BIOTEC PHARMACON

Q1 2017

First quarter 2017

Highlights for the first quarter of 2017

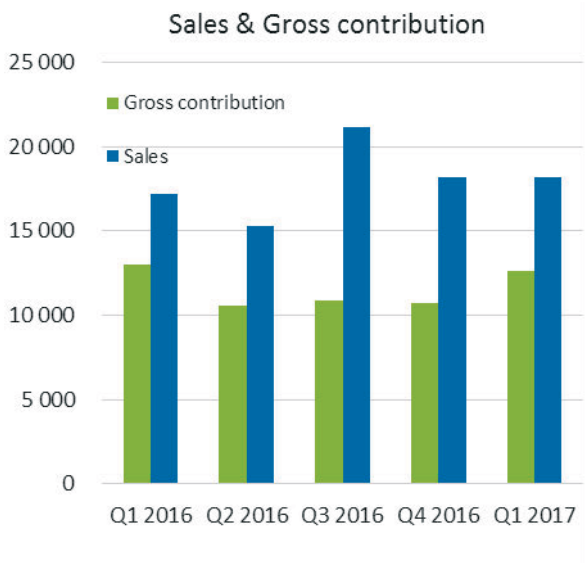
- Group sales increased to NOK 18.2 million in the first quarter of 2017 from NOK 17.3 million in the first quarter of 2016
- EBITDA was NOK -4.1 million in the first quarter of 2017 compared to NOK -3.5 million in the first quarter of 2016, explained by sales of lower margin products within the beta-glucan segment
- Woulgan® reported revenues of NOK 0.4 million in the first quarter
- ArcticZymes reached sales of NOK 8.9 million in the first quarter of 2017, a further 10% growth from the strong first quarter last year

Key Financials

NOK 1.000	Q1 2017	Q1 2016	3M 2017	3M 2016
Sales	18 196	17 272	18 196	17 272
Total Revenues	19 771	19 189	19 771	19 189
EBITDA	-4 109	-3 459	-4 109	-3 459
EBIT	-4 573	-3 946	-4 573	-3 946
Net cash flow from operations	-9 776	-10 653	-9 776	-10 653
Net cash end of period	46 489	67 705	46 489	67 705

Biotec Pharmacon – Group Figures

Biotec Pharmacon ASA, (hereinafter “Biotec” or “the Company”) reported sales of NOK 18.2 million (17.3) for the first quarter of 2017. Earnings before tax, interest, depreciation and amortization (EBITDA) was NOK -4.1 million (-3.5) and earnings before interest and tax (EBIT) was NOK -4.6 million (-3.9) in the quarter. Net financial income was NOK 0.1 million (0.1), generating an Earnings before tax (EBT) of NOK -4.5 million (-3.8) for the quarter.

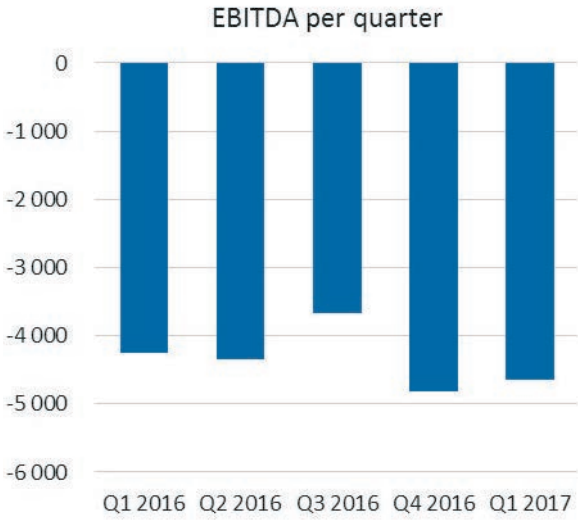


The beta-glucan segment had sales of NOK 9.3 million compared to NOK 9.2 million during the first quarter of 2016. Woulgan® continued to generate revenues and reported NOK 0.4 million in sales for the quarter. The enzyme segment had first quarter sales of NOK 8.9 million compared to NOK 8.1 million in the first quarter of 2016.

The Group had a gross contribution of NOK 12.6 million in the first quarter of 2017 compared to NOK 13.1 million in 2016. The reduction in gross contribution is explained by sales of lower margin products within the beta-glucan segment and no sales of products to nutrition sector in this quarter.

Reduced EBITDA for the first quarter of 2017, compared to the same quarter last year is mainly explained by reduced gross contribution as the expenses are on the same level as 2016.

The Company recognized no income tax in the first quarter of 2017.



The Group had 42 full-time and 4 part-time employees at the end of the first quarter, compared to 40 employees at the end of the first quarter of 2016. The added personnel are related to commercial activities in Woulgan® and production capacities in the enzyme segment.

