Photocure ASA 2nd Quarter 2023 Results

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PHOTOCURE® THE BLADDER CANCER COMPANY

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2nd Quarter 2023 Highlights:

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Sequential growth from Q1′ 2023 recovery despite phase down of flexible BLC

+16% Revenue growth

Units up 2% excl. German stocking prior year

Hexvix/Cysview revenue up 9% from Q1'23; units up 6% sequentially

Installed base of blue light (U.S.):
- 8 new Saphira™ towers in Q2
- 5 upgrades from existing accounts
- 40 quotes, 12 new Saphira™ purchase orders so far in Q3

Ongoing challenges:
- phase down of flex BLC utilization
- staffing shortages slowly resolving

EBITDA NOK 23.4 million

NOK 6.1M ex-BD exp. & Asieris payment

Asieris Cevira milestone NOK 26.9 million

OPEX mostly level excl. FOREX & BD last 7 quarters; Continued investment behind Hexvix/Cysview

Biz Dev expense NOK 9.6 million

Positive cash flow in Q2 NOK 259 million in cash and equivalents; term debt fully paid off in Q2 2023

Key news and events

AUA 2023: Nordic registry data & multiple scientific programs focusing on BLC® (April/May)

2 urology journal publications: reduced recurrence risk & detection of CIS with BLC® (May)

Asieris completes Hexvix phase III study enrolment in China (July)

Citizen's Petition* to re-classify BLC equipment: process ongoing

*Link to FDA CP Public Comments for BLC Re-classification

Segment Trends

North America and Europe markets

Sequential Growth Achieved in Both Territories

Q1 & Q2 Hexvix/Cysview Unit Sales by Region (Last 3 Years)

