

Q1 2019 Presentation

30.04.2019, Oslo

Agenda

- Highlights
 - Q1
- ArcticZymes
- BetaGlucans
 - Woulgan®
 - Other BetaGlucans segments
- Q1 Financials
- Outlook for 2019



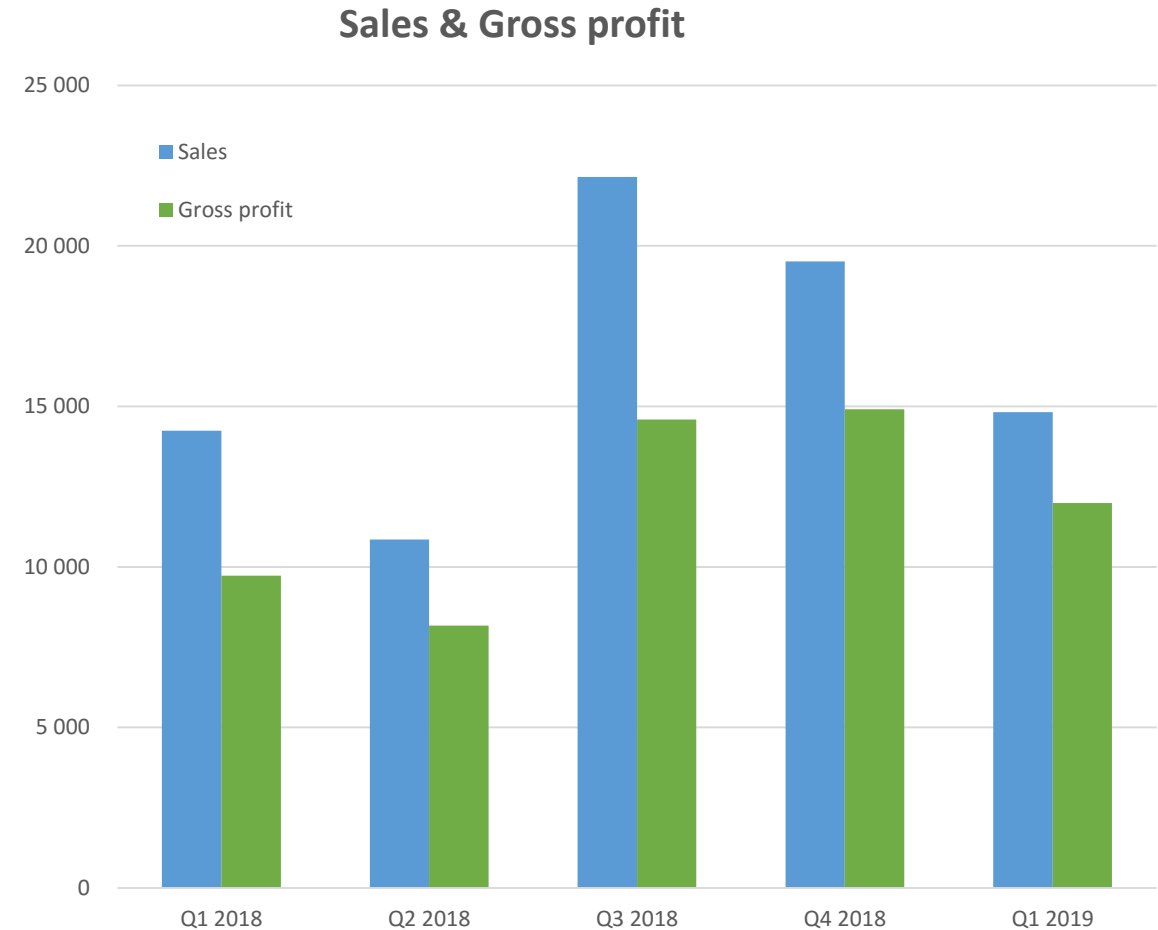
Biotec Pharmacon

- Focused on specialized, novel enzyme and immunomodulating beta-glucan technology.
- Two divisions, driving revenues and cash generation across USA, Europe and Asia:
 - ArcticZymes develops, manufactures and commercializes novel recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and therapeutics.
 - BetaGlucans develops immunomodulating beta-glucan products, primarily Soluble BetaGlucan (SBG[®]) with focus on commercializing an active wound healing dressing (Woulgan[®]) setting a new standard in treatments of wounds.



