



Q4 2018 Presentation

30.01.2019, Oslo

Agenda

- **Highlights**
 - Q4 and 2018
- **ArcticZymes**
- **BetaGlucans**
 - Woulgan[®]
 - Other BetaGlucans segments
- **Q4 & 2018 Financials**
- **Outlook for 2019**



Biotec Pharmacon

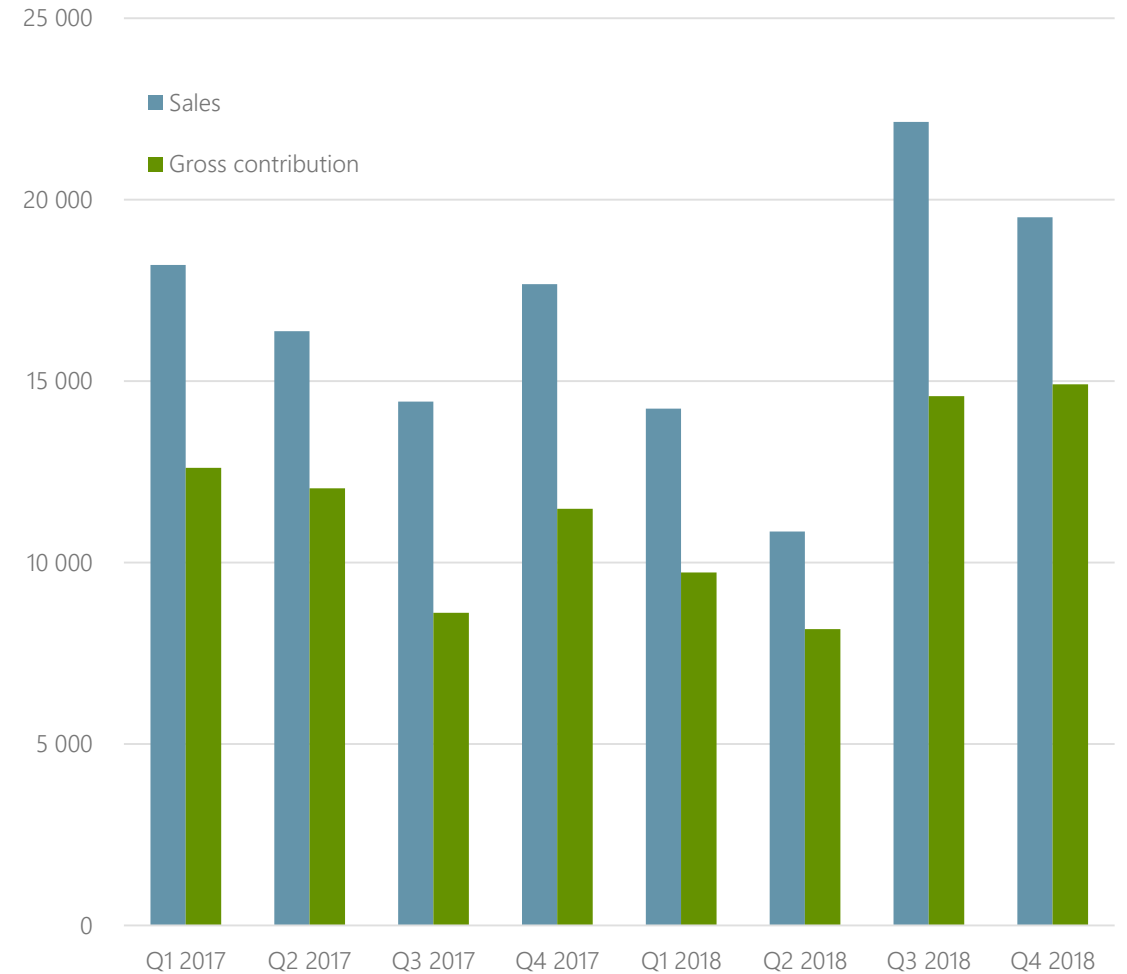
- Focused on specialized, novel enzyme and immunomodulating beta-glucan technology
- Two divisions, driving revenues and cash generation across USA, Europe and Asia:
 - ArcticZymes develops, manufactures and commercializes novel recombinant enzymes for use in molecular research, In Vitro Diagnostics (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 Q4 2018

- As forecasted, the growth in sales occurred in the second half of 2018
- 2018 EBITDA deficit reduced with ~50% in comparison to 2017 due to focus on high margin areas and rigid cost control
- ArcticZymes had a record quarter
- Woulgan[®] sales progression – especially in Germany