Financial position

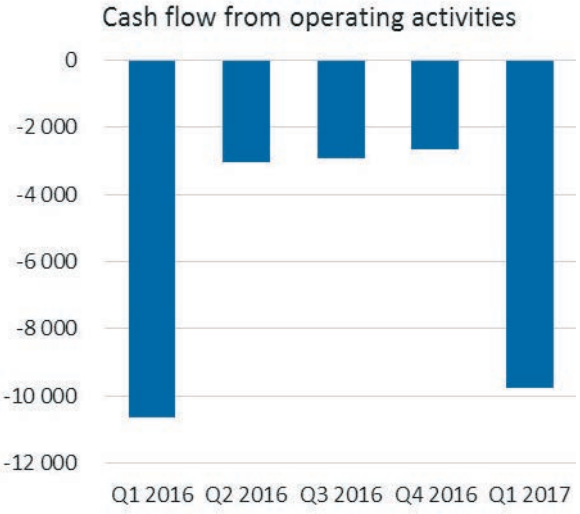
Total equity amounted to NOK 64.2 million at the end of the first quarter 2017 compared to NOK 68.1 million at the end of 2016.

Total assets were NOK 77.3 million at the end of the first quarter of 2017, compared to NOK 85.8 million at the end of 2016.

The Company has no interest-bearing debt.

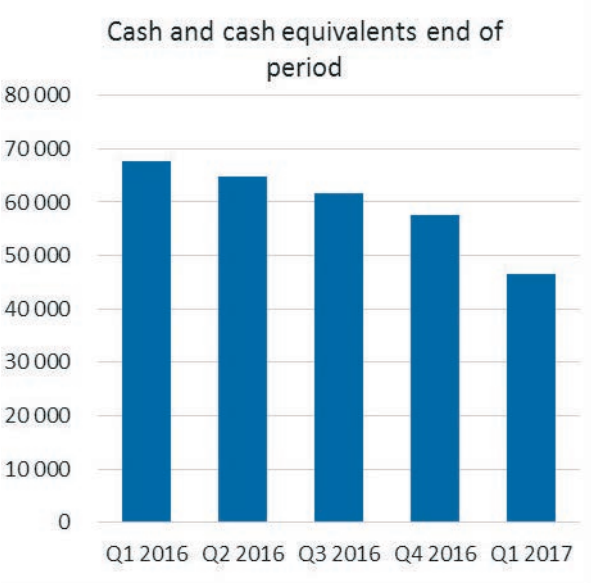
Cash flow

Net cash flow from operating activities was NOK -9.8 million in the first quarter 2017, compared to NOK -10.7 million in the same quarter in 2016. The operating cash flow reflects a change in working capital of NOK 6.6 million compared to end of fourth quarter 2016. This is considered as normal working capital fluctuations.



Net cash flow from investing activities was NOK -1.4 million while net cash flow from financing activities was NOK 0 in the first quarter.

Changes in cash and cash equivalents were NOK -11.2 million in the first quarter. This generated a cash balance of NOK 46.5 million at the end of the quarter, compared to NOK 57.7 million at the end of 2016.



Shareholder matters

The total number of issued shares was 43,944,673 at the end of the first quarter of 2017. The number of issued employee share options was 1,175,250 at the end of the quarter.

Risk factors

Biotec´s business is exposed to a number of 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 2016, published on the Company's web www.biotec.no

Business area reporting

Beta-glucans

Woulgan® – Germany

First quarter sales in Germany developed in line with expectations, mainly driven by adoption in the home care channel. This reflects the practice of General Practitioners (GPs) sending their wound patients to specialised wound experts and treatment centres.

When targeting the GP's, Biotec has supported its distributor Rogg with information, field visits and ongoing training sessions.

The development seen in the home care segment results from good clinical experiences and repeated reimbursement which encourages additional home care companies to explore Woulgan®. During the first quarter, several new home care companies received Woulgan for testing with one of them already recommending implementation in their listing.

Sales to the home care channel are driven by demand of wound- experts and Biotec started a focused awareness campaign during the quarter. Approximately 200 training sites, certified by the Initiative Chronic Wound (ICW) have been contacted and provided with tailored product information to include Woulgan® in their training sessions. A webinar hosted by a well-known German key opinion leader will be broadcast on April 26th, and supported by the German Wound Journal "Wund Management".

The Deutsche Bundestag has revised the "Heil- und Hilfsmittelversorgungsgesetz - HHVG" (the law that regulates supplies of cure and adjuvants) with an updated definition of "dressings" that are covered by the Statutory Health Insurances. According to the new definition, a dressing needs to have the main function to cover a wound and to take up wound fluids. The final implication for gel-based dressings is not yet clear, as the Gemeinsamer Bundesausschuss (G-BA) remains to decide if gels will be reimbursed in the future. To anticipate a potential change to the interpretation of the definition of a dressing, Biotec has separately applied to the G-BA to grant Woulgan exemption from any potential future loss of reimbursement. In summary, there are no current changes to the reimbursement situation for Woulgan®. However, as a contingency measure, Biotec has also applied for a national reimbursement decision.

Woulgan® – Nordics

Positive feedback has been received from the market and the product sales have developed positively, however volumes remain low because the Nordics is a primarily tender driven market. Finland has reported some sales to customers in first quarter.

Woulgan® has been approved at a tender list in an additional region in Sweden and Navamedic has started follow-up activities. Two Swedish regions are currently evaluating Woulgan® as their tenders are soon to be decided. In parallel, an evaluation is ongoing by a large Swedish wholesaler company.

