

# PHOTOCURE ASA

## RESULTS FOR SECOND QUARTER AND FIRST HALF YEAR 2018

8 August 2018

Erik Dahl, CFO and Interim CEO  
Ambaw Bellete, President, Photocure Inc. and  
Head, US Cancer Commercial Operations



THE  
BLADDER CANCER  
COMPANY™

# DISCLAIMER

By reading this company presentation (the “Presentation”), or attending any meeting or oral presentation held in relation thereto, you (the “Recipient”) agree to be bound by the following terms, conditions and limitations.

The Presentation has been produced by Photocure (the “Company”) for information purposes only and does not in itself constitute, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities of the Company in any jurisdiction. The distribution of this Presentation may be restricted by law in certain jurisdictions, and the Recipient should inform itself about, and observe, any such restriction. Any failure to comply with such restrictions may constitute a violation of the laws of any such jurisdiction.

The Recipient acknowledge that it will be solely responsible for its own assessment of the Company, the market and the market position of the Company and that it will conduct its own analysis and be solely responsible for forming its own view of the potential future performance of the Company’s business. The Company shall not have any liability whatsoever (in negligence or otherwise) arising directly or indirectly from the use of this Presentation or its contents, including but not limited to any liability for errors, inaccuracies, omissions or misleading statements in this Presentation, or violation of distribution restrictions.

An investment in the Company involves significant risk, and several factors could adversely affect the business, legal or financial position of the Company or the value of its securities. For a description of relevant risk factors we refer to the Company’s annual report for 2017. Should one or more of these or other risks and uncertainties materialize, actual results may vary significantly from those described in this Presentation. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

This Presentation contains certain forward-looking statements relating to inter alia the business, financial performance and results of the Company and the industry in which it operates. Any forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts and are subject to risks, uncertainties and other factors that may cause actual results and events to be materially different from those expected or implied by the forward-looking statements. The Company cannot provide any assurance that the assumptions underlying such forward-looking statements are free from errors nor do any of them accept any responsibility for the future accuracy of opinions expressed in this Presentation or the actual occurrence of forecasted developments.

This Presentation speaks as at the date set out on herein. Neither the delivery of this Presentation nor any further discussions of the Company shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The Company does not assume any obligation to update or revise the Presentation or disclose any changes or revisions to the information contained in the Presentation (including in relation to forward-looking statements).

This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts.

# DELIVERING ON KEY 2018 OBJECTIVES

## Significant growth of Cysview® in US TURBT market

- Q2 US sales revenue up 56% in local currency YOY, driven by in-market volume increase in Q2 of 49%. YTD revenue growth in local currency 47%
- 37% growth YOY in installed blue light enabled cystoscopes for rigid use in market to 128 by end of Q2
- Improved reimbursement has positively impacted sales development including new account install base

## Launch Cysview® in US flexible cystoscopy surveillance market

- Our launch priority is focused on the accounts that participated in the BL Flex trial, current existing targeted accounts and the top large Urology groups in the US
- BLC with Cysview with flexible cystoscopes launch has expanded our pipeline of new potential accounts due to increased customer demand

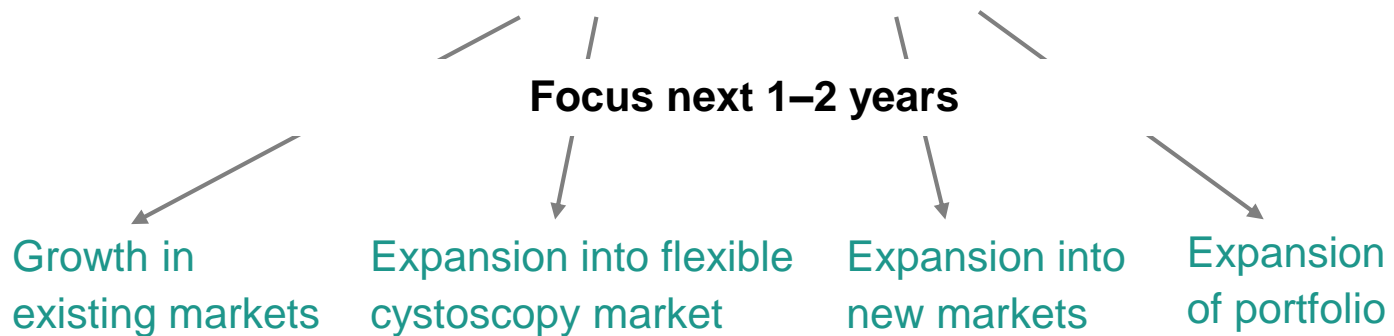
## Increase Hexvix® / Cysview® global in-market unit sales

