



Quarterly Report

Q4 2023

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



THE
BLADDER CANCER
COMPANY



Highlights for fourth quarter 2023

(Numbers in parentheses and comparisons are for the corresponding period in 2022.)

- Hexvix®/Cysview® revenue in the fourth quarter of 2023 increased 20% to NOK 114.2 million compared to the same period last year (NOK 94.9 million). The increase was primarily due to increases in unit volumes, price increases and a benefit from foreign exchange.
- Q4 2023 EBITDA was NOK 29.9 million (NOK -16.9 million), an increase of NOK 46.8 million. Excluding business development (BD) expenses, Q4 2023 EBITDA was NOK 29.6 million (NOK -6.8 million).
- In the fourth quarter of 2023, the commercial franchise delivered positive contribution margin. Photocure is committed to controlling costs, with total headcount relatively level for the last 2 years as the Company remains focused on leveraging its commercial infrastructure.
- At the end of the fourth quarter of 2023, the installed base of rigid blue light cystoscopy (BLC®) systems in the U.S. was 352, an increase of 17% or 51 towers since the fourth quarter of 2022. These figures do not include the current 27 active flexible cystoscopy towers remaining in the U.S.
- 2023 marked the highest number of rigid cystoscopes placed during any year since Photocure launched BLC in the U.S. Saphira™ blue light towers now represent 39% of the installed base of U.S. rigid towers.
- European unit sales increased 4% YoY in Q4, while North America unit sales increased 7%. Growth of Cysview kits used for TURBT procedures in the U.S. was tempered by a decline in kits used for flexible cystoscopy.
- In Q4 2023, Photocure’s partner Asieris presented positive results for its Phase III Hexvix clinical trial and announced that its new drug application for Hexvix in China was accepted for regulatory review.
- In December, results from the VA BRAVO study were presented at the 24th Annual SUO Congress, demonstrating a 33% risk reduction in tumor recurrence when BLC was used compared to white light alone.
- In 2024, Photocure anticipates new and upgraded Saphira™ blue light tower installations in the U.S. in the range of 40 to 70, consolidated product revenue growth of 6% to 9% in constant currency, and positive EBITDA excluding business development expenses.

Key Figures:

<i>Figures in NOK million</i>	Q4 2023	Q4 2022	Change	FY 2023	FY 2022	Change
Hexvix/Cysview revenues	114.2	94.9	20%	443.3	373.0	19%
Other revenues	28.4	9.3	-	57.4	20.1	-
Total revenues	142.5	104.2	37%	500.7	393.1	27%
Operating expenses	-106.7	-115.5	-7%	-419.0	-395.1	6%
EBITDA	29.9	-16.9		55.5	-24.6	
EBITDA commercial franchise	3.2	-14.7		17.3	-14.1	
EBITDA development portfolio	26.7	-2.2		38.2	-10.5	
EBIT	22.5	-23.1		27.8	-49.0	
Net Earnings	12.5	-21.5		0.3	-71.9	
Cash & cash equivalents	259.5	268.1		259.5	268.1	



President & CEO Daniel Schneider comments:

"Hexvix/Cysview revenue increased 20% year-over-year in the fourth quarter, and we delivered EBITDA of NOK 29.9 million. Our U.S. business grew despite the ongoing phase down of flexible BLC. In Europe, we continued to see positive developments with sales growth in Germany and strong signs of traction in high-potential underpenetrated territories, known as our Priority Growth Markets. Additionally, our partner Asieris announced acceptance of their new drug application (NDA) for Hexvix in China, and that they plan to present the positive Phase III results for Cevira™ at the EUROGIN 2024 HPV Congress in March.

We closed 2023 with 81 new and upgraded Saphira™ towers installed during the year, significantly outweighing the loss in the flex segment. There are now only 27 active flexible BLC towers in North America, down from 69 at the end of 2022. High-definition Saphira™ systems now represent nearly 40% of the installed base of rigid BLC towers in the U.S., which has enabled us to increase Cysview's penetration in the market. We continue to expect a large order of new rigid towers to come through, however, timing of the order is now anticipated in the second quarter of this year. We believe deployment of these towers has potential to significantly expand access to blue light cystoscopy for more physicians and patients in the U.S. In addition, our commercial team in North America remains focused on increasing Cysview kit usage in existing accounts, accelerating adoption in accounts using Saphira™ for the first time, reactivating low users or inactive accounts, and expanding BLC usage by leveraging the positive clinical results from studies reported in 2023.

In our European business, we successfully facilitated the implementation of 143 image quality upgrades in 2023, exceeding our full-year plan. We also opened 23 new blue light accounts last year. As mentioned previously, some of our Priority Growth Markets are showing significant growth year-over-year, and we expect that these efforts will continue to pay off in 2024. Additionally, we expect that the anticipated upgrade of Olympus' blue light equipment this year will re-energize Hexvix growth in the Nordic region and other areas in Europe where Olympus has dominant market share.

I am pleased that our business grew nearly 20% and generated significant EBITDA in 2023. This year, we are planning for further growth and are well-positioned for new opportunities. We expect that the installed base of rigid towers in the U.S. will continue to expand, augmented by a large potential order anticipated next quarter. The technology upgrade cycle in blue light cystoscopy is expected to continue with the anticipated launch of Olympus' new HD blue light system later this year. Also key to long term success is our strategy to reintroduce flexible BLC in high definition so that we can further develop the large surveillance market worldwide. The Citizen's Petition to reclassify BLC equipment from Class 3 to Class 2 in the U.S. is a potential regulatory action that could change the game by creating an accelerated approval process that would enable equipment manufacturers to access the U.S. market quickly and expand BLC use by meeting the demands of the market. And finally, our partner Asieris continues to advance its licensed and partnered programs: Cevira and Hexvix in China, respectively. Both of these product candidates are expected to generate significant additional revenue through regulatory and future sales milestones. With these initiatives and more, we look forward to the coming year. We remain focused on driving value for patients, our customers and our shareholders."

Operational review

Photocure ASA (Photocure or the Company) 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



2023, Photocure published its sustainability (ESG) report for the year 2022, which can be accessed on the Company's website.

Commercial segment update

Photocure's fourth quarter and full year 2023 sales were favorably impacted by unit sales and price increases in the U.S. and Europe, and favorable foreign exchange. Unit sales performance was tempered by the phase down of Cysview usage in the flexible blue light cystoscopy setting due to Karl Storz's decision to discontinue the sale of flexible BLC capital equipment in the U.S. in 2023.

