

Q4 2019 Presentation

30.01.2020, Oslo

Agenda

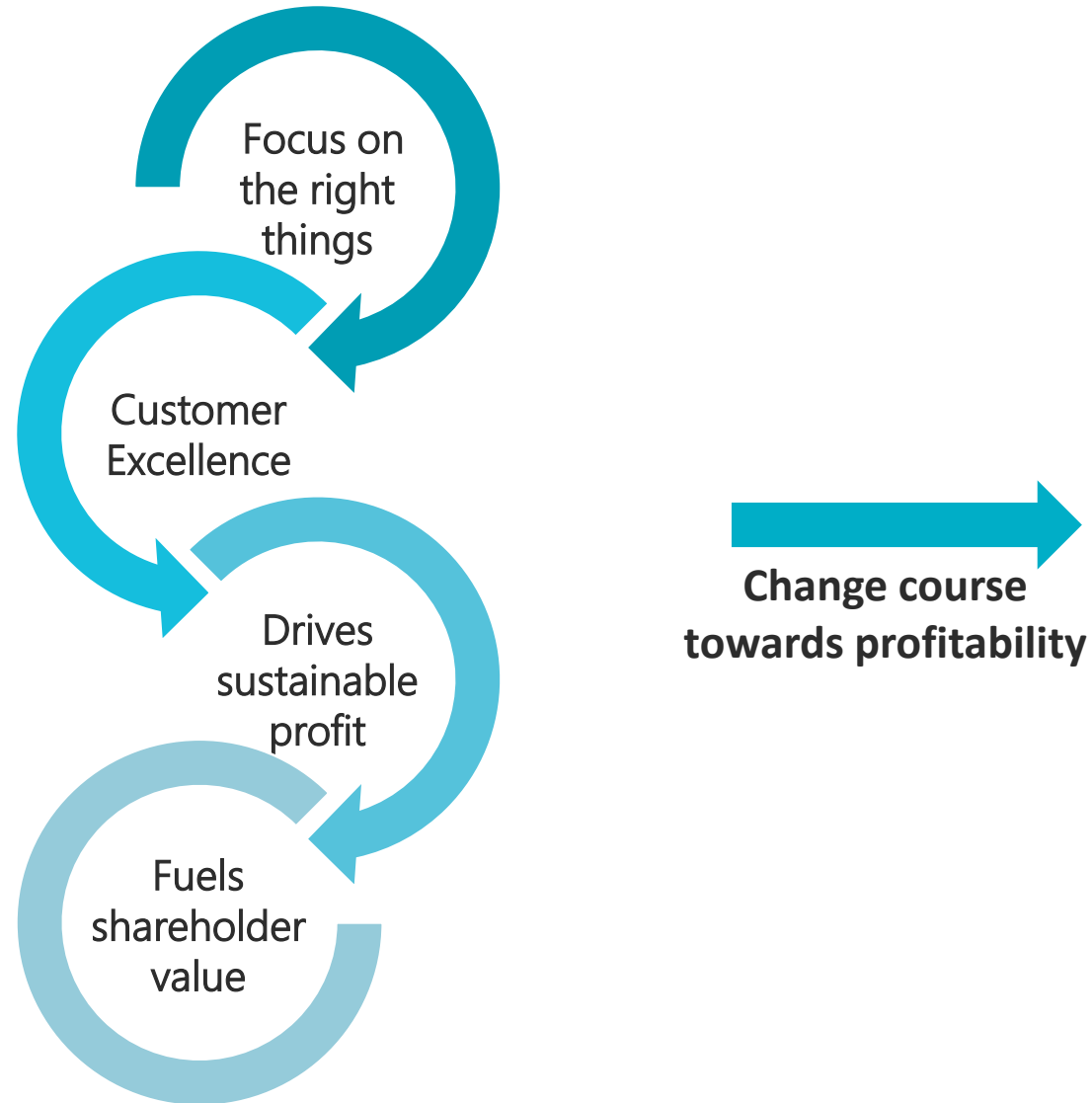
- Recap on New Strategic Direction
- Highlights
 - Q4 Achievements
 - Deliverables 2019
- ArcticZymes Update
- BetaGlucans Update
- Q4 Financials
- Outlook for 2020



