

# PHOTOCURE ASA

## RESULTS FOR SECOND QUARTER AND FIRST HALF YEAR 2019

7 August 2019

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THE  
BLADDER CANCER  
COMPANY™

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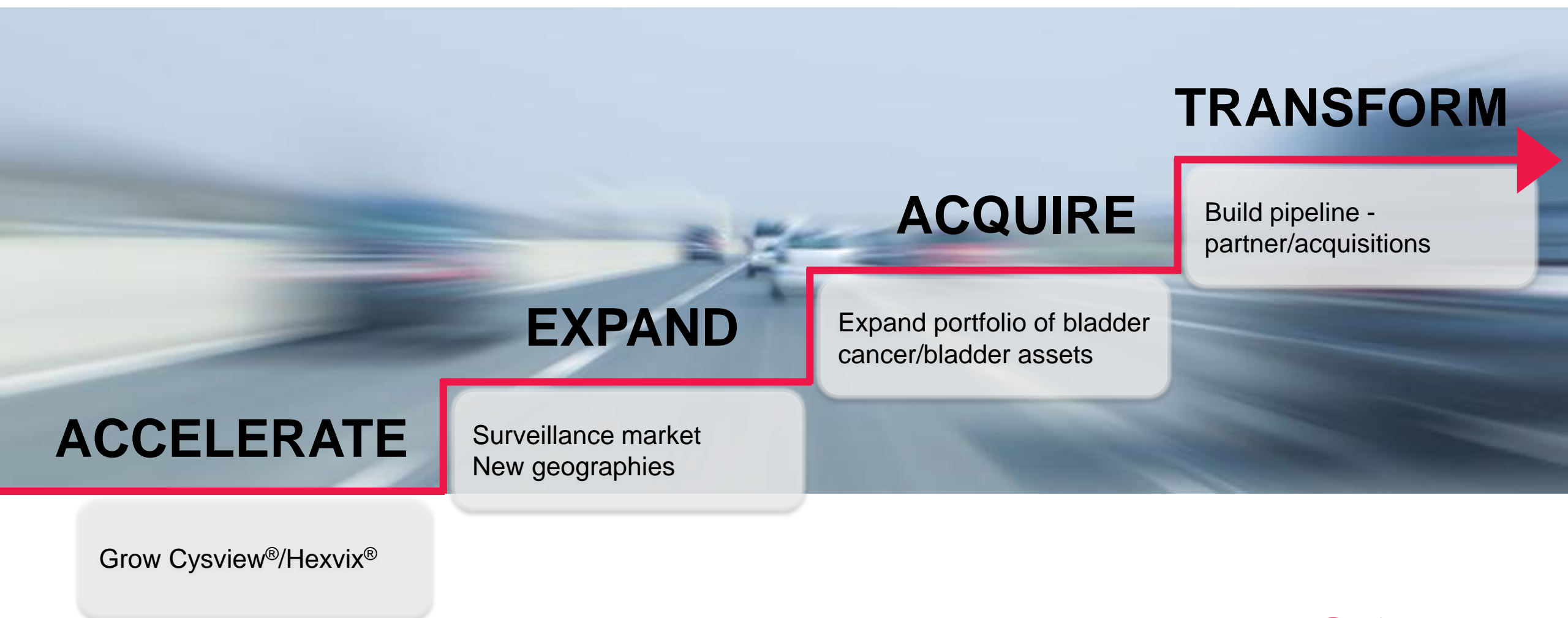
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# PHOTOCURE STRATEGY — FOUR STEPS

TO BECOME A TRANSFORMATIVE, MULTI-PRODUCT, BLADDER CANCER COMPANY



## ACCELERATE

Grow Cysview®/Hexvix®

## EXPAND

Surveillance market  
New geographies

## ACQUIRE

Expand portfolio of bladder cancer/bladder assets

## TRANSFORM

Build pipeline -  
partner/acquisitions

# DELIVERING ON KEY 2019 OBJECTIVES

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

Q2 revenue growth in US\$ 41%, in-market volume increase in Q2 of 34%

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

45% growth YOY in installed blue light enabled cystoscopes in market  
> Total of 188 cystoscopes including 14 Flex cystoscopes

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

Total Hexvix®/Cysview® revenue increased 23% YOY to NOK 52.1 million  
> Highest quarter ever. 7 consecutive quarters with increases QOQ sales

