



Quarterly Report

Q4 2020

PHOTOCURE.COM/INVESTOR/REPORTS-AND-PRESENTATIONS/



THE
BLADDER CANCER
COMPANY



Highlights for fourth quarter 2020

(Numbers in parentheses and comparisons are for the corresponding period in 2019.)

- Hexvix/Cysview revenue increased 66% YoY in the fourth quarter driven mainly by the consolidation of revenues from the acquisition of the Ipsen territories, as well as growth in the Company's U.S. segment.
- Unit sales in the U.S. increased 11% YoY for the fourth quarter. The installed base of blue light cystoscopes in the U.S. was 268 (223) at the end of the fourth quarter, an increase of 45 installed cystoscopes or 20% from the same period last year. The installed base included 38 flexible cystoscopes.
- Successful transition and launch of European Hexvix operations. The acquired operation generated revenue of NOK 47.2 million in the fourth quarter.
- EBITDA before restructuring costs for the fourth quarter was NOK 15.2 million (NOK 54.8 million).
- Cash balance at the end of the fourth quarter of 2020 was NOK 335 million. Fourth quarter net cash flow was NOK 13 million.
- Photocure's partner Asieris dosed the first patient in its global phase III clinical trial for Cevira (APL-1702) in the fourth quarter, and in connection to this event, Photocure received a milestone payment of USD 1.5 million (NOK 12.9 million).
- In January, Photocure entered into a partnership agreement with Asieris, whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan.

Key figures:

Figures in NOK million	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Hexvix/Cysview revenues	97.7	58.8	66 %	255.2	213.2	20 %
Other revenues	0.2	56.8		1.3	68.3	
Total revenues	97.9	115.6	-15 %	256.5	281.6	-9 %
Operating expenses	-75.8	-52.9	43 %	-241.9	-200.1	21 %
EBITDA before restructuring	15.2	54.8		-3.9	58.9	
EBITDA commercial franchise	17.9	1.6		4.2	7.3	
EBITDA development portfolio	-2.7	53.2		-8.1	51.6	
EBIT	5.0	51.0		-36.1	42.7	
Net Earnings	10.2	42.5		-22.4	31.8	
Cash & cash equivalents				334.9	125.3	

President & CEO Daniel Schneider comments:

"Photocure grew sales in 2020 despite the significant operational challenges during a major global pandemic. Despite the limited access to hospitals and physicians due to Covid-19, we still achieved positive growth in the U.S. Key accomplishments for the year included: continuing to generate growth in Cysview product sales and installations of BLC equipment in the U.S.; successfully integrating Ipsen's Hexvix business and launching our European commercial operations on October 1; generating value with our partner, Asieris, who is advancing Cevira through Phase III development, and working with our licensing partners to expand Hexvix use worldwide. I am pleased with how we managed through these unprecedented times and proud of our employees for adapting to changing working conditions and continuing to serve our patients and customers. Our performance in dealing with the business volatility throughout 2020, including the rebound in the third quarter, gives me confidence in the periods ahead. Given the ongoing pandemic conditions, we have suspended our guidance for 2023 revenues in the range of NOK 1 billion. However, we plan to re-issue financial guidance once the impact from Covid-19 is



significantly diminished and physician practices and patient flow have normalized in both the U.S. and Europe. Importantly, we are continuing to execute on our business plan to become a leader in the bladder cancer treatment segment, and we remain well-prepared to return to our prior growth trajectory when the pandemic is resolved."

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 successfully transitioned the European Hexvix business from Ipsen to its newly launched European Operation beginning October 1, 2020.

Photocure continues to strive for ethical business operations, transparency and accountability in line with stakeholder expectations. In June 2020, Photocure published its first sustainability (ESG) report for the year 2019, and the Company will issue its second sustainability report included in our Annual report in April 2021.

Commercial segment update

Our fourth quarter and full year 2020 results were impacted by the global Covid-19 pandemic with a significant decline in revenue at the beginning of 2Q 2020, followed by a strong recovery towards the end of 3Q 2020, and a resurgence of the pandemic in 4Q 2020, which again caused certain of our territories to decline compared to the prior-year period. Despite these challenges, our revenue and EBITDA increased for the year, as we took measures to manage through the pandemic and grow the company.

Fourth quarter and full year results were positively impacted by the revenue contribution from the successful transition of the Ipsen territories in 4Q 2020. The full year impact was partly offset by

transfer costs and revenue impact from reduced purchase of inventory and the transfer of inventory from Ipsen in the third quarter. The one-off negative revenue impact from the inventory changes in the third quarter was approximately NOK 8.9 million, with a corresponding reduction of COGS of NOK 2.5 million. The net impact on EBITDA from the transition was NOK 7.9 million in the third quarter.

Income statement - Commercial Franchise

MNOK	Q4 '20	Q4 '19	FY '20	FY '19
US revenues	41.1	27.8	113.2	98.7
Europe revenues	56.6	30.8	141.6	113.9
Partner revenues	0.0	0.1	0.4	0.7
Hexvix/Cysview total	97.7	58.8	255.2	213.2
YoY growth	66 %		20 %	
Other revenues	0.2	0.3	1.0	3.2
Total revenues	97.9	59.1	256.2	216.4
YoY growth	66 %		18 %	
Gross profit	91.0	51.3	237.9	193.9
Operating expenses	-73.0	-49.7	-233.7	-186.6
EBITDA before restr.	17.9	1.6	4.2	7.3
EBITDA margin	18 %	3 %	2 %	3 %

Total Hexvix/Cysview revenue in 4Q 2020 increased by 66% to NOK 97.7 million (NOK 58.8 million) compared to the same period in 2019. The increase was driven by a 48% increase in U.S. sales and an 83% increase in European sales including the Nordic countries. The increase in U.S. sales was driven by volume growth, price increases, and 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). The increase in European sales was primarily due to the addition of the Ipsen European territory sales, compared to the same period in 2019. Full year Hexvix/Cysview revenue increased 20%, year over year, to NOK 255.2 million (NOK 213.2 million).

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

The consolidated currency impact was positive by approximately 8%. Adjusting for the one-off revenue impact from the transfer of inventory and reduced purchasing by Ipsen in the third quarter, revenue growth would have been 24% for the full year of 2020 compared to 2019.



Operating expenses, excluding depreciation and amortization, increased 47% to NOK 73.0 million (NOK 49.7 million) in the fourth quarter. Full year operating expenses, excluding depreciation and amortization, increased 25% to NOK 233.7 million (NOK 186.6 million) mainly driven by investment in the Company's European commercial organization.

Fourth quarter 2020 EBITDA was NOK 17.9 million, an increase of NOK 16.3 million (NOK 1.6 million), driven by revenue growth, and partly offset by cost increases. Full year EBITDA was NOK 4.2 million (NOK 7.3 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 decreased 7% and 5% in the fourth quarter and full year 2020, respectively, due to the Covid-19 pandemic. Estimated full year 2020 in-market sales value was NOK 345 million (NOK 330 million).