- Total Hexvix/Cysview revenue increased 11% YOY to NOK 42.4 million in Q2, highest ever. YTD growth of 11% (proforma)
- Total in-market unit sales increased 3% in Q2. YTD at level with 2017, impacted by decline in partner in-market unit sales

# STRATEGIC FOCUS ON TRANSFORMING BLADDER CANCER MANAGEMENT

## HEXVIX<sup>®</sup> CYSVIEW<sup>®</sup>

*Strategic focus on bladder cancer detection & management core products, including potential new, complementary products*



### NON-CORE PIPELINE PRODUCTS:

Visonac<sup>®</sup> (Acne treatment)

Cevira<sup>®</sup> (Cervical disease treatment)

### Partner out

Assess partnering opportunities and strategic alternatives

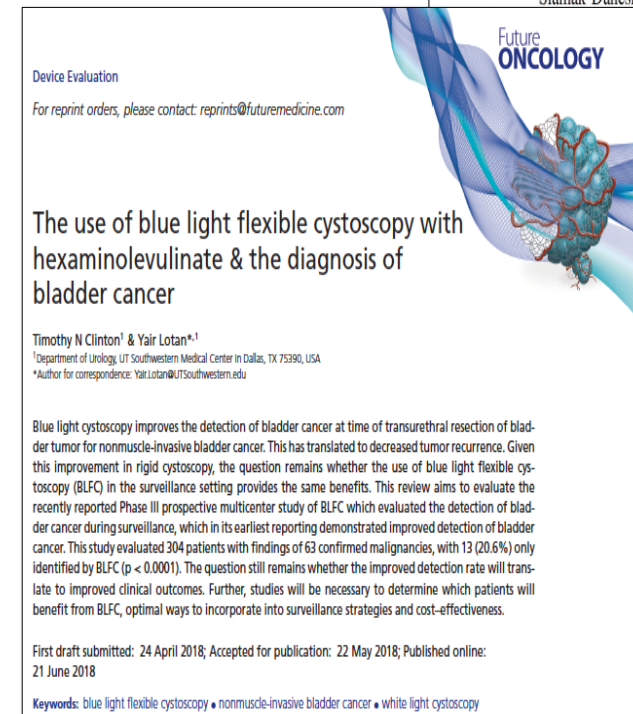
Strategy built on leveraging our unique know-how and capabilities

# *Hexvix/Cysview Update*



# CYSVIEW CONTINUED STRONG MOMENTUM IN US

- Strong U.S. Cysview sales revenue growth in 2Q up 56% driven by in-market volume growth
- Year to date U.S. revenues increased 47% and unit growth of 39% year to date
- 37% YoY increase Permanent Blue Light Cystoscope placements finishing with 130 installed Blue Light scopes including 2 Blue Light flex scopes were added at the end of 2Q
- Improved reimbursement for BLC with Cysview is driving sales volume and install base for BLC with Cysview in multiple settings of care
- Increasing awareness on BLC with Cysview coming from new clinical data presented at several bladder cancer sessions during recent AUA and three new publications in Q2'18
- US strategic investment plan is on track with additional sales resources that are positively impacting productivity



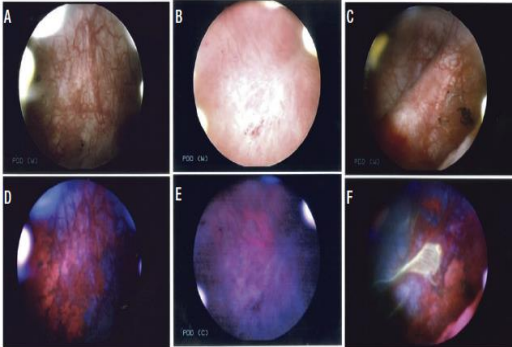


# US LAUNCH OF CYSVIEW IN SURVEILLANCE OF BLADDER CANCER PATIENTS PRESENTS A LARGE MARKET OPPORTUNITY

- BLC with Cysview launch strategy is focused on the accounts that participated in the BL Flex trial, current existing BL enabled accounts and the top large Urology groups in the US in the top MSA's
- New positive clinical data published in Urologic Oncology Journal and British Journal of International Urology
- February 2018 obtained US FDA approval of an extension of the Cysview indication as well as broadening of label in the TURBT setting
- BLC with Cysview with flexible cystoscopes launched and the first US bladder cancer patients received BLC with Cysview as part of their regular bladder cancer surveillance

