Novocure (NVCR) q3 2018 results

Thursday, October 25, 2018

patientforward

forward-looking statements

This presentation contains certain forward-looking statements with respect to the business of Novocure and certain of its plans and objectives, including with respect to the development and commercialization of its lead product candidate, Optune, for a number of oncology indications. These forward-looking statements can be identified in this presentation by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words "expect", "intend", "anticipate", "plan", "may", "should", "would", "could" or other words of similar meaning. These statements are based on assumptions and assessments made by Novocure in light of industry experience and perception of historical trends, current conditions, expected future developments and other appropriate factors. By their nature, forward-looking statements involve risk and uncertainty, and Novocure's performance and financial results could differ materially from those expressed or implied in these forward-looking statements due to general financial, economic, regulatory and political conditions as well as more specific risks and uncertainties facing Novocure such as those set forth in its Annual Report on Form 10-K filed on February 22, 2018, or in subsequent quarterly filings with the U.S. Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation. Novocure assumes no obligation to update or correct the information contained in this presentation, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this presentation are made as at the date of this presentation, unless some other time is specified in relation to them, and service of this presentation shall not give rise to any implication that there has been no change in the facts set out in this presentation since such date. Nothing contained in this presentation shall be deemed to be a forecast, projection or estimate of the future financial performance of Novocure, except where expressly stated.

As of the date of this presentation, Optune is only FDA-approved for the treatment of adults with supratentorial glioblastoma, or GBM, and its approval for other indications is not certain. Novocure can provide no assurances regarding market acceptance of Optune or its successful commercialization, and can provide no assurances regarding the company's results of operations or financial condition in the future. This presentation is for informational purposes only and may not be relied upon in connection with the purchase or sale of any security.

Optune® indications for use and important safety information

INDICATIONS

- Optune is intended as a treatment for adult patients (22 years of age or older) with histologically-confirmed glioblastoma multiforme (GBM).
- Optune with temozolomide is indicated for the treatment of adult patients with newly diagnosed, supratentorial glioblastoma following maximal debulking surgery, and completion of radiation therapy together with concomitant standard of care chemotherapy.
- For the treatment of recurrent GBM, Optune is indicated following histologically-or radiologically-confirmed recurrence in the supratentorial region of the brain after receiving chemotherapy. The device is intended to be used as a monotherapy, and is intended as an alternative to standard medical therapy for GBM after surgical and radiation options have been exhausted.

CONTRAINDICATIONS

- Do not use Optune in patients with an active implanted medical device, a skull defect (such as, missing bone with no replacement), or bullet fragments. Use of Optune together with implanted electronic devices has not been tested and may theoretically lead to malfunctioning of the implanted device. Use of Optune together with skull defects or bullet fragments has not been tested and may possibly lead to tissue damage or render Optune ineffective.
- Do not use Optune in patients that are known to be sensitive to conductive hydrogels. In this case, skin contact with the gel used with Optune may commonly cause increased redness and itching, and rarely may even lead to severe allergic reactions such as shock and respiratory failure.

Optune® indications for use and important safety information

WARNINGS AND PRECAUTIONS

- Optune can only be prescribed by a healthcare provider that has completed the required certification training provided by Novocure (the device manufacturer).
- Do not prescribe Optune for patients that are pregnant, you think might be pregnant or are trying to get pregnant, as the safety and effectiveness of Optune in these populations have not been established.
- The most common (≥10%) adverse events involving Optune in combination with temozolomide were thrombocytopenia, nausea, constipation, vomiting, fatigue, medical device site reaction, headache, convulsions, and depression.
- The most common (≥10%) adverse events seen with Optune monotherapy were medical device site reaction and headache.
- The following adverse reactions were considered related to Optune when used as monotherapy: medical device site reaction, headache, malaise, muscle twitching, fall and skin ulcer.
- Use of Optune in patients with an inactive implanted medical device in the brain has not been studied for safety and effectiveness, and use of Optune in these patients could lead to tissue damage or lower the chance of Optune being effective.
- If the patient has an underlying serious skin condition on the scalp, evaluate whether this may prevent or temporarily interfere with Optune treatment.

