

Q3 Presentation

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Svein W. F. Lien – CEO

Jethro Holter – MD ArcticZymes

Stuart Devine – VP Marketing Woulgan

Børge Sørvoll – CFO



Agenda

- **Highlights**
- **Q3 Financials**
- **BetaGlucans**
 - Advanced wound care
- **Enzymes**
 - Molecular testing
- **Outlook**

Highlights Q3

- Q3 group sales increased 29% to NOK 21.1 M
- Q3 EBITDA was NOK -5.9 M compared to NOK -3.5 M Q3/2015 – Increased spending on Woulgan® and product mix in BBG sales
- ArcticZymes launched the first product in the Polymerase portfolio
- Confirmation of reimbursement for Woulgan® by one of the largest insurance companies for two regions in Germany





Q3 financials

Financial highlights Q3

NOK million	Q3 2016	Q3 2015	9M 2016	9M 2015
Enzymes	6.0	5.4	21.9	20.3
BetaGlucans	15.1	11.0	31.8	19.9
Sales	21.1	16.4	53.7	40.2
Enzymes	-0.4	0.2	5.2	6.2
BetaGlucans	-3.7	-1.6	-12.3	-7.6
Unallocated	-1.7	-2.1	-3.9	-5.8
EBITDA	-5.9	-3.5	-11.0	-7.3
EBIT	-6.4	-4.2	-12.5	-9.3

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

Cash flow and cash position

NOK million	Q3 2016	Q3 2015	9M 2016	9M 2015
Operating activities	-3.0	-1.2	-16.6	-15.2
Investing activities	0	-0.1	0	-0.6
Financing activities	0	0	0	4.5
Changes in cash and cash equivalent	-3.0	-1.3	-16.6	-11.3
Cash and cash equivalents at the beginning of period	64.7	78.3	78.3	88.3
Cash and cash equivalents at the end of period	61.7	76.9	61.7	76.9



Beta-Glucans

Advanced wound care



BetaGlucans – segment numbers

NOK million	Q3 2016	Q3 2015	9M 2016	9M 2015
Sales	15.1	11.0	31.8	19.9
Gross profit	5.0	5.4	12.9	9.6
Other revenues	0.8	0.3	1.8	1.3
Personnel expenses	-5.5	-3.5	-15.6	-9.5
Operating expenses	-4.0	-3.8	-11.4	-9.0
EBITDA	-3.7	-1.6	-12.3	-7.6
Depreciation & Amortization	-0.4	-0.4	-1.1	-1.3
EBIT	-4.1	-2.0	-13.4	-8.9

2015 figures are adjusted for comparison purposes

Activities outside Woulgan®

- Continue good growth in animal health products
- Explore opportunities within nutrition
- Renewed license after successful audit for continued supply of products under GMP standard
- Collaborating with supplier to expand production capacity to meet expected further increase
- Good progress in the Neuroblastoma study at MSKCC continue with 92 patients enrolled end of Q3



Commercial Strategy & Positioning



Substantial potential: ability to kick-start "stalled wounds"



Woulgan positioned for stalled wounds not closed by 40% after 4 weeks of standard care

Q3 Highlights

- UK evaluation: even more patients healed with Woulgan
- Won new accounts (UK & Germany) following successful evaluations
- Achieved important milestones in tenders and reimbursement
- Partners expand commitment to Woulgan



Highlights UK

- First district successfully added Woulgan onto specialist treatment guideline – routine use on stalled wounds
- Article on case series submitted for publication in Journal of Wound Care
 - Updated to 10 patients completely healed from 26 recruited with stalled wounds (one wound 6 years old)
- NHS continuing review Drug Tariff (DT) application. Biotec supporting the assessment
- 6 clinical posters accepted for presentation at Wounds UK congress

Highlights Nordics



- 20 sites evaluating Woulgan® in the quarter
- 4 sites ordered Woulgan® off-tender
- New tender listings in Sweden & Finland
- Significant county tenders
 - Placed 3 bids
 - Negotiated access to evaluate 1 mid-tender
- 2 new Navamedic sellers trained – total 9 actively selling Woulgan®





