

# Q4 2016 Presentation

02.02.2017, Oslo

# Agenda

- **Highlights**
- **Q4 Financials**
- **BetaGlucans**
  - Advanced wound care
  - Animal- and Consumer health
  - Cancer
- **Enzymes**
  - Molecular research and diagnostics
- **Outlook**



# Highlights for Q4 2016

- Q4 sales of NOK 18.2 million (13.1M)
- 2016 sales of NOK 71.9 million (53.3M)
- Q4 EBITDA of NOK -8.1 (-7.1) million reflecting a high activity level in commercialization of Woulgan®
- Q4 sales Woulgan® of NOK 0.6 million
- ArcticZymes launched three products during the fourth quarter



# Q4 Financials



# Financial highlights Q4 2016

NOK million	Q4 2016	Q4 2015	12M 2016	12M 2015
Sales Enzymes	6.8	3.3	28.7	23.5
Sales BetaGlucans	11.4	9.8	43.2	29.7
Other revenues	1.8	1.8	6.7	7.3
<b>Total revenues</b>	<b>20.0</b>	<b>14.9</b>	<b>78.6</b>	<b>60.5</b>
Enzymes	-1.4	-3.0	3.8	3.1
BetaGlucans	-4.8	-0.9	-17.1	-8.5
Corporate unallocated	-1.9	-3.2	-5.8	-9.1
<b>EBITDA</b>	<b>-8.1</b>	<b>-7.1</b>	<b>-19.0</b>	<b>-14.4</b>
<b>EBIT</b>	<b>-8.5</b>	<b>-8.0</b>	<b>-21.0</b>	<b>-17.3</b>

# Cash flow and cash position

NOK million	Q4 2016	Q4 2015	12M 2016	12M 2015
Operating activities	-2.7	2.3	-19.3	-12.9
Investing activities	-1.3	-0.9	-1.3	-1.5
Financing activities	0	0	0	4.4
<b>Changes in cash and cash equivalent</b>	<b>-4.1</b>	<b>1.4</b>	<b>-20.7</b>	<b>-9.9</b>
Cash and cash equivalents at the beginning of period	61.7	76.9	78.3	88.3
<b>Cash and cash equivalents at the end of period</b>	<b>57.7</b>	<b>78.3</b>	<b>57.7</b>	<b>78.3</b>

# Beta-glucans

# Beta-glucans – segment numbers

NOK million	Q4 2016	Q4 2015	12M 2016	12M 2015
Sales Animal & Consumer Health	10.8	9.8	42.4	29.4
Sales Woulgan	0.6	0	0.8	0.3
Other revenues	0.7	0	2.5	1.3
<b>Total revenues</b>	<b>12.1</b>	<b>9.8</b>	<b>45.7</b>	<b>31.0</b>
Personnel expenses	-5.5	-3.0	-21.1	-12.4
Operating expenses	-4.3	-3.1	-15.7	-12.2
<b>EBITDA</b>	<b>-4.8</b>	<b>-0.9</b>	<b>-17.1</b>	<b>-8.5</b>
Depreciation & Amortization	-0.2	-0.7	-1.3	-2.0
<b>EBIT</b>	<b>-5.0</b>	<b>-1.6</b>	<b>-18.4</b>	<b>-10.5</b>



# Activities outside Woulgan®

- Continued growth in animal health products
- Started commercial activities within consumer health
- Collaborating with supplier to expand production capacity to meet expected further increase
- Memorial Sloan Kettering Cancer Center decided to further expand their Neuroblastoma study to 145 patients due to positive results. At the moment a total of around 100 patients are enrolled
- Successfully audited in both ISO 13485 and GMP+ (feed)



# Woulgan<sup>®</sup> Positioning & Highlights

*Substantial potential: ability to kick-start “stalled wounds”*

*Woulgan positioned for stalled wounds not closed by 40% after 4 weeks of standard care*



## Highlights

- 2016 sales NOK 0.8 million
- Further questions from NHS regarding Drug Tariff application
- Woulgan<sup>®</sup> to be listed with NHS Supply Chain
- KOLs engaging with Woulgan



# Highlights UK

- Received further questions on health economic analysis from Drug Tariff
- Confirmed Woulgan to be listed on NHS Supply Chain for hospitals & some off-Drug Tariff community trusts
- UK case series to be published in Journal of Wound Care in Feb. 2017
- Participated at Wounds UK congress
  - Strong presence with 6 posters



# Highlights Germany



- Repeated homecare company (HCC) sales
- Successfully trained HCC clinician teams
- Hosted German advisory board
- Recruited several KOLs to participate in case evaluation series



# Highlights Nordics



- Sales growing
- Evaluations in key tender accounts in Sweden & Denmark
- New tender listings expected in Q1
- Recruited 4 sites for Nordic evaluation series

# Update US and PMCF study

## **US access:**

- FDA proposed class 1 exempt for Woulgan
- Likely 1st step towards a higher classification and reimbursement later