Since Woulgan is not listed on Norwegian hospital tenders, separate agreements with the hospitals are needed. One hospital in South East Norway has decided to purchase Woulgan® based on strong results from evaluations. Another large hospital is expected to sign a similar agreement as evaluations report very good progress on diabetic foot ulcers and stalled surgical wounds.

A Nordic case series has started across selected sites in Sweden, aiming to recruit approximately 40 patients. The purpose of this study is to generate KOL support as well as regional and local documentation. The evaluation is progressing well and is expected to be completed late summer, furthermore a draft article will be submitted for publication during the fourth quarter.

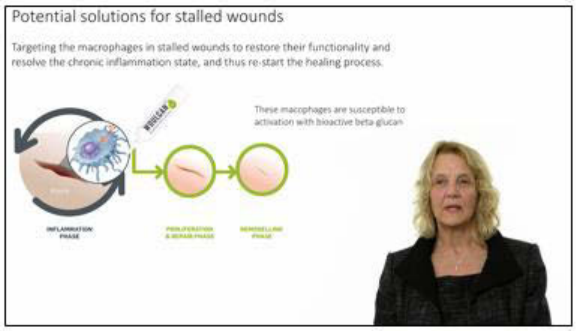
In general, single case reports are written on an ongoing basis and is used as sales support for the distributor.

Woulgan® - UK

The first UK sales via the NHS Supply chain was received in March and the UK distributor continues to focus on attracting further sales to segments not covered by Drug Tariff reimbursement.

Biotec responded to UK Drug Tariff questions in February and is awaiting their response.

Additional strong and positive evidence of Woulgan's effectiveness has supported a series of publications. Brenda King's article evaluating Woulgan's effect in 26 patients was published in the February issue of the peer-reviewed Journal of Wound Care. Following on this work an article was commissioned by the editors of the Diabetic Foot Journal and published in March. Further, a health economic analysis demonstrating the cost-effectiveness of treating patients with Woulgan has been accepted for publication in the Journal of Wound Care's May issue.



Woulgan® - USA

Biotec has received confirmation from the FDA of its Class I exempt status which means that Woulgan® can be brought into the US. With a Class I status, both the limited claims and the corresponding limited pricing however do not justify a commercial launch at this stage.

Biotec is pursuing two activities in the US market:

- Identify an attractive US market position for Woulgan® and the evidence required to support it.
- Identify a viable commercial partner.

Woulgan® - Other

In order to enlarge the allowable patient population in the Post-Market Clinical Follow-up study that has progressed slowly during the first 1.5 year, two protocol amendments in the inclusion and exclusion criteria have been filed. One of the main recruiting site involved in the phase III study in UK is now being contracted.

The Company has tested different production technologies for the manufacturing of an advanced gel-forming dressing product for exuding and large surface wounds. The initial testing has identified a technological platform with a high production capacity and a pilot is being assessed aiming at developing appropriate methods for manufacturing gel-forming material. Focus going forward will be to identify a robust manufacturing process for such a dressing product.

Beta-glucans – Other

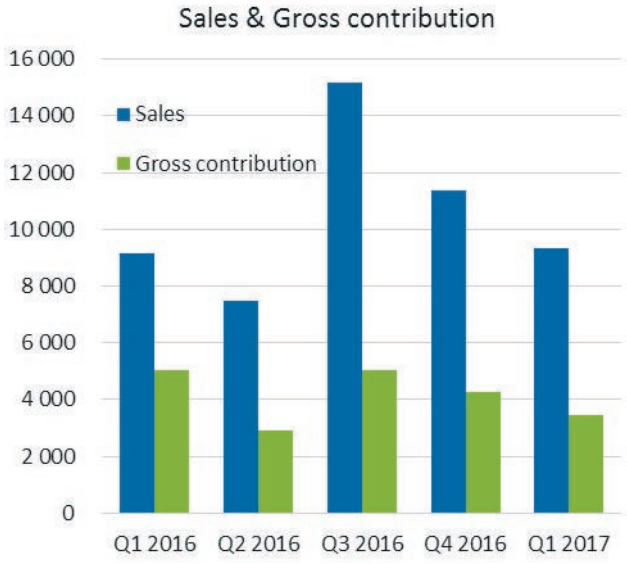
Biotec continue to support Memorial Sloan Kettering Cancer Center (MSK) with soluble beta-glucan (SBG®) for the ongoing clinical trial in children with high–risk neuroblastoma. MSK has broadened the inclusion criteria to include patients in 1st or higher remission allowing a majority of patients to receive the experimental vaccine treatment after having finalised the standard treatment regime. At present almost 120 patients have been treated with vaccine and SBG® under this protocol. MSK expects to present initial data from the phase II part of the study in the second half of this year. Biotec has recently met with MSK to discuss further collaboration to identify the development of this experimental treatment regime and how it may move into a potential commercial project.

The nutrition segment had very limited sales in the first quarter since the main customer accumulated stock during 2016. In order to generate further sales leads for the nutrition product M-Gard™ Biotec has attended several conferences.