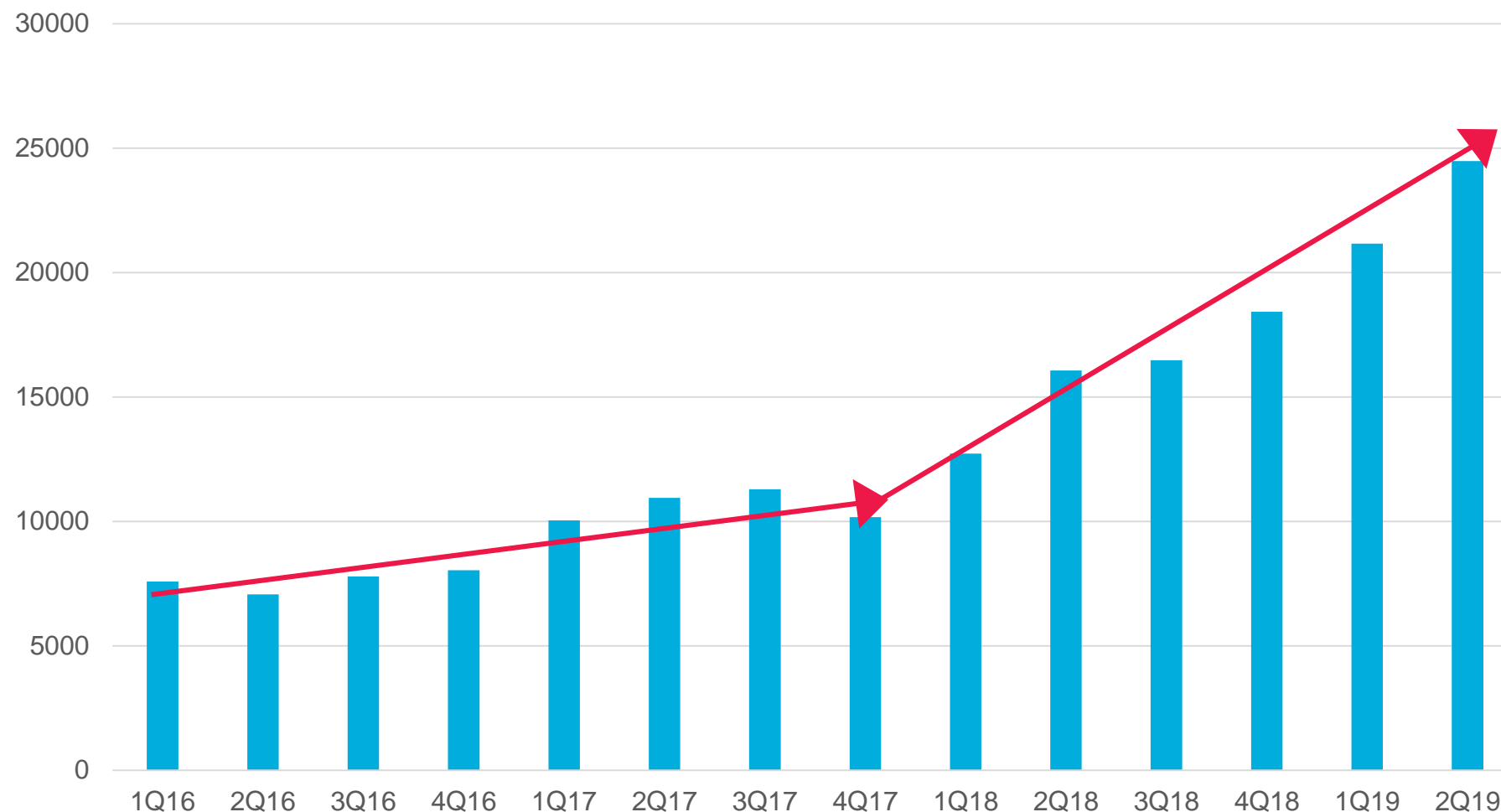
**Create opportunities vis-à-vis our strategic partnerships**

Total in-market unit sales increased 6% YOY in Q2

# ACCELERATED MOMENTUM

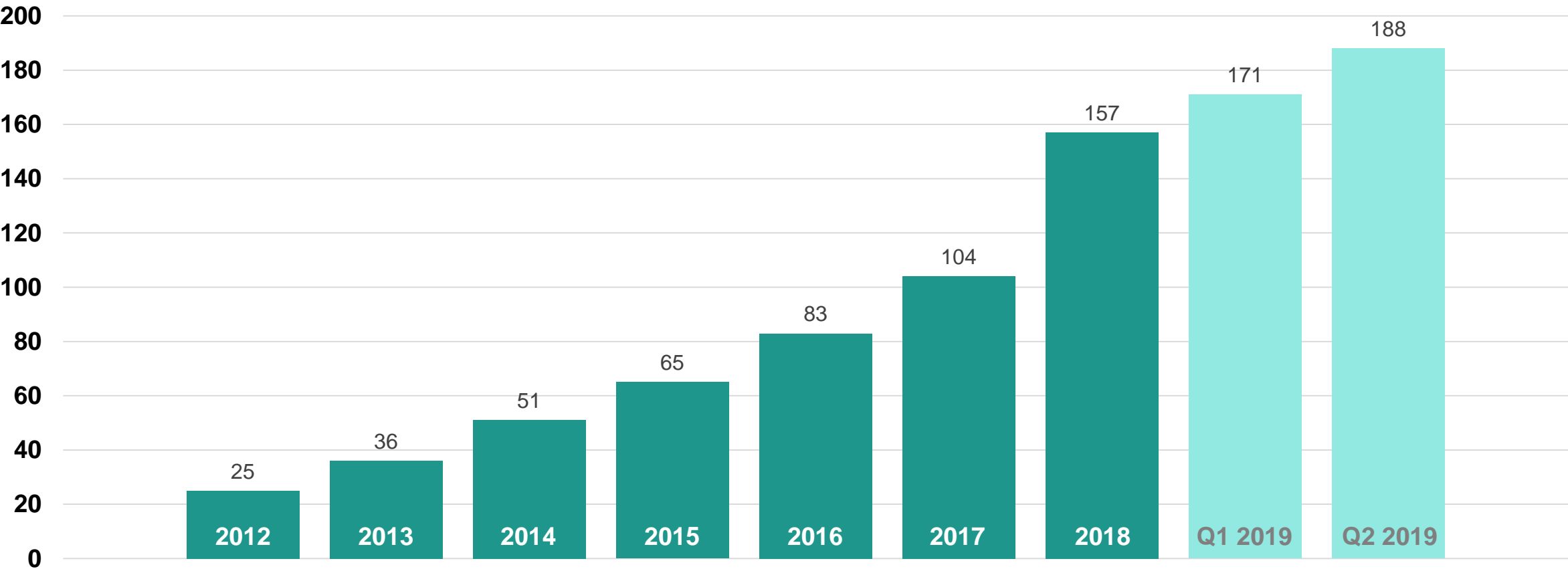
## 6 CONSECUTIVE QUARTERS OF RECORD REVENUES IN US

