



THE  
BLADDER CANCER  
COMPANY™



Q2

Second quarter  
report 2019



## Highlights for second quarter and first half year 2019

(Numbers in brackets and comparisons are for the corresponding period in 2018.)

- Second quarter Hexvix/Cysview revenue increased 23% to NOK 52.1 million (NOK 42.4 million). Year to date growth of 24% to NOK 103.3 million (NOK 83.1 million)
- Strong U.S. Cysview revenue growth, second quarter YoY increase of 41% in USD, year to date growth of 46% in USD. Installed base of blue light cystoscopes at 188 at the end of the second quarter, including 14 flexible cystoscopes
- Recurring EBITDA second quarter at NOK -2.6 million (NOK 0.7 million), year to date at NOK -4.1 million (NOK -3.4 million)
- License Agreement with Asieris Meditech Co., Ltd. World-wide license to develop and commercialize Cevira for the treatment of HPV induced cervical precancerous lesions. Significant milestone and royalty opportunity (July)
- An expert consensus on use of Cysview with flexible cystoscopy to detect bladder cancer was published in Nature Reviews in Urology (April)
- A study published in World Journal of Urology (April), reported that patients who undergo bladder tumor resection with Blue Light Cystoscopy (BLC™) with Hexvix exhibit improved outcomes
- Strong additional clinical data of BLC™ with Hexvix/Cysview presented during the European Association of Urology annual congress in March and the American Urological Association annual meeting in May

### Key figures:

Figures in NOK million	Q2 2019	Q2 2018	Change	YTD 2019	YTD 2018	Change	FY 2018
Hexvix/Cysview revenues	52.1	42.4	23 %	103.3	83.1	24 %	172.9
<b>Total revenues</b>	<b>53.0</b>	<b>45.7</b>	<b>16 %</b>	<b>105.2</b>	<b>87.2</b>	<b>21 %</b>	<b>181.5</b>
Operating expenses	-51.0	-40.2	27 %	-99.3	-82.5	20 %	-174.9
<b>EBITDA recurring</b>	<b>-2.6</b>	<b>0.7</b>		<b>-4.1</b>	<b>-3.4</b>		<b>-10.5</b>
EBITDA commercial franchise	1.5	4.8		3.2	5.7		8.4
EBITDA development portfolio	-4.1	-4.1		-7.3	-9.1		-18.9
<b>EBIT recurring</b>	<b>-6.8</b>	<b>-2.6</b>		<b>-12.6</b>	<b>-9.8</b>		<b>-23.7</b>
Restructuring expenses		-13.1			-13.1		-14.2
<b>Net Earnings</b>	<b>-5.2</b>	<b>-17.0</b>		<b>-10.1</b>	<b>-20.0</b>		<b>-36.7</b>
<b>Cash &amp; cash equivalents</b>	<b>86.7</b>	<b>97.9</b>		<b>86.7</b>	<b>97.9</b>		<b>106.8</b>

### President & CEO Daniel Schneider comments:

*“During the second quarter we continued our momentum from the start of the year with a revenue increase of 41% in the important U.S. market. We are increasing traction and are experiencing growing acceleration in the U.S. market. In addition, we are still early in the U.S. launch of the Flexible Cystoscopy and Cysview for surveillance in Bladder Cancer. We see tremendous potential for long term sustained growth. Cysview was recommended to be added to Consensus Guidelines in the treatment of NMIBC by an Expert Panel, further demonstrating the importance of Blue Light Cystoscopy using Cysview. We will continue to develop the commercial opportunities in the US in order to achieve our ambition to make Hexvix/Cysview the standard of care for bladder cancer patients.*

*After the closing of the quarter, we were pleased to announce a License Agreement with Asieris. Under the agreement, Photocure will receive signing fees, and potentially development and approval milestones and sales milestones in total up to USD 250 million, in addition to sales royalties. Asieris will have the world-wide license to*



develop and commercialize Cevira for the treatment of HPV induced cervical precancerous lesions. The agreement with Asieris provides a global roadmap for the development and commercialization of Cevira. The Cevira deal is in line with our strategy of divesting products that do not fit our therapeutic focus.

We will continue to maximize the return on our commercial investment in Hexvix/Cysview by executing our plans in the largely untapped U.S. market where we expect to see our greatest returns in the form of significant and sustainable revenue and profitability growth.”

## Operational review

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

Photocure is leveraging its flagship brand Hexvix/Cysview for improved detection of non-muscle invasive bladder cancer, reduced disease recurrence and progression rates to improve cost-effective health outcomes for bladder cancer patients.

With its established specialist commercial and medical teams in the U.S. and Nordics, Photocure has a solid foundation for future growth of its breakthrough bladder cancer product, as well as exploring expansion of its product portfolio.

### Update commercial segment

Total Hexvix/Cysview revenue increased 23% to NOK 52.1 million (NOK 42.4 million) in the second quarter. U.S. sales contributed 47% of the total compared to 38% second quarter last year. Year to date Hexvix/Cysview revenue increased 24% to NOK 103.3 million (NOK 83.1 million).

As in the previous quarter, growth was driven by significant improvements in sales performance in U.S. Year to date revenue increase in U.S. was 46% measured in USD.

Other revenues include for 2019 as well as 2018 IFRS 15 adjustments of NOK 0.8 million second quarter and NOK 1.7 million year to date. In addition, the company received in second quarter 2018 milestone payments from Bellus Medical for Allumera totaling NOK 2.4 million. 2019 revenues also include revenues from sales of Hivec.

Operating expenses, excluding depreciation and amortization, increased 30% to NOK 46.9 million (NOK 36.1 million) in the second quarter. Year to date operating expenses, excluding depreciation and amortization, increased 25% to NOK 92.0 million (NOK 73.4 million) mainly driven by the planned increase in U.S. commercial efforts.

Second quarter recurring EBITDA was NOK 1.5 million (NOK 4.8 million). Year to date recurring EBITDA was NOK 3.2 million (NOK 5.7 million). The decline in recurring EBITDA was expected and driven by reduction of milestone revenues as well as the increased investment in commercial activities in the U.S. The year to date recurring EBITDA margin was 3%.

<i>MNOK</i>	<u>Q2 '19</u>	<u>Q2 '18</u>	<u>YTD '19</u>	<u>YTD '18</u>
Nordic - Hexvix	10.7	10.8	23.8	22.9
US - Cysview	24.5	16.1	45.6	28.8
Partners	16.9	15.6	33.9	31.4
<b>Hexvix/Cysview total</b>	<b>52.1</b>	<b>42.4</b>	<b>103.3</b>	<b>83.1</b>
<i>YoY growth</i>	<i>23 %</i>		<i>24 %</i>	
Other revenues	0.9	3.2	1.9	4.1
<b>Total revenues</b>	<b>53.0</b>	<b>45.7</b>	<b>105.2</b>	<b>87.2</b>
<i>YoY growth</i>	<i>16 %</i>		<i>21 %</i>	
<b>Gross profit</b>	<b>48.5</b>	<b>40.9</b>	<b>95.2</b>	<b>79.1</b>
Operating expenses	-46.9	-36.1	-92.0	-73.4
<b>EBITDA</b>	<b>1.5</b>	<b>4.8</b>	<b>3.2</b>	<b>5.7</b>
<i>EBITDA margin</i>	<i>3 %</i>	<i>11 %</i>	<i>3 %</i>	<i>7 %</i>

### Hexvix®/Cysview®

Global in-market unit sales increased 6% in the second quarter and year to date. Year to date in-market sales value was NOK 161 million (NOK 140 million).