Healthcare worker staffing shortages and hospital budget tightening also continued to limit growth. The Company continued to execute on its plan to expand blue light cystoscopy use, with 17 new Saphira™ towers placed in the U.S. during the fourth quarter (both new and upgraded accounts), and image quality upgrades for existing accounts in the EU ahead of plan.

Revenues from Photocure's North American segment increased 19% in the fourth quarter of 2023, with unit sales up 7% YoY. The increase in revenue was due to an increase in unit sales, higher pricing and a benefit from foreign exchange. Karl Storz' phase down of flexible blue light capital equipment resulted in lower flexible BLC kit sales, partially offsetting the positive development within the rigid segment. Full year revenues in North America increased 18% to NOK 178.0 million (NOK 150.8 million), with unit growth of 3%. In USD, the revenue growth was 7%.

Revenues from the Company's European segment increased 19% in the fourth quarter of 2023 YoY, with in-market unit sales up 4% compared to the fourth quarter of 2022. The increase in revenue was mainly driven by an increase in unit sales, price increases and a benefit from foreign exchange. For full year 2023, European revenues increased by 19% to NOK 263.5 million (NOK 221.8 million), with unit growth of 1%.

The consolidated currency impact on sales revenue was NOK 9 million in the fourth quarter of 2023 and NOK 42 million for full year 2023.

MNOK	Q4 '23	Q4 '22	FY '23	FY '22
North America revenues	46.1	38.7	178.0	150.8
Europe revenues	66.8	56.2	263.5	221.8
Partner revenues	1.3	0.0	1.7	0.4
Hexvix/Cysview total	114.2	94.9	443.3	373.0
<i>YoY growth</i>	20%		19%	
Other revenues	0.9	0.1	2.9	1.6
Total revenues	115.0	94.9	446.2	374.6
<i>YoY growth</i>	21%		19%	
Gross profit	109.1	89.3	420.1	351.9
Operating expenses	-105.9	-104.0	-402.8	-366.0
EBITDA	3.2	-14.7	17.3	-14.1
<i>EBITDA margin</i>	3%	-15%	4%	-4%

Total Hexvix/Cysview revenue increased 20% to NOK 114.2 million in Q4 2023, from the NOK 94.9 million reported in the same period in 2022. The results were mainly driven by higher unit sales, price increases in both North America and Europe, and a positive impact from foreign exchange. Total Hexvix/Cysview revenue in 2023 increased 19% to NOK 443.3 million (NOK 373.0 million), with unit growth of 2%.

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.

Operating expenses in the fourth quarter increased 2% YoY to NOK 105.9 million (NOK 104.0 million). Operating efficiencies were offset by the negative impact of foreign exchange on expenses. Full year operating expenses in 2023 were NOK 402.8 million (NOK 366.0 million).

Fourth quarter 2023 EBITDA for the commercial franchise was NOK 3.2 million, an increase of NOK 17.9 million from the fourth quarter of 2022 (NOK -14.7 million). The increase was mainly due to higher sales combined with cost containment. Full year 2023 EBITDA for the commercial franchise was NOK 17.3 million (NOK -14.1 million), with an improvement in EBITDA margin of 8%-points compared to the same period in 2022.

Hexvix/Cysview

Global in-market unit sales volume increased by 4% in the fourth quarter of 2023. For the full year 2023, global in-market units increased by 2%.

North America Cysview Segment

Q4 2023 Cysview revenues in North America increased by 19% YoY to NOK 46.1 million (NOK 38.7 million). The increase was driven by 7% increase in unit sales, 5% higher pricing for Cysview kits, and a



NOK 2 million benefit from foreign exchange. Full year 2023 revenues in North America increased by 18% to NOK 178.0 million (NOK 150.8 million), including a NOK 15 million benefit from foreign exchange.

Going forward, growth in U.S. unit volume is anticipated to be driven by focused sales resources and further penetration of Cysview in the surgical setting, until new flexible blue light cystoscopy equipment enters the market. Photocure continues to expect the U.S. to be the fastest growing segment of its business over the next several years.

At the end of the fourth quarter of 2023, the total installed base of rigid blue light cystoscopes in the U.S. was 352, an increase of 17% or 51 towers compared to the same period in 2022.

In early 2023, Karl Storz announced that it will no longer sell flexible BLC equipment for use in the surveillance setting and will cease servicing existing units when the availability of replacement parts has been exhausted. There were 69 flexible cystoscopy towers installed in the U.S. as of December 31, 2023, all of which are manufactured by Karl Storz. Photocure estimates that there are currently 27 active flexible blue light cystoscopes in the U.S. market.

Despite Karl Storz' decision, flexible BLC in the surveillance setting remains a strategic priority for Photocure, and the Company is pursuing initiatives to restore this specialized equipment in the U.S. and in international markets in the future. Until a solution is achieved, Photocure will focus its commercial efforts on the market for TURBT surgeries using rigid blue light cystoscopes and on establishing BLC as standard-of-care in this market segment.

European Hexvix Segment

In the fourth quarter of 2023, revenues in the Company's European segment increased by 19% to NOK 66.8 million (NOK 56.2 million), while unit sales increased by 4% YoY. Revenue growth for the European segment was mainly driven by higher unit sales, higher pricing in the German market, and a NOK 7 million benefit from foreign exchange. For full year 2023, European Hexvix revenues increased by 19% to NOK 263.5 million (NOK 221.8 million), including a NOK 28 million benefit from foreign exchange.

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. Photocure's European commercial organization is focused on growing its business in established markets such as Germany and other countries in the DACH region. In addition, Photocure focuses on the growing demand for Hexvix in large, underpenetrated countries such as the U.K., France and Italy, referred to as the Company's "priority growth markets".

Performance of the European business has been pressured by a decline in sales of Hexvix in the Nordic region, particularly in Denmark. This is related to Olympus, who is the dominant capital equipment provider in Denmark and Norway. Olympus no longer actively markets or supports its' outdated standard definition blue light system; however, it is in the process of upgrading its blue light cystoscopy equipment to high-definition. Olympus is awaiting regulatory approvals for its high-definition blue light system, which Photocure expects will increase the use of Hexvix in the Nordic markets and elsewhere in Europe. Photocure expects Olympus to launch its upgraded blue light system in 2024.

