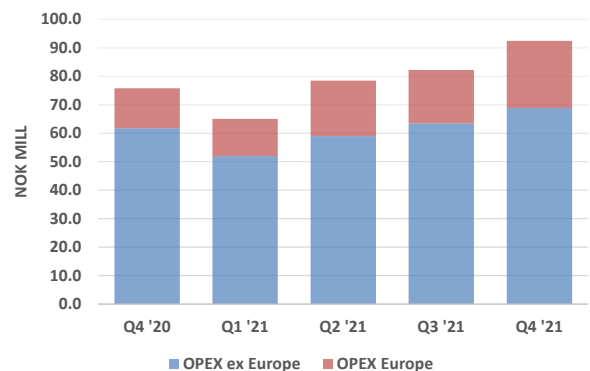
Other revenues were NOK 0.3 million (NOK 0.2 million) in the fourth quarter of 2021 and for the total year NOK 9.2 million (NOK 1.3 million). These revenues included signing fees from Asieris totaling NOK 6.4 million in the first quarter of 2021, as per the partnership agreement with Asieris whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan. Furthermore, year to date other revenues included the sale of API to Asieris totaling NOK 1.8 million.

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

Fourth quarter 2021 COGS was NOK 7.5 million (NOK 6.9 million). The increase is driven by higher volume. Full year 2021 COGS was NOK 24.1 million (NOK 18.5 million). Full year 2021 COGS is higher than that of 2020 due to higher volume of Hexvix/Cysview as well as COGS related to sales of API in 2021. In addition, due to the transfer of the European business, the Company incurs distribution costs in the region.

#### *Operating expenses*

Total operating expenses, before restructuring and excluding depreciation and amortization, were NOK 92.5 million (NOK 75.8 million) in the fourth quarter and full year 2021 NOK 318.2 million (241.9 million). The main contributor to the YoY increases in 2021 operating expenses was the inclusion of the European business from Ipsen in terms of local commercial organization and scaling of regulatory and marketing group activities. In the second half of the year, the Company also added investments in the U.S. commercial operation reflecting the gradual improvement of access.



Fourth quarter 2021 research and development (R&D) costs were NOK 1.2 million (NOK 1.4 million). Full year R&D costs were NOK 4.3 million (NOK 4.2 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 23% to NOK 71.3 million (NOK 58.1 million) in the fourth quarter of 2021. Full year sales and marketing costs were NOK 243.0 million (NOK 183.4 million). The expense increase was mainly driven by investments in the European commercial organization following the inclusion of the European business from Ipsen.

Fourth quarter 2021 other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 19.9 million, compared to NOK 16.3 million in the same quarter of 2020. Full year other operating expenses were NOK 70.9 million (NOK 54.3 million). The increase was mainly driven by the inclusion of the European business from Ipsen.

Photocure took measures to contain its expenses during the pandemic, and for the second half of 2021, the Company has increased costs to take advantage of the improvement in healthcare access assuming that this trend continues.

#### *Financial results*

EBITDA before restructuring was NOK -5.5 million (NOK 15.2 million) for the fourth quarter of 2021. Full year EBITDA before restructuring was NOK 18.3 million (NOK -3.9 million). The improved EBITDA was mainly driven by the inclusion of the European business from Ipsen, volume growth in the U.S. despite the pandemic, as well as lower than expected spending in response to the pandemic. In addition, the sign-on revenue from Asieris improved the results accordingly.





Full year 2021 depreciation and amortization was NOK 24.1 million (NOK 19.3 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 (see note 6 to the accounts).

Restructuring expenses in 2020 were NOK 12.9 million and relate to work performed in connection with the agreement with Ipsen for the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen.

Net financial items in the fourth quarter of 2021 were NOK -21.5 million (NOK -5.4 million). Full year 2021 financial items were NOK -25.8 million (NOK 2.8 million). Net financial items were significantly impacted by increased accrued earn-out liability related to the future earn-out due to Ipsen. As revenues, given performance in 2021 and future growth opportunities are expected to exceed forecasts prepared in connection with the transaction, the revenue based earn-out will increase as well. The discounted value of the expected increase in the earn-out payments is NOK 17.2 million. Other items impacting net financial costs were interest on long-term loan as well as accrued interest costs included for the deferred earnout liability (see note 6 to the accounts). These items were partly offset by net currency gains and interest income from financial assets.

Photocure experienced a net loss before tax of NOK 33.0 million in the fourth quarter of 2021 (net loss of NOK 0.4 million). Net earnings were a loss of NOK 28.2 million for the fourth quarter of 2021 (net profit of NOK 10.2 million). For the fully year 2021, Photocure had a loss before tax of NOK 31.7 million (net loss of NOK 33.2 million) and net loss after tax of NOK 30.9 million (net loss of NOK 22.4 million).

