

PHOTOCURE ASA

RESULTS FOR FIRST QUARTER 2018

23 MAY 2018

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Erik Dahl, CFO



THE
BLADDER CANCER
COMPANY™

DISCLAIMER

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DELIVERING ON KEY 2018 OBJECTIVES

Significant growth of Cysview® in US TURBT market

- Q1 US sales revenue up 36% in constant currencies YoY, driven by in-market volume increase in Q1 of 29%
- 27% growth YoY in installed blue light enabled cystoscopes in market to 113 by end of Q1
- New clinical data presented at the American Urology Association annual meeting

Launch Cysview® in US flexible cystoscopy surveillance market

- FDA approval of the extension of the indication for Blue Light Cystoscopy (BLC) with Cysview to include flexible cystoscopes used for on-going surveillance
- 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
- CMS released preliminary coding recommendation to establish a specific reimbursement (A code) for instillation of Cysview when used in physician office and other sites of care from January 1, 2019

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

- Total Hexvix/Cysview revenue increased 11% to NOK 40.7 million in Q1, highest ever
- Total in-market unit sales decreased 3% in Q1, impacted by decline in partner in-market unit sales of 5%

STRATEGIC FOCUS ON TRANSFORMING BLADDER CANCER MANAGEMENT

CORE PRODUCT ON MARKET:

HEXVIX[®]
Hexaminolevulinate 85mg

CYSVIEW[®]
Hexaminolevulinate HCl

Bladder cancer detection & management

EAVLAUTE NEW CORE PRODUCTS:

Complementary,
within bladder cancer

NON-CORE PIPELINE PRODUCTS:

Visonac[®] (Acne treatment)

Cevira[®] (Cervical disease treatment)

Focus next 1–2 years

- Growth in existing markets
- Expansion into flexible cystoscopy market
- Expansion into new markets
- Expansion of portfolio

Partner out

Assess
partnering
opportunities
and strategic
alternatives

Strategy built on leveraging our unique know how and capabilities

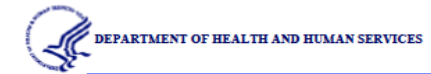
Hexvix/Cysview Update



EXPANDED US MARKET OPPORTUNITY THROUGH LAUNCH OF CYSVIEW IN SURVEILLANCE OF BLADDER CANCER PATIENTS

- 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
- CMS released preliminary reimbursement recommendation to establish a specific A code for instillation of Cysview when used in physician office and other sites of care from January 1, 2019

The screenshot shows a PR Newswire article. The header includes navigation links for Resources, Blog, Journalists, News, Products, and Contact. The main headline is "Photocure Announces Blue Light Cystoscopy with Cysview® Now Available for Surveillance of Bladder Cancer". Below the headline, it states "NEWS PROVIDED BY Photocure" and "May 16, 2018, 08:00 ET". There are social media share buttons for Facebook, Twitter, LinkedIn, and Email. The article text begins with "OSLO, Norway, May 16, 2018 /PRNewswire/ -- Photocure ASA (OSE: PHO), May 16, 2018, announced today the launch of Blue Light Cystoscopy (BLC™) with Cysview for a new indication of surveillance cystoscopy of bladder cancer." It then mentions a Phase 3 study by KARL STORZ Endoscopy of America Inc. showing improved detection of recurrent bladder cancer. At the bottom, there is a side-by-side comparison of two cystoscopy images: "Flexible White Light Cystoscopy Setting" on the left and "Flexible Blue Light Cystoscopy with Cysview" on the right. A caption below the images reads: "Flexible White Light Cystoscopy Setting, Flexible Blue Light Cystoscopy with Cysview – Courtesy of Dr. Angela Smith, Dep. of Urology, University of North Carolina".



Food and Drug Administration
Silver Spring, MD 20993

NDA 22555/S-005

Photocure ASA

SUPPLEMENT APPROVAL

Please refer to your Supplemental New Drug Application (sNDA) dated and received August 15, 2017, and your amendments, submitted under section 505(b) of the Federal Food, Drug, and Cosmetic Act (FDCA) for Cysview (Hexaminolevulinate HCl) for Intravesical Solution, 100mg.