Highlights Q1 2019

- Growth in all high margin areas compared to Q1 2018.
- EBITDA of MNOK -3,9 compared to MNOK -5.1 Q1 2018, driven by sales and cost control.
- ArcticZymes launched a new product, Ligases, in line with strategy.
- Growing Woulgan[®] sales – especially in Germany.
- BIA grant received from Norsk Forskningsråd.



ArcticZymes

ArcticZymes Updates

- **Commercial achievements**

- ArcticZymes Polymerases attract broader customer interests in all 3 market area: Molecular Research, In Vitro Diagnostics and more recently Therapeutics.
- Therapeutic applications has evolved beyond Salt Active Nuclease where several other of ArcticZymes products are finding their way into customers development projects.



Innovation & strategic initiatives

Innovation:

- ArcticZymes launched its first ligase enzyme - A High Quality T4 DNA ligase
- A prototype panel of novel ligases has been provided to selected customers for evaluation. The outcome of the evaluation will prioritise the launch of our 1st novel ligase during 2019.
- In collaboration with the University of Tromsø and its Danish/USA commercial partner Legomics, ArcticZymes has secured €254.000 funding from Eurostars for a synthetic biology project.

Strategic Initiatives:

- ArcticZymes is engaged in non-organic growth initiatives. Exploratory discussions are ongoing with several European based companies



BetaGlucans

Woulgan[®], Adjuvant, Consumer Health,
Animal Health

Status Woulgan®



- Sales results during the latest 6 months are encouraging and Q1 sales closed at NOK 1,2 million, surpassing the 1 million mark for the first time.
- An increasing number of key Germany distributors serviced by BBG are showing stable re-ordering patterns.
- A new distribution agreement has been signed with Publilog (Publicare Group) for Austria, and Excelderma for Portugal.
- The strategy for UK and Nordic countries is being reconsidered.

Adjusted Woulgan® Strategy



- Promoting SBG as the active ingredient will be the core argument going forward. It is the SBG that “activates macrophages and the innate immune system” allowing wounds to heal faster, when combined with moist healing properties. In general there seems to be a market trend towards “active wound healing”.
- Sales focus is on succeeding with Woulgan® through a broader network of distributors in European markets that accepts innovative premium products.
- Germany will be the core market, structured around 8-10 larger homecare companies who will be serviced directly by BBG, and smaller/medium sized homecare companies taken care of by our partner.
- A wider product assortment will be developed with CMOs to offer the best possible platform for more wound types – aiming at one product launch per year
- License agreements will be sought with the industry in areas not covered by BBG (like the US) – offering private labels or “SBG® inside” solutions for own brands

Other BetaGlucans Segments

Adjuvant study with MSKCC in New York:

- The study is continuing to recruit patients at a good pace, where almost 230 of the planned 260 patients are included by end of Q1.
- The two-arm study is designed to isolate and document the effect of our SBG[®]

Consumer Health:

- Good progress from customers especially in Asia and the US.