U.S. Cysview Segment

Despite the Covid-19 challenges, the Company had a positive fourth quarter in the U.S. with revenue growth of 48% to NOK 41.1 million (NOK 27.8 million). The growth was driven by an increase in unit volume, additional revenue from the reversal of Medicare 340b reserves totaling NOK 8 million (USD 0.9 million) and price increases. In USD, the revenue growth was 46%. Unit growth in the fourth quarter was 11%.

Full year U.S. revenues increased 15% to NOK 113.2 million (NOK 98.7 million), with unit growth of 7%. In USD the revenue growth was 7%.

U.S. is the fastest growing region for Photocure. The growth in U.S. unit volume and revenue was driven by added sales resources and the ongoing launch of the product in the bladder cancer flexible cystoscopy surveillance setting.

The introduction of Cysview in the surveillance market together with improved reimbursement has resulted in significant growth in the installed base of blue light cystoscopes. At the end of the fourth quarter of 2020, the total installed base of rigid cystoscopes was 230, an increase of 17% or 33 units since year-end last year (197). 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 2020, 38 flexible cystoscopes

for the surveillance cystoscopy setting had been installed, an increase of 12 or 46% during the year.

In November 2020, The United States Centers for Medicare and Medicaid Services (CMS) released its Final Rule for 2021. The rule maintains or improves the 2020 amounts reimbursed for BLC when used in the hospital outpatient and other sites of care.

European Hexvix Segment

On June 11, Photocure entered into an agreement with Ipsen Pharma SAS (Ipsen) regarding the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen. Commercial rights were transferred to Photocure on October 1, 2020.

Photocure paid Ipsen EUR 15 million upon transfer on October 1, 2020, and Ipsen booked sales until this date. In addition, Ipsen will receive earn-out payments in the previous Ipsen markets in the range of 10-15% of sales (years 1-7 post-transfer) and 7.5% of sales (years 8-10).

By taking direct control of Photocure's own Hexvix/Cysview product in key regions, the Company is supporting its ambition to become a global leader in the treatment and management of bladder cancer, with a solid commercial foundation for expansion and further growth opportunities.

In the fourth quarter of 2020, revenues in the Company's European segment increased 83% to NOK 56.6 million (NOK 30.8 million). Consolidation of revenue from the acquired Ipsen territories outweighed the year over year decline in Nordic country sales due to challenging market conditions associated with the Covid-19 pandemic as well as the sale of safety stock acquired by the Danish authorities earlier in 2020. In-market unit sales in Europe in the fourth quarter of 2020 decreased 11%, compared to the same period last year, with pandemic conditions impacting patient treatment volumes and stocking imbalances with our customers that accrued safety stocks of Hexvix during the first and more recent surges of Covid-19.

Full year European segment revenues increased 24% to NOK 141.6 million (NOK 113.9 million). The increase was mainly driven by the consolidation of revenues from the acquisition of the Ipsen territories, price increases, and currency fluctuations. Full year revenue included royalties from Ipsen for the first three quarters and in-market revenue for the fourth quarter. In-market unit sales declined 8% from last



year, as the Company worked through the pandemic conditions including national lockdowns.

Hexvix/Cysview partner sales

Photocure currently has market access through partners in Canada (BioSyent) and New Zealand/Australia (Juno). Due to reimbursement challenges and pandemic conditions, revenues in 2020 have been limited. Furthermore, Photocure has signed agreements with Genotests for Chile and Asieris for mainland China and Taiwan.

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 January 2021, Photocure entered into a partnership agreement with Asieris MediTech Co., Ltd. (“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 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.

Hexvix/Cysview publications and presentations

At the October BLADDR 2020 Congress, Photocure presented a poster based on new findings from the Nordic Flexible BLC registry, an ongoing prospective multicenter study. The data showed that flexible Blue Light Cystoscopy helped resolve a substantial amount of cases by complete removal on-site or direct referral to intravesical treatment, providing increased efficacy to manage non-muscle-invasive bladder cancer (NMIBC) in the office setting. The BLADDR congress is solely focused on bladder cancer and attracts the interest of experts from all over the world.

At the 21st Annual Meeting of the Society of Urologic Oncology (SUO), held in December 2020, new data and analyses were presented, highlighting the use of Blue Light Cystoscopy (BLC™) with Cysview®, in particular the positive impact on patient outcomes in the surveillance setting without a significant impact on the cost of care, as well as the benefits of identifying early recurrences in high-risk NMIBC patients undergoing BCG treatment. Based on the study conducted by Steven B. Williams, et. al., University of Texas Medical Branch, the Budget Impact Model was developed based on standard protocols for the treatment and surveillance of NMIBC. Inputs were based on a simulated facility with 50 newly diagnosed bladder cancer patients. BLC with Cysview was utilized for all surveillance cystoscopies. In the office setting, the additional use of flexible BLC for surveillance did not substantially impact cost and resulted in the identification of 9 recurrences over the course of two years that would otherwise be missed.

Development portfolio update

The development portfolio mainly includes projects related to the development of Hexvix/Cysview and activities related to the agreement with Asieris for Cevira.

Income statement - Development Portfolio

MNOK	Q4 '20	Q4 '19	FY '20	FY '19
Total revenues	-	56.4	0.3	65.1
Gross profit	-	56.4	0.1	65.1
Operating expenses	-2.7	-3.3	-8.2	-13.5
EBITDA before restr.	-2.7	53.2	-8.1	51.6

Cevira® – for treatment of HPV (human papillomavirus) and 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 Meditech Co., Ltd (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 and the Phase 3 study design elements agreed upon with the U.S. FDA. Development for the U.S. and EU markets will follow when clinical data from the



Chinese-focused Phase 3 study confirms the safety and efficacy of Cevira. The program is estimated to be completed in 2022. Asieris will assume responsibility for the manufacturing of the Cevira product while Photocure retains responsibility for the manufacturing of the active pharmaceutical ingredient (API).

On July 8, 2020, and ahead of plan, 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, Photocure announced that the European Patent Office (EPO) granted patent EP 2983780 covering the commercial Cevira device in Europe until 2034, adding to our patent portfolio for Cevira.

Under the License Agreement with Asieris, Photocure has received a total signing fee of USD 5 million in 2019 and a first milestone payment of USD 1.5 million in the first quarter of 2020. In the fourth quarter of 2020 Asieris dosed the first patient in its global phase III clinical trial for Cevira (APL-1702) and in connection to this event, Photocure received a second milestone payment of USD 1.5 million. These amounts were included in 2019 full year other revenues. The fees from Asieris are accounted for according to IFRS 15. Revenue recognition was based on a contract value of USD 8 million based on currency exchange rates at the time the contract was executed. 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 the EU 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 2019; references to the prior year refer to a comparison to the same period 2019, unless otherwise stated).