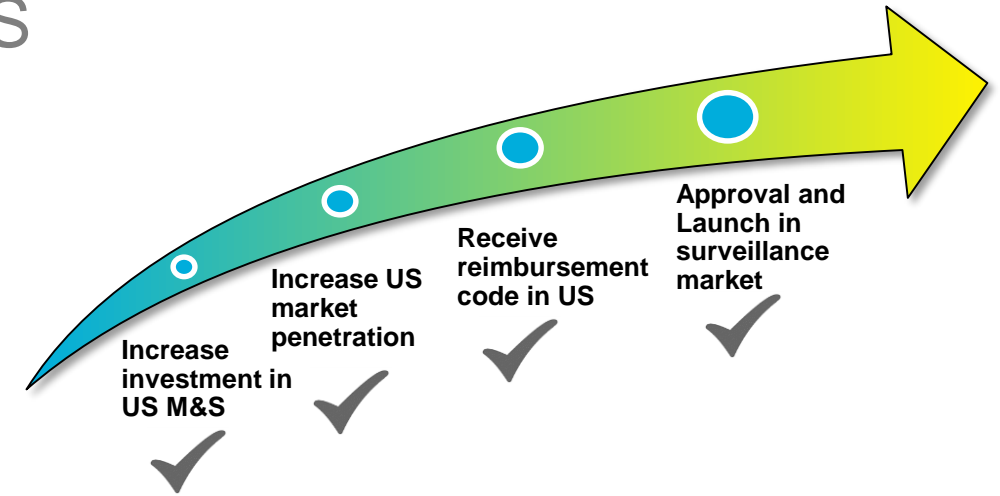
This Prior Approval supplemental new drug application proposes the following changes in labeling and supported by the results of Study PC B308/13:

- expand the indication to include the use of Blue Light Cystoscopy with Cysview as an adjunct to white light cystoscopy in patients undergoing surveillance cystoscopy for bladder cancer;
- expand the indication to include the use of Blue Light Cystoscopy with Cysview as an adjunct to white light cystoscopy for use in detection of CIS of the bladder;
- revise the limitation of use, allowing for repetitive use of Cysview; and
- remove the contraindication to restrict use in patients treated with bacillus Calmette-Guerin immunotherapy or intravesical chemotherapy within the past 90 days.



HEXVIX/CYSVIEW CONTINUED STRONG MOMENTUM IN US

- Photocure own sales revenue in the US in 1Q increased 36% in constant currency YoY
 - Driven by YoY in-market volume growth of 29%
- Permanent Blue Light Cystoscope placements of 113 at the end of 1Q
 - Highest increase in any quarter ever, up from 104 at end of 2018
- Increasing awareness on BLC with Hexvix/Cysview as new clinical data presented at several bladder cancer sessions during recent AUA
 - US strategic investment plan is on track
 - Focus efforts to establish and build Cysview business in top 25 TURBT markets (MSAs) and target 400 major hospitals representing 40% of total US TURBT



Plenary Prime Time with Dr. McKiernan

Plenary: Prime Time

Panelists

Moderator:
John D. Donohue, MD, FRCGS, FACS
Shangxi F. Sun, MD, FACS

HOW PRESENTING:
Surgical Techniques:
Type & Tricks: Bladder Cancer
Moderator: Andrew S. Goepfert, MD, PhD
Sugars: Joseph C. Lee, MD
Richard Barbour, MD
James M. McKiernan, MD

TIMING LIP:
18:15-18:30pm
Castration-Resistant Prostate Cancer:
AUA Guidelines Amendment 2018
Presenter: David Griggs, MD

Panelists:
Bernard H. Bochner, MD FACS – Narrow Band Imaging
Memorial Sloan Kettering Cancer Center
New York, NY, USA
James M. McKiernan, MD – Cysview Blue Light Cystoscopy
Columbia College of Physicians and Surgeons
New York, New York, USA
Joseph Liao, MD – Confocal Laser Endomicroscopy
Stanford University
Palo Alto, CA, USA