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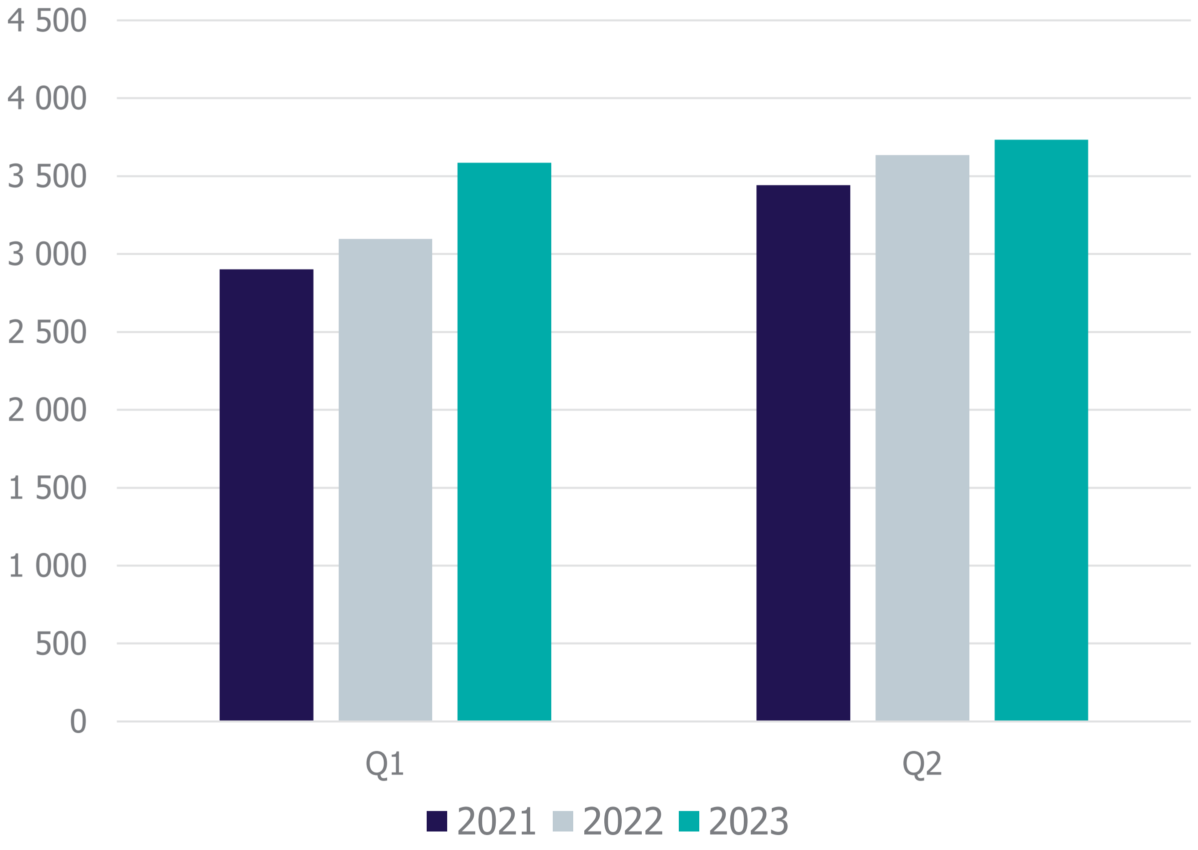
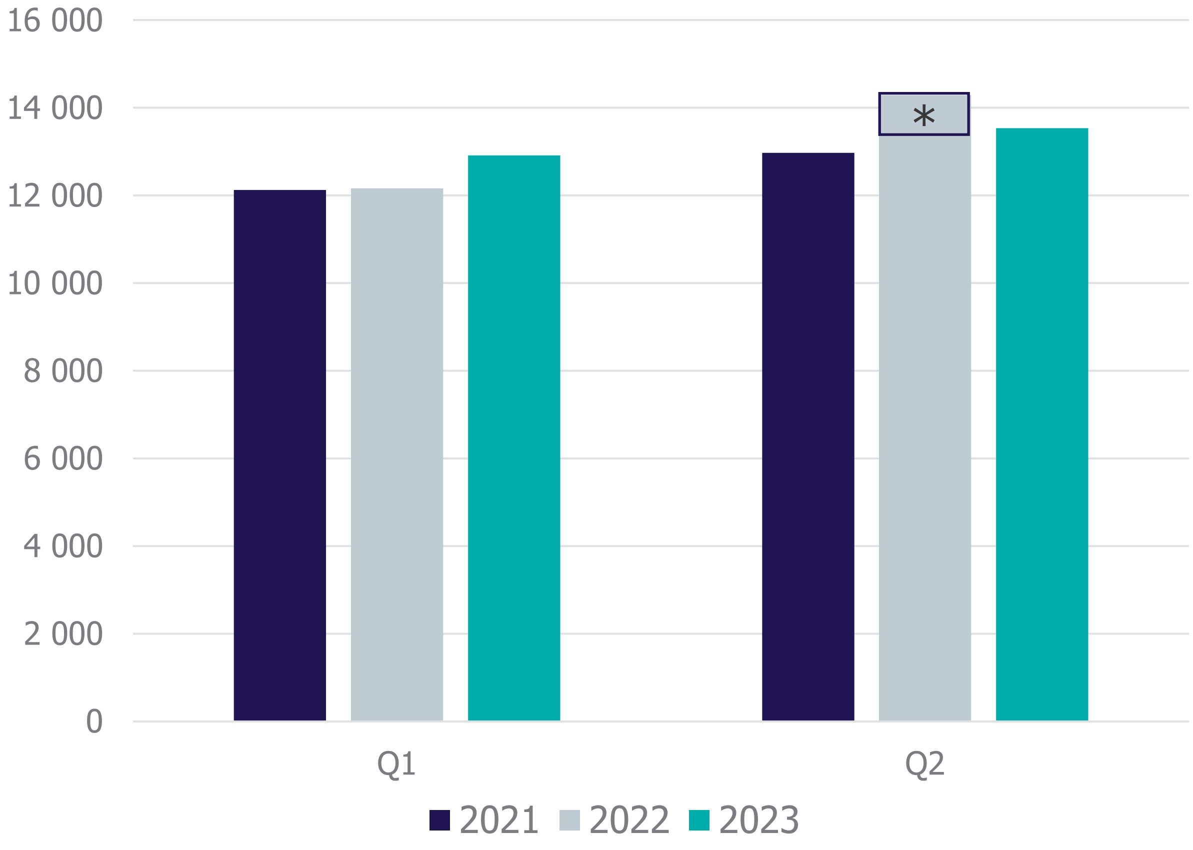
North America



Europe

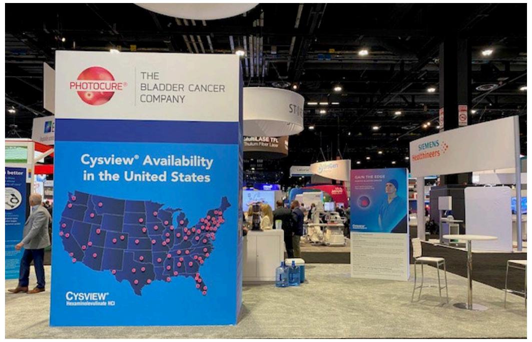
(*German hospital stocking in Q2 2022)