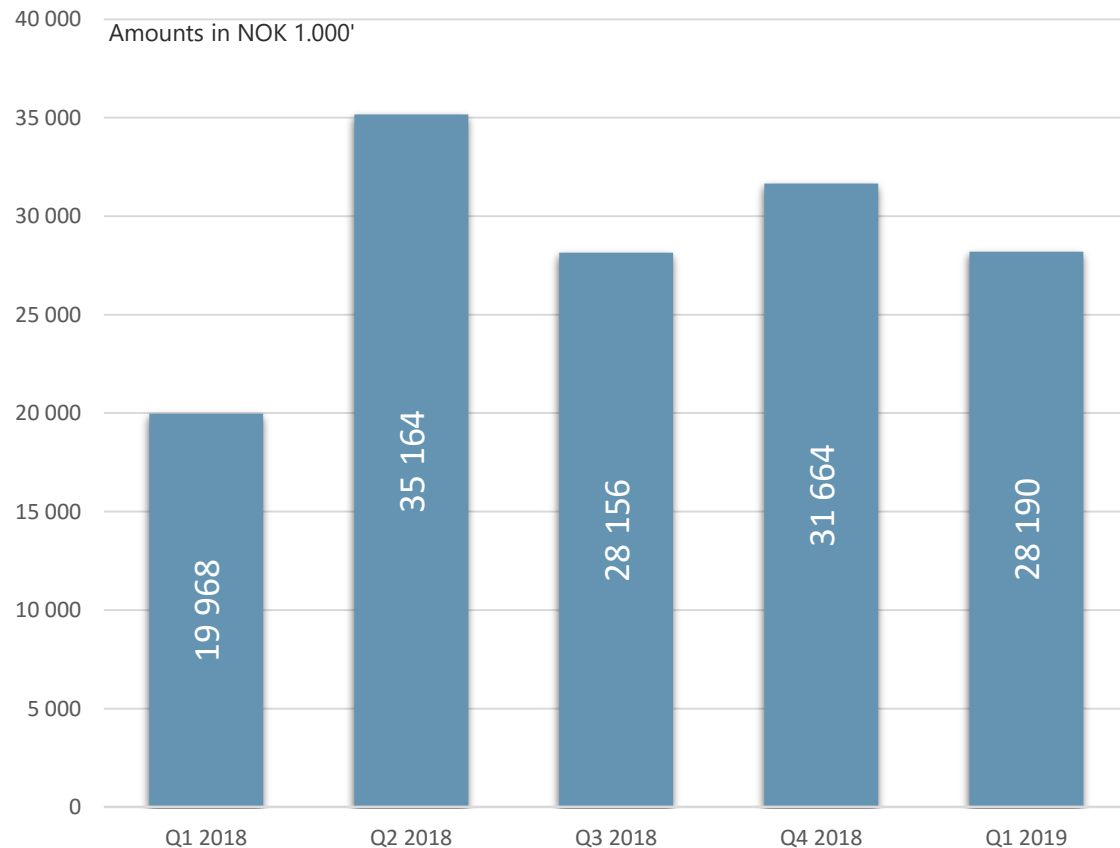
Animal Health:

- Lower than usual sales, but more a result of phasings of our customers purchase.
- As announced on April 4th, the contract with our largest customer has been renewed with a contract with longer horizon.

