BIOTEC PHARMACON

Q1 2016

First Quarter 2016

Highlights for the first quarter 2016

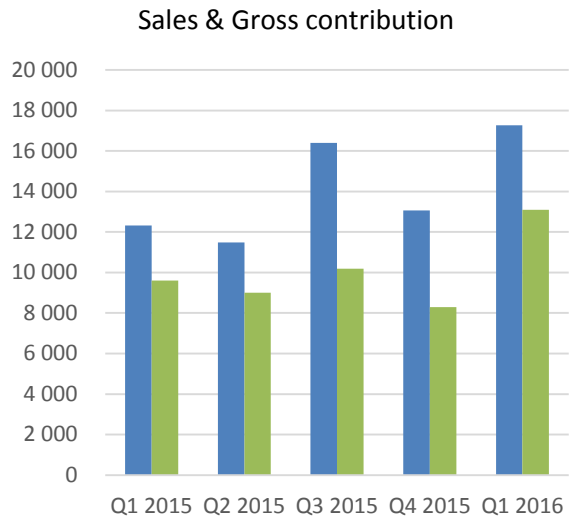
- Group sales revenues amounted to NOK 17.3 million in the first quarter 2016, compared to NOK 12.3 million in the first quarter 2015.
- EBITDA was NOK -3.5 million in the quarter, compared to NOK -2.8 million in the first quarter 2015 as a result of increased spending in commercialization of Woulgan®
- Signed a two-year agreement for supply of beta-glucans to the animal health segment
- Submitted first Nordic tender in Finland for Woulgan®
- NHS Drug Tariff Authorities are reviewing Woulgan® application for UK reimbursement

Key financials

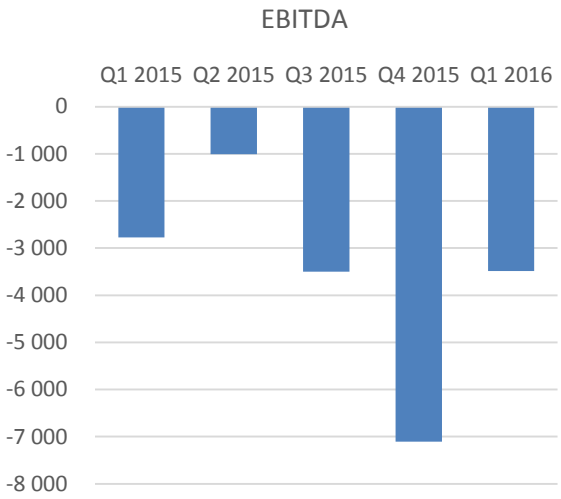
Amount in NOK 1.000	Q1 2016	Q1 2015	3M 2016	3M 2015
Revenues	17 266	12.318	17 266	12 318
EBITDA	-3 489	-2 777	-3 489	-2 777
EBIT	-3 976	-3 454	-3 976	-3 454
Net cash flow from operations	-10 653	-9 192	-10 653	-9 192
Net cash end of period	67 705	79 112	67 705	79 112

Biotec Pharmacon – Group Figures

Biotec Pharmacon ASA, ("Biotec", the "Company") reported revenues of NOK 17.3 million (12.3) for the first quarter of 2016. EBITDA was NOK -3.5 million (-2.8) and EBIT NOK -4.0 million (-3.5) in the quarter. Net financial income was NOK 0.2 million (0.2), generating a loss before tax of NOK -3.8 million (-3.2) for the first quarter.



Both the beta-glucan and the enzyme segment had a good start in the first quarter of 2016 showing sales growth in both areas with sales revenues of NOK 9.2 million and NOK 8.1 million respectively. The group had gross contribution of NOK 13.1 million (9.6) in the first quarter 2016.



Reduction in EBITDA for the first quarter of 2016 compared to the same quarter last year is mainly due to increased activities in both business segments.

The group had 40 employees at the end of the first quarter, compared to 36 employees at the end of the first quarter 2015.

