



Quarterly Report

Q3 2022

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THE
BLADDER CANCER
COMPANY



Highlights for third quarter 2022

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

- Hexvix®/Cysview® revenue in the third quarter of 2022 (NOK 96.9 million) increased 12% compared to the same period last year (NOK 86.7) due to higher unit sales in both North America and Europe and a favorable net impact from foreign exchange.
- Photocure achieved the highest quarterly U.S. unit sales in its history and reported 34% revenue growth in North America in Q3 2022.
- Unit sales for the North American segment increased 10% and the European segment increased 1% YoY in the third quarter; Photocure continues to increase penetration of Hexvix/Cysview in the TURBT market.
- European unit sales in Q3 2022 were impacted by the sell-through of German hospital inventories, which rose in Q2 2022 ahead of a previously announced price increase for Hexvix. European unit sales are estimated to have increased 6% without the inventory impact.
- During the quarter, 10 new blue light towers were installed; 6 new Saphira™ cystoscopes and 4 flexible units. The installed base of blue light cystoscopes in the U.S. was 339 (302) at the end of the third quarter, a 12% increase from the same period last year. This includes 62 flexible cystoscopes, an increase of 38% YoY.
- On September 28, 2022, Photocure announced the commercial availability of Karl Storz's new high-definition blue light rigid system in the United States.
- EBITDA for the third quarter was NOK 4.7 million (NOK -0.2 million). The YoY increase in EBITDA was primarily driven by the NOK 9.3 million Asieris milestone payment received in Q3 2022.
- Post-period, the U.S. Centers for Medicare and Medicaid Services (CMS) approved a proposed rule that will increase reimbursement rates for blue light cystoscopy surveillance procedures performed in outpatient settings. The rule goes into effect January 1, 2023.

Key Figures:

<i>Figures in NOK million</i>	Q3 2022	Q3 2021	Change	YTD 2022	YTD 2021	Change	FY 2021
Hexvix/Cysview revenues	96.9	86.7	12 %	278.2	257.1	8 %	351.4
Other revenues	9.8	0.7		10.8	8.9		9.1
Total revenues	106.8	87.4	22 %	288.9	266.0	9 %	360.5
Operating expenses	-96.3	-82.2	17 %	-279.6	-225.7	24 %	-318.2
EBITDA	4.7	-0.2		-7.8	23.8		18.3
EBITDA commercial franchise	-2.5	1.1		-10.9	27.9		24.5
EBITDA development portfolio	7.2	-1.3		3.2	-4.1		-6.2
EBIT	-1.4	-6.3		-25.9	5.7		-5.8
Net Earnings	-9.9	-7.3		-50.4	-2.7		-30.9
Cash & cash equivalents	283.9	330.1		283.9	330.1		322.9

President & CEO Daniel Schneider comments:

"In the third quarter of 2022, revenue for Hexvix®/Cysview® grew 12%, year over year, driven by higher unit sales in both North America and Europe in addition to the net favorable effect of foreign exchange. The unit sales growth was achieved despite the protracted launch delay for the new Karl Storz blue light system and lingering effects from Covid-19, particularly ongoing staffing shortages."



I am very pleased to report that our North American business segment achieved the highest quarterly unit sales volume in our history, and we are now in a strong position to significantly expand the installed base of blue light capital equipment in the U.S. and get back to the high growth trajectory that we were achieving before the pandemic. In Europe, hospital staffing shortages continue to negatively impact procedure volumes, however account access is now fully open for the first time since we reacquired the broader Hexvix territories in Europe. Excluding the sell-through of excess German hospital inventory that was purchased in Q2 ahead of a price increase, unit sales growth in Europe would have been 6% in Q3. Germany has mostly recovered from Covid-19, and business in our European priority growth markets including France, the UK, and Italy has also turned around. As a result, we expect growth in Europe to gain momentum into the end of the year and accelerate in 2023.

Importantly, the pipeline for new blue light cystoscopy (BLC®) towers remains stronger than ever. In the third quarter, 10 new BLC towers were installed despite the limited availability of equipment. The placement of 6 new Saphira™ units at the end of Q3 and the continued demand for flexible cystoscopes highlights the market opportunity for BLC expansion. With the new system now officially launched, we are currently assisting Karl Storz with the placement and activation of towers for accounts that participated in the obsolescence protection program (OPP) to replace the old standard definition system. We anticipate broader installations of rigid BLC equipment in new accounts later this quarter.

Recently, the U.S. Centers for Medicare and Medicaid Services (CMS) approved a proposed rule to reimburse blue light cystoscopy surveillance procedures in the outpatient setting at a higher rate. We believe that this higher payment structure will increase usage of Cysview, particularly in ambulatory surgery centers (ASCs). Photocure has long advocated that CMS provide appropriate reimbursement for BLC procedures in the ASC setting. With the higher facility payment set to go into effect in January 2023, our U.S. commercial team will now have the ability to expand our business into this important site of care, which benefits patients and can be cost-effective for the healthcare system.

