

Photocure ASA Results for 4th Quarter 2021

February 23, 2022

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Fourth Quarter 2021 Highlights: Progress in both commercial regions despite Covid-19

+10%

**Adjusted* Hexvix®
/Cysview®
revenue growth**

*Adjusted for exclusion of one-time 340b accrual reversal in Q4 2020 and constant currency

**EBITDA
NOK -5.5
million**

Commercial investment in preparation for post-Covid growth and launch of upgraded BLC system in U.S.

**3 major
Studies &
Publications**

focusing on detection of
invasive lesions &
recurrences

Cochrane Review: beneficial effect of using BLC on disease recurrence & progression

2 U.S. Registry Publications:

- "Utility of Blue Light Cystoscopy for Post-BCG Bladder Cancer Recurrence Detection..." in The Journal of Urology
- "Role of BLC in Detecting Invasive Bladder Tumor" in the BJUI

**Expansion
& Partnership
Activity Q4:**

Canada & China

Canada: Photocure prepares for direct marketing of Cysview in Canada (Operations starting as of January 1, 2022)

China: Asieris initiates Hexvix early access program in Hainan region in December.



COVID-19 Update

Access restrictions continued with Delta/Omicron Variants

U.S.

- Restrictions continued in parts of the U.S. during Q4
- Leveraged community urology practices while hospital access remained limited
- Hospitals working through Covid-related staffing shortages
- Continue to anticipate normalized access and procedure volumes in Q2 2022

Europe

- Restrictions returned in Q4 due to Omicron wave
- Access limited to approximately half of hospitals during Q4 in Europe
- Staffing shortages in clinics had additional impact
- Majority of hospitals still expect gradual normalization from Q2 2022 onwards

Outlook both regions

- Covid-19 interruptions expected to continue to limit growth in 1Q 2022

Segment Trends

U.S. and Europe markets





Q4 2021 Momentum in U.S.

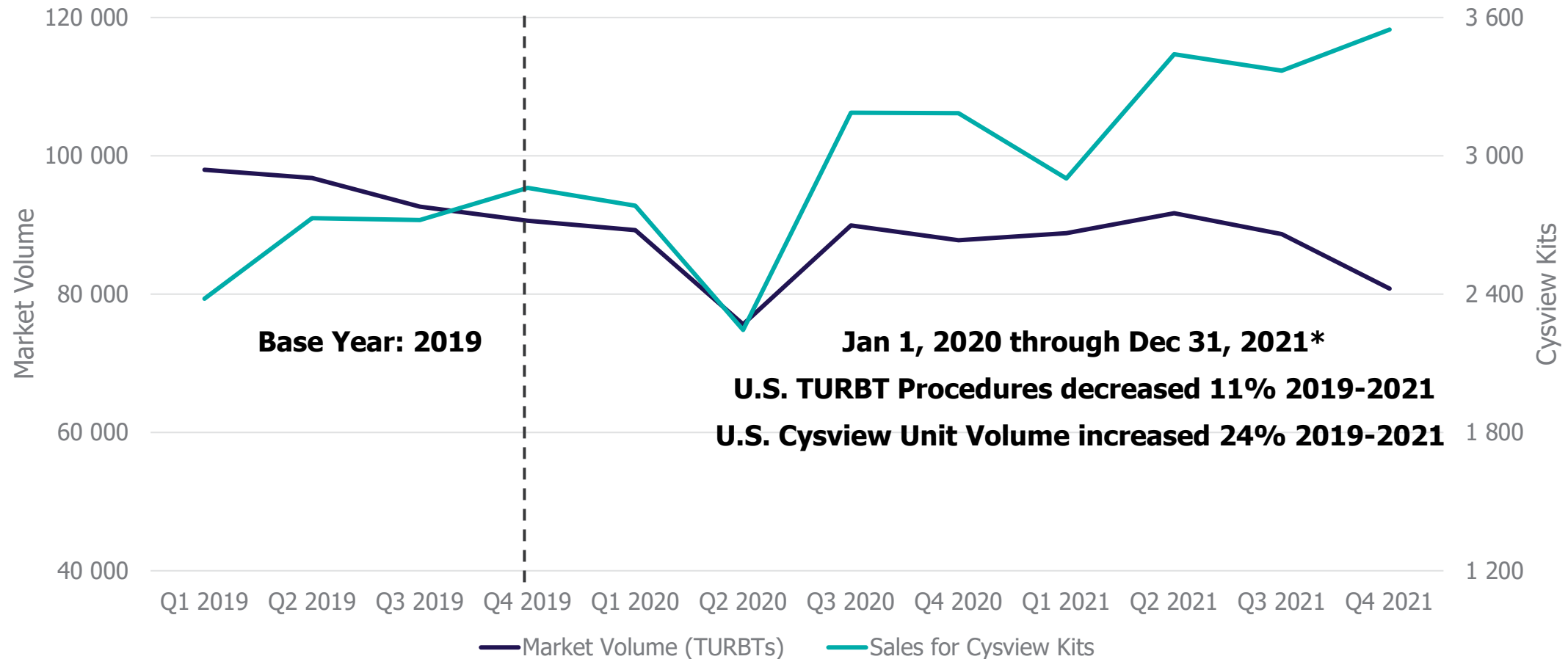
- **Continued business growth** during Covid-19 restrictions
- Unit **volume up 11% in Q4 2021, up 16% for FY 2021** year-over-year
- **Cysview uptake in the clinic was a focus in Q4;** flexible cystoscopy momentum rising
- **Contracting continues to be key growth driver** with accounts taking advantage of volume-based programs
- **OR access and staffing shortages remain a challenge** nationwide
- **Strong demand for both rigid and flexible BLC** capital equipment continues