MNOK	Q4 '20	Q4 '19	FY '20	FY '19
Hexvix / Cysview revenues	97.7	58.8	255.2	213.2
Total other revenues	0.2	56.8	1.3	68.3
Total revenues	97.9	115.6	256.5	281.6
Gross profit	91.0	107.7	238.0	259.0
Operating expenses	-75.8	-52.9	-241.9	-200.1
EBITDA before restruct.	15.2	54.8	-3.9	58.9
Depreciation & amortization	-7.7	-3.8	-19.3	-16.2
EBIT before restruct.	7.5	51.0	-23.2	42.7
Restructuring expenses	-2.5	-	-12.9	-
Net financial items	-5.4	2.3	2.8	3.2
Earnings before tax	-0.4	53.3	-33.2	45.9
Tax expenses	10.6	-10.7	10.8	-14.1
Net earnings	10.2	42.5	-22.4	31.8

In line with its commercial market opportunities and strategic objectives, the Company has strategically deployed resources in its U.S. commercial organization, while taking into consideration the Covid-19 pandemic. Photocure has decided to maintain its commercial resources during the Covid-19 pandemic to ensure a rapid recovery as the situation improves.

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 achieve future profitability.

Revenues

Total revenues in the fourth quarter of 2020 were NOK 97.9 million (NOK 115.6 million). Full year 2020 revenues were NOK 256.5 million (NOK 281.6 million), corresponding to a decline of 9%. 2019 revenues were driven by signing fee and milestones from Asieris of NOK 56.5 million in the fourth quarter and full year NOK 65.1 million. Excluding the signing fee and milestones from Asieris, fourth quarter 2019 revenue would have been NOK 59.1 million, compared to fourth quarter 2020 revenue of NOK 97.9 million.

Hexvix/Cysview revenues for the fourth quarter of 2020 were NOK 97.7 million, an increase of 66% from the fourth quarter of 2019 (NOK 58,8 million). The increase was driven by the inclusion of the European revenues from Ipsen and a partial reversal of the second quarter accrual related to a rebate program with Medicaid that was terminated effective 1 October. The Covid-19 pandemic continues to have a negative impact on revenue, however the Company did achieve a significant increase in installation of BLCs during the fourth quarter and full year of 2020 despite the difficult environment.



Full year 2020 Hexvix/Cysview revenues were NOK 255.2 million (NOK 213.2 million), an increase of 20%. A primary contributor to the increase was the inclusion of the Ipsen territories in Europe. The growth was partly offset by the revenue impact from one-off reduced purchase and transfer of inventory from Ipsen in the third quarter of 2020, as well the impact of the Covid-19 pandemic. In constant currencies, Hexvix/Cysview full year 2020 revenues increased approximately 11%.

Other revenues in the fourth quarter of 2020 were NOK 0.2 million (NOK 56.8 million). Prior year revenues included signing fees and milestones from Asieris totaling NOK 56.5 million, as per the license agreement for Cevira. Full year 2020 Other Revenues were NOK 1.3 million (NOK 68.3 million). Prior year Other Revenues included signing fees and milestones from Asieris of NOK 65.1 million.

Operating expenses

Total operating expenses, before restructuring and excluding depreciation and amortization, were NOK 75.8 million (NOK 52.9 million) in the fourth quarter of 2020. Full year 2020 operating expenses increased 21% to NOK 241.9 million (NOK 200.1 million). The main contributor to the YoY increase in 2020 operating expenses was inclusion of the European business from Ipsen both in terms of local commercial organization and the scaling of regulatory and marketing group activities.

Fourth quarter 2020 research and development (R&D) costs stood at NOK 1.4 million (NOK 1.0 million). Full year 2020 R&D costs were NOK 4.2 million (NOK 3.6 million). The R&D costs in 2020 relate mainly to regulatory work and the maintenance and expansion of Photocure's intellectual property.

Sales and marketing costs increased by 46% to NOK 58.1 million (NOK 39.7 million) in the fourth quarter of 2020. Full year 2020 sales and marketing costs were NOK 183.4 million (NOK 148.6 million). Both fourth quarter and full year 2020 expenses were driven by investments in the European commercial organization following the inclusion of the European business from Ipsen. Furthermore, the expense development was negatively impacted by currency impact.

Fourth quarter 2020 other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 16.3 million, compared to NOK 12.2 million in the same quarter of 2019. For full year 2020, other operating expenses

were NOK 54.3 million (NOK 47.9 million), mainly driven by the inclusion of the European business from Ipsen as well as currency impact.

Financial results

EBITDA before restructuring was NOK 15.2 million (NOK 54.8 million) for the fourth quarter of 2020. Full year 2020 EBITDA before restructuring was negative NOK 3.9 million (NOK 58.9 million).

Full year 2019 EBITDA before restructuring was driven by signing fee and milestones from Asieris of NOK 65.1 million. Adjusted for this EBITDA before restructuring was negative NOK 6.2 million. Full year 2020 EBITDA before restructuring was partly driven by the revenue impact from one-off reduced purchase and transfer of inventory from Ipsen in the third quarter. Adjusted for this, EBITDA before restructuring was positive approximately NOK 5 million, in spite of the impact from the Covid-19 pandemic.

EBITDA before restructuring in 2020 for the Company's commercial segment was NOK 4.2 million (NOK 7.3 million). Development portfolio EBITDA in 2020 before restructuring was negative NOK 8.1 million (NOK 51.6 million). 2019 full year EBITDA was driven by signing fee and milestones from Asieris of NOK 65.1 million.

Full year 2020 depreciation and amortization was NOK 19.3 million (NOK 16.2 million). The main cost item was the amortization on the investments in intangible assets related to the Phase III market expansion trial for Cysview. This asset was fully amortized by the end of the year. Furthermore, in the fourth quarter, a total of NOK 4.2 million was amortized 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 for 2020 were NOK 2.8 million (NOK 3.2 million). The increase in net income is partly driven by a net currency gain. Furthermore, in the fourth quarter, a total of NOK 6.4 million accrued interest costs was included for the deferred consideration to Ipsen (earn-out) 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).

Photocure experienced a net loss before tax of NOK 0.4 million in the fourth quarter of 2020 (net profit of NOK 53.3 million) and a net loss before tax of NOK 33.2 million for the full year 2020 (net profit of NOK 45.9 million). Net earnings after tax was a profit of NOK 10.2 million for the fourth quarter of 2020 (net profit of NOK 42.5 million), and a loss of NOK 22.4 million (net profit of NOK 31.8 million) for the full year.

Cash flow and statement of financial position

Net cash flow from operations was NOK 11.1 million in the fourth quarter of 2020 (NOK 30.4 million) and NOK 15.6 million (NOK 20.7 million) for the full year. The positive cash flow from operations in 2019 and 2020 was driven by milestone payments from Asieris.

Full year 2020 net cash flow from investments was negative NOK 166.8 million (positive NOK 0.6 million). The net outflow reflects the payment to Ipsen of EUR 15 million.