Additionally, we have increased our investment in medical affairs, including investigator sponsored studies and data generation that we believe will drive additional interest in the use of BLC. We expect to release new results from our patient registry programs and other studies at future medical congresses and in publications.

With account access now open in our major markets, Karl Storz's new blue light system launching, and an improvement in Medicare access and reimbursement on January 1 of next year, I believe that Photocure's business is at an inflection point. We remain focused on positioning the Hexvix/Cysview franchise as the standard of care in the management of bladder cancer."

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.

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 third quarter 2022 results showed continued improvement in the business despite a delay in the launch of Karl Storz's new blue light system in the U.S. and the lingering effects from Covid-19. While staffing shortages remain, access to accounts has reopened in North America and in our



European territories, enabling the business to continue its recovery from the global pandemic. Given the improvement in account access and with the benefit of net favorable foreign exchange, revenue of Hexvix/Cysview increased by 12% in the third quarter of 2022, compared to the third quarter of 2021, with global unit sales growth of 3% for the period.

Revenues from Photocure's North American segment increased 34% in the third quarter of 2022, with unit sales up 10% YoY. The increase in revenue was primarily due to higher unit volumes, higher average sales price and positive foreign exchange.

Revenues from the Company's European segment in the third quarter of 2022 decreased 1% YoY, with in-market unit sales up 1% compared to the third quarter of 2021. Unit sales were negatively impacted by German hospital sell-through of excess Hexvix inventory that was purchased in advance of a price increase during the second quarter of 2022. Without the impact of the sell-through, Photocure estimates that growth of in-market unit sales in its European segment would have been 6% in the third quarter of 2022. Reported revenue for the European segment was also impacted by negative foreign exchange.

The net consolidated currency impact for sales revenue was approximately +4% in the third quarter of 2022.

Income statement - Commercial Franchise

MNOK	Q3 '22	Q3 '21	YTD '22	YTD '21
North America revenues	42.9	32.0	112.1	90.6
Europe revenues	54.0	54.5	165.6	166.4
Partner revenues	0.0	0.1	0.4	0.1
Hexvix/Cysview total	96.9	86.7	278.2	257.1
YoY growth	12 %		8 %	
Other revenues	0.6	0.2	1.5	7.0
Total revenues	97.5	86.9	279.7	264.2
YoY growth	12 %		6 %	
Gross profit	91.7	81.7	262.6	248.6
Operating expenses	-94.2	-80.5	-273.5	-220.7
EBITDA	-2.5	1.1	-10.9	27.9
EBITDA margin	-3 %	1 %	-4 %	11 %

Total Hexvix/Cysview revenue in Q3 2022 increased 12% to NOK 96.9 million (NOK 86.7 million) compared to the same period in 2021. The results were driven by higher unit volumes in both Europe and North America and favorably impacted by net foreign exchange.

Other revenues included sales to license partners and revenue from Hivec sales associated with the Company's distribution agreement with Combat Medical in the Nordic region.

Hexvix / Cysview

Global in-market unit volume increased 3% in the third quarter of 2022. Despite ongoing healthcare staffing shortages, access to care reopening in both North America and Europe has enabled an improvement in in-market unit volume growth.

North America Cysview Segment

North American unit volume in the third quarter of 2022 increased by 10%, compared to the same period in 2021. This is the highest quarterly unit sales in the territory in Photocure's history despite limited blue light tower availability given the delay in the U.S. launch of Karl Storz's new blue light system.

Revenues increased by 34% YoY to NOK 42.9 million (NOK 32.0 million). The increase in sales was primarily driven by higher unit sales, a 3% price increase compared to last year's period, favorable foreign exchange on U.S. sales, and the inclusion of sales in Canada in the 2022 period. Photocure continues to increase Cysview's penetration of TURBT procedures in the U.S. market.

The Karl Storz system became commercially available in late September. Despite the later-than-expected launch, Photocure and Karl Storz placed 10 new BLC towers in Q3 2022 (6 rigid and 4 flexible). Photocure expects that the placement of new blue light towers will begin to grow again in the fourth quarter 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 third quarter of 2022, the total installed base of blue light cystoscopes in the U.S. was 339, an increase of 12% or 37 units since the third quarter of 2021 (302). Blue Light Cystoscopy (BLC) in the surveillance setting remains a strategic priority for Photocure in the U.S. market. In the third quarter of 2022, 4 flexible BLC towers were installed driven by rising demand by large urology group practice associations (LUGPAs). By the end of the third quarter of 2022, 62 flexible

cystoscopes for the surveillance cystoscopy setting had been installed, an increase of 17 or 38% compared to the same period last year (45).