BLFC with Cysview Case Study

Plenary: Prime Time

Flexible Blue Light Cystoscopy – Case 1

HOW PRESENTING:
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TIMING LIP:
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• 39-year-old man with a history of multifocal low grade UCC, first surveillance
• BLC routine surveillance reveals an equivocal lesion

HEXVIX/CYSVIEW

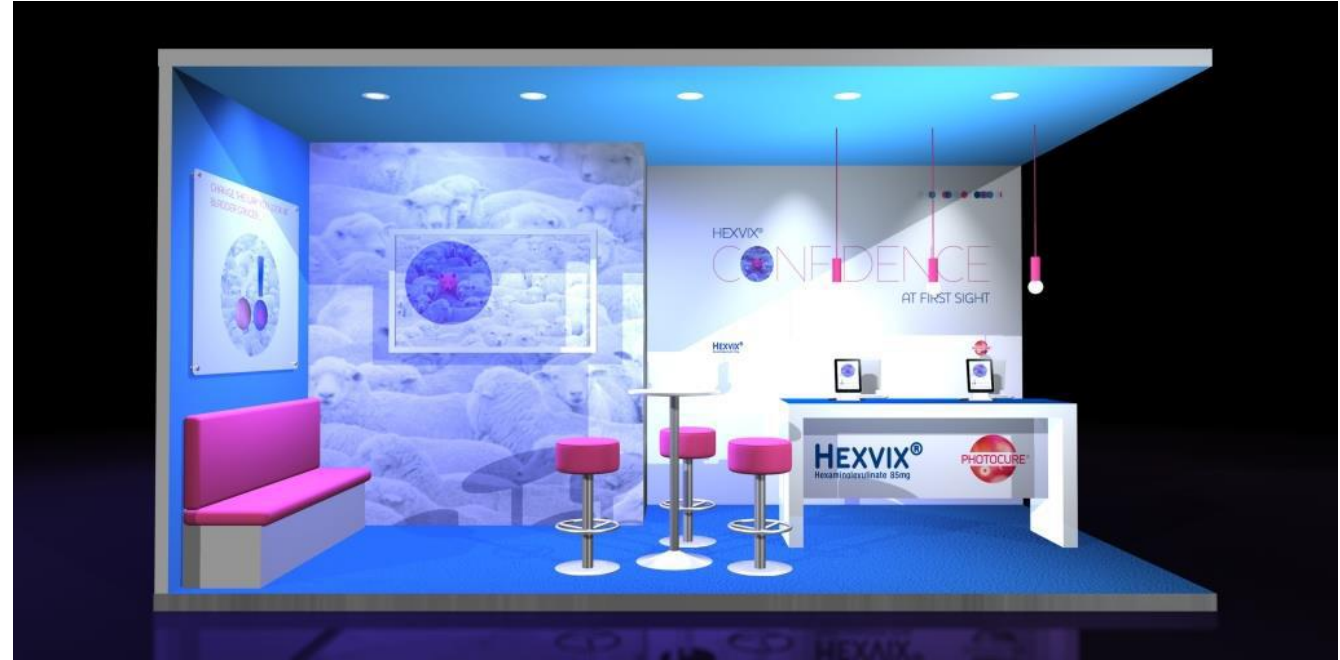
SIGNIFICANT GROWTH OPPORTUNITY WITH NEW US LABEL

BLC with Cysview Market segment	Total Number of Cystoscopy Procedures	Number of Procedures in top 25 MSA*	Market potential in top 25 MSAs*	Peak sales value with 5% market share in top 25 MSAs*	Peak sales value with 10% market share in top 25 MSAs*	Peak sales value with 20% market share in top 25 MSAs*
TURBT	324,094	130 000	130 MUSD	6.5 MUSD	13 MUSD	26 MUSD
Surveillance Cystoscopy	1.2 - 1.4 million	540 000	540 MUSD	27 MUSD	54 MUSD	108 MUSD