novocure™

a global oncology company with a proprietary platform

ESTABLISHED COMMERCIAL BUSINESS	SIGNIFICANT UPSIDE POTENTIAL
• 15 consecutive quarters of patient growth • $232 million trailing twelve month revenues • Operating income generated by GBM contributing to investments in R&D	• HDE application filed with FDA for MPM • Ongoing phase 3 pivotal trials in brain mets, NSCLC and pancreatic cancer

Information above as of September 30, 2018

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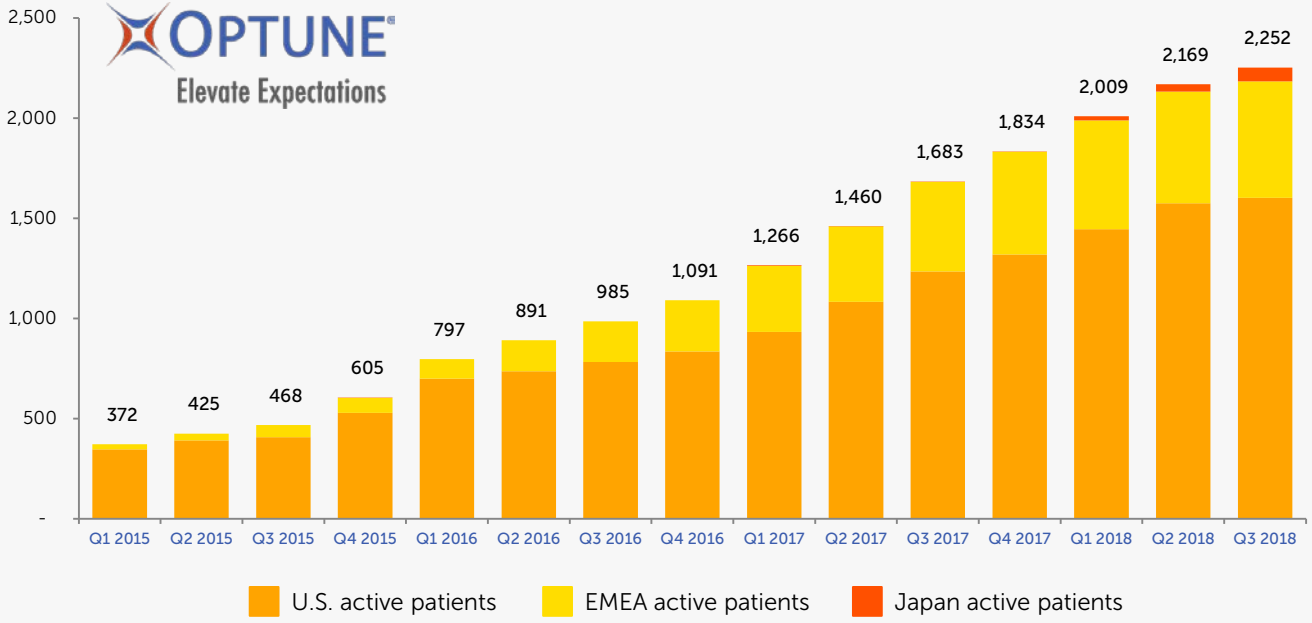
strategic collaboration established with Zai Lab

- Zai Lab, a Shanghai-based, NASDAQ-listed biopharmaceutical company, and Novocure announced strategic partnership in September 2018
- Exemplifies companies' shared passion for bringing innovative treatments to patients in need
- Deal grants Zai Lab exclusive license to commercialize oncology platform technology Tumor Treating Fields in China, Hong Kong, Macau and Taiwan
- Zai Lab will also support enrollment of Chinese patients to certain clinical trials investigating Tumor Treating Fields, intended to accelerate development of Tumor Treating Fields in indications beyond glioblastoma

continued growth in active patients

active patients at period end



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CONSECUTIVE QUARTERS OF ACTIVE PATIENT GROWTH SINCE INITIAL PRESENTATION OF EF-14 DATA