The Company intends to enter other large unpenetrated European countries such as Spain and Poland in the future as market conditions provide opportunity.

Hexvix/Cysview partner sales

Due to reimbursement and ongoing staffing challenges, partnership revenues in the fourth quarter of 2023 were limited.

In August 2021, Photocure announced that it regained commercial rights to Cysview in Canada from its licensee BioSyent. 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.

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 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. Additionally, in March 2022, Asieris announced that it had obtained approval from the National Medical Products Administration (NMPA) to conduct a real-world evidence (RWE) 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.

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 Phase III clinical trial with Hexvix to be conducted in the region. In August 2023, Asieris announced that its Phase III Hexvix trial successfully met the primary endpoint. In October 2023 at the 43rd Congress of the Société Internationale d'Urologie (SIU) in Istanbul Turkey, Asieris presented the clinical results of the trial, which demonstrated that BLC with Hexvix outperformed white light cystoscopy in the detection of bladder cancer, particularly in cases of carcinoma in situ (CIS) and exhibited good tolerability.

The prospective, self-controlled, multi-center Phase III bridging trial evaluated the safety and detection benefits of blue light cystoscopy (BLC) with Hexvix compared to white light cystoscopy (WLC) in the diagnosis of non-muscle invasive bladder cancer (NMIBC) in a Chinese population. In the trial, 114 patients underwent BLC, and of the 97 patients diagnosed with NMIBC, a total of 42 patients (43.3%) had one or more additional lesions detected with Hexvix BLC compared to WLC ($p < 0.0001$). Among the 114 patients, 11.4% (13/114) had CIS lesions, and among these, 11 patients (84.6%, 11/13) had

additional CIS lesions detected under Hexvix BLC that were not found under WLC. The detection rates for tumor lesion types CIS, Ta, T1, and T2-T4 in the BLC group were 94.7%, 100%, 98.2%, and 100%, respectively, while in the WLC group, they were 42.1%, 76.1%, 91.2%, and 100%, respectively.

The trial is the first randomized controlled clinical trial conducted with high definition (HD) blue light capital equipment. The highly statistically significant results support previous studies with Hexvix/Cysview, including Photocure's pivotal Phase III trials, which were used for market approval in major international markets. On November 29, Asieris announced that its new drug application for Hexvix in China was accepted by the NMPA for regulatory review.

Additionally, Photocure has Hexvix marketing and distribution agreements with IGL Medical Ltd. for Israel, and Genotests SpA for Chile.

Hexvix/Cysview publications and presentations

In October 2023, a peer reviewed article entitled: *A cost-consequences and budget impact analysis of blue light-guided cystoscopy with Hexvix® in patients diagnosed with non-muscle-invasive bladder cancer in France* was published in the Journal of Medical Economics. In this health economic study, a budget impact model (BIM) was developed simulating the overall costs of implementing a range of strategies involving the use of BLC, with analyses undertaken to determine the cost consequences for individual hospitals following the recommended French ccAFU treatment guidelines. Led by Jonathan Belsey, Health Economist & Managing Director of JB Medical, Ltd., the study authors concluded that "the health economic impact of this strategy has been evaluated using a cost-utility analysis, from the perspective of the French healthcare system, and was found to be dominant over WLC – meaning that its use results in better outcomes and lower costs overall".

[Link to article](#)

On October 12, 2023, Photocure's partner, Asieris, presented results from its Phase III randomized controlled clinical trial evaluating the use of Hexvix and blue light cystoscopy in a Chinese population. The highly statistically significant results were presented at the 43rd Congress of the Société Internationale d'Urologie (SIU) Congress and confirmed that, in a Chinese population, BLC with Hexvix outperformed white light cystoscopy (WLC) in the detection of bladder cancer, particularly in cases of carcinoma in



situ (CIS) and exhibited good tolerability. The results corroborate the findings of Photocure’s own randomized controlled trials (RCTs) that demonstrate the clinical benefits of Hexvix BLC over WLC. Moreover, Asieris’ Phase III Hexvix trial is the first RCT conducted with high definition 4K blue light capital equipment.

[Link to Asieris press release](#)

In November 2023, Photocure announced the publication of a study in the journal *European Urology Open Science* entitled: *Immune Contexture Changes Following Blue Light Cystoscopy with Hexaminolevulinate in Bladder Cancer*. In the study, TURBT samples from bladder cancer patients were used to investigate if a change in tumor microenvironment composition could be observed as an effect of Hexaminolevulinate (HAL)-assisted BLC. The results suggest that BLC-guided TURBT with the metabolic photosensitizer HAL, which has a preferential tumor accumulation, alters the expression of immune cells of both the adaptive and innate immune system compared to WLC-guided TURBT. The findings in the publication were previously presented at the EAU congress in March 2023. Further studies are required to validate the clinical impact of these observations.

[Link to article](#)

On December 1, 2023, Photocure announced that new clinical evidence from routine clinical practice in the Veterans Affairs (VA) healthcare system was presented at the 24th Annual Society of Urologic Oncology (SUO) meeting. The abstract and poster entitled *Comparing white light versus blue light cystoscopy recurrence outcomes among non-muscle invasive bladder cancer patients in an equal access setting: a propensity scored matched analysis* was presented by Sanjay Das, MD. The study showed a 33% risk reduction in tumor recurrence in non-muscle invasive bladder cancer patients who received BLC compared to patients who only underwent standard White Light Cystoscopy (WLC). A total of 337 BLC recipients were first identified and compared to 337 WLC recipients using 1:1 propensity score matching. The cohorts predominantly were high-grade patients (64%) treated with the current standard of care, including adequate BCG treatment when appropriate. The study authors concluded that overall, the risk of recurrence was significantly lower following use of

BLC (Hazard Ratio 0.67; p-value: 0.006) compared to WLC alone.

[Link to abstract](#)

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®.

MNOK	Q4 '23	Q4 '22	FY '23	FY '22
Total revenues	27.5	9.3	54.4	18.5
Gross profit	27.5	9.3	54.4	18.5
Operating expenses	-0.8	-11.5	-16.3	-29.0
EBITDA	26.7	-2.2	38.2	-10.5

During the fourth quarter of 2023, development revenue was NOK 27.5 million, compared to NOK 9.3 million in the fourth quarter of 2022. In both periods the revenue is related to Asieris milestone payments for the development of Cevira. During the full year of 2023, Photocure received milestone payments from Asieris totaling NOK 54.4 million (NOK 18.5 million).