Balance Sheet

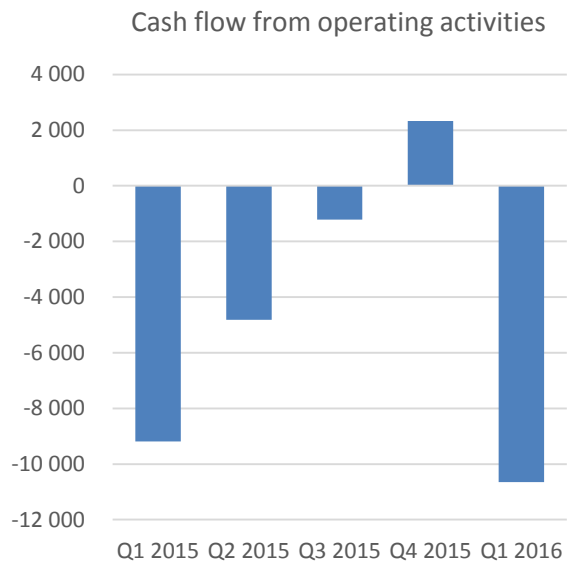
Total equity amounted to NOK 83.3 million at the end of first quarter 2016 compared to NOK 86.7 million at the end of 2015.

Total assets were NOK 93.3 million at the end of the first quarter 2016, down from NOK 101.1 million at the end of 2015. The Company has no interest-bearing debt.

Cash Flow

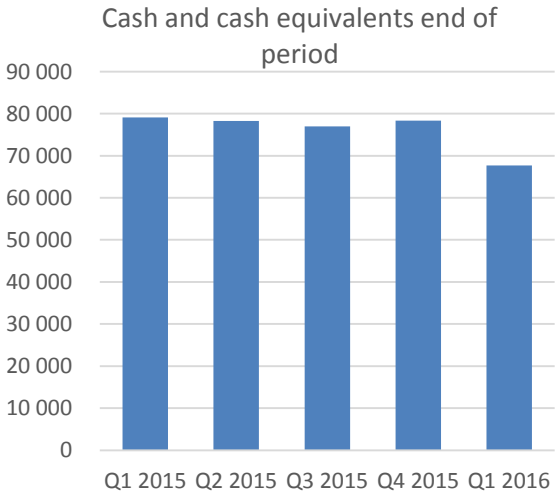
Net cash flow from operating activities was NOK -10.7 million in the first quarter 2016, down from NOK -9.2 million in same quarter in 2015. The operating cash flow reflects change in working capital of NOK 7.1 million compared to end of fourth quarter 2015. This is due to increase in receivables and reduction

in liabilities.



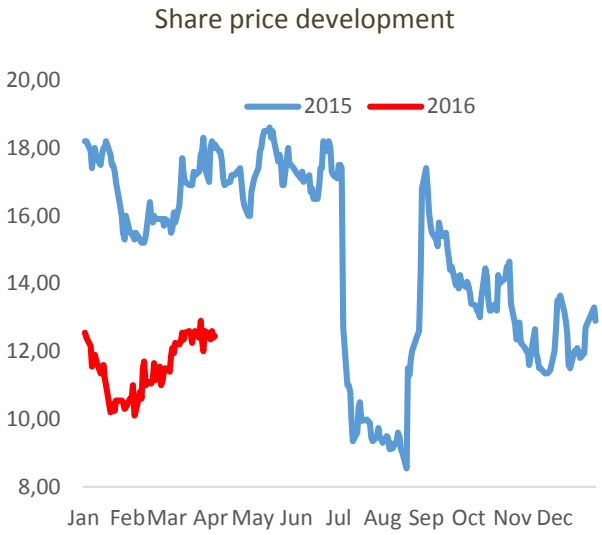
Net cash flow from investing activities was NOK 0 and net cash flow from financing activities was NOK 0 in the first quarter.

Changes in cash and cash equivalents were NOK -10.6 million in the first quarter. This generated a cash balance of NOK 67.7 million at the end of the quarter, compared to NOK 78.3 million at the end of 2015.



Shareholder matters

Total number of issued shares was 43,944,673 at the end of the first quarter. The number of issued employee share options was 655,750 at the end of the quarter. 203,250 of these employee options can be exercised in 2016.



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 compared to the descriptions in the annual report for 2015.

Business areas reporting:

Beta-glucans

Biotec Pharmacon is continuing the commercialization of Woulgan® Gel, its novel product for active healing of stalled wounds. Short term, the priority is to obtain Key Opinion Leader support in selected markets. As previously discussed, stalled wounds is a global health issue, both relating to patient suffering and the significant burden on world health economies. With Woulgan® Gel, Biotec offers clinicians an exciting new therapy to improve outcomes for patients afflicted by stalled wounds, to accelerate wound healing and thereby reduce the cost of wound care.

