



Quarterly Report

Q1 2022

PHOTOCURE.COM/INVESTORS-HUB/INVESTORS-EVENTS-AND-PRESENTATIONS



THE
BLADDER CANCER
COMPANY

Highlights for first quarter 2022

(Numbers in parentheses and comparisons are for the corresponding period in 2021.)

- Hexvix®/Cysview® revenue in the first quarter of 2022 (NOK 81.4 million) remained level to the same period last year (NOK 81.6) as the recent Covid-19 Omicron variant surge and resulting staffing shortages significantly impacted access to care and procedure volumes in January and February of this year, with March showing a strong recovery.
- Unit sales for the Company's North American and European segments increased 3% and 1% YoY, respectively; Photocure continues to increase Cysview's penetration in the TURBT market.
- Despite the pandemic challenges, Photocure achieved the second highest monthly U.S. unit sales in its history during March 2022 and reported 12% revenue growth in North America in Q1 2022.
- The installed base of blue light cystoscopes in the U.S. was 324 (280) at the end of the first quarter, an increase of 44 installed cystoscopes or 16% from the same period last year. The installed base in the U.S. includes 53 flexible cystoscopes, an increase of 29% compared to the first quarter of 2021.
- EBITDA for the first quarter was NOK -13.9 million (NOK 18.1 million) due primarily to a YoY increase in commercial investments. Operating expenses were level compared to the fourth quarter of 2021.
- In March, the Company's partner Asieris obtained approval to conduct a real-world evidence study for Hexvix in China, and Photocure entered into an exclusive distribution agreement with Endotherapeutics Group, a urology focused company, for the commercialization of Hexvix in Australia and New Zealand.
- During the quarter, Photocure launched commercial operations in Canada for the direct sale of Cysview.
- Post-period, at the Company's Annual General Meeting in April, Neal Shore, M.D. was appointed to Photocure ASA's Board of Directors.

Key Figures:

<i>Figures in NOK million</i>	Q1 2022	Q1 2021	Change	FY 2021
Hexvix/Cysview revenues	81.4	81.6	-	351.4
Other revenues	0.3	6.6		9.1
Total revenues	81.6	88.2	-7 %	360.5
Operating expenses	-89.5	-65.0	38 %	-318.2
EBITDA	-13.9	18.1		18.3
EBITDA commercial franchise	-11.4	19.2		24.5
EBITDA development portfolio	-2.5	-1.0		-6.2
EBIT	-19.9	12.3		-5.8
Net Earnings	-22.0	15.2		-30.9
Cash & cash equivalents	285.5	329.4		322.9

President & CEO Daniel Schneider comments:

"In the first quarter of this year, we navigated through a difficult first couple of months as Covid-19's Omicron variant surged and caused severe access restrictions and staffing shortages in both our North American and European commercial segments.

Despite the soft procedure volume in January and much of February, we were able to grow quarterly unit sales in each of our direct commercial territories. March showed a strong recovery as the Omicron variant began to resolve, yet residual staffing shortages continue to impact the business. In the last month of the quarter, we achieved the



second highest number of kits sold in the U.S. per month in the Company's history, enabling 12% sales growth in our North American business versus last year's first quarter.

We also delivered 13 tower placements during Q1 2022, as we depleted substantially all of the earlier-generation rigid towers in Karl Storz's inventory. Importantly, we installed 5 flexible BLC units in Q1 and grew the base of flexible towers by 29% year over year. This performance, we believe, is a good indicator of the high demand for BLC capital equipment that we are seeing from our hospital and group practice customers.

Our pipeline for new BLC towers remains strong, and we are working with Karl Storz to prepare for the launch of its new Blue light system expected later this quarter. Currently, the recently approved system is undergoing evaluation from leading users of blue light cystoscopy in the U.S., and once the testing phase is complete, the official launch will take place. So far, the response has been very positive with physicians noting the significantly improved visualization during bladder cancer resection procedures. The new blue light system will be showcased later this month at the American Urological Association's annual meeting, the largest urology congress in the U.S. Both the Photocure and Karl Storz exhibit booths will be actively educating physicians on the benefits of using Cysview with this new high definition system.

Our operating expenses during the first quarter of 2022 were up 38% compared to the prior-year period, driven primarily by the anticipated investment in our commercial infrastructure. We continue to expect a rebound in procedure volumes to pre-pandemic levels and higher later this year. On a sequential basis, our operating expenses were slightly lower than Q4 2021, as our cost base is now right-sized and ready to leverage future revenue growth.

During the quarter, we also saw continued progress from our current and new commercial partners for Hexvix in territories outside of our core markets. In March, our partner Asieris obtained approval to conduct a real-world evidence study for Hexvix in China to supplement its planned Phase III trial, and we entered into an exclusive distribution agreement with Endotherapeutics Group to commercialize Hexvix in Australia and New Zealand.

Despite the ongoing challenges of hospital staffing around the world, we see improving conditions and remain optimistic about our future. With a new high-definition BLC system launching in the U.S. market and our European commercial operations fully in place, we believe that the remainder of 2022 will be an exciting period for Photocure as we help more physicians and bladder cancer patients realize the benefits of Hexvix/Cysview."

Operational review

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

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

With established specialty commercial and medical teams in North America (U.S. and Canada) and Europe focused exclusively on the uro-oncology segment, Photocure has a solid foundation for the future growth of its breakthrough bladder cancer product, as well as the potential to expand its portfolio of solutions within the same uro-oncology domain. Despite the significant business challenges

of Covid-19, Photocure has continued to grow unit sales in both its North American and European segments.

Photocure continues to strive for ethical business operations, transparency and accountability in line with stakeholder expectations. In May 2021, the Company joined the UN Global Compact and in April 2022, Photocure published its sustainability (ESG) report for the year 2021, which can be accessed on the Company's website.

Commercial segment update

Photocure's first quarter 2022 results were significantly impacted by the global Covid-19 pandemic with the highly contagious Omicron variant causing widespread infection rates and healthcare worker staffing shortages in the first two months of the year. These issues severely limited treatment volumes, new account openings, and BLC equipment

installations. Given these challenges, sales growth of Hexvix/Cysview remained level in the first quarter of 2022, compared to the first quarter of 2021, with unit volume growing slightly in both North America and Europe.