Operating expenses include business development expenses, R&D expenses related to the development of Cevira and Hexvix in China, and an allocation of overhead expenses. In Q4 2023, there were no material business development expenses (NOK 10 million). Full year business development expenses were NOK 9.9 million (NOK 23.0 million).

Cevira®: in development for the non-surgical treatment of high-grade squamous intraepithelial lesions, including all HPV sub-types

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

In July 2019, the Company announced that it had entered into a License Agreement providing Asieris with a world-wide license to develop and commercialize Cevira (APL-1702) 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 discussed with the U.S. FDA. In late 2020, Asieris initiated patient enrollment



in its global, multi-centered Phase III clinical trial for Cevira.

In August 2022, Asieris announced the completion of enrollment in this trial, accruing a total of 402 patients. The majority of patients in the study were enrolled in China, with the remainder enrolled in Europe. On September 20, 2023, Asieris announced that the Phase III trial met its primary endpoint, together with a robust safety profile. Comprehensive data from this trial is planned for presentation at forthcoming academic conferences and for publication in scientific journals. Asieris plans to communicate with regulatory authorities on a new drug application in the coming months to pursue market approval in China and is expected to evaluate its plans for further development and regulatory activities required to pursue approvals in other regions. Information about the recently completed 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>

Under the License Agreement with Asieris, Photocure has received USD 15.0 million in milestones to date including a signing fee of USD 5.0 million in 2019 and additional development milestone payments. Photocure is eligible for milestone payments totaling USD 13 million for the anticipated regulatory submission and potential approval of Cevira in China. In addition, Photocure may also receive milestones of up to USD 31 million for regulatory submissions and approvals of Cevira in Europe and the U.S.

Initiation of patient dosing for a second indication of Cevira, and approvals for such an indication in China, Europe, and the U.S. would trigger additional aggregate development and regulatory milestone payments of up to USD 16 million to Photocure. The Company is also eligible to receive royalties between 10% and 20% of global sales based on the achievement of certain sales thresholds, as well as cumulative milestone payments up to USD 190 million associated with global sales, with a significant portion of those milestones being triggered if the product achieves blockbuster status.

Financial review

(Numbers in parentheses are for the corresponding period in 2022; references to the prior year refer to a comparison to the same period 2022, unless otherwise stated).

MNOK	Q4 '23	Q4 '22	FY '23	FY '22
Hexvix / Cysview revenues	114.2	94.9	443.3	373.0
Total other revenues	28.4	9.3	57.4	20.1
Total revenues	142.5	104.2	500.7	393.1
Gross profit	136.7	98.6	474.5	370.4
Operating expenses	-106.7	-115.4	-419.0	-395.1
EBITDA	29.9	-16.9	55.5	-24.6
Depreciation & amortization	-7.4	-6.2	-27.7	-24.4
EBIT	22.5	-23.1	27.8	-49.0
Net financial items	-5.9	-5.5	-18.1	-22.1
Earnings before tax	16.6	-28.6	9.7	-71.1
Tax expenses	-4.1	7.1	-9.5	-0.7
Net earnings	12.5	-21.5	0.3	-71.9

Revenues

Hexvix/Cysview revenues in the fourth quarter of 2023 were NOK 114.2 million (94.9 million), a 20% increase versus Q4 2022. The sales increase is driven by a combination of a unit sales increase, price increases and positive effects of foreign currency exchange. Full year Hexvix/Cysview revenues were NOK 443.3 million (NOK 373.0 million).

Other revenues were NOK 28.4 million (NOK 9.3 million) in the fourth quarter of 2023. Historically, Other revenues include milestone payments from Asieris related to the development of Hexvix and Cevira in China. Full year other revenues were NOK 57.4 million (NOK 20.1 million).

Total revenues in the fourth quarter of 2023 increased 37% to NOK 142.5 million (NOK 104.2 million). Full year total revenues were NOK 500.7 million (NOK 393.1 million).

Cost of goods sold (COGS)

Fourth quarter 2023 COGS was NOK 5.9 million (NOK 5.6 million). Full year COGS was NOK 26.1 million (NOK 22.7 million). As a percentage of sales revenue COGS was 6% for the year.

Operating expenses

Total operating expenses, excluding depreciation and amortization, were NOK 106.7 million (NOK 115.5 million) in the fourth quarter. Negative impact of foreign exchange was offset by cost containment measures.

Full year operating expenses, excluding depreciation and amortization, were NOK 419.0 million (NOK 395.1 million). The main driver of the increase in operating expenses was the negative impact of foreign exchange by NOK 36 million. This increase was offset by cost containment measures.



Fourth quarter 2023 research and development (R&D) costs were NOK 0.3 million (NOK 0.5 million). Full year R&D costs were NOK 2.1 million (NOK 3.3 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 5% to NOK 85.8 million (NOK 81.9 million) in the fourth quarter of 2023. The expense increase was mainly driven by the negative impact of foreign exchange, partially offset by cost containment. Sales and marketing costs for the full year were NOK 316.3 million (NOK 286.4 million).

Fourth quarter 2023 Other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 20.6 million, compared to NOK 33.0 million in the same quarter of 2022. Business development expenses in Q4 2023 amounted to NOK -0.3 million (NOK 10 million). Full year Other operating expenses were NOK 100.7 million (NOK 105.3 million).

Financial results

EBITDA was NOK 29.9 million (NOK -16.9 million) for the fourth quarter of 2023. Fourth quarter EBITDA was positively impacted by the milestone payment received from Asieris related to the development of Cevira. Full year 2023 EBITDA was NOK 55.5 million (NOK -24.6 million) and was also positively impacted by the milestone payments received from Asieris. For the full year 2023, the consolidated impact of foreign exchange on EBITDA was 5 million.

Fourth quarter 2023 depreciation and amortization totaled NOK 7.4 million (NOK 6.2 million). The main cost item was the amortization of intangible assets related to the reacquisition of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen. Full year depreciation and amortization was NOK 27.7 million (NOK 24.4 million).

Net financial items in the fourth quarter of 2023 were NOK 5.9 million (NOK 5.5 million). Net financial costs were driven by foreign exchange losses, as well as accrued interest costs included for the deferred earnout liability due to Ipsen, partially offset by gains on foreign exchange and incurred interest income. Full year net financial items were NOK -18.1 million (NOK -22.1 million).