In the Nordic region, there are an estimated 77 thousand stalled wounds producing a Euro 28 million annual opportunity for Woulgan®. Biotec and its partner Navamedic ASA have visited more than 70 clinicians in the region and submitted the first tender bid in Finland. Several new tender submissions are planned in Norway, Finland and Sweden during the second quarter. Gaining a listing on these tenders is key in making the Woulgan® product easily accessible to customers. Efforts aimed at building Key Opinion Leader support continue in parallel.

With an estimated 195 thousand stalled wounds, the UK presents an attractive Euro 65 million market opportunity for Woulgan®. Several clinical evaluations are ongoing and more are planned in the second quarter. To further strengthen launch preparations, our UK distributor partner, H&R Healthcare, has recruited an additional Clinical Sales Specialist starting in April.

30 patients being treated with Woulgan in evaluation studies with positive results to date.

The NHS Drug Tariff are now reviewing the Woulgan® application which will normally take 3-4 months to conclude.

Germany is a key European market and with an estimated 240 thousand stalled wounds it represents a Euro 86 million-market opportunity for Woulgan®. Biotec is progressing in defining its go-to-market plan and partnering model for the German market. Achieving robust pricing in Germany require clear documented benefits of Woulgan® in the German health economic context. Biotec is therefore working with leading clinicians, health economists and reimbursement specialists to produce this supporting rationale.

Biotec is about to finalize the “510K application” for Woulgan® and expects it to be submitted to the FDA in US during the second quarter of 2016. The FDA approval typically takes 6-9 months and represents the first step in the process to position Woulgan® in what is the world’s most attractive market.

The Company is developing two new wound care products as line extensions to Woulgan®. The wound healing capacity of both products has been assessed in diabetic mice wound models, demonstrating a similar healing effect to the Woulgan® Gel product. Biotec is currently evaluating scale-up possibilities and contract manufacturing sites for these two new product lines. In parallel, the Company will prepare the dossiers for regulatory approval of the products.

The “Post Market Clinical Follow Up” study required by the Competent Authority MHRA, as a part of the CE mark approval is progressing as expected. The study, assessing the usefulness and safety of

Woulgan® compared to a given standard hydrogel aims to recruit a total of 80 Diabetic Foot Ulcer patients. The study commenced in Sweden in 2015 and the first UK site is starting in April 2016. Additional clinical study sites in the UK are currently being recruited.

OTHER

The co-operation with Memorial Sloan Kettering Cancer Centre is continuing with the ongoing clinical study on Neuroblastoma cancer patients. The patients are treated with the combination of an experimental cancer vaccine developed by Memorial Sloan Kettering Cancer Centre and Soluble Beta Glucan (SBG®). SBG® is used for its immunomodulatory properties. The trial was expanded to a phase II study in 2015 after encouraging initial responses. It aims to recruit a total of 115 patients and 65 patients will have been enrolled under the protocol by the end of March. Biotec will also explore whether it will be possible to provide products for other trials to gain more support for this application of SBG® in cancer treatment.

During the first quarter, the Company entered into an additional supply agreement for the animal health product, M-Glucan®. The agreement has an estimated value of NOK 20 million over two years. Supply of products under this agreement is expected to start during the second quarter.

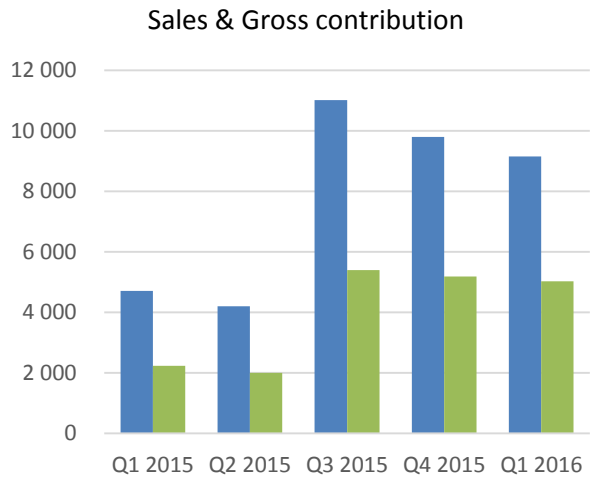
Biotec is continuing to strengthen the documentation of the Company's proprietary beta-glucan, M-Glucan® within the animal health segment and has recently

received two minor grants from regional funds supporting the research activity within this field. The two grants are supporting research activities for documenting the impact of M-Glucan® in enhancing the animal defense against virus infections and salmon louse infestation.

