

Photocure ASA 4th Quarter & FY 2022 Results

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Dan Schneider, President and CEO

Erik Dahl, CFO



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4th Quarter & FY 2022 Highlights:



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Unit sales light in Q4, record blue light tower installations support growing demand

+10% Revenue growth

-8.0% Hexvix[®]/Cysview[®] unit sales

Record number of new tower installations: 57

(31 new BLC towers installed in Q4 + 26 "OPP" upgrade replacements); legacy accounts beginning to upgrade to Saphira[™], pipeline remains strong

Staffing shortages, hospital budget tightening were primary drivers of lower unit sales

Signs of rebound so far in Q1 2023

EBITDA NOK -16.9 million

NOK-7.8M ex-Business Dev. Expense

Commercial investment to support Hexvix/Cysview growth and launch of upgraded blue light system

Increased investment in Business Development Activities

\$1 million milestone received from Asieris for Cevira clinical progress

Key news and events

Advancement of Citizen's Petition to down-classify BLC equipment: 13 public comments* from health systems, equipment manufacturers, physicians, and patient advocacy groups supporting the need to expand number of BLC equipment manufacturers in the U.S.

New Flex Tower Installations on Hold due to Supply Component Disruptions (post-period): Karl Storz and Photocure assessing situation and evaluating options to restore equipment availability

Segment Trends

North America and Europe markets



Q4 challenges in post-pandemic environment



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A Public Health Crisis: Staffing Shortages in Healthcare

Keck School of Medicine USC – **15 October 2022**

[A Public Health Crisis: Staffing Shortages in Health Care | USC MPH](#)

Hospital Volumes Under Pressure As Labor Crisis Persists, Kaufman Hall says

HealthcareDive – **19 October 2022**

[Kaufman Hall Survey Link](#)

Hospitals Say They're Still Ailing From Covid-19.

Wall Street Journal – **4 November 2022**

<https://www.wsj.com/articles/hospitals-say-theyre-still-ailing-from-covid-19-their-investors-feel-better-11667554213>

More sick-leave in the year 2022...record year for sick-leave

Tagesschau.de – **21 February 2023**

<https://www.tagesschau.de/wirtschaft/verbraucher/krankschreibungen-deutschland-2022-101.html>

Staffing Shortages

–
Continuing to impact procedure volumes in both North America and Europe

Hosp. Budget Pressures

–
Elevated staffing costs & general inflation resulting in prioritization of activities

Industry data suggests TURBTs declined YOY in Q4 2022

Q4 2022 Trends in North America



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- **Q4 revenues up 12%/unit sales off 11% YoY; unit sales have rebounded so far in Q1 2023;** Q4 impacted by staffing shortages, lower procedure volumes, and focus on significant Saphira™ tower placements
- **Record blue light tower placements in Q4:** 57 installations including OPP; 24 new Saphira™ & 7 flexible new cystoscopes
- **Demand for new blue light equipment remains strong**
- **Legacy (non-OPP) accounts upgrading** to Saphira™ with some keeping old equipment operational to expand blue light capacity
- **Contracting & Medicare reimbursement remain important drivers:** Focus on increasing throughput of 69 existing flexible towers
- **Strong advocacy for Citizen's Petition** to reclassify blue light equipment; if approved, would enable an expedited pathway to expand the number of capital equipment manufacturers in the U.S.
 - Public comments by KOLs, BCAN (U.S. Patient Advocacy), Richard Wolf, UroViu, Health systems
 - New flex tower issue provides additional evidence of the need for BLC reclassification and creates additional pressure on regulatory authorities to address public health concern