Net income before tax was NOK 16.6 million in the fourth quarter of 2023 (loss of NOK 28.6 million). Net

earnings after tax were NOK 12.5 million for the fourth quarter of 2023 (loss of NOK 21.5 million). For the full year Photocure had a net income after tax of NOK 0.3 million (loss of NOK 71.9 million).

Cash flow and statement of financial position

Net cash flow from operations was NOK 19.6 million in the fourth quarter of 2023 (NOK 0.7 million). The cash flow from operations includes a milestone payment received from Asieris. Full year cash flow from operations was NOK 48.3 million (NOK -2.0 million).

Fourth quarter 2023 net cash flow from investments was NOK 1.2 million (NOK 0.8 million). Full year cash flow from investments was NOK -0.6 million (NOK -1.5 million).

Fourth quarter 2023 cash flow from financing was NOK -16.4 million (NOK -17.3 million). Fourth quarter cash flow from financing was mainly driven by lease liability payments and the payment of the Ipsen Earn-out. Full year cash flow from financing was NOK -56.3 million (NOK -51.3 million) and included repayment of long-term debt (Nordea) of NOK 12.5 million, the payment of lease liabilities of NOK 8.5 million and paid earn-out of NOK 34.4 million.

Net change in cash for the fourth quarter of 2023 was NOK 4.4 million (NOK -15.8 million). Full year, Net change in cash was NOK -8.6 million (NOK -54.8 million). Cash and cash equivalents were NOK 259.5 million at the end of 2023.

Long term liabilities were NOK 151.6 million at the end of 2023, including the capitalized value of expected future earn-out payments to Ipsen totaling NOK 127.7 million.

Shareholders' equity was NOK 482.1 million at the end of fourth quarter 2023, representing an equity ratio of 68%.

As of December 31, 2023, 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 inflation, interest rates, liquidity and currency fluctuations.

As described in the Company's Annual Report for 2022, factors related to healthcare delivery in the post-Covid-19 environment are still having residual impact on the business and are 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 2022.

Outlook

Photocure delivers transformative solutions that improve the lives of bladder cancer patients. Based on benefits of the Company's breakthrough product for the management of bladder cancer, Hexvix/Cysview, the Company 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 via product enhancements
- Acquisition – Find and acquire or partner additional products used in the management of bladder cancer patients
- Transformation – Acquire assets to strengthen the Company's uro-oncology product portfolio

North America and Europe are Photocure's primary markets for growth, given the Company's two direct sales organizations 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 remains positioned to take advantage of the growth opportunities in these regions.

Photocure 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. Indicators of continued growth in the Company's business are: (1) ongoing expansion of the installed base of rigid BLC towers in North America, (2) the potential for reclassification of BLC capital equipment from Class 3 to Class 2 in the U.S., (3) increasing momentum of BLC in the urology community as observed at the European Association of Urology and American Urological Association congresses in 2023, (4) blue light image quality upgrades in European accounts that have exceeded Photocure's full year plan, and (5) Photocure's plan to reintroduce flexible BLC in high definition globally. The Company plans to continue supporting its commercial 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.

For 2024, Photocure has issued the following business and financial guidance: The Company anticipates new and upgraded Saphira™ blue light tower installations in the U.S. in the range of 40 to 70, consolidated product revenue growth of 6% to 9% in constant currency, and positive EBITDA excluding business development expenses.



The Board of Directors and CEO
Photocure ASA

Oslo, February 20, 2024

Dylan Hallerberg
Interim Chairperson

Malene Brondberg
Director

Johanna Holldack
Director

Neal Shore
Director

Dan Schneider
President and CEO



Photocure Group

Accounts for fourth quarter 2023

Photocure Group – Statement of comprehensive income

<i>(all amounts in NOK 1,000 except per share data)</i>	Note	2023 Q4	2022 Q4	2023 1.1 - 31.12	2022 1.1 - 31.12
Sales revenues		115,027	94,937	446,214	374,474
Signing fees and milestone revenues	4	27,519	9,253	54,443	18,658
Total revenues		142,546	104,190	500,657	393,132
Cost of goods sold		-5,877	-5,605	-26,137	-22,697
Gross profit		136,670	98,584	474,521	370,434
Indirect manufacturing expenses	3	-2,259	-5,405	-12,615	-15,371
Research and development expenses	3	-319	-542	-2,070	-3,342
Marketing and sales expenses	3	-90,510	-86,114	-334,940	-303,434
Other operating expenses	3	-21,105	-29,619	-97,089	-97,290
Total operating expenses		-114,193	-121,680	-446,714	-419,437
EBIT		22,477	-23,096	27,807	-49,003
Financial income		8,049	3,630	24,553	9,218
Financial expenses		-13,972	-9,098	-42,622	-31,349
Net financial profit/loss(-)		-5,923	-5,467	-18,069	-22,131
Profit/loss(-) before tax		16,553	-28,563	9,738	-71,134
Tax expenses	5	-4,078	7,079	-9,470	-723
Net profit/loss(-)		12,476	-21,484	267	-71,857
Other comprehensive income		-2,682	-1,856	-1,021	2,202
Total comprehensive income		9,794	-23,340	-753	-69,654
Net profit/loss(-) per share, undiluted	6	0.46	-0.79	0.01	-2.66
Net profit/loss(-) per share, diluted	6	0.46	-0.79	0.01	-2.66



Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	12/31/2023	12/31/2022
Non-current assets			
Customer relationship	7	112,537	129,209
Goodwill	7	144,000	144,000
Intangible and fixed assets	7	33,529	32,479
Deferred tax asset	5	48,767	55,120
Total non-current assets		338,832	360,808
Current assets			
Inventories		37,190	26,534
Accounts receivable		59,704	47,164
Other receivables		16,033	16,455
Cash and short term deposits	9	259,504	268,073
Total current assets		372,431	358,226
Total assets		711,264	719,034
Equity and liabilities			
Equity			
Share capital	11	13,560	13,560
Other paid-in capital		460,572	440,415
Retained earnings		8,005	8,758
Shareholders' equity		482,137	462,733
Long-term liabilities			
Earnout liability	8, 9	127,680	135,333
Long term loan financial institution	10	-	0
Other long-term liabilities		23,909	31,794
Total long-term liabilities		151,589	167,127
Accounts payable		19,660	21,281
Short term part of longterm liability	10	-	12,500
Other short-term liabilities		57,877	55,394
Total liabilities		229,127	256,301
Total equity and liabilities		711,264	719,034



