# PHOTOCURE REGAINS WORLDWIDE RIGHTS OF HEXVIX

**HIGHLIGHTS**

- Photocure has reached an agreement with Ipsen to regain rights for the sales and marketing of Hexvix® in Europe
- The transaction is expected to be EBITDA accretive from FY 2021
- Ipsen achieved Hexvix 2019 sales of EUR 18.7 million and Photocure sees significant growth opportunities in Europe

**Oslo, Norway, 27 April 2020: Photocure ASA (Photocure, PHO: OSE) has reached an agreement with Ipsen Pharma SAS (Ipsen) on key terms for the return of Hexvix sales, marketing and distribution rights in Europe and other markets currently controlled by Ipsen. With taking direct control over Photocure's own Hexvix/Cysview product in key regions, the company supports the ambition of becoming a global leader in bladder cancer with a solid basis for expansion and further growth opportunities. Following a final agreement, Photocure will commence the Hexvix commercialization in Europe from the fourth quarter of 2020 and expects the potential Ipsen agreement to be EBITDA accretive from full-year 2021 and beyond.**

"We have agreed terms with Ipsen for a transformative agreement in our strategy of building a strong and profitable global business within the diagnosis and treatment of bladder cancer. We have built a successful commercial organization for Hexvix/Cysview in the U.S. and the Nordics, with a solid underlying growth potential post the COVID-19 situation. Photocure aims to apply lessons learned in Nordic and U.S. and sees significant growth opportunities in Europe and other markets currently not served by Ipsen," says Dan Schneider, President and CEO, and continues:

"The agreement will provide a platform for growth when returning to normal market conditions and we see the terms as financially highly attractive. The agreement is expected to be EBITDA accretive from full-year 2021 and beyond. Photocure sees major opportunities in Europe for accelerated growth and expansion going forward."

Photocure entered into a global commercialization agreement with Ipsen in 2011 for the sales, marketing and distribution of Hexvix outside the Nordic region and the U.S. Ipsen has served as strategic partner and has built a solid position for the brand in select key European markets. Photocure today announces that the company has agreed terms for an agreement with Ipsen to regain the global commercialization of Hexvix following the company's pure-play bladder cancer focus, solid track-record from other markets and a commercial opportunity provided by Ipsen's strategic priorities going forward.

"The alliance with Ipsen was entered into at a time where Photocure was set on developing multiple medical solutions based on our photodynamic technology platform. Photocure has since re-positioned the company and decided to focus exclusively on bladder cancer. To retrieve the rights for developing Hexvix in major markets brings flexibility and expansion at a perfect point in time. There is a considerable and growing interest in the bladder cancer market, as the disease remains the most expensive cancer to treat, and we see significant opportunities ahead," Schneider comments.

The parties have entered into a term sheet setting out the key terms and conditions for an agreement. Pursuant to the term sheet, Photocure will, by the fourth quarter of 2020, pay Ipsen EUR 15 million and at the same date regain all Hexvix marketing rights from Ipsen subject to satisfaction of closing conditions. Ipsen will book sales up until these dates. Ipsen will in addition receive earn-out payments in the range of 10-15% of sales (years 1-7 post-termination) and 7.5% of sales (years 8-10) in the current Ipsen markets.

Current market conditions are affected by the COVID-19 virus outbreak. The development in both Photocure's operations as well as relevant financial markets in general may have a significant impact on the feasibility of concluding any agreement. See OSE notification of 7 April 2020 for an in-depth analysis of risk and effects of the COVID-19 situation.

The final agreement with Ipsen will be subject to customary terms and conditions, as well as adequate financing to complete settlement. Photocure had a cash position at the end of 2019 of NOK 125 million and may in addition satisfy the financing condition by way of equity or debt, or a combination thereof. Further, Photocure has had advanced discussions and received offers from debt providers, and agreements on financing may be entered into to ensure completion of settlement.

Photocure expects to outline the following key financial targets for the acquired rights, pending a final agreement:

- 2019 royalty received by Photocure was NOK 61 million excluding IFRS adjustments. Following the potential transfer of the rights for the Ipsen territories to Photocure, the revenue recognized by Photocure is expected to increase around 3x to 2021 compared to 2019, driven by Photocure being granted the in-market sale in the territories and growth in market penetration. Beyond FY 2021, Photocure is targeting 20-30% annual revenue growth in current Ipsen territories
- NOK 30 million in integration and ramp-up costs in 2020
- Around NOK 90 million in increased SG&A costs in Europe from FY 2021 and beyond, with NOK 30-35 million increase for 2020

**Outlines updated potential group 2023 ambitions**

Photocure delivers transformative solutions which improve the lives of bladder cancer patients. Based on experience and the performance of the breakthrough bladder cancer product Hexvix/Cysview, Photocure has embarked on a stepwise approach to continued growth. Photocure sees significant long-term value creation potential in the global bladder cancer market and has developed a defined growth strategy:

- Accelerating – Drive the breadth and depth of Hexvix/Cysview usage in key accounts
- Expanding – Generate sales in new geographies and product enhancements
- Acquiring – Products used in the management of bladder cancer patients
- Transforming – Partner and in-license assets to strengthen the bladder cancer portfolio

The primary growth geographies for Photocure are the U.S. and European markets with large untapped market opportunities. The company will regain the sales and marketing rights from Ipsen in the fourth quarter of 2020 and sees significant growth opportunities in Europe. The agreement is expected to be EBITDA accretive from full-year 2021 and beyond.