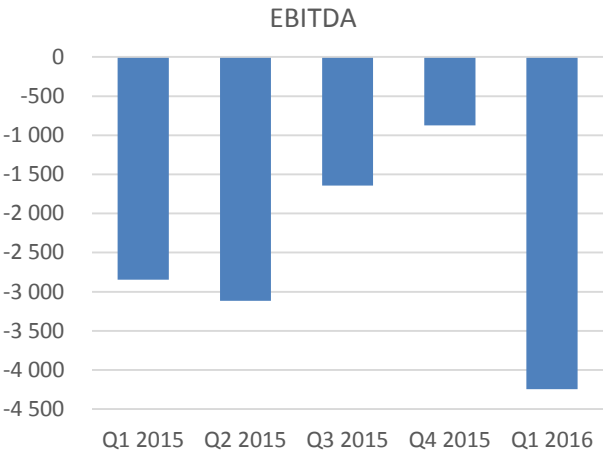
The research aims to support the marketing position of M-Glucan® as the best documented animal health product for the customer base.

Financial review Beta-glucans

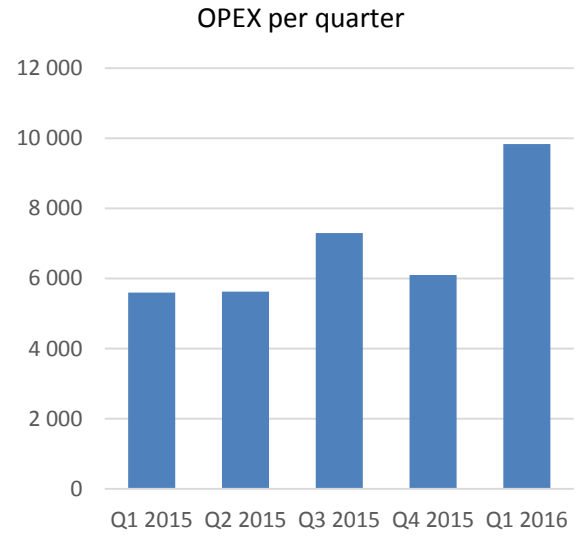
Sales revenues amounted to NOK 9.2 million in the first quarter 2016, compared to NOK 4.7 million in the first quarter 2015.



EBITDA for the quarter was NOK -4.2 million compared to NOK -2.8 million in the same period last year.



Operating expenses increased from NOK 5.6 million in the first quarter 2015 to NOK 9.8 million in the first quarter 2016, mainly due to increases in personnel expenses and external services for commercialization of Woulgan®. Biotec expects increased expenses through 2016 as Woulgan® is being launched and commercialized in several markets.



Enzymes (ArcticZymes)

ArcticZymes completed the first quarter with revenues of NOK 8.1 million compared to revenues of NOK 7.6 million last year. The growth was driven by increased sales to existing customers and development of business with new strategic partners.

A new supply agreement was signed this quarter with a new commercial partner that operates in the molecular biology reagent market segment. The agreement contributes insecuring long-term value for ArcticZymes, by expanding strategic partners in the growing field of molecular biology. The first order was shipped at the end of the first quarter.

As part of the new product pipeline initiative, ArcticZymes launched two new products in the first quarter:

- A glycerol-free Cod UNG to satisfy the evolving requirement of the Molecular Diagnostics market segment. The new formulation fulfils a market need expressed by existing partners and creates opportunity with new partners that ArcticZymes has not been able to approach earlier. The Cod UNG portfolio has shown significant growth over the last 2 years in the Molecular Diagnostic area and the introduction of the new formulation will allow ArcticZymes to further accelerate the growth in this important product portfolio.

- A new version in the rSAP portfolio was released, which will allow ArcticZymes to provide even better solutions to current and future customers.