Q1 Financials

Cash Flow from operations

Net Cash position



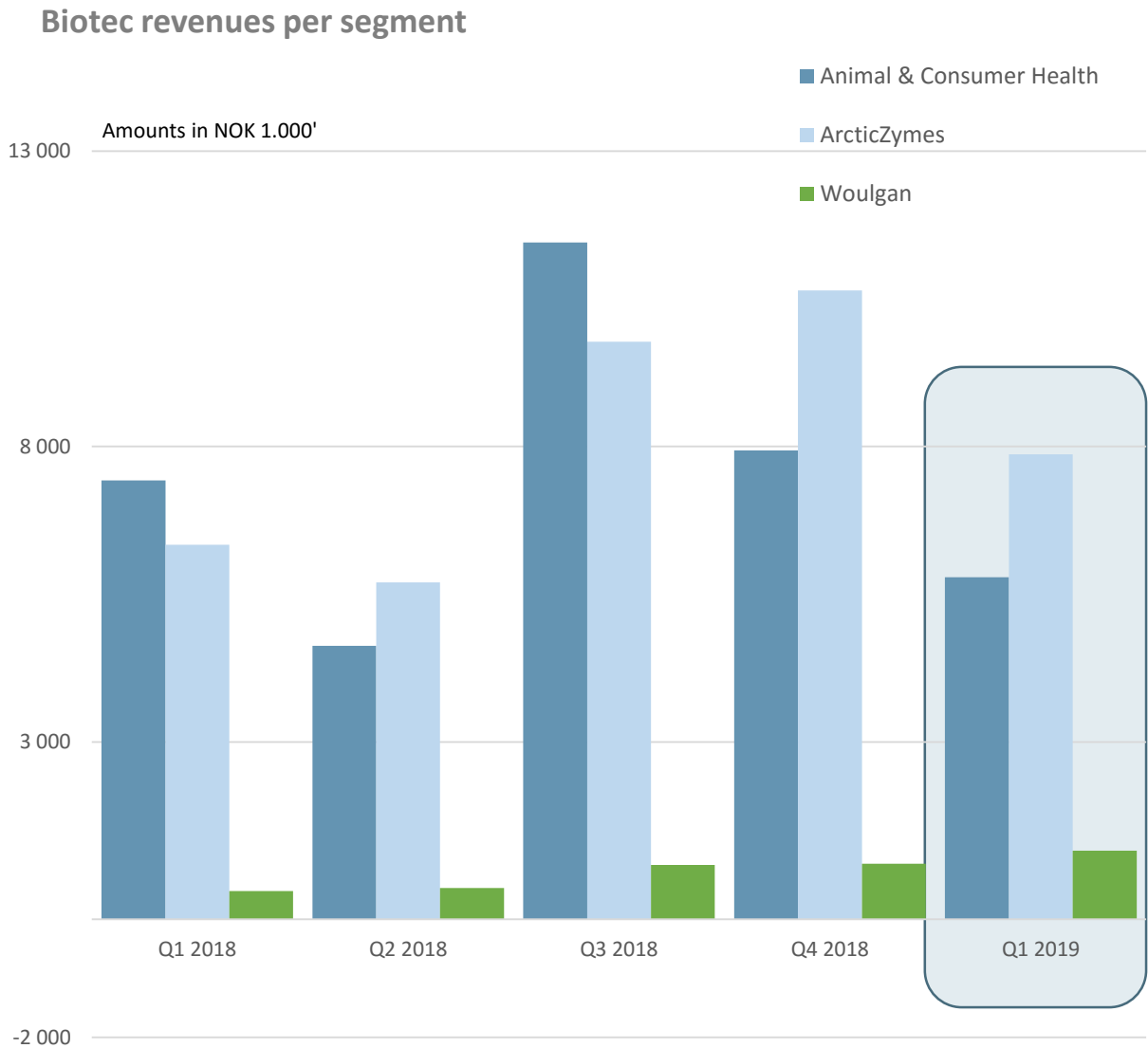
First quarter changes in cash of -3.5 MNOK:

- 13.2 (13.2) MNOK in short-term receivables.
- 10.4 (12.5) MNOK in short-term payables.
- Cash Flow from operations -3.3 MNOK (-10.5 MNOK).

Cash balance of 28.2 MNOK end of Q1 2019.

