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Novocure (NVCR) q2 2019 results

Thursday, July 25, 2019

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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 Tumor Treating Fields delivery systems, including Optune and the NovoTTF-100L System, 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 Quarterly Report on Form 10-Q filed July 25, 2019, 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 FDA-approved for the treatment of adults with supratentorial glioblastoma, or GBM, and for the treatment of adults with malignant pleural mesothelioma (MPM) and its approval for other indications is not certain. Novocure can provide no assurances regarding market acceptance of Optune or NovoTTF-100L or their 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.

track record of execution

YTD 2019 MILESTONES

- **INNOVATE-3 phase 3 pivotal trial** in ovarian cancer open for enrollment
- **HDE approval for malignant pleural mesothelioma** from FDA
- **CMS decision** regarding coverage request for newly diagnosed GBM
- **Positive cash flow from operations**

ANTICIPATED 2019 CATALYSTS

- **First MPM patients** to start treatment with NovoTTF-100L
- Zai Lab's potential launch of **Optune in China** for GBM
- **Transition to profitability**

Medicare finalized coverage decision and pricing for Optune in newly diagnosed GBM

CAC panel meeting → draft policy → public comment → final policy → fee schedule

209
PATIENT COMMENTS

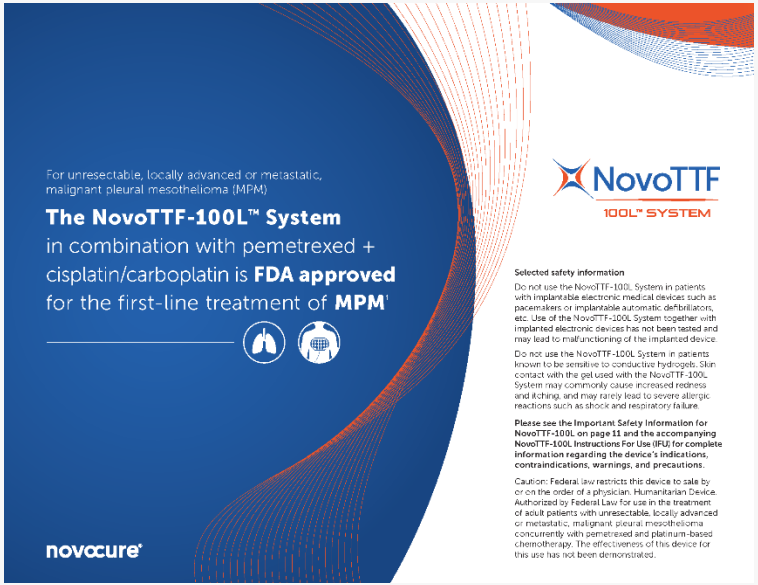
80
PROVIDER COMMENTS

5
ADVOCACY GROUP COMMENTS

42
SIGNATURES FROM MEMBERS OF CONGRESS

- CMS published final LCD and fee schedule amount for Optune in newly diagnosed GBM
- Coverage and pricing effective September 1
- Many proposed restrictions eliminated or revised in response to public comments

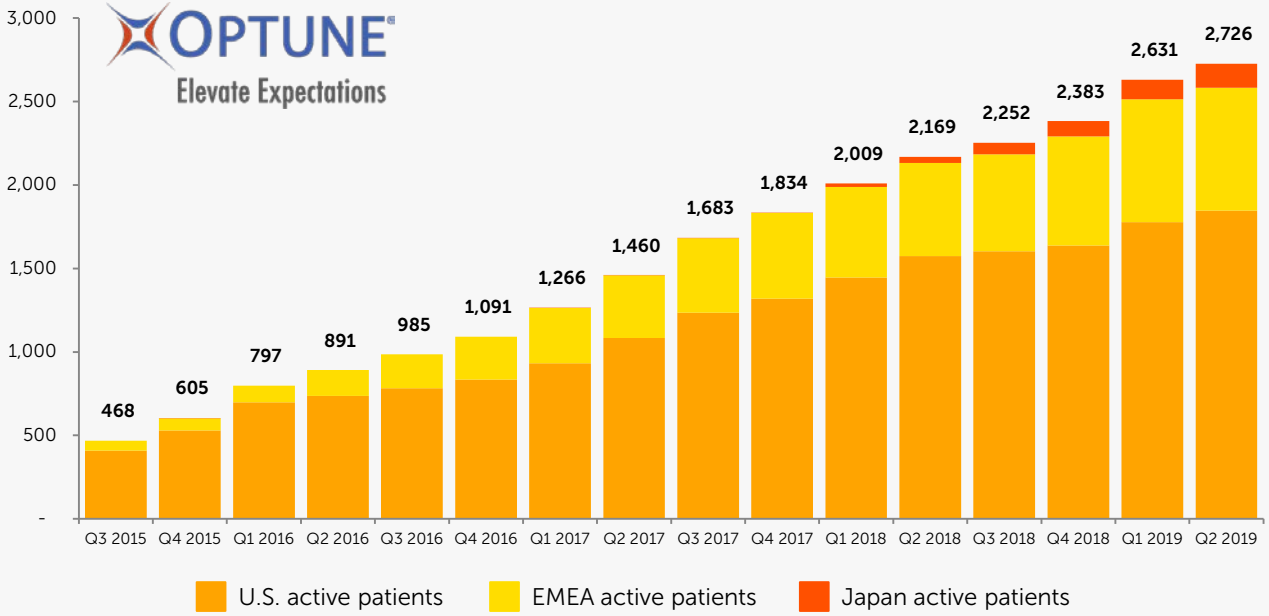
NovoTTF-100L is first FDA-approved mesothelioma treatment in more than 15 years