AUANEWS June 2018 13

## Blue Light Cystoscopy Improves Detection of Urothelial Bladder Cancer



Siamak Daneshmand, MD Shane Pearce, MD Sorqush T. Bazarzani

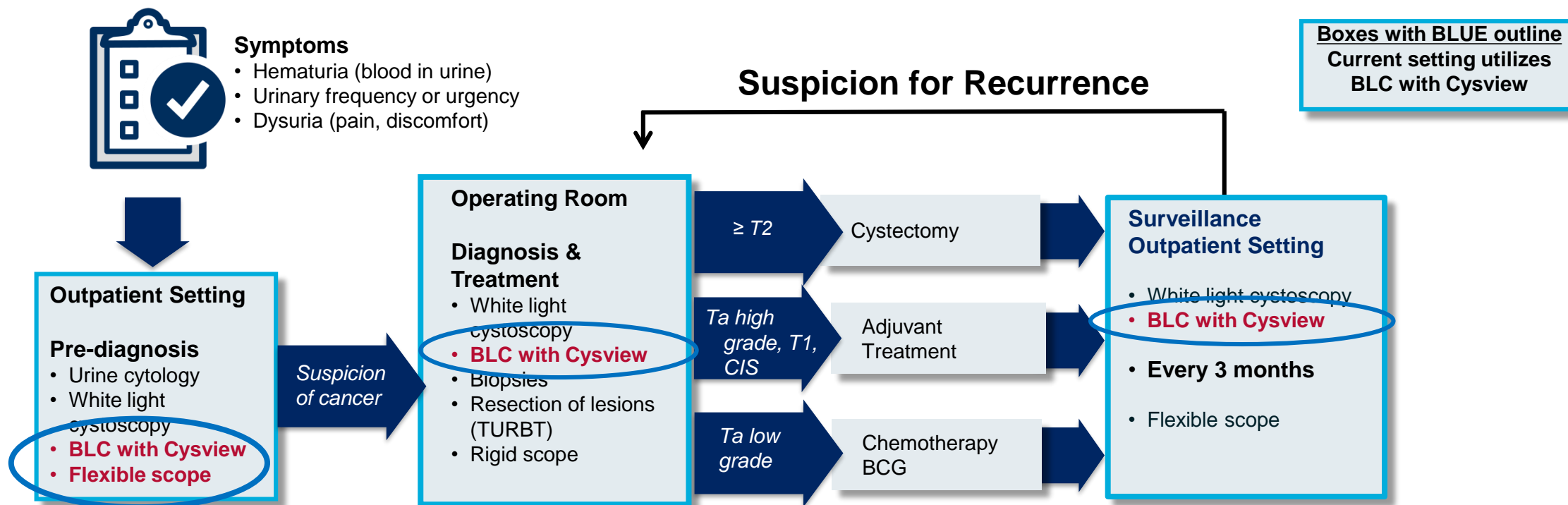
Journal Scan / Research • July 19, 2018

## Blue Light Flexible Cystoscopy Decreases Anxiety in Patients Undergoing Bladder Cancer Surveillance

BJU International

# BLADDER CANCER MARKET FOR BLC™ WITH CYSVIEW

## Bladder cancer management algorithm initial Surveillance & TURBT & follow-up



**BLC™ with Cysview® can, and should be utilized for detection of NMIBC at all stages of treatment and surveillance.**



# BLUE LIGHT CYSTOSCOPY WITH CYSVIEW

## New Standard of Care for Bladder Cancer

Over **100** hospitals and institutions  
and counting!



BLC with Cysview – A New Standard of Care  
in 62% of NCCN Designated Cancer Centers