European Hexvix Segment

In the third quarter of 2022, revenues in the Company's European segment decreased by 1% to NOK 54.0 million (NOK 54.5 million), while unit sales were up 1% YoY. Revenue for the European segment was impacted by negative foreign exchange. Unit sales were negatively impacted by German hospitals selling through excess Hexvix inventory that was purchased in advance of a price increase during the second quarter of 2022. Without the impact of the inventory sell-through, Photocure estimates that growth of in-market unit sales in its European segment would have been 6% in the third quarter of 2022. The Company believes that approximately 85% of the excess inventory has been worked down, and the remaining excess inventory is expected to be sold through in Q4 2022 and Q1 2023.

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 is continuing to recover from the pandemic. 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 growth markets by reversing the downward trends at the time the territories were reacquired. In addition to returning these priority markets to growth, Photocure intends to enter other large unpenetrated European countries such as Spain and Poland.

Hexvix/Cysview partner sales

Due to reimbursement and ongoing staffing challenges, as well as partner transitions, partnership revenues in the third 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, Photocure announced that it regained commercial

rights to Cysview in Canada from its licensee BioSynt. On January 3, 2022, 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 fourth quarter of 2022 and beyond. Additionally, Photocure has signed agreements with Genotests SpA ("Genotests") for Chile, Asieris for mainland China and Taiwan, and IGL Medical Ltd. for Israel.

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 from the National Medical Products Administration (NMPA) 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 Study in order to augment the Phase III data package and expedite data collection, review and approval in China.

Hexvix/Cysview publications and presentations

In September 2022, first results from the Laser III clinical study were published in the medical journal, European Urology. The study is part of a systematic program aimed at verifying the safe treatment of bladder tumors in the outpatient setting. The results demonstrate the non-inferiority of outpatient laser-mediated destruction of bladder tumors in conjunction with blue light cystoscopy (BLC®) and Hexvix® versus inpatient BLC TURBT under general anesthesia.

Lead study investigator, Gregers G Hermann, M.D., Herlev/Gentofte hospital in Denmark noted that “our team found that blue light cystoscopy with Hexvix in the outpatient clinic support the identification of small bladder tumors which therefore safely can be removed with laser before they become too large for outpatient treatment.”

<https://www.sciencedirect.com/science/article/abs/pii/S0302283822025647>

In August 2022, results from a study entitled *Safety of repeat blue light cystoscopy with hexaminolevulinate (HAL) in the management of bladder cancer: Results from a phase III, comparative multi-center study*, was published in the journal *Urologic Oncology*. Authors of the study concluded that “repeat use of HAL is safe even when administered within a few weeks of receiving a dose of intravesical therapy.”

<https://www.sciencedirect.com/science/article/abs/pii/S1078143922001442>

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

MNOK	Q3 '22	Q3 '21	YTD '22	YTD '21
Total revenues	9.3	0.5	9.3	1.8
Gross profit	9.3	0.4	9.3	0.9
Operating expenses	-2.1	-1.7	-6.1	-5.0
EBITDA	7.2	-1.3	3.2	-4.1

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 IIb data for patients diagnosed with high grade lesions and Phase III study design elements agreed upon with the U.S. FDA. 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).

Patient enrollment in an ongoing Phase III 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.

In August 2022, Asieris announced the completion of enrollment in this trial, with a total of 402 patients enrolled. Further development in Europe and a plan for the U.S. will follow if clinical results from the Chinese-focused Phase III study confirms the safety and efficacy of Cevira. Additional information about the ongoing Phase III trial for Cevira can be found by clicking the following link:

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

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.

In August 2022, Photocure announced that it had received a \$1 million milestone payment from Asieris related to the clinical development of Cevira.

Under the License Agreement with Asieris, Photocure previously received a signing fee of USD 5 million in 2019, two milestones totaling USD 3 million in 2020 and one milestone of USD 1 million in 2022. 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	Q3 '22	Q3 '21	YTD '22	YTD '21
Hexvix / Cysview revenues	96.9	86.7	278.2	257.1
Total other revenues	9.8	0.7	10.8	8.9
Total revenues	106.8	87.4	288.9	266.0
Gross profit	101.0	82.1	271.9	249.5
Operating expenses	-96.3	-82.2	-279.6	-225.7
EBITDA	4.7	-0.2	-7.8	23.8
Depreciation & amortization	-6.1	-6.2	-18.1	-18.1
EBIT	-1.4	-6.3	-25.9	5.7
Net financial items	-4.8	-5.1	-16.7	-4.3
Earnings before tax	-6.3	-11.4	-42.6	1.4
Tax expenses	-3.7	4.1	-7.8	-4.1
Net earnings	-9.9	-7.3	-50.4	-2.7

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.

Revenues

Total revenues in the third quarter of 2022 increased 22% to NOK 106.8 million (NOK 87.490.4 million). Year to date total revenues were NOK 288.9 million (NOK 266.0 million), an increase of 9%. Photocure received in the third quarter 2022 NOK 9.3 million as milestone payment from Asieris related to the ongoing clinical development of Cevira. Year to date revenues in 2021 included a signing fee from Asieris of NOK 6.4 million in the first quarter.

