



Quarterly Report

Q1 2021

PHOTOCURE.COM/INVESTOR/REPORTS-AND-PRESENTATIONS/



THE
BLADDER CANCER
COMPANY



Highlights for first quarter 2021

(Numbers in parentheses and comparisons are for the corresponding period in 2020.)

- Hexvix®/Cysview® revenue increased 50% YoY in the first quarter driven mainly by the consolidation of revenues from the acquisition of the Ipsen territories.
- Unit sales in the U.S. increased 4% YoY for the first quarter. The installed base of blue light cystoscopes in the U.S. was 280 (238) at the end of the first quarter, an increase of 42 installed cystoscopes or 18% from the same period last year. The installed base included 41 flexible cystoscopes.
- Continued successful transition of European Hexvix operations. The acquired operation generated revenue of NOK 45.0 million in the first quarter.
- Restricted access to healthcare in both the U.S. and Europe due to the ongoing effects of Covid-19, as well as negative foreign exchange adversely impacted Q1 2021 revenue.
- EBITDA for the first quarter was NOK 18.1 million (NOK -4.8 million).
- Cash balance at the end of the first quarter of 2021 was NOK 329.4 million (NOK 127.6 million). First quarter net cash use was NOK 5.5 million.
- During the first quarter of 2021, Photocure entered into a partnership agreement with Asieris MediTech Co. Ltd. ("Asieris"), whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan. In connection to the Agreement, the Company received an upfront payment of USD 750,000 (NOK 6.4 million).

Key figures:

Figures in NOK million	Q1 2021	Q1 2020	Change	FY 2020
Hexvix/Cysview revenues	81.6	54.4	50 %	255.2
Other revenues	6.6	0.6		1.3
Total revenues	88.2	55.0	60 %	256.5
Operating expenses	-65.0	-53.6	21 %	-241.9
EBITDA before restructuring	18.1	-4.8		-3.9
EBITDA commercial franchise	19.2	-3.5		4.2
EBITDA development portfolio	-1.0	-1.2		-8.1
EBIT	12.3	-10.5		-36.1
Net Earnings	15.2	-17.7		-22.4
Cash & cash equivalents	329.4	127.6		334.9

President & CEO Daniel Schneider comments:

"For the first quarter of 2021, Photocure delivered a 50% YoY increase in Hexvix/Cysview sales, unit growth in our U.S. segment, and positive EBITDA, driven by the added revenue in Europe, cost containment, and the payment from Asieris to license Hexvix in China and Taiwan. I am pleased with this performance, particularly given the negative impact from the third wave of Covid-19 in January and February of this year, foreign currency headwinds during the quarter, and the difficult comparison to the same period last year when pandemic lockdowns and limited access to care did not occur until mid-March. While access is still closed or significantly restricted in many areas, strong performance in the last month of the quarter in both our U.S. and European segments suggests that the environment is improving. Despite the ongoing commercial challenges, we have continued to advance several initiatives to grow the installed base of blue light cystoscope (BLC) towers and to prepare for increasing procedure volumes when full access to care reopens. In the U.S., we installed 12 new towers during the quarter including 3



flexible BLC units. Our growing pipeline suggests the potential for acceleration of BLC installations during the remainder of the year. Our contracting strategies in the U.S. are also gaining traction and expected to lead to new account growth and higher penetration into our existing institutional customers and physician clinics. In Europe, where we are introducing Photocure as the new sponsor of Hexvix, we have had strong buy-in from leading KOLs in target countries. Despite limited access to our new customers, we are seeing early indications of a turn-around in our key growth markets such as the UK, France, and Italy. As access improves, we will continue to staff our European operations and invest in order to generate additional growth in the region. I am proud of our employees for adapting to changing working conditions during these challenging times, continuing to serve our patients and customers, and advancing our key priorities. Our performance in dealing with the ongoing business volatility, including the sales rebound that we saw in March, gives me confidence that we are taking the right steps to return to strong growth and to execute on our strategy to become a leader in the bladder cancer treatment segment."

Operational review

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

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

With established specialty commercial and medical teams in the U.S. 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 bladder cancer domain. Despite the significant business challenges of Covid-19, Photocure successfully transitioned the European Hexvix business from Ipsen to its newly launched European Operations, which began in October 1, 2020.

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 published its sustainability (ESG) report for the year 2020, which can be accessed on the Company's website.

Commercial segment update

Our first quarter results were negatively impacted by the global Covid-19 pandemic with the resurgence of the pandemic in Q4 2020 continuing into Q1 2021 and causing certain territories to decline compared to the prior-year period. Despite these challenges, our revenue and EBITDA increased for the year, as we

took measures to manage through the pandemic and grow the company.

First quarter results were positively impacted by the revenue contribution from the successful transition of the Ipsen territories that began in Q4 2020. Revenues from our U.S. segment were down 3%, despite a 4% increase in unit sales, due to foreign currency headwinds and the impact of Covid-19 on our growth during the quarter. Revenues from our European segment rose 107% during the quarter, aided by new sales from our acquisition of the Ipsen territories but with mixed performance across the various countries in this segment due to the impact of Covid-19 and negative foreign exchange.

The consolidated currency impact was negative by approximately 7%. In constant currencies, Hexvix/Cysview revenue in Q1 2021 would have been NOK 85.5 million, an increase of 57% YoY.

Income statement - Commercial Franchise

MNOK	YTD '21	YTD '20	FY '20
US revenues	27.3	28.2	113.2
Europe revenues	54.3	26.2	141.6
Partner revenues	0.0	0.0	0.4
Hexvix/Cysview total	81.6	54.4	255.2
<i>YoY growth</i>	<i>50 %</i>		
Other revenues	6.6	0.3	1.0
Total revenues	88.2	54.7	256.2
<i>YoY growth</i>	<i>61 %</i>		
Gross profit	83.1	48.8	237.9
Operating expenses	-64.0	-52.3	-233.7
EBITDA before restr.	19.2	-3.5	4.2
<i>EBITDA margin</i>	<i>22 %</i>	<i>-6 %</i>	<i>2 %</i>

Total Hexvix/Cysview revenue in Q1 2021 increased by 50% to NOK 81.6 million (NOK 54.4 million) compared to the same period in 2020. The increase was driven by a 107% rise in our European segment



sales, partially offset by the impact of Covid-19 and negative foreign exchange.