Recap on New Strategic Direction

From 10 Dec 2019 Investor Update Meeting

No. 1 Strategic Goal: All About Profitability

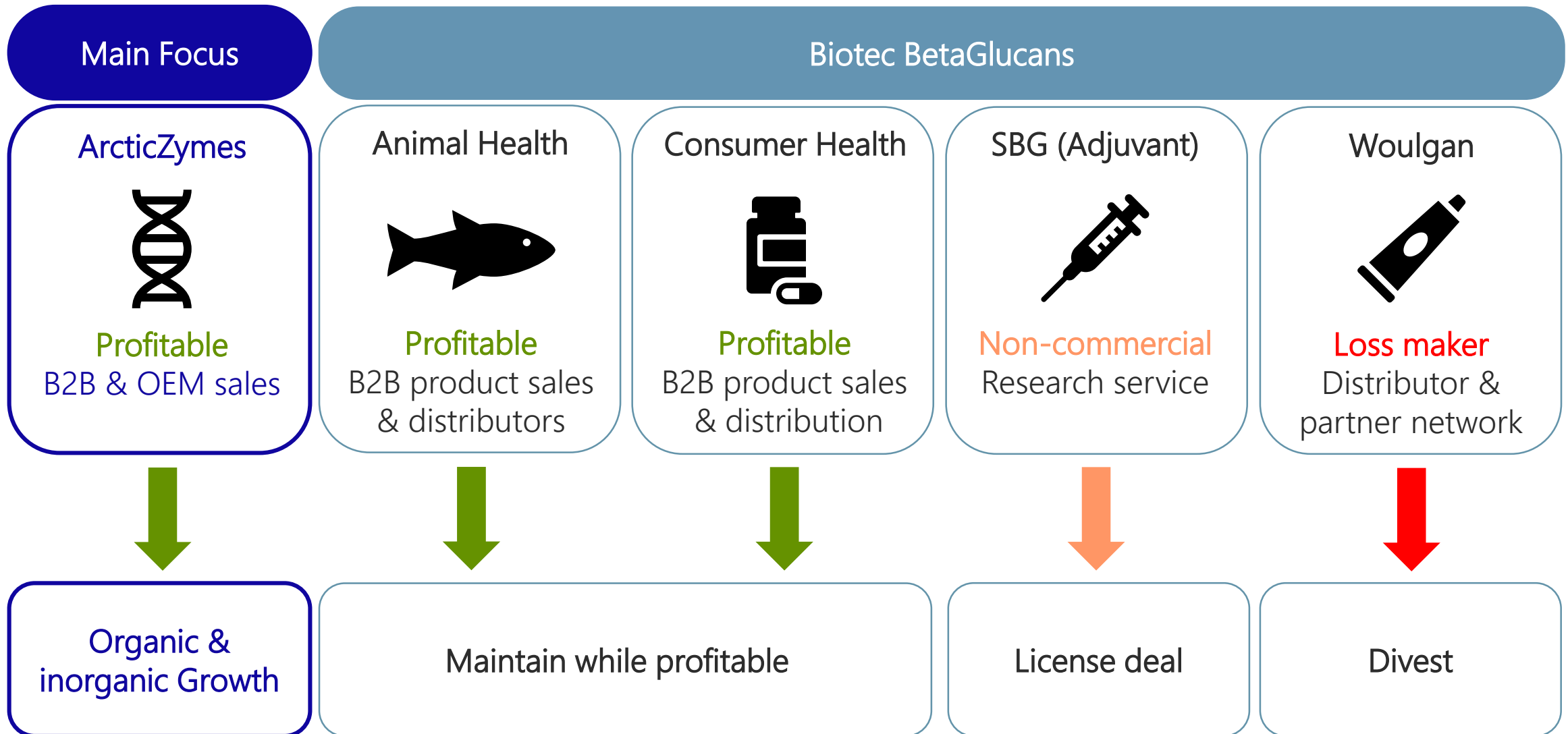


Main Strategic Focus – ArcticZymes

How?

Why?