The new approved label for both TURBT and surveillance flexible cystoscopy constitute a new and significant larger market opportunity in the US

HEXVIX/CYSVIEW NORDIC UPDATE

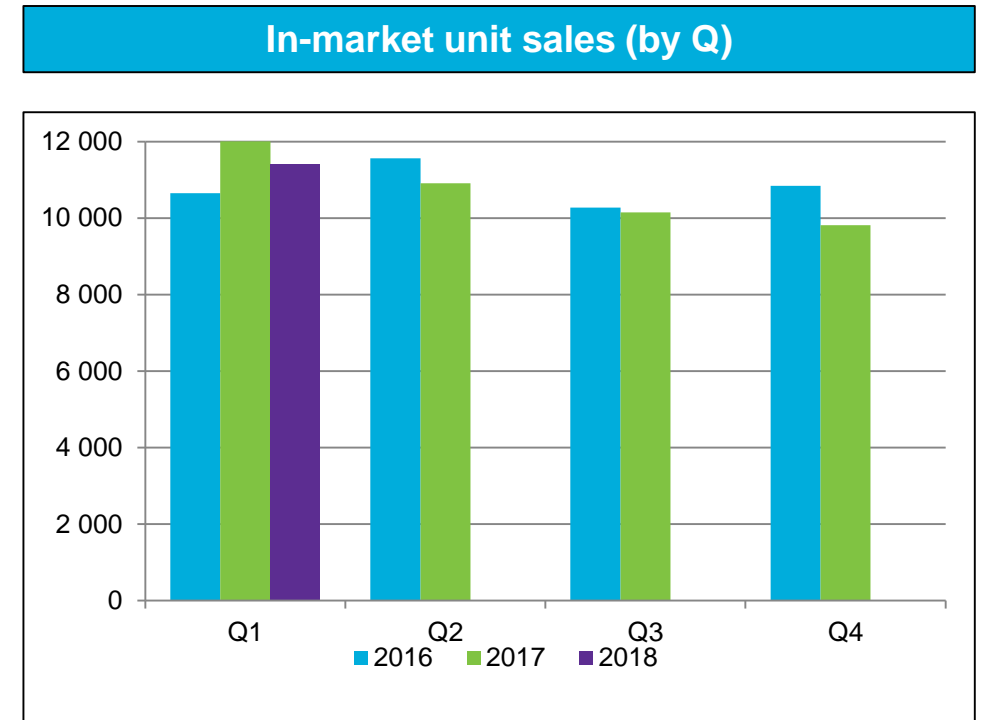
- Photocure own sales revenue in the Nordics increased YoY 24% in first quarter to NOK 12.1 million
 - Most of revenue increase due to inventory build up at distributors in Q1 2018 compared to reduction last year
 - In-market unit sales declined YoY 10% in Q1. Growth in Norway and Sweden offset by decline in Denmark due to purchase to inventory at hospitals late Q4 2017
- New and positive clinical data of BLC with Hexvix presented at the annual meeting of the European Urology Association in Copenhagen in March
 - The new data included the benefit of Hexvix in combination with flexible cystoscope from Nordic studies



 European Association of Urology

HEXVIX/CYSVIEW PARTNER UPDATE

- Partner revenue decreased 5% YoY in first quarter
 - Due to implementation of IFRS 15 impact from inventory increase/reduction at partner is eliminated
- In-market unit sales declined 5%. Decline in France a major driver as Hexvix had reimbursement in Q1 2017 with high demand, but lost the reimbursement in the second quarter.
- Positive development in UK and Italy



SEGMENT PERFORMANCE

FIRST QUARTER 2018

Commercial Franchise:

- Hexvix/Cysview total revenue increased YoY 11% in the first quarter, driven by solid growth in US and inventory increases at distributors
- First quarter own revenues, Nordic and US, increased YoY 26%, while partner revenues decreased YoY 5%
- US revenue increased 36% in constant currencies
- In-market unit sales decreased YoY 3%, US increased 29%, however decreases in Nordic (10%) and partner (5%)
- Increased operating expenses in quarter and full year driven by commercial organization in US