North American unit sales increased in each sequential month during the first quarter of 2022, with March showing the second highest number of monthly Cysview kits sold in the Company's history. However, Covid-19 Omicron and its subvariant BA.2 remain public threats. As a result, the global pandemic continues to slow a full recovery of the Company's business.

Revenues from Photocure's North American segment increased 12% in the first quarter of 2022, with unit sales up 3% YoY. The increase in revenue was primarily due to higher unit volumes, the inclusion of direct Canadian sales in the 2022 period, and positive foreign exchange.

Revenues from the Company's European segment declined 7% YoY during the quarter, with in-market unit sales up 1% compared to the first quarter of 2021.

The consolidated currency impact was neutral in the first quarter.

Income statement - Commercial Franchise

<i>MNOK</i>	<u>YTD '22</u>	<u>YTD '21</u>	<u>FY '21</u>
North America revenues	30.5	27.3	125.2
Europe revenues	50.4	54.3	225.8
Partner revenues	0.4	0.0	0.4
Hexvix/Cysview total	81.4	81.6	351.4
<i>YoY growth</i>	<i>0 %</i>		
Other revenues	0.3	6.6	7.3
Total revenues	81.6	88.2	358.7
<i>YoY growth</i>	<i>-7 %</i>		
Gross profit	75.6	83.1	335.8
Operating expenses	-87.0	-64.0	-311.3
EBITDA	-11.4	19.2	24.5
<i>EBITDA margin</i>	<i>-14 %</i>	<i>22 %</i>	<i>7 %</i>

Total Hexvix/Cysview revenue in Q1 2022 remained level at NOK 81.4 million (NOK 81.6 million) compared to the same period in 2021. The results were mainly impacted by the Covid-19 Omicron surge in Q1 2022 and slightly higher unit sales growth in the North American and Europe territories.

Other revenues included sales from license partners and revenue from Hivec sales associated with the

Company's distribution agreement with Combat Medical in the Nordic region.

Operating expenses in the first quarter, excluding depreciation and amortization were mostly level with fourth quarter 2021 (reduction of 3%), however increased 36% YoY to NOK 87.0 million (NOK 64.0 million). The YoY increase was mainly driven by investments in the Company's European and North American sales, marketing, and medical activities to take advantage of expected access to healthcare re-opening in the second half of 2022. Start-up costs for Canadian operations and higher G&A also contributed to the increase in expenses.

First quarter 2022 EBITDA was NOK -11.4 million, a decrease of NOK 30.6 million from first quarter 2021 (NOK 19.2 million). The decrease was mainly due to higher expenses in the 2022 period intended to support post-pandemic growth, compared to the 2021 period in which the Company was still building its European commercial team and operating expenses were lower due to the Company's response to pandemic restrictions. Operating expenses in the first quarter of 2022 were stable compared to those in the fourth quarter of 2021.

Hexvix/Cysview

Global in-market unit volume increased 2% in the first quarter of 2022. The Covid-19 Omicron variant surge in both Europe and North America caused severe access restrictions and declines in procedure volumes for the majority of the first quarter, with the month of March showing signs of recovery.

North America Cysview Segment

North American unit volume in the first quarter of 2022 increased by 3%, compared to the same period in 2021, and revenues increased by 12% YoY to NOK 30.5 million (NOK 27.3 million). Photocure continues to increase Cysview's penetration of TURBT procedures in the U.S. Cysview volume in the U.S. rose 5% year over year, as the Company achieved its second highest monthly volume in the territory in Photocure's history during March 2022. Foreign exchange positively impacted U.S. sales during the first quarter of 2022.

Throughout the pandemic, Photocure has been able to increase its penetration into the U.S. TURBT market. However, because of ongoing pandemic surges, access to healthcare in certain regions remains restricted or closed. Additionally, Karl Storz's planned transition to sell an upgraded version of its blue light system has limited the Company's ability to

place blue light towers, which has hindered new account growth. With the new Karl Storz blue light system anticipated to launch in the second quarter of 2022, Photocure expects that placement of new blue light towers will accelerate in the second half of 2022.

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

The introduction of Cysview in the surveillance market together with improved reimbursement has resulted in growth of the installed base of blue light cystoscope capital equipment. At the end of the first quarter of 2022, the total installed base of blue light cystoscopes in the U.S. was 324, an increase of 16% or 44 units since the first quarter of 2021 (280). Blue Light Cystoscopy (BLC™) in the surveillance setting remains a strategic priority for Photocure in the U.S. market. In the first quarter of 2022, 5 flexible BLC towers were installed driven by rising demand by large urology group practice associations (LUGPAs). By the end of the first quarter of 2022, 53 flexible cystoscopes for the surveillance cystoscopy setting had been installed, an increase of 12 or 29% compared to the same period last year (41).

European Hexvix Segment

In the first quarter of 2022, revenues in the Company's European segment decreased by 7% to NOK 50.4 million (NOK 54.3 million), while unit sales were up 1% YoY. The quarter was significantly impacted by the Covid-19 Omicron surge leading to restricted account access and limited procedure volumes.

Since Photocure's acquisition of the European territories outside of the Nordic countries in October 2020, the Company has focused on a strategy to re-engage with physicians, key opinion leaders, and capital equipment manufacturers to rebuild or enter major markets in continental Europe. Germany is the largest market for Hexvix/Cysview and remains in recovery from the pandemic. As a result, German sales have provided stability to the European business during the pandemic, but the pressures from Covid-19 have limited growth. Returning Germany to meaningful growth is a key initiative for the Company's European commercial organization, as is the strategy to drive significantly higher growth rates in large, underpenetrated countries such as the U.K., France and Italy, referred to as Photocure's "priority growth markets". The Company has seen

early success in these priority markets, where sales declines have ceased, and growth has returned since the Company acquired the territories. Photocure also intends to enter other large unpenetrated European countries such as Spain and Poland.

