

Q3 2017 Presentation

19.10.2017, Oslo

Agenda

- **Highlights**
- **Q3 Financials**
- **BetaGlucans**
 - Animal- and Consumer health
 - Cancer
 - Advanced wound care
- **Enzymes**
 - Molecular and new markets
- **Outlook**



Highlights for Q3 2017

- New CEO commenced on Oct 2
- Q3 sales of NOK 14.4 mill (NOK 21.1 mill)
- EBITDA of NOK -7.3 mill (NOK -5.9 mill)
- New supply agreement for M-Gard and a renewed supply agreement for M-Glucan
- Woulgan sales of NOK 0.4 million
- ArcticZymes commercially ready to enter the Bio-manufacturing market



Q3 Financials

Financial highlights Q3 2017

NOK million	Q3 2017	Q3 2016	9M 2017	9M 2016
Sales Enzymes	5.6	6.0	22.9	21.9
Sales BetaGlucans	8.8	15.1	26.1	31.8
Other revenues	1.8	1.4	4.9	5.0
Total revenues	16.3	22.5	53.9	58.7
Enzymes	-0.8	-0.4	4.4	5.2
BetaGlucans	-4.8	-3.7	-14.1	-12.3
Corporate unallocated	-1.7	-1.8	-6.1	-3.9
EBITDA	-7.3	-5.9	-15.7	-10.9
EBIT	-7.7	-6.4	-17.1	-12.5

Cash flow and cash position

NOK million	Q3 2017	Q3 2016	9M 2017	9M 2016
Operating activities	-4.3	-2.9	-20.6	-16.6
Investing activities	-0.9	0	-3.9	0
Financing activities	0	0	0	0
Changes in cash and cash equivalent	-5.3	-3.0	-24.5	-16.6
Cash and cash equivalents at the beginning of period	38.4	64.7	57.7	78.3
Cash and cash equivalents at the end of period	33.1	61.7	33.1	61.7

Beta-glucans

Beta-glucans – segment numbers

NOK million	Q3 2017	Q3 2016	9M 2017	9M 2016
Sales Animal & Consumer Health	8.4	15.1	24.4	31.6
Sales Woulgan	0.4	0	1.7	0.2
Other revenues	0.8	0.8	2.1	1.8
Total revenues	9.6	15.9	28.2	33.6
Cost of Goods	-5.8	-10.1	-15.9	-18.8
Personnel expenses	-5.8	-5.5	-15.8	-15.6
Operating expenses	-2.8	-4.0	-10.6	-11.4
EBITDA	-4.8	-3.7	-14.1	-12.3
Depreciation & Amortization	-0.3	-0.4	-1.0	-1.1
EBIT	-5.1	-4.1	-15.1	-13.4

Activities outside Woulgan®

Animal health

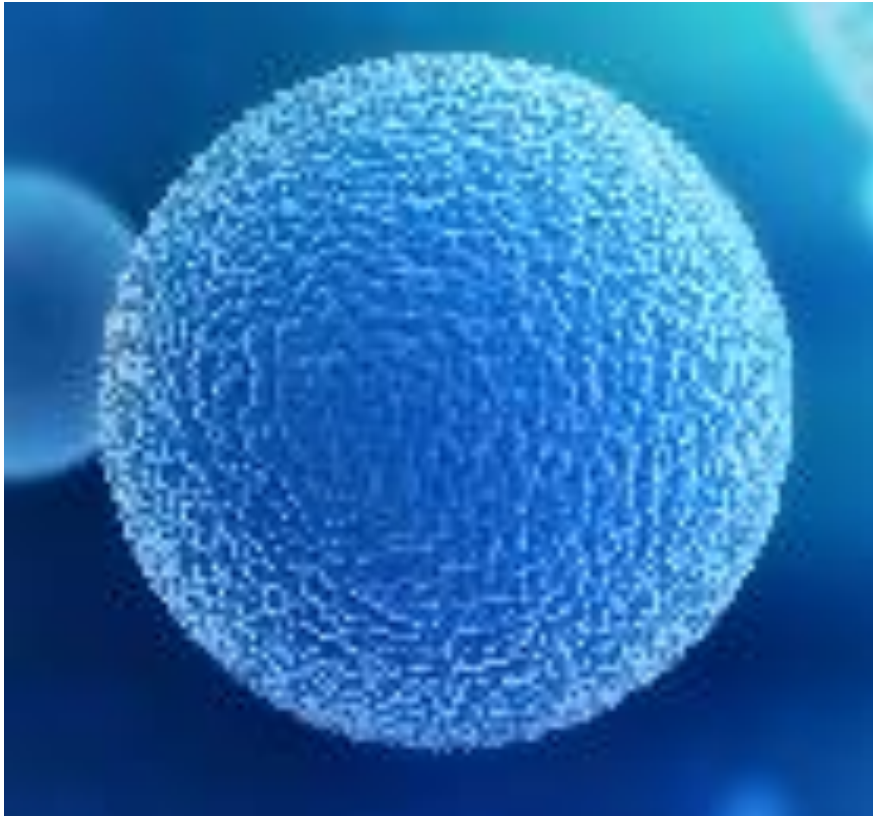
- Renewed supply agreement with largest customer
- Signed a supply agreement within the pet-market
- Sales experiences annual and seasonal fluctuations driven by demand for health feed within the aquaculture sector