Other revenues include sales from license partners and revenue from Hivec sales associated with our distribution agreement with Combat Medical in the Nordic region. Furthermore, other revenues in the first quarter 2021 include signing fees from Asieris totaling NOK 6.4 million, as per the partnership agreement with Asieris whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan.

Operating expenses, excluding depreciation and amortization, increased 22% to NOK 64.0 million (NOK 52.3 million) in the first quarter. The increase was mainly driven by investment in the Company's European commercial organization. Excluding incremental costs in the European organization operating expenses in the commercial franchise were at level with prior year in constant currencies as a result of cost containment driven by the pandemic.

First quarter 2021 EBITDA was NOK 18.1 million, an increase of NOK 22.9 million (NOK -4.8 million). The increase was driven by the additional EBITDA contribution from new direct European revenue, cost containment, and the NOK 6.4 million signing fee associated with licensing the Hexvix rights in mainland China and Taiwan to Asieris. This was partly offset by a negative impact from the Covid-19 pandemic.

Hexvix/Cysview

Global in-market volume decreased 7% in the first quarter of 2021, due to the Covid-19 pandemic.

U.S. Cysview Segment

Despite the Covid-19 challenges, the Company grew U.S. unit volume in the first quarter of 2021 by 4% compared to the same period in 2020, however revenues were down 3% YoY to NOK 27.3 million (NOK 28.2 million) due to the impact of foreign exchange. The early part of Q1 2021 was adversely impacted by the pandemic resurgence, with a recovery observed in the last month of the quarter as more Americans received Covid-19 vaccinations, and we began to realize customer orders in connection with our new contracting strategies. While access to healthcare remains closed or restricted in certain areas of the U.S., we believe access restrictions in other regions are lifting and procedural volumes are increasing, with the potential to see overall business improvement in the remainder of 2021.

Growth in U.S. unit volume is being driven by focused sales resources and the ongoing launch of Cysview in the bladder cancer flexible cystoscopy surveillance setting. We continue to expect the U.S. to be the fastest growing region for Photocure over the next several years.

The introduction of Cysview in the surveillance market together with improved reimbursement has resulted in significant growth in the installed base of blue light cystoscopes. At the end of the first quarter of 2021, the total installed base of rigid cystoscopes was 239, an increase of 13% or 28 units since the first quarter of 2020 (211). Blue Light Cystoscopy (BLC™) in the surveillance setting remains a strategic priority for Photocure in the U.S. market. By the end of the first quarter of 2021, 41 flexible cystoscopes for the surveillance cystoscopy setting had been installed, an increase of 14 or 52% compared to the same period last year.

In November 2020, The United States Centers for Medicare and Medicaid Services (CMS) released its Final Rule for 2021. The rule maintains or improves the 2020 amounts reimbursed for BLC when used in the hospital outpatient and other sites of care.

European Hexvix Segment

In the first quarter of 2021, revenues in the Company's European segment increased 107% to NOK 54.3 million (NOK 26.2 million). Consolidation of revenue from the acquired Ipsen territories outweighed a year over year decline in Nordic country sales due to challenging market conditions associated with the Covid-19 pandemic. In-market unit sales in Europe in the first quarter of 2021 decreased 9%, compared to the same period last year, with pandemic conditions impacting patient treatment volumes. Additionally, the buildup of safety stock in 2020 by some of our European customers resulted in lower ordering by these customers during the first quarter of 2021. This occurred, in particular, in Germany, where there was a lower tax for inventory purchased during 2020. We believe that as of the end of Q1 2021, the excess stock previously accrued by our customers in Germany has been sold.

Hexvix/Cysview partner sales

Photocure currently has market access through partners in Canada (BioSyent) and New Zealand/Australia (Juno). Due to reimbursement challenges and pandemic conditions, revenues in the first quarter of 2021 were limited. Furthermore, Photocure has signed agreements with Genotests for Chile and Asieris for mainland China and Taiwan.



In August 2020, Photocure appointed Genotests as the exclusive distributor of Hexvix in Chile. Under the terms of the agreement, Genotests will cover all costs to secure regulatory approval, as well as the launch and the commercialization of Hexvix in Chile. Photocure will manufacture the product and support Genotests with the regulatory filing, training and promotional materials. There are approximately 1,500 new bladder cancer cases annually in Chile, an estimated 5,000 TURBT procedures and nearly 3,000 surveillance cystoscopies. In May 2021, we were informed by Genotests that the Instituto de Salud Pública de Chile accepted submission of the Marketing Authorization Application (MAA) for Hexvix, and that the application will be reviewed under new fast-track procedures. While we expect approval of Hexvix in Chile later this year, Covid-19 may impact the regulatory approval timeline, given the recent pandemic surge and lockdowns in Chile at the end of Q1 2021.

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.

Hexvix/Cysview publications and presentations

In February 2021, results from a new paper comparing the cost of blue light cystoscopy (BLC) to standard white light cystoscopy (WLC) was published in the World Journal of Urology. Based on real-world retrospective claims data from German statutory health insurances, the paper evaluated follow-up costs from patients that had undergone initial TURB (trans-urethral resection of bladder cancer) using WLC or BLC. Over 2,000 patients were analyzed in the retrospective data. The authors of the paper concluded that the application of a BLC-TURB does not imply higher initial and consecutive costs compared to WLC-TURB. In combination with a higher tumor detection rate and consequently lower recurrence risk, which has been described in a variety

of clinical trials and publications, BLC-TURB constitutes a valuable addition to standard WLC-TURB.

<https://link.springer.com/article/10.1007/s00345-020-03587-0>

In March 2021, a meta-analysis of 22 randomized controlled trials (n=4,519) was published online in the British Journal of Urology International (BJUI), evaluating the impact of enhanced optical techniques such as BLC at time of TURB with or without single immediate intravesical chemotherapy (SIIC) on the recurrence rate of NMIBC. The study concluded that BLC during TURB with concomitant SIIC seems to yield superior recurrence outcomes in patients with NMIBC. The use of PDD was able to reduce the 12-month recurrence rate; moreover, a concomitant SIIC increased this risk benefit by 32% additional reduction of odds ratio.

<https://pubmed.ncbi.nlm.nih.gov/33683778/>

Development portfolio update

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

Income statement - Development Portfolio

MNOK	YTD '21	YTD '20	FY '20
Total revenues	-	0.3	0.3
Gross profit	-	0.1	0.1
Operating expenses	-1.0	-1.3	-8.2
EBITDA before restr.	-1.0	-1.2	-8.1

Cevira® – for treatment of HPV (human papillomavirus) 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 of 2019, the Company entered into a License Agreement providing Asieris with a world-wide license to develop and commercialize Cevira for the treatment of HPV induced cervical precancerous lesions.