Hexvix/Cysview partner sales

Due to reimbursement challenges, restrictive pandemic conditions, and partner transitions, partnership revenues in the first quarter of 2022 were limited. In March 2022, the Company announced that it had terminated its distribution agreement with Juno Pharmaceuticals and simultaneously entered into an exclusive distribution agreement with Endotherapeutics Group to commercialize Hexvix in Australia and New Zealand. Endotherapeutics focuses on serving the urology market. In August 2021, the Company announced that it regained commercial rights to Cysview in Canada from its licensee BioSynt. On January 3, Photocure announced that it had launched its own commercial operations in Canada combining this territory with its U.S. business to form the Company's North American business segment. The Company believes that these changes, coupled with the lifting of Covid-19 restrictions will begin to yield positive results in the second half of 2022 and beyond. Additionally, Photocure has signed agreements with Genotests SpA ("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 August 2021, Photocure was informed by Genotests that the Marketing Authorization for Hexvix was granted in Chile, and that Genotests is preparing for commercialization of the product.

In January 2021, Photocure entered into a partnership agreement with Asieris, a division of Jiangsu Yahong Meditech Co., Ltd., whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan. The Company received an upfront payment of USD 750,000 from Asieris for the rights to Hexvix in the designated territories and has potential to receive additional payments of up to USD 1.4 million for the

achievement of certain regulatory milestones including market approvals in Mainland China and Taiwan. Photocure will manufacture and supply Hexvix and receive a transfer price from Asieris representing a markup on product provided under the agreement and will also receive royalties on any product sales.

In December 2021, Asieris announced that Hexvix was put into pilot use in the Boao Lecheng International Medical Tourism Pilot Zone in Hainan Province with several patients receiving the procedure to date.

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

In March 2022, Asieris announced that it had obtained approval to conduct a real-world evidence study for Hexvix in Hainan, China. This study is expected to enable Asieris to capture real-world Hexvix data from the Hainan Pilot in addition to the results generated from the planned Phase III trial in China.

Hexvix/Cysview publications and presentations

In February 2022, an article by Laureline Lamy et al. entitled "Antitumor Effect and Induced Immune Response Following Exposure of Hexaminolevulinatate (HAL) and Blue Light in an Orthotopic Model of Rat Bladder Cancer" was published in the journal, Biomedicines. The objective of this pre-clinical study was based on the hypothesis that the positive impact on long-term outcomes in NMIBC patients who had undergone Blue Light Cystoscopy (BLC) prior to cystectomy could be caused by a direct anti-tumor effect and/or activation of the immune system indicating an additional effect of Blue Light with Hexvix/Cysview beyond pure detection.

The study authors concluded that "the anti-tumor effect is most probably pertaining to stimulation of the immune system as evident by tumor infiltration of CD3+ and CD8+ T-cells. These results support Photocure's hypothesis that the positive impact on patient outcomes observed in patients who had undergone BLC prior to cystectomy could be explained by systemic immune activation induced by HAL and blue light. Combination of HAL and blue light

with intravesical anti-PD-L1 resulted in increased anti-tumor effects. Intriguingly is the idea that local treatment with HAL and blue light can prime an immune response with potential additional effect of checkpoint inhibitors."

<https://www.mdpi.com/2227-9059/10/3/548>

Development portfolio update

The Company's development portfolio mainly consists of projects related to the development of Hexvix/Cysview and activities related to the agreement with Asieris for Cevira®.

Income statement - Development Portfolio

<i>MNOK</i>	YTD '22	YTD '21	FY '21
Total revenues	-	-	1.8
Gross profit	-	-	0.7
Operating expenses	-2.5	-1.0	-6.8
EBITDA	-2.5	-1.0	-6.2

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

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

Subsequently, Asieris launched a global clinical development program initially focused on the Chinese market, based on Photocure's Phase 2b data for patients diagnosed with high grade lesions and Phase 3 study design elements agreed upon with the U.S. FDA. Patient enrolment in an ongoing Phase 3 study was initiated in China in late 2020, with the majority of patients being enrolled in China and the remainder anticipated to be enrolled in Europe. Further development in Europe and a plan for the U.S. will follow if clinical results from the Chinese-focused Phase 3 study confirms the safety and efficacy of Cevira. Further information about the ongoing Phase 3 trial for Cevira can be found by clicking the following link:

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

In July 2020, Asieris announced that it had received Clinical Trial Approval (CTA) from China's National

Medical Products Administration (NMPA) for the global, multi-centered Phase III clinical trial of Cevira (APL-1702), which is being developed for the non-surgical treatment of high-grade cervical dysplasia (HSIL).

In October 2020, Photocure announced that the European Patent Office (EPO) granted patent EP 2983780 covering the commercial Cevira device in Europe until 2034, adding to the patent portfolio for Cevira.

In November 2020, Asieris announced initial dosing of the first patient in its Global Phase III clinical trial for Cevira, which triggered a USD 1.5 million payment to Photocure. In June 2021, Asieris announced initial dosing of the first European patient in the same trial.

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

Financial review

(Numbers in parentheses are for the corresponding period in 2021; references to the prior year refer to a comparison to the same period 2021, unless otherwise stated).

MNOK	Q1 '22	Q1 '21	Change
Hexvix / Cysview revenues	81.4	81.6	0 %
Total other revenues	0.3	6.6	-96 %
Total revenues	81.6	88.2	-7 %
Gross profit	75.6	83.1	-9 %
Operating expenses	-89.5	-65.0	38 %
EBITDA	-13.9	18.1	
Depreciation & amortization	-6.0	-5.9	
EBIT	-19.9	12.3	
Net financial items	-7.4	8.1	
Earnings before tax	-27.3	20.3	
Tax expenses	5.3	-5.2	
Net earnings	-22.0	15.2	

Photocure decided to invest in and focus its commercial resources during the Covid-19 pandemic to position the company for a rapid recovery as the

situation improves. In line with its commercial market opportunities and strategic objectives, the Company has deployed resources into its commercial organizations, while taking into consideration the Covid-19 pandemic.

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

Revenues

Hexvix/Cysview revenues in the first quarter of 2022 were NOK 81.4 million, at level with first quarter 2021. Foreign exchange had no significant impact on consolidated Hexvix/Cysveiw revenues

Total revenues in the first quarter of 2022 decreased 7% to NOK 81.6 million (NOK 88.2 million). 2021 first quarter revenue included a signing fee from Asieris of NOK 6.4 million explaining the reduction in total revenue. Adjusted for this milestone 2022 first quarter revenue would have been at level with prior year.

