BIOTEC PHARMACON

Q1 2018

First quarter 2018

Highlights for the first quarter of 2018'

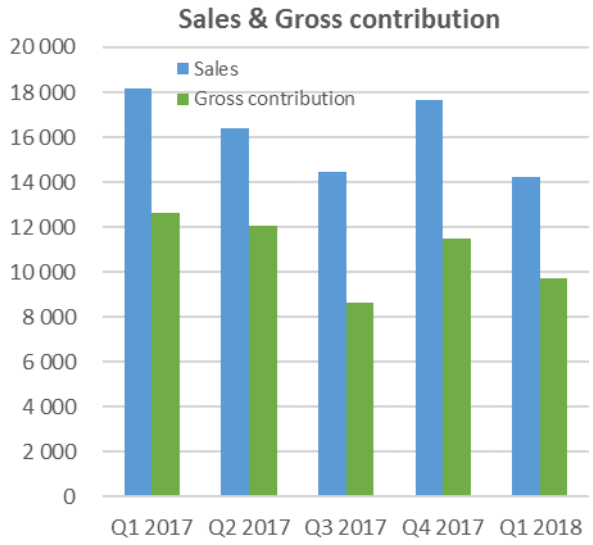
- Group sales were NOK 14.2 million in the first quarter of 2018, compared to NOK 18.2 million in the first quarter of 2017, due to lower sales of animal health and enzyme products.
- EBITDA was NOK -5.9 million in the first quarter of 2018 compared to NOK -4.1 million in the first quarter of 2017.
- Completed and published results from a 300 patient Woulgan® study in the UK with strong consistent healing effect.
- ArcticZymes has doubled the number of customers buying SAN products compared to fourth quarter 2017, to more than 90.
- Operating expenses in the first quarter 2018 were NOK 1.0 million lower than first quarter 2017 with a shift in spending from Biotec Beta-Glucans to ArcticZymes.

Key Financials

NOK 1.000	Q1 2018	Q1 2017	3M 2018	3M 2017
Sales	14 242	18 196	14 242	18 196
Total Revenues	15 997	19 771	15 997	19 771
EBITDA	-5 866	-4 109	-5 866	-4 109
EBIT	-6 431	-4 573	-6 431	-4 573
Net cash flow from operations	-10 490	-9 776	-10 490	-9 776
Net cash end of period	19 967	46 486	19 967	46 486

Biotec Pharmacon – Group Figures

Biotec Pharmacon ASA, (hereinafter "Biotec" or "the Company") reported sales of NOK 14.2 million (18.2) for the first quarter of 2018. Earnings before tax, interest, depreciation and amortisation (EBITDA) was NOK -5.9 million (-4.1) and earnings before interest and tax (EBIT) was NOK -6.4 million (-4.6) in the quarter. Net financial income was NOK 0 million (0.1), generating earnings before tax (EBT) of NOK -6.4 million (-4.5) for the quarter.

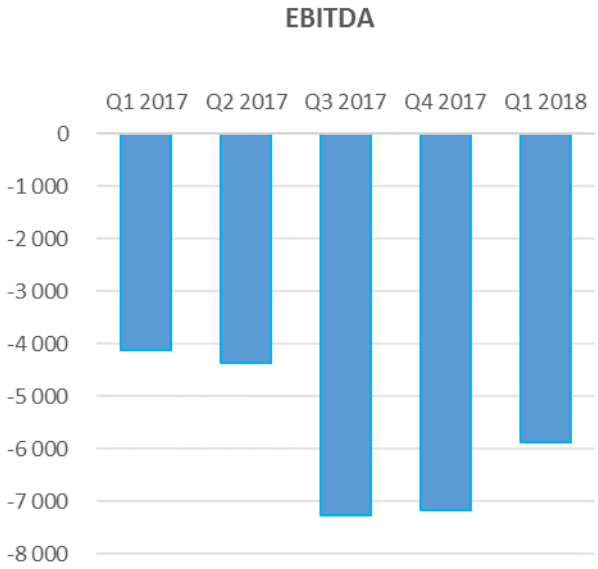


The beta-glucans segment had sales of NOK 7.9 million compared to NOK 9.4 million during the first quarter of 2017. The reduction results from a lower demand for Biotec's animal health product M-Glucan™. Woulgan® reported NOK 0.5 million in sales for the quarter. This is NOK 0.1 million more than the company reported in the first quarter 2017. The enzyme segment had first quarter sales of NOK 6.3 million compared to NOK 8.8 million in the first quarter of 2017. This was as expected and in line with the communicated outlook.

The Group had a gross contribution of NOK 9.7 million in the first quarter of 2018 compared to NOK 12.6 million in 2017. The reduction in gross contribution is due to the reduction in sales of enzyme and animal health products.

The reduced EBITDA for the first quarter of 2018, compared to the same quarter last year is mainly caused by lower sales while cost reductions had positive impact.

The Company recognised no income tax in the first quarter of 2018.



The Group had 40 full-time and 4 part-time associates at the end of the first quarter. This is two less than the Company had at the end of first quarter 2017. This includes 4 consultants on long-term contract.

Financial position

Total equity amounted to NOK 38.7 million at the end of the first quarter 2018 compared to NOK 44.8 million at the end of 2017.