Full year 2020 cash flow from financing was positive NOK 360.8 million, driven by new equity and bank financing.

Photocure had two private placements on April 27 and June 24, raising total net proceeds of NOK 302 million. The private placements attracted strong interest from existing shareholders, as well as from new, high-quality institutional investors, and were multiple times oversubscribed. The Company intends to use the net proceeds from the private placements to (1) create and scale up a world-class marketing, sales, and distribution infrastructure after the transfer of the business previously owned and managed by Ipsen, (2) finance growth and working capital, including expansion in underserved countries and new geographies currently not served by Photocure or Ipsen, (3) explore new product opportunities/development, and new geographies for Hexvix/Cysview to expand and secure its market position; and (4) general corporate purposes.

Photocure also secured bank financing of NOK 50 million during the second quarter.

The fourth quarter 2020 net change in cash was NOK 13.0 million (NOK 29.4 million). Full year 2020 net change in cash was NOK 209.6 million (NOK 18.5

million). Cash and cash equivalents were NOK 334.9 million at the end of 2020.

Shareholders' equity was NOK 508.1 million at the end of 2020, representing an equity ratio of 65%.

Long term liabilities were NOK 200.6 million at the end of 2020, including NOK 50.0 million bank loan and capitalized value of expected future earn-out payments to Ipsen totaling NOK 143.7 million. The bank loan is secured under the State Guarantee Scheme for Loans to SME's as a buffer to Covid-19 impacts.

As of December 31, 2020, Photocure held 15,666 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.

Compared to the descriptions in the Annual Report for 2019 of risks and uncertainty factors, the Covid-19 pandemic's global impact has materialized as more significant and is subject to ongoing attention by Company management and the Board of Directors.

Covid-19 pandemic update

Current market conditions have been 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).

Key markets such as the U.S. and Europe are likely to continue to be impacted by the Covid-19 pandemic for some time. Photocure believes that the treatment of bladder cancer consists of procedures that are prioritized by healthcare systems. However, in the second quarter of 2020, we were impacted by short-term postponements of treatments due to shelter in place mandates and lockdowns, which were loosened



in the third quarter of 2020, enabling a recovery in treatments and sales. However, the latest surge in Covid-19 cases in the U.S. and in Europe have caused another wave of restrictions and cautious behavior, which impacted the latter part of the fourth quarter and continues into the first quarter of 2021 especially in the low and medium risk patient category. This is due to resources continuing to be allocated to the treatment of Covid-19 patients, as well as restricted access to hospitals and physicians in certain regions throughout the U.S. and Europe. In addition to the impact on treatment volumes, new account openings and cystoscope installations have been affected. However, the Company has continued to significantly grow the base of BLC installations in the fourth quarter and full year 2020.

Photocure's main priority is the health and welfare of all Photocure employees and stakeholders. The Company has implemented remote work arrangements across its locations and functions and is fully operational. Business and travel policies which supported work from home and social distancing were implemented prior to governmental orders.

Where access to hospitals and clinics is restricted because of the situation, Photocure's sales force maintains contact as needed through remote channels in order to guarantee continuous optimal service and support.

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

Photocure has decided to retain its full commercial organization during the Covid-19 pandemic to ensure a rapid recovery as the situation improves. However, cost-saving measures have been introduced during the last three quarters of 2020 in order to reduce the financial impact of the Covid-19 pandemic, with lower expenses related to travel and program costs within medical and marketing, such as exhibitions at medical conferences.

Overall, Photocure is experiencing an impact from the Covid-19 pandemic, but the Company believes that its financial position and long-term business outlook remain strong.

Subsequent events

On January 26th, the Company entered into a partnership agreement with Asieris MediTech Co., Ltd. ("Asieris"), a division of Jiangsu Yahong Meditech Co., Ltd., whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan.

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 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 and BLC procedures, as well as equipment installations since March 2020. However, Photocure did see a positive trend towards the end of the second quarter that continued through the third quarter and the beginning of the fourth quarter up until the pandemic resurgence in late 2020. The ongoing Covid-19 pandemic adds continued uncertainty to Photocure's near-term business forecast, which impacts the reliability of financial estimates. However, 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 number of procedures is expected to rebound back to pre-Covid-19 growth rates in the U.S. and positive growth in the Company's newly acquired European markets. Indicators of a potential rebound are (1) the growth in Photocure's business in the third quarter of 2020 when pandemic restrictions were loosened, and (2) growth in the Company's U.S. business in the third



and fourth quarters of 2020 and for the full year, with 45 new BLC placements in 2020. While quarantine and lockdown measures are necessary to slow the spread of Covid-19, unfortunately, cancer continues to progress, and patients, particularly those that are highly symptomatic, are driven to take action to receive treatment. This provides a health care opportunity and one in which we believe Cysview/Hexvix can ensure the best outcomes for patients who may have postponed treatment and physician visits.

Photocure expects to see an increased global focus on health, creating an environment conducive to improved discussions with healthcare authorities and enhanced public awareness about bladder cancer.

The procedure carried out in the office setting using a flexible blue light cystoscope is expected to become an increasingly attractive proposition, given its less restrictive nature (procedure location, no general anesthesia needed), which can free up hospital inpatient capacity.

The U.S. and Europe are Photocure's primary markets for growth, given our 2 direct sales forces and with much of the market left to be penetrated by

Hexvix/Cysview with BLC. The Company regained the sales and marketing rights from Ipsen in the fourth quarter of 2020 and is now able to take advantage of the significant growth opportunity throughout Europe. The acquisition of the Ipsen territories is expected to be EBITDA accretive in 2021 and beyond.

While Photocure delivered revenue growth in 2020 during the Covid-19 pandemic, the Company's prior high-growth trajectory was interrupted by the difficult operating environment in all of its commercial territories, particularly in the U.S. and Europe. The timing of a full recovery from the pandemic remains uncertain, and therefore, Photocure has suspended its prior guidance for 2023 revenues in the range of NOK 1 billion. After regaining sales and marketing rights to the European markets on October 1, 2020, the Company has established a strong commercial presence in the largest markets of the world and believes that it is well-positioned to accelerate revenues in a post Covid-19 environment. The Company plans to re-issue financial guidance once the impact from Covid-19 is significantly diminished and physician practices and patient flow have normalized in both the U.S. and Europe.