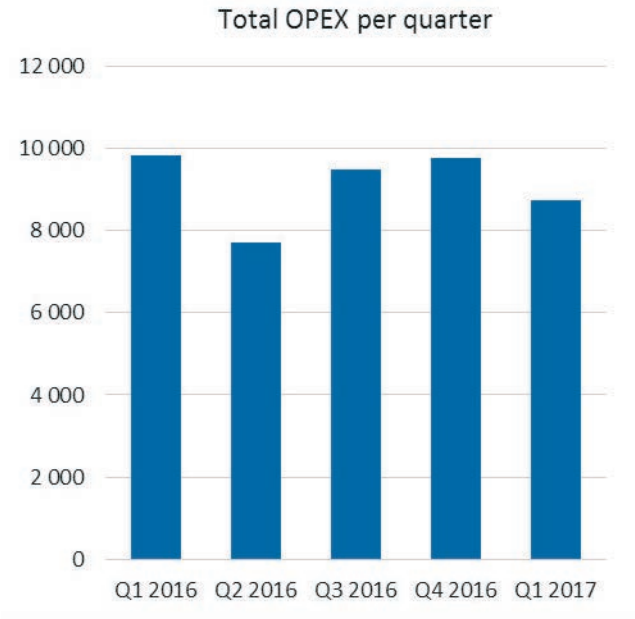
Sales of M-Glucan® to the feed sector continued its strong development with strong sales in the first quarter. This ingredient is mainly included in special feed given to salmon in seasons where their immune system are particular exposed. This results in a certain seasonality in the sales pattern. The Company is currently working to expand the business opportunities with the current customers and will evaluate new business opportunities for this product.

Financial review beta-glucans

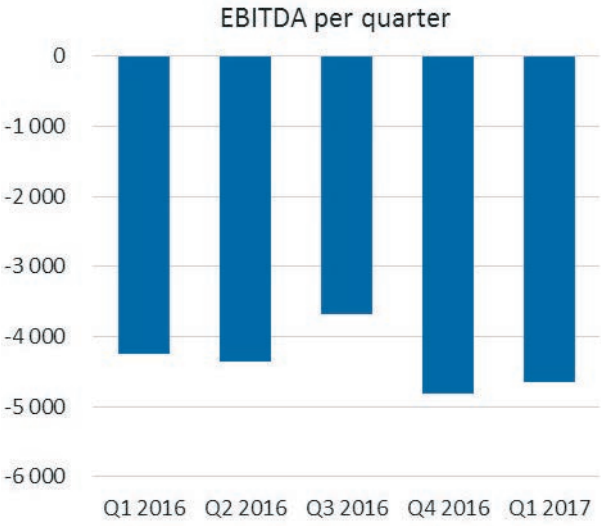
Beta-glucan sales amounted to NOK 9.3 million in the first quarter of 2017, compared to NOK 9.2 million in the first quarter of 2016. Gross contribution was reduced from NOK 5.1 million in the first quarter of 2016 to NOK 3.5 million in 2017, primarily due to loss of nutrition sales. Woulgan® sales was NOK 0.4 million in the first quarter.



Operating expenses was reduced from NOK 9.8 million in the first quarter of 2016 to NOK 8.8 million in the first quarter of 2017, mainly due to judicial expenses in connection with arbitration the first half of 2016.



EBITDA for the first quarter of 2017 was NOK -4.6 million compared to NOK -4.2 million in the same period last year, explained by loss of nutrition sales in 2017.



Enzymes (ArcticZymes)

Business

ArcticZymes ended the first fiscal quarter of 2017 with revenues at NOK 8.9 million.

ArcticZymes has observed, and expects future fluctuations in demand from its largest strategic partners. This is due to sector consolidation activities and subsequent effort to centralize operations.

In December 2016, ArcticZymes launched its new HL-Exo I enzyme which is part of the SAP product portfolio. The first customer has now incorporated this new enzyme and SAP into their DNA Sequencing product. It demonstrates that by adding a complementary enzyme to the SAP portfolio customers can develop and commercialize new technologies based on an established enzyme such as SAP.

ArcticZymes continues to receive customer interest in the IsoPol™ polymerase, as well as additional prototypes in the development pipeline. The Next Generation Sequencing (NGS) community is particularly engaged in evaluating the benefits these enzymes may produce. Discussions with multiple partners around potential long-term projects are ongoing to support commercialising of the next wave of innovative NGS platforms. In line with such ambitions, ArcticZymes is committed to release at least 2 new novel polymerases to the market in 2017, which will incorporate a feature set requested by our key partners.

ArcticZymes continues to see a growing interest in Salt Active Nuclease (SAN) for use in bio-manufacturing processes. In the production process of many bio-products it is a requirement to remove DNA and nucleic acids prior to further use. SAN offers an optimal and well needed solution to remove contaminating traces of DNA or nucleic acids in this underserved market. To meet immediate commercial demands and technical expectations, ArcticZymes has fast-tracked 2 new products expected to be launched in the second half of 2017:

- SAN bio-manufacturing grade, a more qualified version of the standard SAN product supplemented with more documentation. Thus meeting the strict requirement necessary in the bio-manufacturing segment.