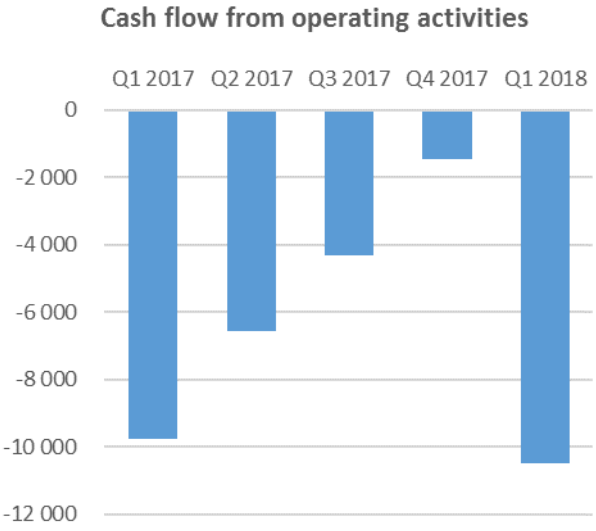
Total assets were NOK 51.2 million at the end of the first quarter of 2018, compared to NOK 61.7 million at the end of 2017.

The Company has no interest-bearing debt.

Cash flow

Net cash flow from operating activities was NOK -10.5 million in the first quarter, compared to NOK -9.8 million in the same quarter in 2017.

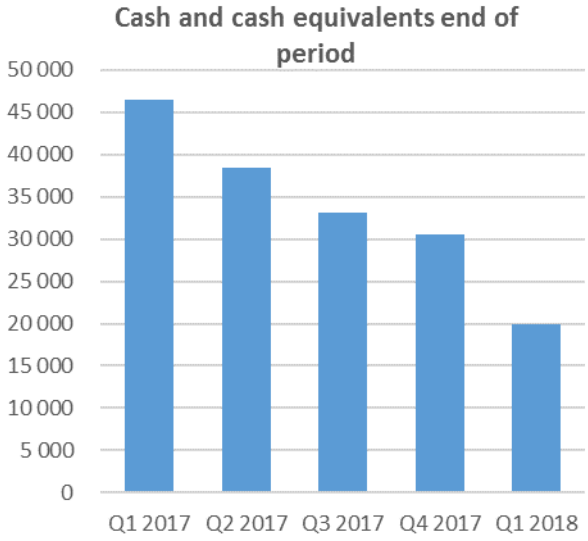
The operating cash flow reflects a change in working capital of NOK 4.9 million compared to end of fourth quarter 2017. This is explained by a reduction in receivables by NOK 1.3 million, reduction in liabilities of NOK 4.5 million and an increase in inventory of NOK 1.7 million.



Net cash flow from investing activities was NOK -0.1 million while net cash flow from financing activities was NOK 0 in the first quarter.

Changes in cash and cash equivalents were NOK -10.6 million in the first quarter. This generated a cash balance of NOK 20.0 million at the end of the quarter, compared to NOK 30.6 million at the end of 2017.

Traditionally, Biotec Pharmacon experiences higher cash consumption in the first quarter due to a number of annual payments falling into that quarter. Biotec expects cash flow to improve significantly through the year.



Shareholder matters

The total number of issued shares was 43,944,673 at the end of the first quarter of 2018. The number of issued employee share options was 972,000 at the end of the quarter.

Risk factors

Biotec´s business is exposed to several risk factors that may affect parts or all of the Company's activities. There are no substantial changes in the risk factors, which are described in the annual report for 2017 and published on the Company's website www.biotec.no

Business area reporting

Beta-glucans

Woulgan®

Woulgan is a CE approved advanced wound care therapy intended to restart healing in slow-healing wounds. Its efficacy and qualities are documented in several studies and accepted by reimbursement authorities.

Most wound care is delivered in out-patient settings, either in homes or decentralised clinics. This creates higher requirements in terms of salesforce coverage to generate substantial recurring sales revenues.

The Company is continuing to look for strategic partners to secure growth of the franchise with less consumption of financial resources.

Woulgan® - UK

Woulgan gained a listing on the Drug Tariff in December 2017 and the next step is to add Woulgan onto local formularies so that clinicians are allowed and guided to use Woulgan in slow-healing wounds.

As a result of the Drug Tariff listing, H&R Healthcare stepped up their commitment to Woulgan® by creating a specialist wound activities team consisting of 5 sales persons. These were trained in January 2018 and are now active in the market. There are 14 evaluations underway, with 218 patients planned within the evaluations. Currently 84 patients are receiving treatment within an evaluation, with 22 patients already completed. Biotec supported UK sales efforts by delivering a series of targeted digital marketing campaigns aimed at creating sales leads for the sellers. Biotec also launched the reACTivate campaign aimed at building clinician engagement with Woulgan and to create new sales leads.

The results of a 300-patient study across multiple, real-world wound types have been analysed and the healing effect of Woulgan is seen to be, consistent, if not superior to previous documentation in Zykova et al. (Biotec's phase II study, 2014), this with 12-week healing rates for ulcer-type wounds at 62% versus 30% in the standard care cohort. The full manuscript and analysis will be written in the second quarter with publication expected later this year.

Woulgan® – Germany

Woulgan gained a listing at HOZ MEDI WERK, Germany's second biggest supplier to home care companies (HCCs). A key benefit for HOZ customers is their easy ordering system via a dedicated Wound-App. HOZ offers fast and convenient access of Woulgan for a variety of small-medium home care companies. Additionally, Biotec gained Woulgan orders from three new HCCs and trained their wound expert nurses in the first quarter. One of the accounts is a major HCC, focused on wound care and they are evaluating Woulgan's effect on 20 patients during the second quarter.

Germany's Federal Joint Committee (G-BA) has updated the reimbursement regulation of

dressings in April 2018 with a one-year grace period before changes take effect. From April 2019, products with active claims, such as Woulgan®, will no longer be reimbursed as dressings and need to apply for Annex V status to qualify for reimbursement. The Company has prepared an Annex V application and plan to submit it as soon as possible.

Woulgan® – Nordics

Woulgan gained a tender listing at 5Klövern effective from April 2018. This gives Biotec and its distributor a "license to hunt" in the region. Several workshops are planned in April and May to market the new access.