Subsequently, Asieris launched a global clinical development program, initially focused on the Chinese market, based on Photocure's Phase 2b data and the Phase 3 study design elements agreed upon



with the U.S. FDA. Development for the U.S. and EU markets will follow when clinical data from the Chinese-focused Phase 3 study confirms the safety and efficacy of Cevira. The program is estimated to be completed in 2022. Based on the agreement, Photocure will manufacture and supply active pharmaceutical ingredient (API) to Asieris, and Asieris is responsible for converting the API material into finished product for distribution and sale.

In July 2020, and ahead of plan, Asieris announced that it had received Clinical Trial Approval (CTA) from China's National Medical Products Administration (NMPA) for the global, multi-centered Phase III clinical trial of Cevira (APL-1702), which is being developed for the non-surgical treatment of high-grade cervical dysplasia (HSIL).

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

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

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

Financial review

(Numbers in parentheses are for the corresponding period in 2020; references to the prior year refer to a comparison to the same period 2020, unless otherwise stated).

<i>MNOK</i>	<u>YTD '21</u>	<u>YTD '20</u>	<u>FY '20</u>
Hexvix / Cysview revenues	81.6	54.4	255.2
Total other revenues	6.6	0.6	1.3
Total revenues	88.2	55.0	256.5
Gross profit	83.1	48.8	238.0
Operating expenses	-65.0	-53.6	-241.9
EBITDA before restruct.	18.1	-4.8	-3.9
Depreciation & amortization	-5.9	-3.9	-19.3
EBIT before restruct.	12.3	-8.6	-23.2
Restructuring expenses	-	-1.9	-12.9
EBIT	12.3	-10.5	-36.1
Net financial items	8.1	5.7	2.8
Earnings before tax	20.3	-4.8	-33.2
Tax expenses	-5.2	-12.9	10.8
Earnings contd ops	15.2	-17.7	-22.4
Discontinued operations	-	-	-
Net earnings	15.2	-17.7	-22.4

In line with its commercial market opportunities and strategic objectives, the Company has strategically deployed resources in its U.S. commercial organization, while taking into consideration the Covid-19 pandemic. Photocure has decided to maintain its commercial resources during the Covid-19 pandemic to ensure a rapid recovery as the situation improves.

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

Revenues

Total revenues in the first quarter of 2021 were NOK 88.2 million (NOK 55.0 million). The strong growth was mainly driven by the inclusion of the European revenues from Ipsen and the sign-on revenue from Asieris for the exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan.

Hexvix/Cysview revenues for the first quarter of 2021 were NOK 81.6 million, an increase of 50% from the first quarter of 2020 (NOK 54.4 million). The increase was driven by the inclusion of the European revenues from Ipsen and the continued growth of the U.S. sales, however partly offset by the strengthening of the Norwegian currency. The Covid-19 pandemic continues to have a negative impact on revenue, however the Company had significant growth in installed base of BLCs during the first quarter of 2021 despite the difficult environment.

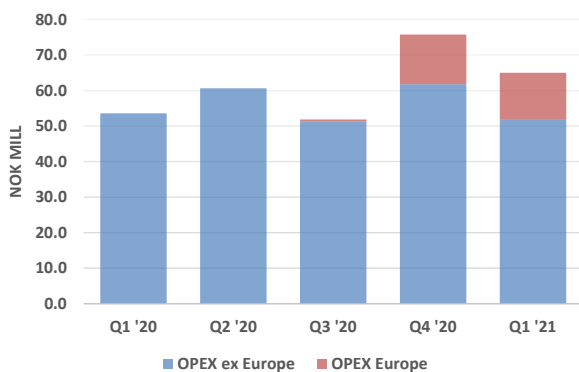
Other revenues in the first quarter of 2021 were NOK 6.6 million (NOK 0.6 million). These revenues



included signing fees from Asieris totaling NOK 6.4 million, as per the partnership agreement with Asieris whereby Asieris obtained exclusive rights to register and commercialize Hexvix in Mainland China and Taiwan.

Operating expenses

Total operating expenses, before restructuring and excluding depreciation and amortization, were NOK 65.0 million (NOK 53.6 million) in the first quarter of 2021. The main contributor to the YoY increase in 2021 operating expenses was the inclusion of the European business from Ipsen in terms of local commercial organization.



Excluding incremental costs driven by the European business and foreign exchange impact, total operating expenses were at level with first quarter prior year.

First quarter 2021 research and development (R&D) costs stood at NOK 0.7 million (NOK 0.5 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 20% to NOK 50.2 million (NOK 41.8 million) in the first quarter of 2021. First quarter expenses were driven by investments in the European commercial organization following the inclusion of the European business from Ipsen.

First quarter 2021 other operating expenses, which include supply chain, business development, and general/administration costs, were NOK 14.1 million, compared to NOK 11.3 million in the same quarter of 2020.

Financial results

EBITDA before restructuring was NOK 18.1 million (NOK -4.8 million) for the first quarter of 2021. The

improved EBITDA was mainly driven by the inclusion of the European business from Ipsen, volume growth in U.S despite the pandemic, as well as cost containment in response to the pandemic. In addition, the sign-on revenue from Asieris improved the results accordingly.

EBITDA before restructuring in first quarter 2021 for the Company's commercial segment was NOK 19.2 million (NOK -3.4 million). Development portfolio EBITDA before restructuring in first quarter of 2021 was negative NOK 1.0 million (NOK -1.2 million).

First quarter 2021 depreciation and amortization was NOK 5.9 million (NOK 3.9 million). The main cost item was the amortization of intangible assets related to the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen (see note 6 to the accounts). First quarter 2020 the main cost item was amortization on the investments in intangible assets related to the Phase III market expansion trial for Cysview. This asset was fully amortized by the end of 2020.

Restructuring expenses in first quarter of 2020 were NOK 1.9 million and relate to work performed in connection with the agreement with Ipsen for the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen.

Net financial items first quarter of 2021 were NOK 8.1 million (NOK 5.7 million). Net financial items were driven by net currency gain on the deferred earnout liability related to the return of Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen. This gain was partly offset by accrued interest costs included for this deferred earnout liability (see note 6 to the accounts).

