

PHOTOCURE ASA

RESULTS FOR SECOND QUARTER
AND FIRST HALF YEAR 2017

23 AUGUST 2017

Kjetil Hestdal, MD, President & CEO
Erik Dahl, CFO



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KEY OBJECTIVES AND ACHIEVEMENTS

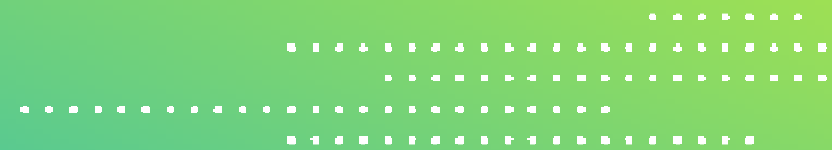
KEY OBJECTIVES

- Increase growth of Cysview in the US based on an increased investment in the US commercial operations
- Increase Hexvix/Cysview global in-market unit sales
- Obtain regulatory approval for market expansion of Cysview into surveillance market

2Q/FIRST HALF YEAR KEY ACHIEVEMENTS

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- In July, CMS proposed new coding and reimbursement of Blue Light Cystoscopy (BLC) with Cysview for use in hospital outpatient departments
- Increase in activities in accordance with US strategic investment plan
- Hexvix/Cysview in-market volume in own markets increased YoY 13 % in second quarter, while partner unit sales declined 6% to an overall YoY 2% decline in-market volume in second quarter
- Hexvix/Cysview in-market unit sales increased 4% YTD
- Patient enrollment completed in January
- Strong clinical data from phase 3 study presented in the Late Breaking Plenary Session at AUA in May
- Supplemental NDA filed in August for Blue Light Flexible Cystoscopy (BLFC) with Cysview

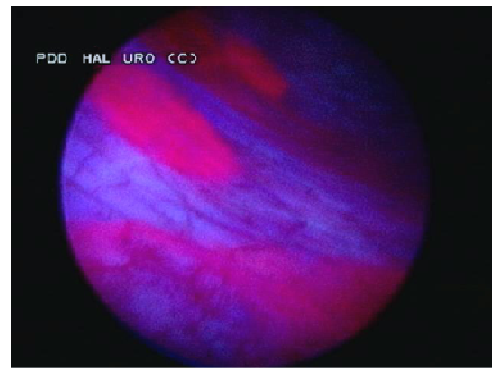
Hexvix/Cysview Update



HEXVIX/CYSVIEW

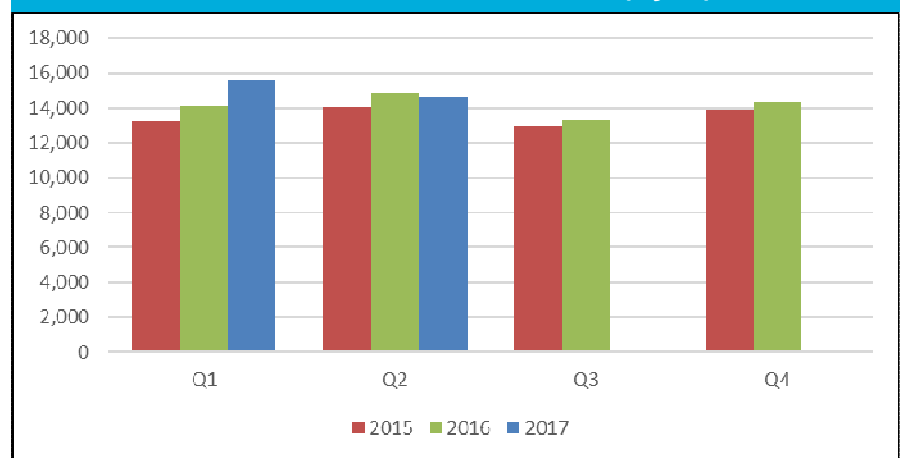
A SIGNIFICANT GLOBAL SPECIALTY BRAND

- Value of in-market sales of Hexvix/Cysview in the second quarter increased 4% to NOK 66 million and YTD 6% to NOK 131 million
- Hexvix/Cysview global in-market volume decreased YoY 2% in the second quarter, with own unit sales increase of 13% while partner unit sales Ipsen declined 6%
- Overall franchise EBITDA YTD at NOK 9.6 million, EBITDA margin of 13%