Biotec attended the annual Norwegian wound congress, NIFS, in Svolvær in February with a booth. Woulgan was mentioned in the scientific program as an example of coming active therapies.

Two papers from the Nordic case series have been written by external clinicians and are awaiting publication with different Nordic journals.

Woulgan® - Other

The ongoing Post-Market Clinical Follow-up study (PMCF) is progressing at a good pace after recruitment of the Nottingham NHS-trust site in UK. Three centres have included more than 10 patients during the last quarter, where the approved protocol amendments, mid- 2017 allowed broader inclusion criteria and thus a faster inclusion rate. The primary goal of the study, as required by the Notified Body and MHRA approving Woulgan® Gel, is to demonstrate safety and usefulness of Woulgan® Gel as compared to a standard treatment regime with a non-active gel. Biotec expects to finalise the PMCF study during 2018. Together with the 300-patient study conducted in the UK, the data from the PMCF should fulfil all requirements for documenting the safety and usefulness of Woulgan as requested by the authorities.

Research and development

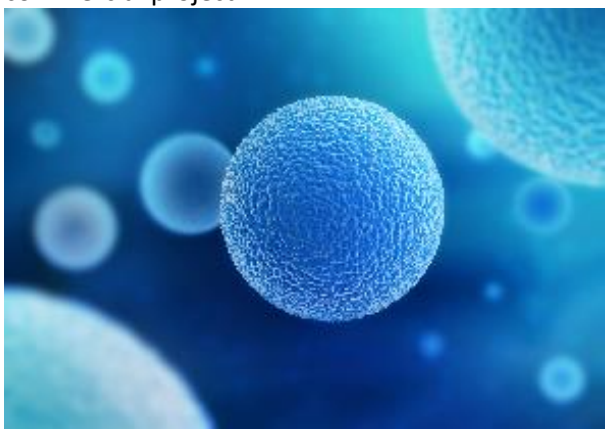
A new gel-forming Woulgan dry layer dressing product is being developed for use on exuding and large surface wounds, where the Woulgan® Gel is less suitable. A pilot scale production equipment for manufacturing this advanced gel-forming fibre dressing has been installed over the past months. Several formulations are being tested and evaluated to ensure proprietary production methods that can be patent protected.

Beta-glucans – Cancer

Since 2015, the clinical trial at Memorial Sloan Kettering Cancer Centre (MSKCC) where SBG® is used in combination with a cancer vaccine against high-risk neuroblastoma in children, has been expanded several times to become a regular phase II trial. Patients in 1st remission after conventional therapy, are now allowed to be treated with the experimental vaccine together with SBG. More than 170 patients have already been recruited to the trial and the study aims to recruit a total of 185 neuroblastoma

patients. The study results from the first part of the phase II study will be presented at the bi-annual conference on “Advances in Neuroblastoma Research” (ANR2018) in San Francisco in May 2018. The abstract has been approved for an oral presentation under the “Clinical Trials and Prognostic Biomarkers” session. The abstract will be available from May 9th at www.anr2018.org. The trial has demonstrated that the combination of the neuroblastoma vaccine and SBG® has an excellent safety profile, and the study continues to show promising treatment effect in line with the phase I results published in 2014.

Biotec continues to discuss further collaboration with MSKCC and the vaccine producer to identify how this experimental treatment regime could move into a potential commercial project.



Beta-glucans – Other

Biotec continues to expand its relationship with a significant US customer of M-Gard™. First quarter sales of M-Gard™ were in-line with expectations and with the orders received in the beginning of the second quarter, sales have surpassed those achieved in 2017.

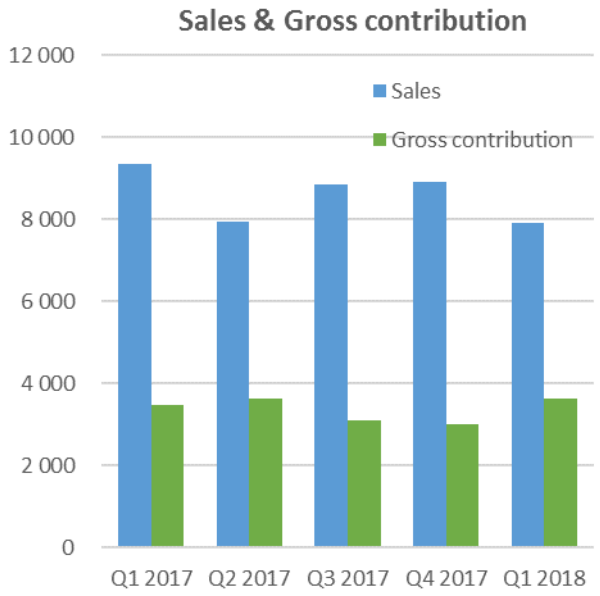
Furthermore, the Company is continuously pursuing new leads, but due to the nature of the business, it takes time for these to mature.

M-Glucan® is a proprietary product positioned towards the animal feed sector with well-documented positive effects. The animal feed sector is under intense competition with pressure on prices and margins. Annual and quarterly sales are expected to fluctuate in this business, which is in-line with historical experience.