Highlights Germany

- Agreement with 1st homecare company
 - Training company nurses in November
- Positive feedback from key opinion leader
- Hosted expert panel: kick-started evaluations
- 2nd regional insurance company confirms reimbursement
- Homecare company successfully reimbursed for Woulgan[®]
- GP/Pharmacy: trained more sellers at Rogg

Update US and PMCF study



US:

- Responding to initial FDA questions on Woulgan's 510K application
- Launched selection process for strategic partner at SAWC (October)
- Planning to define optimal positioning for US, together with partner

Status Post Market Clinical Follow-up study:

- Continuing to monitor progress: 5 sites recruiting patients



ArcticZymes

Q3 Update

Enzymes – Segment Numbers

NOK million	Q3 2016	Q3 2015	9M 2016	9M 2015
Sales	6.0	5.4	21.9	20.3
Gross profit	5.8	4.8	21.6	19.2
Other revenues	0.6	1.5	3.2	4.2
Personnel expenses	-5.0	-4.7	-14.1	-12.4
Operating expenses	-1.8	-1.3	-5.4	-4.9
EBITDA	-0.4	0.2	5.3	6.1
Depreciation & Amortization	-0.1	-0.2	-0.4	-0.7
EBIT	-0.5	0	4.9	5.4

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

Product Sales Update

- Growth in product sales is a combination of organic growth in existing business, new business from existing customers and bringing on-board new strategically relevant customers.
- We continue to spread our sales across more key customers making us less dependent on a few major customers. This contributes to smoothing out the quarterly fluctuations we have observed, even though there are still some left.



- Four year supply agreement signed with a Molecular Diagnostics (MDx) customer.
- Supply agreement negotiations are ongoing with other European based MDx customers.



- Merger of our two largest customers resulted in some reduced volumes.
- Compensated by new sales through new customers. Broadening our key customer base is integral in securing continuous growth.



- OEM partners have surpassed the current budget, with new growth and partners on the horizon.

SAN Portfolio Update

- **Identified new commercial interest for SAN**

- ✓ Improves the manufacturing process of viruses for use in gene therapy.
- ✓ Unlike our other enzymes, it is used in the manufacturing process by our customers.

- **Commercial Potential**

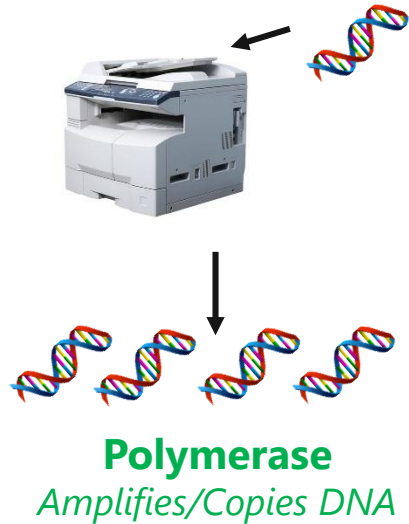
- ✓ Engaged in discussions with the majority of the leading commercial companies in the gene therapy market.
- ✓ Evaluations ongoing with therapeutic and pharmaceutical companies.
- ✓ New and regular sales starting to come in from a couple of early adoptors.

- **New patent secured in USA protects the DNA sequence of the enzyme**



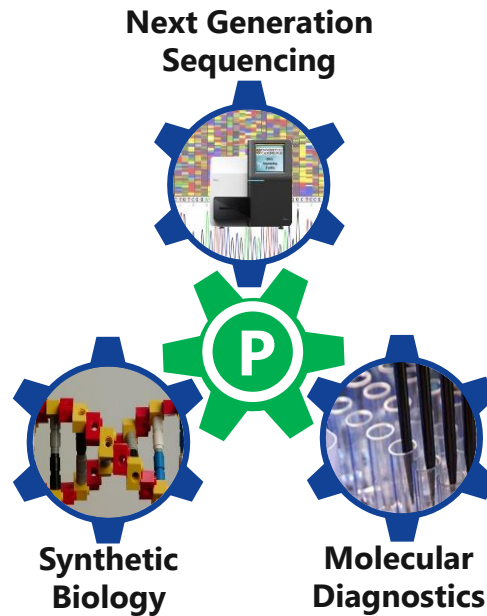
Polymerase Snapshot

What is a polymerase?



