

# PHOTOCURE ASA

## RESULTS FOR FIRST QUARTER 2019

14 May 2019

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THE  
BLADDER CANCER  
COMPANY™

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# DELIVERING ON KEY 2019 OBJECTIVES

**Significant growth of  
Cysview® in US  
TURBT market**

**Accelerate Cysview®  
in US flexible  
cystoscopy  
surveillance market**

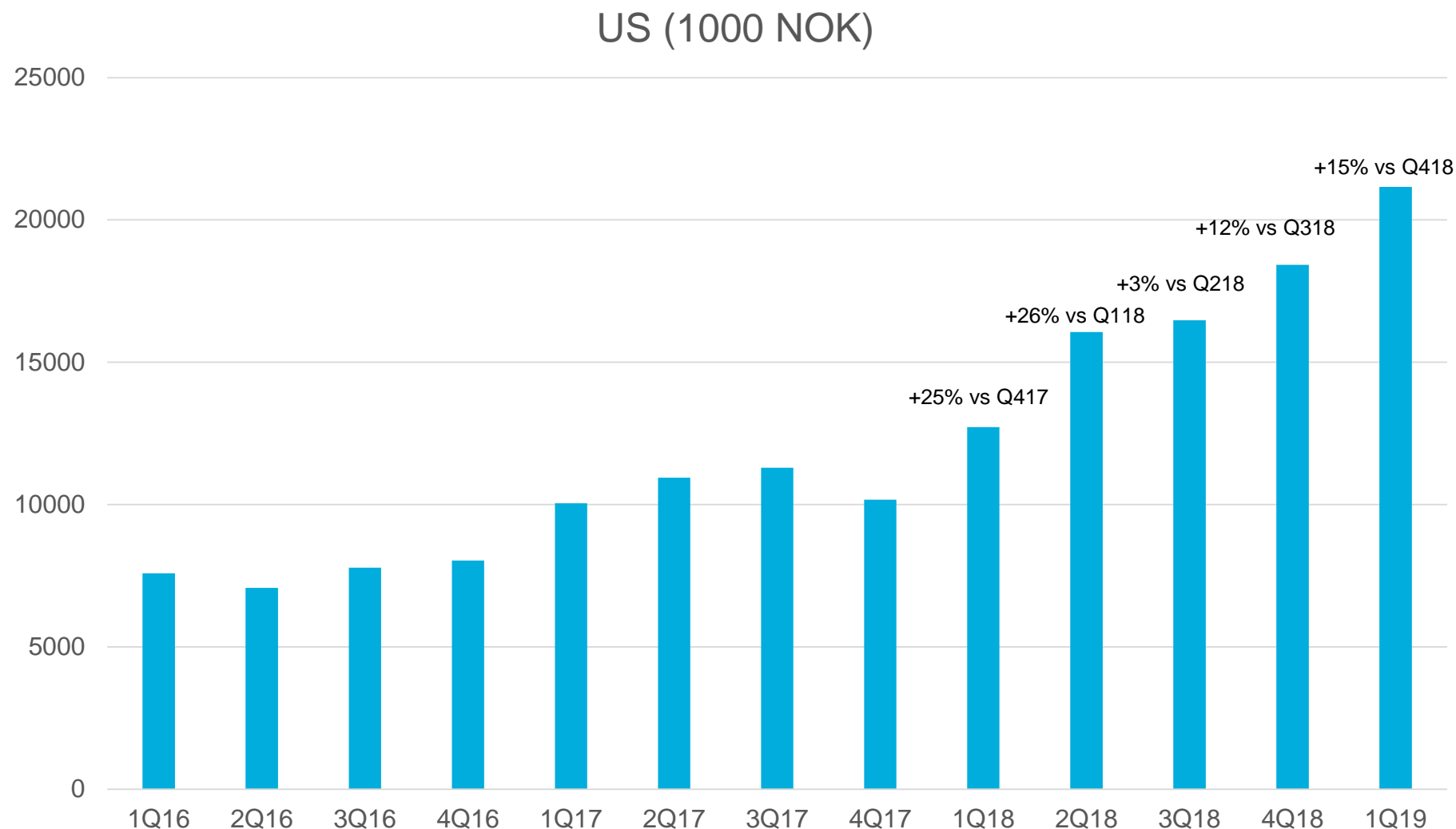
**Increase Hexvix® /  
Cysview® global in-  
market unit sales**

**Create opportunities  
vis-à-vis our  
strategic  
partnerships**

- Q1 revenue growth in US\$ 52%, in-market volume increase in Q1 of 44%
  - Highest unit & revenue quarter to date
- 51% growth YOY in installed blue light enabled cystoscopes in market
  - Total of 171 cystoscopes including 11 Flex cystoscopes
- Total Hexvix®/Cysview® revenue increased 26% YOY to NOK 51.2 million
  - Highest quarter ever. 6 consecutive quarters with increases QOQ sales!
- Total in-market unit sales increased 7% in Q1
  - Highest in-market unit sales ever