The Board of Directors and CEO
Photocure ASA

Oslo, March 2, 2021

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 2020

Photocure Group – Statement of comprehensive income

		2020	2019	2020	2019
		Q4	Q4	1.1 - 31.12	1.1 - 31.12
<i>(all amounts in NOK 1,000 except per share data)</i>					
	Note				
Sales revenues		97 896	59 115	256 482	213 908
Signing fees and milestone revenues	8	-	56 450	-	67 648
Total revenues		97 896	115 564	256 482	281 556
Cost of goods sold		-6 941	-7 845	-18 511	-22 512
Gross profit		90 955	107 719	237 971	259 045
Indirect manufacturing expenses	3	-3 205	-2 801	-12 751	-10 965
Research and development expenses	3	-3 488	-3 520	-13 838	-13 644
Marketing and sales expenses	3	-62 353	-39 738	-187 811	-148 738
Other operating expenses	3	-14 443	-10 649	-46 775	-42 961
Total operating expenses		-83 489	-56 709	-261 175	-216 308
EBIT before restructuring		7 466	51 011	-23 204	42 737
Restructuring	6	-2 468		-12 854	
EBIT including restructuring		4 998	51 011	-36 058	42 737
Financial income		4 313	4 471	26 439	7 978
Financial expenses		-9 712	-2 217	-23 607	-4 813
Net financial profit/loss(-)		-5 399	2 254	2 832	3 165
Profit/loss(-) before tax		-401	53 264	-33 226	45 901
Tax expenses	4	10 630	-10 725	10 823	-14 070
Net profit/loss(-)		10 229	42 539	-22 403	31 831
Other comprehensive income		-1 264	-303	-681	-197
Total comprehensive income		8 965	42 236	-23 084	31 634
Net profit/loss(-) per share, undiluted	5	0.38	1.95	-0.91	1.46
Net profit/loss(-) per share, diluted	5	0.38	1.95	-0.91	1.46

Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	31.12.2020	31.12.2019
Non-current assets			
Customer relationship	6	162 552	-
Goodwill	6	144 000	-
Fixed assets	7	7 370	20 654
Deferred tax asset	4	49 879	38 345
Long term receivables	8	-	11 478
Total non-current assets		363 801	70 476
Current assets			
Inventories		29 678	16 410
Accounts receivable		43 097	24 206
Other receivables		4 584	20 940
Cash and short term deposits	9	334 887	125 320
Total current assets		412 245	186 876
Total assets		776 047	257 352
Equity and liabilities			
Equity			
Share capital	11	13 632	10 898
Other paid-in capital		384 005	64 261
Retained earnings		110 496	133 431
Shareholders' equity		508 133	208 590
Long-term liabilities			
Earn-out liability	6	143 668	-
Long term loan financial institution	10	50 000	-
Other long-term liabilities	7	6 966	10 036
Total long-term liabilities		200 633	10 036
Current liabilities		67 281	38 725
Contract liabilities		-	-
Total liabilities		267 914	48 762
Total equity and liabilities		776 047	257 352

Photocure Group – Changes in equity

<i>(Amounts in NOK 1,000)</i>	2020 Q4	2019 Q4	2020 1.1 - 31.12	2019 1.1 - 31.12
Equity at end of prior period	491 768	166 353	208 590	176 342
Capital increase	3 700	-	314 704	614
Share-based compensation (share options employees)	3 700	-	7 922	
Comprehensive income	8 965	42 236	-23 084	31 634
Equity at end of period	508 133	208 590	508 133	208 590



Photocure Group – Cash flow statement

	2020	2019	2020	2019
(Amounts in NOK 1,000)	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Profit/loss(-) before tax	-401	53 264	-33 226	45 901
Depreciation and amortisation	7 711	3 771	19 292	16 213
Share-based compensation	3 659	-	7 881	-
Interest income	-516	-375	-2 116	-1 696
Changes in accrued interest costs	6 364	-	6 364	-
Changes in contract receivable	10 617	-22 956	22 956	-22 956
Changes in working capital	-16 078	3 110	-5 887	-7 086
Other operational items	-285	-6 393	321	-9 723
Net cash flow from operations	11 071	30 421	15 585	20 654
Net investments in fixed assets	-249	-173	-1 185	-770
Intangible asset expenditures	-	-233	-420	-316
Interest paid financial loan	-562	-	-562	-
Payment return of market rights Europe	-	-	-166 721	-
Received interest payments	516	375	2 116	1 696
Cash flow from investments	-295	-31	-166 771	610
Share capital increase employees	3 700	-	13 001	614
Private placements	-	-	301 703	-
Payment lease liability	-1 099	-976	-3 618	-3 391
Long term loan	-332	-	49 668	-
Cash flow from financing activities	2 268	-976	360 754	-2 777
Net change in cash during the period	13 044	29 414	209 567	18 487
Cash & cash equivalents at beginning of period	321 842	95 906	125 320	106 833
Cash & cash equivalents at end of period	334 887	125 320	334 887	125 320



Notes to the accounts for fourth quarter and preliminary full year 2020

Note 1 – General accounting principles

General information

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

Photocure Group (Photocure) comprises Photocure ASA and 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, 2019 (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 March 2, 2021.

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 services. These entities have Euro (EUR) as functional currency. The sales and distribution in the U.S. is 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 announced on April 27, 2020 that the company had agreed the main financial terms for a return of Hexvix sales, marketing and distribution rights in Europe and other markets controlled by Ipsen Pharma SAS (Ipsen). The parties entered into a final agreement June 11, 2020 and commercial rights were transferred to Photocure on October 1, 2020. Photocure has with the agreement obtained the market approval for the product Hexvix in all European countries previously served by Ipsen.

According to IFRS 3 the transaction can be regarded as a business combination using the acquisition method if the acquired set of activities and assets meets the definition of a business and control is transferred. In determining that the activities and assets is a business, Photocure has assessed that the set of assets and activities acquired includes input and substantive processes that has the ability to produce outputs. Based on the agreement including the transfer of distribution contracts, employees and inventory, the transaction has been defined as a business combination and is thus accounted for in accordance with IFRS 3.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. 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. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Customer relationships meet the contractual legal criterion for identification as intangible assets for an entity that has a practice of establishing contracts with its customers, regardless of whether a contract exist at the date of the acquisition. A customer relationship may also arise through means other than contracts, such as through regular contact by sales or service representatives. Furthermore, IFRS 3's illustrative examples on "customer-related intangible assets" sets forth that customer relationships meet the criteria of an intangible asset if the company has recurring customers, even if the company does not have any open purchase orders or contracts with those.

IFRS 15

For the contract with Asieris MediTech Co. Ltd signed in July 2019, two performance obligations are identified; a license for Cevira and delivery of active substance. The license is a right to use Photocure's intellectual property as it existed at the contract date. The total transaction price is allocated between the two performance obligations based on the relative stand-alone selling price. The transaction price allocated to the license consists of the signing fee, different milestone payments and potential sales-based royalty payments. The part of the transaction price related to milestone payments is estimated as the most likely amount but constrained which currently means that these revenues will be recognized if and when the relevant milestone are achieved. Sales based royalty is recognized when the subsequent sales occur. Revenue for the sale of goods is recognized when the customer takes control of the goods, which is at the time of shipment.

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.

The specification of segments has changed in the fourth quarter 2020, as a result of the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen. Revenues previously recognized by Ipsen is from fourth quarter 2020 included in "Europe Hexvix", as is sales in Nordic, previously included in "Own Sales".

A restatement of previously reported segment information from 2019 and 2020 has been included in this note.