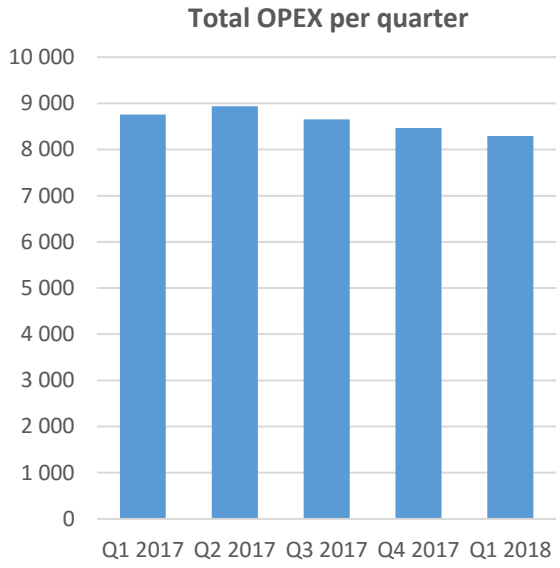
During the quarter, Biotec extended a supply agreement with its largest customer, but also lost a bid to renew an agreement with a significant player in the market. The impact of this loss for the year 2018 is expected to be a loss in revenues of approximately NOK 6.0 million.

Financial review beta-glucans

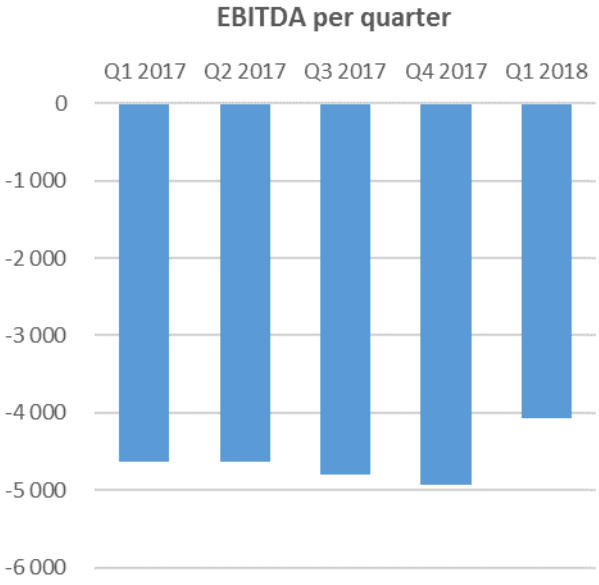
Beta-glucan sales amounted to NOK 7.9 million in the first quarter of 2018, compared to NOK 9.3 million in the first quarter of 2017. Gross contribution increased from NOK 3.5 million in the first quarter of 2017 to NOK 3.6 million in 2018, primarily due to sales of Woulgan® and consumer health products. Woulgan® sales were NOK 0.5 million in the first quarter, NOK 0.1 million more than the same quarter in 2017.



Operating expenses were reduced from NOK 8.8 million in the first quarter of 2017 to NOK 8.3 million in the first quarter of 2018.



EBITDA for the first quarter of 2018 was NOK -4.1 million compared to NOK -4.6 million in the same period last year.



Enzymes (ArcticZymes)

Commercial updates

On the new business horizon, highlights for the quarter includes execution of a new supply agreement with a UK molecular kit and diagnostic company who have integrated Cod UNG into both kits and assays. Contract value is several MNOK over the term of the agreement (which goes beyond 2018).

The new IsoPol™ enzymes launched during the fourth quarter of 2017 have been well received by our customers. Numerous customers have received the enzymes for consideration to integrate them into new product developments. ArcticZymes supplied its first bulk custom order to a customer who has very special requirements that were not met by any other polymerase supplier.

New customers show a keen interest for new formulations of our most well-established enzymes. In order to capture these business opportunities ArcticZymes has prioritised its innovation pipeline to launch new formulations of Cod UNG and rSAP. Launch is expected in the second quarter and will facilitate securing new business in the second half. Furthermore, the new formulations will conform to the strict requirements of REACH which will be important for all new customers sourcing our enzymes. REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

ArcticZymes is working towards establishing its first foothold in China by developing business with several Chinese companies who demand high quality products for integration into their research products and diagnostics. Sourcing high quality and unique enzymes is necessary for such companies to support their strategic ambitions to compete outside of the domestic market.

Salt Active Nuclease (SAN) Update

It has been a busy quarter for SAN customer-related activities. The interest level amongst the gene therapy community has resulted in doubling of our customer base during the quarter to over 90 customers purchasing SAN products.

At this early stage new customers are placing small orders, but ArcticZymes anticipates more frequent and larger orders as they progress through the sales cycle. ArcticZymes is progressing the sales cycle with some of its established customers who were early adopters of SAN.

Several customers are now looking to establish cGMP manufacturing which is necessary to provide sufficient quantities of viruses that can be utilised in clinical trials and eventual therapeutics. This marks a milestone for ArcticZymes because it demonstrates that SAN can be utilised according to the strict requirements of cGMP manufacturing.

Once customers have locked down their cGMP processes, larger volumes of SAN products will be necessary to support virus manufacturing. ArcticZymes experience gained so far indicates 9-12 months from initial onset of testing SAN to locking it down into a cGMP process.

Beyond the use of SAN in manufacturing, a noticeable customer has integrated SAN into a virus purification kit targeted to the research market. This is the first commercial example of the enzyme being incorporated into a virus kit.

In gaining greater market presence and providing customers with deeper insight into the benefits of SAN in the manufacturing of gene therapy viruses, ArcticZymes was invited to publish a

tutorial article in Genetic Engineering News (GEN). GEN is a well-known publication that reaches a broad and relevant audience. The article has been fruitful by generating new customer opportunities.

Innovation Update

ArcticZymes has been developing a new proteinase enzyme which represents a new class of enzymes. It will likely launch the new proteinase enzyme in the second quarter subject to finalising the manufacturing process.
Several customers are interested in ArcticZymes proteinase. The enzyme represents a door-opener into the liquid biopsy market which is dominated by oncology as well as prenatal diagnostics. Furthermore, it will provide access to parts of the customer workflow the Company has been unable to support earlier with respect to isolation of genetic material from research and clinical samples.
The enzyme is also backed with new intellectual property which adds mutual long-term value to ArcticZymes and its commercial customer base in taking advantage of the enzyme's unique features.