Hexvix/Cysview revenues in the third quarter of 2022 were NOK 96.9 million (NOK 86.7 million), an increase of 12% from third quarter 2021. The increase is driven by increased in-market volume of 3% as well as the strengthening of the USD partly offset by the weakening of EUR. Year to date Hexvix/Cysview revenues were NOK 278.2 million (NOK 257.1 million), an increase of 8%. The staffing shortages in the health care sector continue to have a negative impact on revenue.

Other revenues were NOK 9.8 million (NOK 0.7 million) in the third quarter of 2022 and year to date NOK 10.8 million (NOK 8.9 million). For 2022 the main item was a milestone payment from Asieris in the third quarter of NOK 9.3 million related to the ongoing clinical development of Cevira. 2021 year to date other 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)

Third quarter 2022 COGS was NOK 5.8 million (NOK 5.3 million). Year to date COGS was NOK 17.1 million (NOK 16.5 million). As a percentage of sales revenue COGS was year to date 6%, in line with year to date 2021.

Operating expenses

Total operating expenses, excluding depreciation and amortization, were NOK 96.3 million (NOK 82.2 million) in the third quarter. Sequentially, from fourth quarter 2021 the operating expenses increased 4%, driven by foreign exchange. Year to date total operating expenses, excluding depreciation and amortization, were NOK 279.6 million (NOK 225.7 million). 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 anticipated gradual improvement of healthcare market access.

Third quarter 2022 research and development (R&D) costs were NOK 0.7 million (NOK 0.9 million). R&D costs year to date were NOK 2.8 million (NOK 3.1 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 12% to NOK 69.2 million (NOK 61.8 million) in the third quarter of 2022. The expense increase was mainly driven by investments in the European commercial organization following the re-acquisition of the Hexvix commercial rights in continental Europe from Ipsen. Sales and marketing costs year to date were NOK 204.5 million (NOK 171.6 million).

Third quarter 2022 Other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 26.4 million, compared to NOK 19.6 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. Year to date Other operating expenses were NOK 72.3 million (NOK 51.0 million).

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 4.7 million (NOK -0.2 million) for the third quarter of 2022. Year to date EBITDA was NOK -7.8 million (NOK 23.8 million). The year to date reduction in EBITDA was mainly due to revenue development continuing to be affected by staffing shortages related to Covid-19, combined with increased investments preparing for future reduced impact from the pandemic.

Third quarter 2022 depreciation and amortization was NOK 6.1 million (NOK 6.2 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. Year to date depreciation and amortization was NOK 18.1 million (NOK 18.1 million).

Net financial items in the third quarter of 2022 were NOK -4.8 million (NOK -5.1 million). Financial costs were mainly driven by incurred interest costs included for the deferred earnout liability due to Ipsen. Year to date Net financial items were NOK -16.7 million (NOK -4.3 million). Net financial items in the first quarter of 2021 were impacted by unrealized currency gains totaling NOK 14.0 million.

Photocure experienced a net loss before tax of NOK 6.3 million in the third quarter of 2022 (net loss of NOK 11.4 million). Net earnings after tax were a loss of NOK 9.9 million for the third quarter of 2022 (net loss of NOK 7.3 million). Year to date Photocure had a net loss before tax of NOK 42.6 million (net profit of NOK 1.4 million) and net earnings after tax of NOK -50.4 million (NOK -2.7 million).

Cash flow and statement of financial position

Net cash flow from operations was NOK 21.3 million in the third quarter of 2022 (NOK 5.5 million). The positive cash flow from operations in the third quarter of 2022 was mainly driven by the milestone from Asieris and the positive working capital development. Year to date net cash flow from operations was NOK -2.7 million (NOK 17.6 million).

Year to date 2022 net cash flow from investments was NOK -2.3 million (NOK -2.0 million).

Year to date 2022 cash flow from financing was NOK -34.0 million (NOK -20.3 million). Year to date cash flow from financing included repayment of long-term debt (Nordea) of NOK 18.8 million and paid earnout of NOK 22.1 million.

For the third quarter of 2022, Net change in cash was NOK 10.8 million (NOK -10.0 million). Year to date, Net change in cash was NOK -39.0 million (NOK -4.7 million). Cash and cash equivalents were NOK 283.9 million at the end of third quarter 2022.

Shareholders' equity was NOK 479.6 million at the end of third quarter 2022, representing an equity ratio of 65%.

Long term liabilities were NOK 169.1 million at the end of third quarter 2022, including capitalized value of expected future earn-out payments to Ipsen totaling NOK 135.8 million.

As of September 30, 2022, Photocure held 15,122 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, the availability and operating condition of capital equipment supplied by third-party companies, 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 is still having residual impact, particularly with regard to healthcare staffing shortages 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 residual consequences of the Covid-19 pandemic in addition to occasional regional outbreaks of new viral variants. While healthcare access has reopened in most areas around the world, new policies for access to medical personnel in hospitals and healthcare worker staffing shortages continue to impact overall procedure volumes. As a result, regions within North America and Europe are expected to continue to take time to fully recover from Covid-19. Despite these ongoing pressures, the Company has continued to grow Hexvix/Cysview kit sales 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.