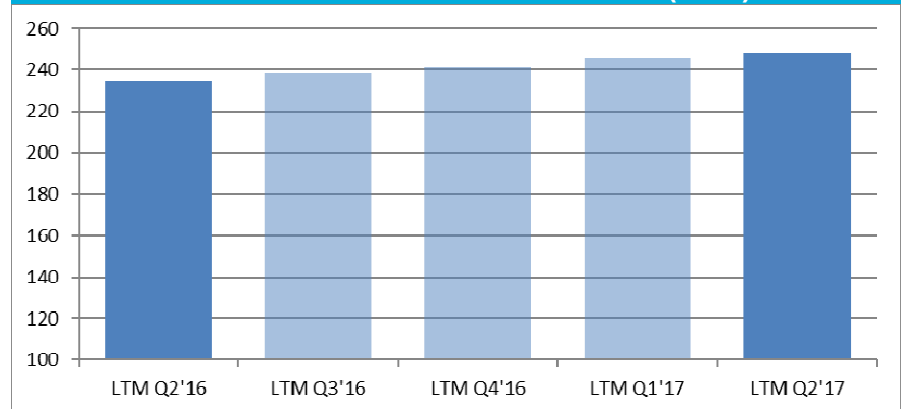


With courtesy of Dr. Dirk Zaak

Global in-market unit sales (by Q)



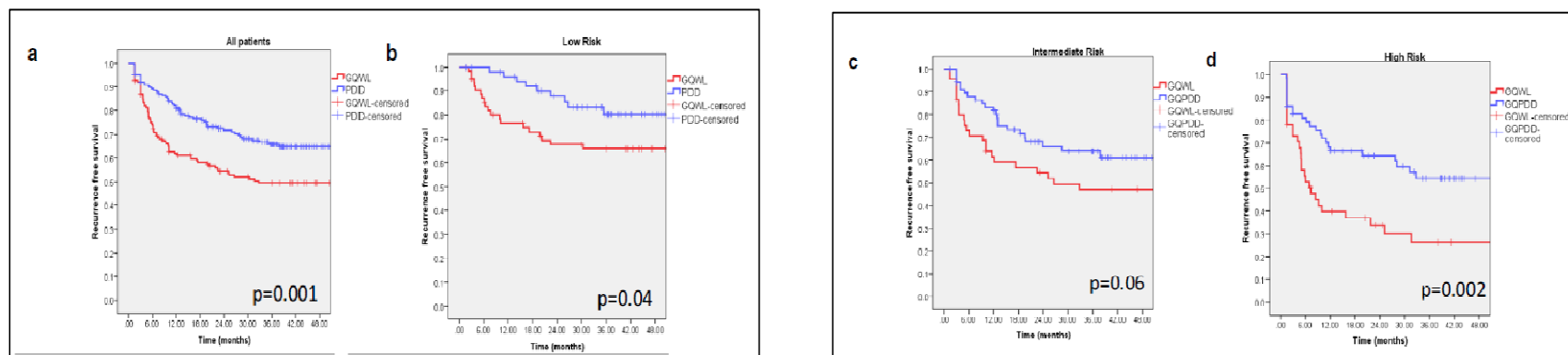
Global in-market value NOK mill (LTM)



HEXVIX/CYSVIEW

REDUCED RECURRENCE RATE AT 3 YEARS IN REAL-LIFE EXPERIENCE STUDY

- A «Real-life experience» study performed at single center in UK enrolled 808 bladder cancer patients
 - 345 patients qualified for long term follow up after bladder cancer resection (TURBT) with Blue Light Cystoscopy (BLC) with Hexvix or standard White Light Cystoscopy (WLC)
- The overall recurrence rates at 3 years were significantly ($p=0.02$) less in patients who received BLC with Hexvix (39.0%) compared to WLC resection (53.3%)
 - The benefit on the recurrence rate was most pronounced in patients with high-risk disease (52.1% recurrence at year 3 with BLC with Hexvix versus 80% with WLC; $p=0.01$)
 - There was a significantly ($p=0.001$) longer mean recurrence free survival in patients who received BLC with Hexvix (52.9 months) compared to patients with WLC resections (42.5 months)