US (1000 NOK)



# ACCELERATED MOMENTUM

## INSTALLED BASE OF CYSTOSCOPES IN THE US



THE  
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COMPANY™

# THE INVESTMENT MADE WILL DELIVER RETURNS



## **Strategy** – Target Key Hospitals in the 30 largest MSAs in the US

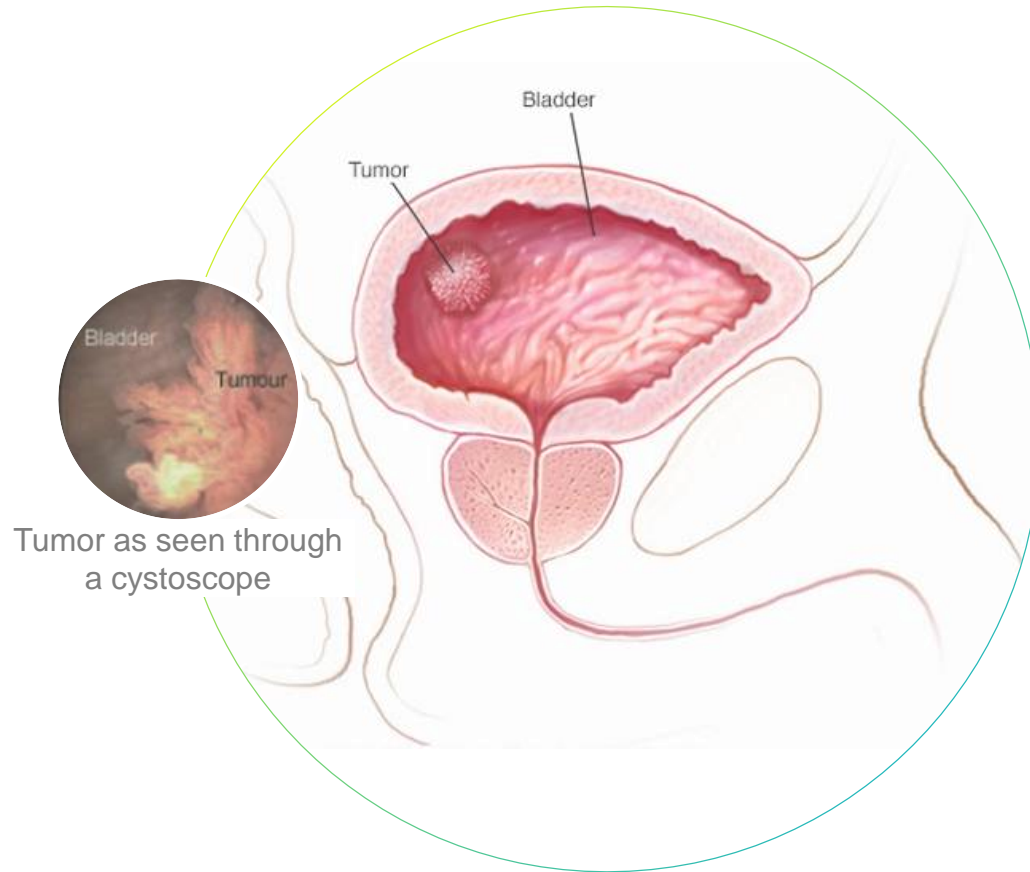
- 2018/19 – We have built the Commercial Foundation
  - Sales team focused on top 700+ centers that influence bladder cancer care in their regions
  - Team is composed of 27 Surgical Sales Executives (sell to new accounts) and 4 Clinical Support Specialists (increase current account sales)
  - Average territory for sales rep at peak sales: \$1.5 - 2 million USD in revenues (20-25 active accounts)
  - Future investment would be predicated on gaining optimal account coverage with similar ROI

# *Hexvix<sup>®</sup>/Cysview<sup>®</sup> Positioning and Sales Process*





# NON-MUSCLE INVASIVE BLADDER CANCER IS ONE OF THE MOST COMMON CANCERS WITH SIGNIFICANT RECURRENCE RATE AND HIGH DISEASE BURDEN



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

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

More than **60%**  
disease recurrence  
at 1 year<sup>1</sup>

**10% – 30%**  
disease progression

**\$3.7 Billion**  
in direct medical costs/year<sup>2</sup>

Picture: Mayo Clinic; Researchgate.net

1. Sylvester RJ et al. Eur Urol 2006; 49: 466-467

2. 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® ADDRESSES THE NEED FOR IMPROVED DETECTION AND MANAGEMENT OF BLADDER CANCER