#### U.S. Cysview sales

Second quarter revenues in the U.S. increased 52% to NOK 24.5 million (NOK 16.1 million), driven by volume growth, currency impact and price increases. In constant currency, the revenue growth was 41%. In-market unit growth in the second quarter was 34%.

Year to date U.S. revenues increased 59% to NOK 45.6 million (NOK 28.8 million), with unit growth of 39%. In constant currency the revenue growth was 46%.

U.S. is the largest and fastest growing region for Photocure, with a growth driven by added sales resources, approval of new indications, launch of the product in the bladder cancer surveillance setting and by improved reimbursement.



In February 2018, the U.S. Food and Drug Administration (FDA) approved additional indications for BLC with Cysview to include carcinoma in situ (CIS) lesions, repeated use of Cysview, and use with flexible cystoscopy in the ongoing surveillance of patients with non-muscle invasive bladder cancer. In May 2018, Photocure launched Cysview in combination with blue light enabled flexible video cystoscopes from KARL STORZ.

In addition, sales were impacted by improved reimbursement. In November 2018, the reimbursement was extended and strengthened as U.S. Centers for Medicare & Medicaid Services (CMS) established an A9598 Code for Cysview when used in the physician office and other sites of care effective 1 January 2019. In addition, CMS also issued a complexity adjustment for certain blue light cystoscopy procedures performed in hospital outpatient departments continuing its complexity adjustment payment which has been in place since 1 January 2018. The Blue Light Cystoscopy with Cysview complexity adjustment results in an incremental payment of \$1,187 over white light cystoscopy payment effective 1 January 2019.

The introduction of Cysview in the surveillance market together with the improved reimbursement has resulted in a significant growth in the installed base of permanent blue light cystoscopes. At the end of the second quarter the total installed base of rigid cystoscopes was 174, an increase of 25 for the first half year and 46 (36%) since end of second quarter prior year. Blue Light Cystoscopy in the surveillance setting is in the midst of a launch in the U.S. market. By the end of the second quarter 14 flexible cystoscopes for the surveillance setting have been installed.

#### *Nordic Hexvix sales*

Nordic revenues declined 1% to NOK 10.7 million (NOK 10.8 million) in the second quarter. The decline was driven by lower in-market volumes partly offset by inventory changes at distributors as compared to last year.

Year to date Nordic revenues increased 4% to NOK 23.8 million (NOK 22.9 million). In constant currencies the increase was also 4%. In-market unit sales were level with last year, with a small decline in Denmark (2%) offset by increases in Sweden and Finland.

In August 2018, Photocure signed an exclusive distribution agreement for the Nordic area with Combat Medical ([www.combat-medical.com](http://www.combat-medical.com)). The device is designed for the delivery of Hyperthermic

Intra-Vesical Chemotherapy (HIVEC®) for non-muscle invasive bladder cancer and has a strong strategic and synergistic fit with our current business and customer call points. Photocure will leverage on the extensive Hexvix infrastructure in the Nordics for implementation of the Combat Medical distribution agreement. Commercial sales have commenced as planned, albeit with low volumes.

#### *Hexvix/Cysview partner sales*

Partner revenue increased 8% to NOK 16.9 million (NOK 15.6 million) in the second quarter. In-market unit sales increased 4% in the second quarter, reflecting increases in both of Ipsen's main markets, Germany and France.

Year to date partner revenue was at NOK 33.9 million (NOK 31.4 million), an increase of 8%. In constant currencies, revenue increased 6%. In-market unit sales increased 2%. As for the quarter year to date increases are driven by Germany and France.

#### *Hexvix/Cysview publications and presentations*

The following publications and presentations occurred in the second quarter 2019:

In April, an Expert Consensus on the optimal use of Blue Light Cystoscopy (BLC™) with Cysview was published in Nature Reviews in Urology. The consensus opinion described addressed the use of Cysview to detect bladder cancer using flexible cystoscopy.

Also in April, a study was published in World Journal of Urology, showing that patients who undergo bladder tumor resection with Blue Light Cystoscopy (BLC™) with Hexvix exhibit improved outcomes.

In May, at the American Urological Association Meeting (AUA 2019) in Chicago, U.S., Photocure had an Exhibit Booth highlighting Blue Light Cystoscopy (BLC™) with Cysview using both rigid and flexible cystoscopes. Cysview was also showcased during plenary and poster sessions at the AUA annual meeting.

In June, Blue Light Cystoscopy with flexible cystoscopy and Hexvix® was presented at the 32nd NUF Congress (Scandinavian Association of Urology) in Reykjavik, Iceland. The presentations were focused on the patient perspective and the important role of nurses in optimizing patient care.





## Update development portfolio

In second quarter 2017, the Company announced that it will assess further strategic alternatives for its non-urology assets, Cevira and Visonac.

### Cevira® – for treatment of HPV and precancerous lesions of the cervix

Cevira is a photodynamic drug-device combination product for non-surgical treatment of high-grade cervical dysplasia.

In July, the Company announced that it has entered into a License Agreement providing Asieris Meditech Co., Ltd (Asieris) with a world-wide license to develop and commercialize Cevira for the treatment of HPV induced cervical precancerous lesions.

Asieris plans to launch a global clinical development program with an initial focus on the China market based on Photocure's Phase 2b data and the Phase 3 study design elements agreed with the US FDA. The development for the US and EU markets will follow when clinical data from the China focused Phase 3 study confirms the safety and efficacy, estimated to be finished in 2022. Asieris will assume responsibility for the manufacture of the Cevira product while Photocure retains responsibility for the manufacture of the active pharmaceutical ingredient.

Under the License Agreement, Photocure will receive a total signing fee of USD 5 million within 6 months after signing. In addition, the company may receive a total of USD 18 million based upon achievement of certain clinical and regulatory milestones in China and up to USD 36 million for certain clinical and regulatory milestones in USA and EU. Approval of a second indication in China, the US and the EU would result in payments of up to USD 14 million. Additionally, sales milestones and royalties of 10% to 20% will apply in all markets.

### Visonac® – for the treatment of inflammatory acne

Visonac is in development for the treatment of moderate to severe acne, the single most common skin disease worldwide affecting up to 85% of all 12-24 year olds. There is a high unmet medical need for patients with moderate to severe acne, where the current mainstay of treatment is oral antibiotics and/or retinoids.