Photocure – Results for fourth quarter and preliminary full year 2020

1 Jan - 31 December 2020

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	113 166	141 579	1 447	256 192	290	256 482
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-5 485	-12 224	-595	-18 304	-207	-18 511
Gross profit	107 681	129 354	852	237 887	83	237 970
Gross profit of sales %	95 %	91 %	59 %	93 %	29 %	93 %
R&D	-293	-970	-	-1 263	-2 947	-4 210
Sales & marketing	-127 452	-53 144	-1 184	-181 779	-2 431	-184 210
Other & allocations	-18 007	-27 663	-5 735	-51 406	-2 849	-54 255
Operating expenses	-145 752	-81 776	-6 919	-234 447	-8 228	-242 675
EBITDA	-38 071	47 578	-6 067	3 441	-8 145	-4 704

1 Jan - 31 December 2019

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	98 653	113 865	1 390	213 909	-	213 909
Milestone revenues	-	2 534	-	2 534	65 115	67 648
Cost of goods sold	-5 476	-16 523	-513	-22 512	-	-22 512
Gross profit	93 177	99 876	877	193 930	65 115	259 045
Gross profit of sales %	94 %	85 %	63 %	89 %		89 %
R&D	-	-	-	-	-3 644	-3 644
Sales & marketing	-110 087	-35 109	-483	-145 679	-2 891	-148 570
Other & allocations	-13 931	-23 075	-3 908	-40 913	-6 968	-47 882
Operating expenses	-124 018	-58 184	-4 391	-186 593	-13 503	-200 096
EBITDA	-30 840	41 691	-3 514	7 337	51 612	58 949

Q4 2020

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	41 083	56 598	214	97 896	-	97 896
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-1 492	-5 321	-129	-6 941	-	-6 941
Gross profit	39 591	51 277	86	90 954	-	90 954
Gross profit of sales %	96 %	91 %	40 %	93 %		93 %
R&D	-69	-228	-	-297	-1 063	-1 361
Sales & marketing	-32 214	-25 788	-170	-58 173	-748	-58 921
Other & allocations	-4 167	-9 268	-1 921	-15 356	-932	-16 288
Operating expenses	-36 450	-35 285	-2 091	-73 826	-2 743	-76 569
EBITDA	3 141	15 992	-2 005	17 128	-2 743	14 385



Photocure – Results for fourth quarter and preliminary full year 2020

Q4 2019

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	27 790	30 849	477	59 116	-	59 116
Milestone revenues	-	-	-	-	56 450	56 450
Cost of goods sold	-1 750	-5 889	-206	-7 845	-	-7 845
Gross profit	26 040	24 960	270	51 270	56 450	107 720
Gross profit of sales %	94 %	81 %	57 %	87 %		87 %
R&D	-	-	-	-	-1 020	-1 020
Sales & marketing	-27 124	-11 576	-147	-38 847	-837	-39 684
Other & allocations	-4 130	-5 729	-965	-10 825	-1 409	-12 234
Operating expenses	-31 255	-17 305	-1 112	-49 672	-3 266	-52 938
EBITDA	-5 214	7 655	-842	1 599	53 183	54 782

Restated previously reported segment information

1 Jan - 31 March 2020

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	28 214	26 199	271	54 684	290	54 974
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-1 502	-4 319	-108	-5 928	-207	-6 135
Gross profit	26 712	21 881	163	48 756	83	48 839
Gross profit of sales %	95 %	84 %	60 %	89 %	29 %	89 %
R&D	-44	-147	-	-191	-334	-525
Sales & marketing	-32 889	-8 302	-102	-41 293	-481	-41 774
Other & allocations	-4 822	-5 080	-892	-10 794	-505	-11 298
Operating expenses	-37 755	-13 529	-995	-52 279	-1 319	-53 597
EBITDA	-11 043	8 352	-832	-3 523	-1 236	-4 758

1 Jan - 31 March 2019

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	21 159	30 066	128	51 353	-	51 353
Milestone revenues	-	845	-	845	-	845
Cost of goods sold	-1 129	-4 225	-76	-5 430	-	-5 430
Gross profit	20 030	26 685	53	46 768	-	46 768
Gross profit of sales %	95 %	86 %	41 %	89 %		89 %
R&D	-	-	-	-	-972	-972
Sales & marketing	-26 905	-8 450	-109	-35 464	-564	-36 029
Other & allocations	-3 194	-5 350	-1 106	-9 650	-1 650	-11 301
Operating expenses	-30 099	-13 800	-1 216	-45 114	-3 187	-48 301
EBITDA	-10 069	12 886	-1 163	1 654	-3 187	-1 533



Photocure – Results for fourth quarter and preliminary full year 2020

1 Jan - 30 June 2020

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	41 766	66 114	477	108 357	290	108 647
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-2 344	-5 358	-191	-7 894	-207	-8 101
Gross profit	39 422	60 755	286	100 463	83	100 546
Gross profit of sales %	94 %	92 %	60 %	93 %	29 %	93 %
R&D	-102	-339	-	-441	-1 023	-1 464
Sales & marketing	-65 941	-18 690	-245	-84 876	-1 400	-86 276
Other & allocations	-9 588	-13 085	-2 426	-25 099	-1 393	-26 492
Operating expenses	-75 631	-32 114	-2 671	-110 416	-3 816	-114 232
EBITDA	-36 209	28 641	-2 385	-9 953	-3 733	-13 686

1 Jan - 30 June 2019

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	45 635	57 104	770	103 509	-	103 509
Milestone revenues	-	1 689	-	1 689	-	1 689
Cost of goods sold	-2 423	-7 313	-240	-9 976	-	-9 976
Gross profit	43 212	51 480	531	95 222	-	95 222
Gross profit of sales %	95 %	87 %	69 %	90 %	-	90 %
R&D	-	-	-	-	-2 055	-2 055
Sales & marketing	-56 078	-15 297	-194	-71 569	-1 176	-72 745
Other & allocations	-6 392	-12 089	-1 992	-20 473	-4 066	-24 539
Operating expenses	-62 470	-27 385	-2 187	-92 042	-7 297	-99 339
EBITDA	-19 259	24 095	-1 656	3 180	-7 297	-4 116

1 Jan - 30 September 2020

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	72 083	84 981	1 233	158 296	290	158 586
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-3 993	-6 904	-467	-11 363	-207	-11 570
Gross profit	68 090	78 077	766	146 933	83	147 016
Gross profit of sales %	94 %	92 %	62 %	93 %	29 %	93 %
R&D	-224	-741	-	-965	-1 884	-2 849
Sales & marketing	-95 237	-27 355	-1 013	-123 606	-1 683	-125 289
Other & allocations	-13 840	-18 395	-3 814	-36 050	-1 918	-37 967
Operating expenses	-109 302	-46 491	-4 827	-160 620	-5 485	-166 105
EBITDA	-41 212	31 586	-4 062	-13 687	-5 402	-19 089