Future direction of Biotec Pharmacon

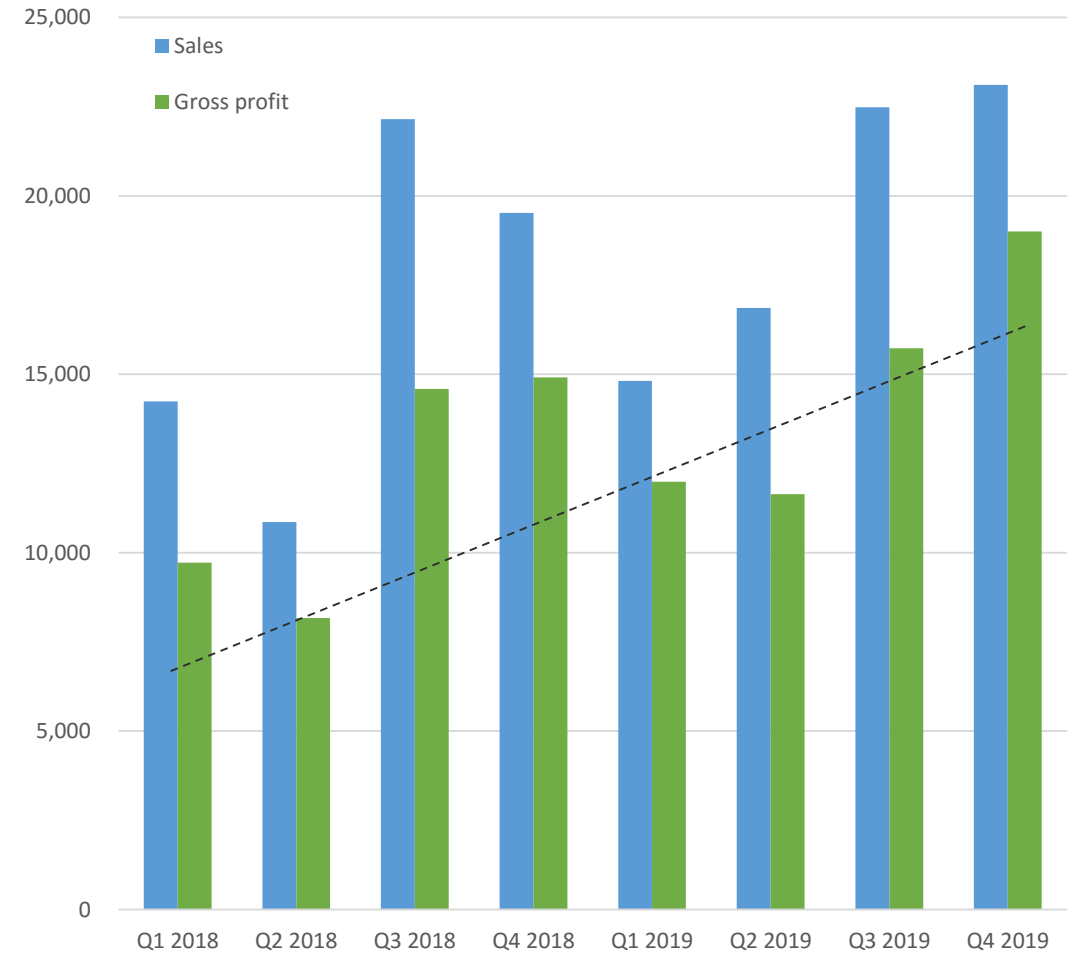


Highlights

Highlights Q4 2019

- Positive EBITDA with NOK 4.6 million (1.8)*
- Gross profit improved 27% to NOK 18.1 million (14.2)*
- ArcticZymes had Q4 2019 sales of NOK 16.3 million (10.7) growing by 52%
- Net Cash-flow Q4 was NOK 9.2 million (3.5)
- Hired Jethro Holter as interim CEO, replacing Christian Jørgensen
- New Group strategy: ArcticZymes being the main strategic arm of the business and the decision to divest Woulgan
- ArcticZymes launched M-SAN in order to gain greater market access and growth in the therapeutics segment

Sales & Gross profit



*Excludes "Assets held for sale" - Woulgan

Deliverables 2019

Overall sales growth in Group – 13%*

Organic growth in ArcticZymes – 40%

Significant reduction in cash consumption – 0.4 MNOK

Renewed clinical trial agreement with MSKCC. Part of 2020 goal



**Excludes "Assets held for sale" - Woulgan*

ArcticZymes

ArcticZymes Updates

Commercial achievements

- Quarterly performance: highest sales – 16.3 MNOK
- Annual performance:
 - ✓ Annual sales growth 40%
 - ✓ Achieved a double-digit EBITDA – 14.3 MNOK
- Key attributors to growth:
 - ✓ Salt Active Nuclease (SAN) product portfolio – represents 25% sales
 - ✓ Molecular biology and molecular diagnostics segment
 - ✓ Expanding product range and customer base
 - ✓ Main customer represents one-third of the business



ArcticZymes Updates

Innovations

- ArcticZymes launched its 7th product of the year > M-SAN
- ArcticZymes and Cell and Gene Therapy Catapult presented a scientific poster at the “Cell Therapy Manufacturing & Gene Therapy Congress 2019” in Amsterdam
- Growing portfolio of new enzyme leads in the pipeline. For example, the Horizon 2020 funded Virus-X project is entering the final stages. Selected prototypes entering development in 2020



ArcticZymes Updates

Operations

- Scaling operations to maintain security of supply as we grow with our customers and expanding product range
- Implemented a second production line during Q4
- Several products are undergoing process development to scale up their production in order to meet future demands