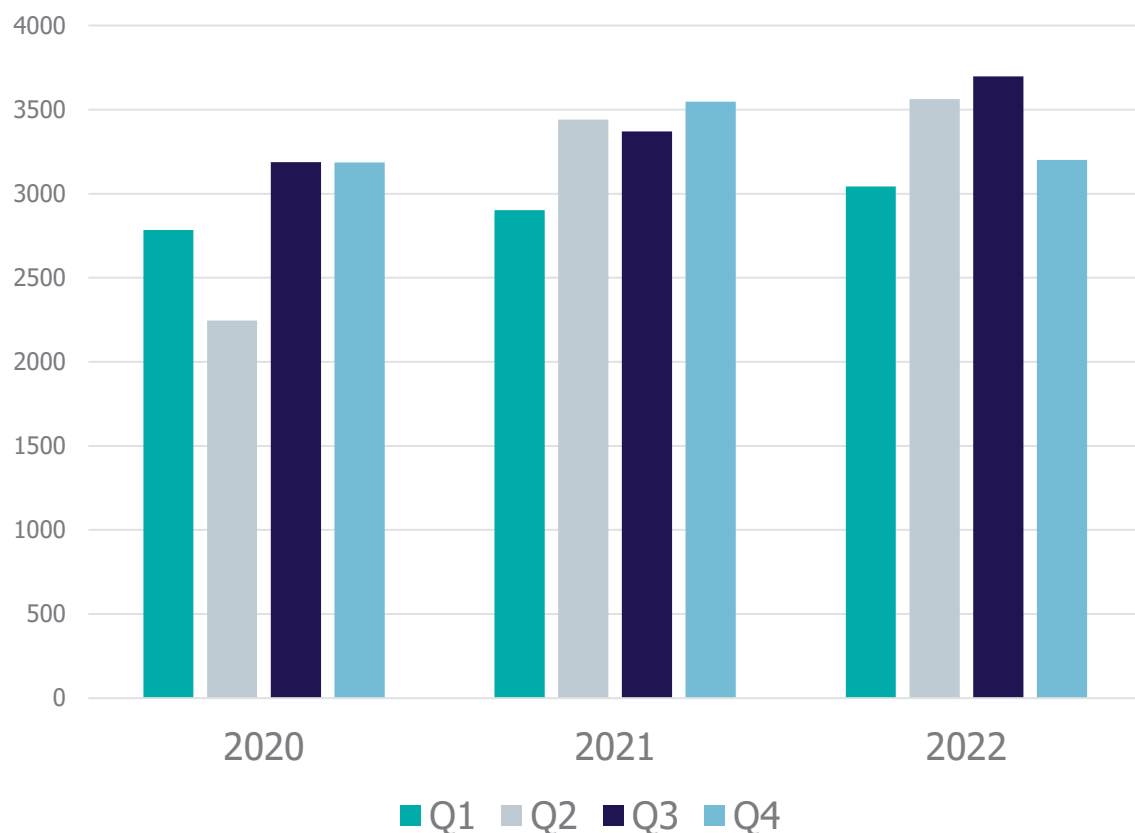


October 2022: Saphira virtual launch event

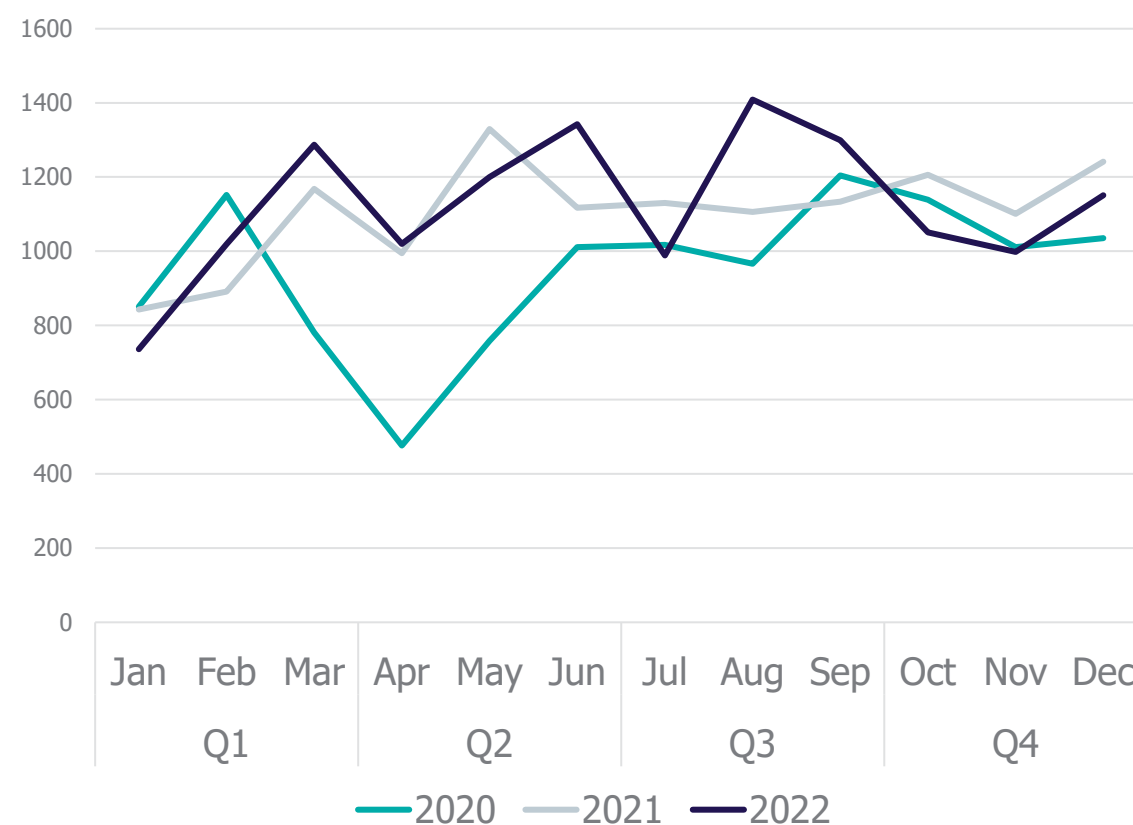
U.S. Unit Sales Trend by Quarter

Atypical Q4 unit sales pattern, signs of rebound in Q1 2023

US Quarterly Trend for Last 3 Years



Monthly Unit Sales Trend



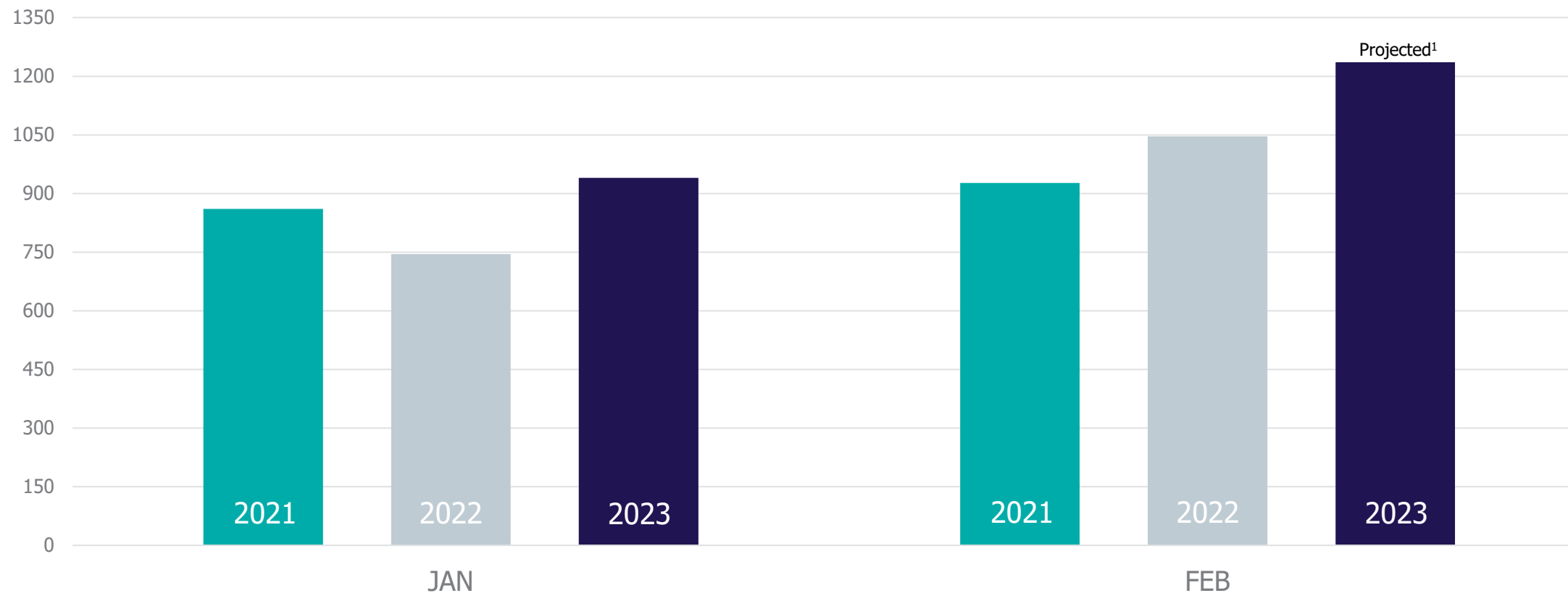
North American Unit Sales in Jan. & Feb. (to date)

Last 3 Years with February 2023 Projection



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Cysview Unit Sales



1. Projected with 6 days remaining in February

U.S. blue light cystoscope placements



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Record number of quarterly placements; 57 including OPP (31 new account placements)