Strengthening Sales Team

To accelerate growth, ArcticZymes is expanding and further professionalising its commercial team during the first half of 2018.

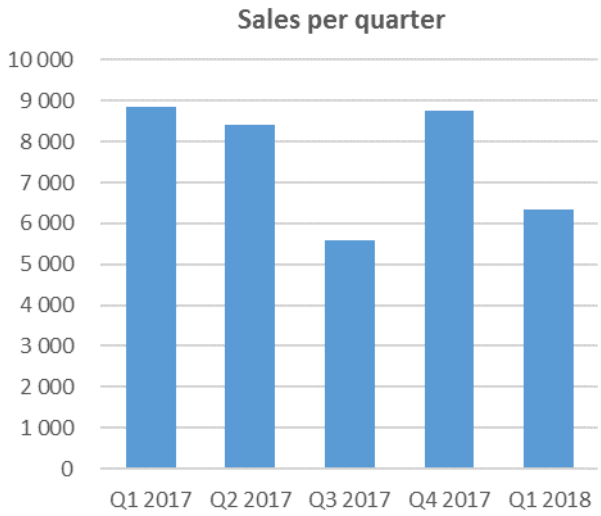
ArcticZymes is in the process of hiring one USA and two EMEA based business developers resulting in the net addition of one extra customer-facing resource. Building out ArcticZymes commercial team is timely and instrumental in boosting sales capabilities beyond today's level.

A key example is the immediate need to drive the new business opportunities with the rapidly growing SAN customer base (90+ customers). Each week the company is approached by new customers for SAN and other enzymes. The expanded sales force will be critical in securing our newly founded and rapidly growing customer base.

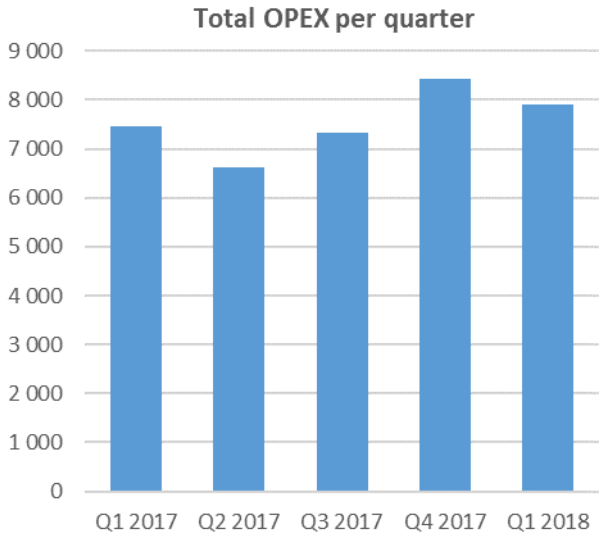
Furthermore, greater sales support is required to leverage a broader product range as ArcticZymes executes on its strategic initiatives. Overall it ultimately supports the company's ambitions to grow sales and taking the organisation to the next level in being the leading B2B supplier for unique and quality molecular enzymes.

Financial review Enzymes

ArcticZymes experienced a quarter on the low end with modest sales. Sales were NOK 6.3 million in the first quarter compared to 8.9 in the same quarter last year.

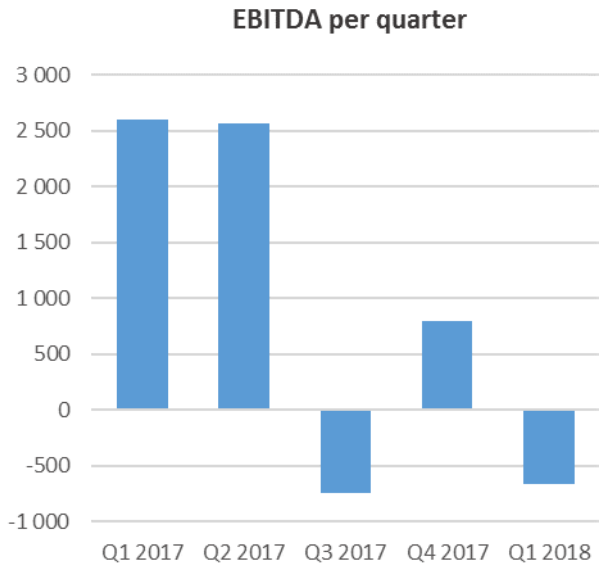


Other revenues for the first quarter showed NOK 1.2 million, an increase from NOK 0.9 million in 2017. This increase is explained by higher R&D revenues for the quarter.



Operating expenses increased from NOK 7.5 million in the first quarter of 2017 to NOK 7.9 million in the first quarter of 2018, primarily because of increased costs of personnel.

EBITDA showed a loss of NOK 0.7 million for the first quarter of 2017, which is a reduction of NOK 3.3 million compared to the same quarter in 2017.



OUTLOOK

Biotec Pharmacon expects to grow the business organically in 2018 versus 2017. The growth is expected to be realised in the second half of 2018.

ArcticZymes is forecasted to grow both due the newly launched and well received products as well as benefiting from the increased sales force.

Within Woulgan, expectations are that the evaluations currently taking place will end up with recurring usage at the various sites. This will lead to increased sales in comparison to last year.

Biotec Betaglucans have already passed 2017 sales within our consumer health franchise and more is expected during the rest of the year.

Some of the growth mentioned above is expected to be offset by lower sales of animal health products, but the margin profile of these products is also substantially lower than the rest of the Company's product portfolio.

Cash consumption is constantly in focus and given that growth is expected in the second half of 2018 a significant improvement in our cash consumption is not expected before second half of 2018.