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

Net cash flow from operations was NOK 6.3 million in the fourth quarter of 2021 (NOK 11.1 million) and NOK 23.9 million (NOK 15.6 million) for the full year. The positive cash flow from operations in 2021 was driven by the positive EBITDA including the milestone payment from Asieris.

Fourth quarter 2021 net cash flow from investments was NOK 0.1 million (NOK 0.3 million). Full year 2021 net cash flow from investments was NOK 1.9 million. Full year 2020 net cash flow from investments was

negative NOK 166.2 million. The net outflow reflects the payment to Ipsen of EUR 15 million (NOK 166.7 million) for return of marketing rights in Europe.

Fourth quarter 2021 cash flow from financing was NOK -13.7 million (NOK 1.7 million). Full year cash flow from financing was NOK -34.0 million (NOK 360.2 million). Full year cash flow from financing included repayment of long-term debt (Nordea) of NOK 12.5 million and paid earnout of NOK 28.8 million. Full year 2020 cash flow from financing was driven by private placements and bank financing.

Net change in cash was for the fourth quarter of 2021 NOK -7.2 million (NOK 13.0 million) and full year NOK -12.0 million (NOK 209.6 million). Cash and cash equivalents were NOK 322.9 million at the end of the year 2021.

Shareholders' equity was NOK 502.6 million at the end of the year 2021, representing an equity ratio of 64%.

Long term liabilities were NOK 185.0 million at the end of the year 2021, including NOK 12.5 million bank loan and capitalized value of expected future earn-out payments to Ipsen totaling NOK 139.4 million. The bank loan is secured under the State Guarantee Scheme for Loans to SMEs as a buffer to Covid-19 impacts.

As of December 31, 2021, Photocure held 14,846 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, as well as financial risks related to interest rates, liquidity and currency fluctuations.

As described in the Company's Annual Report for 2020, the Covid-19 pandemic's global impact is still significant and is subject to ongoing attention by Company Management and the Board of Directors.



There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2020.

## Covid-19 pandemic update

Current business conditions continue to be affected by the Covid-19 pandemic. (See Oslo Stock Exchange notification of April 7, 2020 for an in-depth analysis of the risks and effects of the Covid-19 pandemic situation). While healthcare access has reopened in parts of the world and significant vaccinations are being administered to combat the spread of viral infection, declines in Covid-19 cases continue to be met with sporadic pandemic resurgences, particularly due to variants of the Covid-19 virus such as Covid-19 Delta and Omicron, in certain regions leading to renewed travel restrictions and healthcare access closures. In Europe and parts of the U.S., hospitals are continuing to deal with Covid-19 cases as well as staffing shortages. As a result, key markets in the U.S. and Europe are expected to continue to be impacted by the Covid-19 pandemic through the first half of 2022.

Photocure believes that the treatment of bladder cancer consists of procedures that are prioritized by healthcare systems. However, there have been several periods of healthcare access re-openings and closings due to Covid-19 resurgences, causing certain regions in the U.S. Europe and the rest of the world to have significant volatility with respect to procedure volumes. According to data analytics provider Definitive Health, procedure volumes for bladder cancer resection surgeries (TURBTs) declined 11% from 2019 through 2021. and Key factors driving the lower TURBT volumes and utilization of healthcare in general over the past two years include restricted access to hospitals and physicians in certain regions throughout Europe and the U.S., and fewer patients seeking treatment to avoid the risk of Covid-19 infection. As well, hospital staffing shortages in both the U.S. and in Europe are also pressuring procedure volumes. In addition to the impact on treatment volumes, new account openings and cystoscope installations have been affected. However, the Company has continued to grow the base of BLC installations and Hexvix/Cysview kit usage during the pandemic, increasing its penetration of the global bladder cancer treatment market.

Photocure's main priority is the health and welfare of all Photocure employees and stakeholders. The Company continues to offer partial remote work

arrangements across its locations and functions and is fully operational.

Where access to hospitals and clinics is still restricted because of the situation in certain regions in which Photocure does business, Photocure's sales force has been trained to maintain contact as needed through digital channels in those regions in order to provide continuous optimal service and support.

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

Photocure retained its full commercial organization during the Covid-19 pandemic to ensure a rapid recovery as the situation improves. Cost-saving measures were implemented by the Company in 2020 and the first half of 2021 in order to reduce the financial impact of the Covid-19 pandemic. As access to care has begun to open since last year, Photocure has been, and plans to continue to increase its investment in its commercial operations to fund the growth of its business.