Photocure Group – Changes in equity

	2023	2022	2023	2022
<i>(Amounts in NOK 1,000)</i>	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Equity at end of prior period	468,942	479,563	462,733	502,632
Capital increase	-	-	-	7,569
Share-based compensation (share options employees)	3,401	6,510	20,156	22,176
Own shares	-	-	-	11
Comprehensive income	9,794	-23,340	-753	-69,654
Equity at end of period	482,137	462,733	482,137	462,733

Photocure Group – Cash flow statement

	2023	2022	2023	2022
<i>(Amounts in NOK 1,000)</i>	Q4	Q4	1.1 - 31.12	1.1 - 31.12
Profit/loss(-) before tax	16,553	-28,563	9,738	-71,134
Depreciation and amortisation	7,445	6,233	27,687	24,378
Share-based compensation	3,400	6,200	20,156	22,176
Interest income	-4,510	-3,161	-11,712	-2,147
Interest costs	6,338	6,557	26,336	25,804
Remeasured earnout	1,444	758	1,444	758
Unrealized currency (- gains) / losses	433	2,397	857	763
Changes in working capital	-11,924	14,376	-11,745	-180
Other operational items	456	-4,084	-14,452	-2,435
Net cash flow from operations	19,637	713	48,308	-2,018
Net investments in fixed assets	-229	-2,356	-4,056	-3,609
Investments in intangible assets	-3,044	-	-8,250	-
Received interest payments	4,510	3,161	11,712	2,147
Cash flow from investments	1,237	804	-594	-1,462
Share capital increase employees	-	-	-	7,570
Paid earnout	-8,406	-7,300	-34,397	-29,390
Payment of lease liability	-7,851	-3,398	-8,475	-3,164
Long term loan	-	-6,250	-12,500	-25,000
Other financial payments and transactions	-168	-367	-912	-1,358
Cash flow from financing activities	-16,426	-17,316	-56,284	-51,342
Net change in cash during the period	4,448	-15,799	-8,570	-54,822
Cash & cash equivalents at beginning of period	255,057	283,872	268,073	322,895
Cash & cash equivalents at end of period	259,504	268,073	259,504	268,073



Notes to the accounts for fourth quarter 2023

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 Hoffsvveien 4, NO-0275 Oslo, Norway.

Photocure Group (Photocure) comprises Photocure ASA and four 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, 2022 (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 February 20, 2024.

Photocure performs the sales and distribution of Hexvix in the European markets. Photocure has established wholly owned subsidiaries in Germany (Photocure GmbH) and France (Photocure SAS) that provide marketing and promotion services. These entities have Euro (EUR) as functional currency. The sales, marketing and distribution in the U.S. are performed through Photocure's wholly owned subsidiary Photocure Inc. and Photocure Canada Inc., 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 uses Norwegian kroner (NOK) as its functional currency and presentation currency. In the absence of any statement to the contrary, all financial information is reported in whole thousands. As a result of rounding adjustments, the figures in the financial statements may not add up to the totals.

Important accounting valuations, estimates and assumptions

IFRS 3

Photocure has in 2020 acquired back the Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen Pharma SAS. The residual value in the acquisition constituted goodwill and is tested at end of 2023 for impairment. The deferred consideration was measured at fair value at the date of acquisition and is remeasured at fair value as of December 31, 2023. The changes in the fair value are recognized in profit or loss as financial income or expense.

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 Hivec). Development Portfolio includes development of pipeline products.

Q4 2023						
(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	66,819	46,668	1,541	115,027	-	115,027
Milestone revenues	-	-	-	-	27,520	27,520
Cost of goods sold	-4,505	-1,631	259	-5,878	-	-5,878
Gross profit	62,313	45,037	1,800	109,150	27,520	136,669
Gross profit of sales %	93%	97%	117%	95%		95%
R&D	-361	-102	-	-463	144	-319
Sales & marketing	-43,486	-41,179	-842	-85,508	-250	-85,757
Other & allocations	-9,627	-9,054	-1,270	-19,951	-721	-20,672
Operating expenses	-53,474	-50,336	-2,113	-105,922	-827	-106,749
EBITDA	8,839	-5,299	-313	3,228	26,692	29,920

Q4 2022						
(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	56,219	38,659	59	94,937	-	94,937
Milestone revenues	-	-	-	-	9,253	9,253
Cost of goods sold	-4,139	-1,180	-285	-5,605	-	-5,605
Gross profit	52,080	37,479	-227	89,332	9,253	98,585
Gross profit of sales %	93%	97%	-387%	94%		94%
R&D	-118	-31	-	-149	-393	-542
Sales & marketing	-34,426	-45,916	-1,378	-81,720	-182	-81,902
Other & allocations	-11,876	-9,076	-1,177	-22,129	-10,878	-33,007
Operating expenses	-46,420	-55,024	-2,554	-103,998	-11,453	-115,451
EBITDA	5,660	-17,545	-2,781	-14,667	-2,200	-16,866



Photocure – Results for fourth quarter and preliminary full year 2023

1.1-31.12 2023

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	263,547	178,630	4,037	446,214	-	446,214
Milestone revenues	-	-	-	-	54,443	54,443
Cost of goods sold	-19,286	-5,866	-986	-26,137	-	-26,137
Gross profit	244,262	172,764	3,051	420,077	54,443	474,520
Gross profit of sales %	93%	97%	76%	94%		94%
R&D	-867	-245	-	-1,113	-957	-2,070
Sales & marketing	-147,079	-164,622	-3,621	-315,322	-941	-316,262
Other & allocations	-43,947	-37,369	-5,009	-86,326	-14,370	-100,696
Operating expenses	-191,893	-202,237	-8,631	-402,760	-16,268	-419,028
EBITDA	52,369	-29,473	-5,579	17,317	38,175	55,492