Other revenues were NOK 0.3 million (NOK 6.6 million) in the first quarter of 2022. 2021 revenues included signing fees from Asieris totaling NOK 6.4 million, as per the partnership agreement with Asieris whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan.

Cost of goods sold (COGS)

First quarter 2022 COGS was NOK 6.0 million (NOK 5.1 million). The increase is mainly driven by higher serialization costs and volume. Total COGS in first quarter 2022 was 7% of sales revenues, in line with COGS for the full year 2021 (7%).

Operating expenses

Total operating expenses, excluding depreciation and amortization, were NOK 89.5 million (NOK 65.0 million) in the first quarter. Sequentially, from fourth quarter 2021 the operating expenses declined with 3%. The main contributor to the YoY increases in operating expenses was the inclusion of the European business from Ipsen in terms of local commercial organization and scaling of regulatory and marketing group activities. In the second half of 2021, the Company also added investments in the U.S. commercial operation reflecting the gradual improvement of healthcare market access.

First quarter 2022 research and development (R&D) costs were NOK 1.4 million (NOK 0.7 million). The R&D costs relate mainly to regulatory work and the maintenance and expansion of Photocure's intellectual property.

Sales and marketing costs increased by 29% to NOK 64.7 million (NOK 50.2 million) in the first quarter of 2022. The expense increase was mainly driven by investments in the European commercial organization following the inclusion of the European business from Ipsen. Sequentially, from fourth quarter 2021, the Sales and marketing costs declined with 9%.

First quarter 2022 Other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 23.4 million, compared to NOK 14.1 million in the same quarter of 2021. The increase was mainly driven by business development activities as well as the inclusion of the European business from Ipsen.

Photocure took measures to contain its expenses during the earlier pandemic surges, and from the second half of 2021, the Company has increased investment in its operations to take advantage of the anticipated improvement in healthcare access and procedure volumes.

Financial results

EBITDA was NOK -13.9 million (NOK 18.1 million) for the first quarter of 2022. The reduction in EBITDA was mainly due to revenue development continuing to be affected by lack of access and staffing shortages related to Covid-19, combined with increased investments preparing for future reduced impact from the pandemic. In addition, the sign-on revenue from Asieris in the first quarter of 2021 improved 2021 revenue results by NOK 6.4 million.

First quarter 2022 depreciation and amortization was NOK 6.0 million (NOK 5.9 million). The main cost item was the amortization of intangible assets related to the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen.

Net financial items in the first quarter of 2022 were NOK -7.4 million (NOK 8.1 million). Net financial costs were driven by interest on the Company's long-term loan, as well as accrued interest costs included for the deferred earnout liability due to Ipsen. Net financial items in the first quarter of 2021 were also

impacted by unrealized currency gains totaling NOK 14.0 million.

Photocure experienced a net loss before tax of NOK 27.3 million in the first quarter of 2022 (net profit of NOK 20.3 million). Net earnings were a loss of NOK 22.0 million for the first quarter of 2022 (net profit of NOK 15.2 million).

Cash flow and statement of financial position

Net cash flow from operations was NOK -22.1 million in the first quarter of 2022 (NOK -1.9 million). The negative cash flow from operations in 2022 was mainly driven by the negative EBITDA as well as working capital development.

First quarter 2022 net cash flow from investments was NOK 0.5 million (NOK 0.3 million).

First quarter 2022 cash flow from financing was NOK -15.8 million (NOK -3.3 million). First quarter cash flow from financing included repayment of long-term debt (Nordea) of NOK 6.3 million and paid earnout of NOK 7.6 million.

Net change in cash was for the first quarter of 2022 NOK -37.4 million (NOK -5.5 million). Cash and cash equivalents were NOK 285.5 million at the end of first quarter 2022.

Shareholders' equity was NOK 481.0 million at the end of first quarter 2022, representing an equity ratio of 65%.

Long term liabilities were NOK 176.8 million at the end of the first quarter 2022, including NOK 6.3 million from the Company's bank loan, and capitalized value of expected future earn-out payments to Ipsen totaling NOK 138.9 million. The bank loan is secured under the State Guarantee Scheme for Loans to SMEs as a buffer to Covid-19 impacts.

As of March 31, 2022, Photocure held 14,846 of its own shares.

Risks and uncertainty factors

Photocure is exposed to risk and uncertainty factors, which may affect some or all of the Company's activities. Photocure has commercial risk, financial risk, market risk, legal and regulatory risk, as well as

operational risk and risk related to the development of new products.

The Company is exposed to risks associated with market development for Hexvix/Cysview, progress of partnering activities, as well as financial risks related to interest rates, liquidity and currency fluctuations.

As described in the Company's Annual Report for 2021, the Covid-19 pandemic's global impact is still significant and is subject to ongoing attention by Company Management and the Board of Directors.

There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2021.

Covid-19 pandemic update

Current business conditions continue to be affected by the Covid-19 pandemic. While healthcare access has reopened in parts of the world and significant vaccinations are being administered to combat the spread of viral infection, declines in Covid-19 cases continue to be met with sporadic pandemic resurgences. As a result, the threat of Covid-19 infection and outbreak remains, leading to continued caution on behalf of patients and healthcare providers. In Europe and parts of the U.S., hospitals are continuing to deal with Covid-19 cases as well as staffing shortages. As a result, regions within the U.S. and Europe are expected to continue to be impacted by Covid-19.

Photocure believes that the treatment of bladder cancer consists of procedures that are prioritized by healthcare systems. However, there have been several periods of healthcare access re-openings and closings due to Covid-19 resurgences, causing certain regions in the U.S., Europe and the rest of the world to have significant volatility with respect to procedure volumes.

According to data analytics provider Definitive Health, procedure volumes for bladder cancer resection surgeries (TURBTs) declined 11% from 2019 through the end of 2021, and continued to fall in the first quarter of 2022. Key factors driving the lower TURBT volumes and utilization of healthcare in general since the pandemic began include restricted access to hospitals and physicians in certain regions throughout Europe and the U.S., and fewer patients seeking treatment to avoid the risk of Covid-19 infection. As well, hospital staffing shortages in both

the U.S. and in Europe are also pressuring procedure volumes.