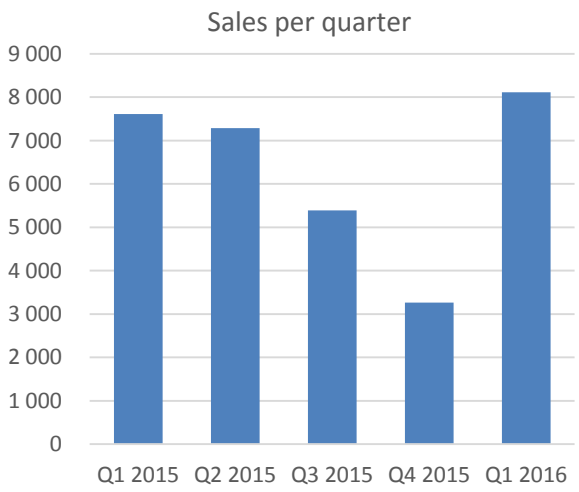
ArcticZymes were able to launch both products at the China Association of Clinical Laboratory Practice Exhibition in Xi'an in early March. The effort in China is consistent with ArcticZymes strategic goal to gain greater access to strategic partners in the Asian region.

ArcticZymes was successful in receiving a new grant which will drive several key internal development initiatives. It will receive EUR 460.000 in funds over the next four years through the European Framework Programme for Research and Innovation (Horizon 2020)

relating to the "Virus X" project. The Project officially begins on 1st April 2016. The project is a large collaborative effort between a total of 15 partners from European research institutes, universities and industry with a total budget of nearly EUR 8 Millions. Viruses represent the largest reservoir of unknown genetic diversity on earth. The project aims to advance the understanding of viral ecosystems, diversity and virus-host interplay by DNA sequencing environmental libraries (metagenomes) from a number of different biotopes. Through an analysis and discovery pipeline, new enzymes for molecular biotechnology will be developed and ArcticZymes is one of the industrial partners that will be participating in bringing new commercially attractive viral enzymes to the market.

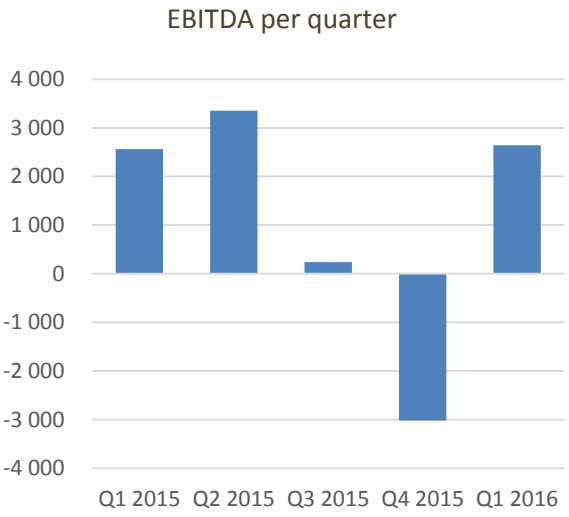
Financial review Enzymes

Sales revenues in ArcticZymes amounted to NOK 8.1 million in the first quarter 2016, up from NOK 7.6 million in the same quarter last year. The Company's revenues are coming from a limited number of orders. This will continue to give fluctuations in revenues per quarter going forward.

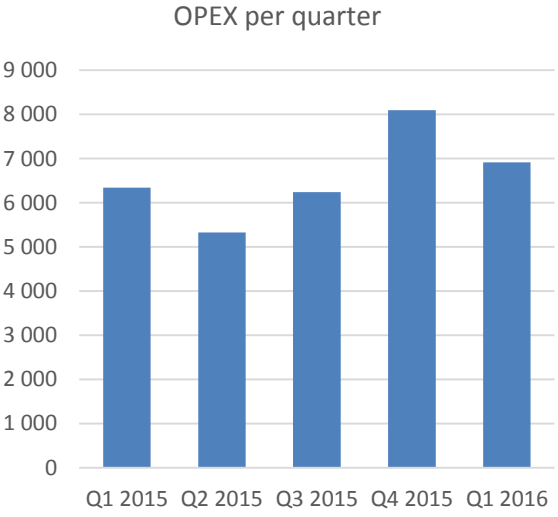


Other income mainly relates to research grants and currency gains, which increased to NOK 1.4 million from NOK 1.3 million in the first quarter last year.