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

## Outlook

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

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



The global Covid-19 pandemic has had a negative impact on patient visits, BLC procedures, account access, and capital equipment installations since March 2020. The ongoing Covid-19 pandemic and more recent surges of Covid-19 Delta and Omicron variants add continued uncertainty to Photocure's near-term business forecast, which impacts the reliability of financial estimates. The Company believes that the benefits of Blue Light Cystoscopy with Hexvix/Cysview offering superior detection and management of bladder cancer will continue to be adopted and become the standard of care. In places where procedures have been postponed due to the fear of exposure to Covid-19, the pace of procedures is expected to rebound back to pre-Covid-19 growth rates in the U.S. with positive growth in the Company's European markets that were acquired in October 2020. Indicators of a potential rebound are: (1) continued growth and an increase in market penetration in the Company's U.S. business throughout the two-year pandemic period, (2) Photocure's strong pipeline of anticipated BLC tower placements in the U.S., and (3) early stabilization and rising kit orders driven in priority growth markets in Europe such as France, the U.K. and Italy. Photocure plans to continue supporting these efforts with additional clinical publications in scientific journals and data presentations at medical conferences to underscore the clinical benefits and cost-effectiveness of using BLC with Hexvix/Cysview.

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

Despite this pent-up demand, the ongoing pandemic and Karl Storz's planned transition to launch an upgraded version of its blue light system beginning in the first half of 2022 has limited the Company's ability to significantly expand the installed base of BLC capital equipment in the U.S. With the new Karl Storz blue light system anticipated to launch throughout the U.S. in the second quarter of 2022, Photocure expects that the placements of new blue light rigid towers will accelerate in the back half of the year. Meanwhile, the Company will continue to focus on increasing the use of Cysview in existing accounts as well as placing flexible BLC equipment, for which installation momentum is increasing.

The U.S. and Europe are Photocure's primary markets for growth, given the Company's two direct sales forces, and a majority of the market still to be penetrated by Hexvix/Cysview with BLC. Photocure regained the sales and marketing rights to Hexvix in continental Europe in the fourth quarter of 2020, and is positioned to take advantage of the growth opportunity throughout Europe. With the acquisition of these additional territories, the Company's European sales segment is expected to be EBITDA accretive in 2021 and beyond.

The timing of a full recovery from the pandemic remains unclear, due to the continued spread of the Covid-19 Delta and Omicron variants. As a result, Photocure is not issuing financial guidance at this time due to the inability to reliably forecast healthcare access trends across its direct markets. The Company anticipates that it will issue guidance later this year.

The Board of Directors and CEO  
Photocure ASA

Oslo, February 22, 2022

Jan Hendrik Egberts  
Chairperson

Johanna Holldack  
Director

Grannum R. Sant  
Director

Anders Tuv  
Director

Anne Worsøe  
Director

Daniel Schneider  
President and CEO



## Photocure Group

### Accounts for fourth quarter and preliminary full year 2021

#### Photocure Group – Statement of comprehensive income

		2021	2020	2021	2020
<i>(all amounts in NOK 1,000 except per share data)</i>	Note	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Sales revenues		94 524	97 896	354 124	256 482
Signing fees and milestone revenues	8	-	-	6 416	-
<b>Total revenues</b>		<b>94 524</b>	<b>97 896</b>	<b>360 540</b>	<b>256 482</b>
Cost of goods sold		-7 531	-6 941	-24 050	-18 511
<b>Gross profit</b>		<b>86 993</b>	<b>90 955</b>	<b>336 490</b>	<b>237 971</b>
Indirect manufacturing expenses	3	-4 103	-3 205	-14 828	-12 751
Research and development expenses	3	-1 235	-3 488	-4 322	-13 838
Marketing and sales expenses	3	-75 560	-62 353	-259 867	-187 811
Other operating expenses	3	-17 594	-14 443	-63 298	-46 775
<b>Total operating expenses</b>		<b>-98 492</b>	<b>-83 489</b>	<b>-342 315</b>	<b>-261 175</b>
<b>EBIT before restructuring</b>		<b>-11 499</b>	<b>7 466</b>	<b>-5 826</b>	<b>-23 204</b>
Restructuring	6	-	-2 468	-	-12 854
<b>EBIT including restructuring</b>		<b>-11 499</b>	<b>4 998</b>	<b>-5 826</b>	<b>-36 058</b>
Financial income	6	5 965	4 313	26 212	26 439
Financial expenses	6	-27 498	-9 712	-52 042	-23 607
<b>Net financial profit/loss(-)</b>		<b>-21 533</b>	<b>-5 399</b>	<b>-25 830</b>	<b>2 832</b>
<b>Profit/loss(-) before tax</b>		<b>-33 032</b>	<b>-401</b>	<b>-31 656</b>	<b>-33 226</b>
Tax expenses	4	4 881	10 630	759	10 823
<b>Net profit/loss(-)</b>		<b>-28 150</b>	<b>10 229</b>	<b>-30 897</b>	<b>-22 403</b>
Other comprehensive income		869	-1 264	-1 311	-681
<b>Total comprehensive income</b>		<b>-27 281</b>	<b>8 965</b>	<b>-32 208</b>	<b>-23 084</b>
Net profit/loss(-) per share, undiluted	5	-1.05	0.38	-1.15	-0.91
Net profit/loss(-) per share, diluted	5	-1.05	0.38	-1.15	-0.91

## Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	31.12.2021	31.12.2020
<b>Non-current assets</b>			
Customer relationship	6	145 881	162 552
Goodwill	6	144 000	144 000
Fixed assets	7	33 575	7 370
Deferred tax asset	4	53 003	49 879
<b>Total non-current assets</b>		<b>376 459</b>	<b>363 801</b>
<b>Current assets</b>			
Inventories		27 534	29 678
Accounts receivable		47 980	43 097
Other receivables		14 780	4 584
Cash and short term deposits	9	322 895	334 887
<b>Total current assets</b>		<b>413 189</b>	<b>412 245</b>
<b>Total assets</b>		<b>789 648</b>	<b>776 047</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	13 487	13 359
Other paid-in capital		410 734	384 005
Retained earnings		78 412	110 769
<b>Shareholders' equity</b>		<b>502 632</b>	<b>508 133</b>
<b>Long-term liabilities</b>			
Earnout liability	6	139 350	143 668
Long term loan financial institution	10	12 500	37 500
Other long-term liabilities	7	33 163	6 966
<b>Total long-term liabilities</b>		<b>185 013</b>	<b>188 134</b>
Accounts payable		23 648	23 316
Short term part of longterm liability	7	25 000	12 500
Other short-term liabilities		53 355	43 965
<b>Total liabilities</b>		<b>287 015</b>	<b>267 914</b>
<b>Total equity and liabilities</b>		<b>789 648</b>	<b>776 047</b>

## Photocure Group – Changes in equity

<i>(Amounts in NOK 1,000)</i>	2021 Q4	2020 Q4	2021 1.1 - 31.12	2020 1.1 - 31.12
<b>Equity at end of prior period</b>	<b>522 680</b>	<b>491 768</b>	<b>508 133</b>	<b>208 590</b>
Capital increase	2 396	3 700	13 945	314 704
Share-based compensation (share options employees)	4 873	3 700	12 665	7 922
Own shares	-36	-	97	-
Comprehensive income	-27 281	8 965	-32 208	-23 084
<b>Equity at end of period</b>	<b>502 632</b>	<b>508 133</b>	<b>502 632</b>	<b>508 133</b>



## Photocure Group – Cash flow statement

	2021	2020	2021	2020
(Amounts in NOK 1,000)	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Profit/loss(-) before tax	-33 032	-401	-31 656	-33 226
Depreciation and amortisation	6 022	7 711	24 127	19 292
Share-based compensation	4 874	3 659	12 665	7 881
Interest income	-169	-516	-1 807	-2 116
Interest costs	5 905	6 364	23 826	6 364
Adjustment earnout liability	17 220	-	17 220	-
Unrealized currency (- gains) / losses	-2 799	687	-14 869	815
Changes in contract receivable	-	10 617	-	22 956
Changes in working capital	8 574	-16 078	-3 222	-5 887
Other operational items	-297	-971	-2 398	-494
<b>Net cash flow from operations</b>	<b>6 298</b>	<b>11 071</b>	<b>23 886</b>	<b>15 585</b>
Net investments in fixed assets	-29	-249	-3 703	-1 605
Payment return of market rights Europe	-	-	-	-166 721
Received interest payments	169	516	1 807	2 116
<b>Cash flow from investments</b>	<b>140</b>	<b>267</b>	<b>-1 896</b>	<b>-166 209</b>
Share capital increase employees	2 396	3 700	13 945	13 001
Private placements	-	-	-	301 703
Paid earnout	-7 772	-	-28 818	-
Payment of lease liability	-1 631	-1 099	-5 306	-3 618
Long term loan	-6 250	-	-12 500	50 000
Other financial payments and transactions	-428	-895	-1 304	-895
<b>Cash flow from financing activities</b>	<b>-13 686</b>	<b>1 706</b>	<b>-33 983</b>	<b>360 191</b>
<b>Net change in cash during the period</b>	<b>-7 248</b>	<b>13 044</b>	<b>-11 992</b>	<b>209 567</b>
Cash & cash equivalents at beginning of period	330 143	321 842	334 887	125 320
<b>Cash &amp; cash equivalents at end of period</b>	<b>322 895</b>	<b>334 887</b>	<b>322 895</b>	<b>334 887</b>

## Notes to the accounts for fourth quarter and preliminary full year 2021

### 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 three wholly owned subsidiaries; Photocure Inc. registered in U.S, Photocure GmbH registered in Germany and Photocure SAS registered in France.

#### 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, 2020 (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 February 22, 2022.

Photocure performs the sales and distribution of Hexvix in the Nordic markets and from October 1, 2020 in the other 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. under the trade name Cysview. Photocure Inc. has U.S. dollars (USD) as functional currency.