1.1-31.12 2022

(Amounts in NOK 1 000)	Hexvix Europe	Cysview North Am	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	221,826	150,784	1,863	374,474	-	374,474
Milestone revenues	-	-	152	152	18,506	18,658
Cost of goods sold	-16,810	-4,835	-1,052	-22,697	-	-22,697
Gross profit	205,016	145,950	963	351,929	18,506	370,435
Gross profit of sales %	92%	97%	44%	94%		94%
R&D	-1,211	-322	-	-1,533	-1,809	-3,342
Sales & marketing	-118,563	-163,565	-3,619	-285,747	-645	-286,392
Other & allocations	-43,034	-31,548	-4,161	-78,743	-26,585	-105,328
Operating expenses	-162,808	-195,435	-7,780	-366,023	-29,039	-395,062
EBITDA	42,208	-49,485	-6,817	-14,094	-10,533	-24,627

Note 3 – Income statement classified by nature

	2023	2022
(Amounts in NOK 1 000)	1.1-31.12	1.1-31.12
Sales revenues	446,214	374,474
Signing fees and milestone revenues	54,443	18,658
Cost of goods sold	-26,137	-22,697
Gross profit	474,521	370,434
Payroll expenses	-276,192	-244,881
R&D costs excl. payroll expenses/other op	-957	-1,809
Ordinary depreciation and amortisation	-27,687	-24,378
Other operating expenses	-141,879	-148,370
Total operating expenses	-446,714	-419,437
EBIT	27,807	-49,003

Note 4 – Signing fee

Photocure received in December 2023 a milestone payment from Asieris Pharmaceuticals related to the ongoing clinical development of Cevira of USD 2.5 million (NOK 27.5 million) and one milestone payment in June of USD 2.5 million (NOK 26.9 million).

Photocure received in 2022 two milestone payments from Asieris related to the clinical development of Cevira of USD 1 million each (NOK 18.6 million).

Note 5 – Tax

<i>(Amounts in NOK 1 000)</i>	12/31/2023	12/31/2022
Income tax expense		
Tax payable	-3,117	-2,840
Changes in deferred tax	-6,353	2,117
Total income tax expense(-)/income	-9,470	-723
Tax base calculation		
Profit before income tax	12,132	-61,021
Permanent differences	16,126	49,534
Temporary differences	-17,691	-35,757
Change in tax loss carried forward	-10,568	47,244
Tax base	-0	-0
Temporary differences:		
Total	-141,309	-146,356
Tax loss carried forward	362,979	396,901
Net temporary differences	221,670	250,545
Deferred tax benefit	221,670	250,545
Deferred tax asset	48,767	55,120

Temporary differences are recognized for the parent company only and the note disclosure for the Group is of this reason identical to the disclosure for parent company.

The calculation of deferred tax asset December 31, 2023 and December 31, 2022 is based on a tax rate of 22%. The deferred tax asset is decreased to NOK 48.8 million due to the profit and the movements in tax loss in the period. The deferred tax asset was NOK 55.1 million as of December 31, 2022. There is no expiry on losses to be carried forward in Norway. The basis for recognition of a tax asset in Norway are the expected future profits according to the business plan for all major markets and the assumption that temporary differences for the coming years will be reversed.

For further information refer to the consolidated financial statements for the year ended 31 December 2022 Note 11.

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.



Photocure – Results for fourth quarter and preliminary full year 2023

	2023	2022
<i>(Figures indicate the number of shares)</i>	1.1-31.12	1.1-31.12
Issued ordinary shares 1 January	27,120,820	26,973,820
Effects of share options exercised	-	82,017
Effect of treasury shares	-15,122	-20,861
Effect of shares issued	-	-
Weighted average number of shares	27,105,698	27,034,976
Effect of outstanding share options	27,797	113,759
Weighted average number of diluted shares	27,133,495	27,148,735
Earnings per share in NOK	0.01	-2.66
Earnings per share in NOK diluted	0.01	-2.66

Note 7 – Intangible and Fixed Assets

<i>(Amounts in NOK 1 000)</i>	Customer				Registry	Other	Total fixed
	Goodwill	relations	Right of use	Equipment	Intangibles	Intangibles	assets
Net book value 31.12.2022	144,000	129,209	26,092	4,714	-	1,674	32,480
Net investments and revaluation 2023	-	-	2,377	2,666	8,250	1,504	14,797
Termination leasing	-	-	-2,733	-	-	-	-2,733
Depreciation and amortization	-	-16,672	-6,698	-2,292	-849	-1,178	-11,015
Net book value 31.12.2023	144,000	112,537	19,038	5,089	7,402	2,000	33,529

Goodwill amounts to NOK 144 million and relate to the Hexvix sales, marketing and distribution rights in Europe previously controlled by Ipsen Pharma SAS (Ipsen) that were acquired by Photocure on October 1, 2020. The goodwill is not depreciated but was tested against impairment as of end December 2023. The impairment analysis carried out confirmed the goodwill value given the performance in 2023 and future growth opportunities that are expected to exceed forecasts prepared in connection with the transaction.

The customer relationships relate to existing customers in Europe which have previously been served by Ipsen. Customer relationships has been valued using a multiperiod excess earnings method and the value 1 October 2020 was NOK 166.7 million. Photocure has evaluated this asset to have an estimated value for 10 years and the intangible assets is depreciated on a straight-line basis over this period.

The right of use assets include the office rental agreements for Norway, US and Germany. However, the leasing contract in Germany was terminated at end December 2023. In addition, a company car fleet related to the sales organization in Germany is included. 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 liabilities as of December 31, 2023 are NOK 19.6 million compared to NOK 27.0 million as of December 31, 2022 and the interest expense is NOK 703 thousand.

Photocure has the ownership of valuable patient registries with the treatment of blue-light diagnosis of bladder cancer. The registry in USA is particular interesting for external parties and Photocure has decided to capitalize the registry costs from start of 2023 of NOK 8.3 million for amortization of a limited time period.

Note 8 – Earnout

Ipsen receives a deferred consideration with 15% of net sales (years 1-7 post-transfer) and 7.5% of net sales (years 8-10) in the previous Ipsen major markets. The deferred consideration is paid as quarterly earnout payments in EURO after the close of the quarter. Photocure has as of end December 2023 paid earnout installments with NOK 8.0 million compared to NOK 5.7 million in total 2022.