EBITDA was positive with NOK 2.6 million in the first quarter 2016, a slight improvement from NOK 2.5 million in the same quarter 2015.



Operating expenses have increased from NOK 6.3 million in the first quarter 2015 to NOK 6.9 million in the first quarter 2016, mainly because of increased personnel expenses.



OUTLOOK

Biotec is in a good position for creating shareholder value in the years to come, by dedicating resources in developing commercial value from its key product platforms.

The focus is to position Woulgan® as the key product for stalled wounds. This represents a market opportunity of at least USD 100 million in in-market sales for the Woulgan® product platform. In the short term Biotec aims at positioning the gel product towards the professional wound care market in the UK, the Nordics and Germany.

The 2016 operational targets for Woulgan® are:

- Enter into distribution agreement(s) for Woulgan® in Germany
- Finalise the UK reimbursement process in the high-end category of the market
- Drive sales in UK and the Nordic markets
- Continue to develop an international sales support organization

In parallel, Biotec BetaGlucans will focus on developing new and securing existing supplier agreements within animal health and nutrition and pursuing promising opportunities within the field of cancer.

In the enzyme market, ArcticZymes has a strong product offering, as well as valuable long- term relationships with key customers. Further development of the company's partnerships in molecular, diagnostic and adjacent markets, should enable ArcticZymes to increase its market share going forward.

In addition, the company expects the enzyme market to grow and develop structurally over the next years, as the industry represents attractive opportunities for a wide array of partnerships.

Financial statement 1th quarter 2016

INCOME STATEMENT - THE GROUP

(Amounts in NOK 1.000 - exept EPS)	Q1 2016	Q1 2015	Jan.-Dec. 2015
Sales revenues	17 266	12 318	53 280
Cost of goods sold	-4 176	-2 723	-16 204
Gross profit	**13 090**	**9 595**	**37 076**
Other revenues	1 893	1 830	7 354
Sum other revenues	**1 893**	**1 830**	**7 354**
Personnel expenses	-11 346	-8 960	-35 308
Other expenses	-7 125	-5 244	-23 512
EBITDA	**-3 488**	**-2 776**	**-14 387**
Depreciation and amortization expenses	-488	-677	-2 927
EBIT	**-3 976**	**-3 453**	**-17 314**
Finanical income, net	166	234	21
EBT	**-3 810**	**-3 219**	**-17 292**
Tax	0	0	0
Earnings after tax	**-3 810**	**-3 219**	**-17 292**
Basic EPS (profit for the period)	-0,09	-0,07	-0,39
Diluted EPS (profit for the period)	-0,09	-0,07	-0,39

OTHER COMPREHENSIVE INCOME - THE GROUP

(Amounts in NOK 1.000)	Q1 2016	Q1 2015	Jan.-Dec. 2015
Earnings after tax	-3 810	-3 219	-17 292
Other comprehensive income:			
- Currency translation effect	0	0	0
Total comprehensive income	**-3 810**	**-3 219**	**-17 292**

BALANCE SHEET - THE GROUP

(Amounts in NOK 1.000)	2016-03-31	2015-03-31	2015-12-31
Non-current assets			
Machinery and equipment	3 797	4 902	4 118
Intangible assets	4 908	4 970	5 074
Other financial assets	28	134	77
Total non-current assets	**8 733**	**10 006**	**9 269**
Current assets			
Inventories	3 529	3 965	2 904
Trade receivables and other receivables	13 296	10 735	10 556
Cash and cash equivalents	67 705	79 110	78 343
Total current assets	**84 530**	**93 810**	**91 803**
Total assets	**93 263**	**103 816**	**101 072**
Equity			
Share capital	43 945	43 623	43 945
Share premium capital	133 378	129 224	133 378
Other equity	-94 506	-77 635	-91 062
Non-controlling interests	489	437	489
Total equity	**83 306**	**95 649**	**86 750**
Current liabilities			
Trade-, short term-, and other payables	9 957	8 167	14 322
Total current liabilities	**9 957**	**8 167**	**14 322**
Total equity and liabilities	**93 263**	**103 816**	**101 072**