9,700+

PATIENTS TREATED TO DATE GLOBALLY

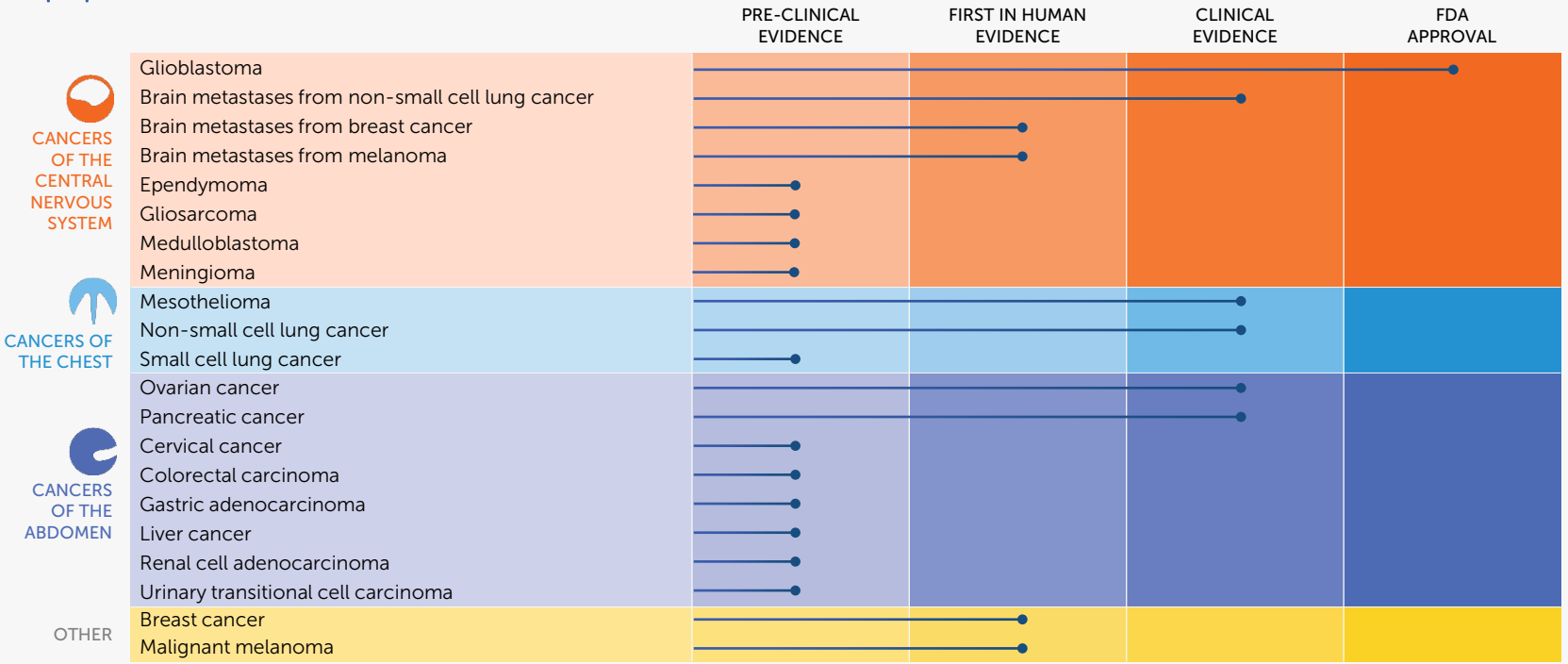
in newly diagnosed GBM, Optune proven to extend survival and maintain quality of life*

- Adding Optune to TMZ provided the greatest opportunity to live longer compared to chemotherapy alone at 5 years[1]
- People able to maintain their mental, emotional, and physical well-being longer than those on chemotherapy alone[2]
- Optune delivers Tumor Treating Fields to the tumor location without increasing chemotherapy-related side effects[1]

GBM, glioblastoma; TMZ, temozolomide
* Quality of life measured up to one year

1. Stupp, R., et al. *JAMA*. 2017 Dec 19;318(23):2306-2316.
2. Taphoorn, M.J.B., et al. *JAMA Oncol*. 2018 Apr 1;4(4):495-504.