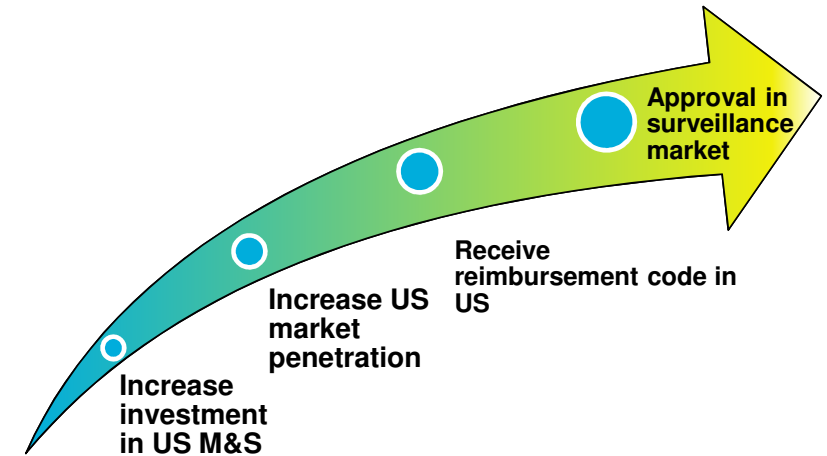


«Real-life experience: recurrence rate at 3 years with Hexvix® photodynamic diagnosis-assisted TURBT compared with good quality white light TURBT in new NMIBC - a prospective controlled study» Gallagher K et al, World J Urology; 2017 (published online 12 August 2017)



HEXVIX/CYSVIEW PROGRESS UPDATE IN US

- Photocure own sales revenue in the US in 2Q increased 55%
 - Driven by YoY in-market volume growth of 37% in second quarter
- Permanent Blue Light Cystoscope placements of 93 at the end of quarter, increase of 10 since end of 2016
- US strategic investment plan is on track and we have doubled our sales organization, increased medical headcount and targeted marketing investments
- Our increased investments have started yielding positive results as seen by the increased growth and awareness
 - Focused local awareness marketing campaign in Nashville has resulted in 342K TV Viewers and 1,6 million digital impressions in the market
 - Increased number of hospitals are actively promoting the availability of Blue light Cystoscopy (BLC) with Cysview utilizing multiple media outlets
 - Increased awareness among urologists through several presentations of new clinical data at regional urology conferences across the US



Maximizing the US Cysview opportunity is essential to Photocure's strategy to create a Specialty Pharmaceutical Company in Urology



Hospitals promoting the use of BLCC



Patient histories



US MEDICARE PROPOSED NEW REIMBURSEMENT OF BLC WITH CYSVIEW

Background

- For Medicare patients BLC with Cysview has been reimbursed similar to white light cystoscopy, where the cost of Cysview is bundled in with the cost of the procedure
- For private insured patients Cysview is reimbursed in addition to the procedure reimbursement

Efforts

- The new AUA guidelines emphasize the clinical benefits of BLC with Cysview and recommend a broader application of BLC with Cysview
- Health care providers including major cancer hospitals, key bladder cancer urologists, AUA, as well as bladder cancer patients, have approached CMS as well as key members of the congress to secure broader access to technology that improves management of bladder cancer patients

Conclusion

- In July, CMS proposed separate codes for BLC with Cysview recognizing the clinical benefits and additional hospital cost related to the improved procedure
- The new BLC with Cysview codes will be implemented by January 1, 2018
- If implemented, this will provide additional foundation for increased utilization

HEXVIX/CYSVIEW

sNDA FILED BASED ON STRONG CLINICAL PHASE 3 SURVEILLANCE STUDY RESULTS

Phase 3 Surveillance Study Conclusions

- Blue Light Flexible Cystoscopy (BLFC) with Cysview significantly improves the detection of patients with recurrent bladder cancer (20.6%, $p < 0.0001$)
- Blue Light Cystoscopy (BLC) with Cysview significantly improves the detection of patients with CIS (34.6%, $p < 0.0001$)
- Tumor detection was improved in 46.2% of patients who underwent repeat BLC with Cysview
- Repeat use of Cysview is safe
- Patients found it worthwhile to undergo BLFC with Cysview (92.7%) and BLC with Cysview (87.0%) and would recommend it to others
- BLFC with Cysview should be used for patients in surveillance of their bladder cancer recurrence and for management in the OR