Increase in U.S. Market Penetration During 2-year Covid-19 Pandemic



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Quarterly Sales for Cysview Kits vs Market Volume (TURBTs)



U.S. TURBT Procedures decreased 11% 2019-2021
U.S. Cysview Unit Volume increased 24% 2019-2021

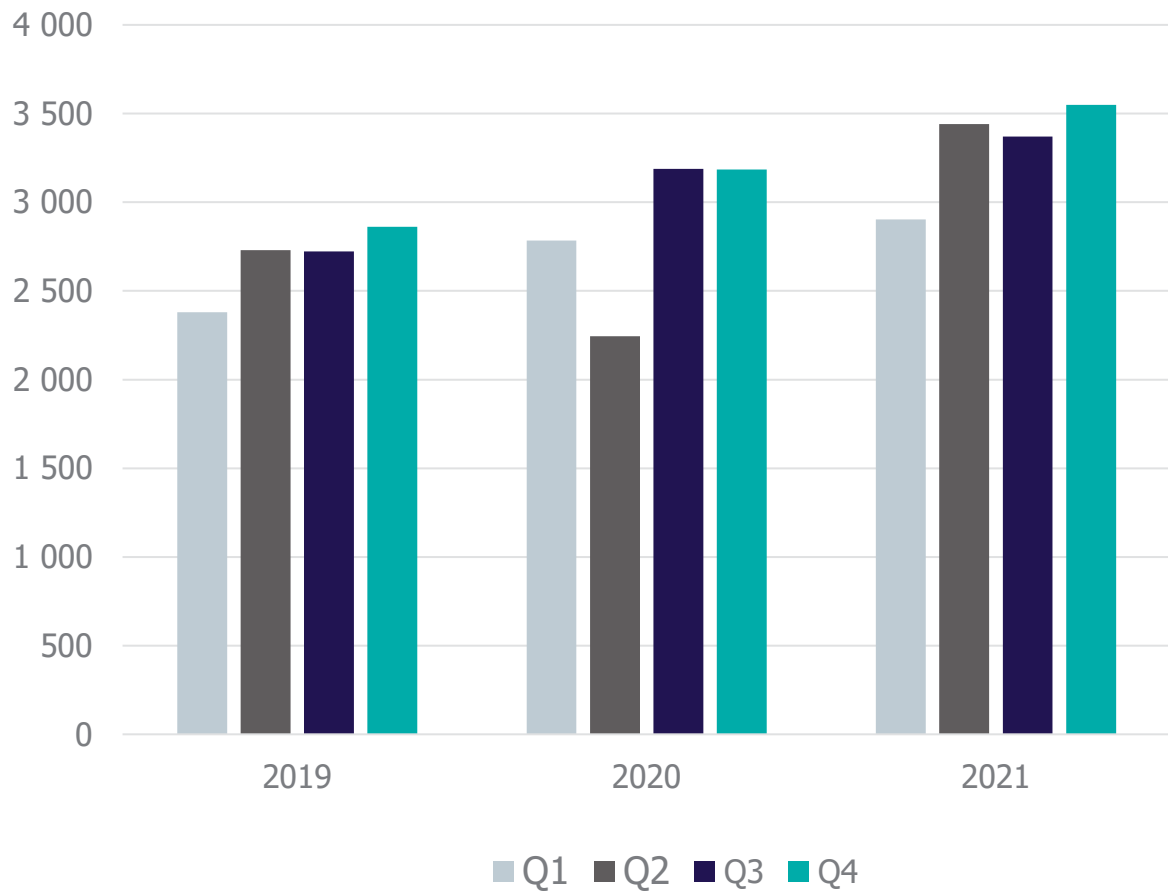
*Source: Definitive Health monthly claims data; commercial data through 12/21, Medicare data through 6/21. Medicare FY 2021 claims are projected
 Notes: (1) TURBTs = CPT 52204-52240; (2) 2019-2021 = full year; (4) 2021 = Jan to Dec factored to full year and includes projections for Medicare data; (5) Total Cysview units factored 95% TURBTs

Growth Trend Continues in U.S.

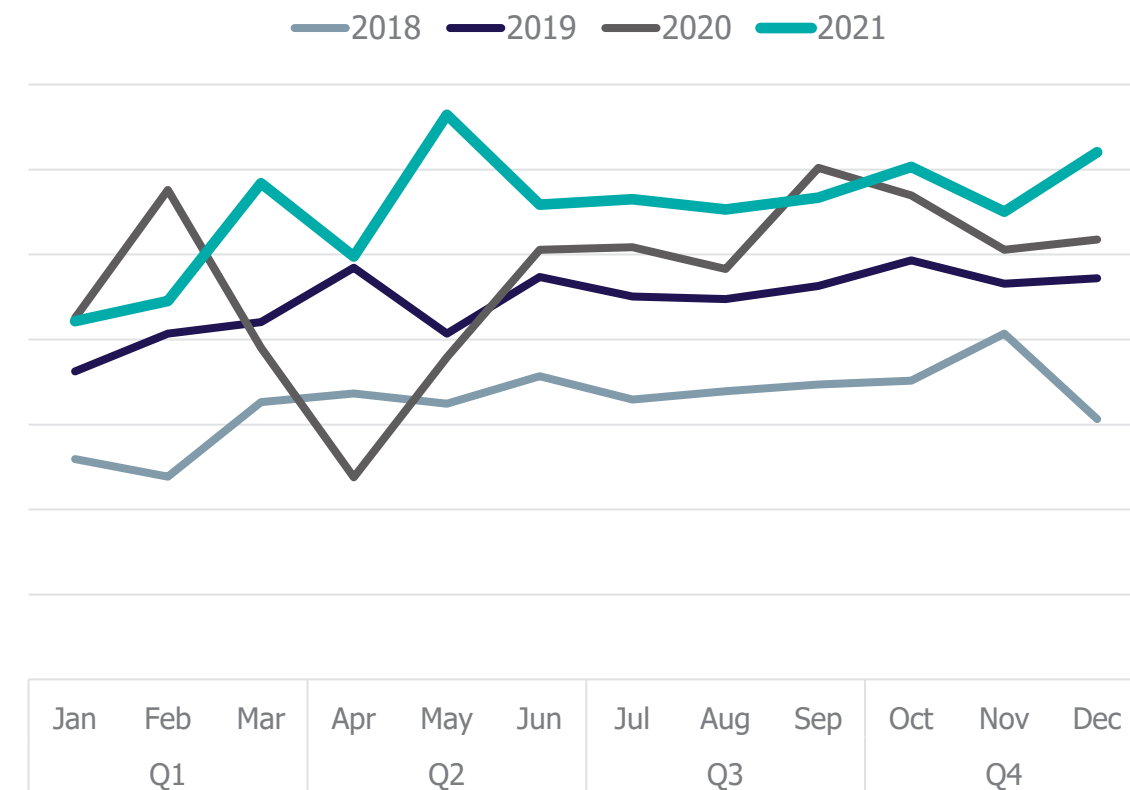
Despite surge of COVID-19 variants in Q4 2021