Photocure experienced a net profit before tax of NOK 20.3 million in the first quarter of 2021 (net loss of NOK 4.8 million). Net earnings after tax was a profit of NOK 15.2 million for the first quarter of 2021 (net loss of NOK 17.7 million).

Cash flow and statement of financial position

Net cash flow from operations was NOK -8.2 million in the first quarter of 2021 (NOK 3.0 million). The negative cash flow from operations was driven mainly by working capital, including payables and other current liabilities.



First quarter 2021 net cash flow from investments was NOK -0.3 million (NOK -0.4 million).

First quarter 2021 cash flow from financing was NOK 3.0 million (NOK -0.4 million).

Net change in cash was for the first quarter of 2021 NOK -5.5 million (NOK 2.3 million). Cash and cash equivalents were NOK 329.4 million at the end of the first quarter 2021.

Shareholders' equity was NOK 530.0 million at the end of the first quarter of 2021, representing an equity ratio of 69%.

Long term liabilities were NOK 165.0 million at the end of first quarter of 2021, including NOK 31.3 million bank loan and capitalized value of expected future earn-out payments to Ipsen totaling NOK 126.9 million. The bank loan is secured under the State Guarantee Scheme for Loans to SME's as a buffer to Covid-19 impacts.

As of March 31, 2021, Photocure held 15,666 of its own shares.

Risks and uncertainty factors

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

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

As described in the Annual Report for 2020 the Covid-19 pandemic's global impact is still significant and is subject to ongoing attention by Company Management and the Board of Directors.

There are no significant changes in the risks and uncertainty factors compared to the descriptions in the Annual Report for 2020.

Covid-19 pandemic update

Current market conditions have been affected by the Covid-19 pandemic. (See Oslo Stock Exchange notification of April 7, 2020 for an in-depth analysis

of the risks and effects of the Covid-19 pandemic situation).

Key markets such as the U.S. and Europe are likely to continue to be impacted by the Covid-19 pandemic for some time. Photocure believes that the treatment of bladder cancer consists of procedures that are prioritized by healthcare systems. However, in the second quarter of 2020, we were impacted by short-term postponements of treatments due to shelter in place mandates and lockdowns, which were loosened in the third quarter of 2020, enabling a recovery in treatments and sales. However, the fourth quarter 2020 surge in Covid-19 cases in Europe and the U.S. caused another wave of restrictions and cautious behavior, which impacted the latter part of the fourth quarter and the first quarter of 2021 especially in the low and medium risk patient category. Key factors driving the recent lower utilization of healthcare include restricted access to hospitals and physicians in certain regions throughout Europe and the U.S., and fewer patients seeking treatment to avoid the risk of Covid-19 infection. In addition to the impact on treatment volumes, new account openings and cystoscopy installations have been affected. However, the Company has continued to significantly grow the base of BLC installations throughout the pandemic, including in the first quarter of 2021.

Photocure's main priority is the health and welfare of all Photocure employees and stakeholders. The Company has implemented remote work arrangements across its locations and functions and is fully operational. Business and travel policies which supported work from home and social distancing were implemented prior to governmental orders and remain in place today.

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

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

Photocure has decided to retain its full commercial organization during the Covid-19 pandemic to ensure a rapid recovery as the situation improves. However, cost-saving measures have been introduced during



the last four quarters in order to reduce the financial impact of the Covid-19 pandemic, with lower expenses related to travel and program costs within medical and marketing, such as exhibitions at medical conferences.

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

Outlook

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

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

The global Covid-19 pandemic has had a negative impact on patient visits and BLC procedures, as well as equipment installations since March 2020. However, Photocure did see a positive trend towards the end of the second quarter in 2020 that continued through the third quarter and the beginning of the fourth quarter up until the pandemic resurgence in late 2020. Unfortunately, another wave of Covid-19 that began in the fourth quarter of 2020 reversed this resurgence in late 2020 and into the first quarter of 2021. The ongoing Covid-19 pandemic adds continued uncertainty to Photocure's near-term business forecast, which impacts the reliability of financial estimates. However, the Company believes that the benefits of Blue Light Cystoscopy with Hexvix/Cysview offering superior detection and management of bladder cancer will continue to be adopted and become the standard of care. In places where procedures have been postponed due to the fear of exposure to Covid-19, the number of procedures is expected to rebound back to pre-Covid-19 growth rates in the U.S. and positive growth in the

Company's newly acquired European markets. Indicators of a potential rebound are: (1) the recovery in Photocure's business in the third quarter of 2020 when pandemic restrictions were loosened, (2) growth in the Company's U.S. business over the last three quarters with 45 new BLC placements in 2020 and 12 additional placements in Q1 2021, (3) positive responses that we received in Q1 2021 from European Key Opinion Leaders and new customers in our large priority growth markets in Europe, and (4) our strong pipeline of potential BLC tower placements in the U.S. We plan to continue supporting these efforts with additional clinical publications in scientific journals and data presentations at medical conferences to underscore the clinical benefits and cost-effectiveness of using BLC with Hexvix/Cysview.

While quarantine and lockdown measures are necessary to slow the spread of Covid-19, unfortunately, cancer continues to progress, and patients, particularly those that are highly symptomatic, are driven to take action to receive treatment. This provides a health care opportunity and one in which we believe Hexvix/Cysview can ensure the best outcomes for patients who may have postponed treatment and physician visits. Photocure expects to see an increased global focus on health, creating an environment conducive to improved discussions with healthcare authorities and enhanced public awareness about bladder cancer.

The procedure carried out in the office setting using a flexible blue light cystoscope is expected to become an increasingly attractive proposition, given its less restrictive nature (procedure location, no general anesthesia needed), which can free up hospital inpatient capacity.

The U.S. and Europe are Photocure's primary markets for growth, given its two direct sales forces and with much of the market left to be penetrated by Hexvix/Cysview with BLC. The Company regained the sales and marketing rights from Ipsen in the fourth quarter of 2020 and is now able to take advantage of the significant growth opportunity throughout Europe. The acquisition of the Ipsen territories is expected to be EBITDA accretive in 2021 and beyond.

While Photocure delivered revenue growth in 2020 during the Covid-19 pandemic, the Company's prior high-growth trajectory was interrupted by the difficult operating environment in all of its commercial territories, particularly in the U.S. and Europe. The timing of a full recovery from the pandemic remains unclear, and therefore, Photocure is not issuing



financial guidance at this time due to the inability to forecast healthcare access trends across its direct markets. After regaining sales and marketing rights in the fourth quarter of 2020 to European markets that were previously out-licensed, the Company has established a strong commercial presence in the largest markets of the world and believes that it is

well-positioned to accelerate revenues in a post Covid-19 environment. Photocure plans to issue financial guidance once the impact from Covid-19 is significantly diminished and physician practices and patient flows have normalized in both the U.S. and Europe.