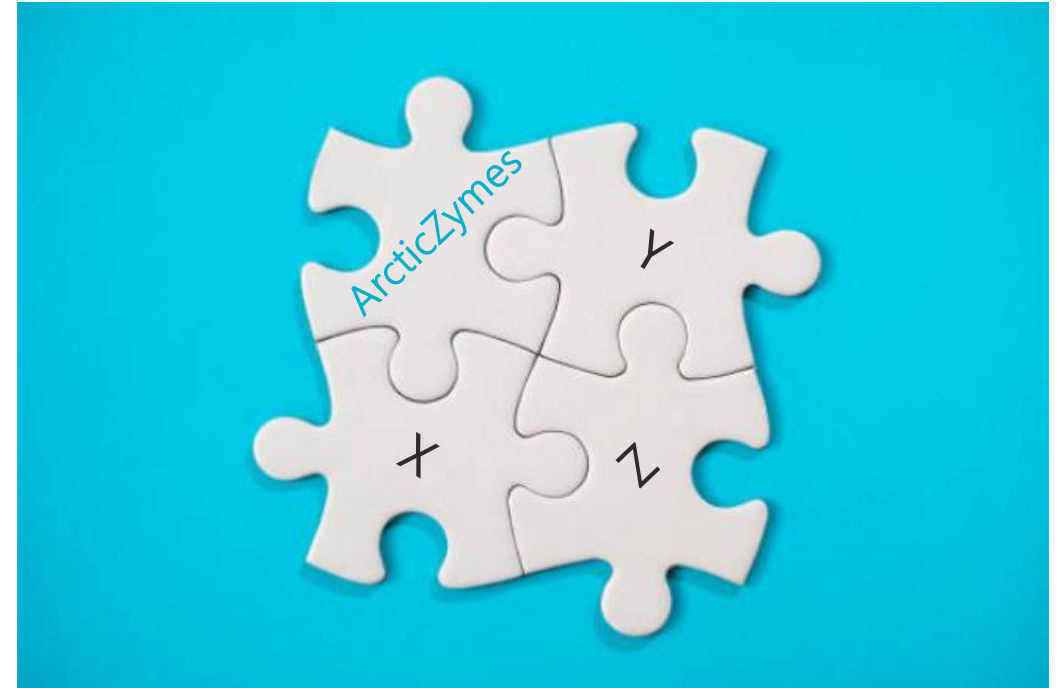
Inorganic Growth Initiatives

Objectives

- Strengthens brand position as one-stop- shop via deeper and broader offering
- Accelerate opportunities to grow sales
- Enhance operational and innovation capacity
- Achieve a central EU base

Status

- Q4: Advanced discussions with several companies
- Expect 1st transaction in first half 2020



BetaGlucans

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

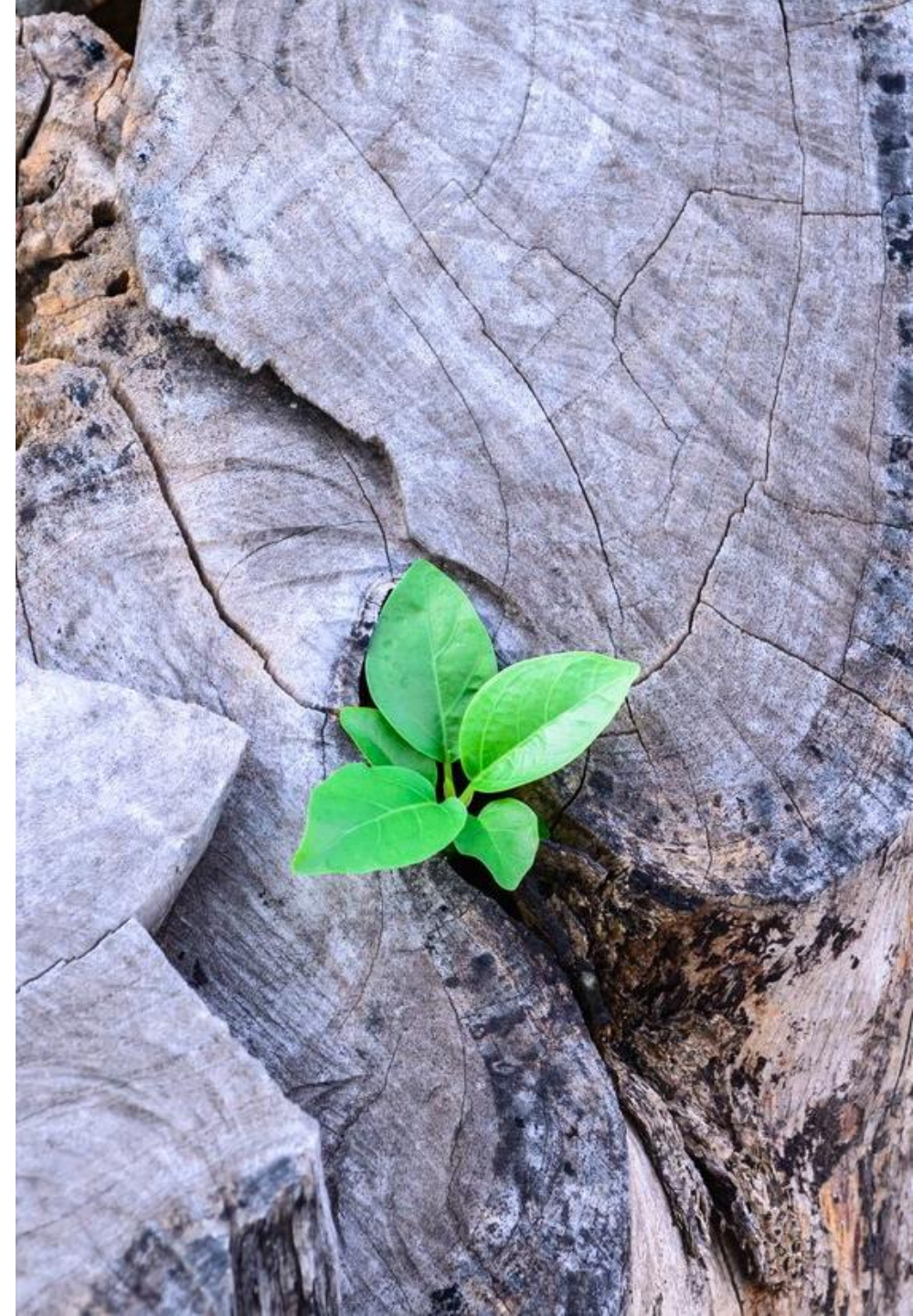
Woulgan Updates

Strategic

- Decision to divest
- Customer reaction towards decision to divest Woulgan has been mixed
- Positivity around Woulgan with potential consultants and interested parties