- Initiated a phased launch for mesothelioma shaped by our learnings from GBM
- Certifying radiation oncologists to prescribe at ~30 target treatment centers
- Educating surgeons, pulmonologists and medical oncologists to confidently recommend NovoTTF-100L

continued growth in active patients

active GBM patients at period end



18

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

12,000+

PATIENTS TREATED TO DATE GLOBALLY

strengthening financial performance

global net revenues (USD in thousands)

$294m

TRAILING TWELVE MONTHS NET REVENUES

76%

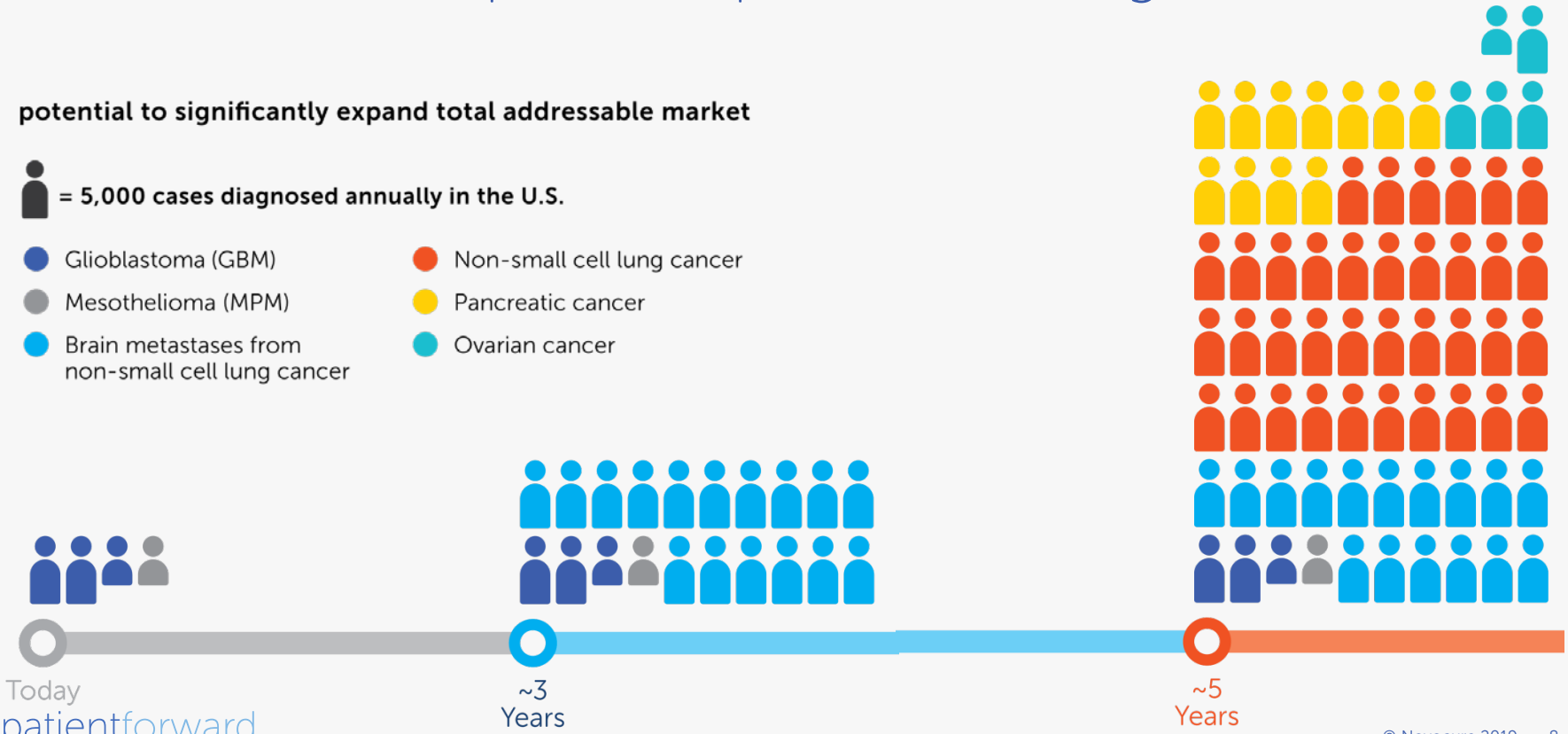
GROSS MARGIN IN Q2 2019

GBM and MPM represent tip of the iceberg

potential to significantly expand total addressable market

= 5,000 cases diagnosed annually in the U.S.

- Glioblastoma (GBM)
- Mesothelioma (MPM)
- Brain metastases from non-small cell lung cancer
- Non-small cell lung cancer
- Pancreatic cancer
- Ovarian cancer



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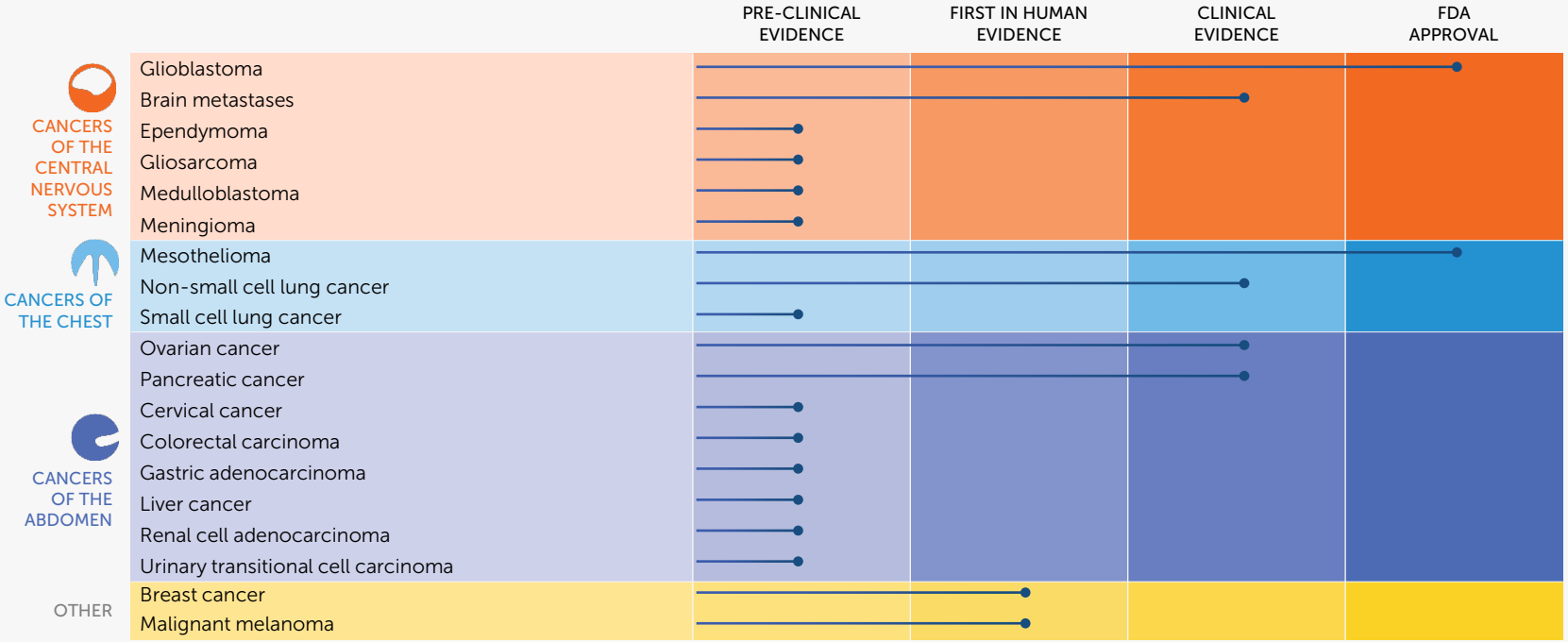
pipeline in a product with single mechanism of action