Q2 2023 Trends in North America

- **Q2 revenues & in-market unit sales increased 19% & 3%, respectively; Unit sales rose 4% sequentially Q2’23/Q1’23;** Higher unit sales in new and upgraded Saphira™ accounts were partially offset by the phase down of flexible BLC usage
- **Continued expansion of blue light tower installed base:** 8 new Saphira™ installations, 5 upgrades in Q2 (40 quotes, 12 new tower POs so far in Q3)
- **Demand for new blue light equipment remains strong:** New Tower pipeline remains robust, Karl Storz discount programs (July 1 – Sept. 30) expected to accelerate Saphira™ adoption
- **Strong advocacy for Citizen’s Petition continues** for the reclassification of blue light equipment; if approved, would enable an expedited pathway to expand the number of capital equipment manufacturers in the U.S.
  - Public comments by KOLs, BCAN (U.S. Patient Advocacy), Equipment Manufacturers, Health systems and others
  - Flex tower discontinuation highlights the need for BLC reclassification
  - Photocure customers continue to voice support for reclassification
  - FDA gathering information: Karl Storz and FDA have had correspondence, Photocure requested & participated in informational Q-Sub meeting with the agency

Karl Storz SAPHIRA™ Blue Light System



April 2023: Satellite Symposium + AUA congress booth

Saphira™ now 28% of rigid BLC installed base in U.S.

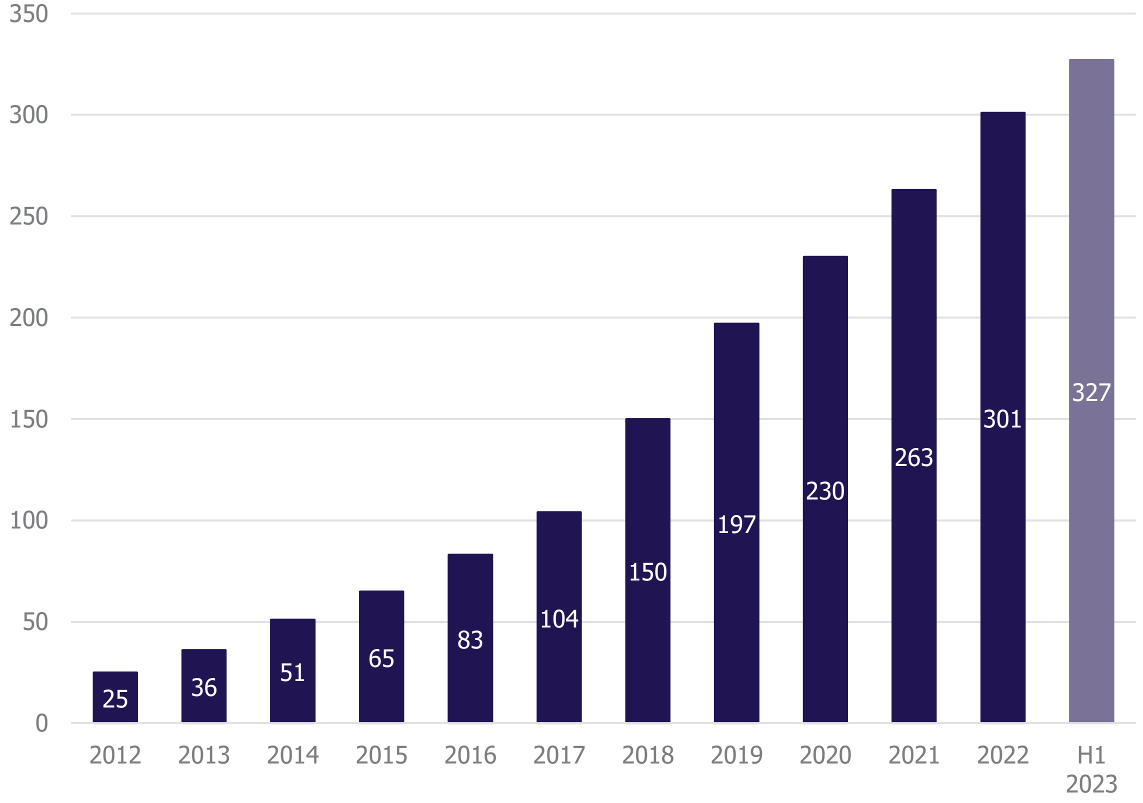
13 Installations in Q2 2023: 8 new account placements & 5 upgrades