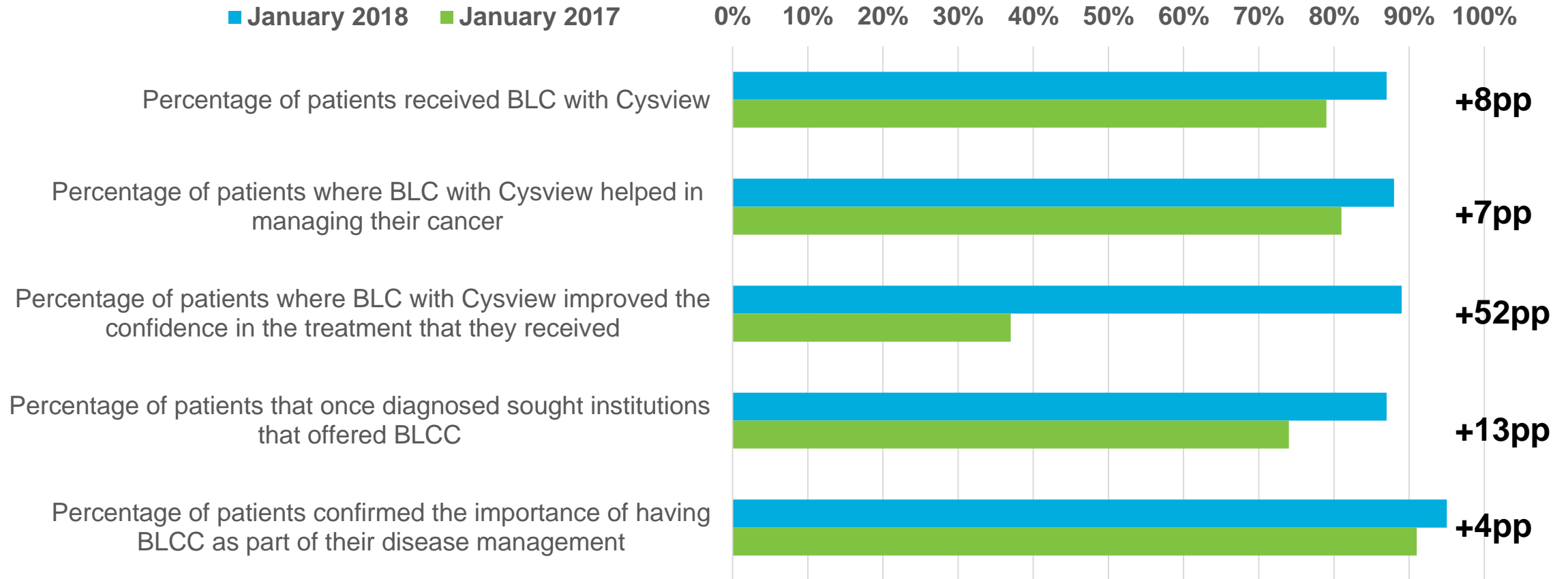


BLC with Cysview is in 36 of the  
NCI Designated Cancer Centers



BLCC- A New Standard of Care in 68% of the top 25 of Best  
Hospitals in Adult Urology as per US News and World Report