Sales & Gross contribution



Delivered on 2018

- ✓ Overall sales growth
- ✓ Significant reduction in cash consumption
- ✓ Organic growth in ArcticZymes while looking for inorganic growth opportunities
- ✓ Review go-to market model for Woulgan[®]
- ✓ Renewed clinical trial agreement with MSKCC



ArcticZymes

ArcticZymes Updates

- **Commercial achievements**

- Achieved first ever double digit quarter – 10.6 MNOK in sales revenues
- Signed two new supply agreements in Q4, securing long-term value, totalling five in 2018

- **Innovation:**

- Launched a new formulation of our most popular IsoPol™ polymerase in response to several customer requests – from In Vitro Diagnostic (IVD) test developers and manufacturers
- Total of four product launches in 2018

- **Operations:**

- Achieved newer ISO13485: 2016 quality standard – futureproofing our value proposition and business as a leading enzymes supplier to the IVD market
- Through a successful collaboration funded by the Norwegian Research Council, ArcticZymes has licensed and integrated Vectron AS's novel technologies into improving its manufacturing capabilities



BetaGlucans

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

Status Woulgan®



- Finn Ketler started as new VP for the Woundcare business. Revised strategy approved for 2019.
- 2018 results have been lower than expected, but showing positive signs in the second half of 2018
- A few distributors in Germany are pulling the sales, but more homecare companies are interested and in process to add sales
- UK and Nordic countries have generally delivered lower than expected sales, with Finland as an exception.
 - In Sweden we have won a position in five tenders, of which two will become active in 2019
 - UK go-to-market model to be re-assessed in Q1 2019

Adjusted Woulgan® Strategy



- Telling the SBG® story of how it “activates the immune system” has become a priority, as a supplement to promoting Woulgan® in specific indications
- Focus is on Woulgan®, with an increasing number of clinical studies that prove our case – niche by niche
- A broader product assortment is expected to be developed to offer the best access to the macrophages in any given wound type. For example, a gel is not always the obvious choice. CMOs will be involved
- More markets will be approached, with a focus on North and Central Europe, with Germany at the core
- License agreements will be sought in areas not covered by BBG – offering private labels or “SBG® inside” solutions

Other BetaGlucans Segments

Over 20 years experience with immune-modulating beta-glucans

Adjuvant study with MSKCC in New York:

- A new clinical trial agreement was signed during Q4 2018 securing rights for possible inventions from the study being carried out
- Study is now developed into a two-arm study, to isolate and document the effect of our SBG[®]

Consumer Health:

- In 2018 Biotec succeeded in signing up new customers leading to a solid growth of the franchise
- The product received interest from major nutraceutical companies, but sales process is long

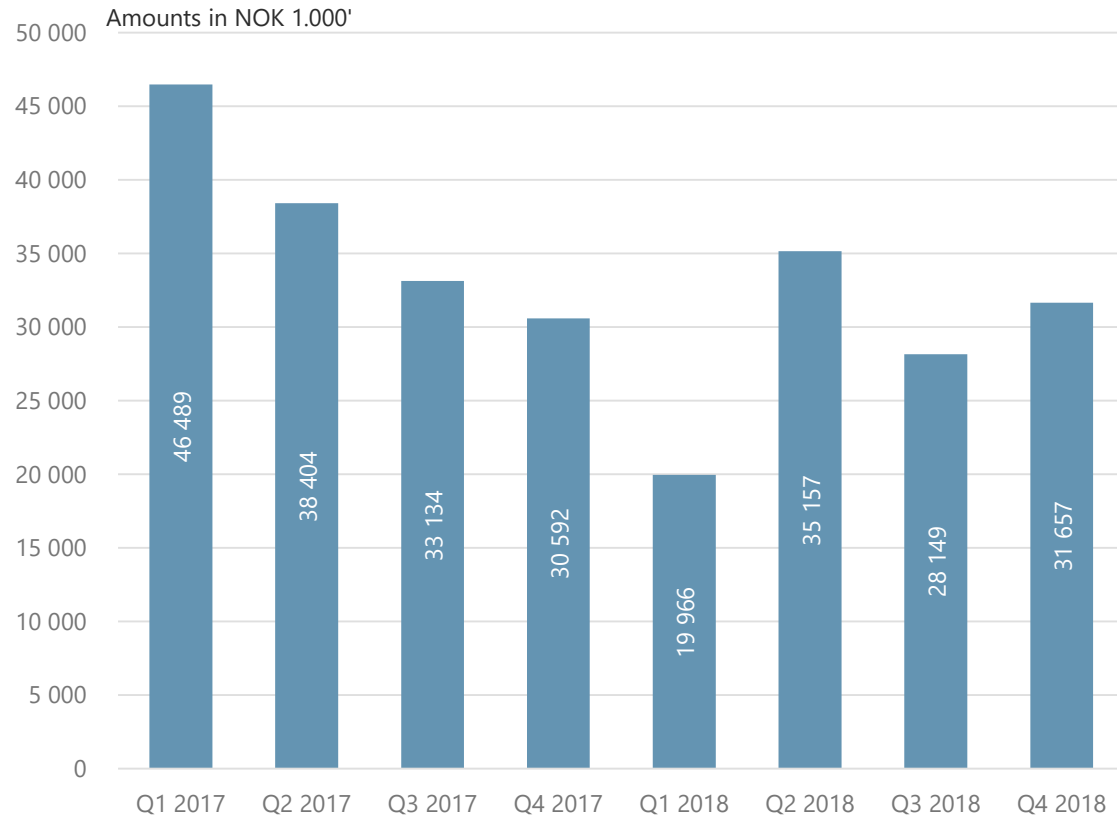
Animal Health:

- Our brand is strong in terms of quality, documentation and security of supply, but the prices in the aqua marine feed market is under pressure. We lost a significant but low margin contract in a price auction in spring 2018.
- Difficult for Biotec to influence consumption in the aqua marine sector as M-Glucan[®] is sold as integral part of an animal feed product.
- Strategy is to broaden our customer base and during the year we have entered into discussions with several pet food manufactures.

Q4 Financials

Positive Cash Flow from operations

Net cash position



Fourth quarter changes in cash of +3.5 MNOK

- 17.6 (14.4) MNOK in short-term receivables
- 14.1 (16.9) MNOK in short-term payables
- Cash Flow from operations +4.5 MNOK (-1.4 MNOK)

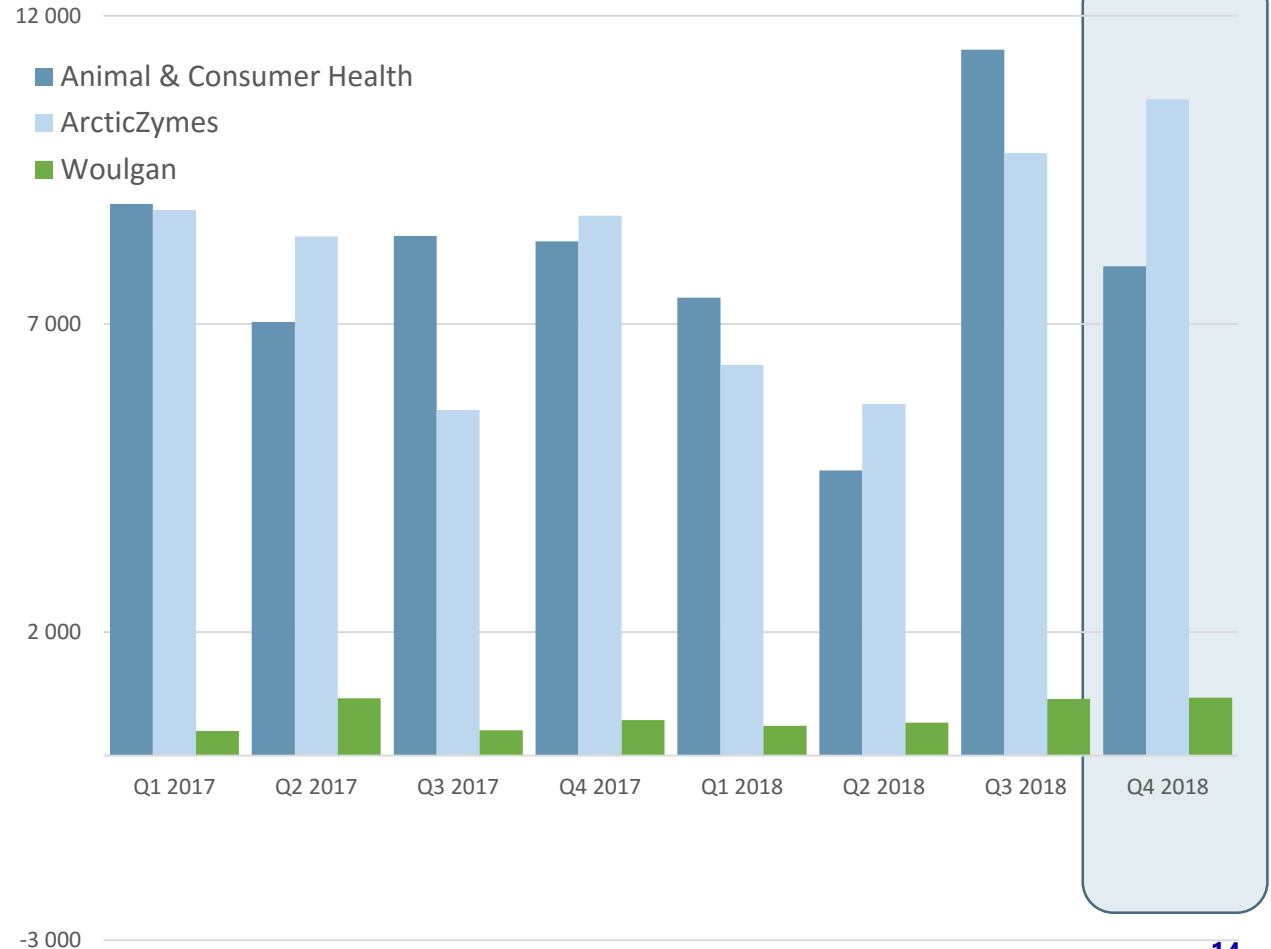
Cash balance of 31.6 MNOK end of Q4 2018