Exploration of possible strategic alternatives for Visonac has been unsuccessful, as the combination of drug and device remain a key commercial concern for potential partners.

Photocure will not actively seek a partner for development and commercialization going forward.

## Organizational update

Photocure ASA held an extraordinary general meeting on 19 June 2019. The general meeting elected Einar Antonsen and Tove Lied Ringvold as new members of the board.

## Financial review

(Numbers in brackets are for the corresponding period in 2018; references to the prior year refer to a comparison to the same period 2018, unless otherwise stated).

<i>MNOK</i>	<b>Q2 '19</b>	<b>Q2 '18</b>	<b>YTD '19</b>	<b>YTD '18</b>
Hexvix / Cysview revenues	52.1	42.4	103.3	83.1
Other revenues	0.9	3.2	1.9	4.1
<b>Total revenues</b>	<b>53.0</b>	<b>45.7</b>	<b>105.2</b>	<b>87.2</b>
<b>Gross profit</b>	<b>48.5</b>	<b>40.9</b>	<b>95.2</b>	<b>79.1</b>
<b>Operating expenses</b>	<b>-51.0</b>	<b>-40.2</b>	<b>-99.3</b>	<b>-82.5</b>
<b>EBITDA recurring</b>	<b>-2.6</b>	<b>0.7</b>	<b>-4.1</b>	<b>-3.4</b>
Depreciation & amortization	-4.2	-3.3	-8.5	-6.5
Restructuring expenses	-	-13.1	-	-13.1
<b>EBIT</b>	<b>-6.8</b>	<b>-15.7</b>	<b>-12.6</b>	<b>-23.0</b>
Net financial items	0.1	0.1	-0.1	-0.1
<b>Earnings before tax</b>	<b>-6.7</b>	<b>-15.6</b>	<b>-12.6</b>	<b>-23.1</b>
Tax expenses	1.5	-1.4	2.6	3.1
<b>Net earnings</b>	<b>-5.2</b>	<b>-17.0</b>	<b>-10.1</b>	<b>-20.0</b>

Photocure has transformed itself from a technology-based company to a therapeutic area-focused commercial stage pharmaceutical company with a focus on bladder cancer. The allocation of resources, and hence expenses, have shifted from R&D to sales and marketing. Photocure's strategy is to maximize its commercial presence and the opportunity of its flagship brand Hexvix/Cysview in bladder cancer. In addition, the Company will continue to explore alone or in partnership with others new product opportunities that are complementary to the Company's commercial activities and expertise.

The company has continued to add resources to its U.S. commercial organization, in line with its commercial market opportunities and strategic objectives. These resources have driven revenue growth, as well as increased sales and marketing costs.

### Revenues

Total revenues in the second quarter were NOK 53.0 million, an increase of 16% from the second quarter last year (NOK 45.7 million). Year to date

revenues were NOK 105.2 million (NOK 87.2 million), an increase of 21%.

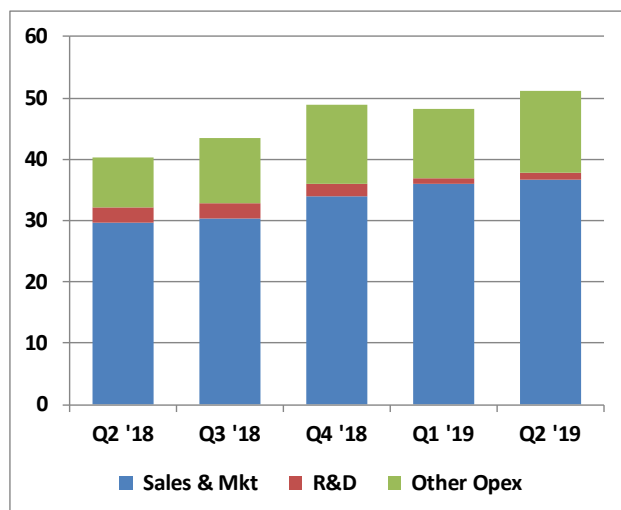
Hexvix/Cysview revenues for the second quarter were NOK 52.1 million, an increase of 23% from the second quarter of 2018 (NOK 42.4 million). The increase was driven by strong sales in U.S. Year to date Hexvix/Cysview revenues were NOK 103.3 million (NOK 83.1 million), an increase of 24%. In constant currencies, Hexvix/Cysview revenues grew 19% year to date.

Other revenues in the second quarter include IFRS 15 adjustments of NOK 0.8 million, at level with last year. Year to date IFRS 15 adjustments for both years were NOK 1.7 million. In addition, the company received in second quarter 2018 milestone payments from Bellus Medical for Allumera totaling NOK 2.4 million.

#### Operating expenses

Total operating expenses, before restructuring and excluding depreciation and amortization, were NOK 51.0 million (NOK 40.2 million) in the second quarter. Year to date, the operating expenses increased 20% to NOK 99.3 million (NOK 82.5 million).

The YoY increase in operating expenses was driven by planned investments in U.S. commercial operations. Furthermore, the Company has had business development expenses during the first six months of the year, particularly related to Cevira.



Second quarter research and development (R&D) costs were NOK 1.1 million (NOK 2.4 million), a reduction of 55%. R&D costs year to date were NOK 2.1 million (NOK 4.9 million), a reduction of 58%. The remaining R&D costs relate mainly to regulatory work and maintenance and expansion of Photocure's intellectual property.

Sales and marketing costs increased 23% to NOK 36.7 million (NOK 29.8 million) in the second quarter. Compared to first quarter the increase was 2%. Sales and marketing costs year to date were NOK 72.7 million (NOK 56.9 million). The increase of 28% was in line with Photocure's strategic plans and was driven by activities in U.S.

Second quarter other operating expenses, which include supply chain, business development, and general/administration, were NOK 13.2 million compared to NOK 8.1 million in the same quarter in 2018. Year to date other operating expenses increased 19% to NOK 24.5 million (NOK 20.6 million). A main reason for the increase was business development expenses, particularly related to Cevira.

#### Financial results

Recurring EBITDA was negative NOK 2.6 million (NOK 0.7 million) for the second quarter. Year to date recurring EBITDA was negative NOK 4.1 million (NOK -3.4 million). Currency translation had a limited impact on second quarter results and a negative impact on year to date EBITDA of approximately NOK 1 million compared to prior year.

Recurring EBITDA in the commercial segment was year to date NOK 3.2 million (NOK 5.7 million). The development portfolio recurring EBITDA year to date was negative NOK 7.3 million (NOK -9.1 million).

Year to date depreciation and amortization was NOK 8.5 million (NOK 6.5 million). The main cost item was the amortization on the investments in intangible assets related to the Phase 3 market expansion trial for Cysview. The increase from prior year was mainly driven by the adoption of IFRS 16 as the amortization of the right-of-use assets replace office rental costs as reported operating lease (see note 3 to the accounts).