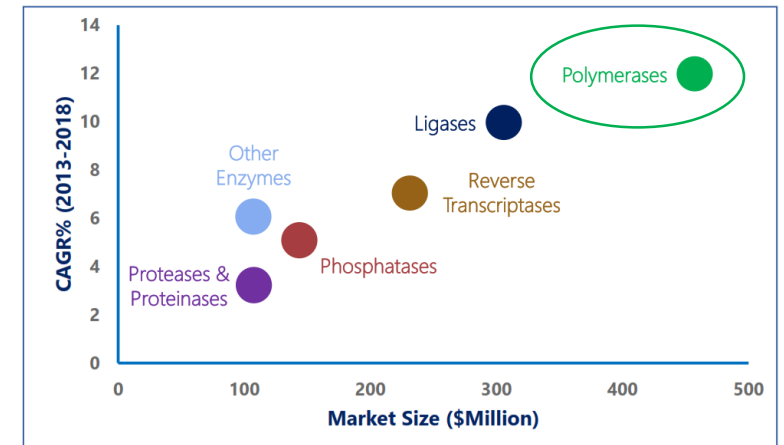
Enzyme - a protein that performs a specific job = "Engine"

How are they used?



Polymerases - represent the "Main Engines" driving key technology platforms

What is the market?

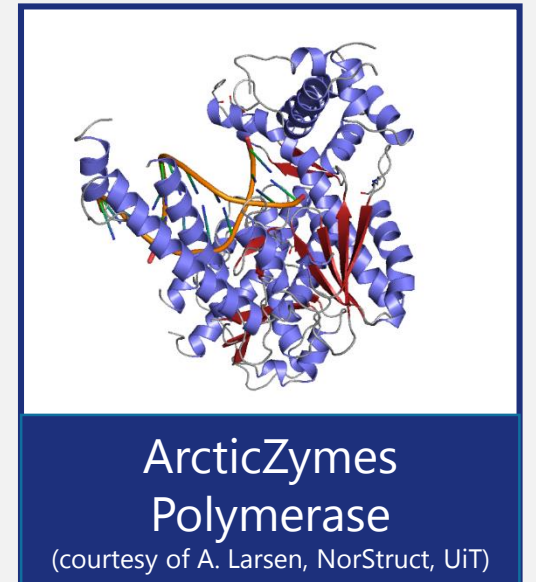


Adapted from Molecular Biology Enzymes and Kits & Reagents market – Global Forecast to 2018; MarketsandMarkets 2014. Data excludes restriction enzymes.