## **PMCF (post market clinical follow up):**

- Continuing to monitor progress



# 2016 Woulgan® summary

	Nordics	Germany	UK
Go-to-market:	Navamedic increased Woulgan headcount to 9 heads	Trained 12 distributor reps and 30 key account wound care nurses	Distributor hired Woulgan Sales Specialist
Market access	Woulgan listed on 3 tenders	Reimbursed by multiple sick funds in several regions	Gained listing on NHS Supply Chain Framework for Acute hospitals
Clinical practice:	Participated 10 congresses 2 Publications	Participated 4 congresses	Participated 6 congresses 10 Posters
Market metrics	130 clinicians tested Woulgan in 80 sites	30 clinicians tested Woulgan	35 clinicians tested Woulgan in 30 sites
	2,000 tubes sampled	2,000 tubes sampled	1,200 tubes sampled
	2,560 tubes purchased	3,350 tubes purchased	
	About 300 patients treated	About 250 patients treated	About 120 patients treated



# Highlights Central Marketing



## Brand building

- Launched Woulgan.com / Woulgan.de
- Launched online clinician: "Ask Anne"
- Posting on Facebook in 3 languages

## Sales Leads

- Increasing exposure at congresses with Twitter
- Produced 1<sup>st</sup> webinar & 4 video testimonials
- Distributed 40 individual pieces of sales collateral





# ArcticZymes

Molecular research and diagnostics

# Enzymes – segment numbers

NOK million	Q4 2016	Q4 2015	12M 2016	12M 2015
Sales enzymes	6.8	3.3	28.7	23.5
Other revenues	1.1	1.8	4.2	6.0
<b>Total revenues</b>	<b>7.9</b>	<b>5.1</b>	<b>32.9</b>	<b>29.5</b>
Personnel expenses	-6.1	-6.0	-20.1	-18.3
Operating expenses	-2.8	-1.8	-8.1	-6.8
<b>EBITDA</b>	<b>-1.4</b>	<b>-3.0</b>	<b>3.9</b>	<b>3.1</b>
Depreciation & Amortization	-0.1	-0.2	-0.5	-0.8
<b>EBIT</b>	<b>-1.5</b>	<b>-3.2</b>	<b>3.3</b>	<b>2.3</b>

# Commercial Update

## New Supply Agreements

- Signed a new 5 year supply agreement with a European based global molecular diagnostic developer
- Our 3<sup>rd</sup> supply agreement formalized in the molecular diagnostics market segment during 2016



**Long-Term Value Creation**

# Commercial Update

## New Innovations – 3 New Product Launches

- **Heat-Labile Exonuclease I (HL-ExoI)**
  - ✓ Complements our Shrimp Alkaline Phosphatase portfolio
  - ✓ IP around the enzyme. Added value to customers
  - ✓ Sample requests already been received
- **Glycerol-free dsDNase and HL-dsDNase**
  - ✓ Satisfies the evolving requirement of the molecular diagnostics market segment
  - ✓ Fulfills a market need expressed by existing partners and new potential partners
- During 2016 ArcticZymes innovation pipeline has been at full pace achieving a total of 6 new productions releases; including a new major portfolio with IsoPol™ Polymerase

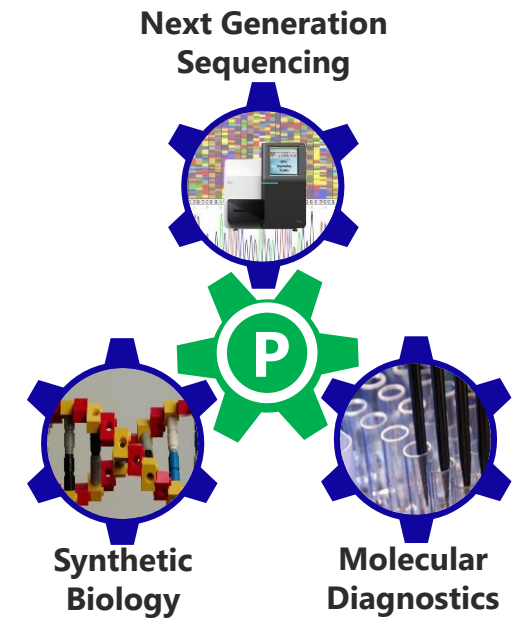




# Commercial Update

## IsoPol™ Polymerase Update

- Customer evaluations ongoing across all regions: USA, Europe and Asia
- Main customer interest is incorporation of the polymerase into driving their Next Generation Sequencing technologies or Molecular Diagnostics tests
- Early feedback following the launch of IsoPol™ Polymerase has directly fed back into steering our other polymerase innovations
- ArcticZymes expects to launch 2 new IsoPol™ polymerase enzymes during 2017



# Outlook 2017

# Outlook 2017

- Woulgan: Drive commercial sales in core markets and receive favorable reimbursement in UK
- Retain position in the Animal Health market with a modest growth
- Build commercial platform in Consumer Health
- Launch further products in ArcticZymes including Polymerases
- Continue to widen ArcticZymes' commercial platform with new agreements, customers and markets

A photograph of the Aurora Borealis (Northern Lights) in green, dancing over a city at night. The city lights are reflected in the water, and a bridge is visible on the left. The sky is dark, and the mountains in the background are silhouetted.

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