Commercial

- Germany is still a key market and main driver for revenues
- A new distribution agreement was signed with BioLogiQ in the Netherlands. Signed post announcement of the decision to divest Woulgan





Other BetaGlucans segments

Adjuvant

Biotech continues discussions with the vaccine owner, Y-Mabs, and MSKCC in translating the research studies into commercial value

Consumer Health

- Achieved growth in sales of M-Gard® in Q4 2019
- Growth is driven by new customers
- Expanding “funnel” of potential leads in USA, Asia and Europe

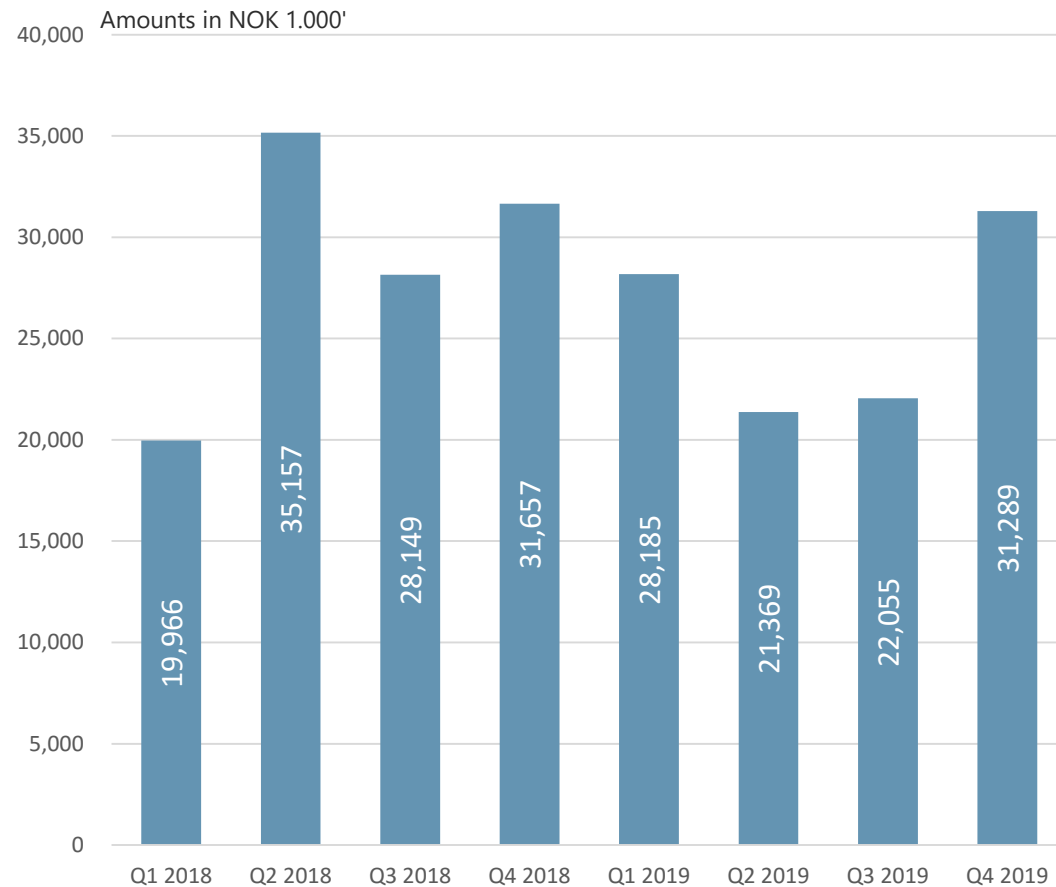
Animal Health

- Sales of M-Glucan® to the feed sector down in Q4 2019
- Sales of this product has some seasonality

Q4 Financials

Cash flow explained by underlying performance

Net cash position



Fourth quarter changes in cash of 9.2 MNOK:

- 14.7 (17.6) MNOK in short-term receivables.
- 17.6 (17.3) MNOK in short-term payables.
- Cash Flow from operations 12.7 MNOK (8.7 MNOK).