Net financial items year to date were NOK -0.1 million (NOK -0.1 million).

Photocure had a net loss before tax of NOK 6.7 million in the second quarter (net loss of NOK 15.6 million) and a net loss before tax of NOK 12.6 million year to date (net loss of NOK 23.1 million). Net loss after tax was NOK 5.2 million for the second quarter (net loss of NOK 17.0 million) and NOK 10.1 million year to date (net loss of NOK 20.0 million).

#### Cash flow and statement of financial position

Net cash flow from operations was negative NOK 4.0 million in the second quarter (negative NOK 11.5



million) and year to date negative NOK 19.7 million (negative NOK 30.0 million). The improvement was mainly driven by improved operating results. The impact from changes to working capital year to date was negative NOK 12.0 million (negative NOK 11.0 million). Included in the working capital change was payments of NOK 3.2 million in the first quarter related to the 2018 restructuring.

Net cash flow from investments year to date was positive NOK 0.7 million (negative NOK 0.9 million).

Year to date cash flow from financing was negative NOK 1.1 million, driven by payment of lease liability (IFRS 16, see note 3).

Second quarter net change in cash was negative NOK 4.7 million (negative NOK 12.8 million). Year to date net change in cash was negative NOK 20.2 million (negative NOK 31.4 million). Cash and cash equivalents were NOK 86.7 million at the end of the second quarter.

Shareholders' equity was NOK 166.7 million at the end of the second quarter, an equity ratio of 75%.

As of 30 June 2019, Photocure held 16,624 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 development of new products.

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

There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2018.

## Outlook

Photocure has built considerable experience in the bladder cancer market through its Hexvix/Cysview franchise and sees significant long-term value creation potential in this market segment. The company aims to capitalize on a number of factors including inclusion in the American Urological Association (AUA) and Society of Urologic Oncology (SUO) guidelines, increased patient awareness and

the improved reimbursement of Cysview. These drivers should significantly increase penetration in the U.S. market. Furthermore, with the approval of Cysview to be used with flexible cystoscopes, a significant market opportunity has opened in the surveillance segment.

Given the large untapped market opportunities, the company will continue to develop the U.S. commercial and medical infrastructure in 2019. Photocure is fully funded for this market strategy.

The company has a 2020 forecasted revenue range of USD 20-25 million in the U.S., up from USD 7.8 million in 2018, and sees significant continued revenue growth and profit opportunities in the U.S. market beyond 2020.

Along with our partner KARL STORZ, we have doubled the number of installed blue light cystoscopes in the U.S. since 2016. We believe the continued strong installation growth rates will drive future revenue growth for Cysview. Key to our continued success is the acceleration and adoption of the newly approved flexible Blue Light Surveillance Cystoscopy with Cysview performed in the larger surveillance market.

We have expanded the number of customer facing roles in U.S. by 50% since the beginning of 2018. This will help drive blue light cystoscope installations in coordination with our partner KARL STORZ and increase the number of patients treated with Cysview per installed scope in all settings of care. The increase in commercial footprint has to a large extent been achieved by re-purposing existing headcount to sales and thereby limited the overall increase in headcount.

The improved permanent reimbursement rates in U.S. which went into effect 1 January 2019 will provide physicians the ability to use Cysview in Blue Light Cystoscopy procedures on the majority of their patients without negatively affecting their practice economics.

Recent bladder cancer patient survey data confirms that there is growing awareness and patient demand for Blue Light Cystoscopy with Cysview. Patients are now actively seeking treatment centers who offer Cysview and Blue Light Cystoscopy.

Our future growth rates will also be significant and sustainable through continued investment and focused execution.



## Responsibility statement

We confirm that, to the best of our knowledge, the unaudited condensed set of financial statements for the first half year of 2019 which has been prepared in accordance with IAS 34 Interim Financial Statements gives a true and fair view of the

Company's consolidated assets, liabilities, financial position and results of operations, and that the first half 2019 report includes a fair review of the information required under the Norwegian Securities trading Act section 5-6 fourth paragraph

The Board of Directors and CEO  
Photocure ASA

Oslo, 6 August 2019

Jan Hendrik Egberts  
Chairperson

Einar Antonsen  
Director

Johanna Holldack  
Director

Gwen Melincoff  
Director

Tom Pike  
Director

Tove Lied Ringvold  
Director

Grannum R. Sant  
Director

Daniel Schneider  
President and CEO





## Photocure Group Accounts for second quarter and first half year 2019

### Photocure Group – Statement of comprehensive income

		2019	2018	2019	2018	2018
	Note	Q2	Q2	1.1 - 30.6	1.1 - 30.6	1.1-31.12
<i>(all amounts in NOK 1,000 except per share data)</i>						
Sales revenues		52,156	42,441	103,509	83,153	173,237
Signing fees and milestone revenues		845	3,245	1,689	4,089	8,273
<b>Total revenues</b>		<b>53,001</b>	<b>45,685</b>	<b>105,198</b>	<b>87,242</b>	<b>181,510</b>
Cost of goods sold		-4,546	-4,777	-9,976	-8,138	-17,147
<b>Gross profit</b>		<b>48,455</b>	<b>40,908</b>	<b>95,222</b>	<b>79,104</b>	<b>164,363</b>
Indirect manufacturing expenses	4	-2,611	-2,189	-5,390	-5,512	-10,252
Research and development expenses	4	-3,583	-4,871	-7,055	-9,805	-19,145
Marketing and sales expenses	4	-36,752	-29,774	-72,819	-56,979	-121,301
Other operating expenses	4	-12,326	-6,647	-22,539	-16,644	-37,370
<b>Total operating expenses recurring</b>		<b>-55,271</b>	<b>-43,482</b>	<b>-107,802</b>	<b>-88,940</b>	<b>-188,066</b>
<b>EBIT before restructuring</b>		<b>-6,817</b>	<b>-2,574</b>	<b>-12,580</b>	<b>-9,836</b>	<b>-23,703</b>
Restructuring		-	-13,133	-	-13,133	-14,199
<b>EBIT including restructuring</b>		<b>-6,817</b>	<b>-15,707</b>	<b>-12,580</b>	<b>-22,969</b>	<b>-37,902</b>
Financial income		172	667	1,621	1,333	3,652
Financial expenses		-34	-556	-1,680	-1,419	-2,464
<b>Net financial profit/loss(-)</b>		<b>138</b>	<b>111</b>	<b>-59</b>	<b>-86</b>	<b>1,188</b>
<b>Profit/loss(-) before tax</b>		<b>-6,679</b>	<b>-15,596</b>	<b>-12,639</b>	<b>-23,055</b>	<b>-36,715</b>
Tax expenses	5	1,521	-1,369	2,569	3,088	6
<b>Net profit/loss(-)</b>		<b>-5,158</b>	<b>-16,965</b>	<b>-10,070</b>	<b>-19,967</b>	<b>-36,709</b>
Other comprehensive income		103	2,559	-144	2,050	-308
<b>Total comprehensive income</b>		<b>-5,055</b>	<b>-14,406</b>	<b>-10,213</b>	<b>-17,917</b>	<b>-37,017</b>
Net profit/loss(-) per share, undiluted	6	-0.24	-0.79	-0.46	-0.93	-1.70
Net profit/loss(-) per share, diluted	6	-0.24	-0.79	-0.46	-0.93	-1.70