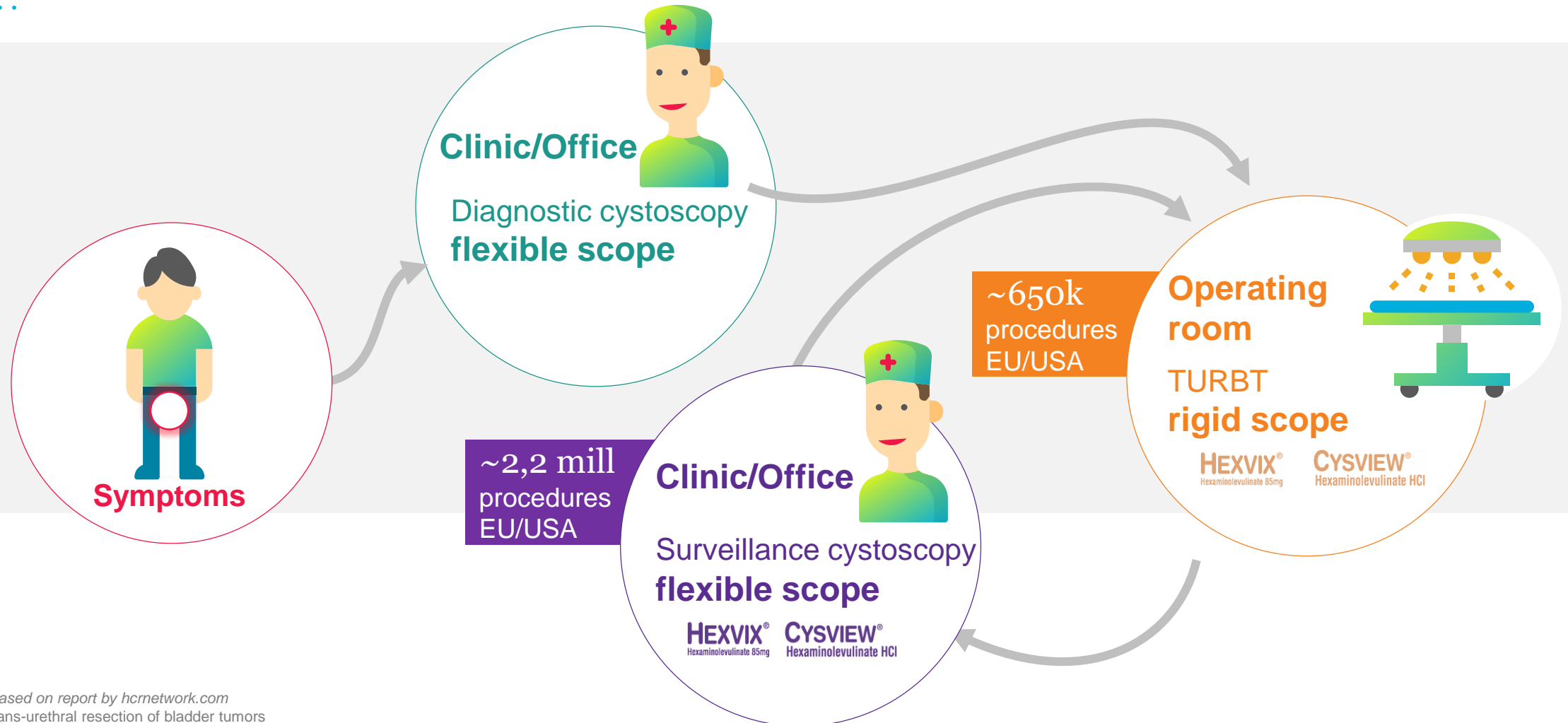
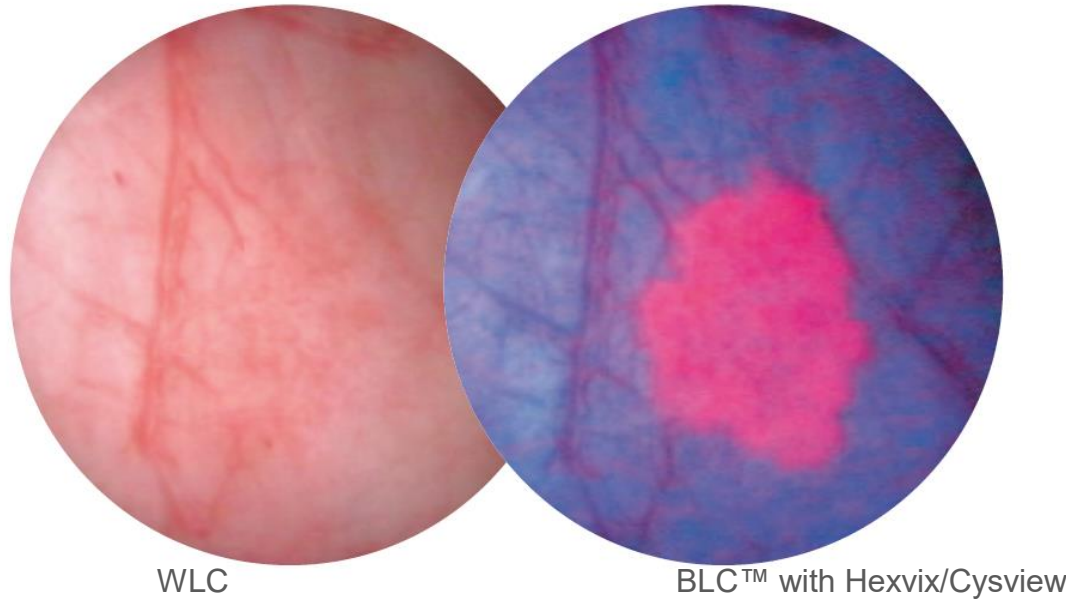