In regions in which Photocure does business, the Company's sales force has been trained to maintain contact as needed through digital channels in order to provide continuous optimal service and support.

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 procedure volumes improve, Photocure remains committed to investing in the growth opportunities for Hexvix/Cysview globally.

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.

Overall, Photocure 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

The U.S. Centers for Medicare and Medicaid Services (CMS) approved a proposed rule that increases reimbursement rates for blue light cystoscopy used in surveillance procedures performed in outpatient settings. Photocure believes that this improvement in payment will increase patient access to BLC with Cysview in ambulatory surgery centers (ASCs) and hospital outpatient (HOPD) places of service.

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 uro-oncology product portfolio.

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 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 in business growth are: (1) continued growth and an increase in market penetration in the Company's U.S. business, (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 effects from the pandemic and Karl Storz's planned transition to launch an upgraded version of its blue light system has limited the Company's ability to significantly

expand the installed base of BLC capital equipment in the U.S. since Q2 2021. During this transition period, Photocure has continued to focus on increasing the use of Cysview in existing accounts as well as placing flexible BLC equipment, for which installation momentum has increased.

With the launch of Karl Storz's new high-definition blue light system in the U.S. at the end of Q3 2022, Photocure expects that the placements of new blue light rigid towers will accelerate in the fourth quarter of this year and beyond.

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 regions.

The residual effects from the Covid-19 pandemic, particularly healthcare staffing shortages, continue to cause uncertainty. The Company plans to issue guidance as the business environment stabilizes.

The Board of Directors and CEO
Photocure ASA

Oslo, November 1, 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 third quarter and first nine months 2022

Photocure Group – Statement of comprehensive income

		2022	2021	2022	2021	2021
	Note	Q3	Q3	1.1 - 30.09	1.1 - 30.09	1.1 - 31.12
<i>(All amounts in NOK 1,000 except per share data)</i>						
Sales revenues		97 524	87 404	279 537	259 600	354 124
Signing fees and milestone revenues	7	9 253	-	9 405	6 416	6 416
Total revenues		106 777	87 404	288 942	266 016	360 540
Cost of goods sold		-5 807	-5 333	-17 092	-16 519	-24 050
Gross profit		100 970	82 071	271 850	249 497	336 490
Indirect manufacturing expenses	3	-4 114	-4 056	-9 966	-10 725	-14 828
Research and development expenses	3	-676	-942	-2 800	-3 087	-4 322
Marketing and sales expenses	3	-73 477	-65 987	-217 320	-184 308	-259 867
Other operating expenses	3	-24 148	-17 431	-67 671	-45 704	-63 298
Total operating expenses		-102 415	-88 415	-297 757	-243 823	-342 315
EBIT		-1 445	-6 344	-25 907	5 673	-5 826
Financial income		3 070	3 066	5 588	20 247	26 212
Financial expenses		-7 888	-8 120	-22 252	-24 545	-52 042
Net financial profit/loss(-)		-4 818	-5 055	-16 664	-4 297	-25 830
Profit/loss(-) before tax		-6 262	-11 399	-42 571	1 376	-31 656
Tax expenses	4	-3 670	4 098	-7 802	-4 123	759
Net profit/loss(-)		-9 932	-7 301	-50 373	-2 746	-30 897
Other comprehensive income		5 387	-1 049	4 059	-2 180	-1 311
Total comprehensive income		-4 546	-8 350	-46 314	-4 927	-32 208
Net profit/loss(-) per share, undiluted	5	-0.37	-0.27	-1.86	-0.10	-1.15
Net profit/loss(-) per share, diluted	5	-0.37	-0.27	-1.86	-0.10	-1.15

Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	30.09.2022	30.09.2021	31.12.2021
Non-current assets				
Customer relationship	6	133 377	150 049	145 881
Goodwill	6	144 000	144 000	144 000
Fixed assets	6	32 757	25 575	33 575
Deferred tax asset	4	45 600	45 999	53 003
Total non-current assets		355 733	365 622	376 459
Current assets				
Inventories		29 619	28 285	27 534
Accounts receivable		49 406	44 857	47 980
Other receivables		14 033	10 963	14 780
Cash and short term deposits	8	283 872	330 143	322 895
Total current assets		376 929	414 248	413 189
Total assets		732 663	779 870	789 648
Equity and liabilities				
Equity				
Share capital	10	13 560	13 472	13 487
Other paid-in capital		430 472	401 628	410 734
Retained earnings		35 531	107 580	78 412
Shareholders' equity		479 563	522 680	502 632
Long-term liabilities				
Earnout liability	8	135 805	126 624	139 350
Long term loan financial institution	9	-	25 000	12 500
Other long-term liabilities		33 342	24 585	33 163
Total long-term liabilities		169 147	176 209	185 013
Accounts payable		12 532	20 187	23 648
Short term part of longterm liability	9	18 750	18 750	25 000
Other short-term liabilities		52 670	42 044	53 355
Total liabilities		253 099	257 190	287 015
Total equity and liabilities		732 663	779 870	789 648