1 Jan - 30 September 2019

(Amounts in NOK 1 000)	U.S. Cysview	Europe Hexvix	Other Sales	Total Sales	Total Developm.	Grand Total
Sales revenues	70 863	83 016	914	154 793	-	154 793
Milestone revenues	-	2 534	-	2 534	8 665	11 199
Cost of goods sold	-3 726	-10 634	-307	-14 667	-	-14 667
Gross profit	67 137	74 916	607	142 660	8 665	151 325
Gross profit of sales %	95 %	87 %	66 %	91 %		91 %
R&D	-	-	-	-	-2 624	-2 624
Sales & marketing	-82 963	-23 533	-336	-106 832	-2 054	-108 886
Other & allocations	-9 800	-17 346	-2 943	-30 089	-5 559	-35 648
Operating expenses	-92 763	-40 879	-3 279	-136 921	-10 237	-147 158
EBITDA	-25 626	34 037	-2 672	5 739	-1 571	4 167

Note 3 – Income statement classified by nature

(Amounts in NOK 1 000)	2020 1.1-31.12	2019 1.1-31.12
Sales revenues	256 482	213 908
Signing fees and milestone revenues	-	67 648
Cost of goods sold	-18 511	-22 512
Gross profit	237 971	259 045
Payroll expenses	-165 748	-123 109
R&D costs excl. payroll expenses/other operating exp.	-2 924	-1 761
Ordinary depreciation and amortisation	-19 294	-16 213
Other operating expenses	-73 209	-75 225
Total operating expenses recurring	-261 175	-216 308
EBIT recurring	-23 204	42 737

Note 4 – Tax

<i>(Amounts in NOK 1 000)</i>	31.12.2020	31.12.2019
Income tax expense		
Tax payable	-712	-
Changes in deferred tax	11 535	-14 032
Total income tax expense	10 823	-14 032
Tax base calculation		
Profit before income tax	-29 744	61 375
Permanent differences	-18 093	1 988
Temporary differences	-15 885	-6 145
Change in tax loss carried forward	65 810	-57 218
Tax base	2 088	-
Temporary differences:		
Total	-120 464	-104 110
Tax loss carried forward	347 188	278 404
Net temporary differences	226 724	174 293
Deferred tax benefit	226 724	174 293
Deferred tax asset	49 879	38 345

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, 2020 and December 31, 2019 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 2020 is NOK 49.9 million compared to NOK 38.3 million at end of 2019. 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 consolidated financial statements for the year ended December 31, 2019, 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 a weighted average number of outstanding shares over the year, reduced by acquired treasury shares. The diluted earnings per share is calculated by adjusting the average number of outstanding shares by the number of employee options that can be exercised. Antidilution effects are not taken into consideration.



	2020	2019
<i>(Figures indicate the number of shares)</i>	1.1-31.12	1.1-31.12
Issued ordinary shares 1 January	21 796 387	21 779 008
Effects of share options exercised	141 971	-
Effect of treasury shares	-16 572	-15 839
Effect of shares issued	2 699 476	14 855
Weighted average number of shares	24 621 488	21 778 024
Effect of outstanding share options	173 933	56 784
Weighted average number of diluted sha	24 795 421	21 834 808
Earnings per share in NOK	-0.91	1.46
Earnings per share in NOK diluted	-0.91	1.46

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 October 1, 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 earn-out payments 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 earn-out payments in EUR currency after the close of the quarter. The consideration transferred does not include amounts related to the settlement of pre-existing relationships.

To arrive at the earn-out present value of NOK 144m, Photocure has discounted the estimated earn-out payments by an IRR according to the investment project. This IRR has been deemed appropriate as a discount rate for the earn-out payments as 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 agreement with Ipsen determined a floor revenue for the earn-out from 2022 to the end of the forecast period and there is no upper cap for the revenue. The total undiscounted amount of the earn-out may be in the interval of NOK 255-336 million depending on revenue and according to our sensitivity analysis the corresponding net present value of the liability may decrease or increase by NOK 18 million. Photocure has accrued NOK 6.2 million as interest expenses for the earn-out liability in fourth quarter 2020.

The costs directly related to this transaction 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. These costs amount to NOK 12.9 million for 2020.

Following the transaction, Photocure management has performed a purchase price allocation related to the acquisition by assistance of external advisors. The acquisition has been defined as a business combination and thus reported in accordance with IFRS 3 – Business Combinations. 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 corresponding 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. The depreciation costs in 2020 from transaction date is NOK 4.2 million.

Goodwill amounts to NOK 144 million including assembled workforce in Germany. This item is not depreciated but will be tested yearly against impairment.

**Ipsen acquisition analysis***(Amounts in NOK 1 000)*

	Book value
Customer relations	166 720
Goodwill	144 000
Fair value at acquisition date	310 720
Deferred payment	-144 000
Cash payment	166 720

Note 7 – Fixed Assets and Right of Use Assets

<i>(Amounts in NOK 1 000)</i>	Machinery & equipment	Intangibles	Right of use	Total assets
Net book value 31.12.2019	2 040	11 605	7 008	20 653
Net investments and revaluation 31.12.20	823	420	599	1 842
Depreciation and amortization	-924	-10 449	-3 752	-15 125
Net book value 31.12.2020	1 939	1 576	3 855	7 370

Photocure has carried out a clinical study in U.S. for the approved product Cysview in order to file a supplemental NDA. The study has been capitalized, and as of December 31, 2020 there is no remaining balance sheet value after amortization of NOK 9.6 million in 2020. The investment was amortized on a straight-line basis in the profit and loss from the start of the project and over the remaining patent period for the approved product and indication.

The right of use assets is the office rental agreement for Norway and U.S. 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, 2020 was NOK 3.8 million and due within the end of 2022.

The amortization of the assets in 2020 was NOK 3.7 million and the interest expense was NOK 0.2 million compared to amortization of NOK 3.4 million and interest expense of NOK 0.2 million in 2019.

Note 8 – Contract revenue and receivable

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. Based on IFRS 15 Photocure recognized a distinct right to use license for Asieris as of July 2019 of USD 8 million.

Note 9 – Fair value

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

Market value hierarchy <i>(Amounts in NOK 1 000)</i>	Level 1	Level 2	Level 3	Total
Financial assets available for sale:				
- Money market funds	274 248	-	-	274 248
Total	274 248	-	-	274 248

Note 10 – Long term loan

Photocure received a loan of NOK 50 million from Nordea in the second quarter. 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 fourth quarter was 2.7%. The loan is a three-year term loan, first year interest only, thereafter quarterly repayments of NOK 6.25 million.