Record sales for ArcticZymes in Q4

Segment	Q4 Sales
ArcticZymes	MNOK 10.6
Animal & Consumer Health	MNOK 8.0
Woulgan®	MNOK 0.9
Group	MNOK 19.5

Biotec revenues per segment

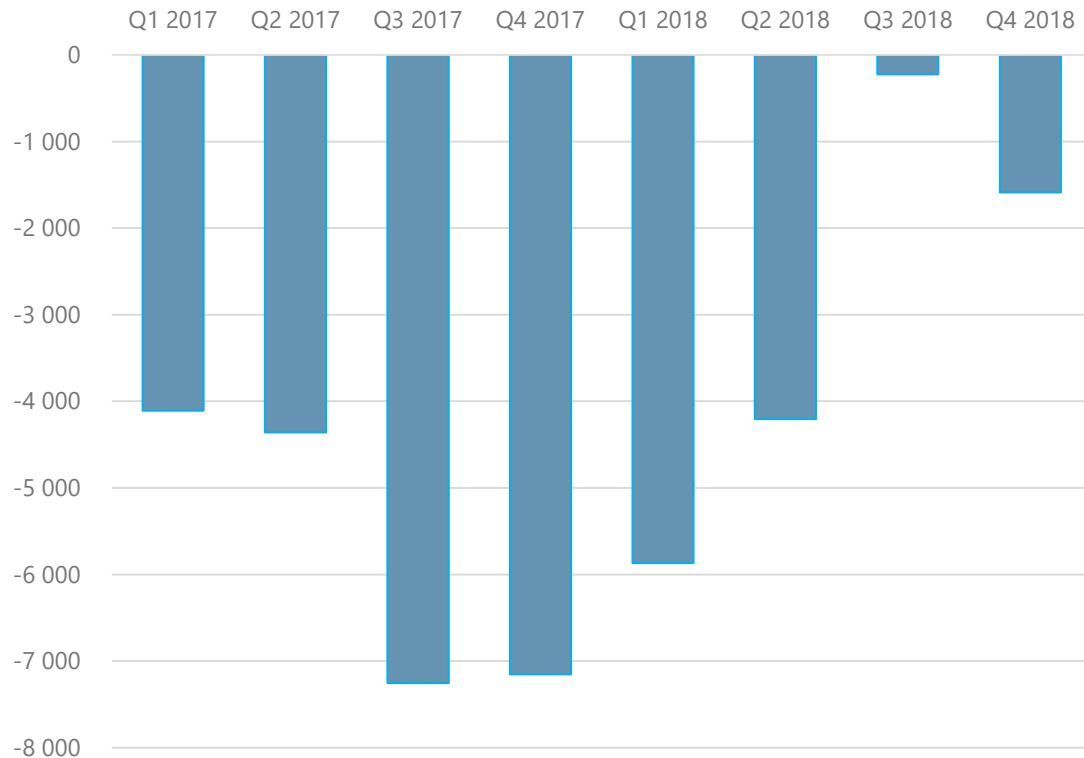
Amounts in NOK 1.000'