Tumor Treating Fields provides multiple opportunities in solid tumor cancers



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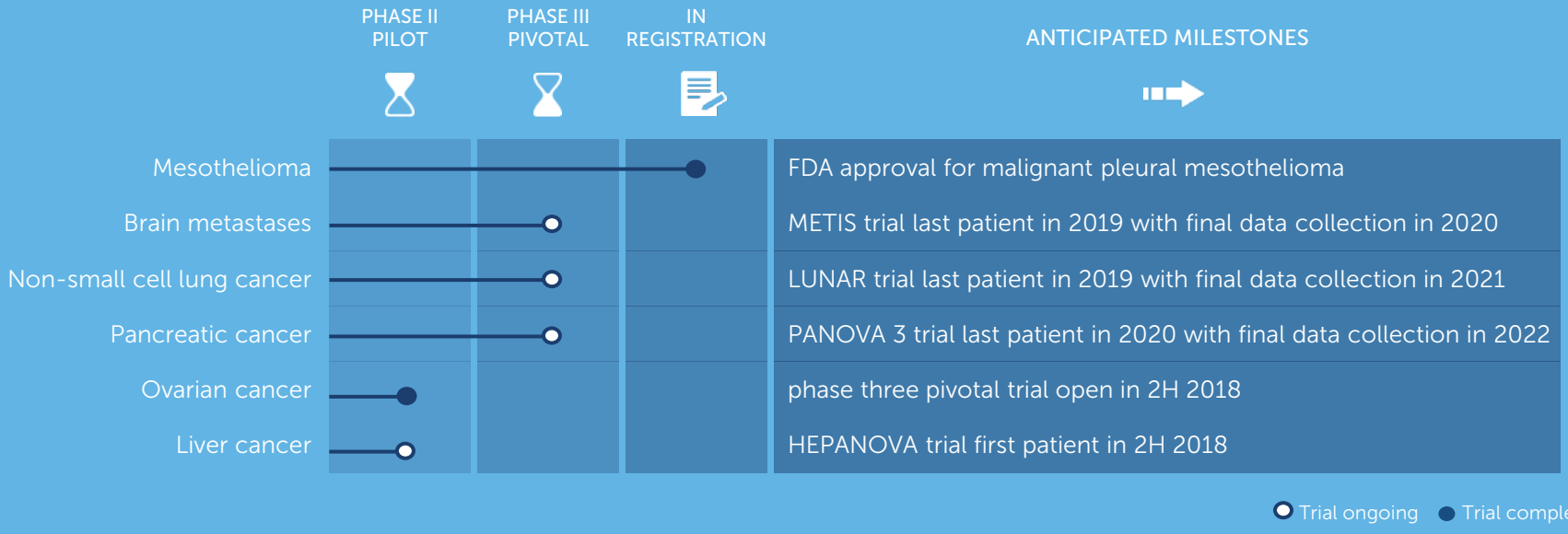
advancing clinical pipeline



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STELLAR study design & patient characteristics

Unresectable malignant pleural mesothelioma N=80

→ **TTFields (150kHz, ≥ 18 h/day) + Pemetrexed/Cisplatin or Pemetrexed/Carboplatin x 6**

- **Pemetrexed** IV, 500 mg/m^2 day 1
- Cisplatin 75 mg/m^2 day 1
- Carboplatin AUC 5 day 1 q3w up to 6 cycles

→ **TTFields alone until Disease Progression**

→ **Follow-up for survival**

- Follow-up q3w
- CT scan q6w: Modified RECIST

The sample size provides 80% power (α, 0.05) to detect an increase in median OS of 5.5 months vs historical data[1] (i.e. mOS of 17.6 mo, HR of 0.67)

Key Inclusion Criteria:
- Pathological evidence of unresectable MPM
- At least one measurable lesion (mRECIST)
- ECOG PS score 0-1

Key Exclusion Criteria:
- Candidate for curative treatment
- Significant comorbidities
- Implanted electronic medical devices

Primary Endpoint: OS
Secondary Endpoints: ORR, PFS, Safety

Median age, years (range)	**67 (27–78)**	**Epithelioid histology**	**53 (66%)**
Male	**67 (84%)**	**Sarcomatoid/Biphasic**	**21 (26%)**
ECOG PS 0	**45 (56%)**	**Unspecified histology**	**6 (8%)**