## Photocure Group – Statement of financial position

(Amounts in NOK 1,000)	Note	30.06.2019	30.06.2018	31.12.2018
<b>Non-current assets</b>				
Intangible assets	7	16,636	28,304	22,502
Machinery & equipment		1,935	1,927	2,141
Right-of-use assets	3	8,601	-	-
Deferred tax asset	5	54,983	55,991	52,377
Contract costs		249	1,245	747
<b>Total non-current assets</b>		<b>82,404</b>	<b>87,468</b>	<b>77,767</b>
<b>Current assets</b>				
Inventories		20,209	21,423	18,582
Accounts receivable		20,107	18,808	20,371
Other receivables		11,606	13,779	7,643
Cash and short term deposits	8	86,664	97,934	106,833
<b>Total current assets</b>		<b>138,586</b>	<b>151,944</b>	<b>153,429</b>
<b>Total assets</b>		<b>220,989</b>	<b>239,412</b>	<b>231,196</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	9	10,898	10,779	10,890
Other paid-in capital		64,261	57,412	63,656
Retained earnings		91,583	120,892	101,797
<b>Shareholders' equity</b>		<b>166,743</b>	<b>189,083</b>	<b>176,342</b>
<b>Long-term liabilities</b>				
Pension liability		2,714	4,998	2,401
Lease liability	3	8,578	-	-
<b>Total long-term liabilities</b>		<b>11,293</b>	<b>4,998</b>	<b>2,401</b>
<b>Current liabilities</b>				
Contract liabilities		7,375	10,020	7,064
<b>Total liabilities</b>		<b>54,247</b>	<b>50,328</b>	<b>54,854</b>
<b>Total equity and liabilities</b>		<b>220,989</b>	<b>239,412</b>	<b>231,196</b>

## Photocure Group – Changes in equity

(Amounts in NOK 1,000)	2019 Q2	2018 Q2	2019 1.1 - 30.6	2018 1.1 - 30.6	2018 1.1-31.12
<b>Equity at end of prior period</b>			<b>176,342</b>	<b>218,080</b>	<b>218,080</b>
Adjustments initial applications of IFRS 16, 9 and 15			0	-10,746	-10,746
<b>Adjusted equity beginning of period</b>	<b>171,798</b>	<b>203,864</b>	<b>176,342</b>	<b>207,334</b>	<b>207,334</b>
Capital increase		-	614	-	6,339
Share-based compensation (share options employees)		3	-	43	63
Own shares		-377	-	-377	-377
Comprehensive income	-5,055	-14,406	-10,213	-17,917	-37,017
<b>Equity at end of period</b>	<b>166,743</b>	<b>189,083</b>	<b>166,743</b>	<b>189,083</b>	<b>176,342</b>



## Photocure Group – Cash flow statement

	2019	2018	2019	2018	2018
<i>(Amounts in NOK 1,000)</i>	Q2	Q2	1.1 - 30.6	1.1 - 30.6	1.1-31.12
Profit/loss(-) before tax	-6,679	-15,596	-12,639	-23,055	-36,715
Depreciation and amortisation	4,233	3,263	8,464	6,476	13,211
Share-based compensation	-	3	-	43	63
Net interest income	-369	-393	-912	-723	-1,125
Changes in working capital	272	20	-11,957	-10,965	1,416
Other operational items	-1,427	1,196	-2,632	-1,778	-976
<b>Net cash flow from operations</b>	<b>-3,969</b>	<b>-11,508</b>	<b>-19,676</b>	<b>-30,003</b>	<b>-24,124</b>
Net investments in fixed assets	-241	-982	-258	-1,045	-1,630
Development expenditures	-	-165	-	-559	-559
Received interest payments	369	393	912	723	1,125
<b>Cash flow from investments</b>	<b>128</b>	<b>-754</b>	<b>654</b>	<b>-880</b>	<b>-1,063</b>
Share capital increase employees	-	-	614	-	6,339
Reclassification and paid long-term liability	-	-174	-	-174	-3,310
Payment lease liability	-899	-	-1,760	-	-
Buy back own shares	-	-377	-	-377	-377
<b>Cash flow from financing activities</b>	<b>-899</b>	<b>-551</b>	<b>-1,146</b>	<b>-551</b>	<b>2,652</b>
<b>Net change in cash during the period</b>	<b>-4,741</b>	<b>-12,813</b>	<b>-20,169</b>	<b>-31,434</b>	<b>-22,535</b>
Cash & cash equivalents at beginning of period	91,405	110,747	106,833	129,368	129,368
<b>Cash &amp; cash equivalents at end of period</b>	<b>86,664</b>	<b>97,934</b>	<b>86,664</b>	<b>97,934</b>	<b>106,833</b>

## Notes to the accounts for second quarter and first half year 2019

### 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 the wholly owned subsidiary Photocure Inc. that is a US registered company.

#### 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 31 December 2018 (the Annual Financial Statements) as they provide an update of previously reported information.

The Group's financial statements include from 2019 the principles and presentation related to the implementation of IFRS 16. Changes to significant accounting policies are described below and in Note 3.

The interim report has not been subject to an audit. The Board of Directors approved the interim financial statements on 6 August 2019.

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.

#### Changes in significant accounting policies

##### IFRS 16

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. The standard is effective for annual period beginning on or after 1 January 2019. The adoption of IFRS 16 do not have a significant impact on Photocure's statement of financial position as future lease payments under existing office lease contracts are limited, ref. note 14 to the 2018 annual financial statements. The initial calculation of the Right-of-use assets and corresponding leasing liabilities as per 1 January 2019 related to office lease contracts amounts to NOK 10.4 million.

#### Important accounting valuations, estimates and assumptions

##### IFRS 15

The adoption of IFRS 15 from 2018 has an impact on Photocure's timing of recognition of sale of goods. The timing effect of recognition of sales of goods is calculated to be NOK 6.4 million in reduction of equity as of January 1, 2018 and NOK 4.5 million as of 31 December 2018.

Under IFRS 15 up-front fees not related to a separate performance obligation are recognized over the term of the contract upon the delivery of goods. For current contracts the contract term is estimated to be equal to the expiry date of the patents in the relevant market areas. This results in revenue being deferred compared to revenue recognition under the old standard. Deferred contract revenue as of January 1, 2018 was calculated to NOK 5.9 million while related contract costs had remaining amortization of NOK 1.7 million giving net adjustment of equity



NOK 4.2 million. As of 31 December 2018, remaining deferred contract revenue was NOK 2.5 million while related contract costs had remaining amortization of NOK 0.7 million.