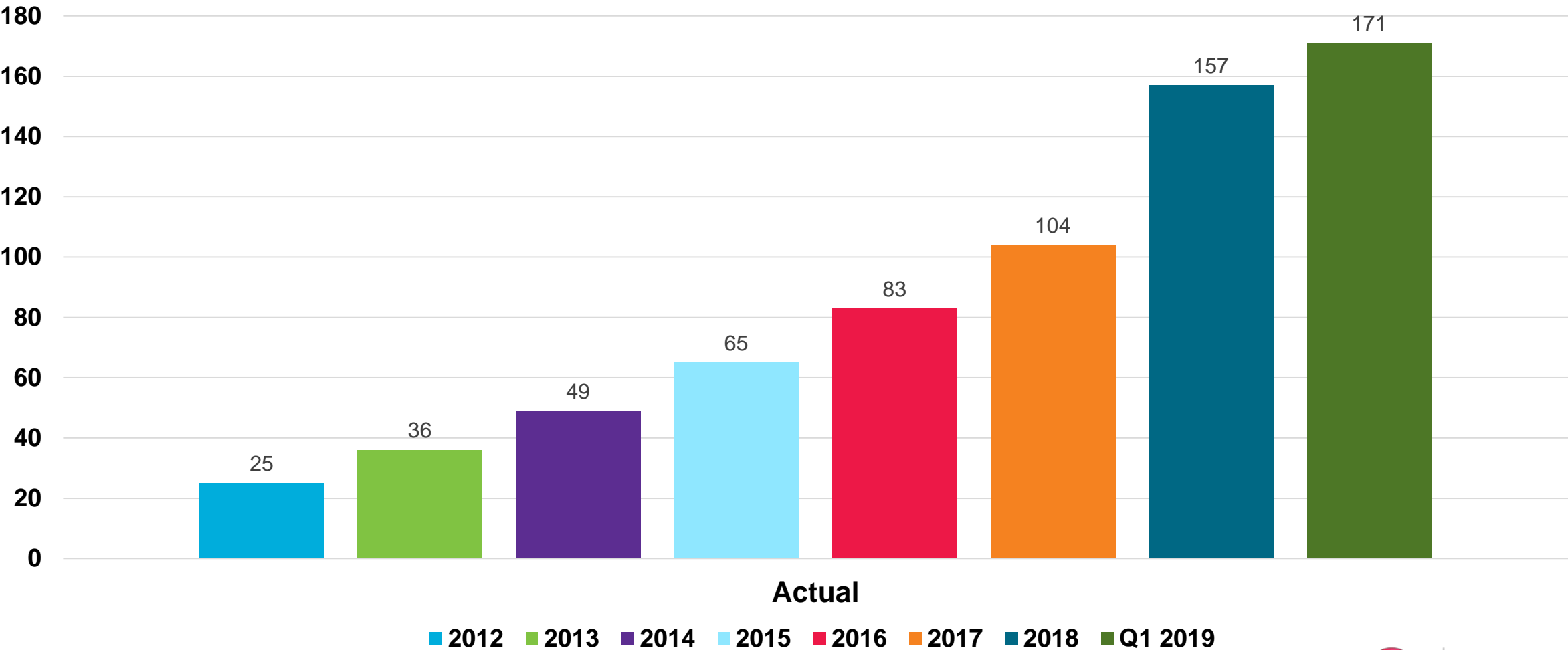
# ACCELERATED MOMENTUM

## 5 CONSECUTIVE QUARTERS OF RECORD REVENUES IN US



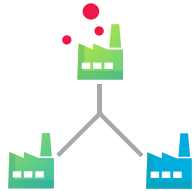
# ACCELERATED MOMENTUM

## INSTALLED BASE OF CYSTOSCOPES IN THE US



# STRATEGIC FOCUS

## TRANSFORMING BLADDER CANCER DETECTION AND MANAGEMENT



Profitable  
commercial franchise

Hexvix<sup>®</sup>/Cysview<sup>®</sup> ~\$35M global in-market sales\* (FY'18)  
Over 500k patients treated with Hexvix<sup>®</sup>/Cysview<sup>®</sup> worldwide



Strong  
competitive position

Unique and complex drug-device procedure  
Leading regulatory, manufacturing & commercial expertise



Significant  
growth prospects

Grow in existing markets like the US & expand into new regions  
FLEX label extension accessing a larger market opportunity