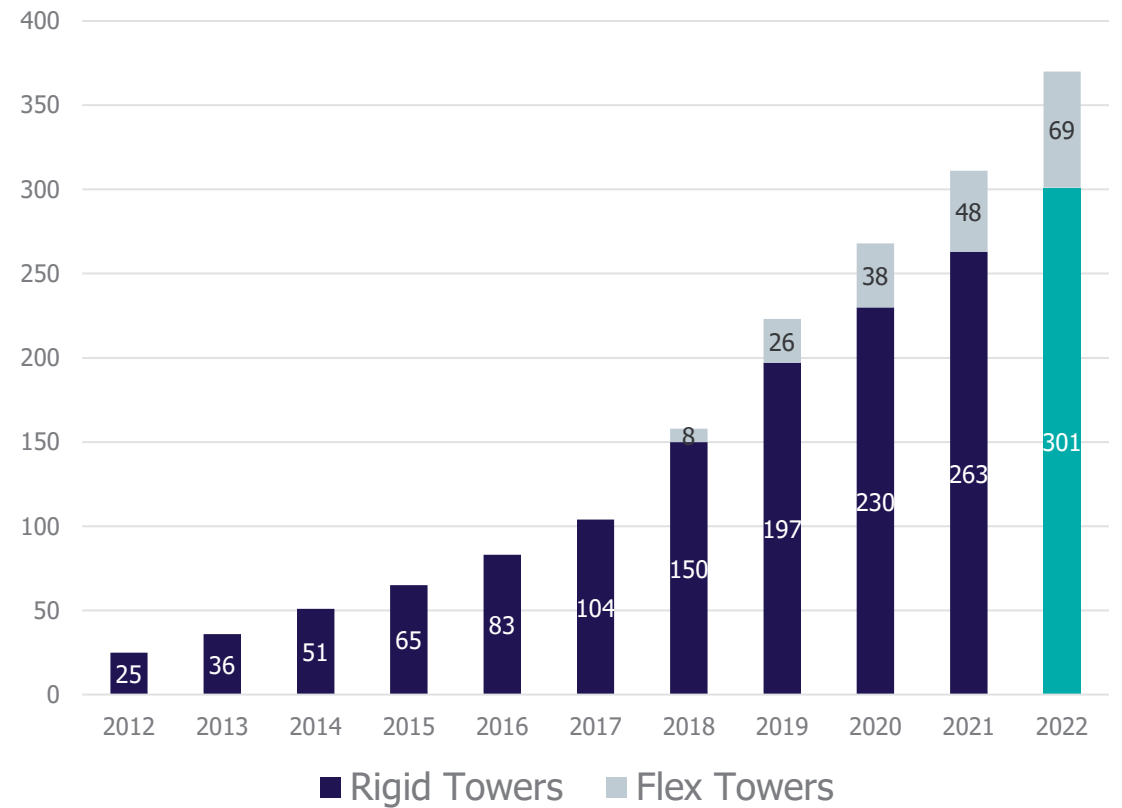
Annual New Installations



New Account Installations
 Q1 2022: 13 Installations (8 Rigid & 5 Flex)
 Q2 2022: 5 Installations (5 Flex)
 Q3 2022: 10 installations (6 Rigid & 4 Flex)
Q4 2022: 31 new installations (24 Rigid & 7 Flex)

Upgraded Existing Account Installations
Q4: 26 Obsolescence Protection Program upgrades

Cumulative install base continues strong trend



Q4 2022 Trends in Europe

- **Q4 revenues and unit sales down 5% and 8% respectively; unit sales in February 2023 appear to be recovering:** Phasing of year-end German hospital orders, staffing shortages and hospital budget tightening across European markets impacted Q4 performance
- **2023 anticipated to be first 12 months of open access in Europe** (focus on 80% of existing accounts that are underpenetrated)
- **Karl Storz Saphira™ system rollout gaining traction** image quality upgrades expected in Europe in 2023
- **Photocure Bladder Cancer Bus Tour:** high demand from German hospitals interested in BLC



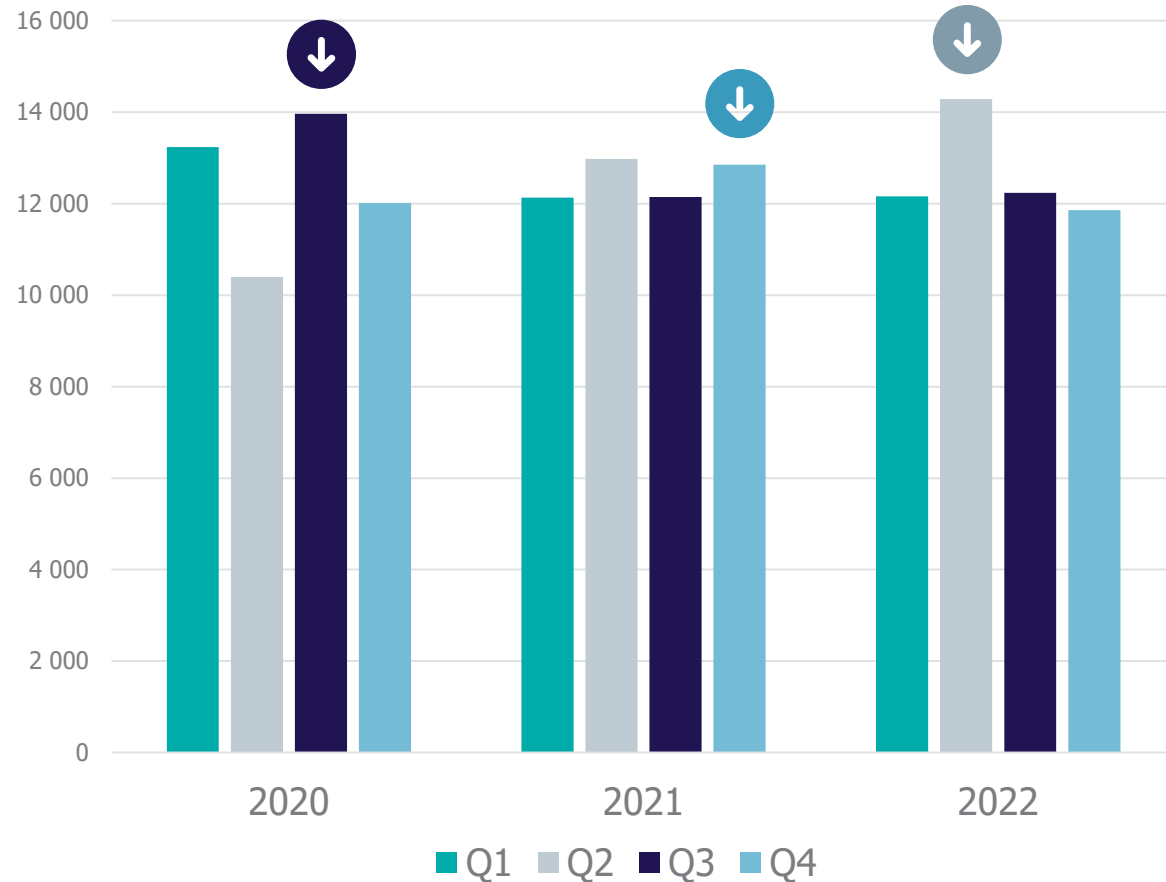
September 2022: Bladder Cancer Bus with BLC at DGU