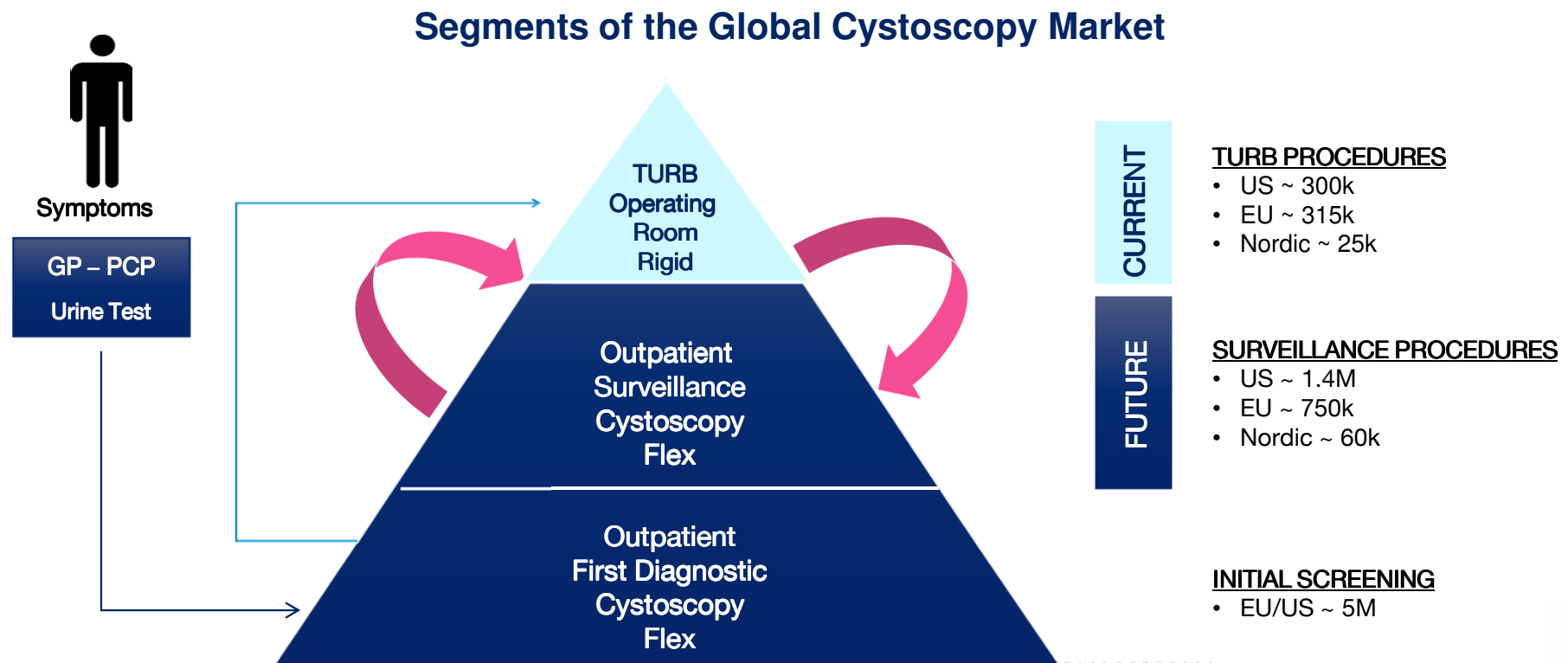
Supplemental NDA

Objective of the supplemental NDA

- Approval of the use of BLFC with Cysview during surveillance cystoscopy
- Improved label and approval of BLC with Cysview for improved detection of all Non-muscle invasive bladder cancer lesions (NMIBC) including Carcinoma in Situ (CIS)
- Improved label and approval of repeat use of Cysview

EXPANSION INTO LARGER SEGMENTS: MARKET OPPORTUNITY IN THE SURVEILLANCE SEGMENT

- Expansion with Blue Light Flexible Cystoscopy with Cysview
- For office settings (surveillance) that utilize flexible cystoscopes