Diagram based on report by [hcrnetwork.com](http://hcrnetwork.com)  
TURBT: trans-urethral resection of bladder tumors

# BLUE LIGHT CYSTOSCOPY WITH HEXVIX®/CYSVIEW®?

A TRANSFORMATIVE SOLUTION TO IMPROVE THE LIVES OF PATIENTS WITH BLADDER CANCER



## Key benefits

- Improved Patient outcomes (diagnostic accuracy + surgical results)
- Significant reduction of disease recurrence
- Reduction in disease progression
- Improved cost-effective health outcomes

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

Additional papillary  
tumors in **25%** of  
patients<sup>1</sup>

**35%** of patients  
with CIS were only  
found with Cysview®<sup>2</sup>

# BLUE LIGHT CYSTOSCOPY WITH HEXVIX®/CYSVIEW®

## Key feature

Better visual contrast  
between benign  
and malignant cells

Blue Light Cystoscopy (BLC™) with Hexvix/Cysview is a **drug and device combination** for better detection and management of NMIBC.

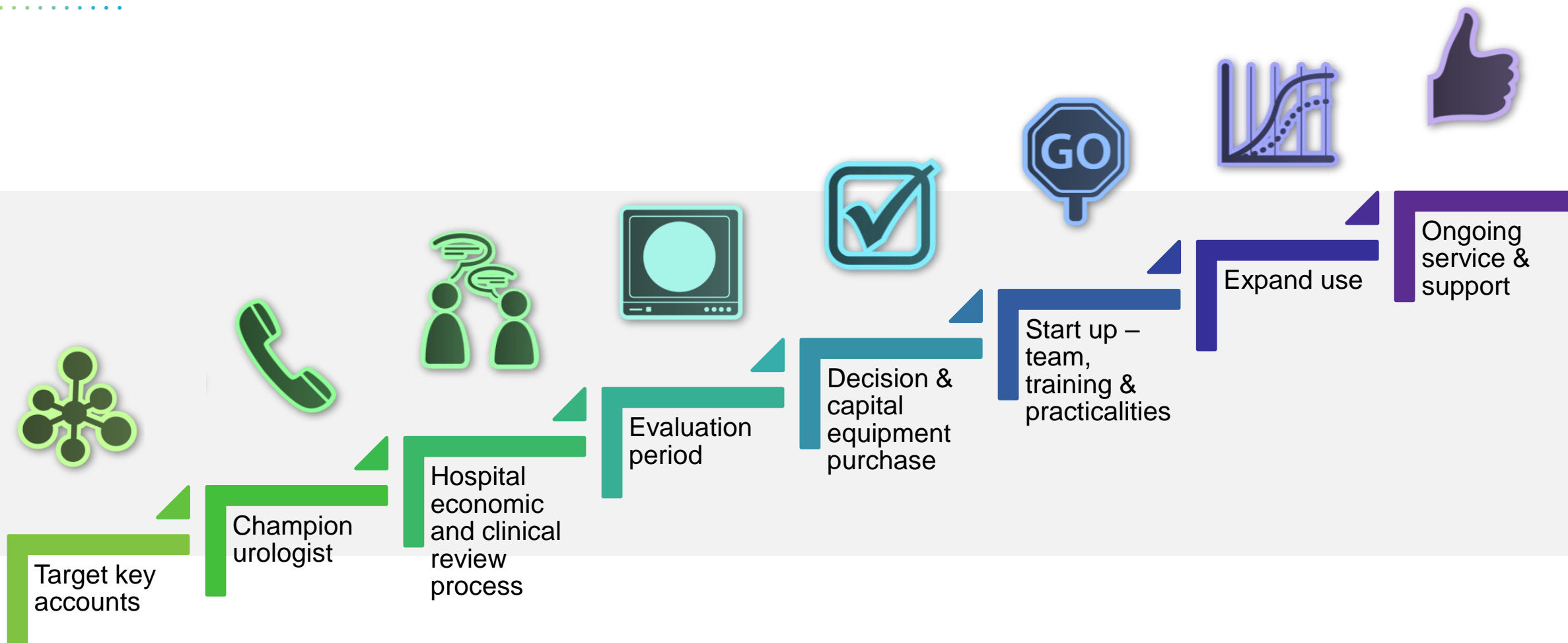
Hexvix/Cysview is a pharmaceutical product that is taken up selectively by cancer cells in the bladder making them glow bright pink when illuminated with Blue Light.



Hexvix/Cysview is used with a blue light enabled cystoscope, from Karl Storz, Wolf or Olympus.



# LONG SALES CYCLE: COMPLEX SALES TO COMPLEX ORGANIZATIONS



*Positioned for growth*



# SUPPORTIVE ENVIRONMENT & INCREASING AWARENESS

## FOR BECOMING THE STANDARD OF CARE FOR THE DETECTION AND MANAGEMENT OF BLADDER CANCER

- **Inclusion in Bladder Cancer treatment guidelines**

BLC™ with Hexvix® /Cysview® is strongly recommended by US, European and national guidelines as well as expert panels.