Leverage  
commercial operations

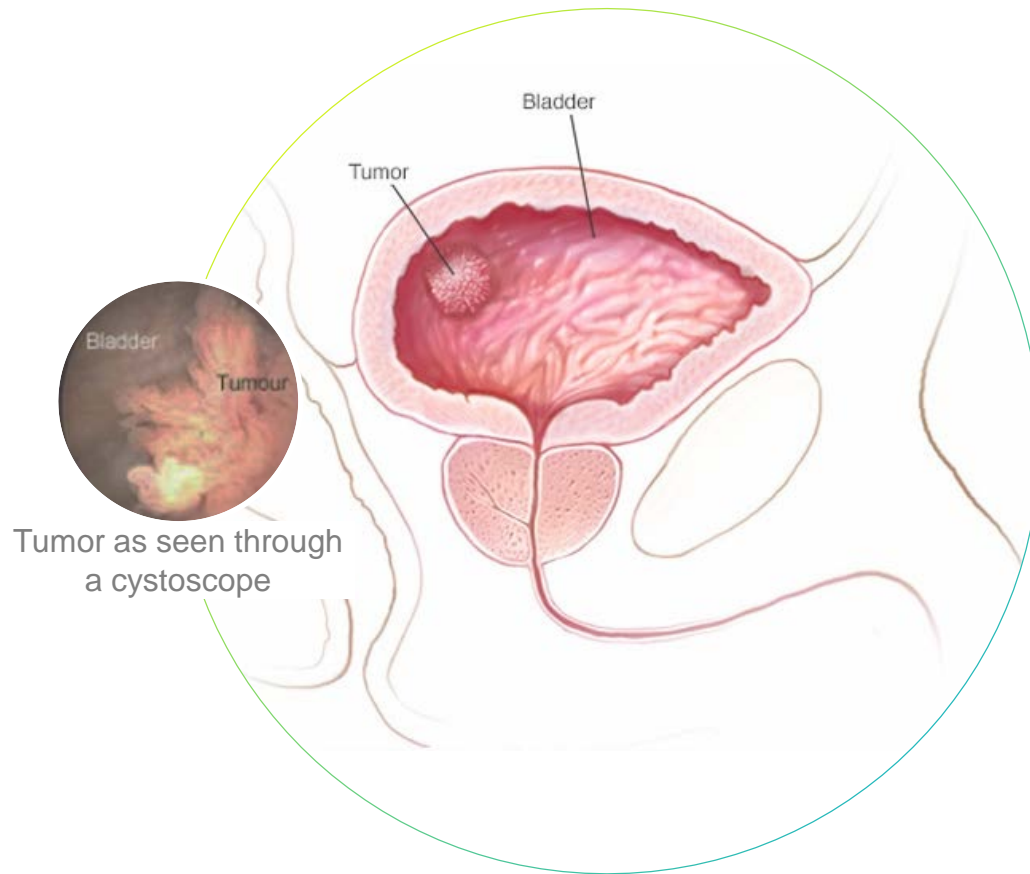
Scalable for partnerships and in-licensing opportunities

\* Total In Market Sales including US, Nordic and Partners

# *Hexvix<sup>®</sup>/Cysview<sup>®</sup> Update*



# NON-MUSCLE INVASIVE BLADDER CANCER SIGNIFICANT RECURRENCE RATE AND HIGH DISEASE BURDEN



**~650K**  
surgical procedures  
annually in USA and EU

**~2.2M**  
surveillance cystoscopies  
annually in USA and EU

**50%**  
disease recurrence

**10% – 30%**  
disease progression

**\$3.7 Billion**  
in direct medical costs/year<sup>1</sup>

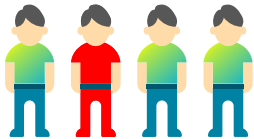
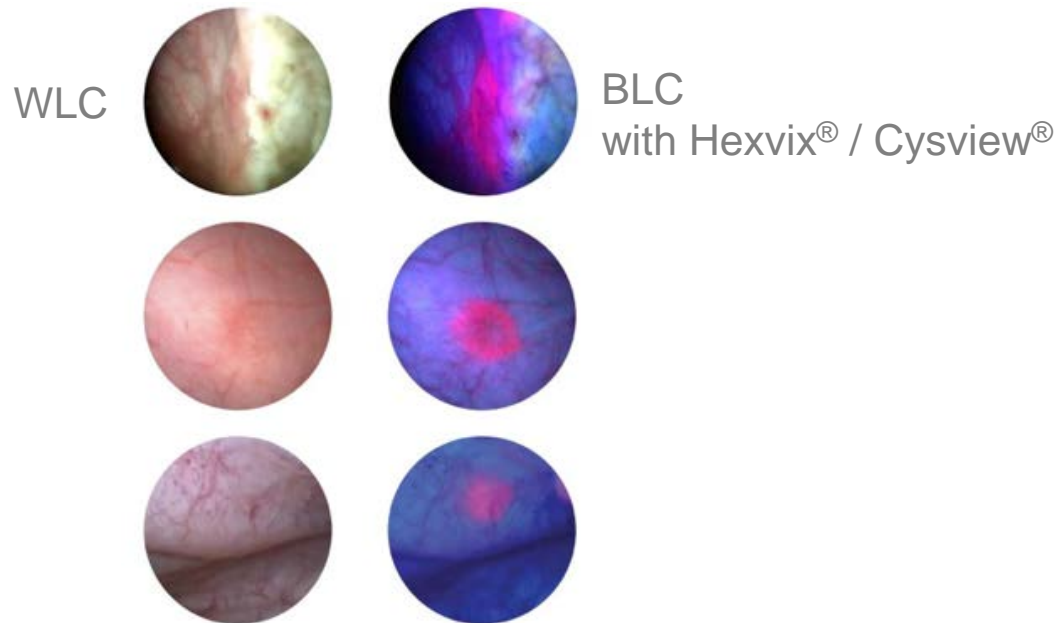
Picture: Mayo Clinic; Researchgate.net