Development Portfolio:

- Activities related to regulatory work and intellectual property
- Significant cost reduction YoY driven by activity level

<i>MNOK</i>	<u>YTD '18</u>	<u>YTD '17</u>	<u>FY '17</u>
<u>Commercial Franchise</u>			
Nordic revenues	12.1	9.7	43.3
US revenues	12.7	10.0	42.4
Partner revenues	15.8	16.7	63.3
Hexvix / Cysview	40.7	36.5	149.0
Other revenues	0.9	-	1.9
Total revenues	41.6	36.5	150.9
Gross profit	38.2	33.7	138.9
Operating expenses	-37.3	-28.7	-128.5
EBITDA recurring	0.9	4.9	10.4
<u>Development Portfolio</u>			
Operating expenses	-5.0	-9.2	-39.5
EBITDA recurring	-5.0	-9.2	-39.5
<u>Total</u>			
EBITDA recurring	-4.0	-4.3	-29.1
One-Off items	-	-4.0	-4.0
EBITDA	-4.0	-8.2	-33.1

CONSOLIDATED INCOME STATEMENT

FIRST QUARTER 2018

- Total revenue increases YoY 14% first quarter
 - Revenues 2018 adjusted according to IFRS 15
- Operating expenses increase YoY 11% first quarter
 - Increase sales & marketing expenses, partly offset by decline in R&D expenses
- Recurring EBITDA at NOK -4.0 million first quarter, improvement from last year
- Depreciation and amortization driven by amortization of Cysview phase 3 investments and IFRS 15 adjustments

<i>MNOK</i>	<u>YTD '18</u>	<u>YTD '17</u>	<u>FY '17</u>
Hexvix / Cysview revenues	40.7	36.5	149.0
Other sales revenues	0.1	0.0	0.2
Signing fees and milestones	0.8	-	1.7
Total revenues	41.6	36.5	150.9
Gross profit	38.2	33.7	138.9
Operating expenses	-42.2	-37.9	-168.0
EBITDA recurring	-4.0	-4.3	-29.1
One-Off items	-	-4.0	-4.0
Depreciation & amortization	-3.2	-2.2	-12.1
EBIT	-7.3	-10.4	-45.2
Net financial items	-0.2	1.1	3.6
Profit/loss(-) before tax	-7.5	-9.3	-41.6
Tax expenses	4.5	2.4	6.9
Net profit/loss(-) contd ops	-3.0	-6.9	-34.7
Discontinued operations	-	-	-
Net profit/loss(-)	-3.0	-6.9	-34.7
Net result per share, diluted	-0.14	-0.32	-1.61

CASH FLOW

FIRST QUARTER 2018

- Cash flow from operations first quarter NOK -18.5 million (Q1 2017: NOK -10.8 million)
 - Working capital impact first quarter NOK -13.6 million (Q1 2017 NOK -3.7 million)
- Cash flow from investments first quarter NOK -0.1 million (Q1 2017 NOK -3.0 million)
 - Significant decline in investments in development projects, finalization of Cysview phase 3 project
- Quarter end cash balance at NOK 110.7 million

<i>MNOK</i>	<u>YTD '18</u>	<u>YTD '17</u>	<u>FY '17</u>
Cash flow from:			
- Operations	-18.5	-10.8	-23.6
- Investments	-0.1	-3.0	-16.3
- Financing	-	-	-
Net change in cash	-18.6	-13.8	-39.9
Ending cash balance	110.7	155.5	129.4

BALANCE SHEET

31 MARCH 2018

- Quarter end working capital at NOK 7.1 million
- Non current assets include NOK 32.2 million in investments in tangible and intangible assets and deferred tax asset of NOK 57.4 million
- No interest bearing debt
- Shareholder's equity of NOK 203.9 million. Equity ratio of 81%