- SAN ELISA (enzyme-linked immunosorbent assay) Immunoassay. Post utilisation of SAN in the manufacturing process, the SAN is removed via a purification process. An immunoassay is the assay of choice post-purification to demonstrate any remaining traces of SAN have been

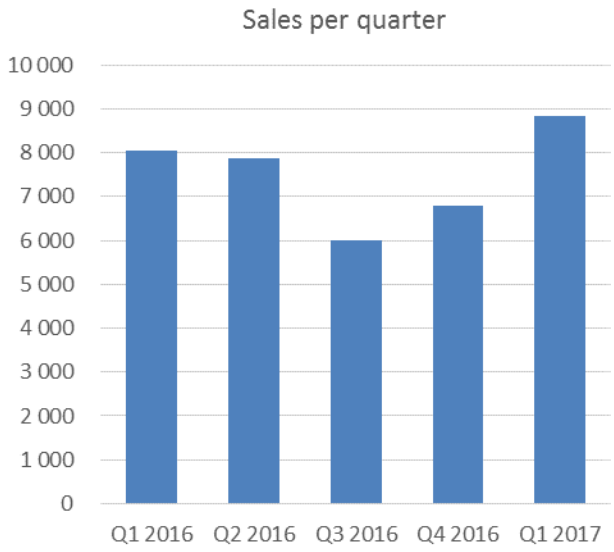
removed. Hence, the immunoassay is an essential complementary product to the SAN enzyme.

By offering a new grade of SAN and the immunoassay, ArcticZymes is able to provide its bio-manufacturing customers an attractive solution allowing them to reliably and cost-effectively manufacture DNA- and nucleic acid-free bio-products.

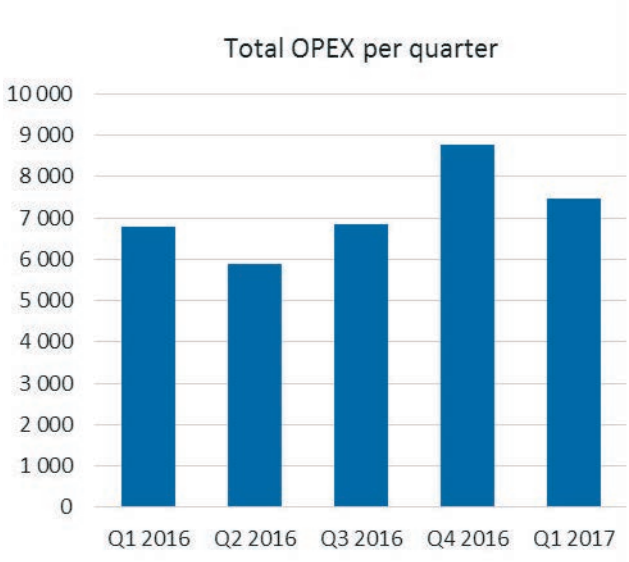
ArcticZymes remains committed to serving its commercial partners in molecular research and diagnostics as well as expanding into other market segments such as bio-manufacturing.

Financial review Enzymes

Sales in ArcticZymes was NOK 8.9 million in the first quarter of 2017, up from NOK 8.1 million in the same quarter last year. This represents a quarter by quarter sales increase of 10%. ArcticZymes sales is characterized by larger orders to a limited number of customers. This will continue to give some fluctuations in sales per quarter going forward.

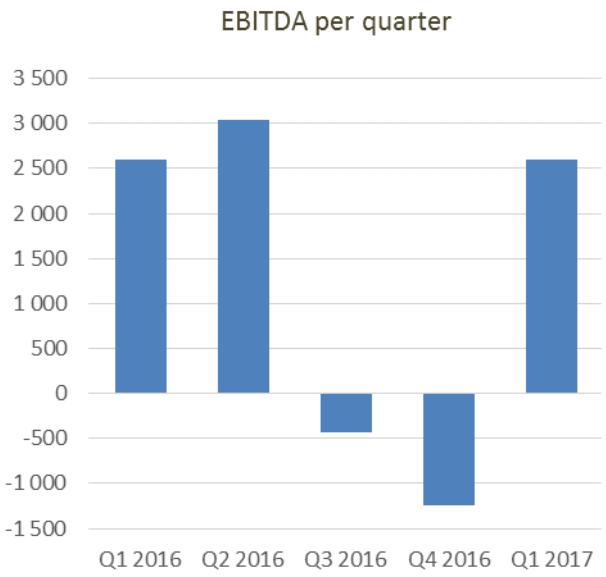


Other revenues for the first quarter shows NOK 0.9 million, a decrease from NOK 1.4 million in 2016. This decrease is explained by reduction in R&D revenues for the quarter.



Operating expenses have increased from NOK 6.8 million in the first quarter of 2016 to NOK 7.5 million in the first quarter of 2017, mainly because of increased personnel expenses and provisions for royalties.

EBITDA showed a profit of NOK 2.6 million for the first quarter of 2017, which is equal to the first quarter of 2016.