# BLADDER CANCER PATIENT SURVEY SHOWS SUSTAINED PATIENT DEMAND FOR BLC WITH CYSVIEW\*



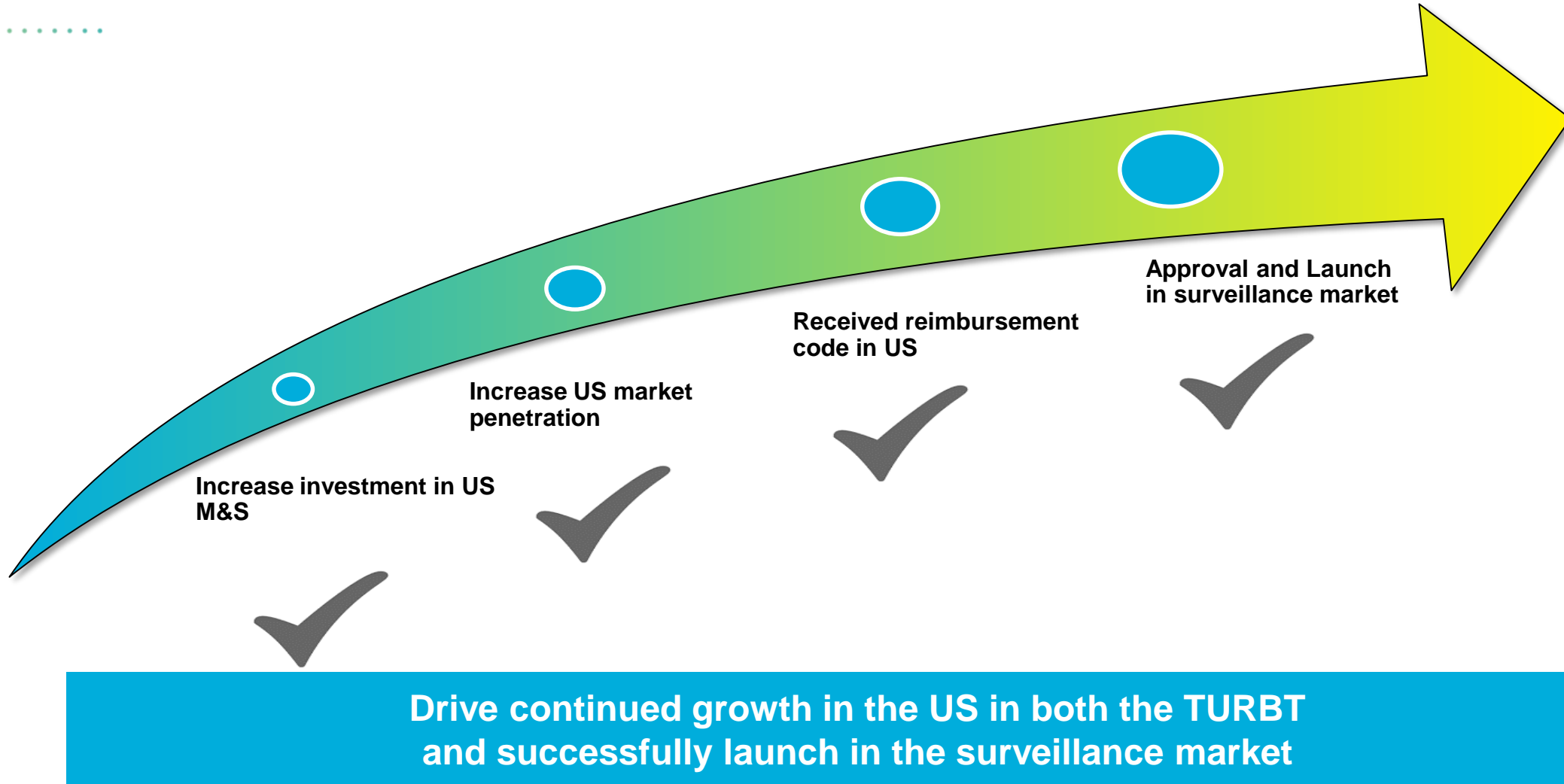
# CYSVIEW

## SIGNIFICANT GROWTH OPPORTUNITY WITH NEW US LABEL

BLC with Cysview Market segment	Total Number of Cystoscopy Procedures	Number of Procedures in top 25 MSA*	Market potential in top 25 MSAs*
TURBT	324,094	130 000	130 MUSD
Surveillance Cystoscopy	1.2 - 1.4 million	540 000	540 MUSD

- Significant market penetration of BLC with Cysview in the TURBT market has been achieved in In the top 10 MSA's: *New York , Los Angeles, Chicago and Washington DC* in the last 18 months
  - Setting the stage for the surveillance BLC with Cysview opportunity
- Our focus is to establish and build BLC with Cysview business in the top 25 TURBT and Surveillance markets utilizing the MSA Strategy
- Focused utilization and investment of commercial and medical resources in those markets is driving growth

# CYSVIEW PUSH & PULL STRATEGIES



# HEXVIX NORDIC UPDATE

- Photocure own sales revenue in the Nordics increased YTD 7% to NOK 22.9 million (NOK 21.4 million). In constant currencies, the increase was 5%
- Second quarter revenue declined 8% YOY driven by inventory reductions at distributors following the inventory increase in the first quarter.
  - Impact of inventory reduction in the second quarter approx. NOK 1.6 million
- In-market unit sales declined 4% YTD, mainly due to large deliveries to hospitals at the end of the fourth quarter 2017. Second quarter in-market unit sales increased 1%
- Hexvix Pre-filled syringe launched in all Nordic markets

HEXVIX® 85 mg

SCANDINAVIAN JOURNAL OF UROLOGY, 2018  
<https://doi.org/10.1089/21681805.2018.1450782>

ARTICLE

OPEN ACCESS

Check for updates

Outpatient diode laser treatment of intermediate-risk non-invasive bladder tumors without sedation: efficacy, safety and economic analysis

Gregers Gautier Hermann<sup>a</sup>, Karin Mogensen<sup>a</sup> and Susanne Rosthøj<sup>b</sup>

<sup>a</sup>Department of Urology, Herlev & Gentofte Hospitals, Copenhagen University, Hellerup, Denmark; <sup>b</sup>Section of Biostatistics Faculty of Health and Medical Sciences, Institute of Public Health, University of Copenhagen, Copenhagen, Denmark

**ABSTRACT**  
**Objective:** This study aimed to validate a new method for outpatient diode laser ablation of bladder tumors without sedation or pain control.  
**Methods:** Twenty-one patients with stage Ta low-grade intermediate-risk bladder tumors underwent photodynamic-guided laser ablation of their bladder tumors and 1 month later follow-up cystoscopy with photodynamic and IMAGE 15™-guided biopsies. Pain was measured using a visual analog scale (range 0–10). Symptoms and worries about the future disease course were calculated using the Quality of Life Questionnaire for Non-Muscle-Invasive Bladder Cancer (range 0–100, high scores indicating worse symptoms or worry). Costs of outpatient laser treatment versus inpatient conventional bladder tumor resection in the operating theatre were compared.  
**Results:** Patients had a median of three tumors (range 1–12). The median pain score was 1.0 (range 0–7) during laser ablation. Median quality of life scores were 24 (range 0–67) for symptoms and 42 (0–100) for worry. Two patients had new Ta bladder tumors (24%) and four patients had flat low-grade dysplasia (19%), none of which was seen in the biopsies.  
**Conclusion:** Fluorescence-guided diode laser ablation is a safe and effective method for outpatient treatment of intermediate-risk bladder tumors.