Based on the outlook and strategic opportunities, Photocure aims to increases its group revenue ambitions for 2023 in the range of NOK 1 billion with EBITDA margins of approximately 40%, following the completion of the potential transaction.

EBITDA and other alternative performance measures (APMs) are defined and reconciled to the IFRS financial statements as a part of the APM section of the first quarter 2020 financial report on pages 20-21.

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**Notes to editors**

**About Hexvix®/Cysview® (hexaminolevulinate HCl)**

Hexvix®/Cysview® is a drug that is selectively taken up by tumor cells in the bladder making them glow bright pink during Blue Light Cystoscopy (BLC™). BLC™ with Hexvix® /Cysview® improves the detection of tumors and leads to more complete resection, fewer residual tumors and better management decisions. Cysview® is the tradename in the U.S. and Canada, Hexvix® is the tradename in all other markets.

**About bladder cancer**
Bladder cancer ranks as the sixth most common cancer worldwide with 1 650 000 prevalent cases (5-year prevalence rate), 550 000 new cases and almost 200 000 deaths annually in 2018.[1]

Approx. 75% of all bladder cancer cases occur in men.[1] It has a high recurrence rate with an average of 61% in year one and 78% over five years.[2] Bladder cancer has the highest lifetime treatment costs per patient of all cancers.[3]

Bladder cancer is a costly, potentially progressive disease for which patients have to undergo multiple cystoscopies due to the high risk of recurrence. There is an urgent need to improve both the diagnosis and the management of bladder cancer for the benefit of patients and healthcare systems alike.

Bladder cancer is classified into two types, non-muscle invasive bladder cancer (NMIBC) and muscle-invasive bladder cancer (MIBC), depending on the depth of invasion in the bladder wall. NMIBC remains in the inner layer of cells lining the bladder. These cancers are the most common (75%) of all BC cases and include the subtypes Ta, carcinoma in situ (CIS) and T1 lesions. In MIBC the cancer has grown into deeper layers of the bladder wall. These cancers, including subtypes T2, T3 and T4, are more likely to spread and are harder to treat.[4]


[1] Globocan. Incidence/mortality by population. Available at: http://globocan.iarc.fr/Pages/bar_pop_sel.aspx
[2] Babjuk M, et al. Eur Urol. 2019; 76(5): 639-657
[3] Sievert KD et al. World J Urol 2009; 27:295–300
[4] Bladder Cancer. American Cancer Society. https://www.cancer.org/cancer/bladder-cancer.html


**About Photocure**
Photocure: The Bladder Cancer Company delivers transformative solutions to improve the lives of bladder cancer patients. Our unique technology, making cancer cells glow bright pink, has led to better health outcomes for patients worldwide. Photocure is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange (OSE: PHO). For more information, please visit us at www.photocure.com, www.hexvix.com, www.cysview.com

**About Ipsen**
Ipsen is a global specialty-driven biopharmaceutical group focused on innovation and Specialty Care. The Group develops and commercializes innovative medicines in three key therapeutic areas – Oncology, Neuroscience and Rare Diseases. Its commitment to oncology is exemplified through its growing portfolio of key therapies for prostate cancer, neuroendocrine tumors, renal cell carcinoma and pancreatic cancer. Ipsen also has a well-established Consumer Healthcare business. With total sales over €2.5 billion in 2019, Ipsen sells more than 20 drugs in over 115 countries, with a direct commercial

presence in more than 30 countries. Ipsen's R&D is focused on its innovative and differentiated technological platforms located in the heart of the leading biotechnological and life sciences hubs (Paris- Saclay, France; Oxford, UK; Cambridge, US). The Group has about 5,800 employees worldwide. Ipsen is listed in Paris (Euronext: IPN) and in the United States through a Sponsored Level I American Depositary Receipt program (ADR: IPSEY). For more information on Ipsen, visit www.ipsen.com.



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Even if Ipsen and Photocure have agreed terms, are participating in advanced discussions, are positive and see business benefits from a potential transfer, no final agreement setting out that the transfer of Hexvix sales, marketing and distribution rights to Photocure will be made has been entered into. There can be made no guarantees that the current agreement on terms and ongoing discussions will lead to any agreement or the completion of any transfer or as to the terms of any transfer.

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