OUTLOOK

Biotec will continue to pursue its commercial focus of driving sales and achieving key operational milestones in 2017.

For Woulgan® and within wound care, focus will be on building commercial traction in key markets and to obtain UK drug tariff approval to secure reimbursement in UK.

Further advancing the development of the Woulgan® technology platform into new wound care products will be a key priority.

Within animal health, we will continue to focus on customer satisfaction and we aim to expand the opportunity together with our key supplier. Biotec's partner in this segment is considering a renewal and expansion of its production capacity and the Company will assist in all possible ways to create confidence in this decision.

As for consumer health, Biotec will explore opportunities to build a commercial platform for long term growth.

ArcticZymes has a strong product offering in the enzymes market segment with valuable and long-term relationships with key customers and a solid position for future growth. Its strong pipeline in development of novel enzymes will lead to new product launches during 2017.

Together with further development of the company's commercial partnerships it is expected that ArcticZymes should be well positioned for further growth going forward.

The interim financial statement 31. March 2017 (Q1)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1.000 - exept EPS)	Q1 2017	Q1 2016	YTD 2017	YTD 2016
Sales revenues	18 196	17 272	18 196	17 272
Other revenues	1 575	1 917	1 575	1 917
Sum revenues	**19 771**	**19 189**	**19 771**	**19 189**
Cost of goods sold	-5 583	-4 176	-5 583	-4 176
Personell expenses	-11 934	-11 346	-11 934	-11 346
Other operating expenses	-6 363	-7 126	-6 363	-7 126
Sum expenses	**-23 880**	**-22 648**	**-23 880**	**-22 648**
Earnings before interest, taxes, depr. and amort. (EBITDA)	**-4 109**	**-3 459**	**-4 109**	**-3 459**
Depreciation and amortization expenses	-464	-488	-464	-488
Operating profit/loss (-) (EBIT)	**-4 573**	**-3 946**	**-4 573**	**-3 946**
Finanical income, net	84	136	84	136
Profit/loss (-) before income tax (EBT)	**-4 489**	**-3 810**	**-4 489**	**-3 810**
Tax	0	0	0	0
Net profit/loss (-)	**-4 489**	**-3 810**	**-4 489**	**-3 810**
Basic EPS (profit for the period)	-0,10	-0,09	-0,10	-0,09
Diluted EPS (profit for the period)	-0,10	-0,09	-0,10	-0,09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1.000)	31.03.2017	31.03.2016	31.12.2016
Non-current assets			
Machinery and equipment	3 734	3 797	3 168
Intangible assets	5 853	4 908	5 465
Other non current assets	37	28	37
Total non-current assets	**9 625**	**8 733**	**8 671**
Current assets			
Inventories	3 798	3 529	2 775
Account receivables and other receivables	17 399	13 296	16 716
Cash and cash equivalents	46 489	67 705	57 672
Total current assets	**67 686**	**84 530**	**77 163**
Total assets	**77 311**	**93 263**	**85 834**
Equity			
Share capital	43 945	43 945	43 945
Premium paid in capital	133 378	133 378	133 378
Retained earnings	-113 850	-94 506	-109 815
Non-controlling interests	680	489	580
Total equity	**64 153**	**83 306**	**68 087**
Current liabilities			
Accounts payable and other current liabilities	13 158	9 957	17 746
Total current liabilities	**13 158**	**9 957**	**17 746**
Total equity and liabilities	**77 311**	**93 263**	**85 834**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1.000)	Q1 2017	Q1 2016	YTD 2017	YTD 2016
Equity at the beginning of period	**68 087**	**86 750**	**68 087**	**89 750**
Shared based compensation	554	367	554	367
Retained ernaing	-4 589	-3 900	-4 589	-3 900
Change in non-controlling interest	100	90	100	90
Equity at the end of period	**64 153**	**83 306**	**64 153**	**86 306**

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1.000)	Q1 2017	Q1 2016	YTD 2017	YTD 2016
Cash flow from operating activities:				
Profit after tax	-4 489	-3 810	-4 489	-3 810
Adjustment:				
Depreciation	464	488	464	488
Amortization		33		33
Employee stock options	554	367	554	367
Changes in working capital				
Inventory	-1 023	-625	-1 023	-625
Account receivables and other receivables	-683	-2 741	-683	-2 741
Payables and other current liabilities	-4 599	-4 365	-4 599	-4 365
Net cash flow from operating activities	**-9 776**	**-10 653**	**-9 776**	**-10 653**
Cash flow from investing activities:				
Purchase of fixed assets	-780		-780	
Invested in intangible assets	-626		-626	
Change in long term receivables	0	16	0	16
Net cash flow from investing activities	**-1 407**	**16**	**-1 407**	**16**
Cash flow from financing activities:				
Net cash flow from financing activities	**0**	**0**	**0**	**0**
Changes in cash and cash equivalents	-11 183	-10 637	-11 183	-10 637
Cash and cash equivalents at the beginning of period	57 672	78 342	57 672	78 342
Cash and cash equivalents at end of period	**46 489**	**67 705**	**46 489**	**67 705**

Notes to the interim accounts for 31. March 2017 (Q1)

Note 1 - Basis of preparation of financial statements

These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of Biotec Pharmacon ASA and its subsidiaries (hereafter "the Group") for the period ended 31 March 2017. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year, ended 31 December 2016 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information. The quarterly reports do not however include all information required for a full annual financial statement of the Group and should be read in conjunction with the annual annual report for 2016. The quarterly reports require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.
Income tax expense or benefit is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year. Deferred tax asset is accounted at NOK 0 in the balance sheet.