Annual New BLC Tower Installations (Rigid Only)

New Account Tower Installations
Q3 2022: 10 installations (6 Rigid & 4 Flex)
Q4 2022: 31 installations (24 Rigid & 7 Flex)
Q1 2023: 18 installations (Rigid only)
Q2 2023: 8 installations (Rigid only)

93 Saphira™ towers installed since Q4 2022 launch;
48 New & 45 Upgrades

Cumulative Installed Base in U.S. (Rigid Only)



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

Q2 2023 Trends in Europe

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- **Q2 revenues increased 14%, unit sales off 5% (up 0.5% ex-stocking); Unit sales rose 6% sequentially Q2’23/Q1’23;** Positive effects of price increases and FX outweighed significant stocking by German hospitals in the 2022 comparable period and further unit sales decline in Denmark..
- **2023 is first year where access is fully open since re-acquiring the territory in Oct. 2020** (focused on the 80% of existing accounts that are underpenetrated)
- **Image quality upgrades remains a key initiative in 2023**
  Europe impacted overall by slow delivery of Saphira™ equipment but good pipeline
- **Blue light gaining traction in urology community**
  Increasing KOL support broadly, high visibility at EAU, Additional data strengthens EAU guidelines
- **Photocure 2023 Bladder Cancer Bus Tour:** high demand from German hospitals interested in BLC

EAU 2023: Urologist Interviews for HCP education videos on the Photocure booth

Growth acceleration in Europe expected

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Q2 2023

Established Markets

Nordic (excl. DK)/DACH
26% to 58% range of penetration

- **Continuous Investment in Commercial Excellence**
- Good Penetration, Guidelines & Procedure Funding
- Germany/Austria (70% of EU unit sales) consistently increasing market share YoY
- Addressing DK situation pulling down Nordics

Q2 2023:

- **Steady Growth in DACH continues**
- **Outdated equipment in Nordics; upgrade anticipated H1 2024**

Priority Growth Markets

France, UK, Italy, Be/Ne
2% to 14% penetration

- **Active Pipeline for Image Quality Upgrades (Reactivation) & New Installations**
- Mostly good installed base of equipment but dated, underpenetrated, clinical practice & awareness differs
- Stabilized sales during the pandemic after years of decline before re-acquisition

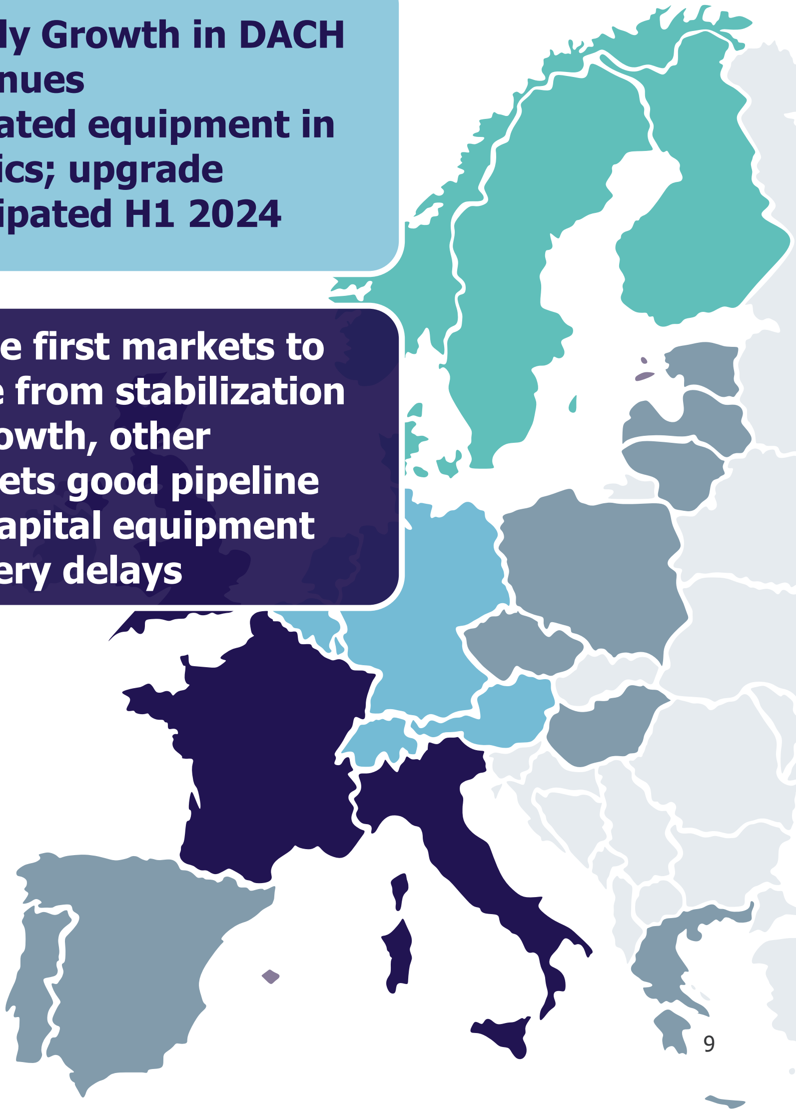
Q2 2023:

- **Be/Ne first markets to move from stabilization to growth, other markets good pipeline but capital equipment delivery delays**

Untapped EU Markets

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

- **Evaluating key launch factors in each territory:**
  - Availability of capital equipment
  - Local treatment guidelines
  - KOL engagement
  - Coverage/reimbursement
  - Decision on direct/distribution strategy



Q2 Financials

Consolidated Income Statement Second Quarter 2023

Amounts in NOK million	Q2 '23	Q2 '22	Change	YTD '23	YTD '22	Change
Hexvix/Cysview Revenue	115.9	99.9	16%	221.8	181.2	22%
Other Revenue	28.4	0.7		28.7	1.0	
Total Revenue	**144.3**	**100.6**	44%	**250.6**	**182.2**	**38%**
Gross Profit	**137.4**	**95.3**	44%	**237.2**	**170.9**	**39%**
Operating Expenses excl BD	-104.4	-88.8	18%	-205.3	-175.3	17%
Business Development Expenses	-9.6	-5.1		-9.7	-8.0	
EBITDA – excluding BD	**33.0**	**6.5**		**31.9**	**-4.5**	
EBITDA – including BD	**23.4**	**1.4**		**22.2**	**-12.5**	
Depreciation & Amortization	-6.6	-6.0		-13.1	-12.0	
EBIT	**16.8**	**-4.6**		**9.2**	**-24.5**	
Net Financial Items	-4.9	-4.5		-7.3	-11.8	
Earnings before Tax	**12.0**	**-9.1**		**1.9**	**-36.3**	
Tax Expenses	-7.6	-9.4		-9.3	-4.1	
Net earnings	**4.3**	**-18.5**		**-7.4**	**-40.4**	

Revenue

- Q2 total revenue increased YoY 44%, driven by Hexvix/Cysview and a milestone payment from Asieris
- Q2 Hexvix/Cysview revenue increased 16% vs. last year, driven by price and FX. Sequential revenue growth of 9% from Q1
    - Consolidated volume impacted negatively by the phase down of Cysview usage in the flexible BLC setting as well as German hospital stocking last year ahead of a July 2022 price increase

Operating Expenses

- Q2 operating expenses excluding business development costs increased 18% YoY, mainly due to FX and inflation
- Operating expenses within business development projects relate to life cycle management for Hexvix/Cysview

EBITDA

- Q2 EBITDA including business development expenses improved NOK 22.0 million YoY, driven by revenue growth including milestone payments

Segment Performance Second Quarter 2023

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North America Segment

Amounts in NOK million	Q2 '23	Q2 '22	Change	YTD '23	YTD '22	Change
Total revenues	**46.2**	**38.7**	19%	**88.3**	**69.2**	**28%**
Gross profit	44.8	37.7	19%	85.5	67.0	28%
% of revenue	*97%*	*97%*		*97%*	*97%*	
Direct costs	-44.8	-40.2	12%	-88.4	-78.2	13%
Contribution (1)	**0.0**	**-2.5**		**-2.8**	**-11.1**	
EBITDA, excl BD	**-10.3**	**-11.1**		**-22.0**	**-28.5**	
% of revenue	*-22%*	*-29%*		*-25%*	*-41%*	

- Q2 revenue growth 19% driven by volume, price increases and FX.
  - In-market unit sales increased 3%, USD appreciated 14%, price increase 3% in US
- Q2 direct costs as planned in local currencies
- Contribution improved NOK 2.5 million YoY driven by revenue