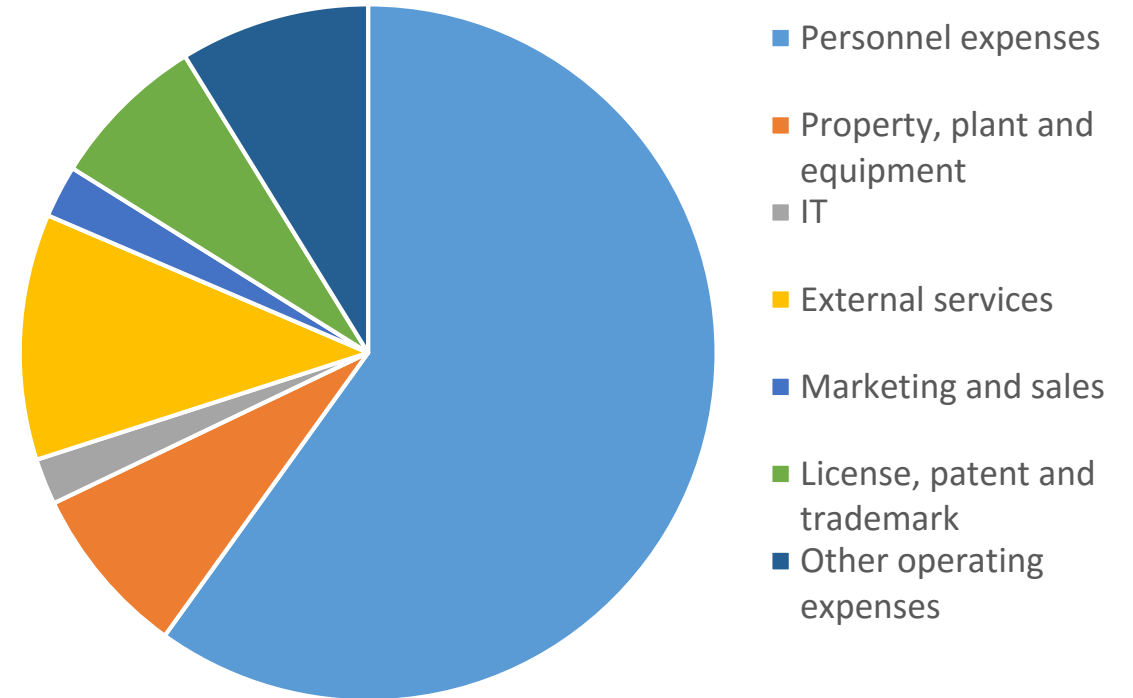
Solid quarter with improved EBITDA... again

EBITDA

Amounts in NOK 1.000'