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

#### Important accounting valuations, estimates and assumptions

##### IFRS 3

Photocure and Ipsen Pharma SAS (Ipsen) entered into a final agreement June 11, 2020 for a return of Hexvix sales, marketing and distribution rights in Europe and other markets controlled by Ipsen. Photocure has with the agreement obtained the market approval for the product Hexvix in all European countries previously served by Ipsen.

The residual value in the acquisition constitutes goodwill and is tested annually for impairment. The contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in profit or loss.

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 (U.S. and Europe) and other sales (partners and other products including sales revenues for Hivec). Development Portfolio includes development of pipeline products.

### 1.1-31.12 2021

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

### 1.1-31.12 2020

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
<b>Sales revenues</b>	<b>141 579</b>	<b>113 166</b>	<b>1 447</b>	<b>256 192</b>	<b>290</b>	<b>256 482</b>
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-12 224	-5 485	-595	-18 304	-207	-18 511
<b>Gross profit</b>	<b>129 354</b>	<b>107 681</b>	<b>852</b>	<b>237 887</b>	<b>83</b>	<b>237 970</b>
Gross profit of sales %	91 %	95 %	59 %	93 %	29 %	93 %
R&D	-970	-293	-	-1 263	-2 947	-4 210
Sales & marketing	-52 350	-127 452	-1 184	-180 985	-2 431	-183 417
Other & allocations	-27 664	-18 007	-5 735	-51 406	-2 849	-54 256
<b>Operating expenses</b>	<b>-80 984</b>	<b>-145 752</b>	<b>-6 919</b>	<b>-233 654</b>	<b>-8 228</b>	<b>-241 882</b>
<b>EBITDA</b>	<b>48 370</b>	<b>-38 071</b>	<b>-6 067</b>	<b>4 233</b>	<b>-8 145</b>	<b>-3 912</b>





Photocure – Results for fourth quarter and preliminary full year 2021

**Q4 2021**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	59 358	34 601	565	94 524	-	94 524
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-6 191	-1 060	-43	-7 294	-238	-7 532
<b>Gross profit</b>	<b>53 166</b>	<b>33 541</b>	<b>522</b>	<b>87 230</b>	<b>-238</b>	<b>86 992</b>
Gross profit of sales %	90 %	97 %	92 %	92 %		92 %
R&D	-529	-160	-	-688	-547	-1 235
Sales & marketing	-32 802	-35 204	-3 097	-71 102	-237	-71 339
Other & allocations	-10 260	-6 979	-1 573	-18 812	-1 075	-19 887
<b>Operating expenses</b>	<b>-43 591</b>	<b>-42 342</b>	<b>-4 670</b>	<b>-90 603</b>	<b>-1 858</b>	<b>-92 461</b>
<b>EBITDA</b>	<b>9 576</b>	<b>-8 801</b>	<b>-4 148</b>	<b>-3 373</b>	<b>-2 096</b>	<b>-5 469</b>

**Q4 2020**

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	56 598	41 083	214	97 896	-	97 896
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-5 321	-1 492	-129	-6 941	-	-6 941
<b>Gross profit</b>	<b>51 277</b>	<b>39 591</b>	<b>86</b>	<b>90 954</b>	<b>-</b>	<b>90 954</b>
Gross profit of sales %	91 %	96 %	40 %	93 %		93 %
R&D	-228	-69	-	-297	-1 063	-1 361
Sales & marketing	-24 995	-32 214	-170	-57 380	-748	-58 128
Other & allocations	-9 269	-4 167	-1 921	-15 357	-932	-16 288
<b>Operating expenses</b>	<b>-34 493</b>	<b>-36 450</b>	<b>-2 091</b>	<b>-73 034</b>	<b>-2 743</b>	<b>-75 777</b>
<b>EBITDA</b>	<b>16 784</b>	<b>3 141</b>	<b>-2 005</b>	<b>17 920</b>	<b>-2 743</b>	<b>15 177</b>

**Note 3 – Income statement classified by nature**

(Amounts in NOK 1 000)	2021 1.1-31.12	2020 1.1-31.12
Sales revenues	354 124	256 482
Signing fees and milestone revenues	6 416	-
Cost of goods sold	-24 050	-18 511
<b>Gross profit</b>	<b>336 490</b>	<b>237 971</b>
Payroll expenses	-210 552	-165 748
R&D costs excl. payroll expenses/other operating exp.	-2 657	-2 924
Ordinary depreciation and amortisation	-24 127	-19 294
Other operating expenses	-104 979	-73 209
<b>Total operating expenses recurring</b>	<b>-342 315</b>	<b>-261 175</b>
<b>EBIT recurring</b>	<b>-5 826</b>	<b>-23 204</b>