**ARTICLE HISTORY**  
Received 14 December 2017  
Revised 9 February 2018  
Accepted 5 March 2018

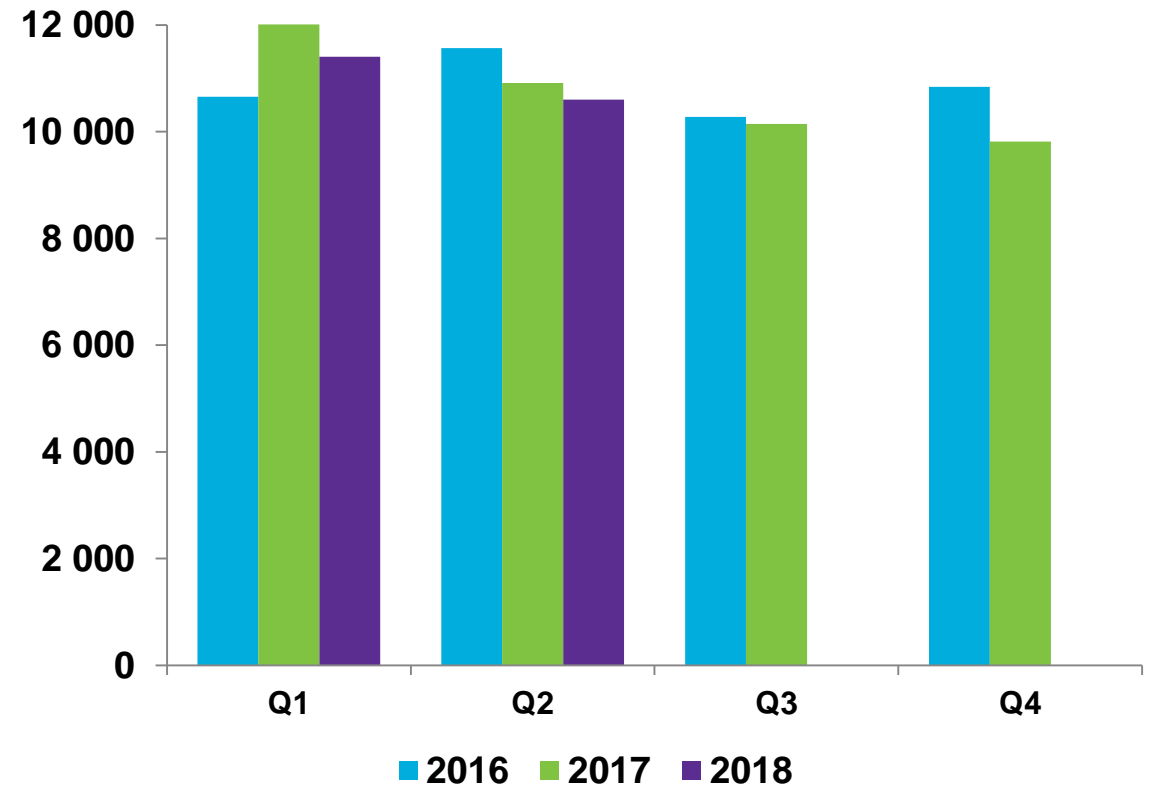
**KEYWORDS**  
Bladder cancer; diode laser; early diagnosis; IMAGE 15; laser ablation; outpatient; photodynamic diagnosis

(A) (B) (C)

# HEXVIX/CYSVIEW PARTNER UPDATE

- Partner revenue declined 3% YTD (proforma 2017). Second quarter decline of 1% (proforma 2017)
  - Due to implementation of IFRS 15 impact from inventory increase/reduction at partner is eliminated
- In-market unit sales declined 4% YTD and 3% in the second quarter. Decline driven by Germany and France.
  - Decline in France caused by loss of very favorable reimbursement since Q2'17; decline counteracted by strong guideline recommendation

In-market unit sales (by Q)







# SEGMENT PERFORMANCE - PROFORMA

## SECOND QUARTER 2018

### Commercial Franchise

- Strong revenue growth in US, second quarter growth in constant currency 56%, YTD 47%
- Steady progress in Nordic, YTD revenue growth 5% in constant currencies. Second quarter decline expected due to inventory reductions
- Challenges in the Ipsen territory, YTD revenue decline of 7% in constant currencies (proforma)
- Increased operating expenses in quarter and full year driven by commercial organization in US