Photocure Group – Changes in equity

<i>(Amounts in NOK 1,000)</i>	2022 Q3	2021 Q3	2022 1.1 - 30.09	2021 1.1 - 30.09	2021 1.1 - 31.12
Equity at end of prior period	474 771	525 692	502 632	508 133	508 133
Capital increase	-	1 431	7 569	11 549	13 945
Share-based compensation (share options empl)	6 333	3 721	15 666	7 792	12 665
Own shares	3 005	186	10	133	97
Comprehensive income	-4 546	-8 350	-46 314	-4 927	-32 208
Equity at end of period	479 563	522 680	479 563	522 680	502 632

Photocure Group – Cash flow statement

	2022	2021	2022	2021	2021
(Amounts in NOK 1,000)	Q3	Q3	1.1 - 30.09	1.1 - 30.09	1.1 - 31.12
Profit/loss(-) before tax	-6 262	-11 399	-42 571	1 376	-31 656
Depreciation and amortisation	6 133	6 168	18 145	18 106	24 127
Share-based compensation	6 333	3 721	15 975	7 792	12 665
Interest income	-323	-380	1 014	-1 639	-1 807
Interest costs	6 616	6 097	19 247	17 921	23 826
Remeasured earnout	-	-	-	-	17 220
Unrealized currency (- gains) / losses	-819	-280	-1 634	-12 070	-14 869
Changes in working capital	5 560	1 509	-14 556	-11 796	-3 222
Other operational items	4 111	71	1 649	-2 101	-2 398
Net cash flow from operations	21 349	5 508	-2 731	17 589	23 886
Net investments in fixed assets	-621	-2 925	-1 253	-3 674	-3 703
Payment return of market rights Europe	-	-	-	-	-
Received interest payments	323	380	-1 014	1 639	1 807
Cash flow from investments	-299	-2 545	-2 267	-2 036	-1 896
Share capital increase employees	-	1 431	7 570	11 549	13 945
Private placements	-	-	-	-	-
Paid earnout	-8 253	-6 882	-22 089	-21 046	-28 818
Payment of lease liability	1 593	-1 018	235	-3 675	-5 306
Long term loan	-6 250	-6 250	-18 750	-6 250	-12 500
Other financial payments and transactions	2 680	-271	-991	-876	-1 304
Cash flow from financing activities	-10 231	-12 991	-34 026	-20 297	-33 983
Net change in cash during the period	10 819	-10 028	-39 023	-4 744	-11 992
Cash & cash equivalents at beginning of period	273 053	340 171	322 895	334 887	334 887
Cash & cash equivalents at end of period	283 872	330 143	283 872	330 143	322 895

Notes to the accounts for third quarter and first nine months 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 Hoffsveien 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 November 1, 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 North America is in U.S. performed through Photocure's wholly owned subsidiary Photocure Inc. and in Canada through Photocure's wholly owned subsidiary Photocure Canada Inc., in both countries 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.

1.1-30.9 2022

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	165 607	112 125	1 805	279 537	-	279 537
Milestone revenues	-	-	152	152	9 253	9 405
Cost of goods sold	-12 671	-3 654	-767	-17 092	-	-17 092
Gross profit	152 936	108 471	1 190	262 597	9 253	271 850
Gross profit of sales %	92 %	97 %	58 %	94 %		94 %
R&D	-1 093	-291	-	-1 384	-1 416	-2 800
Sales & marketing	-84 137	-117 649	-2 241	-204 027	-463	-204 490
Other & allocations	-36 373	-26 122	-5 612	-68 107	-4 215	-72 321
Operating expenses	-121 603	-144 061	-7 853	-273 517	-6 094	-279 611
EBITDA	31 334	-35 590	-6 663	-10 920	3 159	-7 761

1.1-30.9 2021

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	166 393	90 631	741	257 765	1 836	259 600
Milestone revenues	-	-	6 416	6 416	-	6 416
Cost of goods sold	-12 263	-2 841	-478	-15 582	-937	-16 519
Gross profit	154 131	87 790	6 678	248 598	899	249 497
Gross profit of sales %	93 %	97 %	35 %	94 %	49 %	94 %
R&D	-750	-227	-	-977	-2 110	-3 087
Sales & marketing	-72 325	-96 047	-2 879	-171 251	-375	-171 626
Other & allocations	-26 823	-17 941	-3 744	-48 508	-2 505	-51 014
Operating expenses	-99 898	-114 215	-6 623	-220 736	-4 991	-225 727
EBITDA	54 232	-26 425	55	27 862	-4 092	23 770