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Monthly Unit Sales Trend



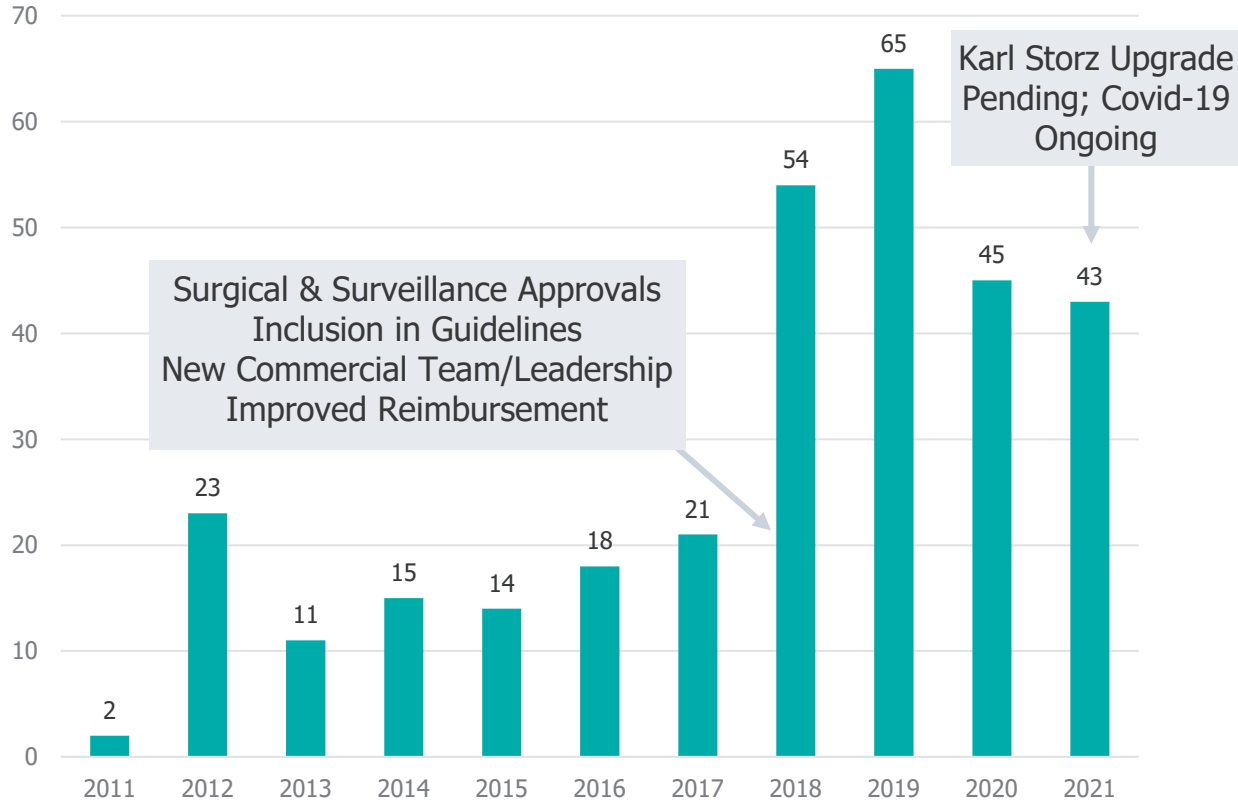
U.S. continued blue light cystoscope placements



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9 Tower installations in Q4 as customers await launch of upgraded Karl Storz system