### Development Portfolio

- Significant cost reduction YOY driven by activity level

<i>MNOK</i>	<u>Q2 '18</u>	<u>PF Q2 '17</u>	<u>YTD '18</u>	<u>PF YTD '17</u>
<u>Commercial Franchise</u>				
Nordic revenues	10.8	11.7	22.9	21.4
US revenues	16.1	10.9	28.8	21.0
Partner revenues	15.6	15.8	31.4	32.4
<b>Hexvix / Cysview</b>	<b>42.4</b>	<b>38.4</b>	<b>83.1</b>	<b>74.8</b>
Other revenues	3.2	2.6	4.1	3.4
<b>Total revenues</b>	<b>45.7</b>	<b>41.0</b>	<b>87.2</b>	<b>78.2</b>
Operating expenses	-36.1	-32.0	-73.4	-60.8
<b>EBITDA recurring</b>	<b>4.8</b>	<b>6.2</b>	<b>5.7</b>	<b>11.9</b>
<u>Development Portfolio</u>				
Operating expenses	-4.1	-9.1	-9.1	-18.3
<b>EBITDA recurring</b>	<b>-4.1</b>	<b>-9.1</b>	<b>-9.1</b>	<b>-18.3</b>
<u>Total</u>				
<b>EBITDA recurring</b>	<b>0.7</b>	<b>-2.9</b>	<b>-3.4</b>	<b>-6.4</b>

# CONSOLIDATED INCOME STATEMENT - PROFORMA

## SECOND QUARTER 2018

- Recurring EBITDA improved from last year second quarter and YTD
  - Increased revenue driven by US
  - Increased sales & marketing expenses, offset by decline in R&D and Other operating expenses
- Depreciation and amortization driven by amortization of Cysview phase 3 investments and IFRS 15 adjustments
- Restructuring expenses NOK 13.1 million, headcount reductions and organizational changes

<i>MNOK</i>	<b>Q2 '18</b>	<b>PF Q2 '17</b>	<b>YTD '18</b>	<b>PF YTD '17</b>
Hexvix / Cysview revenues	42.4	38.4	83.1	74.8
Other revenues	3.2	2.6	4.1	3.4
<b>Total revenues</b>	<b>45.7</b>	<b>41.0</b>	<b>87.2</b>	<b>78.2</b>
<b>Operating expenses</b>	<b>-40.2</b>	<b>-41.1</b>	<b>-82.5</b>	<b>-79.1</b>
<b>EBITDA recurring</b>	<b>0.7</b>	<b>-2.9</b>	<b>-3.4</b>	<b>-6.4</b>
Depreciation & amortization	-3.3	-2.6	-6.5	-5.0
Restructuring expenses	-13.1	-	-13.1	-
One-Off items	-	-	-	-4.0
<b>EBIT</b>	<b>-15.7</b>	<b>-5.5</b>	<b>-23.0</b>	<b>-15.4</b>
Net financial items	0.1	1.2	-0.1	2.3
<b>Profit/loss(-) before tax</b>	<b>-15.6</b>	<b>-4.3</b>	<b>-23.1</b>	<b>-13.2</b>
Tax expenses	-1.4	0.9	3.1	3.3
<b>Net profit/loss(-)</b>	<b>-17.0</b>	<b>-3.5</b>	<b>-20.0</b>	<b>-9.9</b>

# CASH FLOW

## SECOND QUARTER 2018

- Cash flow from operations second quarter at NOK -11.5 million, an improvement from second quarter 2017 and first quarter 2018
- Cash flow from investments YTD NOK -0.9 million, and improved from same period 2017
  - Significant decline in investments in development projects as Cysview phase 3 project finalized
- Quarter end cash balance at NOK 97.9 million

<i>MNOK</i>	<u>Q2 '18</u>	<u>Q2 '17</u>	<u>YTD '18</u>	<u>YTD '17</u>	<u>FY '17</u>
<b>Cash flow from:</b>					
- Operations	-11.5	-16.9	-30.0	-27.7	-23.6
- Investments	-0.8	-1.5	-0.9	-4.5	-16.3
- Financing	-0.6	-	-0.6	-	-
<b>Net change in cash</b>	<b>-12.8</b>	<b>-18.4</b>	<b>-31.4</b>	<b>-32.2</b>	<b>-39.9</b>
<b>Ending cash balance</b>	<b>97.9</b>	<b>137.0</b>	<b>97.9</b>	<b>137.0</b>	<b>129.4</b>

# BALANCE SHEET

## 30 JUNE 2018

- Non current assets include NOK 30.2 million in investments in tangible and intangible assets and deferred tax asset of NOK 56.0 million
- No interest bearing debt
- Shareholder's equity of NOK 189.1 million. Equity ratio of 79%