Q3 2022

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	54 024	42 915	585	97 525	-	97 525
Milestone revenues	-	-	-0	-0	9 253	9 253
Cost of goods sold	-4 069	-1 487	-251	-5 807	-	-5 807
Gross profit	49 956	41 428	334	91 717	9 253	100 970
Gross profit of sales %	92 %	97 %	57 %	94 %		94 %
R&D	-201	-53	-	-254	-422	-676
Sales & marketing	-29 147	-39 028	-864	-69 040	-150	-69 189
Other & allocations	-13 426	-9 434	-2 058	-24 918	-1 497	-26 415
Operating expenses	-42 774	-48 515	-2 922	-94 212	-2 069	-96 281
EBITDA	7 181	-7 087	-2 588	-2 494	7 184	4 690

Q3 2021

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	54 529	32 021	304	86 854	550	87 403
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-3 769	-1 172	-263	-5 203	-130	-5 333
Gross profit	50 760	30 849	41	81 651	420	82 071
Gross profit of sales %	93 %	96 %	13 %	94 %	76 %	94 %
R&D	-268	-81	-	-349	-593	-942
Sales & marketing	-26 839	-33 696	-1 100	-61 636	-126	-61 761
Other & allocations	-10 121	-6 846	-1 579	-18 546	-994	-19 540
Operating expenses	-37 228	-40 624	-2 679	-80 531	-1 712	-82 243
EBITDA	13 532	-9 774	-2 638	1 120	-1 292	-173

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	2021	2021
(Amounts in NOK 1 000)	1.1-30.09	1.1-30.09	1.1-31.12
Sales revenues	279 537	259 600	354 124
Signing fees and milestone revenues	9 405	6 416	6 416
Cost of goods sold	-17 092	-16 519	-24 050
Gross profit	271 850	249 497	336 490
Payroll expenses	-178 631	-153 617	-210 552
R&D costs excl. payroll expenses/other operating exp.	-1 416	-2 110	-2 657
Ordinary depreciation and amortisation	-18 146	-18 106	-24 127
Other operating expenses	-99 564	-69 990	-104 979
Total operating expenses	-297 757	-243 823	-342 315
EBIT	-25 907	5 673	-5 826

Note 4 – Tax

(Amounts in NOK 1 000)	30.09.2022	31.12.2021
Income tax expense		
Tax payable	-399	-2 365
Changes in deferred tax	-7 403	3 124
Total income tax expense(-)/income	-7 802	759
Tax base calculation		
Profit before income tax	61 767	-22 950
Permanent differences	-29 982	8 346
Temporary differences	-66 526	10 050
Change in tax loss carried forward	34 741	4 554
Tax base	-	-
Temporary differences:		
Total	-177 126	-110 533
Tax loss carried forward	384 399	351 456
Net temporary differences	207 273	240 923
Deferred tax benefit	207 273	240 923
Deferred tax asset	45 600	53 003

Temporary differences are recognized for the parent company only and the note disclosure for the Group is of this reason identic to the disclosure for parent company. The calculation of deferred tax asset 30 September 2022 and 31 December 2021 is based on a tax rate of 22%.

The deferred tax asset is reduced to NOK 45.6 million due to movements in other temporary differences greater than the tax loss in the period. The deferred tax asset was NOK 53.0 million as of 31 December 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 Photocure refer to the consolidated financial statements for the year ended 31 December 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)	1.1-30.09	1.1-31.12
Issued ordinary shares 1 January	26 973 820	26 717 536
Effects of share options exercised	67 767	142 718
Effect of treasury shares	-30 445	-16 919
Effect of shares issued	-	-
Weighted average number of shares	27 011 143	26 843 335
Effect of outstanding share options	116 843	264 553
Weighted average number of diluted shares	27 127 986	27 107 888
Earnings per share in NOK	-1.86	-1.15
Earnings per share in NOK diluted	-1.86	-1.15

Note 6 – Intangible and Fixed Assets

	Customer		Fixed assets			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	-	-	3 416	793	615	4 824
Depreciation and amortization	-	-12 504	-4 254	-973	-416	-5 642
Net book value 30.09.2022	144 000	133 377	27 853	3 548	1 355	32 757

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 September 30, 2022 was NOK 28.7 million compared to NOK 29.6 million December 31, 2021 and the interest expense was NOK 408 thousand.

Note 7 – Signing fee

Photocure received in Q3 USD 1 million / NOK 9.3 million milestone payment from Asieris related to the ongoing clinical development of Cevira.

Photocure received a non-refundable signing fee of EUR 15 thousand (NOK 152 thousand) from a new distributor in Israel - IGL Medical Ltd. The distributor shall at own expense obtain regulatory approval for Hexvix in Israel and hold and maintain the market approval.

Note 8 – 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	239 042	-	-	239 042
- Earnout liability			-135 805	-135 805
Total	239 042	-	-135 805	

Note 9 – 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 4.01%. 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 September 2022, was NOK 18.75 million of which all is due within next 9 months.