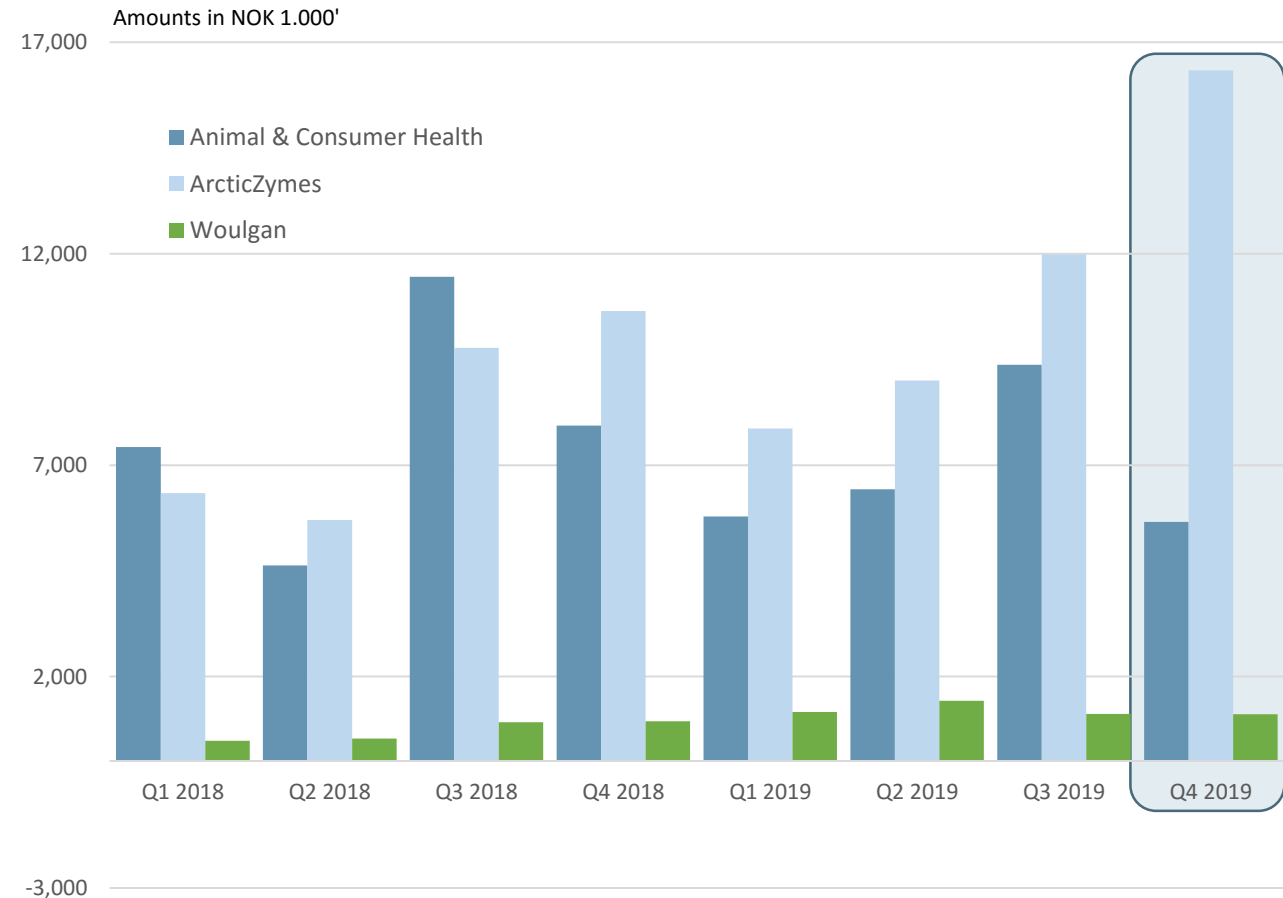
Cash balance of 31.3 MNOK end of 2019.