The interim financial statement 31. March 2018 (Q1)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1 000 - exept EPS)	Q1 2018	Q1 2017	YTD 2018	YTD 2017
Sales revenues	14 242	18 196	14 242	18 196
Other revenues	1 755	1 575	1 755	1 575
Sum revenues	**15 997**	**19 771**	**15 997**	**19 771**
Cost of goods sold	-4 518	-5 583	-4 518	-5 583
Personnel expenses	-11 272	-11 934	-11 272	-11 934
Other operating expenses	-6 074	-6 363	-6 074	-6 363
Sum expenses	**-21 864**	**-23 880**	**-21 864**	**-23 880**
Earnings before interest, taxes, depr. and amort. (EBITDA)	**-5 866**	**-4 109**	**-5 866**	**-4 109**
Depreciation and amortization expenses	-564	-464	-564	-464
Operating profit/loss (-) (EBIT)	**-6 431**	**-4 573**	**-6 431**	**-4 573**
Finanical income, net	-6	84	-6	84
Profit/loss (-) before income tax (EBT)	**-6 437**	**-4 489**	**-6 437**	**-4 489**
Tax	0	0	0	0
Net profit/loss (-)	**-6 437**	**-4 489**	**-6 437**	**-4 489**
Basic EPS (profit for the period)	-0,15	-0,10	-0,15	-0,10
Diluted EPS (profit for the period)	-0,15	-0,10	-0,15	-0,10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1 000)	31.03.2018	31.03.2017	31.12.2017
Non-current assets			
Machinery and equipment	4 279	3 734	4 589
Intangible assets	7 006	5 853	7 119
Other non-current assets	3	37	9
Total non-current assets	**11 287**	**9 625**	**11 717**
Current assets			
Inventories	6 759	3 798	5 011
Account receivables and other receivables	13 188	17 399	14 363
Cash and cash equivalents	19 967	46 489	30 593
Total current assets	**39 914**	**67 686**	**49 966**
Total assets	**51 201**	**77 311**	**61 683**
Equity			
Share capital	43 945	43 945	43 945
Premium paid in capital	133 378	133 378	133 378
Retained earnings	-139 309	-113 850	-133 223
Non-controlling interests	668	680	713
Total equity	**38 682**	**64 153**	**44 813**
Current liabilities			
Accounts payable and other current liabilities	12 519	13 158	16 870
Total current liabilities	**12 519**	**13 158**	**16 870**
Total equity and liabilities	**51 201**	**77 311**	**61 683**

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1 000)	Q1 2018	Q1 2017	YTD 2018	YTD 2017
Cash flow from operating activities:				
Profit after tax	-6 437	-4 489	-6 437	-4 489
Adjustment:				
Depreciation	564	464	564	464
Employee stock options	306	554	306	554
Changes in working capital				
Inventory	-1 748	-1 023	-1 748	-1 023
Account receivables and other receivables	1 320	-683	1 320	-683
Payables and other current liabilities	-4 496	-4 599	-4 496	-4 599
Net cash flow from operating activities	**-10 490**	**-9 776**	**-10 490**	**-9 776**
Cash flow from investing activities:				
Purchase of fixed assets		-780		-780
Invested in intangible assets	-142	-626	-142	-626
Change in long term receivables	7		7	
Net cash flow from investing activities	**-135**	**-1 407**	**-135**	**-1 407**
Cash flow from financing activities:				
Net cash flow from financing activities	**0**	**0**	**0**	**0**
Changes in cash and cash equivalents	-10 626	-11 183	-10 625	-11 183
Cash and cash equivalents at the beginning of period	30 593	57 672	30 593	57 672
Cash and cash equivalents at end of period	**19 967**	**46 489**	**19 967**	**46 489**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1 000)	Q1 2018	Q1 2017	YTD 2018	YTD 2017
Equity at the beginning of period	**44 813**	**68 087**	**44 813**	**68 087**
Shared based compensation	306	554	306	554
Retained earnings	-6 390	-4 589	-6 390	-4 589
Change in non-controlling interest	-47	100	-47	100
Equity at the end of period	**38 682**	**64 153**	**38 682**	**64 153**

Statement by the Board of Directors and CEO

We confirm, to the best of our knowledge, that the financial statement for the period 1. January to the 31. March 2018 have been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the Company and the Group's assets, liabilities, financial position and results of operation.

We also confirm, to the best of our knowledge, that the quarterly report includes a true and fair overview of the Company's and the Group's development, results and position, together with a description of the most important risks and uncertainty factors the Company and the Group are facing.

Oslo, 25 April 2018
The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen Chairman	Martin Hunt Director	Inger Rydin Director
Masha Strømme	Ingrid Skjæveland	Christian Jørgensen

Notes to the interim accounts for 31. March 2018 (Q1)

Note 1 - Basis of preparation of financial statements
The assumptions applied in the financial statements for 2018 that may affect the use of accouting principles, book values of assets and liabilities, revenues and expenses are similar to the assumtions found/used in the financial statement for 2017.

IFRS 15 and IFRS 9 was implemented 1.1.2018 without any changes to the opening balance. For further information see note 2.22 in the 2017 annual report.

IFRS 16 Leases regulates matters relating to leased assets. It requires all leases to be recognized in the statement of financial position as a right to use asset with subsequent depreciation. This standard was endorsed 31.10.2017 by the EU and will be effective as of 01.01.2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for financial leases under IAS 17.
At the commencement date the lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.
The group has evaluated potential implications of the standard and have estimated the effects for the 2017 financial statement. For further information see note 2.22 in the 2017 annual report.