Note 10 – 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 30 September 2022	27 120 820	NOK 0.50	13 560 410
Treasury shares:			
Holdings of treasury shares at 31 December 2021	14 846		7 833
Sale/Buy-back of shares	-205	NOK 0.50	-103
Sale(-)/Buy-back of restricted shares	481	NOK 0.50	241
Holdings of treasury shares at 30 September 2022	15 122		7 971

The table below indicates the status of authorizations as of September 30, 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 28 April 2022	2 697 657	5 395 314	750 000
Share issues after the General Meeting on 28 April 2022	-	-	144 250
Purchase of treasury shares after 28 April 2022	-205	-	-
Remaining under authorisations at 30 September 2022	2 697 452	5 395 314	605 750

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of September 30, 2022:

Name	Position	No. of shares	No. of subscription rights
Daniel Schneider	President & CEO	99 689	325 000
Erik Dahl	Chief Financial Officer	32 750	192 500
Geoffrey Coy	VP & General Manager North America	15 207	212 500
Grete Hogstad	VP Global Strategic Marketing & BD	30 719	112 500
Patricia Kelly	VP Global Human Resources	-	80 000
Anders Neijber	VP Global Medical Affairs and Clinical Development	-	88 000
Susanne Strauss	VP & General Manager Europe	1 392	200 000
Jan H. Egbert	Chairperson of the board	14 500	1 312
Johanna Holldack	Board member	-	804
Neal Shore	Board member	-	804
Anders Tuv*	Board member	679 619	804
Anne Worsøe	Board member	-	804

* Anders Tuv represents RADFORSK Investeringsstiftelse

Note 11 – Share options

As of September 30, 2022, employees in Photocure had the following share option schemes:

Year of allocation	2022	2021	2020	2020
Option program	2022	2021	2020	2019
Number	711 500	733 000	389 250	84 500
Exercise price (NOK)	114.89	87.39 - 145.27	78.65 - 81.41	50.72 - 56.83
Year of expiry	2027	2026	2025	2024

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

	30.09.2022		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	711 500	114.89	756 000	142.57
Become invalid during the year	2 000	87.39	125 500	81.99
Exercised during the year	147 000	51.49	256 284	54.41
Expired during the year	-	-	-	-
Outstanding at end of period	1 918 250	116.04	1 355 750	109.61
Exercisable options at end of	448 000	101.30	90 375	77.66

Note 12 – Shareholders

Overview of the major shareholders as of September 30, 2022:

Major Shareholders	Citizen	Type	# Shares	%
Morgan Stanley & Co. LLC	United States	Nominee	4 113 097	15.2 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	1 086 000	4.0 %
Skandinaviska Enskilda Banken AB	Ireland	Nominee	1 033 676	3.8 %
Radforsk Investeringsstiftelse	Norway	Ordinary	679 619	2.5 %
Goldman Sachs International	United Kingdom	Nominee	548 205	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 %
Nordnet Bank AB	Sweden	Nominee	512 833	1.9 %
RBC Investor services bank S.A.	Luxembourg	Nominee	484 383	1.8 %
The Bank of New York Mellon	United States	Nominee	450 469	1.7 %
MP Pensjon PK	Norway	Ordinary	440 178	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 %
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	407 117	1.5 %
The Bank of New York Mellon SA/NV	Denmark	Nominee	400 000	1.5 %
Avanza Bank AB	Sweden	Nominee	394 450	1.5 %
Verdipapirfondet KLP AksjeNorge	Norway	Ordinary	375 630	1.4 %
JPMorgan Chase Bank, N.A., London	United States	Nominee	340 128	1.3 %
State Street Bank and Trust Comp	United Kingdom	Nominee	300 000	1.1 %
Total 20 largest shareholders			13 856 341	51.1 %
Total other shareholders			13 264 479	48.9 %
Total number of shares			27 120 820	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 Q3	2021 Q3	2022 YTD Sep.	2021 YTD Sep.	2021 Full Year
<i>(All amounts in NOK 1 000)</i>					
Gross profit	100 970	82 071	271 850	249 497	336 490
Operating expenses excl depreciation & amortization	-96 282	-82 248	-279 612	-225 718	-318 188
EBITDA	4 688	-177	-7 762	23 778	18 302
Depreciation & amortization	-6 133	-6 167	-18 145	-18 105	-24 127
EBIT	-1 445	-6 344	-25 907	5 673	-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 Q3	2021 Q3	2022 YTD Sep.	2021 YTD Sep.	2021 Full Year
USD (NOK per 1 USD)	9.99	8.76	9.42	8.55	8.59
EUR (NOK per 1 EUR)	10.06	10.33	10.01	10.23	10.16
DKK (NOK per 100 DKK)	135.24	138.87	134.48	137.52	136.66
SEK (NOK per 100 SEK)	94.74	101.54	95.07	100.83	100.25



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