** Short term receiveables and payables excludes Woulgan related items*

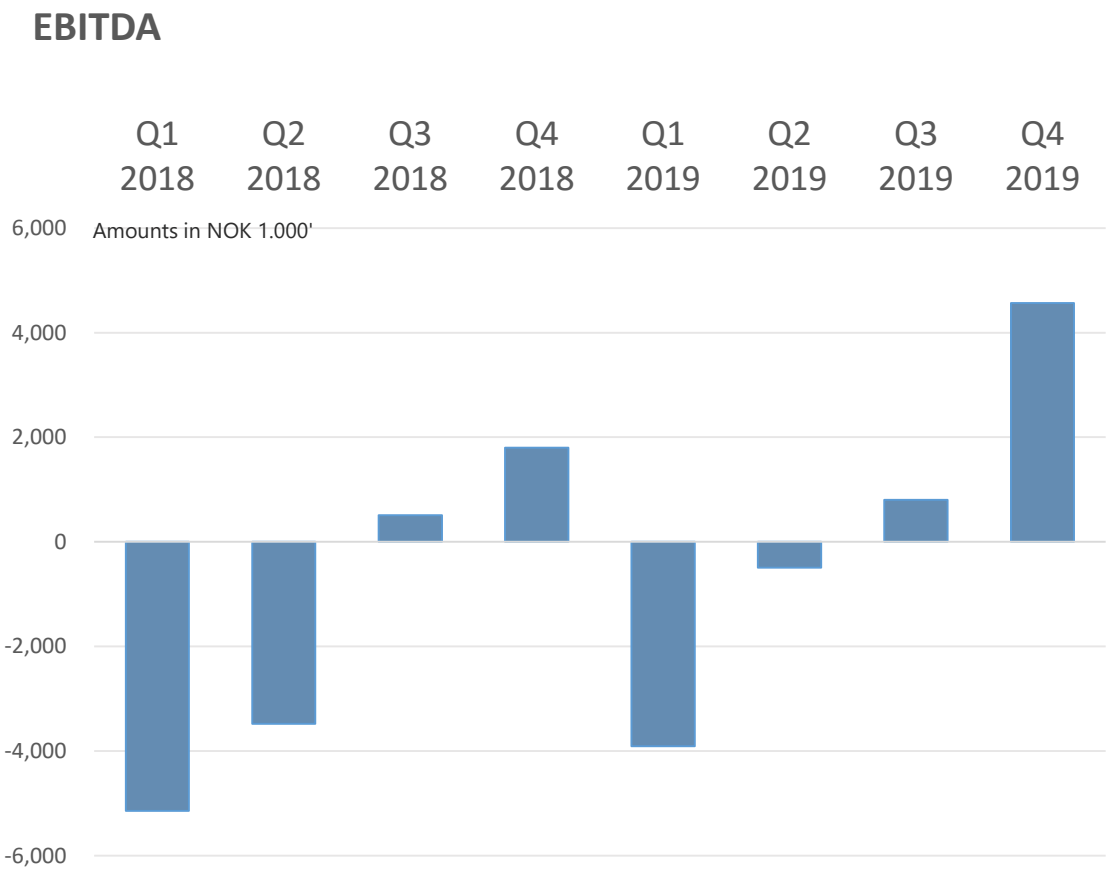
Sales for Q4 continues positive trend

Segment	Q4 Sales
ArcticZymes	MNOK 16.3 (10.6)
Animal & Consumer Health	MNOK 5.7 (8.0)
Woulgan®	MNOK 1.1 (0.9)
Group	MNOK 23.1 (19.5)