1. Direct medical costs in USA in 2001: The health economics of bladder cancer: a comprehensive review of the published literature. Botteman MF et al. Pharmacoeconomics 2003;21 (8), 1315-1330



# HEXVIX® / CYSVIEW®

## A DRAMATIC IMPACT ON BLADDER CANCER PATIENT CARE



**Additional tumors found  
in 1 out of 4 patients<sup>1</sup>**

<sup>1</sup> Burger et al, Eur. Urol. 2013  
WLC: White Light Cystoscopy; BLC: Blue Light Cystoscopy™ + Cysview®

**Key feature**  
Better visual contrast  
between benign  
and malignant cells

**Key benefits**  
Improve diagnostic  
accuracy  
Achieve optimal  
surgical results



Significant reduction of disease recurrence  
Reduction in disease progression  
Potential for reduction in cystectomies  
Improved and cost-effective health outcomes

# TREMENDOUS OPPORTUNITY IN THE US CYSVIEW® READY FOR ACCELERATED GROWTH!

Penetration

100%

Position in the life cycle

75%

Denmark

50%

Nordic

25%

EU

US

Time

## Focused Execution

- Optimizing Commercial Resources
- Increasing BLC awareness
- Expanding installed BL Cystoscopes
- Increasing BLC procedures in each clinic

# OUR AMBITION: MAKE HEXVIX<sup>®</sup>/CYSVIEW<sup>®</sup> THE STANDARD OF CARE

.....