<i>MNOK</i>	<b>30.06</b>	<b>31.12</b>	<b>30.06</b>
	<b>2018</b>	<b>2017</b>	<b>2017</b>
Non-current assets	87.5	87.5	78.3
Inventory & receivables	54.0	46.2	54.0
Cash & equivalents	97.9	129.4	137.0
<b>Total assets</b>	<b>239.4</b>	<b>263.1</b>	<b>270.0</b>
Shareholders equity	189.1	218.1	241.0
Long term liabilities	5.0	4.8	4.2
Current liabilities	45.3	40.3	24.8
<b>Total equity &amp; liabilities</b>	<b>239.4</b>	<b>263.1</b>	<b>270.0</b>
<i>Equity ratio</i>	<i>79 %</i>	<i>83 %</i>	<i>89 %</i>

# *Summary and Outlook*



# DELIVERING ON KEY 2018 OBJECTIVES

## Significant growth of Cysview® in US TURBT market

- Q2 US sales revenue up 56% in local currency YOY, driven by in-market volume increase in Q2 of 49%. YTD revenue growth in local currency 47%
- 37% growth YOY in installed blue light enabled cystoscopes for rigid use in market to 128 by end of Q2
- Improved reimbursement has positively impacted sales development including new account install base

## Launch Cysview® in US flexible cystoscopy surveillance market

- Our launch priority is focused on the accounts that participated in the BL Flex trial, current existing targeted accounts and the top large Urology groups in the US
- BLC with Cysview with flexible cystoscopes launch has expanded our pipeline of new potential accounts due to increased customer demand

## Increase Hexvix® / Cysview® global in-market unit sales

- Total Hexvix/Cysview revenue increased 11% YOY to NOK 42.4 million in Q2, highest ever. YTD growth of 11% (proforma)
- Total in-market unit sales increased 3% in Q2. YTD at level with 2017, impacted by decline in partner in-market unit sales





# INCOME STATEMENT SECOND QUARTER REPORTED

## Income Statement - Segment

<i>MNOK</i>	<u>Q2 '18</u>	<u>Q2 '17</u>	<u>YTD '18</u>	<u>YTD '17</u>
<b><u>Commercial Franchise</u></b>				
Nordic revenues	10.8	11.7	22.9	21.4
US revenues	16.1	10.9	28.8	21.0
Partner revenues	15.6	15.0	31.4	31.7
<b>Hexvix / Cysview</b>	<b>42.4</b>	<b>37.6</b>	<b>83.1</b>	<b>74.1</b>
Other revenues	3.2	1.7	4.1	1.7
<b>Total revenues</b>	<b>45.7</b>	<b>39.3</b>	<b>87.2</b>	<b>75.9</b>
Operating expenses	-36.1	-31.9	-73.4	-60.6
<b>EBITDA recurring</b>	<b>4.8</b>	<b>4.7</b>	<b>5.7</b>	<b>9.6</b>
<b><u>Development Portfolio</u></b>				
Operating expenses	-4.1	-9.1	-9.1	-18.3
<b>EBITDA recurring</b>	<b>-4.1</b>	<b>-9.1</b>	<b>-9.1</b>	<b>-18.3</b>
<b><u>Total</u></b>				
<b>EBITDA recurring</b>	<b>0.7</b>	<b>-4.4</b>	<b>-3.4</b>	<b>-8.7</b>

## Income Statement - Consolidated

<i>MNOK</i>	<u>Q2 '18</u>	<u>Q2 '17</u>	<u>YTD '18</u>	<u>YTD '17</u>
Hexvix / Cysview revenues	42.4	37.6	83.1	74.1
Other revenues	3.2	1.7	4.1	1.7
<b>Total revenues</b>	<b>45.7</b>	<b>39.3</b>	<b>87.2</b>	<b>75.9</b>
<b>Operating expenses</b>	<b>-40.2</b>	<b>-41.0</b>	<b>-82.5</b>	<b>-78.9</b>
<b>EBITDA recurring</b>	<b>0.7</b>	<b>-4.4</b>	<b>-3.4</b>	<b>-8.7</b>
Depreciation & amortization	-3.3	-2.4	-6.5	-4.5
Restructuring expenses	-13.1	-	-13.1	-
One-Off items	-	-	-	-4.0
<b>EBIT</b>	<b>-15.7</b>	<b>-6.8</b>	<b>-23.0</b>	<b>-17.1</b>
Net financial items	0.1	1.2	-0.1	2.3
<b>Profit/loss(-) before tax</b>	<b>-15.6</b>	<b>-5.6</b>	<b>-23.1</b>	<b>-14.9</b>
Tax expenses	-1.4	0.9	3.1	3.3
<b>Net profit/loss(-)</b>	<b>-17.0</b>	<b>-4.7</b>	<b>-20.0</b>	<b>-11.6</b>