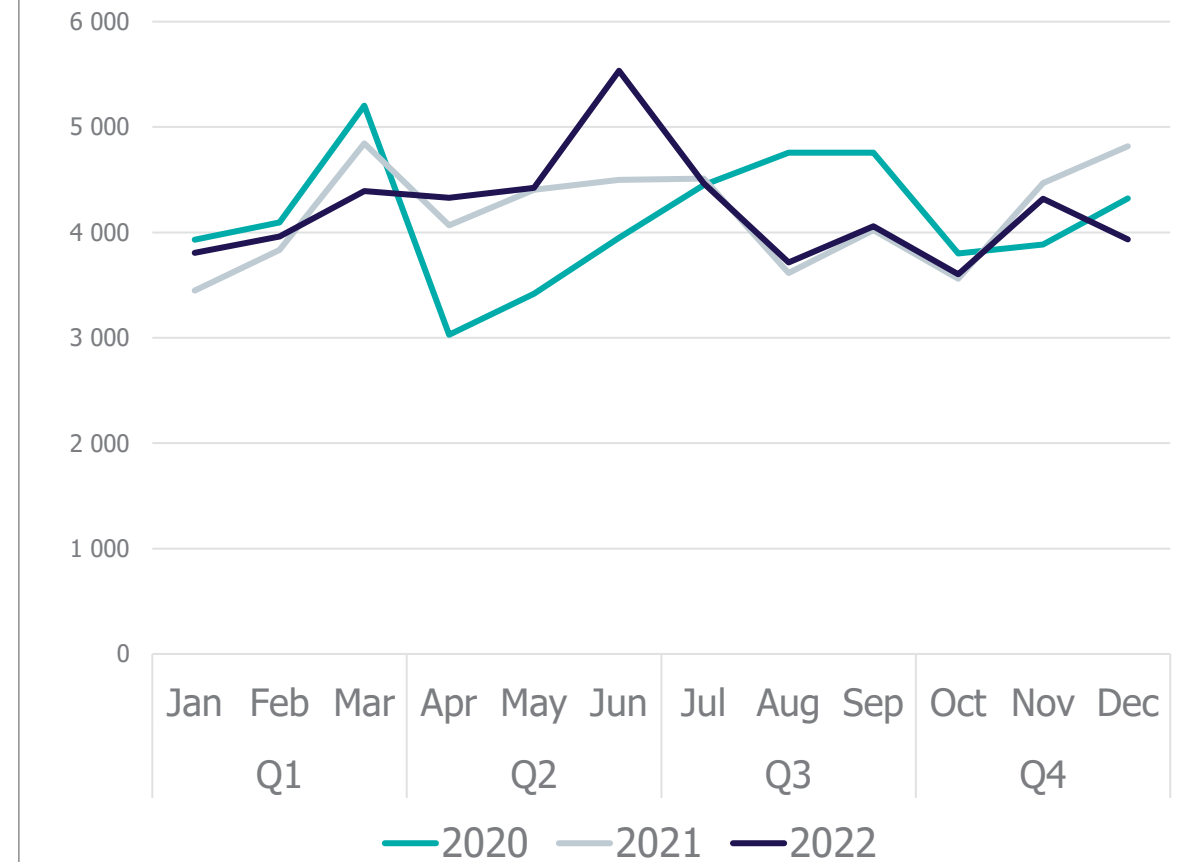
Europe Unit Sales Trend by Quarter

Proactive German hospital behavior (Ipsen merger, end of year budget spending, Hexvix price increase)