## Keys to Success – The Five A's

### Approval

- Indication in surveillance as well as the surgical cystoscopy market

### Acceptance

- AUA, EAU, SUO and many regional and local guidelines

### Access

- Permanent and favorable reimbursement

### “Activated” Awareness

- Patient demand via advocacy groups and media

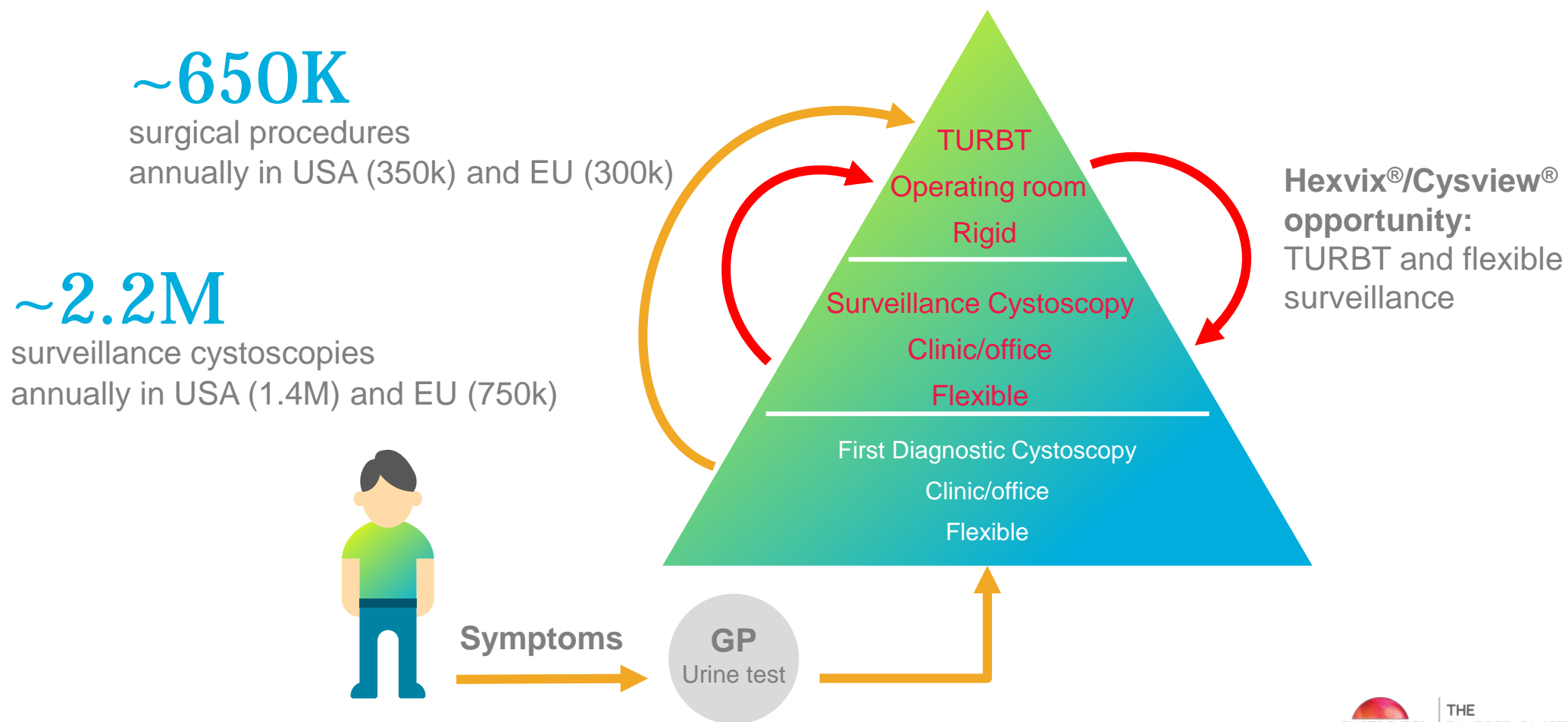
### Accelerate

- Commercial investment to optimize the opportunity

# APPROVAL

## EXPANDED INDICATIONS: SURVEILLANCE, REPEAT USE, AND CIS

The global flexible surveillance market is approximately 3X bigger than the rigid TURBT market



# ACCEPTANCE

## INCLUDED PROMINENTLY IN MAJOR WORLD GUIDELINES

Supportive  
environment

Strongly recommended by European and national guidelines as well as expert panels



DANSK UROLOGISK CANCER GRUPPE

**NICE** National Institute for Health and Care Excellence



 **Helsedirektoratet**



Strongly recommended by US guidelines and expert panels



# ACCEPTANCE GROWING SIGNIFICANT PUBLICATIONS 2019 INCLUDING FLEX!

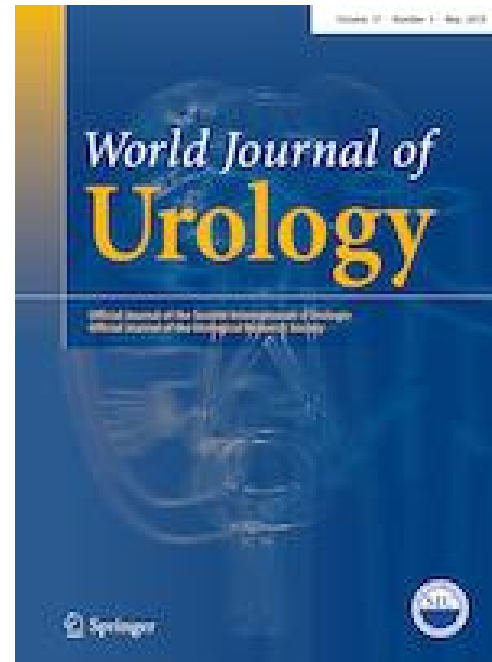
## Nature Reviews Urology:

- *Expert Consensus Statement: Blue light flexible cystoscopy with Cysview (hexaminolevulinate) in non-muscle-invasive bladder cancer*

## World Journal of Urology:

- The prognostic impact of hexaminolevulinate-based bladder tumor resection in patients with primary non-muscle invasive bladder cancer treated with radical cystectomy

## CONSENSUS STATEMENT



THE  
BLADDER CANCER  
COMPANY™

# ACCEPTANCE

## KEY REFERENCE CENTERS ACROSS THE US

Established in >140 key cancer hospitals and leading institutions

The numbers will grow with optimized US commercial footprint

### High Adoption Rates

in 74%  
NCCN centers



in 56% of  
NCI centers



in 74% of top  
25 Best Hospitals



# ACCESS

## FAVORABLE AND PERMANENT US REIMBURSEMENT 2019

- **Commercial Payers**

- Cysview is separately reimbursed normally at ASP + 6% to 15% depending on the contracted rates for all sites of care
  - Coding: A9589 – Cysview (hexaminolevulinate acetate)

- **Medicare**

- **Office / Clinic:** Cysview is separately reimbursed at ASP + 6% (*coding: A9589*)
- **Hospital Outpatient Dept (HOPD):** Additional reimbursement **\$1,187/case** for certain TURBT procedures with a BLC with Cysview Complexity adjustment
- **ASC:** Reimbursement is bundled into the procedure payment and Cysview coding A9589 should be added
- **Inpatient Operating Room:** Cysview is separately reimbursed at ASP + 6%

- **BLC with Cysview Codes:**

- **A9589** – Cysview (hexaminolevulinate acetate)
- **C9738** – BLC with Cysview Complexity Adjustment Code for Medicare results in an additional payment of \$1,187 for certain TURBT procedure codes