## Note 4 – Tax

<i>(Amounts in NOK 1 000)</i>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Income tax expense</b>		
Tax payable	-2 365	-712
Changes in deferred tax	3 124	11 535
<b>Total income tax expense</b>	<b>759</b>	<b>10 823</b>
<b>Tax base calculation</b>		
Profit before income tax	-16 690	-29 470
Permanent differences	2 087	-20 892
Temporary differences	10 050	-15 885
Change in tax loss carried forward	4 553	65 810
<b>Tax base</b>	<b>-</b>	<b>-437</b>
<b>Temporary differences:</b>		
<b>Total</b>	<b>-110 533</b>	<b>-120 464</b>
Tax loss carried forward	351 456	347 188
<b>Net temporary differences</b>	<b>240 923</b>	<b>226 724</b>
<b>Deferred tax benefit</b>	<b>240 923</b>	<b>226 724</b>
<b>Deferred tax asset</b>	<b>53 003</b>	<b>49 879</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 December 31, 2021 and December 31, 2020 is based on a tax rate of 22%.

The parent company has recognized a deferred tax asset regarding net temporary differences. Accumulated tax asset in the parent company at the end of December 2021 is NOK 53.0 million compared to NOK 49.9 million at end of 2020. There is no expiry on losses to be carried forward in Norway. The basis for recognition of a tax asset in Norway is the predicted future profit according to the business plan for all major markets and that temporary differences for the coming years will be reversed. The basis for the recognition of the tax asset is the assessment that there is convincing evidence that the deferred tax benefit will be utilized.

For further information refer to the annual report consolidated financial statements for the year ended December 31, 2020, note 11.

## Note 5 – Earnings per share

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



	2021	2020
<i>(Figures indicate the number of shares)</i>	1.1-31.12	1.1-31.12
Issued ordinary shares 1 January	26 717 536	21 796 387
Effects of share options exercised	142 718	141 971
Effect of treasury shares	-16 919	-16 572
Effect of shares issued		2 699 476
<b>Weighted average number of shares</b>	<b>26 843 335</b>	<b>24 621 488</b>
Effect of outstanding share options	264 553	173 933
<b>Weighted average number of diluted shares</b>	<b>27 107 888</b>	<b>24 795 421</b>
Earnings per share in NOK	-1.15	-0.91
Earnings per share in NOK diluted	-1.15	-0.91

## Note 6 – Marketing rights Europe and restructuring

Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen Pharma SAS (Ipsen) were acquired by Photocure 1 October 2020. The parties had entered into a final agreement where Photocure paid Ipsen EUR 15 million upon transfer on 1 October 2020. Ipsen reported sales up until this date and Photocure thereafter.

Ipsen receives in addition a deferred consideration in the range of 10 -15% of sales (years 1-7 post-transfer) and 7.5% of sales (years 8-10) in the previous Ipsen major markets. The deferred consideration is paid as quarterly earnout payments in EURO after the close of the quarter. The fair value of the deferred consideration is driven by future expected sales and is remeasured on a yearly basis. Photocure performed a remeasurement as of 31 December 2021. The remeasurement resulted in a fair value of NOK 139.5 reflecting an increase of fair value of NOK 17.2 million. The increased fair value has been recognized in profit or loss as a financial cost. To arrive at the remeasured fair value of NOK 139.5 million, Photocure has discounted the estimated earnout payments by an IRR according to the investment project. This IRR has been deemed appropriate as a discount rate for the earnout payments since the level of the payments will be subject to the same risk factors as the cash flow prognosis for the acquisition as a whole. The increased accrued earn-out liability relates to the future sales driven earn-out due to Ipsen. Future sales, given performance in 2021 and growth opportunities going forward, are expected to exceed forecasts prepared in connection with the transaction, and as a result the revenue based earn-out will increase as well.

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

The total undiscounted amount of the earnout may be in the interval of NOK 202 - 331 million depending on revenue and development of the currency exchange rate between EUR and NOK. According to our sensitivity analysis the corresponding net present value of the liability may decrease or increase by NOK 33 million.

Photocure has experienced an increase of the NOK currency vs EUR after October 2020. As of end December 2021 Photocure reports an unrealized currency gain of NOK 15.9 million for the earnout liability, an increase of NOK 2.4 million last quarter.

The costs related directly to this transactions and related costs incurred by Photocure in 2020 have been considered as infrequent and of unusual nature and specified in the statement of comprehensive income. The costs amount to NOK 12.4 million for 2020.

One intangible asset has been identified, Customer relationships. The customer relationships relate to existing customers in Europe which have previously been served by Ipsen. Customer relationships has been valued using



a multiperiod excess earnings method and the value at transaction date was NOK 166.7 million. Photocure has evaluated this asset to have an estimated value for 10 years from transaction date and the intangible assets is depreciated on a straight-line basis over this period.

Goodwill amounts to NOK 144 million including assembled workforce in Germany and this item is not depreciated but is tested against impairment as of end December 2021. The impairment analysis carried out confirms the goodwill value given the performance in 2021 and future growth opportunities that are expected to exceed forecasts prepared in connection with the transaction.