Note 2 - Analysis of operating revenue and -expenses, segment information

Services provided by the parent company are expensed at both segments according to agreements with actual subsidiary.
Corporate overhead costs remain unallocated.

(Amounts in NOK 1 000)	Q1 2018	Q1 2017	YTD 2018	YTD 2017
Sales revenue:				
Beta-Glucans	7 905	9 348	7 905	9 348
Enzymes	6 337	8 850	6 337	8 850
Group operating sales revenues	**14 242**	**18 196**	**14 242**	**18 196**
Gross profit				
Beta-Glucans	3 633	3 465	3 633	3 465
Enzymes	6 092	9 149	6 092	9 149
Group gross profit	**9 725**	**12 613**	**9 725**	**12 613**
Other revenues				
Beta-Glucans	599	660	599	660
Enzymes	1 156	916	1 156	916
Unallocated revenues corporate level		-2		-2
Group other revenues	**1 755**	**1 575**	**1 755**	**1 575**
Operating expenses:				
Beta-Glucans	-8 294	-8 755	-8 294	-8 755
Enzymes	-7 915	-7 470	-7 915	-7 470
Unallocated corporate expenses	-1 137	-2 072	-1 137	-2 072
Group operating expenses	**-17 346**	**-18 297**	**-17 346**	**-18 297**
Operating profit/loss (-) (EBITDA)				
Beta-Glucans	-4 062	-4 630	-4 062	-4 630
Enzymes	-667	2 595	-667	2 595
Unallocated corporate expenses	-1 137	-2 074	-1 137	-2 074
Operating profit/loss (-) (EBITDA)	**-5 866**	**-4 109**	**-5 866**	**-4 109**
Amortization:				
Beta-Glucans	-376	-317	-376	-317
Enzymes	-186	-144	-186	-144
Unallocated corporate expenses	-2	-2	-2	-2
Group amortization	**-564**	**-464**	**-564**	**-464**
Profit/loss (-) before income tax (EBIT)				
Beta-Glucans	-4 437	-4 947	-4 437	-4 947
Enzymes	-853	2 451	-853	2 451
Unallocated corpoate expenses	-1 140	-2 076	-1 140	-2 076
Profit/loss (-) before income tax (EBIT)	**-6 431**	**-4 573**	**-6 431**	**-4 573**

Note 3 Share options

The Group has a share based option scheme. Per 31.03.2018, there were 927,000 outstanding options comprising of 39 employees in the Group. The fair value of the services received from the employees in return for the options granted is recognized as an expense in the consolidated profit and loss statement. Total expense for the options are accrued over the vesting period based on the fair value of the options granted, excluding impact of any vesting conditions that are not reflected in the market. Criteria's not reflected in the market, affect the assumptions about the number of options expected to be exercised. At the end of each reporting period, the Company revises its estimates of the number of options expected to be exercised. It recognizes the importance of the revision of original estimates in the consolidated profit and loss statement with a corresponding adjustment in equity.

The net value of proceeds received less directly attributable transaction expenses are credited to the share capital (nominal value) and the share premium reserve when the options are exercised.

	2018		2017	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.	14.95	972 000	15.41	1 175 250
Outstanding at 31. March		**972 000**		**1 175 250**

Expiry date, exercise price, and outstanding options:

	Average exercise price	2018	2017
Expiry date		Number of share options	
2017, 31 May	17.61		203 250
2018, 31 May	18.42	452 500	452 500
2019, 31 May	11.93	519 500	519 500
Outstanding at 31. March		**972 000**	**1 175 250**
Exercisable options at 31. March		452 500	203 250

The fair value of employee share options are calculated according to the Black-Scholes method. The most important parameters are share price at grant date, exercise prices shown above, volatility (2016: 66.3%), expected dividend yield (2016,2017: 0%), expected term of 3 years, annual risk free interest rate (2016:1.53%). The volatility is based on market data from the last year.
The fair value is expensed over the vesting period. Per 31.03.2018 a total of NOK 17.2 million had been expensed, of which NOK 0.3 million applies to Q1 2018. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly declines to renew its authorization to issue new shares.

Note 4 Fixed assets

Machinery & equipment	Q1		YTD	
(Amounts in NOK 1 000)	2018	2017	2018	2017
Net book value (opening balance)	4 589	3 168	4 589	3 168
Net investement	0	780	0	780
Depreciation and amortization	-309	-214	-309	-214
Net book value (ending balance)	**4 279**	**3 734**	**4 279**	**3 734**

Intangible asset	Q1		YTD	
(Amounts in NOK 1 000)	2018	2017	2018	2017
Net book value (opening balance)	7 119	5 465	7 119	5 465
Net investement	142	625	142	625
Depreciation and amortization	-255	-237	-255	-237
Net book value (ending balance)	**7 006**	**5 853**	**7 006**	**5 853**

Intangible assets (Research and development, patents and licenses):
Research expenses are expensed when incurred. Development of products are capitalized as intangible assets when:

- It is technically feasible to complete the intangible asset enabling it for use or sale.
- Management intends to complete the intangible asset and use or sell it.
- The Company has the ability to make use of the intangible asset or sell it.
- A future economic benefit to the Company for using the intangible asset may be calculated.
- Available technical, financial and other resources are sufficient to complete the development and use of or sale of the intangible asset.
- The development expense of the intangible asset can be measured reliably.

Intangible assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets: Product rights (5-10 years) and own product development (10-12 years)

Other development expenses are expensed when incurred. Previously expensed development costs are not recognized in subsequent periods. Capitalised development costs are depreciated linearly from the date of commercialization over the period in which they are expected to provide economic benefits. Capitalised development costs are tested annually by indication for impairment in accordance with IAS 36.