The Board of Directors and CEO
Photocure ASA

Oslo, May 18, 2021

Jan Hendrik Egberts
Chairperson

Johanna Holldack
Director

Grannum R. Sant
Director

Anders Tuv
Director

Anne Worsøe
Director

Daniel Schneider
President and CEO



Photocure Group

Accounts for first quarter 2021

Photocure Group – Statement of comprehensive income

		2021	2020	2020
<i>(all amounts in NOK 1,000 except per share data)</i>	Note	1.1 - 31.03	1.1 - 31.03	1.1 - 31.12
Sales revenues		81 760	54 974	256 482
Signing fees and milestone revenues	8	6 416	-	-
Total revenues		88 176	54 974	256 482
Cost of goods sold		-5 065	-6 135	-18 511
Gross profit		83 111	48 839	237 971
Indirect manufacturing expenses	3	-3 728	-2 691	-12 751
Research and development expenses	3	-674	-3 025	-13 838
Marketing and sales expenses	3	-54 432	-41 692	-187 811
Other operating expenses	3	-12 010	-10 047	-46 775
Total operating expenses		-70 845	-57 455	-261 175
EBIT before restructuring		12 266	-8 616	-23 204
Restructuring	6	-	-1 894	-12 854
EBIT including restructuring		12 266	-10 510	-36 058
Financial income	6	17 612	7 094	26 439
Financial expenses	6	-9 538	-1 395	-23 607
Net financial profit/loss(-)		8 074	5 699	2 832
Profit/loss(-) before tax		20 340	-4 810	-33 226
Tax expenses	4	-5 172	-12 897	10 823
Net profit/loss(-)		15 168	-17 707	-22 403
Other comprehensive income		401	-492	-681
Total comprehensive income		15 569	-18 199	-23 084
Net profit/loss(-) per share, undiluted	5	0.57	-0.81	-0.91
Net profit/loss(-) per share, diluted	5	0.57	-0.81	-0.91

Photocure Group – Statement of financial position

<i>(Amounts in NOK 1,000)</i>	Note	31.03.2021	31.03.2020	31.12.2020
Non-current assets				
Customer relationship	6	158 385	-	162 552
Goodwill	6	144 000	-	144 000
Fixed assets	7	6 760	18 490	7 370
Deferred tax asset	4	44 732	25 448	49 879
Long term receivables	8	-	10 617	-
Total non-current assets		353 877	54 555	363 801
Current assets				
Inventories		27 566	16 905	29 678
Accounts receivable		46 715	30 472	43 097
Other receivables		9 347	10 430	4 584
Cash and short term deposits	9	329 388	127 570	334 887
Total current assets		413 016	185 377	412 245
Total assets		766 893	239 932	776 047
Equity and liabilities				
Equity				
Share capital	11	13 410	10 898	13 359
Other paid-in capital		390 255	64 261	384 005
Retained earnings		126 377	115 232	110 769
Shareholders' equity		530 042	190 391	508 133
Long-term liabilities				
Earnout liability	6	126 933	-	143 668
Long term loan financial institution	10	31 250	-	37 500
Other long-term liabilities	7	6 833	9 784	6 966
Total long-term liabilities		165 016	9 784	188 134
Accounts payable		12 557	7 525	23 316
Other short-term liabilities		59 277	32 231	56 465
Total liabilities		236 851	49 541	267 914
Total equity and liabilities		766 893	239 932	776 047

Photocure Group – Changes in equity

<i>(Amounts in NOK 1,000)</i>	2021 1.1 - 31.03	2020 1.1 - 31.03	2020 1.1 - 31.12
Equity at end of prior period	508 133	208 590	208 590
Capital increase	5 255	-	314 704
Share-based compensation (share options employees)	1 085	-	7 922
Comprehensive income	15 569	-18 199	-23 084
Equity at end of period	530 042	190 391	508 133



Photocure Group – Cash flow statement

	2021	2020	2020
<i>(Amounts in NOK 1,000)</i>	1.1 - 31.03	1.1 - 31.03	1.1 - 31.12
Profit/loss(-) before tax	20 340	-4 810	-33 226
Depreciation and amortization	5 869	3 859	19 292
Share-based compensation	1 085	-	7 881
Interest income	-765	-572	-2 116
Interest costs	5 891	-	6 364
Unrealized currency (- gains) / losses	-14 020	-605	815
Changes in contract receivable	-	12 339	22 956
Changes in working capital	-20 476	-6 599	-5 887
Paid earnout interest	-6 273	-	-
Other operational items	168	-618	-494
Net cash flow from operations	-8 181	2 995	15 585
Net investments in fixed assets	-1 101	-949	-1 605
Payment return of market rights Europe	-	-	-166 721
Received interest payments	765	572	2 116
Cash flow from investments	-336	-377	-166 209
Share capital increase employees	5 255	-	13 001
Private placements	-	-	301 703
Payment earnout liability	-854	-	-
Change lease liability	-1 108	-368	-3 618
Long term loan	-	-	50 000
Other financial payments and transactions	-275	-	-895
Cash flow from financing activities	3 018	-368	360 191
Net change in cash during the period	-5 499	2 250	209 567
Cash & cash equivalents at beginning of period	334 887	125 320	125 320
Cash & cash equivalents at end of period	329 388	127 570	334 887



Notes to the accounts for first quarter 2021

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 three wholly owned subsidiaries; Photocure Inc. registered in U.S, Photocure GmbH registered in Germany and Photocure SAS registered in France.

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, 2020 (the Annual Financial Statements) as they provide an update of previously reported information.

The interim report has not been subject to an audit. The Board of Directors approved the interim financial statements on May 18, 2021.

Photocure performs the sales and distribution of Hexvix in the Nordic markets and from October 1, 2020 in the other European markets. Photocure has established wholly owned subsidiaries in Germany (Photocure GmbH) and France (Photocure SAS) that provide marketing services. These entities have Euro (EUR) as functional currency. The sales and distribution in the U.S. is performed through Photocure's wholly owned subsidiary Photocure Inc. under the trade name Cysview. Photocure Inc. has U.S. dollars (USD) as functional currency.