# “ACTIVATED” AWARENESS

## 99% OF BLADDER CANCER PATIENTS SEEK BLC™ WITH CYSVIEW® !

1. Survey of self-selected patients completed through the Bladder Cancer Advocacy Network (BCAN) sponsored by Photocure.

Majority stated that the availability of BLC with Cysview is a determining factor in selecting a physician and a facility for both surveillance and TURBT

Jan. 2016 n=222, Jan. 2017 n=568, Jan. 2018 n=550, Jan. 2019 n=600

Once diagnosed with bladder cancer,

**99% of patients**  
sought out an institution that offers BLC™ with Cysview®

Diagnosed Patients Switching  
to Institutions that Offer BLC with Cysview

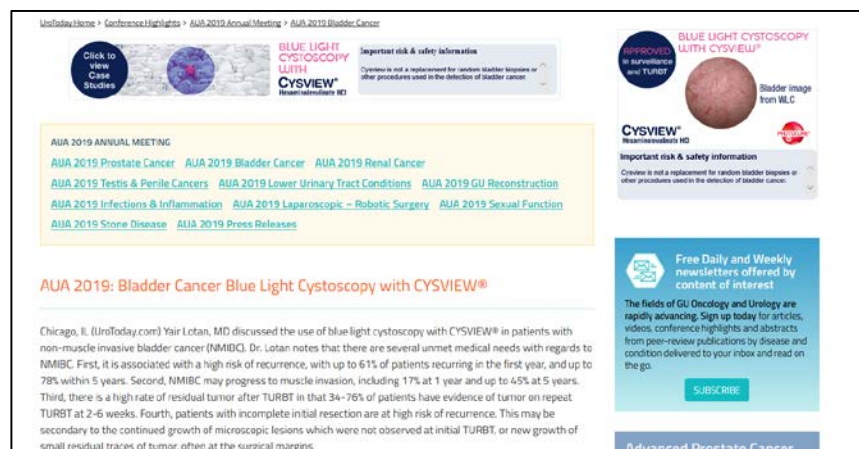


THE  
BLADDER CANCER  
COMPANY™

# “ACTIVATED” AWARENESS AUA 2019 – A SUCCESS

BLC™ with Cysview® was featured in several sessions at the AUA meeting, including:

- Blue Light Cystoscopy for the diagnosis of Bladder Cancer - Dr. Badrinath Konety, University of Minnesota
- Surgical Techniques: Tips & Tricks: Oncology - Dr. Yair Lotan, UTSW, presented on BLC with Cysview for surveillance
- Poster presentation of data from the Nordic Blue Light Flexible Cystoscopy registry
- UroToday coverage





# “ACTIVATED” AWARENESS

## EAU 2019 – BLUE LIGHT FLEX CYSTOSCOPY ON THE MAIN STAGE

- Dr. Yair Lotan, M.D., Professor of Urology, University of Texas Southwestern Medical Center presented on “Blue Light Flexible Cystoscopy with Hexaminolevulinate for Surveillance of Bladder Cancer”.



# “ACTIVATED” AWARENESS MEDIA/ADVERTISING PROGRAMS: PROVIDERS

## HCP UroToday

The screenshot shows the UroToday website interface. At the top, there's a navigation bar with links for Articles, Videos, Clinical Trials, Centers of Excellence, Conference Coverage, Journals, and Calendar. A search bar is also present. The main content area features a video lecture titled "Blue light cystoscopy for the diagnosis of bladder cancer: Results from the US prospective multicenter registry". The video player shows a man speaking. To the right of the video, there's a sidebar with a "JOURNAL CLUB" section and a "Free Daily and Weekly Roundup" section. The bottom of the page has a "References in this discussion" section.