- **TTFields cycles: Median (range): 8.0 (2–41)**
- **Chemotherapy cycles: Median (range): 6.0 (1–7)**
- **Carboplatin: 50 patients (63%)**

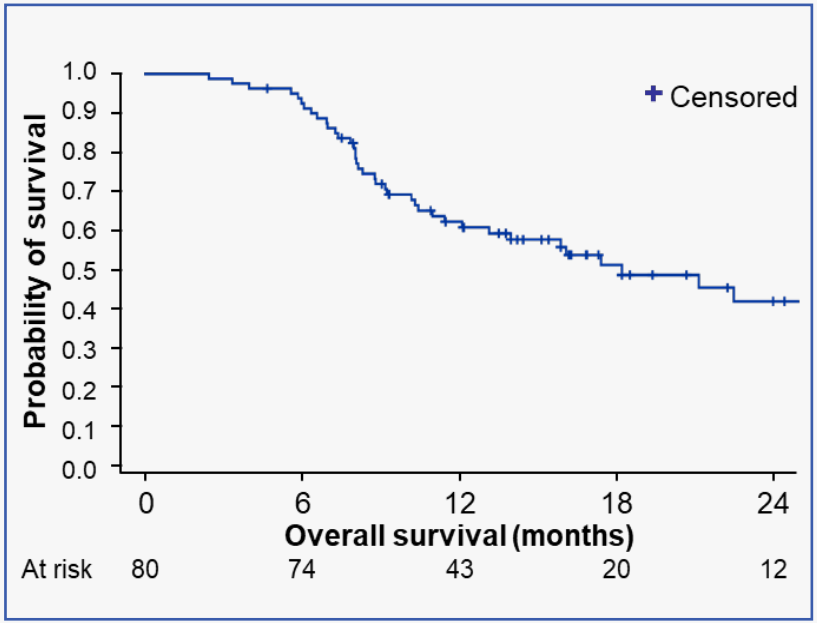
Cerasoli, G.L. International Association for the Study of Lung Cancer. MA 12.06 – STELLAR Final Results of a Phase 2 Trial of TTFields with Chemotherapy for First-Line Treatment of Malignant Pleural Mesothelioma. Mini Oral Abstract Session: Mesothelioma Surgery and Novel Targets for Prognosis and Therapy. Tuesday, Sept. 25, 2018, 10:30 p.m. ET. 1. Vogelzang et al., *J Clin Oncol* 2003 Jul 15;21(14):2636-44.

STELLAR efficacy results: primary endpoint met

Median OS (all pts)	18.2 months (95% CI 12.1-25.8)
1-year OS (all pts)	62.2% (95% CI 50.3%–72.0%)
Median OS (epithelioid pts only)	21.2 months (95% CI 13.2-25.8)
Median PFS	7.6 months (95% CI 6.7-8.6)
mRECIST PR; DCR* **[best response in 72 patients]**	29 (40%); 70 (97%)

* Investigator-assessed partial response & disease control rate (PR + stable disease)

The threshold for significant extension in OS compared to historical control[1] was met (HR 0.663; 95% CI 0.558-0.826; p=0.043).



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STELLAR safety results

Adverse event reported in >1 patient	Grade ≥3 AE n (%)
Patients with ≥1 AE, n(%)	21 (26)
Hematologic Disorders	
Anemia	6 (8)
Leukopenia	3 (4)
Neutropenia	6 (8)
Thrombocytopenia	2 (3)
Non-hematologic Disorders	
Fatigue	3 (4)
Skin-related toxicity	4 (5)
Dyspnea	2 (3)

- Thirty-seven patients (46%) had TTFields-related skin toxicity
- Four patients (5%) had Grade 3 skin toxicity (rash or skin irritation)
  - Resolved after treatment with topical corticosteroids or a short treatment break
- No serious adverse event was related to TTFields

Median compliance with TTFields was 68% (16.3 hours/day)