During the first quarter of 2022, procedure volumes in Europe and the U.S. declined significantly in January and February, but staged a recovery in March, demonstrating the continued market volatility. In addition to the impact on treatment volumes, new account openings and cystoscope installations have been affected. However, the Company has continued to grow the base of BLC installations and Hexvix/Cysview kit usage during the pandemic, increasing its penetration of the global bladder cancer treatment market.

Photocure's main priority is the health and welfare of all Photocure employees and stakeholders. The Company continues to offer partial remote work arrangements across its locations and functions and is fully operational.

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

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

Photocure retained its full commercial organization during the Covid-19 pandemic to ensure a rapid recovery as the situation improves. Cost-saving measures were implemented by the Company in 2020 and the first half of 2021 in order to reduce the financial impact of the Covid-19 pandemic. As access to care and procedure volumes are expected to continue to improve, Photocure remains prepared to invest in the growth opportunities for Hexvix/Cysview globally.

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

Subsequent events

At the annual general meeting held April 28, 2022, Neal Shore, M.D. was elected to Photocure ASA's board of directors, replacing Grannum Sant, M.D.

Dr. Shore is Medical Director for the Carolina Urologic Research Center and is a Fellow of the American College of Surgeons. He has conducted more than 350 clinical trials focusing mainly on genitourinary oncology. Dr. Shore performs peer reviews for Lancet Oncology, New England Journal of Medicine, European Urology, the Journal of Urology, Urology, BJUI, PCPD, and other high-impact scientific journals. He serves on the executive boards of the Society of Urologic Oncology, the Bladder Cancer Advocacy Network (BCAN), and as the National Urology Research Director for 21st Century Oncology. Additionally, Dr. Shore is Past President of the Large Urology Group Practice Association, and has served on the AUA Male Health Committee and the AUA Data Committee, the SITC Task Force for Prostate Cancer, the Editorial Boards of Review in Urology, Urology Times, Chemotherapy Advisor, OncLive, PLOS ONE, Urology Practice, and the World Journal of Urology.

Outlook

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

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

The global Covid-19 pandemic has had a negative impact on patient visits, BLC procedures, account access, and capital equipment installations since March 2020. The ongoing Covid-19 pandemic adds continued uncertainty to Photocure's near-term business forecast, which impacts the reliability of financial estimates. The Company believes that the

benefits of Blue Light Cystoscopy with Hexvix/Cysview offering superior detection and management of bladder cancer will continue to be adopted and become the standard of care. In places where procedures have been postponed due to the fear of exposure to Covid-19, the pace of procedures is expected to rebound back to pre-Covid-19 growth rates in the U.S. In the Company's European markets that were acquired in October 2020, improved access to new accounts is expected to drive uptake of Hexvix across the region. Indicators of a potential rebound are: (1) continued growth and an increase in market penetration in the Company's U.S. business throughout the pandemic period, (2) Photocure's strong pipeline of anticipated BLC tower placements in the U.S., and (3) early stabilization and rising kit orders driven in priority growth markets in Europe such as France, the U.K. and Italy. Photocure plans to continue supporting these efforts with additional clinical publications in scientific journals and data presentations at medical conferences to underscore the clinical benefits and cost-effectiveness of using BLC with Hexvix/Cysview.

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

Despite this pent-up demand, the ongoing pandemic and Karl Storz's planned transition to launch an upgraded version of its blue light system beginning in the first half of 2022 has limited the Company's ability to significantly expand the installed base of BLC capital equipment in the U.S. since Q2 2021. With the new Karl Storz blue light system anticipated to launch throughout the U.S. in the second quarter of 2022, Photocure expects that the placements of new blue light rigid towers will accelerate in the back half of the year. Meanwhile, the Company will continue to focus on increasing the use of Cysview in existing accounts as well as placing flexible BLC equipment, for which installation momentum is increasing.

North America and Europe are Photocure's primary markets for growth, given the Company's two direct sales forces and a majority of the market still to be penetrated by Hexvix/Cysview with BLC. Photocure regained the sales and marketing rights to Hexvix in continental Europe in the fourth quarter of 2020 and regained the rights to Cysview in Canada in January 2022. As a result, the Company is positioned to take advantage of the growth opportunity throughout these territories.



The timing of a full recovery from the pandemic remains unclear, due to the continued spread and sporadic outbreaks of Covid-19 variants. As a result, Photocure is not issuing financial guidance at this time due to the inability to reliably forecast

healthcare access and procedure trends across its direct markets. The Company plans to issue guidance as the business environment becomes more stable again.

The Board of Directors and CEO
Photocure ASA

Oslo, May 10, 2022

Jan Hendrik Egberts
Chairperson

Johanna Holldack
Director

Neal Shore
Director

Anders Tuv
Director

Anne Worsøe
Director

Daniel Schneider
President and CEO

Photocure Group

Accounts for first quarter 2022

Photocure Group – Statement of comprehensive income

		2022	2021	2021
(all amounts in NOK 1,000 except per share data)	Note	1.1 - 31.03	1.1 - 31.03	1.1 - 31.12
Sales revenues		81 603	81 760	354 124
Signing fees and milestone revenues	8	-	6 416	6 416
Total revenues		81 603	88 176	360 540
Cost of goods sold		-6 028	-5 065	-24 050
Gross profit		75 575	83 111	336 490
Indirect manufacturing expenses	3	-3 769	-3 728	-14 828
Research and development expenses	3	-1 360	-674	-4 322
Marketing and sales expenses	3	-68 984	-54 432	-259 867
Other operating expenses	3	-21 342	-12 010	-63 298
Total operating expenses		-95 455	-70 845	-342 315
EBIT		-19 880	12 266	-5 826
Financial income		328	17 612	26 212
Financial expenses		-7 703	-9 538	-52 042
Net financial profit/loss(-)		-7 375	8 074	-25 830
Profit/loss(-) before tax		-27 256	20 340	-31 656
Tax expenses	4	5 271	-5 172	759
Net profit/loss(-)		-21 985	15 168	-30 897
Other comprehensive income		-4 794	401	-1 311
Total comprehensive income		-26 779	15 569	-32 208
Net profit/loss(-) per share, undiluted	5	-0.82	0.57	-1.15
Net profit/loss(-) per share, diluted	5	-0.82	0.57	-1.15

Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	31.03.2022	31.03.2021	31.12.2021
Non-current assets				
Customer relationship	7	141 713	158 385	145 881
Goodwill	7	144 000	144 000	144 000
Fixed assets	7	31 762	6 760	33 575
Deferred tax asset	4	58 423	44 732	53 003
Total non-current assets		375 897	353 877	376 459
Current assets				
Inventories		22 077	27 566	27 534
Accounts receivable		43 317	46 715	47 980
Other receivables		11 340	9 347	14 780
Cash and short term deposits	9	285 480	329 388	322 895
Total current assets		362 214	413 016	413 189
Total assets		738 111	766 893	789 648
Equity and liabilities				
Equity				
Share capital	11	13 488	13 410	13 487
Other paid-in capital		414 692	390 255	410 734
Retained earnings		52 819	126 377	78 412
Shareholders' equity		480 999	530 042	502 632
Long-term liabilities				
Earnout liability	6, 9	138 886	126 933	139 350
Long term loan financial institution	10	6 250	31 250	12 500
Other long-term liabilities	7	31 632	6 833	33 163
Total long-term liabilities		176 768	165 016	185 013
Accounts payable		14 739	12 557	23 648
Short term part of longterm liability	10	25 000	18 750	25 000
Other short-term liabilities		40 604	40 527	53 355
Total liabilities		257 111	236 851	287 015
Total equity and liabilities		738 111	766 893	789 648

Photocure Group – Changes in equity

	2022	2021	2021
<i>(Amounts in NOK 1,000)</i>	1.1 - 31.03	1.1 - 31.03	1.1 - 31.12
Equity at end of prior period	502 632	508 133	508 133
Capital increase	215	5 255	13 945
Share-based compensation (share options employees)	4 941	1 085	12 665
Own shares	-10	-	97
Comprehensive income	-26 779	15 569	-32 208
Equity at end of period	480 999	530 042	502 632

Photocure Group – Cash flow statement

	2022	2021	2021
(Amounts in NOK 1,000)	1.1 - 31.03	1.1 - 31.03	1.1 - 31.12
Profit/loss(-) before tax	-27 256	20 340	-31 656
Depreciation and amortisation	6 000	5 869	24 127
Share-based compensation	4 941	1 085	12 665
Interest income	-706	-765	-1 807
Interest costs	6 029	5 891	23 826
Remeasured earnout	-	-	17 220
Unrealized currency (- gains) / losses	2 075	-14 020	-14 869
Changes in working capital	-8 530	-20 476	-3 222
Other operational items	-4 657	168	-2 398
Net cash flow from operations	-22 104	-1 908	23 886
Net investments in fixed assets	-196	-1 101	-3 703
Payment return of market rights Europe	-	-	-
Received interest payments	706	765	1 807
Cash flow from investments	510	-336	-1 896
Share capital increase employees	215	5 255	13 945
Private placements	-	-	-
Paid earnout	-7 643	-7 127	-28 818
Payment of lease liability	-1 833	-1 108	-5 306
Long term loan	-6 250	-	-12 500
Other financial payments and transactions	-309	-275	-1 304
Cash flow from financing activities	-15 821	-3 255	-33 983
Net change in cash during the period	-37 415	-5 499	-11 992
Cash & cash equivalents at beginning of period	322 895	334 887	334 887
Cash & cash equivalents at end of period	285 480	329 388	322 895

Notes to the accounts for first quarter 2022

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, Photocure SAS registered in France and Photocure Canada Inc. registered in Canada.

Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021 (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 May 10, 2022.

Photocure performs the sales and distribution of Hexvix in the European markets. Photocure has established wholly owned subsidiaries in Germany (Photocure GmbH) and France (Photocure SAS) that provide marketing and promotion services. These entities have Euro (EUR) as functional currency. The sales, marketing and distribution in the U.S. are performed through Photocure's wholly owned subsidiary Photocure Inc. and Photocure Canada Inc. under the trade name Cysview. Photocure Inc. has U.S. dollars (USD) as functional currency while Photocure Canada Inc. has Canadian dollars (CAD) as functional currency.

Photocure ASA 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

In January 2022, Photocure announced that it had launched its direct commercial operations in Canada after regaining rights to Cysview from its former partner, BioSynt Pharma, Inc. The reacquisition of Canadian marketing and distribution rights enables Photocure's direct management of the Cysview brand in Canada and consolidates the territory into the Company's existing U.S. business to form its North America sales segment.

Preparation of the accounts in accordance with IFRS requires the use of judgment, estimates and assumptions that have consequences for recognition in the balance sheet of assets and liabilities, the estimation of contingent liabilities and recorded revenues and expenses. The use of estimates and assumptions is based on the best discretionary judgement of the Group management.

Note 2 - Photocure Group – Segment information

Photocure has two segments: Commercial Franchise and Development Portfolio. Commercial Franchise includes Hexvix/Cysview by geography (North America and Europe) and other sales (partners and other products including sales revenues for Hive). Development Portfolio includes development of pipeline products. North America 2022 results includes U.S. and Canada while 2021 and earlier results include U.S. only as sales in Canada were through a partner. Total 2021 revenue for Photocure from this partner was NOK 0.4 million.

1.1-31.3 2022

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	50 448	30 473	682	81 603	-	81 603
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-4 742	-1 127	-159	-6 028	-	-6 028
Gross profit	45 706	29 345	524	75 575	-	75 575
Gross profit of sales %	91 %	96 %	77 %	93 %		93 %
R&D	-384	-102	-	-486	-874	-1 360
Sales & marketing	-25 496	-38 390	-636	-64 522	-193	-64 715
Other & allocations	-11 633	-8 306	-2 041	-21 979	-1 401	-23 380
Operating expenses	-37 512	-46 798	-2 677	-86 987	-2 468	-89 455
EBITDA	8 193	-17 452	-2 153	-11 412	-2 468	-13 880

1.1-31.3 2021

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	54 293	27 255	212	81 760	-	81 760
Milestone revenues	-	-	6 416	6 416	-	6 416
Cost of goods sold	-4 326	-642	-97	-5 065	-	-5 065
Gross profit	49 967	26 613	6 531	83 110	-	83 110
Gross profit of sales %	92 %	98 %	54 %	94 %		94 %
R&D	-249	-75	-	-325	-349	-674
Sales & marketing	-19 052	-30 272	-768	-50 092	-114	-50 206
Other & allocations	-7 650	-5 032	-861	-13 543	-566	-14 110
Operating expenses	-26 952	-35 379	-1 630	-63 960	-1 029	-64 990
EBITDA	23 015	-8 766	4 901	19 150	-1 029	18 121