Photocure ASA has Norwegian kroner (NOK) as its functional currency and presentation currency. In the absence of any statement to the contrary, all financial information is reported in whole thousands. As a result of rounding adjustments, the figures in the financial statements may not add up to the totals.

Important accounting valuations, estimates and assumptions

IFRS 3

Photocure and Ipsen Pharma SAS (Ipsen) entered into a final agreement June 11, 2020 for a return of Hexvix sales, marketing and distribution rights in Europe and other markets controlled by Ipsen. Photocure has with the agreement obtained the market approval for the product Hexvix in all European countries previously served by Ipsen.

According to IFRS 3 the transaction can be regarded as a business combination using the acquisition method if the acquired set of activities and assets meets the definition of a business and control is transferred. In determining that the activities and assets is a business, Photocure has assessed that the set of assets and activities acquired includes input and substantive processes that has the ability to produce outputs. Based on the agreement including the transfer of distribution contracts, employees and inventory, the transaction has been defined as a business combination and is thus accounted for in accordance with IFRS 3.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The residual value in the acquisition constitutes goodwill, and is tested annually for impairment. The contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in profit or loss. The consideration



transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Customer relationships meet the contractual legal criterion for identification as intangible assets for an entity that has a practice of establishing contracts with its customers, regardless of whether a contract exist at the date of the acquisition. A customer relationship may also arise through means other than contracts, such as through regular contact by sales or service representatives. Furthermore, IFRS 3's illustrative examples on "customer-related intangible assets" sets forth that customer relationships meet the criteria of an intangible asset if the company has recurring customers, even if the company does not have any open purchase orders or contracts with those.

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 (U.S. and Europe) and other sales (partners and other products including sales revenues for Hivec). Development Portfolio includes development of pipeline products.

1.1-31.3 2021						
	Hexvix	Cysview	Other	Total	Total	Grand
(Amounts in NOK 1 000)	Europe	US	Sales	Sales	R&D	Total
Sales revenues	54 293	27 255	212	81 760	-	81 760
Milestone revenues	-	-	6 416	6 416	-	6 416
Cost of goods sold	-4 326	-642	-97	-5 065	-	-5 065
Gross profit	49 967	26 613	6 531	83 110	-	83 110
Gross profit of sales %	92 %	98 %	54 %	94 %		94 %
R&D	-249	-75	-	-325	-349	-674
Sales & marketing	-19 052	-30 272	-768	-50 092	-114	-50 206
Other & allocations	-7 650	-5 032	-861	-13 543	-566	-14 110
Operating expenses	-26 952	-35 379	-1 630	-63 960	-1 029	-64 990
EBITDA	23 015	-8 766	4 901	19 150	-1 029	18 121



1.1-31.3 2020

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	26 199	28 214	271	54 684	290	54 974
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-4 319	-1 502	-108	-5 928	-207	-6 135
Gross profit	21 881	26 712	163	48 756	83	48 839
Gross profit of sales %	84 %	95 %	60 %	89 %	29 %	89 %
R&D	-147	-44	-	-191	-334	-525
Sales & marketing	-8 302	-32 889	-102	-41 293	-481	-41 774
Other & allocations	-5 080	-4 822	-892	-10 794	-505	-11 299
Operating expenses	-13 529	-37 755	-995	-52 279	-1 319	-53 598
EBITDA	8 352	-11 043	-832	-3 523	-1 236	-4 759

1.1-31.12 2020

(Amounts in NOK 1 000)	Hexvix Europe	Cysview US	Other Sales	Total Sales	Total R&D	Grand Total
Sales revenues	141 579	113 166	1 447	256 192	290	256 482
Milestone revenues	-	-	-	-	-	-
Cost of goods sold	-12 224	-5 485	-595	-18 304	-207	-18 511
Gross profit	129 354	107 681	852	237 887	83	237 970
Gross profit of sales %	91 %	95 %	59 %	93 %	29 %	93 %
R&D	-970	-293	-	-1 263	-2 947	-4 210
Sales & marketing	-52 350	-127 452	-1 184	-180 985	-2 431	-183 417
Other & allocations	-27 664	-18 007	-5 735	-51 406	-2 849	-54 256
Operating expenses	-80 984	-145 752	-6 919	-233 654	-8 228	-241 882
EBITDA	48 370	-38 071	-6 067	4 233	-8 145	-3 912

Note 3 – Income statement classified by nature

(Amounts in NOK 1 000)	2021 1.1-31.03	2020 1.1-31.03	2020 1.1-31.12
Sales revenues	81 760	54 974	256 482
Signing fees and milestone revenues	6 416	-	-
Cost of goods sold	-5 065	-6 135	-18 511
Gross profit	83 111	48 839	237 971
Payroll expenses	-46 905	-35 034	-165 748
R&D costs excl. payroll expenses/other operating exp.	-361	-286	-2 924
Ordinary depreciation and amortization	-5 869	-3 859	-19 294
Other operating expenses	-17 711	-18 276	-73 209
Total operating expenses recurring	-70 845	-57 455	-261 175
EBIT recurring	12 266	-8 616	-23 204

Note 4 – Tax

<i>(Amounts in NOK 1 000)</i>	31.03.2021	31.12.2020
Income tax expense		
Tax payable	-25	-712
Changes in deferred tax	-5 521	11 535
Total income tax expense	-5 546	10 823
Tax base calculation		
Profit before income tax	22 493	-29 470
Permanent differences	703	-20 892
Temporary differences	-3 977	-15 885
Change in tax loss carried forward	-19 218	65 810
Tax base	0	-437
Temporary differences:		
Total	-124 473	-120 464
Tax loss carried forward	327 802	347 188
Net temporary differences	203 329	226 724
Deferred tax benefit	203 329	226 724
Deferred tax asset	44 732	49 879

Temporary differences are recognized for the parent company only and the note disclosure for the Group is of this reason identical to the disclosure for parent company. The calculation of deferred tax asset March 31, 2021 and December 31, 2020 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 March 2021 is NOK 44.7 million compared to NOK 49.9 million at end of 2020. There is no expiry on losses to be carried forward in Norway. The basis for recognition of a tax asset in Norway is the predicted future profit according to the business plan for all major markets and that temporary differences for the coming years will be reversed. The basis for the recognition of the tax asset is the assessment that there is convincing evidence that the deferred tax benefit will be utilized.