Europe Segment

Amounts in NOK million	Q2 '23	Q2 '22	Change	YTD '23	YTD '22	Change
Total revenues	**69.7**	**61.1**	14%	**133.3**	**111.6**	**19%**
Gross profit	65.2	57.3	14%	123.7	103.0	20%
% of revenue	*93%*	*94%*		*93%*	*92%*	
Direct costs	-27.6	-26.3	5%	-56.6	-47.9	18%
Contribution (1)	**37.6**	**31.0**		**67.2**	**55.1**	
EBITDA, excl BD	**19.5**	**16.0**		**33.2**	**24.2**	
% of revenue	*28%*	*26%*		*25%*	*22%*	

- Q2 revenue increased 14% YoY. EUR appreciated 16%
  - In-market unit sales decreased 5% YoY; excluding German stocking effect in 2022 volume mostly level with prior year
- Expenses were driven by phasing of activities and FX
- Contribution improved NOK 6.6 million YoY, driven by higher revenue

(1) Contribution = revenue – COGS – direct/local sales, marketing, medical and G&A costs

Cash Flow & Balance Sheet Second Quarter 2023

Amounts in NOK million	Q2 '23	Q2 '22	YTD '23	YTD '22
Operations Cash Flow	**29.1**	**-1.9**	**20.0**	**-24.1**
Earnings before tax	12.0	-9.1	1.9	-36.3
Depreciation & amortization	6.5	6.0	13.1	12.0
Working capital	-1.1	-11.6	-11.7	-20.1
Other	11.7	12.8	16.7	20.3
Investments Cash Flow	**0.1**	**-2.5**	**0.7**	**-2.0**
Financing Cash Flow	**-16.3**	**-8.0**	**-29.8**	**-23.8**
Net Change in Cash	**12.9**	**-12.4**	**-9.1**	**-49.8**

Amounts in NOK million	31.06.23	31.12.22
Non-current assets	345.4	360.8
Inventory & receivables	102.2	90.2
Cash & short-term deposits	258.9	268.1
Equity	467.5	462.7
Long-term liabilities	162.1	167.1
Current liabilities	77.0	89.2
Total balance	**706.6**	**719.0**

Cash Flow

- Net cash flow from operations in Q2 NOK 29.1 million, mainly driven by milestones received
- Net cash flow from financing NOK -16.3 million includes loan repayment of NOK 6.3 million and earnout payments of NOK 8.1 million
  - Term loan is fully repaid
- Net cash flow in Q2 NOK 12.9 million, cash balance end of Q2 NOK 258.9 million

Financial position

- Non-current assets includes intangibles and goodwill from Ipsen transaction totaling NOK 264.9 million
- Long-term liabilities includes deferred Ipsen earnout totaling NOK 130.3 million
- Equity NOK 467.5 million, 66% of total assets

Summary

Summary of Q2 results

- 16% rev. growth/+2% unit sales excl. German stocking; 9% sequential rev. growth despite U.S. Flex phase down
- 13 Saphira™ towers installed in U.S. (8 new, 5 upgrades); 40 quotes/12 new BLC tower POs so far in Q3
- Saphira™ now 28% of rigid towers in U.S.; New technology cycle, strong pipeline, KS discounts driving adoption
- EBITDA of NOK 23.4 million (NOK 33 million excl. BD); Commercial business EBITDA-positive in the quarter
- Term debt fully paid off in Q2, cash balance strong at NOK 259 million
- BLC awareness continues to rise in urology community, KOL support, and equipment/image quality upgrades
- Reiterated guidance; flex phase-down, remaining staffing shortages and strikes in EU remain challenges in 2023
- Potential re-classification of BLC equipment could "unlock" the market for Cysview in the U.S.

2023 Anticipated Milestones & Corporate Objectives

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- Deliver 65-75 Saphira™ installs, product revenue growth above 20%, and generate positive EBITDA in 2023
- Continue to grow the base of rigid blue light towers in North America, upgrade BLC® image quality throughout Europe, and pursue strategy to establish a durable solution for flexible BLC equipment globally
- Proactively support the Citizen's Petition for the U.S. FDA to reclassify BLC equipment from Class 3 to Class 2, potentially creating an expedited pathway for additional BLC manufacturers to enter the U.S. market
- Continue to geographically expand commercial business by penetrating untapped European markets, and through additional Hexvix® licensing agreements ROW
- Present/publish additional data from patient registries and other studies on the use of BLC® with Hexvix/Cysview
- Milestone events anticipated for partner, Asieris: Phase III data for Hexvix in China and Cevira® in H2 2023

Leading change in bladder cancer

Q&A