<i>MNOK</i>	31.03 2018	31.12 2017	31.03 2017
Non-current assets	91.0	87.5	78.3
Inventory & receivables	48.5	46.2	44.4
Cash & equivalents	110.7	129.4	155.5
Total assets	250.3	263.1	278.1
Shareholders equity	203.9	218.1	245.9
Long term liabilities	5.0	4.8	4.0
Current liabilities	41.4	40.3	28.3
Total equity & liabilities	250.3	263.1	278.1
<i>Equity ratio</i>	<i>81 %</i>	<i>83 %</i>	<i>88 %</i>

Summary and Outlook



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- Total in-market unit sales decreased 3% in Q1, impacted by decline in partner in-market unit sales of 5%

PRO FORMA INCOME STATEMENT 2017

ASSUMING IFRS 15 IMPLEMENTATION FROM 01.01.2017

Income Statement - Segment

<i>MNOK</i>	<u>Adjustment</u> <u>YTD '17</u>	<u>YTD '18</u>	<u>Adjusted</u> <u>YTD '17</u>
<u>Commercial Franchise</u>			
Nordic revenues		12.1	9.7
US revenues		12.7	10.0
Partner revenues	-0.1	15.8	16.6
Hexvix / Cysview	-0.1	40.7	36.4
Other revenues	0.8	0.9	0.8
Total revenues	0.7	41.6	37.2
Gross profit	0.7	38.2	34.4
Operating expenses		-37.3	-28.7
EBITDA recurring	0.7	0.9	5.7
<u>Development Portfolio</u>			
Operating expenses		-5.0	-9.2
EBITDA recurring	-	-5.0	-9.2
<u>Total</u>			
EBITDA recurring	0.7	-4.0	-3.5
One-Off items		-	-4.0
EBITDA	0.7	-4.0	-7.5

Income Statement - Consolidated

<i>MNOK</i>	<u>Adjustment</u> <u>YTD '17</u>	<u>YTD '18</u>	<u>Adjusted</u> <u>YTD '17</u>
Hexvix / Cysview revenues	-0.1	40.7	36.4
Other sales revenues		0.1	0.0
Signing fees and milestones	0.8	0.8	0.8
Total revenues	0.7	41.6	37.2
Gross profit	0.7	38.2	34.4
Operating expenses	-	-42.2	-37.9
EBITDA recurring	0.7	-4.0	-3.5
One-Off items		-	-4.0
Depreciation & amortization	-0.2	-3.2	-2.4
EBIT	0.5	-7.3	-9.9
Net financial items	-	-0.2	1.1
Profit/loss(-) before tax	0.5	-7.5	-8.8
Tax expenses		4.5	2.4
Net profit/loss(-)	0.5	-3.0	-6.4

USD SUMMARY RESULTS

<i>MUSD</i>	<u>YTD '18</u>	<u>YTD '17</u>	<u>Change</u>	<u>FY '17</u>
<u>Commercial Franchise</u>				
Nordic revenues	1.5	1.2	34 %	5.2
US revenues	1.6	1.2	36 %	5.1
Partner revenues	2.0	2.0	2 %	7.7
Hexvix/Cysview revenue	5.2	4.3	20 %	18.0
Other revenues	0.1	-		0.2
Total revenues	5.3	4.3	23 %	18.2
Gross profit	4.9	4.0	22 %	16.8
Operating expenses	-4.8	-3.4	40 %	-15.5
EBITDA recurring	0.1	0.6	-80 %	1.3
<u>Development Portfolio</u>				
Operating expenses	-0.6	-1.1	-42 %	-4.8
EBITDA recurring	-0.6	-1.1	-42 %	-4.8
<u>Total</u>				
EBITDA recurring	-0.5	-0.5		-3.5
Depr. & Amort.	-0.4	-0.3		-1.5
One-Off items	-	-0.5		-0.5
EBIT	-0.9	-1.2		-5.5
Earnings before tax	-1.0	-1.1		-5.0
Net profit/loss(-)	-0.4	-0.8		-4.2
Ending cash balance	14.2	18.1		15.8

- Summary results based on NOK accounts and average NOK/USD FX rates YTD