A number of new standards, amendments to standards and interpretations are not effective for the quarterly reprt and have not been applied in preparing these consolidated financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is effective as of 01.01.2018. IFRS 9 will replace IAS 39 Financial Instrument: recognition and Measurement. The parts of IAS 39 that have not been amended has been transferred and included in IFRS 9. The standard shall be implemented retrospectively, but it is not a requirement to prepare comparative figures. The Group has no plans regarding early implementation of the standard and implementation of the standard is not assumed to have material impact on the Group.

IFRS 15 Revenue from contracts with customers. The standard is effective as of 01.01.2018. The standard replaces all existing standards and interpretations relating to revenue recognition. The core principle of IFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. With some few exceptions, the standard is applicable for all remunerative contracts and includes a model for recognition and measurement of sale of individual non-financial assets. The Company is evaluating potential implications of the standard and has recognized some areas where the standard might have a limited impact. The Company will continue analysing the impact of the new standard.

IFRS 16 Leases regulates matters relating to leased assets. It requires all leases to be recognized in the statement of financial position is a right to use asset with subsequent depreciation This standard is not ratified by the EU but is expected to be effective as of 01.01.2019. The Group has not yet completed the analysis of the impact of the new standard and has no plans regarding early implementation of the standard.

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 2017	Q1 2016	YTD 2017	YTD 2016
Sales revenue:				
Beta-Glucans	9 348	9 216	9 348	9 216
Enzymes	8 850	8 055	8 850	8 055
Group operating sales revenues	**18 196**	**17 272**	**18 196**	**17 272**
Gross profit				
Beta-Glucans	3 465	5 094	3 465	5 094
Enzymes	9 149	8 003	9 149	8 003
Group gross profit	**12 613**	**13 096**	**12 613**	**13 096**
Other revenues				
Beta-Glucans	660	496	660	496
Enzymes	916	1 421	916	1 421
Unallocated revenues corporate level	-2	1	-2	1
Group other revenues	**1 575**	**1 917**	**1 575**	**1 917**
Operating expenses:				
Beta-Glucans	-8 755	-9 837	-8 755	-9 837
Enzymes	-7 470	-6 782	-7 470	-6 782
Unallocated corporate expenses	-2 072	-1 853	-2 072	-1 853
Group operating expenses	**-18 297**	**-18 472**	**-18 297**	**-18 472**
Operating profit/loss (-) (EBITDA)				
Beta-Glucans	-4 630	-4 247	-4 630	-4 247
Enzymes	2 595	2 642	2 595	2 642
Unallocated corporate expenses	-2 074	-1 853	-2 074	-1 853
Operating profit/loss (-) EBITDA	**-4 109**	**-3 459**	**-4 109**	**-3 459**
Amortization:				
Beta-Glucans	-317	-338	-317	-338
Enzymes	-144	-135	-144	-135
Unallocated corporate expenses	-2	-14	-2	-14
Group amortization	**-464**	**-488**	**-464**	**-488**
Profit/loss (-) before income tax (EBIT)				
Beta-Glucans	-4 947	-4 585	-4 947	-4 585
Enzymes	2 451	2 507	2 451	2 507
Unallocated corpoate expenses	-2 076	-1 867	-2 076	-1 867
Profit/loss (-) before income tax EBIT	**-4 573**	**-3 946**	**-4 573**	**-3 946**

Note 3 Share options

The Group has a share based option scheme. Per 31.12.2016, there were 1,175,250 outstanding options comprising of 41 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.

	2017		2016	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.	15,41	1 175 250	18,17	655 750
Granted during the year			11,93	519 500
Outstanding at 31 March		**1 175 250**		**1 175 250**

Expiry date, exercise price, and outstanding options at Q1:

	Average exercise price	2017	2016
Expiry date		Number of share options	
2017, 31 May	17,61	203 250	203 250
2018, 31 May	18,42	452 500	452 500
2019, 31 May	11,93	519 500	
Outstanding at 31 March		**1 175 250**	**655 750**
Exercisable options at 31 March		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: 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 31.03.2017 a total of NOK 15.916 million had been expensed, of which NOK 553 million applies to Q1 2017. 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 *(Amounts in NOK 1.000)*	Q1		YTD	
	2017	2016	2017	2016
Net book value (opening balance)	**3 168**	**4 118**	**3 168**	**4 118**
Net investement	780		780	
Depreciation and amortization	-214	-322	-214	-322
Net book value (ending balance)	**3 734**	**3 796**	**3 734**	**3 796**