<b>Market rights Europe</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>01.10.2020</b>
<i>(Amounts in NOK 1 000)</i>	<b>Book value</b>	<b>Book value</b>	<b>PPA</b>
Customer relations	145881	162552	166 720
Goodwill	144000	144000	144 000
<b>Fair value</b>	<b>289881</b>	<b>306552</b>	<b>310 720</b>
Deferred payment	-139350	-143668	-144 000
Earnout incurred	34662		
<b>Cash payment</b>			<b>166 720</b>

## Note 7 – Fixed Assets and Right of Use Assets

	<b>Machinery &amp;</b>			
<i>(Amounts in NOK 1 000)</i>	<b>equipment</b>	<b>Intangibles</b>	<b>Right of use</b>	<b>Total assets</b>
<b>Net book value 31.12.2020</b>	<b>1 939</b>	<b>1 576</b>	<b>3 855</b>	<b>7 370</b>
Net investments and revaluation 2021	2 905	527	30 228	33 660
Depreciation and amortization	-1 116	-947	-5 392	-7 455
<b>Net book value 31.12.2021</b>	<b>3 728</b>	<b>1 156</b>	<b>28 691</b>	<b>33 575</b>

The right of use assets includes mainly the office rental agreements in Oslo, Dusseldorf and Princeton. The related lease liability is measured at the present value of the lease payments that are not paid at the commencement, discounted using the Groups incremental borrowing rate as the discount rate. The lease liability as of December 31, 2021 was NOK 29.6 million compared to NOK 3.9 million December 31, 2020 reflecting new office rental agreements.

## Note 8 – Contract revenue and receivable

Photocure entered January 2021 into a partnership agreement with Asieris MediTech Co., Ltd. (Asieris), a division of Jiangsu Yahong Meditech Co., Ltd., whereby Asieris has obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan. Based on the agreement, Photocure received an upfront payment of USD 750,000 from Asieris for the rights to Hexvix in the designated territories. Photocure will in addition receive payments of up to USD 1.4 million for the achievement of certain regulatory milestones including market approvals in Mainland China and Taiwan. Asieris will fund all costs to secure regulatory approvals of Hexvix in Mainland China and Taiwan.

Photocure has entered into a license agreement with Asieris Meditech Co., Ltd with a world-wide license to develop and commercialize the pipeline product Cevira. Cevira is a photodynamic drug-device combination product that is



being developed for non-surgical treatment of high-grade cervical dysplasia. Under the agreement Photocure has received signing fees of USD 5 million in 2019 and two milestones in 2020 of USD 1.5 million each. Photocure will receive additional development- and approval milestones depending on the outcome of the ongoing study.

## Note 9 – Fair value financial assets

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

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

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

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

<b>Market value hierarchy</b> <i>(Amounts in NOK 1 000)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets available for sale:				
- Money market funds	260 055	-	-	260 055
<b>Total</b>	<b>260 055</b>	<b>-</b>	<b>-</b>	<b>260 055</b>

## Note 10 – Long term loan

Photocure received a loan of NOK 50 million from Nordea in the second quarter 2020. The loan is secured under the State Guarantee Scheme for Loans to SME's (Covid-19 related). The loan carries a floating interest rate, and the effective interest rate at the end of the quarter was 2.7%. The loan is a three-year term loan, first year interest only, thereafter, from September 2021, quarterly repayments of NOK 6.25 million. The loan balance as of end December 2021, was NOK 37.5 million of which NOK 25 million are due within end next year.

## 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 2020	26 717 536	NOK 0.50	13 358 768
Share capital at 31 December 2021	26 973 820	NOK 0.50	13 486 910
<b>Treasury shares:</b>			
Holdings of treasury shares at 31 December 2020	15 666		7 833
Buy-back of shares	-	NOK 0.50	-
Sale(-)/Buy-back of restricted shares	-820	NOK 0.50	-410
<b>Holdings of treasury shares at 31 December 2021</b>	<b>14 846</b>		<b>7 423</b>



The table below indicates the status of authorizations as of December 31, 2021:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on 20 May 2021	2 682 000	4 023 000	750 000
Share issues after the General Meeting on 20 May 2021	-	-	153 751
Purchase of treasury shares after 20 May 2021	962	-	-
<b>Remaining under authorisations at 31 December 2021</b>	<b>2 682 962</b>	<b>4 023 000</b>	<b>596 249</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 December 31, 2021:

Name	Position	No. of shares	No. of restricted shares	No. of subscription rights
Daniel Schneider	President & CEO	51 901	18 353	295 000
Erik Dahl	Chief Financial Officer	19 730	7 133	122 500
Geoffrey Coy	VP & General Manager, North America	15 207	-	147 500
Grete Hogstad	VP Global Strategic Marketing & BD	25 153	5 566	77 500
Patricia Kelly	VP Global Human Resources	-	-	80 000
Anders Neijber	VP Global Medical Affairs and Clinical Development	-	-	28 000
Susanne Strauss	VP & General Manager of Europe	1 392	-	135 000
Jan H. Egbert	Chairperson of the board	14 500	-	-
Anders Tuv *	Board member	679 619	-	-

\* Anders Tuv represents Radforsk Investeringsstiftelse

The restricted shares have a three-year lock-up period and are subject to customary terms and conditions for employee incentive programs.