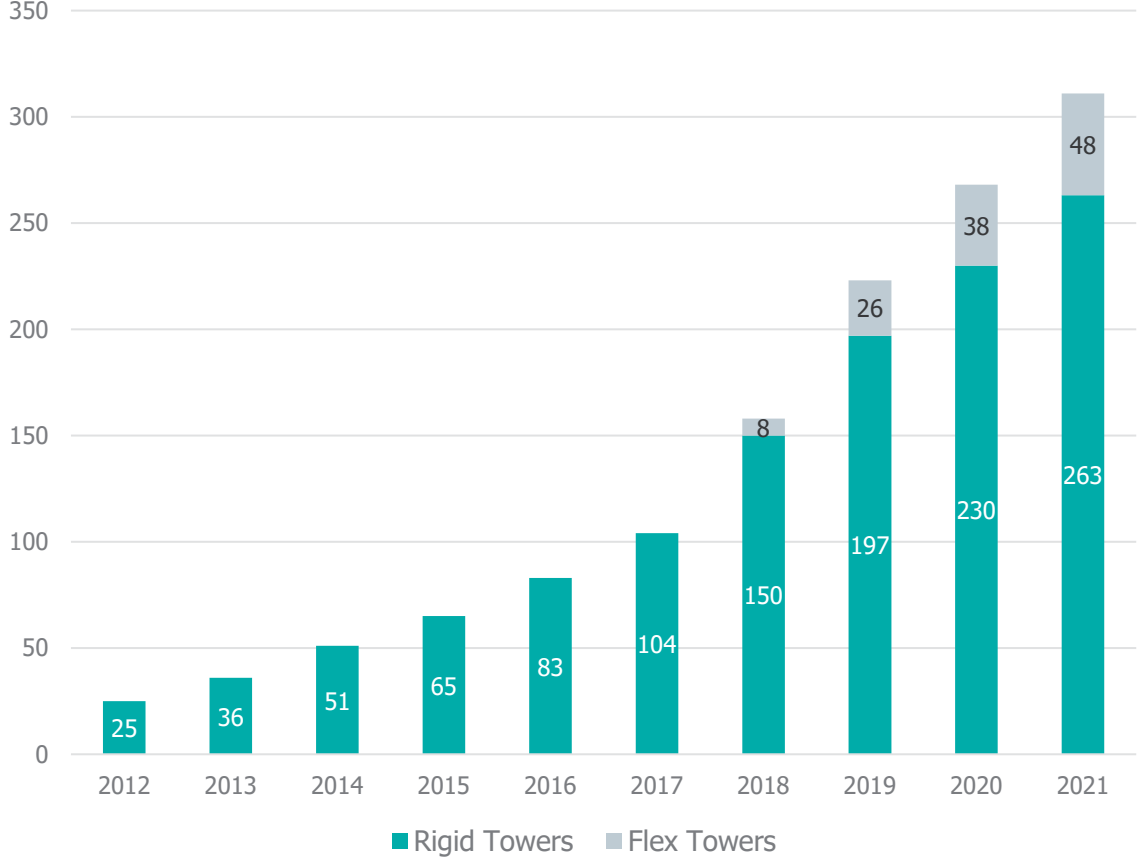
Annual New Installations



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

Q1 2021: 12 installations (9 Rigid & 3 Flex)
 Q2 2021: 8 Installations (7 Rigid & 1 Flex)
 Q3 2021: 14 Installations (11 Rigid & 3 Flex)
 Q4 2021: 9 Installations (6 Rigid & 3 Flex)

Cumulative install base continues strong trend



The New Blue Light will “Elevate the Standard”

The **NEW** Blue Light
powered by **SAPHIRA**



Improving the BLC experience with state-of-the-art image quality and practical features to make the technology more user friendly

Key Features and Benefits

Feature	Benefit
High Definition	Enabling precision Blue Light and razor-sharp quality in all visualization modes
New LED Light Source with 30,000-Hour Life	Providing more consistent light which won't degrade over time
New Fiber Light Cable	Giving HCPs convenient autoclave (sterilization) options
CHROMA Red Contrast Enhancement	Allowing more visualization of vascularity
Ergonomic Integrated Camera Head	Enabling “Blue Light Intensity Control” with an easy toggle between visualization modes and blue light output

Key Initiatives to Drive Growth in the U.S.



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CONTRACTING

Ongoing contracting with key health systems and community-based Urology Groups

REFRESHED CYSVIEW CAMPAIGN

New campaign tailored to key physician segments & to educate on the clinical benefits of using BLC

VETERANS AFFAIRS

Recent tower installations, pipeline building interest and demand with key VAs in the United States

PEER-TO-PEER

Virtual and on-site programs have increased access and surge of interest in Blue Light

PATIENT DEMAND

Cysview website locator map serving as a useful tool to get physicians to notice patients are looking for BLC locally

NON-PERSONAL PROMOTION

Expanding brand awareness, opening doors for sales reps through advertisements, mailers etc.

Q4 2021 Trends in Europe

- **Fourth Quarter unit volume up 12% vs. Q4 2020;** Positive development in Germany & priority growth markets (France, U.K., Italy), Covid-19 volatility was a factor in 2020 period
- **Full Year unit volume up 3% vs. 2020;** Commercial execution first full year after take-over despite pressure from Covid-19 impact
- **Successful bladder cancer bus tour through Europe;** ~63% of hospitals involved requested testing of new equipment
- **Photocure European KOL Faculty** cooperated on first UROwebinar “Bladder Cancer TURB” highlighting the use of BLC[®] with Hexvix; over 1,000 views to date

UROwebinar: Bladder cancer TURB

Moderator(s)
Prof. M. Rouprêt (FR)

Presenter(s)
Prof. P. Gontero (IT)
Dr. P. Mariappan (GB)
Dr. P. Sargos (FR)

Date & time
Wednesday, 24 November 2021, 18:30 - 19:30 CET



In this UROwebinar through a series of debates and troubleshooting challenges, participants will expand their knowledge on the pathology and molecular landscape of non-muscle-invasive bladder cancer (NMIBC) and its treatment consequences. Participants will receive updates on the diagnostics and staging of bladder cancer (BCa). They will discover more about NMIBC, specifically endoscopic diagnosis and therapy, treatment optimisation, the role of local and new systemic approaches and their optimal timing.