Sales for Q1 in line with expectations

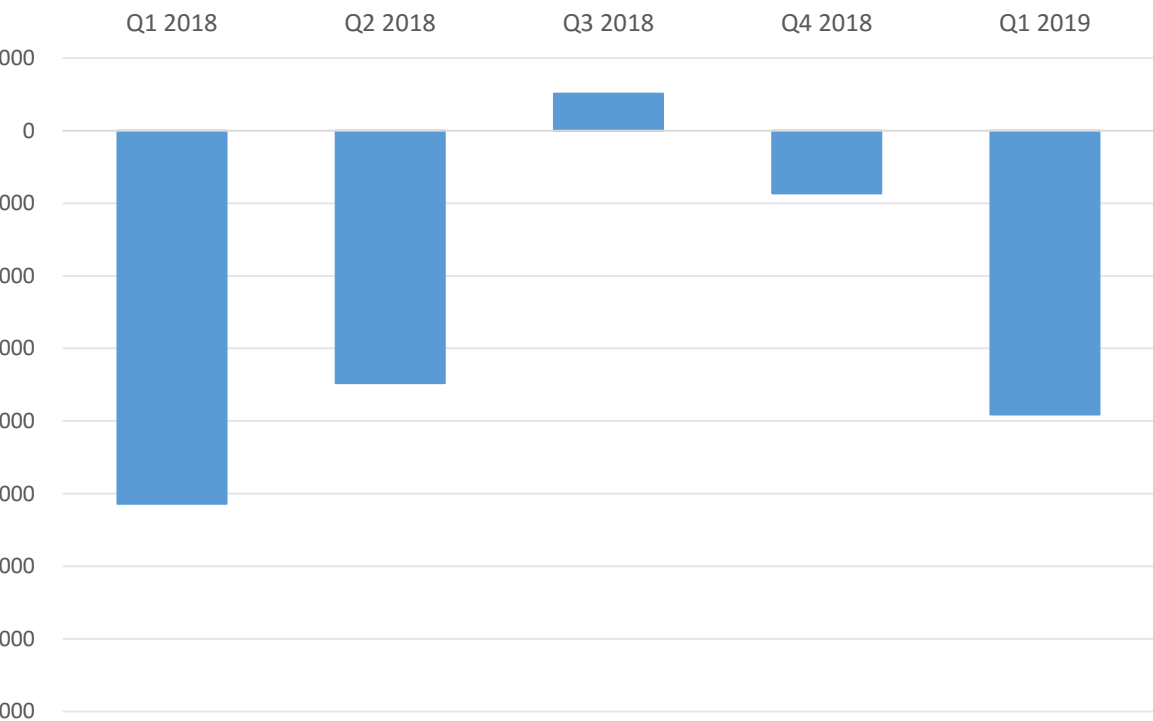
Segment	Q1 Sales
ArcticZymes	MNOK 7.9
Animal & Consumer Health	MNOK 5.7
Woulgan®	MNOK 1.2
Group	MNOK 14.8