q2 2019 selected financial highlights

U.S. DOLLARS IN THOUSANDS	Q2 2019	Q2 2018	% CHANGE
Net revenues	$ 86,713	$ 61,514	41%
Cost of revenues	21,106	19,833	6%
Gross profit	65,607	41,681	57%
Research, development and clinical trials	19,454	11,362	71%
Sales and marketing	23,708	19,196	24%
General and administrative	21,249	18,208	17%
Total operating costs and expenses	64,411	48,766	32%
Operating income (loss)	1,196	(7,085)	117%
Financial expenses, net	1,239	2,860	-57%
Income (loss) before income taxes	(43)	(9,945)	100%
Income taxes	1,227	5,565	-78%
Net income (loss)	$ (1,270)	$ (15,510)	92%
Cash and cash equivalents and short-term investments	$ 284,584	$ 218,956	30%

$285m

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS AS OF JUNE 30, 2019

$9m

POSITIVE CASH FLOW FROM OPERATIONS IN Q2 2019

a global oncology company with a proprietary platform

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3 FDA-APPROVED INDICATIONS	4 INDICATIONS IN LATE-STAGE PIPELINE	145+ ISSUED PATENTS GLOBALLY
$294M TRAILING 12 MONTHS NET REVENUES	41% REVENUE GROWTH Q2 2019 VS. Q2 2018	$285M CASH ON HAND AS OF JUNE 30, 2019

NovoTTF-100L™ System and 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.
- The NovoTTF-100L System is indicated for the treatment of adult patients with unresectable, locally advanced or metastatic, malignant mesothelioma (MPM) to be used concurrently with pemetrexed and platinum-based chemotherapy.

CONTRAINDICATIONS

- Do not use Optune in patients with GBM with an implanted medical device, a skull defect (such as, missing bone with no replacement), or bullet fragments. 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 the NovoTTF-100L System in patients with MPM with implantable electronic medical devices such as pacemakers or implantable automatic defibrillators, etc.
- Use of Optune for GBM or the NovoTTF-100L System for MPM together with implanted electronic devices has not been tested and may lead to malfunctioning of the implanted device.
- Do not use Optune for GBM or the NovoTTF-100L System for MPM in patients known to be sensitive to conductive hydrogels. Skin contact with the gel used with Optune and the NovoTTF-100L System may commonly cause increased redness and itching, and may rarely lead to severe allergic reactions such as shock and respiratory failure.

NovoTTF-100L™ System and Optune® indications for use and important safety information

WARNINGS AND PRECAUTIONS

- Optune and the NovoTTF-100L System can only be prescribed by a healthcare provider that has completed the required certification training provided by Novocure®.
- The most common (≥10%) adverse events involving Optune in combination with chemotherapy in patients with GBM were thrombocytopenia, nausea, constipation, vomiting, fatigue, convulsions, and depression.
- The most common (≥10%) adverse events related to Optune treatment alone in patients with GBM were medical device site reaction and headache. Other less common adverse reactions were malaise, muscle twitching, and falls related to carrying the device.
- The most common (≥10%) adverse events involving the NovoTTF-100L System in combination with chemotherapy in patients with MPM were anemia, constipation, nausea, asthenia, chest pain, fatigue, device skin reaction, pruritus, and cough.
- Other potential adverse effects associated with the use of the NovoTTF-100L System include: treatment related skin toxicity, allergic reaction to the plaster or to the gel, electrode overheating leading to pain and/or local skin burns, infections at sites of electrode contact with the skin, local warmth and tingling sensation beneath the electrodes, muscle twitching, medical site reaction and skin breakdown/skin ulcer.
- If the patient has an underlying serious skin condition on the treated area, evaluate whether this may prevent or temporarily interfere with Optune treatment and the NovoTTF-100L System.
- Do not prescribe Optune or the NovoTTF-100L System for patients that are pregnant, you think might be pregnant or are trying to get pregnant, as the safety and effectiveness of the NovoTTF-100L System and Optune in these populations have not been established.
- Please go to Optune.com to see the Optune Instructions For Use (IFU) for complete information regarding the device's indications, contraindications, warnings, and precautions.

  Please go toOptune.com to see the NovoTTF-100L IFU for complete information regarding the device's indications, contraindications, warnings, and precautions.

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