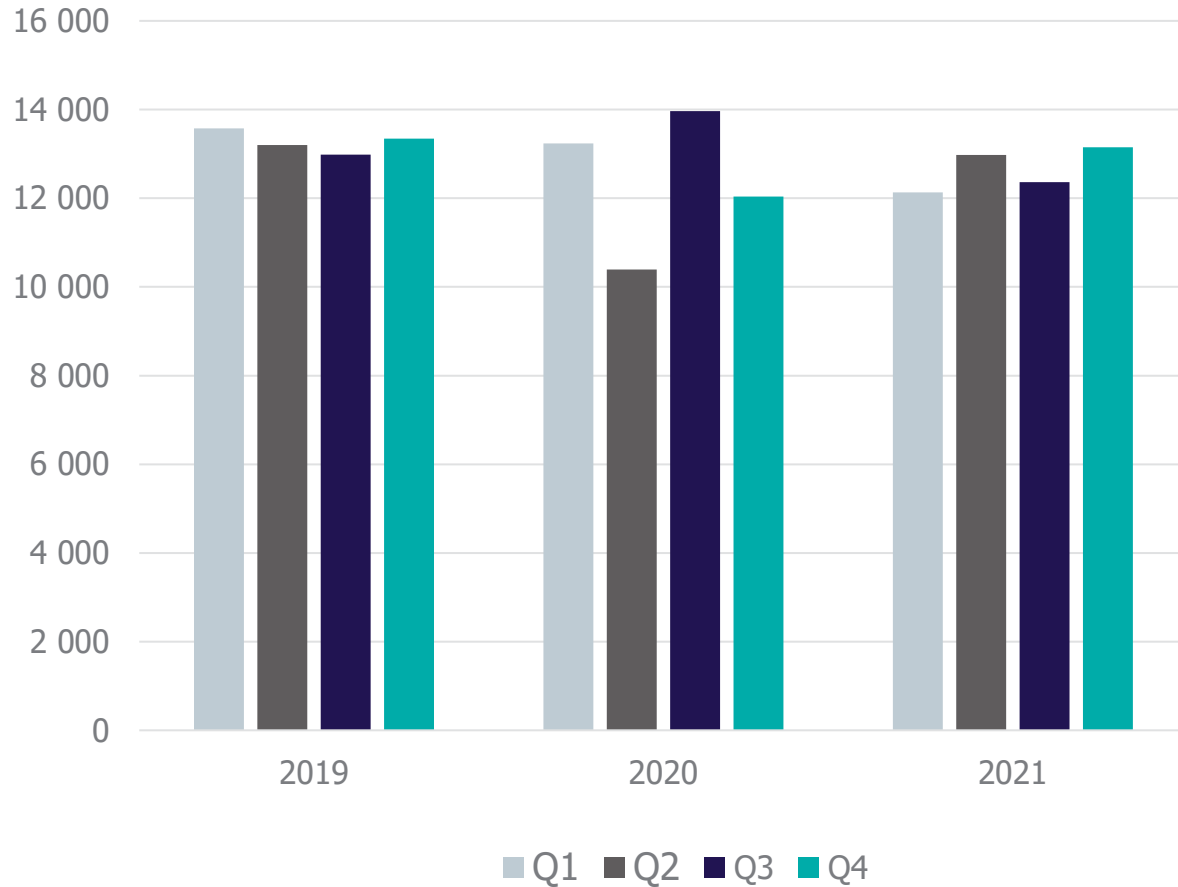
Additionally, participants will become more familiar with the evaluation of quality of life coming along with the bladder-sparing approach with regard to muscle-invasive bladder cancer (MIBC).

Europe positioned for growth after first full year

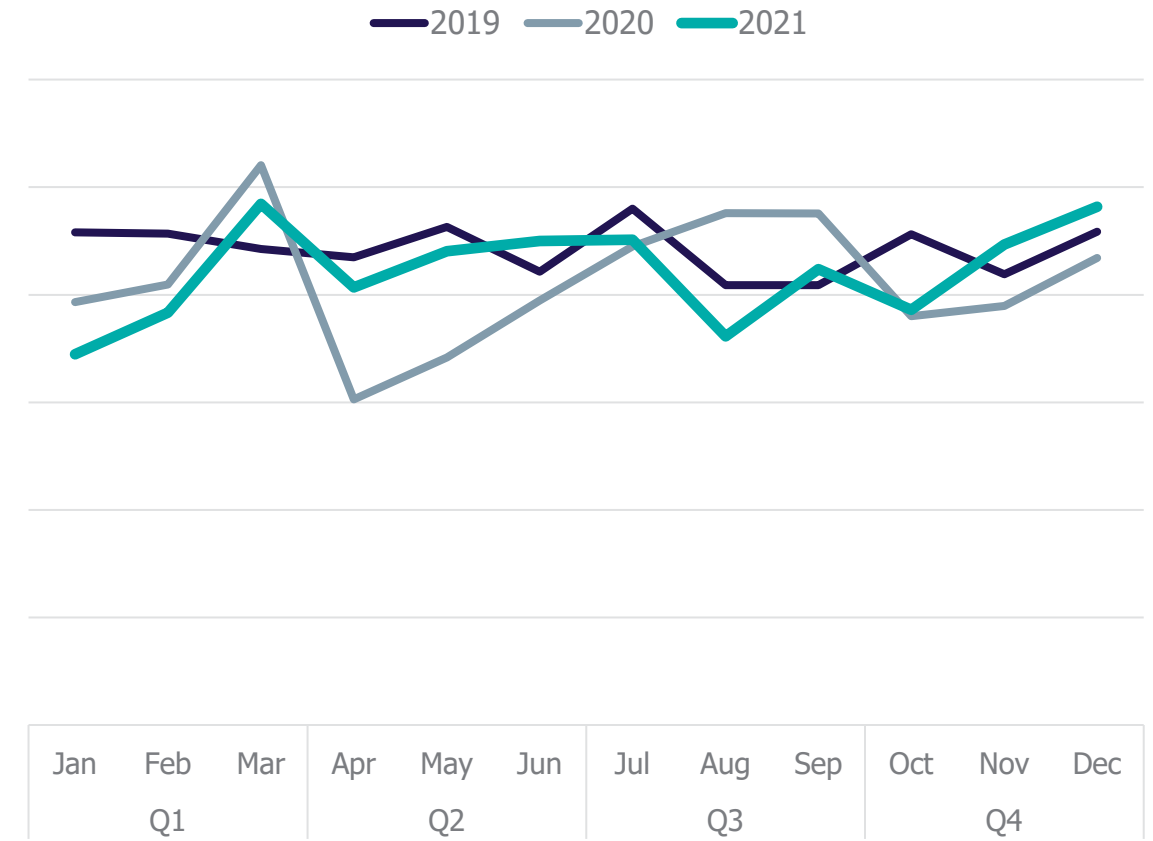
Continuing improvement despite multiple COVID-19 surges