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 sales channel, own sales and partner sales, and other sales, currently including milestone and royalties from a licence partner. Development Portfolio includes development of commercial products and pipeline products.

1 Jan - 30 June 2019 (Amounts in NOK 1 000)	Commercial Products				Development Products			Grand Total
	Hex/Cys Own Sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales revenues	69,441	33,864	204	103,509	-	-	-	103,509
Milestone revenues	-	1,689	-	1,689	-	-	-	1,689
Cost of goods sold	-4,191	-5,681	-104	-9,976	-	-	-	-9,976
<b>Gross profit</b>	<b>65,250</b>	<b>29,872</b>	<b>100</b>	<b>95,222</b>	-	-	-	<b>95,222</b>
Gross profit of sales %	94 %	83 %	49 %	90 %				90 %
R&D	-	-	-	-	-1,120	-934	-2,055	-2,055
Sales & marketing	-67,463	-4,106	-	-71,569	-343	-833	-1,176	-72,745
Other & allocations	-9,044	-10,160	-1,269	-20,473	-1,234	-2,832	-4,066	-24,539
<b>Operating expenses</b>	<b>-76,507</b>	<b>-14,266</b>	<b>-1,269</b>	<b>-92,042</b>	<b>-2,697</b>	<b>-4,599</b>	<b>-7,297</b>	<b>-99,339</b>
<b>EBITDA</b>	<b>-11,257</b>	<b>15,606</b>	<b>-1,168</b>	<b>3,180</b>	<b>-2,697</b>	<b>-4,599</b>	<b>-7,297</b>	<b>-4,116</b>

1 Jan - 30 June 2018 (Amounts in NOK 1 000)	Commercial Products				Development Products			Grand Total
	Hex/Cys Own Sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales revenues	51,659	31,440	53	83,152	-	-	-	83,152
Milestone revenues	-	1,689	2,400	4,089	-	-	-	4,089
Cost of goods sold	-3,029	-5,093	-16	-8,138	-	-	-	-8,138
<b>Gross profit</b>	<b>48,629</b>	<b>28,037</b>	<b>2,437</b>	<b>79,103</b>	-	-	-	<b>79,103</b>
Gross profit of sales %	94 %	84 %	71 %	90 %				90 %
R&D	-	-	-	-	-905	-3,990	-4,896	-4,896
Sales & marketing	-53,210	-3,237	-	-56,447	-	-495	-495	-56,942
Other & allocations	-8,356	-8,552	-	-16,908	-574	-3,144	-3,717	-20,626
<b>Operating expenses</b>	<b>-61,566</b>	<b>-11,789</b>	<b>-</b>	<b>-73,355</b>	<b>-1,479</b>	<b>-7,630</b>	<b>-9,109</b>	<b>-82,464</b>
<b>EBITDA</b>	<b>-12,936</b>	<b>16,248</b>	<b>2,437</b>	<b>5,748</b>	<b>-1,479</b>	<b>-7,630</b>	<b>-9,109</b>	<b>-3,360</b>





Photocure – Results for second quarter and first half year 2019

Q2 2019 (Amounts in NOK 1 000)	Commercial Products				Development Products			Grand Total
	Hex/Cys Own Sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales revenues	35,193	16,887	76	52,156	-	-	-	52,156
Milestone revenues	-	845	-	845	-	-	-	845
Cost of goods sold	-1,892	-2,625	-29	-4,546	-	-	-	-4,546
<b>Gross profit</b>	<b>33,300</b>	<b>15,106</b>	<b>48</b>	<b>48,454</b>	-	-	-	<b>48,454</b>
Gross profit of sales %	95 %	84 %	63 %	91 %				91 %
R&D	-	-	-	-	-730	-353	-1,083	-1,083
Sales & marketing	-34,261	-1,843	-	-36,105	-187	-424	-611	-36,716
Other & allocations	-4,369	-5,871	-583	-10,823	-572	-1,843	-2,416	-13,239
<b>Operating expenses</b>	<b>-38,630</b>	<b>-7,715</b>	<b>-583</b>	<b>-46,928</b>	<b>-1,490</b>	<b>-2,620</b>	<b>-4,110</b>	<b>-51,038</b>
<b>EBITDA</b>	<b>-5,330</b>	<b>7,391</b>	<b>-535</b>	<b>1,526</b>	<b>-1,490</b>	<b>-2,620</b>	<b>-4,110</b>	<b>-2,583</b>

Q2 2018 (Amounts in NOK 1 000)	Commercial Products				Development Products			Grand Total
	Hex/Cys Own Sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales revenues	26,840	15,599	-	42,440	-	-	-	42,440
Milestone revenues	-	845	2,400	3,245	-	-	-	3,245
Cost of goods sold	-1,770	-2,999	-8	-4,777	-	-	-	-4,777
<b>Gross profit</b>	<b>25,070</b>	<b>13,445</b>	<b>2,392</b>	<b>40,908</b>	-	-	-	<b>40,908</b>
Gross profit of sales %	93 %	81 %		89 %				89 %
R&D	-	-	-	-	-428	-1,986	-2,414	-2,414
Sales & marketing	-27,902	-1,594	-	-29,496	-	-260	-260	-29,756
Other & allocations	-3,972	-2,619	-	-6,591	-268	-1,191	-1,459	-8,050
<b>Operating expenses</b>	<b>-31,874</b>	<b>-4,212</b>	<b>-</b>	<b>-36,087</b>	<b>-697</b>	<b>-3,436</b>	<b>-4,133</b>	<b>-40,219</b>
<b>EBITDA</b>	<b>-6,804</b>	<b>9,233</b>	<b>2,392</b>	<b>4,821</b>	<b>-697</b>	<b>-3,436</b>	<b>-4,133</b>	<b>688</b>

1 Jan - 31 December 2018 (Amounts in NOK 1 000)	Commercial Products				Development Products			Grand Total
	Hex/Cys Own Sales	Hex/Cys Partner	Other Sales	Total Sales	Hex/Cys Develop.	Pipeline	Total R&D	
Sales revenues	110,725	62,209	303	173,237	-	-	-	173,237
Milestone revenues	-	3,378	4,895	8,273	-	-	-	8,273
Cost of goods sold	-6,562	-10,514	-71	-17,147	-	-	-	-17,147
<b>Gross profit</b>	<b>104,163</b>	<b>55,073</b>	<b>5,127</b>	<b>164,363</b>	-	-	-	<b>164,363</b>
Gross profit of sales %	94 %	83 %	77 %	90 %				90 %
R&D	-	-	-	-	-2,363	-6,962	-9,325	-9,325
Sales & marketing	-113,961	-6,258	-	-120,219	-	-994	-994	-121,213
Other & allocations	-18,123	-17,630	-	-35,753	-1,357	-7,206	-8,563	-44,317
<b>Operating expenses</b>	<b>-132,084</b>	<b>-23,888</b>	<b>-</b>	<b>-155,972</b>	<b>-3,721</b>	<b>-15,162</b>	<b>-18,883</b>	<b>-174,855</b>
<b>EBITDA</b>	<b>-27,921</b>	<b>31,185</b>	<b>5,127</b>	<b>8,391</b>	<b>-3,721</b>	<b>-15,162</b>	<b>-18,883</b>	<b>-10,492</b>

### Note 3 – Changes in significant accounting policies

The Group has initially adopted IFRS 16 “Leases” from 1 January 2019. The effect of initially applying this standard is mainly attributed to the following:

- The adoption of IFRS 16 have an impact on Photocure's recognition of operating expenses as the amortization of the right-of-use assets replace office rental costs as reported operating lease.