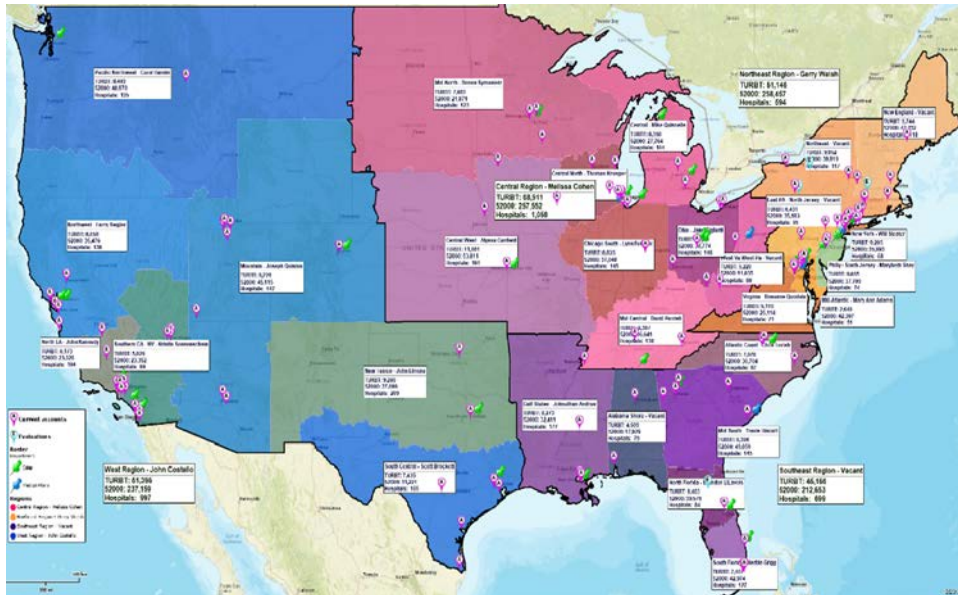
## UroCare Live: LUGPA

The screenshot shows the UroCareLive website interface. At the top, there's a navigation bar with links for About, Live Event Series, Industry News, and Archived Content. A search bar is also present. The main content area features a live event titled "Understanding and Overcoming Challenges faced by Early Career Urologists" by Jason M. Nahon, MD. The event is scheduled for Tuesday, January 29, 2019, from 12:00 PM to 1:00 PM ET. Below the event details, there's a "Partners" section with logos for Einstein, Montefiore, University of Nebraska Medical Center, PCN, Urology, Avelar, Dendreon, and Pfizer. The bottom of the page has a "Resources" section with links to various documents and a "Additional Videos" section with a video player.



# ACCELERATE OPTIMIZED AND FOCUSED US COMMERCIAL FOOTPRINT

Targeting top 750 Reference Centers and major LUGPA and IDNs



Re-focused Existing Headcount

- 27 Sales Reps – Key Hospitals
- 4 Key Account Managers – LUGPA & IDNs (Integrated Delivery Networks)
- 4 Regional Managers

*Financials*



# SEGMENT PERFORMANCE

## FIRST QUARTER 2019

<i>Amounts in NOK million</i>	<b>Q1 '19</b>	<b>Q1 '18</b>	<b>Change</b>	<b>FY '18</b>
<b>Commercial Franchise</b>				
Nordic revenue	13.1	12.1	8%	47.0
US revenue	21.2	12.7	66%	63.7
Partner revenue	17.0	15.8	7%	62.2
<b>Total Hexvix/Cysview</b>	<b>51.2</b>	<b>40.7</b>	<b>26%</b>	<b>172.9</b>
Other revenue	1.0	0.9		8.6
<b>Total revenue</b>	<b>52.2</b>	<b>41.6</b>	<b>26%</b>	<b>181.5</b>
Operating expenses	-45.1	-37.3	21%	156.0
<b>EBITDA recurring</b>	<b>1.7</b>	<b>0.9</b>		<b>8.4</b>
<b>Development Portfolio</b>				
Operating expenses	-3.2	-5.0	-36%	-18.9
<b>EBITDA recurring</b>	<b>-3.2</b>	<b>-5.0</b>		<b>-18.9</b>
<b>Total</b>				
<b>EBITDA recurring</b>	<b>-1.5</b>	<b>-4.0</b>		<b>-10.5</b>

### Commercial Franchise

- Continued strong revenue growth in US, first quarter revenue growth in US\$ 52%
  - Installed base of rigid and flex BLC 171 at quarter end, increased 51% YOY
- Nordic revenue growth at 8% in Q1, strong development in Denmark
- Q1 growth in partner revenue at 7%, driven by Germany (Ipsen)
- Increased operating expenses, 21% YOY, commercial investments in US

### Development Portfolio

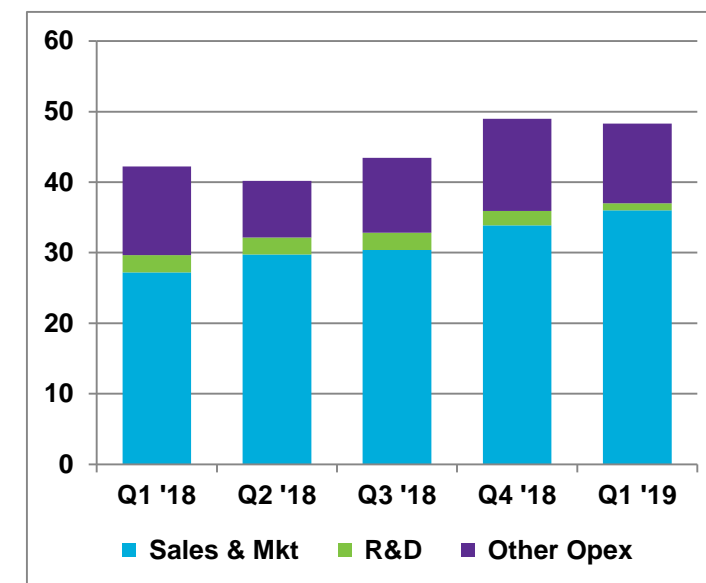
- Significant cost reductions continuing from last year – activity level and capacity reductions