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Monthly Unit Sales Trend



Large Untapped Potential in European Market

Established Hexvix Markets

Nordics: ~40% penetration

Active Hexvix Markets

DACH region: ~30% penetration

France: ~10% penetration

Benelux: ~10% penetration

Untapped Large EU Markets

UK, Italy, Spain, Poland

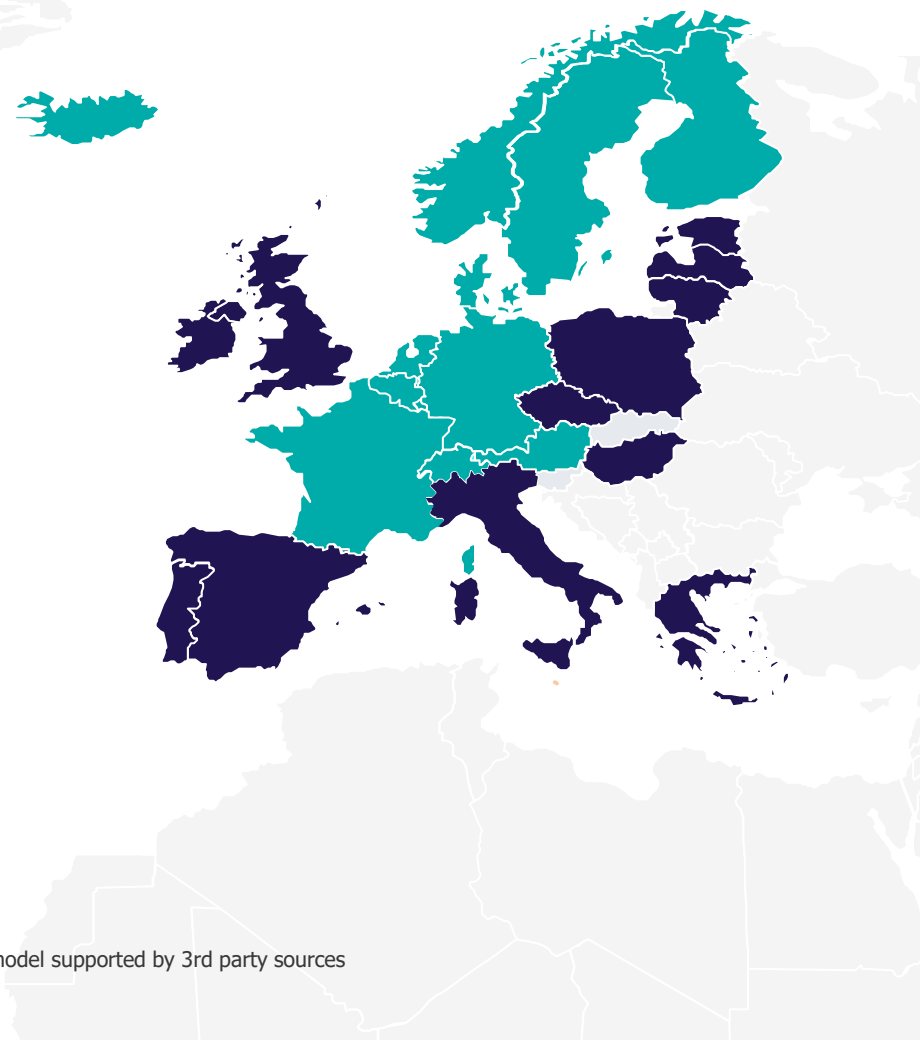
~0% penetration

Untapped Small EU Markets

Baltics, Czech Rep, Hungary,

Ireland, Greece, Portugal

~0% penetration



1. Globocan 2018 data on bladder cancer. Internal patient-based model supported by 3rd party sources
Photocure – Presentation of Q1 2021 Results

Change of Trend* Large European Future Growth Markets First Full Year After Take-Over Despite Covid



France

from -12% in 2020 to +11% in 2021



Italy

from -25% in 2020 to +13% in 2021



UK

from -37% in 2020 to +44% in 2021

*In-Market Units Sales

Key Initiatives to Drive Growth in Europe



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ESTABLISH ADVOCACY

Identify the strongest advocates for BLC among European top experts and leverage their experience

HEXVIX (RE)LAUNCH CAMPAIGN

Impactful campaign to clarify potential misconceptions about Hexvix in formerly neglected/new territories

BLC EQUIPMENT SUPPLIERS

Leverage cooperation opportunities with Equipment Suppliers realizing common business interests

KEY OPINION LEADER FACULTY

Group of experts to educate about BLC supported by developing Centers of Excellence across Europe