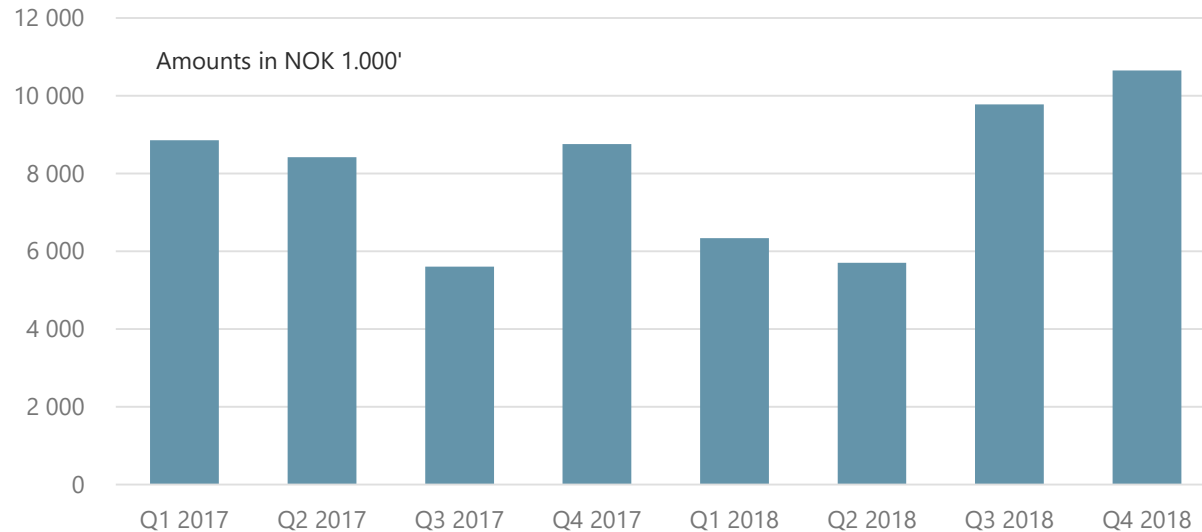
Operating Expenses



ArcticZymes performance

Enzymes <i>(Amounts in NOK 1.000)</i>	Q4		YTD	
	2018	2017	2018	2017
Sales revenues	10.643	8.757	32.457	31.628
Operating expenses	-8.886	-8.432	-29.627	-29.856
EBITDA	2.640	563	4.927	4.570

Sales per quarter

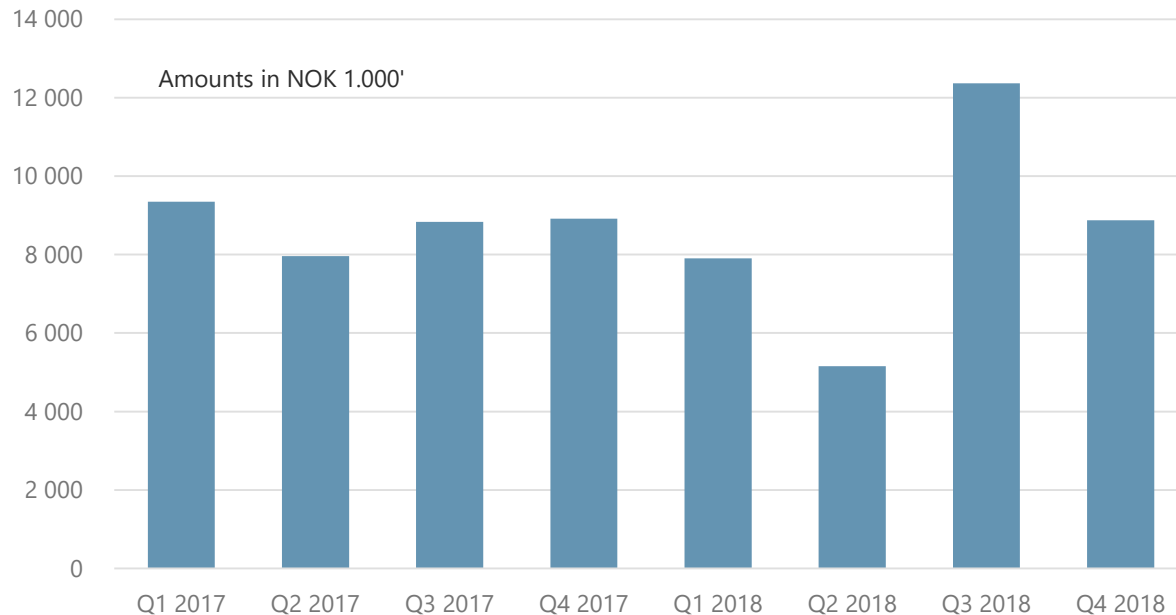


- Improvement of 1.9 MNOK in Q4 sales compared to Q4 2017 – best quarter ever
- Operating expenses on annual basis unchanged even though increased R&D efforts
- EBITDA significantly improved due to strong sales and cost control

BetaGlucans performance

BetaGlucans <i>(Amounts in NOK 1.000)</i>	Q4		YTD	
	2018	2017	2018	2017
Sales revenues	8.857	8.911	34.303	35.051
Gross profit	4.229	2.997	15.511	13.169
Operating expenses	-8.606	-8.468	-31.439	-34.812
EBITDA	-3.254	-5.370	-13.307	-19.052

Sales per quarter



- Sales continue to be driven by Animal Health
- Reduced expenses on an annual basis primarily related to personnel and marketing
- Woulgan[®] sales are equal to Q3 with a good pipeline of new leads
- EBITDA continuous to be improved due to favourable product mix and cost control

Outlook 2018

Outlook 2019

- Stronger Group position entering 2019 than before.
- 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.