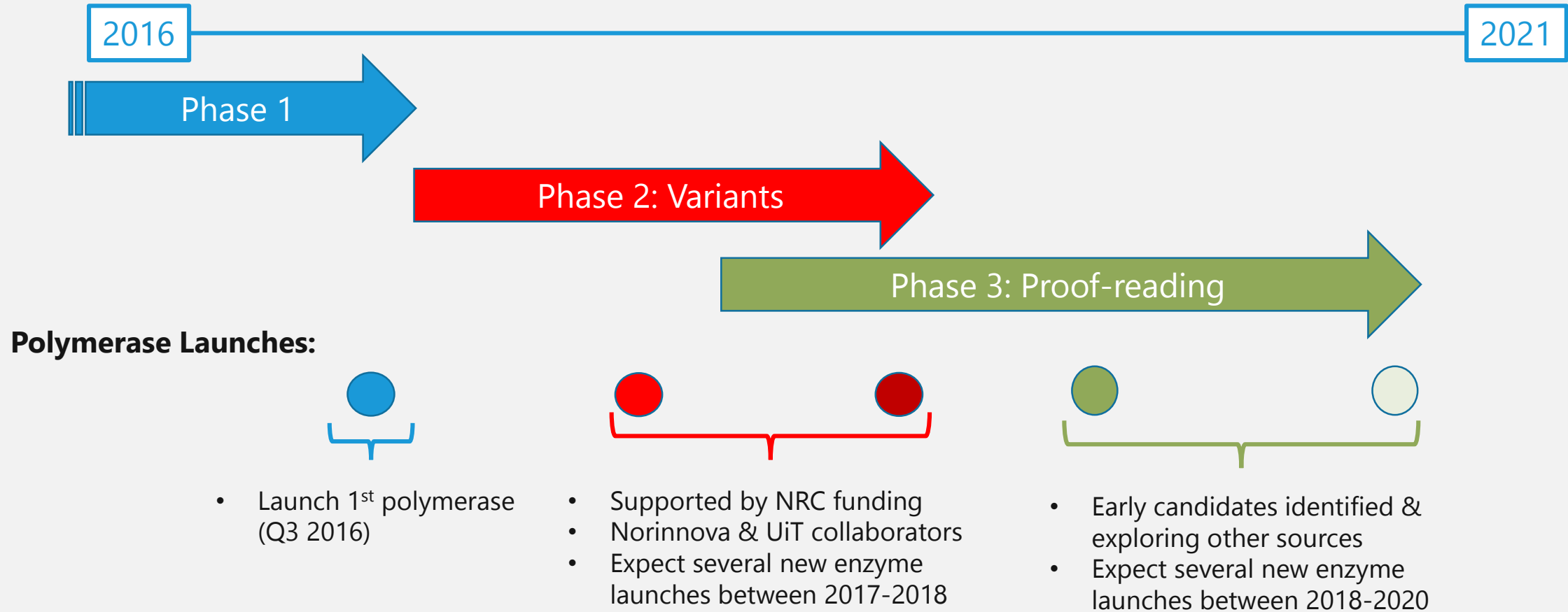
Polymerases represent the largest and fastest growing market segment

IsoPol™ Polymerase Launched

- ArcticZymes launched its first IsoPol™ Polymerase on 30th September.
- Uniquely positioned in offering attractive and unique properties compared to other commercially available isothermal polymerases.
- Evaluations ongoing with several global companies and samples to be provided to all others which have expressed an interest.
- Polymerase's as a "portfolio of diverse enzymes" represents the largest potential for ArcticZymes.



IsoPol™ Polymerase Portfolio Pipeline



ArcticZymes plans to build a diverse portfolio of novel isothermal polymerases over the next 4 years (~5-10 novel enzymes)

Commercial Strength of the IsoPol™ Portfolio

ArcticZymes IsoPol™ Toolbox for assay and kit developers

Properties

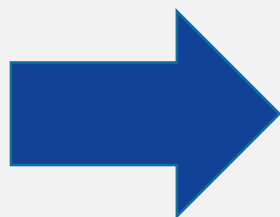
	A	B	C	D
● (Blue)	X	X		X
● (Red)	X		X	X
● (Dark Red)	X	X	X	X
● (Green)	X	X	X	
● (Light Green)	X			X

Polymerses with different properties

Property A = AZ's Unique Feature

Customer Benefits:

- Enables easy assay and kit development
- Diverse toolbox is highly desirable



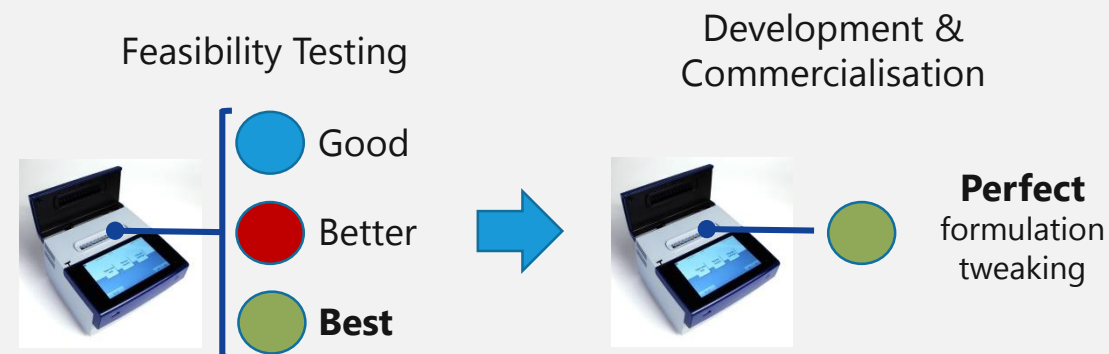
Customer Example



"I need a novel isothermal polymerase to develop a new Zika diagnostic test.