1.1-31.12 2021

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

Note 3 – Income statement classified by nature

	2022 1.1-31.03	2021 1.1-31.03	2021 1.1-31.12
(Amounts in NOK 1 000)			
Sales revenues	81 603	81 760	354 124
Signing fees and milestone revenues	-	6 416	6 416
Cost of goods sold	-6 028	-5 065	-24 050
Gross profit	75 575	83 111	336 490
Payroll expenses	-59 252	-46 905	-210 552
R&D costs excl. payroll expenses/other operating exp.	-874	-361	-2 657
Ordinary depreciation and amortisation	-6 000	-5 869	-24 127
Other operating expenses	-29 330	-17 711	-104 979
Total operating expenses	-95 455	-70 845	-342 315
EBIT	-19 880	12 266	-5 826

Note 4 – Tax

<i>(Amounts in NOK 1 000)</i>	31.03.2022	31.12.2021
Income tax expense		
Tax payable	-149	-2 365
Changes in deferred tax	5 420	3 124
Total income tax expense(-)/income	5 271	759
Tax base calculation		
Profit before income tax	-21 401	-16 690
Permanent differences	11 812	2 087
Temporary differences	6 849	10 050
Change in tax loss carried forward	2 740	4 553
Tax base	-	-
Temporary differences:		
Total	-102 296	-110 533
Tax loss carried forward	367 857	351 456
Net temporary differences	265 561	240 923
Deferred tax benefit	265 561	240 923
Deferred tax asset	58 423	53 003

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 March 31, 2022 and December 31, 2021 is based on a tax rate of 22%.

The parent company has a taxable loss in Q1 2022. The deferred tax asset increased to NOK 58.4 million compared to NOK 53.0 million as of December 31, 2021. There is no expiry on losses to be carried forward in Norway. The basis for recognition of a tax asset in Norway is the predicted future profit according to the business plan for all major markets and that temporary differences for the coming years will be reversed. The basis for the recognition of the tax asset is the assessment that there is convincing evidence that the deferred tax benefit will be utilized.

For further information refer to the annual report consolidated financial statements for the year ended December 31, 2021, note 11.

Note 5 – Earnings per share

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

	2022	2021
(Figures indicate the number of shares)	1.1-31.03	1.1-31.12
Issued ordinary shares 1 January	26 973 820	26 717 536
Effects of share options exercised	458	142 718
Effect of treasury shares	-14 846	-16 919
Effect of shares issued	-	-
Weighted average number of shares	26 959 432	26 843 335
Effect of outstanding share options	178 011	264 553
Weighted average number of diluted shares	27 137 443	27 107 888
Earnings per share in NOK	-0.82	-1.15
Earnings per share in NOK diluted	-0.82	-1.15

Note 6 – Marketing rights Europe and restructuring

Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen Pharma SAS (Ipsen), were acquired by Photocure 1 October 2020. Ipsen receives a deferred consideration 15% of sales (years 1-7 post-transfer) and 7.5% of sales (years 8-10) in the previous Ipsen major markets. The deferred consideration is paid as quarterly earnout payments in EURO after the close of the quarter. The fair value of the deferred consideration is driven by future expected sales and is remeasured on a yearly basis. Photocure performed a remeasurement as of 31 December 2021. The remeasurement resulted in a fair value of NOK 139.5 reflecting an increase of fair value of NOK 17.2 million. The increased fair value has been recognized in profit or loss as a financial cost in 2021. To arrive at the remeasured fair value of NOK 139.5 million, Photocure has discounted the estimated earnout payments by an IRR according to the investment project. This IRR has been deemed appropriate as a discount rate for the earnout payments since the level of the payments will be subject to the same risk factors as the cash flow prognosis for the acquisition as a whole. The increased accrued earnout liability relates to the future sales driven earnout due to Ipsen. Future sales, given performance in 2021 and growth opportunities going forward, are expected to exceed forecasts prepared in connection with the transaction, and as a result the revenue based earnout will increase as well.

The agreement with Ipsen determined a floor revenue for the earnout from 2022 to the end of the forecast period and there is no upper cap of revenue. The total undiscounted amount of the earnout may be in the interval of NOK 202 - 331 million depending on revenue and development of the currency exchange rate between EUR and NOK. According to our sensitivity analysis the corresponding net present value of the liability may decrease or increase by NOK 33 million.

One intangible asset has been identified, Customer relationships. The customer relationships relate to existing customers in Europe which have previously been served by Ipsen. Customer relationships has been valued using a multiperiod excess earnings method and the value at transaction date was NOK 166.7 million. Photocure has evaluated this asset to have an estimated value for 10 years from transaction date and the intangible assets is depreciated on a straight-line basis over this period.

Carrying amount of goodwill is allocated to the acquired business in Europe by NOK 144 million. The recoverable amount has been determined as value in use. The impairment test December 31, 2021 was based on cash flow projections for the business related to the investment. The cash flow projections were based on most recent financial forecast for the business. Main assumptions were:

- Sales growth and related expenses is based on current penetration and future growth potential as per management assessment. When assessing future growth and related expenses management has taken into consideration experiences from high growth markets as well as more mature markets within the company portfolio.

- With minor exceptions sales are in Euro. Assumed exchange rate NOK/EUR is 10.20, at level with average rate 2021.
- The impairment test is based on a 10 year cash flow projection. 10 year is applied as this reflects the change in hospital practices driven by the product as well as the low churn experienced in other markets.
- The applied discount rate is 18.6% post tax. An increase of discount rate with 2% or 4% will not change the conclusion of the impairment test. Terminal growth is estimated to 4%. This percent reflects the expected inflation and the growth in the aged population that has the highest prevalence of bladder cancer. A reduction of terminal growth to 2% or zero will not have a material impact on fair value of investment.
- Applied tax rate is 22%.