# CONSOLIDATED INCOME STATEMENT

## FIRST QUARTER 2019

<i>Amounts in NOK million</i>	<b>Q1 '19</b>	<b>Q1 '18</b>	<b>Change</b>	<b>FY '18</b>
Hexvix/Cysview revenue	51.2	40.7	26%	172.9
Other revenue	1.0	0.9		8.6
<b>Total revenue</b>	<b>52.2</b>	<b>41.6</b>	<b>26%</b>	<b>181.5</b>
<b>Gross profit</b>	<b>46.8</b>	<b>38.2</b>	<b>22%</b>	<b>164.4</b>
Operating expenses	-48.3	-42.2	14%	-174.9
<b>EBITDA recurring</b>	<b>-1.5</b>	<b>-4.0</b>		<b>-10.5</b>
Depreciation & Amort.	-4.2	-3.2		-13.2
Restructuring expenses				-14.2
<b>EBIT</b>	<b>-5.8</b>	<b>-7.3</b>		<b>-37.9</b>
Net financial items	-0.2	-0.2		1.2
<b>Earnings before tax</b>	<b>-6.0</b>	<b>-7.5</b>		<b>-36.7</b>
Tax expenses	1.0	4.5		0.0
<b>Net earnings</b>	<b>-4.9</b>	<b>-3.0</b>		<b>-36.7</b>

- Recurring EBITDA significantly improved from last year. Improvement is revenue driven
  - Increased Hexvix/Cysview revenue driven by US
- Increased sales & marketing expenses, partly offset by decline in R&D and other operating expenses, YOY increase 14%





# CASH FLOW

## FIRST QUARTER 2019

<i>Amounts in NOK million</i>	Q1 '19	Q1 '18	FY '18
<b>Operational cash flow</b>	<b>-15.7</b>	<b>-18.5</b>	<b>-24.1</b>
EBITDA, recurring	-1.5	-4.0	-10.5
Working capital	-12.5	-11.0	1.4
Other	-1.6	-3.5	-15.0
<b>Investment cash flow</b>	<b>0.5</b>	<b>-0.1</b>	<b>-1.1</b>
Development exp.	-	-0.4	-0.6
Other	0.5	0.3	-0.5
<b>Financing cash flow</b>	<b>-0.2</b>	<b>-</b>	<b>2.7</b>
Share capital	0.6	-	6.3
Other	-0.9	-	-3.7
<b>Net change in cash</b>	<b>-15.4</b>	<b>-18.6</b>	<b>-22.5</b>
<b>Ending cash balance</b>	<b>91.4</b>	<b>110.7</b>	<b>106.8</b>

- Cash flow from operations first quarter at NOK -15.7 million, improvement from Q1 last year of NOK 2.8 million
  - Improvement driven by improved EBITDA
  - Main drivers for working capital development was payments related to the 2018 restructuring (NOK 3.2 million), accounts payables and accounts receivables
- Cash flow from investments first quarter NOK 0.5 million, improvement from Q1 last year of NOK 0.6 million
  - Improvement driven by reduced investments in development projects
- Quarter end cash balance at NOK 91.4 million

# BALANCE SHEET

## 31 MARCH 2019

<i>Amounts in NOK million</i>	<b>31.03 2019</b>	<b>31.12 2018</b>
Non current assets	84.9	77.8
Investments	21.5	24.6
Tax asset	53.4	52.4
Other	10.0	0.7
Inventory & receivables	56.1	46.6
Cash & equivalents	91.4	106.8
<b>Total assets</b>	<b>232.4</b>	<b>231.2</b>
Shareholders equity	171.8	176.3
Long term liabilities	12.1	2.5
Current liabilities	48.6	52.3
<b>Total equity &amp; liabilities</b>	<b>232.4</b>	<b>231.2</b>
<i>Equity ratio</i>	<i>74%</i>	<i>76%</i>

- Non current assets
  - Investments of NOK 21.5 million in tangible and intangible assets is driven by investments in Cysview phase 3 project
  - Deferred tax asset of NOK 53.4 million
  - Other items includes impact from adoption of IFRS 16 (Leases) from 1 January 2019
- Inventory & receivables driven by large volumes shipped at the end of the quarter
- No interest bearing debt
- Shareholder's equity of NOK 171.8 million. Equity ratio of 74%

# *Summary and Outlook*



# 2019 OUTLOOK

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## Growth drivers USA

- Optimized customer facing commercial team
- Target 750 largest reference center hospitals and LUGPAs
- BLC™ Recommended in bladder cancer treatment guidelines
- Improved permanent favorable reimbursement
- Accelerate penetration into large untapped surveillance market

## Growth drivers Europe

- Strongly recommended by European/National guidelines
- Strengthened customer facing commercial team in Nordic
- Increase penetration into European rigid and surveillance markets

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## Financial guidance

- 2020 revenue outlook (U.S.) is \$20-25 million
- Significant continued revenue growth and profit opportunities in the U.S. market beyond 2020