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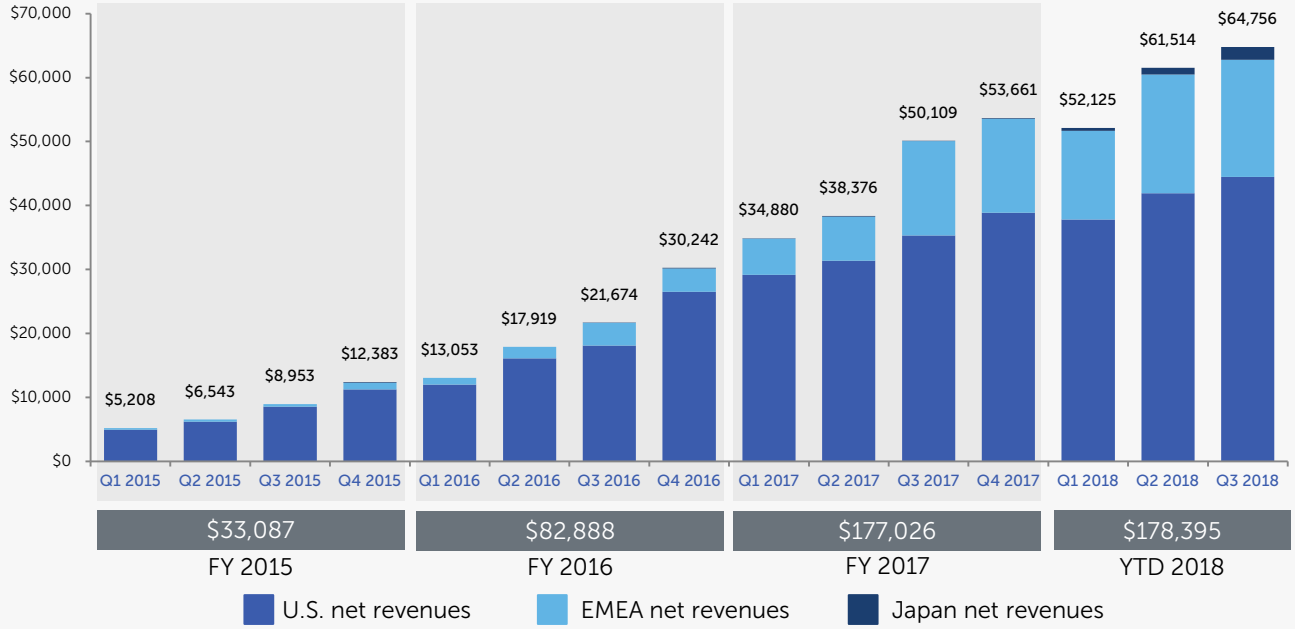
record quarterly revenue of $64.8 million

global net revenues (USD in thousands)



29%

YEAR-OVER-YEAR REVENUE GROWTH Q3 2018 VS. Q3 2017

$232

MILLION TRAILING TWELVE MONTH REVENUES

q3 2018 selected financial highlights

U.S. DOLLARS IN THOUSANDS	Q3 2018	Q3 2017	% CHANGE	Q3 2018 YTD	Q3 2017 YTD	% CHANGE
Net revenues	$ 64,756	$ 50,109	29%	$ 178,395	$ 123,365	45%
Cost of revenues	18,949	15,153	25%	57,020	39,969	43%
Gross profit	45,807	34,956	31%	121,375	83,396	46%
Research, development and clinical trials	13,074	9,273	41%	35,540	28,055	27%
Sales and marketing	19,124	16,387	17%	56,455	47,503	19%
General and administrative	18,855	15,215	24%	54,388	42,660	27%
Total operating costs and expenses	51,053	40,875	25%	146,383	118,218	24%
Operating income (loss)	(5,246)	(5,919)	11%	(25,008)	(34,822)	28%
Financial expenses, net	2,397	2,156	11%	10,110	6,785	49%
Income (loss) before income taxes	(7,643)	(8,075)	5%	(35,118)	(41,607)	16%
Income taxes	4,051	3,423	18%	12,810	9,110	41%
Net income (loss)	$ (11,694)	$ (11,498)	-2%	$ (47,928)	$ (50,717)	5%
Cash and cash equivalents	$ 122,959	$ 82,104		$ 122,959	$ 82,104	
Short-term investments	104,743	104,453		104,743	104,453	