Consumer Health:

- One new supply agreement for delivery of M-Gard to the US was signed
- Participated in Supply Side West, Las Vegas, end of September. Good feedback from several potential new customers

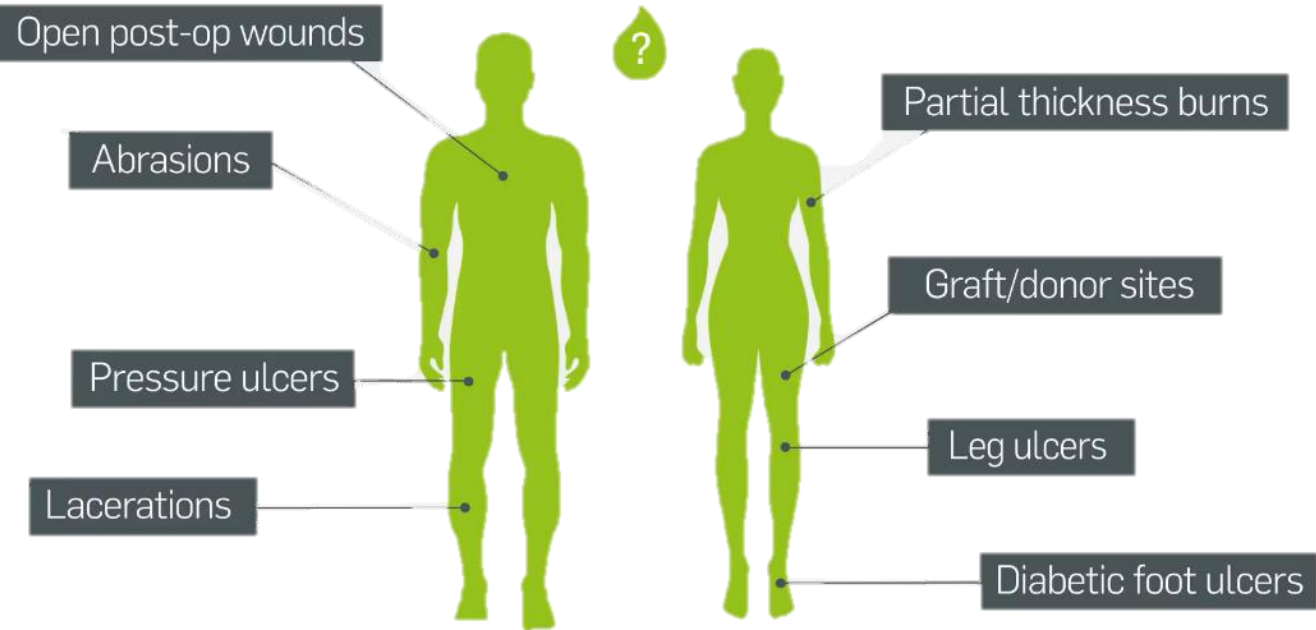


Cancer adjuvant



- About 150 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®



- Third quarter sales low due to earlier stocking
- Underlying consumption of Woulgan continues to build, especially in Germany
- Continued excellent reaction from clinicians
 - recognising the issue of stalled wounds
 - engaging with a genuinely new and different therapy approach
 - witnessing impressive results for themselves
- Making progress with market access

Highlights Germany



- Consumption of Woulgan continues to build
 - Training wound nurses to support adoption
- Excellent reaction to Woulgan symposium at WundDACH congress.
- Clinicians recognise issue of stalled wounds and engage with novel SBG treatment
- Gained ethics approval for 2 leading centres to participate in Woulgan VLU evaluation.
 - faster patient recruitment
 - enhances credibility of evaluation.