American  
Urological  
Association



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

- **High adoption rate in top Cancer centers**

Established in >170 key US cancer hospitals and leading institutions. **25% to 70%** penetration rate in the Nordics

- **Patient preference**

growing awareness and active preference as shown in recent BCAN survey

- **Favorable and Permanent US Reimbursement 2019**

for BLC™ with Cysview® on all settings of care

- **Activating awareness**

in the healthcare community through major congress presence and media campaign

- **Partnering with prominent Patient Associations**

especially BCAN in the US and the new World Bladder Cancer Patient Coalition



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# AN EXPERT PANEL NEW CONSENSUS RECOMMENDATIONS FOR USE OF HEXVIX®/CYSVIEW® – FOCUS ON SURVEILLANCE

	TURBT (OR)	Initial surveillance @ 3 months	Regularly in surveillance first 2 years	Biopsy and Fulguration
High risk patients	<b>R</b>	<b>F</b>	<b>F</b>	
Intermediate risk patients	<b>R</b>	<b>F</b>	<b>F</b>	<b>F</b> *
Low risk patients	<b>R</b>	<b>F</b>	<b>F</b>	<b>F</b>

**R** Rigid    **F** Flex

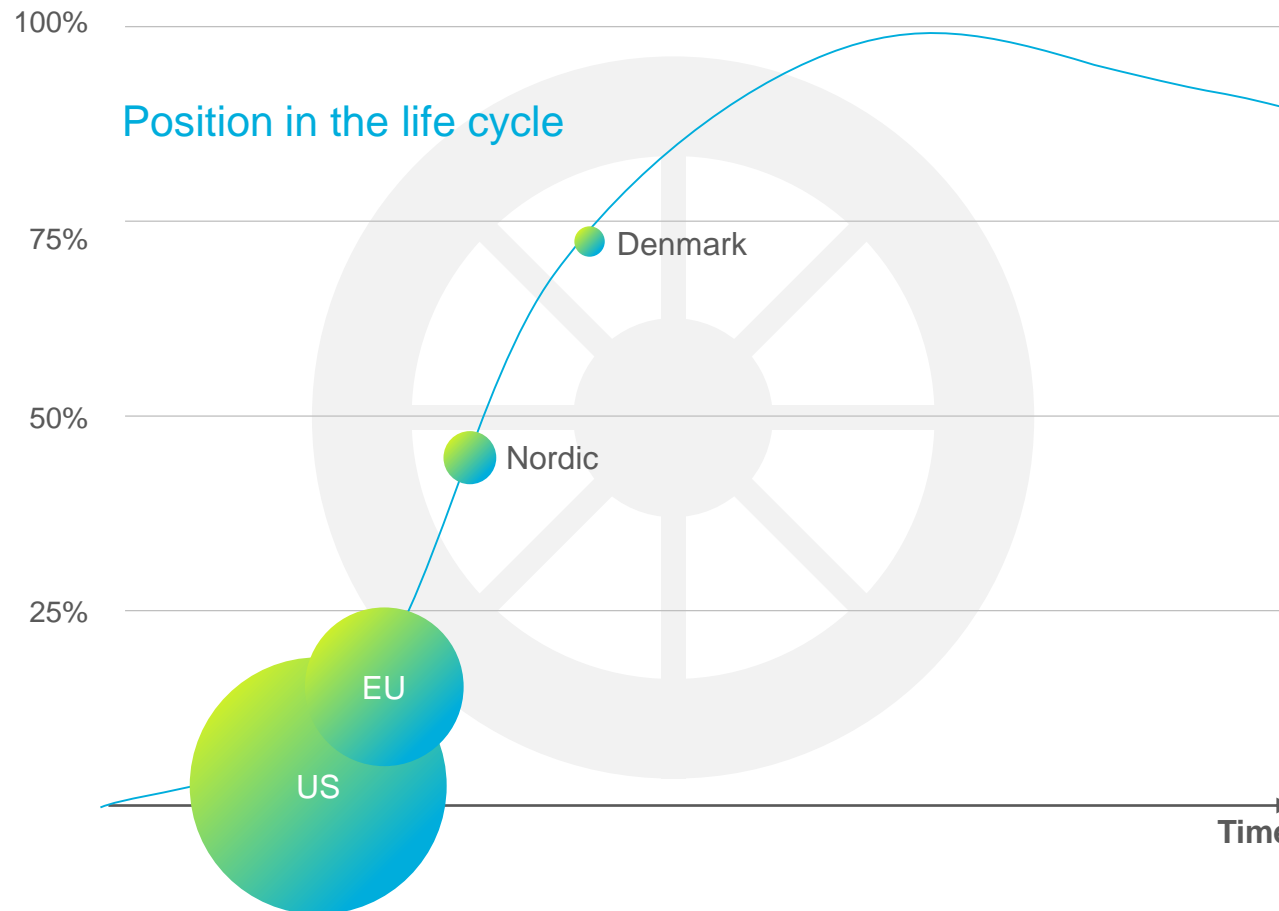
**F** Frequency in  
surveillance to be  
determined

- 16 References:
- Daneshmand S, Schuckman A, Bochner B, et al. *Nat Rev Urol*. 2014.
  - Lotan Y, Bivalacqua T, Downs T, et al. *Nat Rev Urol*. 2019.
- \* For Low Grade tumors



# HEXVIX®/CYSVIEW® – KEY ENABLERS IN PLACE AND READY FOR GROWTH

Penetration



## Key success factors

**Approval** – surgical & surveillance

**Acceptance** – major & local guidelines

**Access** – Permanent and favorable reimbursement

**“Activated” Awareness** – Patient demand via advocacy groups and media

**Accelerate** – Commercial investment to optimize the opportunity

# *Cevira® License Agreement*



# CEVIRA®: LICENSE AGREEMENT WITH ASIERIS

ASIERIS MEDITECH CO.,  
Ltd.