Note 7 – Fixed Assets and Right of Use Assets

	Customer		Machinery &			Total fixed
(Amounts in NOK 1 000)	Goodwill	relations	Right of use	equipment	Intangibles	assets
Net book value 31.12.2021	144 000	145 881	28 691	3 728	1 156	33 575
Net investments and revaluation 2022	-	-	-434	454	-	20
Depreciation and amortization	-	-4 168	-1 387	-312	-133	-1 833
Net book value 31.03.2022	144 000	141 713	26 870	3 869	1 023	31 762

The right of use assets includes mainly the office rental agreements in Oslo, Dusseldorf and Princeton. The related lease liability is measured at the present value of the lease payments that are not paid at the commencement, discounted using the Groups incremental borrowing rate as the discount rate. The lease liability as of March 31, 2022 was NOK 27.8 million compared to NOK 29.6 million December 31, 2021 and the interest expense was NOK 45.4 thousand.

Note 8 – Contract revenue and receivable

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

Photocure has entered into a license agreement with Asieris Meditech Co., Ltd with a world-wide license to develop and commercialize the pipeline product Cevira. Cevira is a photodynamic drug-device combination product that is being developed for non-surgical treatment of high-grade cervical dysplasia. Under the agreement Photocure has received signing fees of USD 5 million in 2019 and two milestones in 2020 of USD 1.5 million each. Photocure will receive additional development- and approval milestones depending on the outcome of the ongoing study.

Note 9 – Fair value financial assets

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

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

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

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

Market value hierarchy <i>(Amounts in NOK 1 000)</i>	Level 1	Level 2	Level 3	Total
- Money market funds	260 055	-	-	260 055
- Earnout liability			-138 886	-138 886
Total	260 055	-	-138 886	

Note 10 – Long term loan

Photocure received a loan of NOK 50 million from Nordea in the second quarter 2020. The loan is secured under the State Guarantee Scheme for Loans to SME's (Covid-19 related). The loan carries a floating interest rate, and the effective interest rate at the end of the quarter was 2.73%. The loan is a three-year term loan, first year interest only, thereafter, from September 2021, quarterly repayments of NOK 6.25 million. The loan balance as of end March 2022, was NOK 31.2 million of which NOK 25.0 million are due within end next year.

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 31 December 2021	26 973 820	NOK 0.50	13 486 910
Share capital at 31 March 2022	26 976 570	NOK 0.50	13 488 285
Treasury shares:			
Holdings of treasury shares at 31 December 2021	14 846		7 833
Buy-back of shares	-	NOK 0.50	-
Sale(-)/Buy-back of restricted shares	-	NOK 0.50	-
Holdings of treasury shares at 31 March 2022	14 846		7 833

The table below indicates the status of authorizations as of March 31, 2022:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on 20 May 2021	2 682 000	4 023 000	750 000
Share issues after the General Meeting on 20 May 2021	-	-	156 501
Purchase of treasury shares after 20 May 2021	962	-	-
Remaining under authorisations at 31 March 2022	2 682 962	4 023 000	593 499

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of March 31, 2022:

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

* Anders Tuv represents RADFORSK Investeringsstiftelse

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

Note 12 – Share options

On March 31, 2022, employees in Photocure had the following share option schemes:

Year of allocation	2021	2020	2020
Option program	2021	2020	2019
Number	735 000	390 500	227 500
Exercise price (NOK)	87.39 - 145.27	78.65 - 81.41	50.72 - 56.83
Year of expiry	2026	2025	2024

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

	31.03.2022		31.12.2021	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1 355 750	109.61	981 534	66.28
Allocated during the year	-	-	756 000	142.57
Become invalid during the year	-	-	125 500	81.99
Exercised during the year	2 750	78.00	256 284	54.41
Expired during the year	-	-	-	-
Outstanding at end of period	1 353 000	109.67	1 355 750	109.61
Exercisable options at end of period	96 625	79.15	90 375	77.66

Note 13 – Shareholders

Overview of the major shareholders as of March 31, 2022:

Major Shareholders	Citizen	Type	# Shares	%
Morgan Stanley & Co. LLC	United States	Nominee	3 274 425	12.1 %
Skandinaviska Enskilda Banken AB	Ireland	Nominee	834 601	3.1 %
The Bank of New York Mellon SA/NV	United Kingdom	Nominee	721 575	2.7 %
Radforsk Investeringsstiftelse	Norway	Ordinary	679 619	2.5 %
Nordnet Bank AB	Sweden	Nominee	567 411	2.1 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	540 000	2.0 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	531 639	2.0 %
The Bank of New York Mellon SA/NV	Ireland	Nominee	515 000	1.9 %
MP Pensjon PK	Norway	Ordinary	511 278	1.9 %
The Bank of New York Mellon	United States	Nominee	485 304	1.8 %
Avanza Bank AB	Sweden	Nominee	443 996	1.6 %
JPMorgan Chase Bank, N.A., London	United States	Nominee	438 311	1.6 %
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	427 468	1.6 %
RBC Investor services bank S.A.	Luxembourg	Nominee	424 336	1.6 %
Skandinaviska Enskilda Banken AB	Finland	Nominee	417 940	1.5 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	412 990	1.5 %
The Northern Trust Comp, London Br	United Kingdom	Nominee	412 987	1.5 %
The Bank of New York Mellon SA/NV	Denmark	Nominee	400 000	1.5 %
Verdipapirfondet KLP AksjeNorge	Norway	Ordinary	375 630	1.4 %
Verdipapirfondet Pareto Investment	Norway	Ordinary	338 000	1.3 %
Total 20 largest shareholders			12 752 510	47.3 %
Total other shareholders			14 224 060	52.7 %
Total number of shares			26 976 570	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:

	2022	2021	2021
(all amounts in NOK 1 000)	YTD Mar.	YTD Mar.	Full Year
Gross profit	75 575	83 111	336 490
Operating expenses excl depreciation & amortization	-89 455	-64 989	-318 188
EBITDA	-13 880	18 122	18 302
Depreciation & amortization	-6 000	-5 856	-24 127
EBIT	-19 880	12 266	-5 826

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:

	2022	2021	2021
	YTD Mar.	YTD Mar.	Full Year
USD (NOK per 1 USD)	8.86	8.51	9.41
EUR (NOK per 1 EUR)	10.03	10.32	10.73
DKK (NOK per 100 DKK)	134.81	138.79	143.89
SEK (NOK per 100 SEK)	96.04	102.29	102.27



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