Europe Quarterly Trend Last 3 Years



Monthly Unit Sales Trend



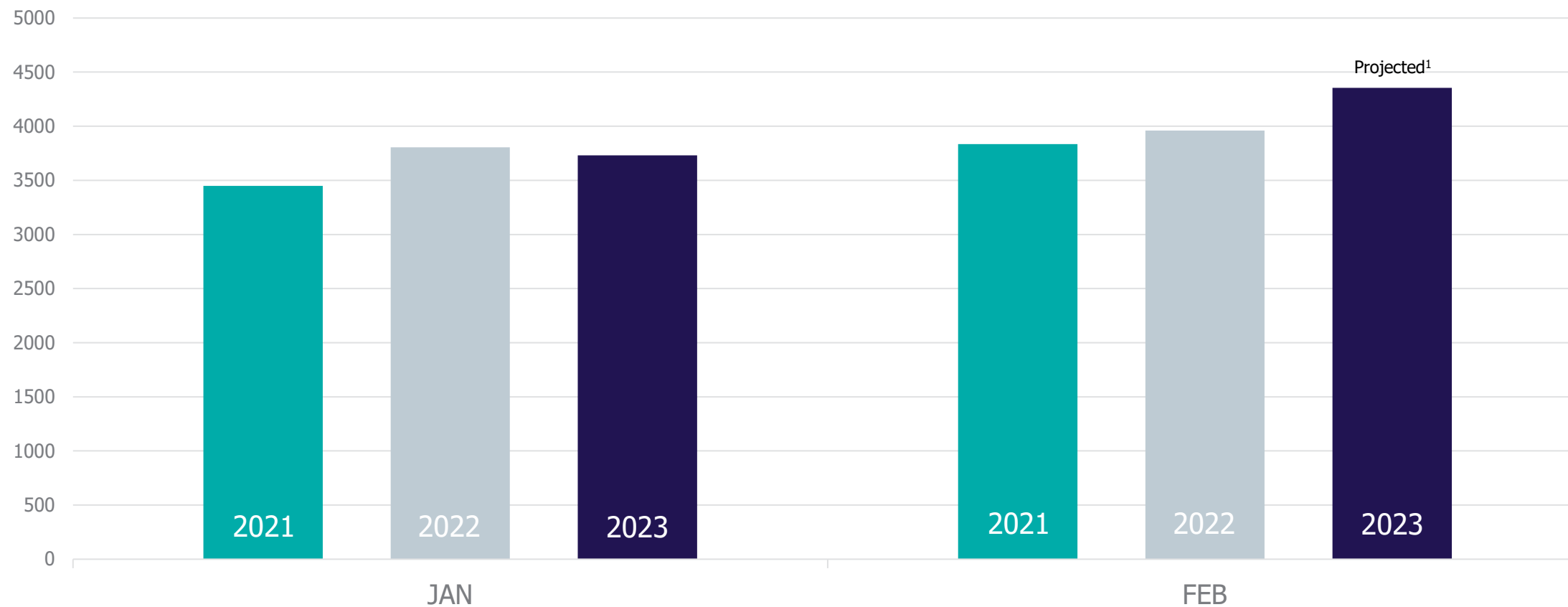
European Unit Sales in Jan. & Feb. (to date)

Last 3 Years with February 2023 Projection



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Hexvix Unit Sales (in Market)



1. Projected with 6 days remaining in February

Untapped Potential in European Market

Established Hexvix Markets

Nordics: ~40% penetration

Active Hexvix Markets

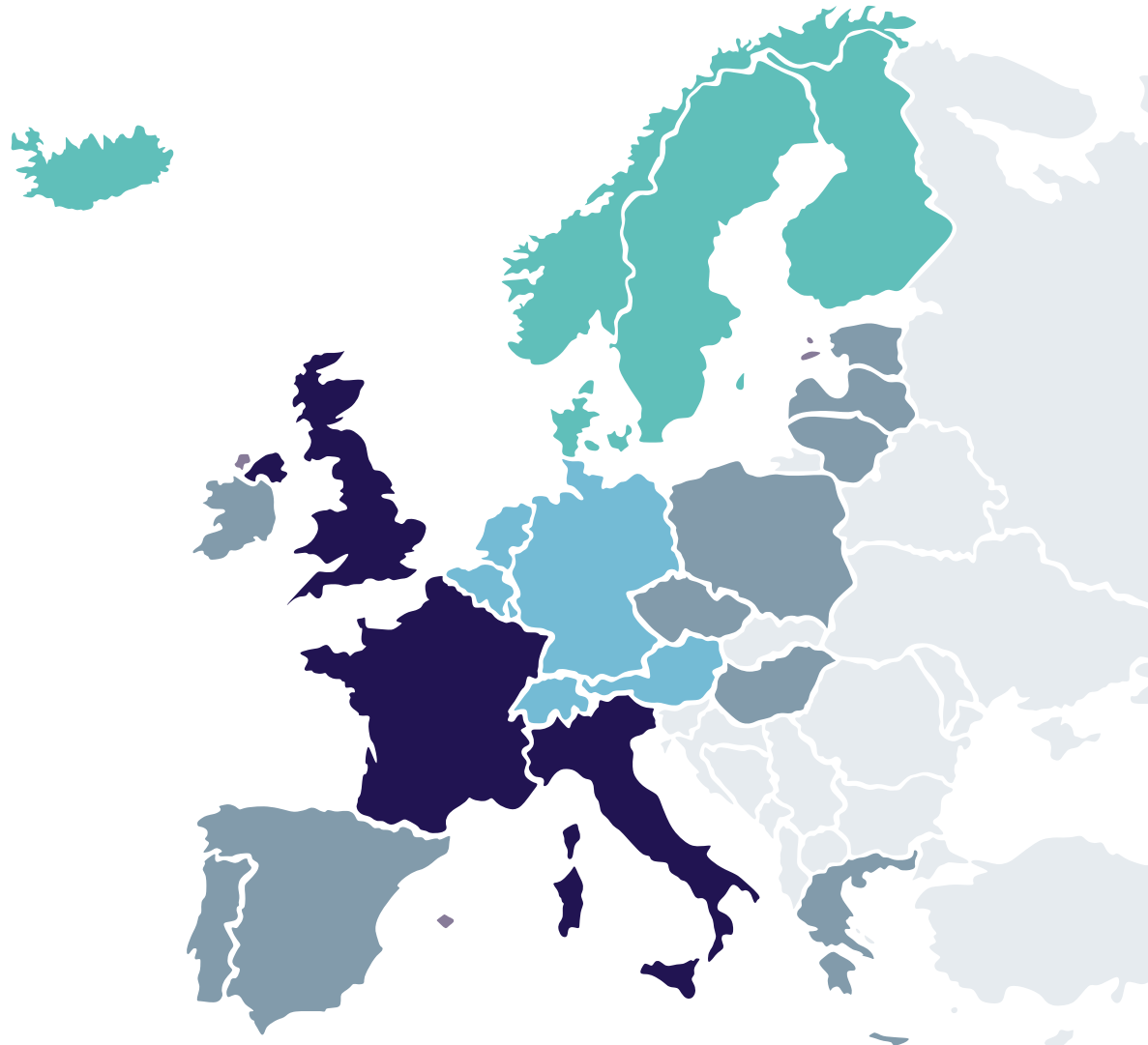
DACH: ~30% penetration
Benelux: ~10% penetration