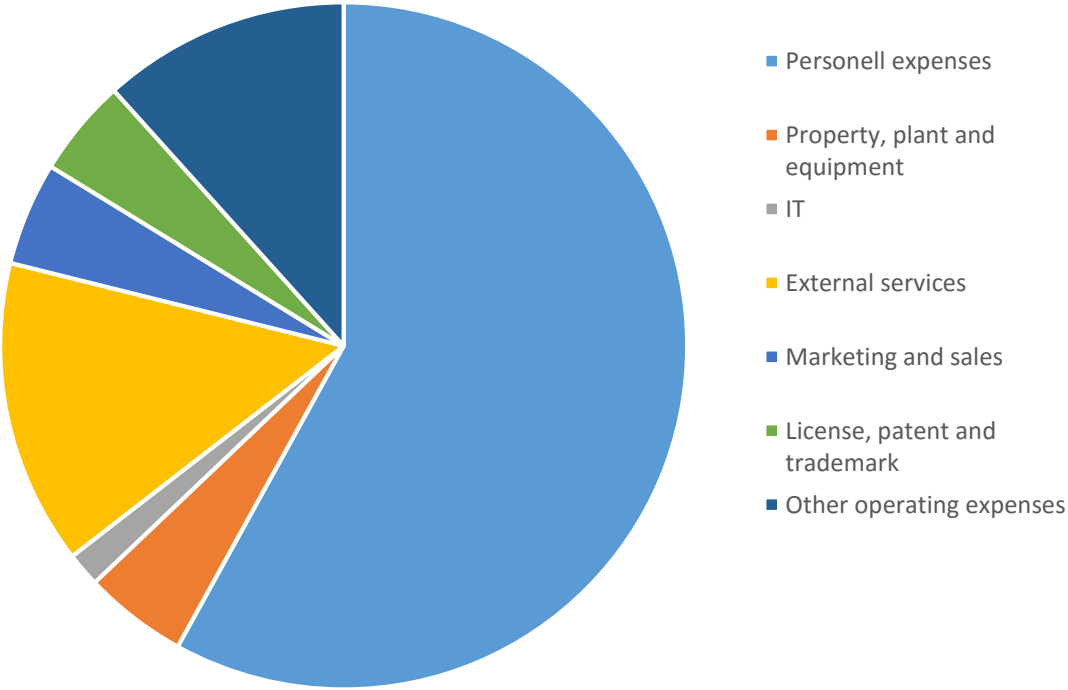
Biotec revenues per segment



EBITDA all time high



Operating Expenses

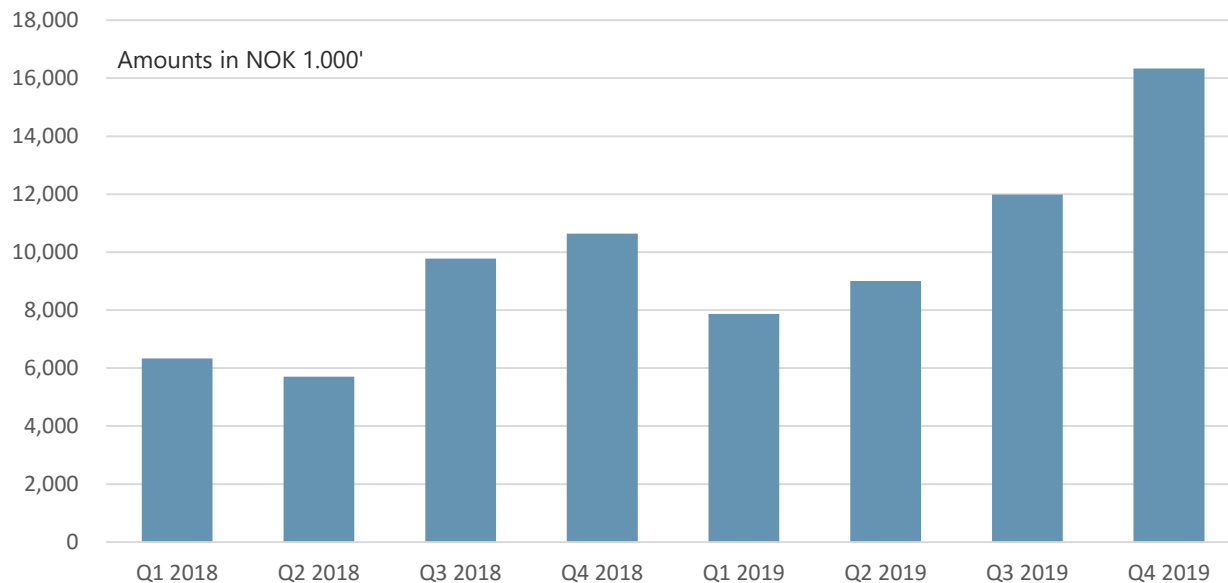


*Note: For comparison purposes, 2018 figures has been adjusted for IFRS 16.
Only Q4 18 and Q4 19 have been adjusted for Assets held for sale*

ArcticZymes performance

Enzymes	Q4		YTD	
(Amounts in NOK 1.000)	2019	2018	2019	2018
Sales revenues	16 336	10 643	45 192	32 457
Operating expenses	-8 556	-8 508	-33 634	-28 381
EBITDA	9 056	3 018	14 345	6 930

Sales per quarter

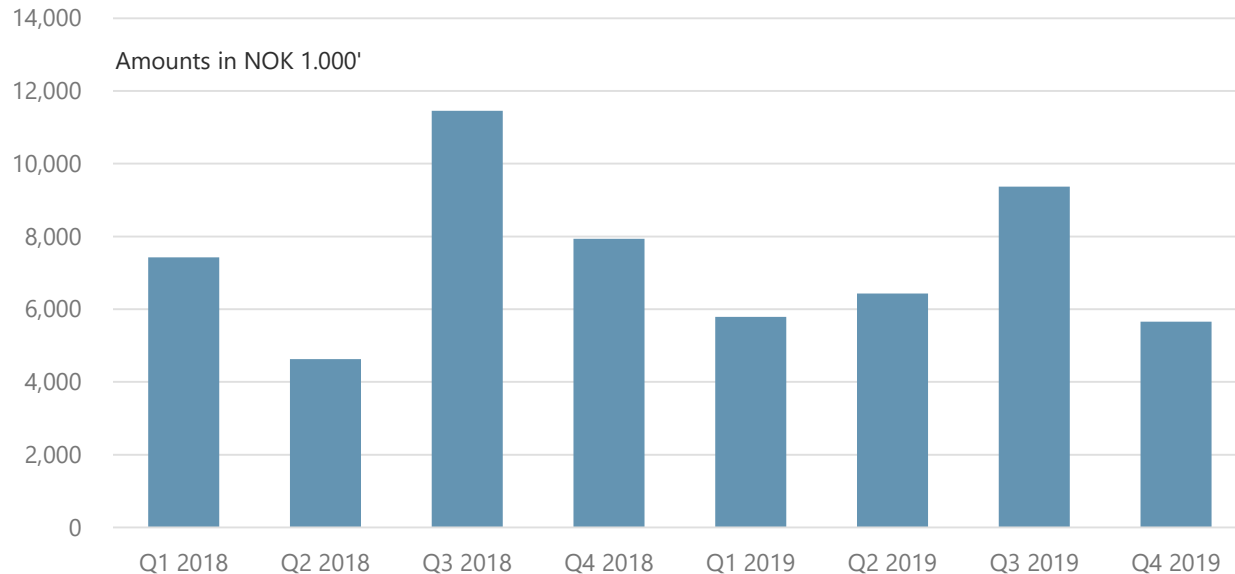


- Sales are up by 5.7 MNOK compared to same quarter last year.
- 2019 sales have increased by 12.7 MNOK or almost 40% compared to 2018
- Operating expenses increased due to personnel and external expenses.
- EBITDA is improved even though expenses and activities have increased.

BetaGlucans performance

BetaGlucans	Q4		YTD	
(Amounts in NOK 1.000)	2019	2018	2019	2018
Sales revenues	5 656	8 004	24 245	31 517
Gross profit	1 845	3 535	10 040	12 779
Operating expenses	-5 056	-5 689	-18 152	-20 749
EBITDA	-2 106	-1 089	-4 990	-5 660
Net profit «Assets held for sale»	-1 055	-1 912	-3 503	-6 888

Sales per quarter



- Woulgan had a weaker quarter compared to the previous quarters with 1.1 MNOK in sales
- Reduced operating expenses due to savings and reallocation of resources to ArcticZymes.
- EBITDA for continued operations are lower than Q4 2018 due to lower sales
- One-off expenses relating to restructuring has been expensed in Q4 2019

Outlook

Outlook 2020

Full speed in executing new strategic direction

No. 1 goal > drive whole business into profitability in 2020

Organisation realigned to support ArcticZymes which represents the main strategic and high growth business

ArcticZymes 1st acquisition expected during the 1st half

Operate BBG as a profitable business

Loss making Woulgan business to be divested

