

Q2 2017 Presentation

17.08.2017, Oslo

Agenda

- **Highlights**
- **Q2 Financials**
- **BetaGlucans**
 - Animal- and Consumer health
 - Cancer
 - Advanced wound care
- **Enzymes**
 - Molecular research and diagnostics
- **Outlook**



Highlights for Q2 2017

- Solid quarter sales of NOK 16.4 mill (NOK 15.3 mill)
- EBITDA of NOK -4.4 mill (NOK -1.6 mill)
- Q2 Woulgan[®] sales NOK 0.9 mill
- ArcticZymes sales of NOK 8.4 mill 8% above the good Q2 2016



Q2 Financials

Financial highlights Q2 2017

NOK million	Q2 2017	Q2 2016	6M 2017	6M 2016
Sales Enzymes	8.4	7.8	17.3	15.9
Sales BetaGlucans	8.0	7.5	17.3	16.6
Other revenues	1.4	1.7	3.0	3.6
Total revenues	17.8	17.0	37.6	36.1
Enzymes	2.6	3.0	5.2	5.6
BetaGlucans	-4.6	-4.4	-9.3	-8.6
Corporate unallocated	-2.3	-0.2	-4.4	-2.1
EBITDA	-4.4	-1.6	-8.5	-5.1
EBIT	-4.8	-2.1	-9.4	-6.0

Cash flow and cash position

NOK million	Q2 2017	Q2 2016	6M 2017	6M 2016
Operating activities	-6.5	-3.0	-16.3	-13.7
Investing activities	-1.5	0	-2.9	0
Financing activities	0	0	0	0
Changes in cash and cash equivalent	-8.1	-3.0	-19.3	-13.7
Cash and cash equivalents at the beginning of period	46.6	67.7	57.7	78.3
Cash and cash equivalents at the end of period	38.4	64.7	38.4	64.7

Beta-glucans

Beta-glucans – segment numbers

NOK million	Q2 2017	Q2 2016	6M 2017	6M 2016
Sales Animal & Consumer Health	7.1	7.4	16.0	16.4
Sales Woulgan	0.9	0.1	1.3	0.2
Other revenues	0.7	0.5	1.3	1.0
Total revenues	8.7	8.1	18.6	17.6
Cost of Goods	-4.3	-4.6	-10.2	-8.7
Personnel expenses	-4.3	-4.5	-9.9	-10.1
Operating expenses	-4.6	-3.2	-7.8	-7.4
EBITDA	-4.6	-4.3	-9.3	-8.6
Depreciation & Amortization	-0.3	-0.3	-0.6	-0.7
EBIT	-4.9	-4.7	-9.9	-9.3

Activities outside Woulgan®

- Animal health sales experiences some seasonality
- Consumer Health:
 - Product offering deemed to be attractive
 - Have generated several leads
 - Expect new customers on board in the following months
 - Participate in several trade shows e.g. Supply Side West, Las Vegas, end of September



Cancer adjuvant



- About 140 patients treated with the vaccine/SBG combination at Memorial Sloan Kettering Cancer Center
- Study increased from 145 to 185 patients
- Biotec and MSKCC continue to discuss on how to move forward

Status Woulgan®

- Q2 in-market sales (consumption) more than trebled from Q1 to Q2
- Continue to invest resources into marketing and sales activities
- Introduced online distributor trainings to increase sales productivity



Highlights Germany



- More homecare companies adopt Woulgan[®]
- Woulgan listed at Sangro Medical Service GmbH
- Extended distribution agreement with Rogg Verbandstoffe
- Completed “Expert Opinion” with 5 wound treatment centres and 28 patients
 - Will be presented at upcoming conferences in Germany

Highlights UK

- Appealed to UK Drug Tariff
 - Response expected in Q3 according to NHS' own guidelines
- Preparing a new contingency application that includes:
 - New UK evidence with German & Nordic case series



Highlights Nordics



- Positive feedback is slow to translate into sales due to delayed tender renewals
- Norwegian wholesaler for community supply will shortly list Woulgan®
- Case series recruitment progressing, now adding new Norwegian sites

Research and Development

- Pilot plant for production of Woulgan[®] dry layer is being installed
- Aim to develop proprietary methods for production that can be patent protected
- Such gel-forming dry layer is well suited to more exuding- and larger surface wounds



ArcticZymes

Molecular research and diagnostics

Enzymes – Segment Numbers

NOK million	Q2 2017	Q2 2016	6M 2017	6M 2016
Sales enzymes	8.4	7.8	17.3	15.9
Other revenues	0.8	1.2	1.7	2.6
Total revenues	9.2	9.0	19.0	18.5
Cost of goods	0	-0.1	0.3	-0.2
Personnel expenses	-3.9	-3.9	-9.2	-9.1
Operating expenses	-2.7	-2.0	-4.9	-3.6
EBITDA	2.6	3.0	5.2	5.6
Depreciation & Amortization	-0.1	-0.1	-0.3	-0.3
EBIT	2.4	2.9	4.9	5.3

Commercial Update



- Largest partner undergoing consolidation and centralisation of manufacturing to Europe
- Likely to affect third quarter sales but with no longer-term effect
- Supporting customer secures growing demand

SAN Portfolio Update



SAN High Quality (Bio-manufacturing Grade) Launched

- SAN HQ is a more qualified version of the SAN enzyme
- Meets strict requirement for utility in bio-manufacturing

Increasing Commercial Traction

- Launched SAN HQ at the ASGCT annual meeting – May 2017
- Over 20 companies expressed a keen interest to explore further

SAN ELISA Immunoassay Prototype

- Prototypes kits ready and sent out to a few select customers
- Launch is scheduled before year-end

IsoPol™ Polymerase Updates

**Next
Generation
Sequencing
(NGS)**



**Molecular
Diagnostics
(MDx)**



- Properties of our 2nd IsoPol™ enzyme are more optimal to several customer requests
- Anticipate launch of 2nd IsoPol™ enzyme before year-end. In customers hands during Q4
- LAMP isothermal amplification technologies is a highly-desirable alternative to PCR
- LAMP patents are expiring. Fuelling renewed commercial interests for use in molecular diagnostics
- Evaluation of 1st IsoPol™ enzyme indicates that it performs better than the leading isothermal enzyme today

A 3rd unique IsoPol™ enzyme will be launched before end of 2017 supporting both NGS and MDx segments

Outlook 2017

Outlook 2017

- Commercial traction and sales in core markets for Woulgan®
- Retain position in the Animal Health market with a modest growth
- Building commercial platform in Consumer Health
- Launch further products in ArcticZymes including Polymerases
- Continue to widen ArcticZymes' commercial platform with new agreements, customers and markets

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