Intangible asset *(Amounts in NOK 1.000)*	Q1		YTD	
	2017	2016	2017	2016
Net book value (opening balance)	**5 465**	**5 075**	**5 465**	**5 075**
Net investement	625		625	
Depreciation and amortization	-237	-167	-237	-167
Net book value (ending balance)	**5 853**	**4 908**	**5 853**	**4 908**

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 2017:

Name, position	No of shares	No of options
Erik Thorsen, Chairman	23 500	0
Olav Flaten, Director	0	0
Inger Rydin, Director	0	0
Richard Godfrey, Director	0	0
Masha LG Strømme, Director	0	0
Gerd Nilsen, employee representative	26 190	51 000
Svein Lien, CEO	510 826	160 000
Børge Sørvoll, CFO	6 216	82 500
Rolf Engstad, CSO Biotec BetaGlucans AS	320 774	110 000
Jethro Holter, Managing Director ArcticZymes AS	564	80 000
Stuart Devine, VP Global Marketing Woulgan, Biotec Betaglucans AS	25 187	30 000

Note 6 Shareholders

The 20 largest shareholders as of 31 March 2017	Shares	Ownership
Tellef Ormestad	3 203 068	7,29 %
AKA AS	1 450 000	3,30 %
Danske Bank AS	1 202 066	2,74 %
Nordnet Bank AB	972 248	2,21 %
Clearstream Banking S.A.	874 154	1,99 %
Birkeland Odd Knut	800 000	1,82 %
Progusan AS	750 026	1,71 %
MP Pensjon	749 171	1,70 %
Nordea Bank Denmark AS	736 250	1,68 %
Belvedere AS	700 095	1,59 %
Hartvig Wennberg AS	696 033	1,58 %
Arne Kjetil Kyrkjebø	674 601	1,54 %
Nordnet Livsforsikring AS	669 379	1,52 %
Nordea Bank Danmark A/S	637 802	1,45 %
Trapesa AS	566 138	1,29 %
Catalina Invest AS	470 000	1,07 %
Spiralen Industrier AS	429 639	0,98 %
KLP Aksje Norge Indeks	413 267	0,94 %
Jomani AS	394 740	0,90 %
Pro AS	364 821	0,83 %
20 largest shareholders aggregated	**16 753 498**	**38,13 %**

Note 7 Interims result

(Amounts in NOK 1.000)	Q1-2017	Q4-2016	Q3-2016	Q2-2016	Q1-2016
Sales revenues	18 196	18 215	21 115	15 308	17 266
Sales growth % (year-over-year)	5 %	39 %	29 %	33 %	40 %
Gross profit %	69 %	59 %	51 %	69 %	76 %
EPS	-0,10	-0,19	-0,14	-0,05	-0,09
EPS fully diluted	-0,10	-0,19	-0,14	-0,05	-0,09
EBITDA	-4 109	-8 093	-5 883	-1 609	-3 459
Equity	64 153	68 087	76 006	81 655	83 306
Total equity and liabilities	77 311	85 834	88 947	91 144	93 263
Equitiy (%)	83 %	79 %	85 %	90 %	89 %

Note 8 Alternative Performance Measures

(Information provided 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”.
The reconciliation to the IFRS accounts is as follows:

(Amounts in NOK 1.000 - exept EPS)	Q1 2017	Q1 2016	YTD 2017	YTD 2016
Sales	18 196	17 272	18 196	17 272
Cost of goods sold	-5 583	-4 176	-5 583	-4 176
Gross profit	**12 613**	**13 096**	**12 613**	**13 096**
Other revenues	1 575	1 917	1 575	1 917
Sum other revenues	**1 575**	**1 917**	**1 575**	**1 917**
Personell expenses	-11 934	-11 346	-11 934	-11 346
Other operating expenses	-6 363	-7 125	-6 363	-7 126
Depreciation and amortization expenses	-464	-488	-464	-488
Operating profit/loss (-) (EBIT)	**-4 573**	**-3 946**	**-4 573**	**-3 946**

Note 9 Account receivables and other receivables

(Amounts in NOK 1.000)	31.03.2017	31.03.2016	31.12.2016
Accounts receivables	11 652	7 708	11 957
Reserach grants	3 047	2 726	1 344
Tax grants	1 065	1 300	2 589
VAT	225	304	657
Other receivables	1 411	1 259	169
Total account receivables and other receivables	**17 399**	**13 296**	**16 716**

Note 10 Account payable and other current liabilities

(Amounts in NOK 1.000)	31.03.2017	31.03.2016	31.12.2016
Accounts payable	4 546	3 112	7 181
Public taxes and withholdings	1 345	2 258	2 087
Unpaid holiday pay	4 330	4 015	3 253
Other personnel	432	250	2 324
Other current liabilities	2 506	322	2 902
Total account payable and other current liabilities	**13 158**	**9 957**	**17 746**

Note 11 Events after balance sheet date, 31. March 2017

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 26. April 2017.

Oslo, 26 April 2017
The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen Chairman	Olav Flaten Director	Inger Rydin Director	
Richard Godfrey Director	Masha Strømme Director	Gerd Nilsen Director	Svein W. F. Lien CEO