Priority Growth Markets

France, UK, Italy
2% to 10% penetration

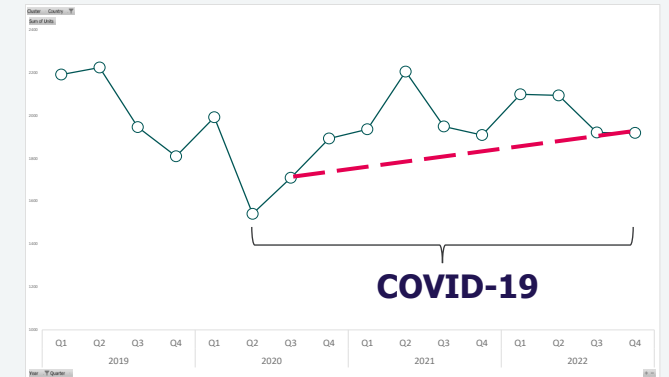
Untapped EU Markets

Spain, Poland, Baltics,
Czech Rep, Hungary, Ireland,
Greece, Portugal:
~0% penetration



Large European Priority Growth Markets*

France/UK/Italy



- These markets also affected by staffing shortages, financial pressures & equipment availability in Q4 2022
- High customer interest in these countries: focus is on image quality upgrades of existing accounts
- Expansion of installed base also expected in these regions
- Photocure EU conducting/participating in 68 congresses, events, & workshops

*In-Market Units Sales

Q4 Financials

Consolidated Income Statement

Fourth Quarter 2022



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<i>Amounts in NOK million</i>	Q4 '22	Q4 '21	Change	FY '22	FY '21	Change
Hexvix/Cysview Revenue	94.9	94.2	1%	373.0	351.4	6%
Other Revenue	9.3	0.3		20.1	9.2	
Total Revenue	104.2	94.5	10%	393.1	360.5	9%
Gross Profit	98.6	87.0	13%	370.4	336.5	9%
Operating Expenses excl BD	-106.4	-90.1	18%	-375.3	-315.8	19%
Business Development Expenses	-9.1	-2.4		-19.8	-2.4	
EBITDA – excluding BD	-7.8	-3.1		-4.8	20.7	
EBITDA – including BD	-16.9	-5.5		-24.6	18.3	
Depreciation & Amortization	-6.2	-6.0		-24.4	--24.1	
EBIT	-23.1	-11.5		-49.0	-5.8	
Net Financial Items	-5.5	-21.5		-22.1	-25.8	
Earnings before Tax	-28.6	-33.0		-71.1	-31.7	
Tax Expenses	7.1	4.9		-0.7	0.8	
Net earnings	-21.5	-28.2		-71.9	-30.9	

Revenue

- Q4 Hexvix/Cysview revenue 1% above last year, driven by price and FX, partly offset by volume
- Q4 total revenue 10% above last year. Q4 2022 includes USD 1.0 million milestone revenue related to Cevira

Operating Expenses

- Q4 operating expenses excluding business development activities increased YoY mainly due to FX (NOK 9 million), inflation and investments in the North America commercial operation
- Operating expenses within business development are related to the objective to increase the Company's product offering

EBITDA

- Q4 EBITDA negatively impacted by FX and business development expenses partly offset by milestone revenue of USD 1.0 million related to Cevira