- The 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 Group has adopted IFRS 16 using the cumulative effect method and accordingly, the information presented for 2018 has not been restated.

The following table summarizes the impacts of transition to IFRS 16 at 1 January 2019 and 30 June 2019.

<b>Impacts on transition</b> <i>(Amounts in NOK 1 000)</i>	<b>Discount rate</b>	<b>01.01.2019 Value</b>	<b>30.06.2019 Value</b>
Right-of-use assets Norway	2.60 %	6,393	5,195
Right-of-use assets US	5.20 %	3,958	3,406
<b>Total Lease Assets</b>		<b>10,351</b>	<b>8,601</b>
Lease liability		-10,351	-8,578
<b>Total non-current liabilities</b>		<b>-10,351</b>	<b>-8,578</b>

<b>Impacts for the period</b> <i>(all amounts in NOK 1 000)</i>	<b>01.01.- 30.06.2019 Value</b>
Amortisation of assets	1,703
Interest expenses	125
<b>Costs IFRS 16</b>	<b>1,828</b>

#### Note 4 – Income statement classified by nature

	<b>2019</b>	<b>2018</b>	<b>2018</b>
<i>(Amounts in NOK 1 000)</i>	<b>1.1-30.06</b>	<b>1.1-30.06</b>	<b>1.1-31.12</b>
Sales revenues	103,509	83,153	173,237
Signing fees and milestone revenues	1,689	4,089	8,273
Cost of goods sold	-9,976	-8,138	-17,147
<b>Gross profit</b>	<b>95,222</b>	<b>79,104</b>	<b>164,363</b>
Payroll expenses	-60,657	-57,994	-99,369
R&D costs excl. payroll expenses/other operating exp.	-961	-1,844	-3,742
Ordinary depreciation and amortisation	-8,464	-6,476	-13,211
Other operating expenses	-37,721	-22,627	-71,744
<b>Total operating expenses recurring</b>	<b>-107,802</b>	<b>-88,940</b>	<b>-188,066</b>
<b>EBIT before restructuring</b>	<b>-12,580</b>	<b>-9,836</b>	<b>-23,703</b>

## Note 5 – Tax

<i>(Amounts in NOK 1 000)</i>	<b>30.06.2019</b>	<b>31.12.2018</b>
<b>Income tax expense</b>		
Tax payable	-37	533
Changes in deferred tax	2,606	-526
<b>Total income tax expense</b>	<b>2,569</b>	<b>6</b>
<b>Tax base calculation</b>		
Profit before income tax	-9,335	1,654
Permanent differences	67	801
Temporary differences	7,177	-8,063
Change in tax loss carried forward	2,091	5,609
<b>Tax base</b>	<b>0</b>	<b>0</b>
<b>Temporary differences:</b>		
<b>Total</b>	<b>-90,789</b>	<b>-97,966</b>
Tax loss carried forward	340,712	336,041
<b>Net temporary differences</b>	<b>249,923</b>	<b>238,075</b>
<b>Deferred tax benefit</b>	<b>249,923</b>	<b>238,075</b>
<b>Deferred tax asset</b>	<b>54,983</b>	<b>52,377</b>

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 June 2019 and 31 December 2018 is based on a tax rate of 22%.

The parent company has recognized a deferred tax asset regarding net temporary differences. Accumulated tax asset in the parent company at the end of June 2019 is NOK 55.0 million compared to NOK 52.4 million at end of 2018. There is no expiry on losses to be carried forward in Norway. The basis for recognition of a tax asset in Norway are 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 2018 note 12.

## Note 6 – Earnings per share

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



	<b>2019</b>	<b>2018</b>
<i>(Figures indicate the number of shares)</i>	<b>1.1-30.06</b>	<b>1.1-31.12</b>
Issued ordinary shares 1 January	21,779,008	21,557,910
Effects of share options exercised	-	17,781
Effect of treasury shares	-15,042	-9,616
Effect of shares issued	12,290	16,905
<b>Weighted average number of shares</b>	<b>21,776,256</b>	<b>21,582,980</b>
Effect of outstanding share options	65,515	47,512
<b>Weighted average number of diluted shares</b>	<b>21,841,771</b>	<b>21,630,492</b>
Earnings per share in NOK	-0.46	-1.70
Earnings per share in NOK diluted	-0.46	-1.70

## Note 7 – Fixed Assets

<i>(Amounts in NOK 1 000)</i>	<b>Machinery &amp; equipment</b>	<b>Intangibles</b>
<b>Net book value 31.12.18</b>	<b>2,141</b>	<b>22,502</b>
Net investments 30.06.19	190	-
Depreciation and amortization	-396	-5,866
<b>Net book value 30.06.19</b>	<b>1,935</b>	<b>16,636</b>

Photocure has from 2015 carried out a clinical study in US for the approved product Cysview in order to file a supplemental NDA. Related to this study Photocure has capitalized, net after amortization, NOK 19.6 million as of end December 2018 and NOK 14.6 million as of 30 June 2019. The investment is amortized on a straight-line basis in the profit and loss from the start of the project and over the remaining patent period for the approved product and indication.

The remaining intangible assets consist of capitalized software and project for new homepage.

## Note 8 – Fair value

The table below analyses financial assets recognized in the balance sheet at fair value according to the valuation method.