HEXVIX PERFORMANCE NORDICS

- Photocure own sales revenue in the Nordics increased YoY 10% in second quarter with 3% increase YTD
 - YoY in-market unit sales increase of 4% in second quarter with a decrease of 3% YTD
 - The negative trend in Denmark observed in previous quarters has been reversed in second quarter
- Blue Light Flex Cystoscopy with Hexvix gets a foothold in the Nordic countries
 - Positive IIT study published from Herlev and Gentofte University Hospital, Copenhagen University, Denmark in *the Scandinavian Journal of Urology*.
 - Blue Light Flexible Cystoscopy with Hexvix in outpatient setting provides same ability to detect and obtain biopsy of aggressive flat bladder cancer lesions (CIS) as rigid cystoscopy in the operating room, significantly improving the quality of life (QoL) for patients



Outpatient photodynamic-guided diagnosis of carcinoma *in situ* with flexible cystoscopy: an alternative to conventional inpatient photodynamic-guided bladder biopsies in the operating theatre?

Karin Mogensen, Anders Glenthøj, Birgitte Grønkær Toft, Thomas Scheike & Gregers Gautier Hermann 
Pages 1-5 | Received 23 Mar 2017, Accepted 02 Jul 2017, Published online: 26 Jul 2017

HEXVIX/CYSVIEW PARTNER PROGRESS

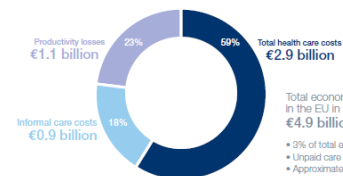
- Partner revenue declined 9% YoY in second quarter
 - In-market unit sales declined 6% due to reduced unit sales in June in key markets including Germany and France
- Recently formed partnerships: BioSyent in Canada and Juno in Australia/New Zealand
 - Significant support from urological community in both locations.
 - Roll-out of new equipment - Karl Storz Image 1S - has started
 - Applications for re-imbursement have been submitted; decisions are expected by the end of the year.

Cost of Bladder Cancer represents € 4.9 bn (Leal et al, 2016)

Results and limitations: Bladder cancer cost the EU €4.9 billion in 2012, with health care accounting for €2.9 billion (59%) and representing 5% of total health care cancer costs. Bladder cancer accounted for 3% of all cancer costs in the EU (€143 billion) in 2012 and represented an annual health care cost of €57 per 10 EU citizens, with costs varying >10

Economic burden of bladder cancer

Costs of bladder cancer in the European Union



Total economic burden of bladder cancer in the EU in 2012: €4.9 billion

- 5% of total economic burden of cancer
- Unpaid care accounted for >88 million hours
- Approximately 34,000 working years were lost due to mortality
- 3 million working days were lost due to morbidity

EAU17 | LONDON
24-28 March 2017

Donors help bring Cysview technology to Humber River Hospital's urology department

Cysview aids surgeons in the diagnosis and management of non-muscle invasive bladder cancer.