CHANGES IN EQUITY - THE GROUP

(Amounts in NOK 1000)	Share capital	Share premium capital	Own shares	Minority interests	Other reserves	Total equity
Balance at 2014-12-31	**43 623**	**129 224**	**0**	**437**	**-74 417**	**98 867**
Total comprehensive income/-loss for the period				52	-17344	-17292
Transactions with shareholders:						
Private placements - new equity	322	4 154				4 476
Employee stock option provision					734	734
Purchase of own shares			-14		-172	-186
Sale of own shares			14		137	151
Total transactions with shareholders	322	4 154	0	0	699	5 175
Balance at 2015-12-31	**43 945**	**133 378**	**0**	**489**	**-91 062**	**86 750**
Total comprehensive income/-loss for the period					-3 811	-3 811
Transactions with shareholders:						
Employee stock option provision					367	367
Total transactions with shareholders	0	0	0	0	367	367
Balance at 2016-03-31	**43 945**	**133 378**	**0**	**489**	**-94 506**	**83 306**

CASH FLOW ANALYSIS - THE GROUP

(Amounts in NOK 1.000)	Q1 2016	Q1 2015	Jan.-Dec. 2015
Cash flow from operating activities:			
Profit after tax	-3 810	-3 219	-17 292
Adjustment:			
Depreciation	488	677	2 927
Amortization	33		
Employee stock options	367		734
Changes in working capital			
Inventory	-625	428	1 488
Account receivables and other receivables	-2 741	-2 983	-2 803
Payables and other current liabilities	-4 365	-4 095	2 060
Net cash flow from operating activities	**-10 653**	**-9 192**	**-12 886**
Cash flow from investing activities:			
Purchase of fixed assets			-1 570
Change in long term receivables	16	20	76
Net cash flow from investing activities	**16**	**20**	**-1 494**
Cash flow from financing activities:			
Cashflow from share issues			4 475
Sale of own shares			-35
Net cash flow from financing activities	**0**	**0**	**4 440**
Changes in cash and cash equivalents	-10 637	-9 173	-9 940
Cash and cash equivalents at the beginning of period	78 342	88 283	88 283
Cash and cash equivalents at end of period	**67 705**	**79 110**	**78 343**

Notes to the interim accounts for 1th quarter 2016

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 March 31 2016. 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 December 31 2015 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.

The accounting policies used in the Interim Financial Statements are consistent with those used in the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. Where necessary, the comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

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.

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. Unallocated expenses are corporate overhead not allocated to the segments. Segment figures from 2015 are adjusted for comparison purposes.

(Amounts in NOK 1.000)	Q1 2016	Q1 2015	Jan.-Dec. 2015
Sales revenue:			
Beta-Glucans	9 153	4 708	29 733
Enzymes	8 113	7 610	23 546
Group sales revenues	**17 266**	**12 318**	**53 279**
Gross profit			
Beta-Glucans	5 031	2 236	14 823
Enzymes	8 061	7 359	22 253
Group gross profit	**13 091**	**9 595**	**37 076**
Other revenues			
Beta-Glucans	559	512	1 317
Enzymes	1 363	1 318	6 039
Unallocated revenues corporate level	-29		-2
Group other revenues	**1 893**	**1 830**	**7 354**
Operating expenses:			
Beta-Glucans	-9 838	-5 594	-25 611
Enzymes	-6 782	-6 117	-24 006
Unallocated corporate expenses	-1 853	-2 493	-9 204
Group operating expenses	**-18 473**	**-14 204**	**-58 820**
EBITDA			
Beta-Glucans	-4 248	-2 844	-9 468
Enzymes	2 641	2 561	4 286
Unallocated corporate expenses	-1 882	-2 493	-9 206
EBITDA	**-3 489**	**-2 776**	**-14 387**
Amortization:			
Beta-Glucans	-338	-426	-1 978
Enzymes	-135	-225	-847
Unallocated corporate expenses	-14	-26	-102
Group amortization	**-487**	**-677**	**-2 927**
EBIT			
Beta-Glucans	-4 586	-3 270	-11 445
Enzymes	2 506	2 336	3 439
Unallocated corpoate expenses	-1 896	-2 519	-9 308
EBIT	**-3 976**	**-3 453**	**-17 314**

Oslo, April 18, 2016
The Board of Directors of Biotec Pharmacon ASA

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