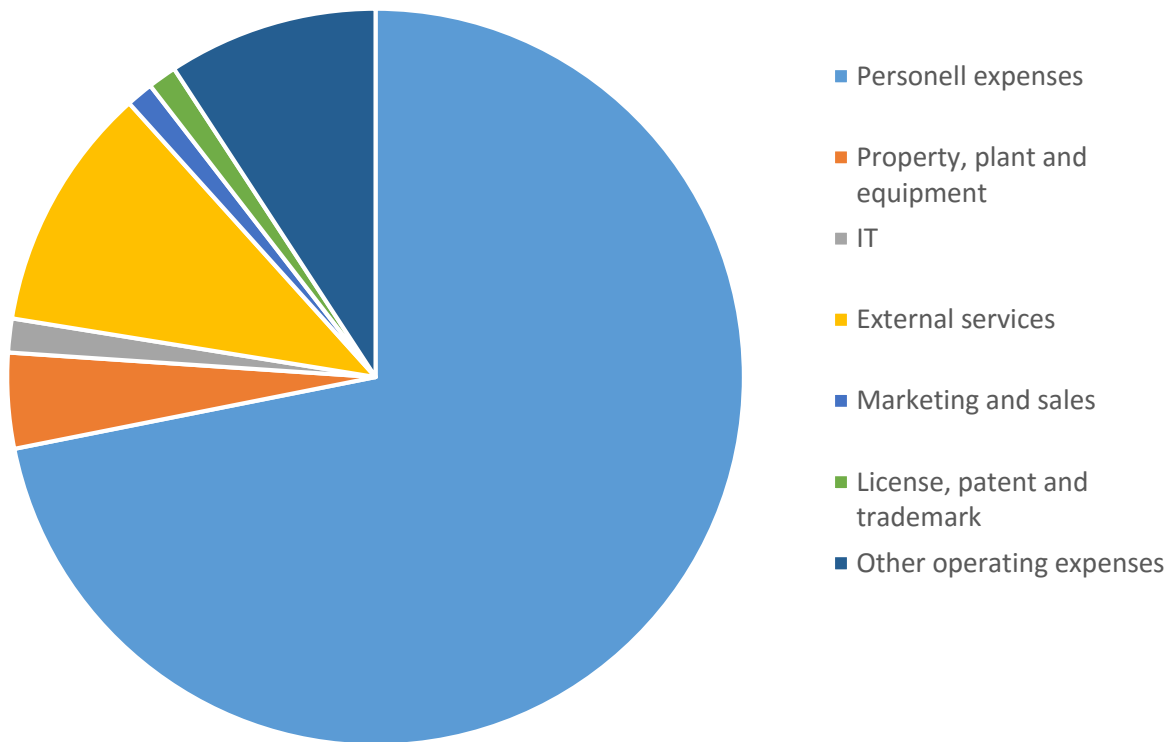
EBITDA improvement on a quaterly basis

EBITDA

Amounts in NOK 1.000'



Operating Expenses

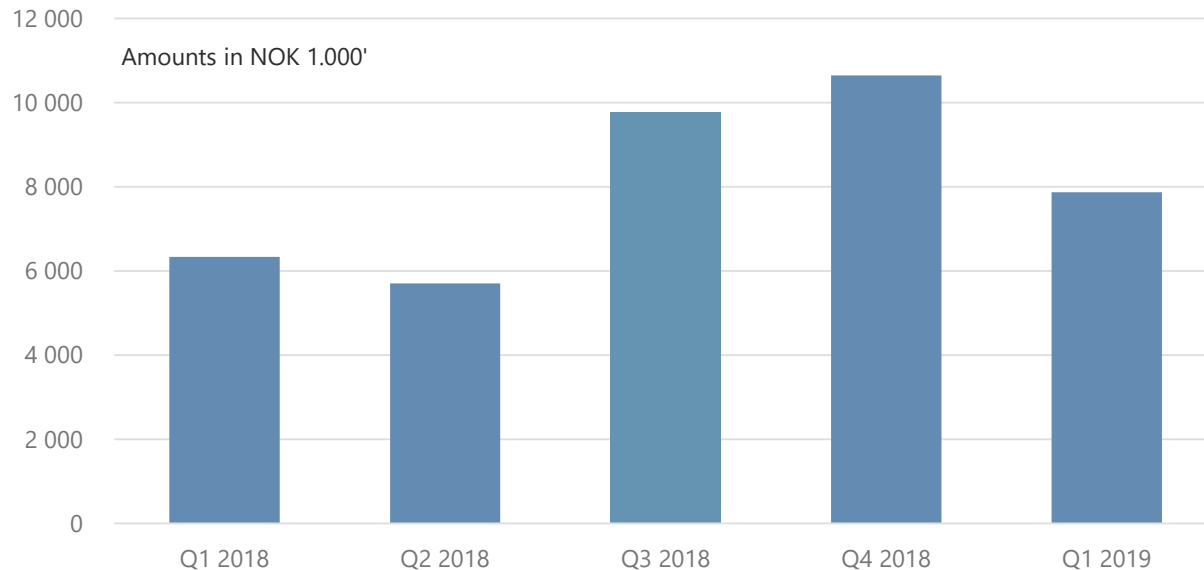


Note: For comparison purposes, 2018 figures has been adjusted for IFRS 16

ArcticZymes performance

Enzymes <i>(Amounts in NOK 1.000)</i>	Q1		YTD	
	2019	2018	2019	2018
Sales revenues	7.869	6.337	7.869	6.337
Operating expenses	-8.885	-7.625	-8.885	-7.625
EBITDA	-242	-377	-242	-377