- Asieris is a subsidiary of the China-based Jiangsu Yahong Meditech Co., Ltd., a specialty pharma company fully committed to research, development and commercialization of innovative new medical treatments through their own IP and in-licensing efforts.
- CEO of Asieris: Kevin Pan
- Its leading drug candidate, an oral drug for treating non-muscle invasive bladder cancer, is in a registrational clinical trial in China and Phase Ib trial in the US.
- Asieris has built strong development capabilities in the genitourinary diseases (GU) area in China and is rapidly expanding its global capability.

CEVIRA® – CERVICAL  
CANCER



- Potential to fill high unmet need for non-surgical treatment of HPV/CIN populations
- Breakthrough, single use, integrated drug-device technology
- Potential to treat high grade cervical dysplasia independent of HPV genotype
- Easy and convenient for provider and patient

# CEVIRA®: TERMS OF LICENSE AGREEMENT WITH ASIERIS

## TERMS OF THE LICENSING AGREEMENT\*



- Under the License Agreement, Photocure will receive a total signing fee of USD 5 million within 6 months after signing.
- Approval of the initial indication will result in USD 18 million in China and USD 36 million in US/EU
- A second indication in China, the US and the EU would result in payments of up to USD 14 million.
- Sales royalties and milestones will apply in all markets.





# SEGMENT PERFORMANCE

## SECOND QUARTER 2019

<i>Amounts in NOK million</i>	Q2 '19	Q2 '18	Change	YTD '19	YTD '18	Change
<b>Commercial Franchise</b>						
Nordic revenue	10.7	10.8	-1%	23.8	22.9	4%
US revenue	24.5	16.1	52%	45.6	28.8	59%
Partner revenue	16.9	15.6	8%	33.9	31.4	8%
<b>Total Hexvix/Cysview</b>	<b>52.1</b>	<b>42.4</b>	23%	<b>103.3</b>	<b>83.1</b>	24%
Other revenue	0.9	3.2		1.9	4.1	
<b>Total revenue</b>	<b>53.0</b>	<b>45.7</b>	16%	<b>105.2</b>	<b>87.2</b>	21%
Operating expenses	-46.9	-36.1	30%	-92.0	-73.4	25%
<b>EBITDA recurring</b>	<b>1.5</b>	<b>4.8</b>		<b>3.2</b>	<b>5.7</b>	
<b>Development Portfolio</b>						
Operating expenses	-4.1	-4.1	-1%	-7.3	-9.1	-20%
<b>EBITDA recurring</b>	<b>-4.1</b>	<b>-4.1</b>		<b>-7.3</b>	<b>-9.1</b>	
<b>TOTAL</b>						
<b>EBITDA recurring</b>	<b>-2.6</b>	<b>0.7</b>		<b>-4.1</b>	<b>-3.4</b>	

### Commercial Franchise

- US: Strong revenue growth, Q2 41% and YTD 46% in USD
  - Installed base of rigid and flex BLC 188 at quarter end, increased 45% YOY
- Nordic: Q2 revenue at level with last year, YTD growth 4%, strong development in Sweden and Finland
- Partner: Q2 and YTD revenue growth 8%, driven by Germany, France (Ipsen) and Canada (BioSyent)
- Increased operating expenses, Q2 at 30% YOY, commercial investments in US

### Development Portfolio

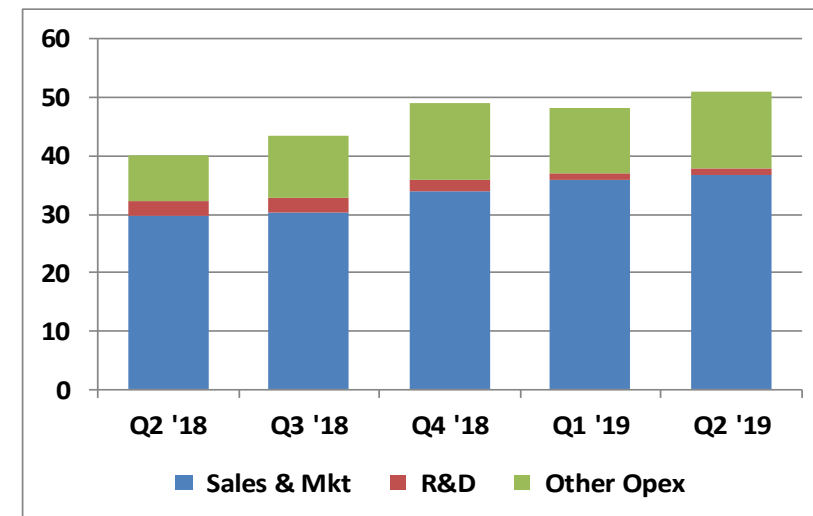
- Operating expenses Q2 and YTD include one-off costs related to agreement with Asieris