Note 5 Related party disclosures

Shares owned or controlled by directors and senior management per 31. March 2018:

Name, position	No of shares	No of options
Erik Thorsen, Chairman	23 500	0
Inger Rydin, Director	0	0
Martin Hunt, Director	0	0
Masha LG Strømme, Director	0	0
Ingrid Skjæveland, Director	16 087	17 500
Elisabeth Andreassen, employee observer	26 629	10 000
Christian Jørgensen, CEO	62 000	0
Børge Sørvoll, CFO	17 428	70 000
Rolf Engstad, CSO Biotec BetaGlucans AS	390 774	80 000
Jethro Holter, Managing Director ArcticZymes AS	564	80 000
Stuart Devine, VP Global Marketing Woulgan, Biotec Betaglucans AS	45 187	30 000

Note 6 Shareholders

The 20 largest shareholders as of 31. March 2018	Shares	Ownership
TELLEF ORMESTAD	3 127 969	7,12 %
AKA AS	1 450 000	3,30 %
CLEARSTREAM BANKING S.A.	1 242 754	2,83 %
DANSKE BANK A/S	1 048 683	2,39 %
PRO AS	1 043 208	2,37 %
ODD KNUT BIRKELAND	1 030 000	2,34 %
NORDNET BANK AB	977 681	2,22 %
MP PENSJON PK	873 239	1,99 %
NORDEA BANK AB	760 536	1,73 %
PROGUSAN AS	750 026	1,71 %
BELVEDERE AS	700 095	1,59 %
ISAR AS	699 853	1,59 %
HARTVIG WENNBERG II AS	696 033	1,58 %
NORDNET LIVSFORSIKRING AS	676 930	1,54 %
ARNE KJETIL KYRKJEBØ	665 853	1,52 %
MIDDELBOE AS	481 660	1,10 %
SPIRALEN INDUSTRIER AS	474 639	1,08 %
CATILINA INVEST AS	470 000	1,07 %
ROLF ENGSTAD	390 774	0,89 %
TARAGO AS	344 787	0,78 %
20 largest shareholders aggregated	**17 904 720**	**40,74 %**

Note 7 Interims result

(Amounts in NOK 1 000)	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Sales revenues	14 242	17 669	14 437	16 385	18 196
Sales growth % (year-over-year)	-22 %	-3 %	-32 %	7 %	19 %
Gross profit %	68 %	65 %	60 %	74 %	69 %
EPS	-0,15	-0,17	-0,18	-0,11	-0,10
EPS fully diluted	-0,15	-0,17	-0,18	-0,11	-0,10
EBITDA	-5 866	-7 219	-5 866	-4 354	-4 109
Equity	38 682	44 813	52 316	59 924	64 153
Total equity and liabilities	51 201	61 683	67 569	73 778	77 311
Equitiy (%)	76 %	73 %	77 %	81 %	83 %

Note 8 Alternative Performance Measures

Information provided is based on Guidelines on Alternative Performance Measures (APMs) for listed issuers by The European Securities and Markets Authority - ESMA
Biotec Pharmacon ASA reports EBITDA as performance measure that is not defined under IFRS but which represent additional measure used by the Board as well as by management in assessing performance as well as for reporting both internally and to shareholders.
Biotec Pharmacon ASA belives that to use EBITDA will give the readers a more meaningful understanding of the underlying financial and operating performance of the company when viewed in conjunction with our IFRS financial information.

EBITDA & EBIT
We regard EBITDA as the best approximation to pre-tax operating cash flow and reflects cash generation before working capital changes. EBITDA is widely used by investors when evaluating and comparing businesses, and provides an analysis of the operating results excluding depreciation and amortisation. The non-cash elements depreciation and amortization may vary significantly between companies depending on the value and type of assets.
The definition of EBITDA is “Earnings Before Interest, Tax, Depreciation and Amortization” and EBIT is Earnings Before Interest and Taxes
The reconciliation to the IFRS accounts is as follows:

	Q1		YTD	
(Amounts in NOK 1 000 - exept EPS)	2018	2017	2018	2017
Sales	14 242	18 196	14 242	18 196
Cost of goods sold	-4 518	-5 583	-4 518	-5 583
Gross profit	**9 725**	**12 613**	**9 725**	**12 613**
Other revenues	1 755	1 575	1 755	1 575
Sum other revenues	**1 755**	**1 575**	**1 755**	**1 575**
Personnel expenses	-11 272	-11 934	-11 272	-11 934
Other operating expenses	-6 074	-6 363	-6 074	-6 363
Depreciation and amortization expenses	-564	-464	-564	-464
Operating profit/loss (-)	**-6 431**	**-4 573**	**-6 431**	**-4 573**

Note 9 Account receivables and other receivables

(Amounts in NOK 1 000)	31.03.2018	31.03.2017	31.12.2017
Accounts receivables	7 410	11 652	7 431
Reserach grants	743	3 047	685
Tax grants	3 298	1 065	2 647
VAT	214	225	512
Other receivables	1 523	1 411	3 087
Total account receivables and other receivables	**13 188**	**17 399**	**14 363**

Note 10 Account payable and other current liabilities

(Amounts in NOK 1 000)	31.03.2018	31.03.2017	31.12.2017
Accounts payable	4 106	4 546	5 808
Public taxes and withholdings	1 714	1 345	2 713
Unpaid holiday pay	4 400	4 330	3 464
Other personnel	884	432	1 882
Other current liabilities	1 415	2 506	3 003
Total account payable and other current liabilities	**12 519**	**13 158**	**16 870**

Note 11 Events after balance sheet date, 31. March 2018

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 25. April 2018.

Oslo, 25 April 2018
The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen Chairman	Martin Hunt Director	Inger Rydin Director
Masha Strømme	Ingrid Skjæveland	Christian Jørgensen