## Note 12 – Share options

On December 31, 2021, employees in Photocure had the following share option schemes:

Year of allocation	2021	2020	2020
Option program	2021	2020	2019
Number	736 000	391 750	228 000
Exercise price (NOK)	87.39 - 145.27	78.65 - 81.41	50.72 - 56.83
Year of expiry	2026	2025	2024



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

	31.12.2021		31.12.2020	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	981 534	66.28	231 700	39.76
Allocated during the year	756 000	142.57	988 500	66.44
Become invalid during the year	125 500	81.99	7 400	49.78
Exercised during the year	256 284	54.41	231 266	40.91
Expired during the year	-	-	-	-
Outstanding at end of period	1 355 750	109.61	981 534	66.28
Exercisable options at end of period	90 375	77.66	120 034	50.17

## Note 13 – Shareholders

Overview of the major shareholders as of December 31, 2021:

Major Shareholders	Citizen	Type	# Shares	%
Morgan Stanley & Co. LLC	United States	Nominee	2 586 368	9.6 %
Skandinaviska Enskilda Banken AB	Ireland	Nominee	1 169 106	4.3 %
The Bank of New York Mellon SA/NV	United Kingdom	Nominee	771 150	2.9 %
Nordnet Bank AB	Sweden	Nominee	726 545	2.7 %
Radforsk Investeringsstiftelse	Norway	Ordinary	679 619	2.5 %
RBC Investor services bank S.A.	Luxembourg	Nominee	572 944	2.1 %
Avanza Bank AB	Sweden	Nominee	539 835	2.0 %
The Bank of New York Mellon SA/NV	Ireland	Nominee	515 000	1.9 %
MP Pensjon PK	Norway	Ordinary	513 878	1.9 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	450 658	1.7 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	450 000	1.7 %
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	449 428	1.7 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	437 749	1.6 %
Skandinaviska Enskilda Banken AB	Finland	Nominee	436 000	1.6 %
The Bank of New York Mellon SA/NV	Denmark	Nominee	400 000	1.5 %
Verdipapirfondet KLP AksjeNorge	Norway	Ordinary	375 630	1.4 %
Verdipapirfondet Pareto Investment	Norway	Ordinary	365 000	1.4 %
The Northern Trust Comp, London Br	United Kingdom	Nominee	310 943	1.2 %
JPMorgan Chase Bank, N.A., London	United States	Nominee	304 865	1.1 %
The Bank of New York Mellon	United States	Nominee	303 732	1.1 %
<b>Total 20 largest shareholders</b>			<b>12 358 450</b>	<b>45.8 %</b>
Total other shareholders			14 615 370	54.2 %
<b>Total number of shares</b>			<b>26 973 820</b>	<b>100.0 %</b>



## Photocure Group – Alternative Performance Measures

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

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

Photocure uses the following alternative performance measures.

### EBITDA & EBIT

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

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

The reconciliation to the IFRS accounts is as follows:

	2021	2020	2021	2020
	Q4	Q4	Full Year	Full Year
<i>(all amounts in NOK 1 000)</i>				
<b>Gross profit</b>	<b>86 993</b>	<b>90 955</b>	<b>336 490</b>	<b>237 971</b>
Operating expenses excl depreciation & amortization	-92 470	-75 778	-318 188	-241 883
<b>EBITDA before restructuring</b>	<b>-5 477</b>	<b>15 177</b>	<b>18 302</b>	<b>-3 912</b>
Depreciation & amortization	-6 022	-7 711	-24 127	-19 292
<b>EBIT before restructuring</b>	<b>-11 499</b>	<b>7 466</b>	<b>-5 826</b>	<b>-23 204</b>

Full year 2020, Photocure incurred NOK 12.9 million in restructuring costs. Photocure chooses to measure before restructuring costs because adjustments of these items give a better basis for an evaluation of future results.

### 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:

	2021	2020	2021	2020
	Q4	Q4	Full Year	Full Year
USD (NOK per 1 USD)	8.72	9.02	8.59	9.41
EUR (NOK per 1 EUR)	9.97	10.76	10.16	10.73
DKK (NOK per 100 DKK)	134.08	144.53	136.66	143.89
SEK (NOK per 100 SEK)	98.50	104.76	100.25	102.27





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

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

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

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



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