ORGANIZATION

Consistently meet opportunity with the right resource and competence level as the commercial situation develops in Europe

BUILD CUSTOMER INSIGHT

Build a strong customer data base in new territories identifying the hot spots for growth and execute

Q4 2021 Financials

Segment Performance Fourth Quarter 2021

U.S. Segment

<i>Amounts in NOK million</i>	Q4 '21	Q4 '20	Change	FY '21	FY '20	Change
Total revenues	34.6	41.1	-16%	125.2	113.2	11%
Gross profit	33.5	39.6	-15%	121.3	107.7	23%
<i>% of revenue</i>	<i>97%</i>	<i>95%</i>		<i>97%</i>	<i>95%</i>	
Direct costs	-34.0	-32.2	6%	-128.6	-130.7	-2%
Contribution ⁽²⁾	-0.5	7.4		-7.3	-23.0	
EBITDA	-8.8	3.1		-35.2	-38.1	
<i>% of revenue</i>	<i>-25%</i>	<i>8%</i>		<i>-28%</i>	<i>-34%</i>	

- Q4 revenue growth 11% excluding FX impact and one-off (reversed accrual in Q4 '20)
 - Sequential growth 9% in constant currency
- Unit volume increase Q4: 11% YoY
- Q4 direct costs growth as planned, full year below prior year

Europe Segment

<i>Amounts in NOK million</i>	Q4 '21	Q4 '20	Change	FY '21	FY '20	Change
Total revenues ⁽¹⁾	59.4	56.6	5%	225.8	141.6	59%
Gross profit	53.2	51.3	4%	207.3	129.4	60%
<i>% of revenue</i>	<i>90%</i>	<i>91%</i>		<i>92%</i>	<i>91%</i>	
Direct costs	-26.9	-18.1		-88.7	-30.4	
Contribution ⁽²⁾	26.2	33.2		118.6	98.9	
EBITDA	9.6	16.8		63.8	48.4	
<i>% of revenue</i>	<i>16%</i>	<i>30%</i>		<i>28%</i>	<i>34%</i>	

- Q4 revenue growth 12% in constant currencies
 - FX impact Q4: -7%
- Unit volume increase Q4: 12% YoY. Main drivers Germany, France, UK
- Headcount and expense increase as access to care improves

Consolidated Income Statement

Fourth Quarter 2021

<i>Amounts in NOK million</i>	Q4 '21	Q4 '20	Change	FY '21	FY '20	Change
Hexvix/Cysview Revenue	94.2	97.7	-4%	351.4	255.2	38%
Other Revenue	0.3	0.2		9.2	1.3	
Total Revenue	94.5	97.9	-3%	360.5	256.5	41%
Gross Profit	87.0	91.0	-4%	336.5	238.0	41%
Operating Expenses	-92.5	-75.8	22%	-318.2	-241.9	32%
EBITDA before Restructuring	-5.5	15.2		18.3	-3.9	
Depreciation & Amortization	-6.0	-7.7		-24.1	-19.3	
EBIT before Restructuring	-11.5	7.5		-5.8	-23.2	
Restructuring Expenses	-	-2.5		-	-12.9	
Net Financial Items	-21.5	-5.4		-25.8	2.8	
Earnings before Tax	-33.0	-0.4		-31.7	-33.2	
Tax Expenses	4.9	10.6		0.8	10.8	
Net earnings	-28.2	10.2		-30.9	-22.4	

Revenue

- Q4 total revenue driven by organic growth in both European and U.S. operations, offset by negative FX impact (~-5%) and a one-off reversed accrual in Q4 '20
 - Q4 growth 11% excl. FX impact & accrual reversal in Q4'20

Operating Expenses

- Q4 operating expenses increased YoY mainly due to investment in the European commercial operation

EBITDA

- Decline in Q4 EBITDA driven by the one-off reversed accrual in Q4 '20. EBITDA level with prior year adjusted for the one-off accrual reversal and FX

Net financial items

- Q4 and FY driven mainly by the Ipsen earnout payment and currency gain in addition to a non-cash valuation adjustment in Q4 of the earnout liability due to higher expected future sales in Europe

Cash Flow & Balance Sheet

Fourth Quarter 2021



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<i>Amounts in NOK million</i>	Q4 '21	Q4 '20	FY '21	FY '20
Operations Cash Flow	6.3	11.1	23.9	15.6
Earnings before tax	-33.0	-0.4	-31.7	-33.2
Depreciation & amortization	6.0	7.7	24.1	19.3
Adjustment earnout liability	17.2	-	17.2	-
Contract receivable (Asieris)	-	10.6	-	23.0
Working capital	8.6	-16.1	-3.2	-5.9
Other	7.5	9.2	17.4	12.5
Investments Cash Flow	0.1	0.3	-1.9	-166.2
Financing Cash Flow	-13.7	1.7	-34.0	360.2
Net Change in Cash	-7.2	13.0	-12.0	209.6

<i>Amounts in NOK million</i>	31.12.21	31.12.20
Non-current assets	376.5	363.8
Inventory & receivables	90.3	77.4
Cash & short-term deposits	322.9	334.9
Equity	502.6	508.1
Long-term liabilities	185.0	188.1
Current liabilities	102.0	79.8
Total balance	789.6	776.0

Cash Flow

- Net cash flow in Q4 NOK -7.2 million includes loan repayment of NOK 6.3 million and earnout payments of NOK 7.8 million, partly offset by working capital development of NOK 6.6 million
- Full year net cash flow includes loan repayment of NOK 12.5 million and earnout payments of NOK 28.8 million. The loan will be fully repaid in 2023
- FY net cash flow NOK -12.0 million, cash end of 2021 NOK 322.9 million