Properties A offers a unique feature I need but cannot find elsewhere on the market. The polymerase must also have properties B. Some of the other properties may be advantageous."

Selecting the optimal polymerase:



Realising the Strategic Importance



Majority of platforms are dependent on polymerase's to drive their workflows:

- Perform a diagnostic test
- Sequencing a person's genome
- Synthesise a genome

The polymerase plays a very central role
Without them – there is no workflow

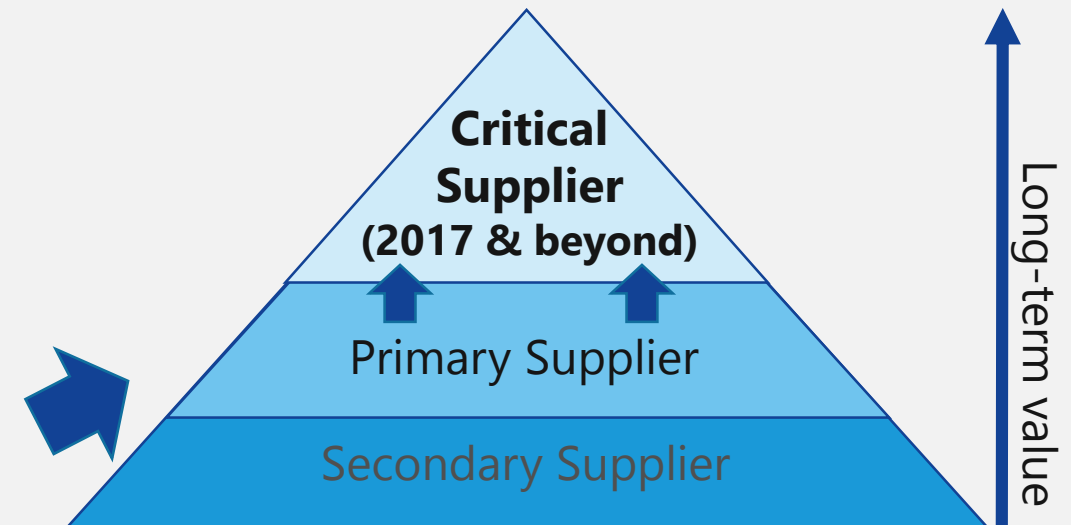
Unique polymerases such as IsoPol™ DNA Polymerases are **integral and core** to the advancement of next generation platforms and their workflows



Strategic value has already been visualised by several global players who are evaluating IsoPol™ as the **main engine** for driving their future platforms



Commercial opportunity for ArcticZymes to elevate its supplier status to the top-tier in being recognised as a **critical raw material supplier**



Summary

- 
- SAN has opened up new market possibilities in diversifying the business.
 - Polymerases will take us to the next level in being a long-term partner of critical components core in tomorrow's leading technologies.
 - Development pipeline is full speed ahead in commercialising other new unique enzyme portfolios.
 - ArcticZymes commercial leverage comes from a synergistic mix of unique enzymes. New enzyme innovations greatly strengthen our leverage.



Outlook



OUTLOOK 2016

- ✓ Entering into distribution agreement(s) for Woulgan® in Germany
- ✓ Achieve important milestones in the development of the ArcticZymes business and in the new enzyme development projects
- Grow business further in Animal Health and Nutrition
- Finalize the UK reimbursement process in the high-end category of the market with subsequent UK launch

Contact: Børge Sørvoll
bso@biotec.no
Tlf: 95290187
www.biotec.no