COMMUNITY Jan 30, 2017 InsideToronto.com

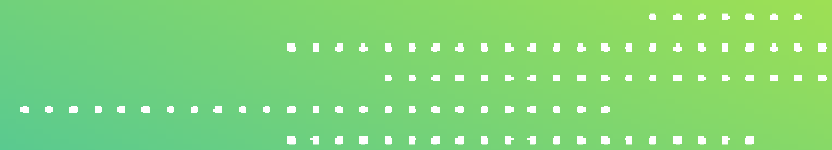


Procedure improves quality of life for bladder cancer patients

WADE MORRIS
FOR THE WHQ-STANDARD
Wednesday, April 5, 2017 4:35:21 EDT PM



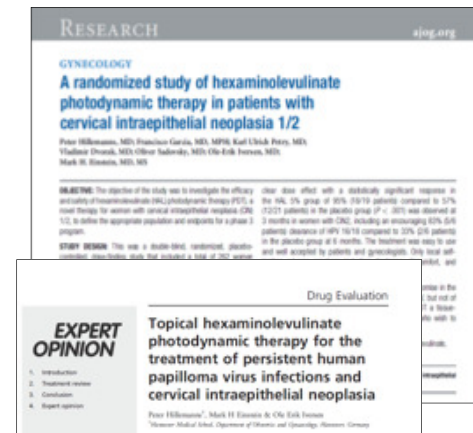
Cevira/Visonac Update



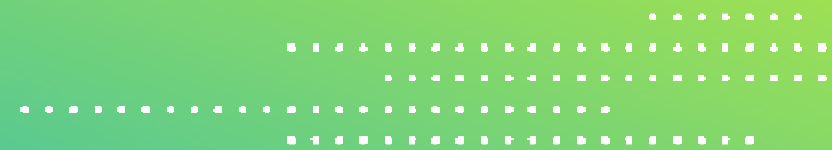
CEVIRA & VISONAC

PHASE 3 READY PRODUCTS WITH SIGNIFICANT SALES POTENTIAL

- Cevira - Breakthrough single use and fully integrated drug-device technology to satisfy high need for novel non-surgical therapies to treat global epidemic of HPV/HSIL populations
- Visonac – Novel topical non-antibiotic/non-isotretinoin treatment to satisfy high unmet medical need among patients with inflammatory, severe acne (IGA 4)
- Cevira and Visonac both phase 3 ready with Special Protocol Agreement on phase 3 program with FDA
- Cevira and Visonac both addressing large patient populations with significant unmet medical needs
- After a non-conclusive comprehensive partnering process, PHO will initiate a broad review of possible strategic alternatives for Cevira and Visonac



Financials



SEGMENT PERFORMANCE

SECOND QUARTER 2017

Commercial franchise:

- Hexvix/Cysview total revenue increased YoY 10% in the second quarter, driven by strong US revenues.
- Second quarter own revenues, Nordic and US, increased 28%, while partner revenues, Ipsen, declined 9%.
- Year to date YoY increase of 9% (in constant currencies 12%)
- Increased operating expenses in quarter and YTD driven by sales & marketing in US
- EBITDA margin YTD at 13%

Development portfolio:

- Activities related to regulatory work and intellectual property. Cysview post marketing commitment phase 3 capitalized
- One-off items (first quarter): Write down of Nedax lamp inventory and components

<i>MNOK</i>	<u>Q2 '17</u>	<u>YTD '17</u>	<u>YTD '16</u>
<u>Commercial Franchise</u>			
Nordic revenues	11.7	21.4	20.7
US revenues	10.9	21.0	14.7
Partner revenues	15.0	31.7	32.3
Hexvix/Cysview revenue	37.6	74.1	67.7
Other revenues	1.7	1.7	2.6
Total revenues	39.3	75.9	70.3
Gross profit	36.6	70.3	65.9
Operating expenses	-31.9	-60.6	-54.6
EBITDA	4.7	9.6	11.3
<u>Development Portfolio</u>			
Operating expenses	-9.1	-18.3	-17.3
EBITDA	-9.1	-18.3	-17.3
<u>Total</u>			
EBITDA	-4.4	-8.7	-6.1
Depr. & Amort.	-2.4	-4.5	-3.2
One-Off items	-	-4.0	-
EBIT	-6.8	-17.1	-9.2

CONSOLIDATED INCOME STATEMENT

SECOND QUARTER 2017

- Total revenue increases YoY 1% second quarter and 8% YTD
- Operating expenses increase YoY 15% second quarter and 10% YTD
 - R&D YTD increase 5%
 - Sales & marketing YTD increase 18%, driven by US investments
 - Other Opex YTD decrease 3%
- Recurring EBITDA at NOK -4.4 million for the second quarter and NOK -8.7 million YTD
- One-off items
 - Write down of Nedax lamp inventory and components

<i>MNOK</i>	Q2 '17	YTD '17	YTD '16
Hexvix / Cysview revenues	37.6	74.1	67.7
Signing fees and milestones	1.7	1.7	2.6
Total revenues	39.3	75.9	70.3
Gross profit	36.6	70.3	65.9
Research & Development	-4.2	-8.7	-8.3
Sales & Marketing	-25.4	-47.4	-40.1
Other Opex	-11.4	-22.9	-23.6
Operating expenses	-41.0	-78.9	-71.9
EBITDA recurring	-4.4	-8.7	-6.1
One-Off items	-	-4.0	-
EBITDA	-4.4	-12.6	-6.1
Depreciation & Amortization	-2.4	-4.5	-3.2
EBIT	-6.8	-17.1	-9.2
Net financial items	1.2	2.3	1.2
Profit/loss(-) before tax	-5.6	-14.9	-8.0
Tax expenses	0.9	3.3	25.4
Net profit/loss(-)	-4.7	-11.6	17.4