Net financial items

- Q4 for both years driven mainly by the Ipsen earnout

Segment Performance Fourth Quarter 2022

North America Segment

<i>Amounts in NOK million</i>	Q4 '22	Q4 '21	Change	FY '22	FY '21	Change
Total revenues ⁽¹⁾	38.7	34.6	12%	150.8	125.2	20%
Gross profit	37.5	33.5	12%	145.9	121.3	20%
<i>% of revenue</i>	<i>97%</i>	<i>97%</i>		<i>97%</i>	<i>97%</i>	
Direct costs	-46.0	-34.0	35%	-162.9	-128.6	27%
Contribution ⁽²⁾	-8.5	-0.5		-16.9	-7.3	
EBITDA, excl BD	-17.5	-8.0		-49.4	-34.4	
<i>% of revenue</i>	<i>-45%</i>	<i>-23%</i>		<i>-33%</i>	<i>-27%</i>	

- Q4 revenue growth 12%. In-market unit sales declined 11%
 - FX impact USD 17%, price increase US 3%
- Q4 & YTD direct costs growth as planned, excluding impact from FX
 - YTD includes NOK 4.7m in expenses related to launch of Canadian operations

Europe Segment

<i>Amounts in NOK million</i>	Q4 '22	Q4 '21	Change	FY '22	FY '21	Change
Total revenues	56.2	59.4	-5%	221.8	225.8	-2%
Gross profit	52.1	53.2	-2%	205.0	207.3	-1%
<i>% of revenue</i>	<i>93%</i>	<i>90%</i>		<i>92%</i>	<i>92%</i>	
Direct costs	-29.5	-26.9	10%	-102.9	-88.7	16%
Contribution ⁽²⁾	22.6	24.9		102.1	118.6	
EBITDA, excl BD	5.6	10.8		42.4	65.0	
<i>% of revenue</i>	<i>10%</i>	<i>18%</i>		<i>19%</i>	<i>29%</i>	

- Q4 revenue decline 5%. FX impact in Europe (EUR) 4%
- In-market unit sales declined 8% in Q4, driven by quarterly phasing of German demand
- Headcount & costs increase as planned with improvement in access to care

Cash Flow & Balance Sheet

Fourth Quarter 2022



<i>Amounts in NOK million</i>	Q4 '22	Q4 '21	FY '22	FY '21
Operations Cash Flow	0.7	6.3	-2.0	23.9
Earnings before tax	-28.6	-33.0	-71.1	-31.7
Depreciation & amortization	6.2	6.0	24.4	24.1
Working capital	14.4	8.6	-0.2	-3.2
Other	8.7	24.7	44.9	34.6
Investments Cash Flow	0.8	0.1	-1.5	-1.9
Financing Cash Flow	-17.3	-13.7	-51.3	-34.0
Net Change in Cash	-15.8	-7.2	-54.8	-12.0

<i>Amounts in NOK million</i>	31.12.22	31.12.21
Non-current assets	360.8	376.5
Inventory & receivables	90.2	90.3
Cash & short-term deposits	268.1	322.9
Equity	462.7	502.6
Long-term liabilities	167.1	185.0
Current liabilities	89.2	102.0
Total balance	719.0	789.6

Cash Flow

- Net cash flow from operations in Q4 NOK 0.7m, impacted by EBITDA NOK -7.8m, business development expenses NOK 9.1m, working capital NOK 14.4m
- Net cash flow from financing in Q4 NOK -17.3m includes loan repayment of NOK 6.3m and earnout payments of NOK 7.3m
- Remaining loan NOK 12.5m, will be fully repaid in Q2 2023
- Net cash flow in Q4 NOK -15.8m, cash balance end of 2022 NOK 268.1m

Financial position

- Non-current assets includes intangibles and goodwill from Ipsen transaction totaling NOK 273.2m
- Long-term liabilities includes deferred Ipsen earnout totaling NOK 135.3m
- Equity NOK 462.7m, 64% of total assets

Summary



Summary of results

- 10% rev growth/8% unit sales decline in Q4; Saphira™ delay, staffing shortages, Q4 headwinds affected FY 2022
- 57 new BLC towers placed in U.S. during Q4 (31 new account installs: 24 Saphira™ & 7 flexible BLC towers)
- Pipeline of new Saphira™ towers indicates strong future demand for BLC equipment and procedures
- Improved Medicare reimbursement in the surveillance setting expected to increase flexible BLC usage
- Europe to benefit from healthcare access re-openings and Saphira™ system upgrades/new placements
- Continuing to drive key initiatives in both commercial regions and with licensing partners
- Potential down-classification of BLC equipment in U.S. could “unlock” the market for Cysview

2023 Anticipated Milestones & Corporate Objectives



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- Deliver 65-75 Saphira™ installs, product revenue growth above 20%, and generate positive EBITDA in 2023
- Continue to execute on Saphira™ launch to significantly expanding the base of BLC® capital equipment in North America, as well as raising visibility on improved Medicare reimbursement the surveillance settings
- 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 data from patient registries and other studies on the use of BLC® with Hexvix/Cysview
- Evaluate strategic product or business opportunities that leverage organizational strengths

LABORATORY

Leading change in bladder cancer

Q&A