The different levels have been defined as follows:

- Level 1: Noted prices in active markets for corresponding assets or liabilities
- Level 2: Available value measurements other than the noted prices classified as Level 1, either directly observable in the form of agreed prices or indirectly as derived from the price of equivalent.
- Level 3: Value measurements of assets or liabilities that are not based on observed market values

<b>Market value hierarchy</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<i>(Amounts in NOK 1 000)</i>				
Financial assets available for sale:				
- Money market funds	62,026	-	-	62,026
<b>Total</b>	<b>62,026</b>	<b>-</b>	<b>-</b>	<b>62,026</b>



## Note 9 – 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 2018	21,779,008	NOK 0.50	10,889,504
Share capital at 30 June 2019	21,796,387	NOK 0.50	10,898,194
<b>Treasury shares:</b>			
Holdings of treasury shares at 31 December 2018	14,930		7,465
Buy-back of shares	1,694	NOK 0.50	847
Buy-back of restricted shares	-	NOK 0.50	-
<b>Holdings of treasury shares at 30 June 2019</b>	<b>16,624</b>		<b>8,312</b>

The table below indicates the status of authorizations at 30 June 2019:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on 9 May 2019	2,179,638	2,179,638	500,000
Share issues after the General Meeting on 9 May 2019	-	-	-
Purchase of treasury shares	-1,694	-	-
<b>Remaining under authorisations at 30 June 2019</b>	<b>2,177,944</b>	<b>2,179,638</b>	<b>500,000</b>

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of 30 June 2019:

Name	Position	No. of shares	restricted shares	subscription rights
Daniel Schneider	President & CEO	15,000	18,353	-
Erik Dahl	Chief Financial Officer	3,500	7,133	49,500
Ambaw Bellete	Head, US Cancer Commercial Operations	3,600	7,483	-
Grete Hogstad	Vice President Strategic Marketing	13,878	5,566	45,000
Kari Myren	Head of Global Medical Affairs and Clin. Dev.	-	962	-
Espen Njåstein	Head, Nordic Cancer Commercial Operations	8,378	3,649	51,100
Gry Stensrud	Vice President Tech. Dev. & Operations	1,845	5,344	53,300
Jan H. Egbert	Chairperson of the board	14,500	-	-
Einar Antonsen	Board member	13,500	-	-
Gwen Melincoff	Board member	1,000	-	-
Tom Pike	Board member	3,400	-	-

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





## Note 10 – Share options

At 30 June 2019, employees in Photocure had the following share option schemes:

<b>Year of allocation</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Option programme	2017	2016	2015
Number	43,000	166,200	150,168
Exercise price (NOK)	38.06	40.15	32.78
Date of expiry (31 December)	2021	2020	2019

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

	<b>30.06.2019</b>		<b>31.12.2018</b>	
	<b>No. of shares</b>	<b>Average exercise price (NOK)</b>	<b>No. of shares</b>	<b>Average exercise price (NOK)</b>
Outstanding at start of year	381,868	37.02	737,669	35.53
Allocated during the year	-	-	-	-
Become invalid during the year	22,500	40.15	170,367	38.02
Exercised during the year	-	-	185,434	30.18
Expired during the year	-	-	-	-
Outstanding at end of period	359,368	36.82	381,868	37.02
Exercisable options at end of period	359,368	36.82	367,533	36.98



## Note 11 – Shareholders

Overview of the major shareholders at 30 June 2019:

Major Shareholders	Citizen	Type	# Shares	%
HIGH SEAS AS	Norway	Ordinary	2,220,000	10.19 %
FONDSFINANS NORGE	Norway	Ordinary	920,000	4.22 %
KLP AKSJENORGE	Norway	Ordinary	881,608	4.04 %
KOMMUNAL LANDSPENSJONSKASSE	Norway	Ordinary	667,124	3.06 %
RADIUMHOSPITALET'S FORSKNINGSSSTIFTELSE	Norway	Ordinary	653,319	3.00 %
Myrlid AS	Norway	Ordinary	522,000	2.39 %
MP PENSJON PK	Norway	Ordinary	519,765	2.38 %
NORDNET LIVSFORSIKRING AS	Norway	Ordinary	482,910	2.04 %
DANSKE BANK A/S	Denmark	Nominee	399,071	1.82 %
BNP PARIBAS SECURITIES SERVICES	Australia	Nominee	356,186	1.63 %
VICAMA AS	Norway	Ordinary	329,530	1.51 %
BEELINE AS	Norway	Ordinary	239,894	1.10 %
LEHRE HOLDING AS	Norway	Ordinary	212,731	0.98 %
EGELAND HOLDING AS	Norway	Ordinary	210,000	0.96 %
FONDSFINANS GLOBAL HELSE	Norway	Ordinary	210,000	0.96 %
NORDNET BANK AB	Sweden	Nominee	191,254	0.89 %
BILLINGTON ERIK	Norway	Ordinary	186,000	0.85 %
A/S SKARV	Norway	Ordinary	150,000	0.69 %
JP MORGAN CHASE BANK, N.A., LONDON	UK	Nominee	147,740	0.67 %
PIBCO AS	Norway	Ordinary	140,000	0.65 %
<b>Total 20 largest shareholders</b>			<b>9,601,177</b>	<b>44.05 %</b>
Total other shareholders			12,195,210	55.95 %
<b>Total number of shares</b>			<b>21,796,387</b>	<b>100.00 %</b>

## 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 amortisation. 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:

	2019	2018	2019	2018	2018
	Q2	Q2	1.1-30.6	1.1-30.6	1.1-31.12
<i>(all amounts in NOK 1 000)</i>					
<b>Gross profit</b>	<b>48,455</b>	<b>40,908</b>	<b>95,222</b>	<b>79,104</b>	<b>164,363</b>
Operating expenses excl amortization & depreciation	-51,039	-40,220	-99,338	-82,465	-174,855
<b>EBITDA before restructuring</b>	<b>-2,585</b>	<b>688</b>	<b>-4,116</b>	<b>-3,361</b>	<b>-10,492</b>
Amortization & depreciation	-4,232	-3,262	-8,464	-6,476	-13,211
<b>EBIT before restructuring</b>	<b>-6,817</b>	<b>-2,574</b>	<b>-12,580</b>	<b>-9,836</b>	<b>-23,703</b>

Recurring EBITDA equals EBITDA before restructuring. In 2018 Photocure incurred NOK 14.2 million in restructuring costs. Photocure choose to measure before restructuring and before infrequent and unusual costs because adjustments of these items give a better basis for an evaluation of future results.

### Revenue growth in constant currency

Photocure’s business is conducted internationally and in respective local currency. Less than 10% 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 total for the Company.

The average exchange rates used to translate revenues as per the reporting dates were as follows:



	2019	2018	2019	2018	2018
	Q2	Q2	1.1-30.6	1.1-30.6	1.1-31.12
USD (NOK per 1 USD)	8.65	8.02	8.61	7.93	8.13
EUR (NOK per 1 EUR)	9.72	9.55	9.73	9.59	9.60
DKK (NOK per 100 DKK)	130.13	128.27	130.33	128.81	128.80
SEK (NOK per 100 SEK)	91.53	92.46	92.50	94.55	93.63

## Photocure Group – Other Measures

### In-market sales

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

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

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

	2019	2018	2019	2018	2018
	Q2	Q2	1.1-30.6	1.1-30.6	1.1-31.12
<i>(all amounts in NOK 1 000)</i>					
<b>In-market sales</b>	<b>81,077</b>	<b>71,521</b>	<b>161,501</b>	<b>140,422</b>	<b>284,809</b>



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[www.hexvix.com](http://www.hexvix.com)

[www.cysview.com](http://www.cysview.com)





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