Financial position

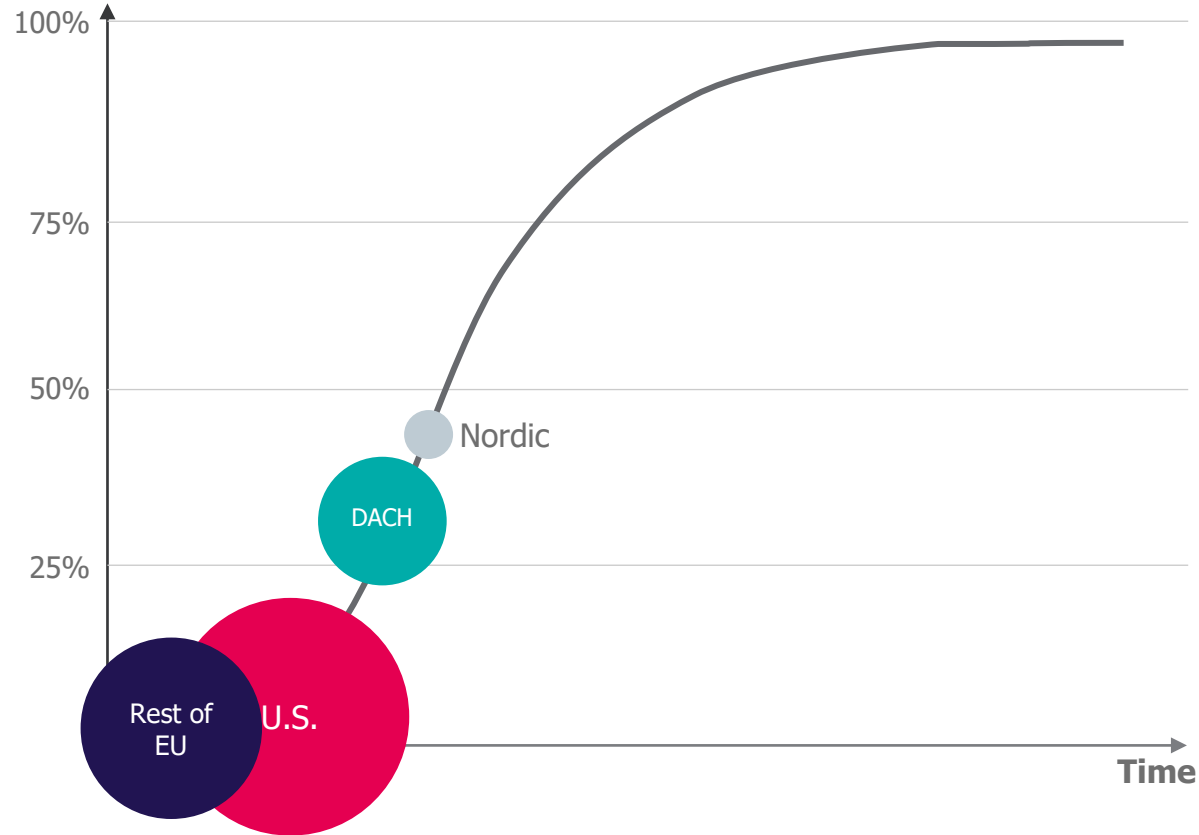
- Non-current assets includes intangibles and goodwill from Ipsen transaction totaling NOK 89.9 million
- Long-term liabilities includes deferred Ipsen earnout (NOK 139.4 million) and long-term portion of bank term loan (NOK 12.5 million)

Strategy for Shareholder Value Creation

Hexvix[®]/Cysview[®] – ambition to become standard of care in a \$1.9 billion total addressable market**

POSITION IN THE LIFE CYCLE

Penetration



KEY SUCCESS FACTORS

APPROVAL > SURGICAL & SURVEILLANCE

ACCEPTANCE > MAJOR & LOCAL GUIDELINES*

ACCESS > PERMANENT AND FAVORABLE REIMBURSEMENT

"ACTIVATED" AWARENESS > PATIENT DEMAND VIA ADVOCACY GROUPS AND MEDIA

ACCELERATE > COMMERCIAL INVESTMENT TO OPTIMIZE THE OPPORTUNITY

*AUA, EAU, SUO, AFU, NICE, DGU guidelines

**TAM = estimation of total addressable market U.S. and EU5

†Source: Photocure internal patient-based model built on Globocan 2019 EU5 data.

Photocure – Presentation of Q4 2021 Results

Anticipated Milestones & Corporate Priorities



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- Regain prior sales momentum once Covid-19 is in significant decline
- Co-launch Karl Storz's upgraded Blue Light system and expand base of BLC capital equipment in the U.S. and European markets
- Further execute on contracting with GPOs and large Hospital/Health Systems in the U.S.
- Continue geographic expansion by penetrating untapped European and Canadian markets, and through additional Hexvix licensing agreements ROW
- Present/publish additional clinical data on the use of BLC[®] with Hexvix[®]/Cysview[®]
- Report on the progress of partnered companies and license agreements
- Continue evaluating strategic product or business opportunities

Summary



Summary

Continuing to execute despite ongoing Covid-19 & pending Karl Storz BLC launch

- Delivered strong Hexvix/Cysview volume growth in Q4 2021 despite Covid-19 challenges
- Strong new account pipeline; customers anticipating new Karl Storz Blue Light system
- 9 new towers placed in the U.S. during Q4; demand for flexible BLC equipment increasing
- New Karl Storz system FDA approved in February; National launch expected in H1 2022
- Continuing to drive key initiatives in both commercial regions and with licensing partners
- Photocure is well-positioned for strong growth post-pandemic

Leading change in bladder cancer

Q&A