The fair value of the deferred consideration is driven by future expected sales and is remeasured on a yearly basis. Photocure carried out a remeasurement as of December 31, 2023. The remeasurement resulted in a fair value of NOK 127.7 million, reflecting an increase of fair value of NOK 1.4 million. The increased fair value has been recognized in the statement of comprehensive income as a financial cost. To arrive at the remeasured fair value, Photocure has discounted the estimated earnout payments by an IRR equal to the IRR applied at license acquisition adjusted for later changes in the interest levels. This IRR has been deemed appropriate as a discount rate for the earnout payments since the level of the payments will be subject to the same risk factors as the cash flow prognosis for the acquisition. Future sales, given performance in 2023 and growth opportunities going forward, are expected to confirm forecasts prepared in connection with the transaction.

Note 9 – Fair value financial assets

The table below details 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	192,661	-	-	192,661
- Earnout liability			127,680	127,680
Total	192,661	-	127,680	

Note 10 – Long term loan

Photocure received in the second quarter of 2020 a loan of NOK 50 million from Nordea. The loan was secured under the State Guarantee Scheme for Loans to SME's (Covid-19 related). The loan carried a floating interest, effective interest rate at end of the previous quarter was 5.4%. The loan has been fully repaid during the second quarter in 2023.



Note 11 – Share capital

Registered share capital in Photocure ASA amounts to:

	No. of shares	Nominal value per share	Share capital in NOK
Share capital at 31 December 2022	27,120,820	NOK 0.50	13,560,410
Share capital at 31 December 2023	27,120,820	NOK 0.50	13,560,410
Treasury shares:			
Holdings of treasury shares at 31 December 2022	15,122		7,971
Sale/Buy-back of shares	-	NOK 0.50	-
Sale(-)/Buy-back of restricted shares	-	NOK 0.50	-
Holdings of treasury shares at 31 December 2023	15,122		7,971

The table below indicates the status of authorizations as of December 31, 2023:

	Purchase, treasury shares	Ordinary share issue	Employee share issues
<i>(Figures indicate the number of shares)</i>			
Authorisation issued at the General Meeting on 3 May 2023	2,712,082	4,068,123	750,000
Share issues after the General Meeting on 3 May 2023	-	-	-
Purchase of treasury shares after 3 May 2023	-	-	-
Remaining under authorisations at 31 December 2023	2,712,082	4,068,123	750,000

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of December 31, 2023:

Name	Position	No. of shares	No. of subscription rights
Daniel Schneider	President & CEO	99,689	332,500
Erik Dahl	Chief Financial Officer	32,750	213,750
Geoffrey Coy	VP & General Manager North America	15,207	216,250
Anders Neijber	VP Global Medical Affairs and Clinical Development	-	114,000
Susanne Strauss	VP & General Manager Europe	1,392	203,750
Johanna Holldack	Board member	-	804
Neal Shore	Board member	-	804
Dylan Hallerberg	Chairperson of the board (interim)	150,000	-

Note 12 – Share options

On December 31, 2023, employees in Photocure participated in the following share option schemes:



Photocure – Results for fourth quarter and preliminary full year 2023

Year of allocation	2023	2022	2021	2020	2020
Option program	2023	2022	2021	2020	2019
Number	1,170,900	248,028	272,000	316,250	69,000
Exercise price (NOK)	59.91-85.78	114.89-115.70	87.39-145.27	78.65-81.41	50.72-56.83
Year of expiry	2028	2027	2026	2025	2024

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

	12/31/2023		12/31/2022	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	1,922,778	116.04	1,355,750	109.61
Allocated during the year	1,180,900	61.03	716,028	114.90
Cancelled during the year	798,000	128.69	-	-
Become invalid during the year	229,500	110.11	2,000	87.39
Exercised during the year	-	-	147,000	51.49
Expired during the year	-	-	-	-
Outstanding at end of period	2,076,178	80.55	1,922,778	116.04
Exercisable options at end of period	586,653	95.41	448,000	101.30



Note 13 – Shareholders

Overview of the major shareholders as of December 31, 2023:

Name	Citizenship	Type of account	Holding	Stake
Morgan Stanley & Co. LLC	United States	Nominee	4,189,053	15.45%
Skandinaviska Enskilda Banken AB	Sweden	Nominee	1,920,000	7.08%
SKANDINAVISKA ENSKILDA BANKEN AB	Luxembourg	Nominee	1,205,319	4.44%
Skandinaviska Enskilda Banken AB	Ireland	Nominee	1,018,101	3.75%
Skandinaviska Enskilda Banken AB	Sweden	Nominee	799,178	2.95%
The Bank of New York Mellon SA/NV	United Kingdom	Nominee	782,677	2.89%
MP PENSJON PK	Norway	Ordinary	661,093	2.44%
J.P. Morgan SE	Sweden	Nominee	625,987	2.31%
Nordnet Bank AB	Sweden	Nominee	615,657	2.27%
VERDIPAPIRFONDET EQUINOR AKSJER NO	Norway	Ordinary	458,572	1.69%
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	428,887	1.58%
VERDIPAPIRFONDET KLP AKSJENORGE	Norway	Ordinary	375,630	1.39%
Danske Bank A/S	Denmark	Nominee	274,262	1.01%
BNP Paribas	Luxembourg	Nominee	271,500	1.00%
Avanza Bank AB	Sweden	Nominee	262,609	0.97%
NORDNET LIVSFORSIKRING AS	Norway	Ordinary	257,582	0.95%
SVENSKA HANDELSBANKEN AB	Sweden	Nominee	253,908	0.94%
VERDIPAPIRFONDET KLP AKSJENORGE IN	Norway	Ordinary	238,101	0.88%
SPARLI AS	Norway	Ordinary	215,000	0.79%
BILLINGTON	Norway	Ordinary	201,080	0.74%
Total 20 largest shareholders			15,054,196	55.51%
Total Other shareholders			12,066,624	44.49%
Total number of shares			27,120,820	100.00%



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:

	2023	2022	2023	2022
<i>(All amounts in NOK 1 000)</i>	Q4	Q4	Full Year	Full Year
Gross profit	136,670	98,584	474,521	370,434
Operating expenses excl depreciation & amortization	-106,747	-115,449	-419,027	-395,061
EBITDA	29,922	-16,865	55,494	-24,627
Depreciation & amortization	-7,446	-6,231	-27,687	-24,376
EBIT	22,477	-23,096	27,807	-49,003

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:

	2023	2022	2023	2022
	Q4	Q4	Full Year	Full Year
USD (NOK per 1 USD)	10.84	10.19	10.47	9.61
EUR (NOK per 1 EUR)	10.56	10.39	11.42	10.10



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