Sales per quarter

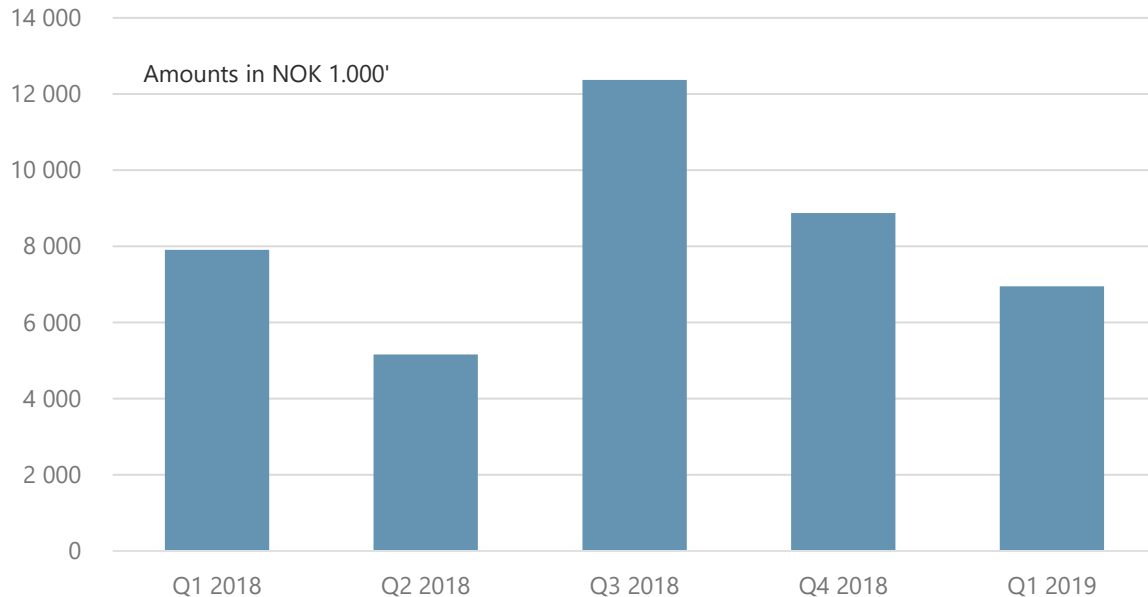


- Improvement of 1.6 MNOK in Q1 sales compared to Q1 2018.
- Operating expenses increased due to personnel and external expenses.
- EBITDA unchanged from previous year.

BetaGlucans performance

BetaGlucans	Q1		YTD	
(Amounts in NOK 1.000)	2019	2018	2019	2018
Sales revenues	6.947	7.905	6.947	7.905
Gross profit	4.152	3.633	4.152	3.633
Operating expenses	-6.521	-7.935	-6.521	-7.935
EBITDA	-2.109	-3.703	-2.109	-3.703

Sales per quarter



- Sales continue to be driven by Animal Health but less than previous quarters.
- Reduced expenses on personnel as resources are utilised in ArcticZymes.
- Woulgan[®] sales shows good growth in Q1.
- EBITDA continuous to be improved due to favourable product mix and cost control.

Outlook

Outlook 2019

- Management expect revenue growth in the two focus areas – ArcticZymes and Woulgan® to be strongest in H2 – whilst reducing cash consumption.
- ArcticZymes – objectives are to grow business organically, launching new products, whilst seeking inorganic growth opportunities.
- Woulgan® – focus on increasing sales in existing and new territories by identifying new partners.
- Woulgan® – expansion of portfolio to be launched after 2019.