# CONSOLIDATED INCOME STATEMENT

## SECOND QUARTER 2019

<i>Amounts in NOK million</i>	Q2 '19	Q2 '18	Change	YTD '19	YTD '18	Change
Hexvix/Cysview revenue	52.1	42.4	23%	103.3	83.1	24%
Other revenue	0.9	3.2	-72%	1.9	4.1	-54%
<b>Total revenue</b>	<b>53.0</b>	<b>45.7</b>	<b>16%</b>	<b>105.2</b>	<b>87.2</b>	<b>21%</b>
<b>Gross profit</b>	<b>48.5</b>	<b>40.9</b>	<b>18%</b>	<b>95.2</b>	<b>79.1</b>	<b>20%</b>
Operating expenses	-51.0	-40.2	27%	-99.3	-82.5	20%
<b>EBITDA recurring</b>	<b>-2.6</b>	<b>0.7</b>		<b>-4.1</b>	<b>-3.4</b>	
Depreciation & Amort.	-4.2	-3.3		-8.5	-6.5	
Restructuring expenses		-13.1			-13.1	
<b>EBIT</b>	<b>-6.8</b>	<b>-15.7</b>		<b>-12.6</b>	<b>23.0</b>	
Net financial items	0.1	0.1		-0.1	-0.1	
<b>Earnings before tax</b>	<b>-6.7</b>	<b>-15.6</b>		<b>-12.6</b>	<b>-23.1</b>	
Tax expenses	1.5	-1.4		2.6	3.1	
<b>Net earnings</b>	<b>-5.2</b>	<b>-17.0</b>		<b>-10.1</b>	<b>-20.0</b>	

- Operating expenses, increase driven by
  - Planned investments in US commercial operations (sales & marketing)
  - Business development expenses particularly related to Cevira (other operating expenses)
- Operating expenses, significant FX impact
  - Growth in constant currencies; Q2 20% and YTD 14%



# CASH FLOW

## SECOND QUARTER 2019

<i>Amounts in NOK million</i>	Q2 '19	Q2 '18	YTD '19	YTD '18
<b>Operations cash flow</b>	<b>-4.0</b>	<b>-11.5</b>	<b>-19.7</b>	<b>-30.0</b>
Earnings before tax	-6.7	-15.6	-12.6	-23.1
Working capital	0.6	0.0	-12.0	-11.0
Other	2.1	4.1	4.9	4.0
<b>Investments cash flow</b>	<b>0.1</b>	<b>-0.8</b>	<b>0.7</b>	<b>-0.9</b>
Development exp.	-	-0.2	-	-0.6
Other	0.1	-0.6	0.7	-0.3
<b>Financing cash flow</b>	<b>-0.9</b>	<b>-0.6</b>	<b>-1.1</b>	<b>-0.6</b>
Share capital	-	-	0.6	-
Other	-0.9	-0.6	-1.8	-0.6
<b>Net change in cash</b>	<b>-4.7</b>	<b>-12.8</b>	<b>-20.2</b>	<b>-31.4</b>
<b>Ending cash balance</b>	<b>86.7</b>	<b>97.9</b>	<b>86.7</b>	<b>97.9</b>

- Cash flow from operations Q2 NOK -4.0 million, improvement of NOK 7.5 million from Q2 last year. YTD improvement of NOK 10.3 million to NOK -19.7 million
  - 2018 cash flow impacted by restructuring at the end of Q2
- Cash flow from financing includes payment of lease liability totaling NOK 0.9 million in Q2 and NOK 1.8 million YTD
- Net change in cash improved NOK 8.1 million in Q2 and NOK 11.2 million YTD compared to last year
- Quarter end cash balance at NOK 86.7 million



# BALANCE SHEET

## 30 JUNE 2019

<i>Amounts in NOK million</i>	<b>30.06 2019</b>	<b>31.12 2018</b>
Non current assets	82.4	77.8
Investments	18.6	24.6
Tax asset	55.0	52.4
Other	8.8	0.7
Inventory & receivables	51.9	46.6
Cash & equivalents	86.7	106.8
<b>Total assets</b>	<b>221.0</b>	<b>231.2</b>
Shareholders equity	166.7	176.3
Long term liabilities	11.3	2.5
Current liabilities	43.0	52.3
<b>Total equity &amp; liabilities</b>	<b>221.0</b>	<b>231.2</b>
<i>Equity ratio</i>	<i>75%</i>	<i>76%</i>

- Non current assets
  - Investments of NOK 18.6 million in tangible and intangible assets is driven by investments in Cysview phase 3 project
  - Deferred tax asset of NOK 55.0 million
  - Other items includes impact from adoption of IFRS 16 (Leases) from 1 January 2019
- Inventory & receivables driven by revenue increase
- Long term liabilities include impact from adoption of IFRS 16 (Leases) from 1 January 2019
- No interest bearing debt
- Shareholder's equity of NOK 166.7 million. Equity ratio of 75%

# *Summary and Outlook*



# PHOTOCURE STRATEGY — FOUR STEPS

TO BECOME A TRANSFORMATIVE, MULTI-PRODUCT, BLADDER CANCER COMPANY