CASH FLOW

SECOND QUARTER 2017

- Cash flow from operations second quarter NOK -16.9 million, YTD NOK -27.7 million
 - Working capital impact YTD NOK -16.9 million (YTD 2016 NOK -15.7 million)
- Cash flow from investments second quarter NOK -1.5 million and YTD NOK -4.5 million (YTD 2016 NOK -8.3 million)
 - Includes investments YTD of NOK 5.9 million in development expenses
- Net cash flow YTD NOK -32.2 million (YTD 2016 NOK -29.6 million)
- Quarter end cash balance at NOK 137.0 million

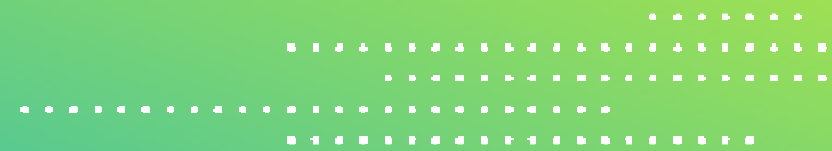
<i>MNOK</i>	Q2 '17	YTD '17	YTD '16
Cash flow from:			
- Operations	-16.9	-27.7	-22.1
- Investments	-1.5	-4.5	-8.3
- Financing	0.0	0.0	0.7
Net change in cash	-18.4	-32.2	-29.6
Ending cash balance	137.0	137.0	104.4

BALANCE SHEET PER 30 JUNE 2017

- Non current assets include NOK 29.6 million in investments in tangible and intangible assets and deferred tax asset of NOK 49.3 million
- No interest bearing debt
- Shareholder's equity of NOK 241.0 million. Equity ratio of 89%
- Photocure held 809 own shares at end of the quarter

<i>MNOK</i>	30.06 2017	31.12 2016	30.06 2016
Non-current assets	78.9	74.1	77.4
Inventory & receivables	54.0	43.0	80.1
Cash & equivalents	137.0	169.2	104.4
Total assets	270.0	286.3	262.0
Shareholders equity	241.0	251.9	232.9
Long term liabilities	4.2	3.8	3.2
Current liabilities	24.8	30.6	25.9
Total equity & liabilities	270.0	286.3	262.0
Equity ratio	89 %	88 %	89 %

Summary



STRENGTHENING BOARD AND MANAGEMENT TEAM

Corporate Management Team

- **Jeremy Bahr**
Chief Business Officer

- Will lead business development activities and strategic initiatives within marketing and market access
- Former Global Head of Market Analytics and Head of Commercial Operations in North America at UCB. Worked at Pfizer for 7 years and former consultant at McKinsey & Company
- MBA from Harvard Business School and B.A. in Molecular Biology and Political Science from Brigham Young University

Board of Directors

- **Jan H. Egberts, M.D.**
Chairman of the Board

- 25 years' experience in pharmaceutical and medical devices sector, currently serving as Managing Partner of Veritas Investments. Former strategic consultant at McKinsey & Co., and held various positions at Merck & Co. and Johnson & Johnson. Former CEO of Octopus and Agendia.
- Medical degree from Erasmus University Medical School in the Netherlands and clinical training at Harvard Medical School. Also holds an MBA from Stanford University.

- **Johanna Holidack, M.D.**
Member of the Board

- International operational experience from pharma companies and has managed several M&As. Spent 20 years in start-up and large pharma companies
- Venture capital experience from Aravis Venture and held several management and executive positions at Behringwerke, Chiron, Medigene, Borealis Pharma, Telormedix and Trethera Corporation. Current Chairwoman of Amal Therapeutics
- Medical Degree from Georg-August-University in Göttingen, Germany and is a Board Certified pediatrician

- **Gwen Mellincoff**
Member of the Board

- 25 years' leadership in biotech and pharmaceutical industries.
- Served as VP of Business Development at BTG International Inc. and as Sr. VP of Business Development at Shire Pharmaceuticals. Led the Strategic Investment Group (SIG) Shire's \$50MM corporate venture fund.
- Holds B.S. in Biology and M.Sc. in Management and has attained the designation of the Certified Licensing Professional (CLP)

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