For further information refer to the consolidated financial statements for the year ended December 31, 2020, note 11.

Note 5 – Earnings per share

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



	2021	2020
<i>(Figures indicate the number of shares)</i>	1.1-31.03	1.1-31.12
Issued ordinary shares January 1	26 717 536	21 796 387
Effects of share options exercised	2 279	141 971
Effect of treasury shares	-15 666	-16 572
Effect of shares issued	-	2 699 476
Weighted average number of shares	26 704 149	24 621 488
Effect of outstanding share options	343 561	173 933
Weighted average number of diluted shares	27 047 709	24 795 421
Earnings per share in NOK	0.57	-0.91
Earnings per share in NOK diluted	0.57	-0.91

Note 6 – Marketing rights Europe and restructuring

Hexvix sales, marketing and distribution rights in Europe and other markets previously controlled by Ipsen Pharma SAS (Ipsen) were acquired by Photocure October 1, 2020. The parties had entered into a final agreement where Photocure paid Ipsen EUR 15 million upon transfer on October 1, 2020. Ipsen reported sales up until this date and Photocure thereafter. Ipsen receives in addition earnout payments in the range of 10-15% of sales (years 1-7 post-transfer) and 7.5% of sales (years 8-10 post transfer) in the previous Ipsen major markets. The deferred consideration is paid as quarterly earnout payments in EUR currency after the close of the quarter.

To arrive at the earnout present value of NOK 144 million (EUR 12.9 million), Photocure has discounted the estimated earnout payments by an IRR according to the investment project. This IRR has been deemed appropriate as a discount rate for the earnout payments as the level of the payments will be subject to the same risk factors as the cash flow prognosis for the acquisition as a whole. The agreement with Ipsen determined a floor revenue for the earn-out from 2022 to the end of the forecast period and there is no upper cap for the revenue. The total undiscounted amount of the earnout may be in the interval of NOK 255-336 million depending on revenue and according to our sensitivity analysis the corresponding net present value of the liability may decrease or increase by NOK 18 million. Photocure has accrued NOK 5.6 million as interest expenses for the earn-out liability in first quarter 2021.

As the earnout liability is in Euro, it will fluctuate with the NOK/EUR currency rate. In the first quarter of 2021 Photocure had a net currency gain of NOK 15.9 million related to the liability.

The costs directly related to this transaction and related costs incurred by Photocure in 2020 have been considered as infrequent and of unusual nature and specified in the statement of comprehensive income. These costs amount to NOK 12.9 million for 2020.

Following the transaction, Photocure management has performed a purchase price allocation related to the acquisition by assistance of external advisors. The acquisition has been defined as a business combination and thus reported in accordance with IFRS 3 – Business Combinations. One intangible asset has been identified: Customer relationships. The customer relationships relate to existing customers in Europe which have previously been served by Ipsen. Customer relationships has been valued using a multiperiod excess earnings method and the corresponding value at transaction date was NOK 166.7 million. Photocure has evaluated this asset to have an estimated value for 10 years from transaction date and the intangible assets is depreciated on a straight-line basis over this period. The depreciation costs in first quarter 2021 is NOK 4.2 million.

Goodwill amounts to NOK 144 million including assembled workforce in Germany. This item is not depreciated but will be tested yearly against impairment.



Market rights Europe	31.03.2021	31.12.2020	01.10.2020
<i>(Amounts in NOK 1 000)</i>	Book value	Book value	Book value
Customer relations	158 385	162 552	166 720
Goodwill	144 000	144 000	144 000
Fair value	302 385	306 552	310 720
Deferred payment	-126 933	-143 668	-144 000
Cash payment			166 720

Note 7 – Fixed Assets and Right of Use Assets

	Machinery &			
<i>(Amounts in NOK 1 000)</i>	equipment	Intangibles	Right of use	Total assets
Net book value 31.12.2020	1 939	1 576	3 855	7 370
Net investments and revaluation 31.03.21	313	-	778	1 091
Depreciation and amortization	-499	-226	-976	-1 701
Net book value 31.03.2021	1 754	1 350	3 657	6 760

The right of use assets includes the office rental agreements as well as leased company cars for the sales organization. The related lease liability is measured at the present value of the lease payments that are not paid at the commencement, discounted using the Groups incremental borrowing rate as the discount rate. The lease liability as of March 31, 2021 was NOK 3.6 million compared to NOK 3.8 million December 31, 2020. The liability is due by end of 2020. The amortization of the assets as of March 31, 2021 was NOK 1.0 million and the interest expense was NOK 0.1 million.

Note 8 – Contract revenue and receivable

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

Photocure has entered into a license agreement with Asieris Meditech Co., Ltd with a world-wide license to develop and commercialize the pipeline product Cevira. Cevira is a photodynamic drug-device combination product that is being developed for non-surgical treatment of high-grade cervical dysplasia. Under the agreement Photocure has received signing fees of USD 5 million in 2019 and two milestones in 2020 of USD 1.5 million each. Photocure will receive additional development- and approval milestones depending on the outcome of the ongoing study. Based on IFRS 15 Photocure recognized a distinct right to use license for Asieris as of July 2019 of USD 8 million.

Note 9 – 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

Market value hierarchy <i>(Amounts in NOK 1 000)</i>	Level 1	Level 2	Level 3	Total
Financial assets available for sale:				
- Money market funds	265 013	-	-	265 013
Total	265 013	-	-	265 013

Note 10 – Long term loan

Photocure received a loan of NOK 50 million from Nordea in the second quarter 2020. The loan is secured under the State Guarantee Scheme for Loans to SME's (Covid-19 related). The loan carries a floating interest rate, and the effective interest rate at the end of the first quarter was 2.7%. The loan is a three-year term loan, first year interest only, thereafter quarterly repayments of NOK 6.25 million.