Note 11 – Share capital

Registered share capital in Photocure ASA amounts to:

	No. of shares	Nominal value per share	Share capital in NOK
Share capital at December 31, 2019	21 796 387	NOK 0.50	10 898 194
Share capital at December 31, 2020	26 717 536	NOK 0.50	13 358 768
Treasury shares:			
Holdings of treasury shares at December 31, 2019	16 624		8 312
Buy-back of shares	-	NOK 0.50	-
Sale(-)/Buy-back of restricted shares	-958	NOK 0.50	-479
Holdings of treasury shares at 31 December 2020	15 666		7 833

The table below indicates the status of authorizations as of December 31, 2020:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on June 10, 2020	2 397 603	3 596 403	500 000
Share issues after the General Meeting on June 10, 2020	-	2 401 700	205 816
Purchase of treasury shares	-	-	-
Remaining under authorisations at December 31, 2020	2 397 603	1 194 703	294 184



Photocure – Results for fourth quarter and preliminary full year 2020

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, 2020:

Name	Position	No. of shares	No. of restricted shares	No. of subscription rights	Conditional share options
Daniel Schneider	President & CEO	15 000	18 353	200 000	60 000
Erik Dahl	Chief Financial Officer	13 089	7 133	40 000	35 000
Geoffrey Coy	Head, US Cancer Commercial Operations	-	-	90 000	35 000
Grete Hogstad	Vice President Global Strategic Marketing & BD	21 310	5 566	25 000	25 000
Patricia Kelly	Vice President Global Human Resources	-	-	40 000	-
Kari Myren	Head of Global Medical Affairs and Clin. Dev.	-	2 021	25 000	25 000
Gry Stensrud	Vice President Tech. Dev. & Operations	17 098	5 344	18 750	25 000
Susanne Strauss	Vice President and General Manager of Europe	-	-	90 000	-
Jan H. Egbert	Chairperson of the board	14 500	-	-	-
Anders Tuv *	Board member	679 619	-	-	-

* Anders Tuv represents Radiumhospitalets Forskningsstiftelse

The restricted shares have a three-year lock-up period and are subject to other customary terms and conditions for employee incentive programs. Conditional subscription rights are subject to company and individual performance in 2020.

Note 12 – Share options

On December 31, 2020, employees in Photocure had the following share option schemes:

Year of allocation	2020*	2020	2020	2020	2020	2017
Option programme	2020	2020	2020	2019	2019	2017
Number	354 000	130 000	2 500	389 000	90 000	16 034
Exercise price (NOK)	81.41	81.41	78.65	50.72	56.83	38.06
Date of expiry	15.09.2025	15.09.2025	01.12.2025	09.05.2024	20.08.2024	31.12.2021

* Conditional grant. Final grant subject to company and individual performance of 2020.

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

	31.12.2020		31.12.2019	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	231 700	39.76	381 868	37.02
Allocated during the year*	988 500	66.44	-	-
Become invalid during the year	7 400	49.78	-	-
Exercised during the year	231 266	40.91	150 168	32.78
Expired during the year	-	-	-	-
Outstanding at end of period	981 534	66.28	231 700	39.76
Exercisable options at end of period	120 034	50.17	231 700	39.76

* Including conditional grant



Note 13 – Shareholders

Overview of the major shareholders as of December 31, 2020:

Major Shareholders	Citizen	Type	# Shares	%
MORGAN STANLEY & CO. LLC	U.S.	Nominee	926 503	3.5 %
NORDNET BANK AB	Sweden	Nominee	883 759	3.3 %
RADIUMHOSPITALET FORSKNINGSSTIFT.	Norway	Ordinary	679 619	2.5 %
SKANDINAVISKA ENSKILDA BANKEN AB	Ireland	Nominee	655 000	2.5 %
CARNEGIE INVESTMENT BANK AB	Sweden	Nominee	636 621	2.4 %
AVANZA BANK AB	Sweden	Nominee	631 301	2.4 %
THE BANK OF NEW YORK MELLON	U.S.	Nominee	579 111	2.2 %
EUROCLEAR BANK S.A./N.V.	Belgium	Nominee	453 716	1.7 %
VERDIPAPIRFONDET PARETO INVESTMENT	Norway	Ordinary	453 000	1.7 %
VERDIPAPIRFONDET DNB NORDEN	Norway	Ordinary	411 300	1.5 %
JP MORGAN CHASE BANK, LONDON	UK	Nominee	396 847	1.5 %
VERDIPAPIRFONDET KLP AKSJENORGE	Norway	Ordinary	375 630	1.4 %
MP PENSJON PK	Norway	Ordinary	345 178	1.3 %
RBC INVESTOR SERVICES BANK S.A.	Luxembourg	Nominee	339 842	1.3 %
SKANDINAVISKA ENSKILDA BANKEN AB	Sweden	Nominee	333 000	1.2 %
EQUINOR PENSJON	Norway	Ordinary	320 200	1.2 %
VICAMA AS	Norway	Ordinary	300 000	1.1 %
MYRLID AS	Norway	Ordinary	300 000	1.1 %
NORDNET LIVSFORSIKRING AS	Norway	Ordinary	294 589	1.1 %
BNP PARIBAS	France	Nominee	283 976	1.1 %
Total 20 largest shareholders			9 599 192	35.9 %
Total other shareholders			17 118 344	64.1 %
Total number of shares			26 717 536	100.0 %



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:

	2020	2019	2020	2019
	Q4	Q4	Full Year	Full Year
<i>(all amounts in NOK 1 000)</i>				
Gross profit	90 955	107 720	237 971	259 045
Operating expenses excl depreciation & amortization	-75 778	-52 938	-241 883	-200 095
EBITDA before restructuring	15 177	54 782	-3 912	58 950
Depreciation & amortization	-7 711	-3 771	-19 292	-16 213
EBIT before restructuring	7 466	51 011	-23 204	42 737

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:



	2020	2019	2020	2019
	Q4	Q4	Full Year	Full Year
USD (NOK per 1 USD)	9.02	9.11	9.41	8.80
EUR (NOK per 1 EUR)	10.76	10.09	10.73	9.85
DKK (NOK per 100 DKK)	144.53	135.08	143.89	131.93
SEK (NOK per 100 SEK)	104.76	94.81	102.27	93.05

Photocure Group – Other Measures

In-market sales

A significant share of Photocure's sales of Hexvix/Cysview, i.e., all sales classified as partner sales and all sales in the Nordic region, goes through partners and distributors. These partners and distributors carry inventory of Hexvix/Cysview. Photocure's billing and revenue therefore does not necessarily reflect the demand from end users / hospitals at a given point in time as inventory levels may vary over time.

Furthermore, Photocure's revenue does not reflect the full value of the product in the market, as partners pay a royalty or a purchase price for the product below the price charged to the end user.

To capture end-user demand the Company's partners and distributors report their revenue to end users in terms of number of units invoiced and in terms of revenue achieved. Photocure collects this data and consolidates it to get the group total in-market sales, in units and in Norwegian kroner.

	2020	2019	2020	2019
	Q4	Q4	Full Year	Full Year
<i>(all amounts in NOK 1 000)</i>				
In-market sales	97 261	87 083	345 751	330 261



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