Highlights UK

- Panel upheld Biotec's Drug Tariff (DT) appeal
 - Biotec corresponding with DT in re-assessment of application
- Making good progress building additional UK evidence



Highlights Nordics



Norway

- Launched Woulgan to local wholesaler sales team
- Organizing local workshops to grow sales

Nordic region

- Recruited additional patients for case series ; on track to submit for publication 1st quarter 2018
 - builds clinician support
 - creates Nordic evidence

Research and Development

- Pilot plant for production of Woulgan[®] dry layer is being tested
- 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 and new markets

Enzymes – Segment Numbers

NOK million	Q3 2017	Q3 2016	9M 2017	9M 2016
Sales enzymes	5.6	6.0	22.9	21.9
Other revenues	1.1	0.6	2.7	3.2
Total revenues	6.7	6.6	25.6	25.1
Cost of goods	-0.1	-0.1	0.2	-0,3
Personnel expenses	-5.5	-5.0	-14.7	-14.1
Operating expenses	-1.8	-1.8	-6.7	-5.4
EBITDA	-0.8	-0.4	4.4	5.2
Depreciation & Amortization	-0.1	-0.1	-0.4	-0.4
EBIT	-0.9	-0.5	4.0	4.8

Commercial Updates

- IsoPol™ moving forward with leading Next Generation Sequencing Companies (NGS) companies
 - ✓ Early development phase
 - ✓ Receiving follow-on orders
 - ✓ Strategically important to enter the next phase of the NGS market early on as the leading technologies for the future are being designed and developed
- Provided a new prototype for evaluation purposes to NGS companies. Relates to next year's launch of ArcticZymes first non-enzyme based product
- Negotiations in securing new supply agreements within Molecular Diagnostics underway



Expanding into New Markets

Molecular



- **ArcticZymes core market**
- **Customers:** Molecular diagnostics and molecular kit manufacturers
- **Enzymes:** end up as components in final offering
- **Supply:** Serve via medium to large bulk orders

Bio-Manufacturing



- **New market for ArcticZymes**
- **Customers:** Bio-manufacturers of gene therapy viruses, vaccines, proteins and other bio-products
- **Enzymes:** are consumed during manufacturing process
- **Supply:** Business needs are different:
 - ✓ Served by exponentially larger bulk orders
 - ✓ Pricing expectations are different
 - ✓ Value proposition: improve process & cost savings

Bio-Manufacturing: Gene Therapy Viruses



SAN HQ ELISA immunoassay launched

- Milestone: enables ArcticZymes to offer a complete solution
- Essential for commercial success

Key focus is gene therapy viruses

- Early phase: over 30 clinical trials ongoing
- Over 1.5\$Bil annual innovation investment (delivery systems)

August 2017

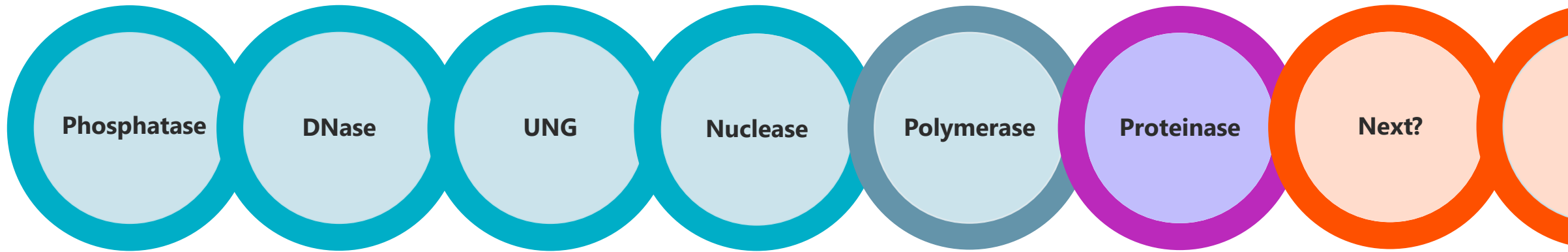
- New FDA Director endorses cell/gene therapy
- Many gene/cell therapy stocks rise 20-50%

Business opportunities for ArcticZymes

- New customer base
- 30+ prospects ongoing across key stakeholders
(*CMO's, academic cores, platform leaders, biotech, pharma*)
- Received first order from a top 5 pharmaceutical company

Expanding the Product Range

Product Lines



Pre 2016	rSAP A'SAP® kits	dsDNase HL-dsDNase PCR decont. kit Heat&Run® kit	Cod UNG	SAN HL-SAN			
2016	HL-Exol	GF DNase GF HL-DNase	GF Cod UNG		IsoPol™		
2017				SAN HQ SAN HQ ELISA	IsoPol™ II (Q4) IsoPol™ III (Q4)	Proteinase (Q4)	

✓ Doubled product offering

✓ Drives new business growth in 2018

Outlook 2017

Outlook 2017

- Commercial traction and sales in core markets for Woulgan®
- Retain position in the Animal Health market
- 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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