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 December 31, 2020	26 717 536	NOK 0.50	13 358 768
Share capital at March 31, 2021	26 820 069	NOK 0.50	13 410 035
Treasury shares:			
Holdings of treasury shares at December 31, 2020	15 666		7 833
Buy-back of shares	-	NOK 0.50	-
Sale(-)/Buy-back of restricted shares	-	NOK 0.50	-
Holdings of treasury shares at March 31, 2021	15 666		7 833



The table below indicates the status of authorizations as of March 31, 2021:

<i>(Figures indicate the number of shares)</i>	Purchase, treasury shares	Ordinary share issue	Employee share issues
Authorisation issued at the General Meeting on June 10, 2020	2 397 603	3 596 403	500 000
Share issues after the General Meeting on June 10, 2020	-	2 401 700	308 349
Purchase of treasury shares	-	-	-
Remaining under authorisations at March 31, 2021	2 397 603	1 194 703	191 651

Shares owned, directly or indirectly, by members of the board, the President and CEO and senior management and their closely related associates as of March 31, 2021:

Name	Position	No. of shares	No. of restricted shares	No. of subscription rights
Daniel Schneider	President & CEO	32 980	18 353	210 000
Erik Dahl	Chief Financial Officer	16 325	7 133	65 000
Geoffrey Coy	Vice President and General Manager of U.S.	8 081	-	102 500
Grete Hogstad	Vice President Global Strategic Marketing & Bus. Dev.	23 182	5 566	43 750
Patricia Kelly	Vice President Global Human Resources	-	-	40 000
Kari Myren	Vice President Global Medical Affairs and Clin. Dev.	1 872	2 021	43 750
Susanne Strauss	Vice President and General Manager of Europe	-	-	90 000
Jan H. Egbert	Chairperson of the board	14 500	-	-
Anders Tuv *	Board member	679 619	-	-

* Anders Tuv represents Radforsk Investeringsstiftelse

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

Note 12 – Share options

On March 31, 2021, employees in Photocure had the following share option schemes:

Year of allocation	2020	2020	2020	2020	2017
Option program	2020	2020	2019	2019	2017
Number	475 000	2 500	296 750	67 500	9 501
Exercise price (NOK)	81.41	78.65	50.72	56.83	38.06
Date of expiry	15.09.2025	01.12.2025	09.05.2024	20.08.2024	31.12.2021



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

	31.03.2021		31.12.2020	
	No. of shares	Average exercise price (NOK)	No. of shares	Average exercise price (NOK)
Outstanding at start of year	981 534	66.28	231 700	39.76
Allocated during the year	16 000	101.86	988 500	66.44
Become invalid during the year	43 750	68.26	7 400	49.78
Exercised during the year	102 533	51.25	231 266	40.91
Expired during the year	-	-	-	-
Outstanding at end of period	851 251	68.65	981 534	66.28
Exercisable options at end of period	251 626	64.85	120 034	50.17

Note 13 – Shareholders

Overview of the major shareholders as of March 31, 2021:

Major Shareholders	Citizen	Type	# Shares	%
Morgan Stanley & Co. LLC	United States	Nominee	1 705 916	6.4 %
Nordnet Bank AB	Sweden	Nominee	944 528	3.5 %
Euroclear Bank S.A./N.V.	Belgium	Nominee	889 733	3.3 %
Carnegie Investment Bank AB	Sweden	Nominee	840 281	3.1 %
Danske Bank A/S	Denmark	Nominee	800 000	3.0 %
Avanza Bank AB	Sweden	Nominee	693 627	2.6 %
Radforsk Investeringsstiftelse	Norway	Ordinary	679 619	2.5 %
JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee	461 639	1.7 %
Verdipapirfondet DNB Norden	Norway	Ordinary	443 301	1.7 %
Skandinaviska Enskilda Banken AB	Sweden	Nominee	437 749	1.6 %
MP Pensjon PK	Norway	Ordinary	420 178	1.6 %
Verdipapirfondet Pareto Investment	Norway	Ordinary	394 000	1.5 %
Verdipapirfondet KLP Aksje Norge	Norway	Ordinary	375 630	1.4 %
RBC Investor Services Bank S.A.	Luxembourg	Nominee	360 000	1.3 %
Skandinaviska Enskilda Banken AB	Ireland	Nominee	350 500	1.3 %
Myrlid AS	Norway	Ordinary	320 000	1.2 %
Equinor Pensjon	Norway	Ordinary	312 200	1.2 %
Verdipapirfondet DNB Grønt Norden	Norway	Ordinary	310 239	1.2 %
The Bank of New York Mellon SA/NV	Germany	Nominee	302 462	1.1 %
Vicama AS	Norway	Ordinary	300 000	1.1 %
Total 20 largest shareholders			11 341 602	42.3 %
Total other shareholders			15 478 467	57.7 %
Total number of shares			26 820 069	100.0 %

Photocure Group – Alternative Performance Measures

(Information provided based on Guidelines on Alternative Performance Measures (APMs) for listed issuers by The European Securities and Markets Authority - ESMA)

Photocure reports certain performance measures that are not defined under IFRS, but which represent additional measures used by the Board and management in assessing performance as well as for reporting both internally and to shareholders. Photocure believes that the presentation of these non-IFRS performance measures provides useful information which provides readers with a more meaningful understanding of the underlying financial and operating performance of the Company when viewed in conjunction with the IFRS financial information.

Photocure uses the following alternative performance measures.

EBITDA & EBIT

Photocure regards EBITDA as the best approximation to pre-tax operating cash flow and reflects cash generation before working capital changes and capex. EBITDA is widely used by investors when evaluating and comparing businesses and provides an analysis of the operating results excluding depreciation and amortization. The non-cash elements depreciation and amortization may vary significantly between companies depending on the value and type of assets.

The definition of EBITDA is “Earnings Before Interest, Tax, Depreciation and Amortization.”

The reconciliation to the IFRS accounts is as follows:

	2021	2020	2020
<i>(all amounts in NOK 1 000)</i>	YTD Mar.	YTD Mar.	Full Year
Gross profit	83 111	48 839	237 971
Operating expenses excl depreciation & amortization	-64 989	-53 597	-241 883
EBITDA before restructuring	18 122	-4 758	-3 912
Depreciation & amortization	-5 856	-3 858	-19 292
EBIT before restructuring	12 266	-8 616	-23 204

Full year 2020, Photocure incurred NOK 12.9 million in restructuring costs. Photocure chooses to measure before restructuring 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 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:

	2021	2020	2020
	YTD Mar.	YTD Mar.	Full Year
USD (NOK per 1 USD)	8.51	9.49	9.41
EUR (NOK per 1 EUR)	10.26	10.46	10.73
DKK (NOK per 100 DKK)	138.01	139.93	143.89
SEK (NOK per 100 SEK)	101.45	97.94	102.27



PHOTOCURE ASA

Hoffsveien 4
0275 Oslo, Norway
+47 22 06 22 10
info@photocure.no

PHOTOCURE INC

104 Carnegie Center, suite 303
Princeton, NJ 08540 USA
+1609 7596500
info@photocure.com