

Q4 Presentation

Oslo, 11th February 2016

Svein W. F. Lien – CEO



Agenda

- **Highlights**
- **Q4 Financials**
- **BetaGlucans**
 - Advanced wound care
- **Enzymes**
 - Molecular testing
- **Outlook**

Highlights Q4

- Quarterly revenues of NOK 13.1 million (10.0) and NOK 53.3 million (33.0) accumulated for full year
- EBIT showed a loss of NOK 8.0 million (-6.3) in the quarter, and the accumulated loss was reduced to NOK 17.3 million from NOK 23.6 million in 2014
- Signed distribution partner agreement for Woulgan® covering the Nordics
- Signed a one-year supplier agreement with NutraQ in the nutrition segment





Q4 financials

Financial highlights Q4

NOK million	Q4 2015	Q4 2014	12M 2015	12M 2014
Enzymes	3.3	4.3	23.5	16.2
BetaGlucans	9.8	5.7	29.7	16.8
Sales revenues	13.1	10.0	53.3	33.0
Enzymes	-3.8	-1.1	1.2	-3.8
BetaGlucans	-3.3	-4.7	-15.6	-17.4
EBITDA	-7.1	-5.8	-14.4	-21.2
EBIT	-8.0	-6.3	-17.3	-23.6

Cash flow and cash position

NOK million	Q4 2015	Q4 2014	12M 2015	12M 2014
Operating activities	2.3	1.3	-12.9	-22.0
Investing activities	-0.9	-0.5	-1.5	-1.9
Financing activities	0	0.8	4.4	77.7
Changes in cash and cash equivalent	1.4	1.6	-9.9	53.3
Cash and cash equivalents at the beginning of period	76.9	86.7	88.3	33.6
Cash and cash equivalents at the end of period	78.3	88.3	78.3	88.3



Beta-Glucans

Advanced wound care

BetaGlucans – segment numbers

NOK million	Q4 2015	Q4 2014	12M 2015	12M 2014
Sales Revenue	9.8	5.7	29.7	16.8
Gross profit	5.2	1.7	14.8	6.7
Other income	0	1.1	1.3	1.6
Personnel expenses	-4.6	-4.8	-16.9	-15.2
Operating expenses	-3.8	-2.7	-14.7	-10.5
EBITDA	-3.3	-4.7	-15.6	-17.4
Depreciation & Amortization	-0.7	-0.3	-2.0	-1.5
EBIT	-4.0	-5.0	-13.6	-18.9

Status Woulgan®



- During H2 2015 – 3 senior wound care specialists employed, 2 distributor appointed and a number of consultants engaged
- Company is emerging from technical to a commercial company
- Detailed market positioning, materials and story developed to ensure Woulgan® can be sold as a premium priced product
- Distributor training conducted and focus towards KOL's is continuing
- Process in Germany moving forward

Status Woulgan® cont...



- Strategic decision to position the product towards “stalled wounds”
- Means it will utilize its ability to kick-start wounds that have stopped healing and health care professional can continue with existing treatment plans as 1st line therapy
- This also mean that the product will be targeted where its unique features are really needed
- Nothing in this strategy precludes the product from being used outside this target positioning

Status Woulgan® - UK



- Drug Tariff Application sent in December 2015 - expect approval mid 2016
- Used health economic data to support application
- KOL contacts for evaluation studies ongoing
- A number of marketing activities in process
- *H&R Healthcare is a leading UK medical distribution company which represents world-class companies in the product areas of Advanced Wound Management, Compression, Infection Control and Skin Protection*

Status Woulgan® - Nordic



- Signed a distribution agreement with Navamedic covering the Nordic region
- Both parties are collaborating and working to secure the best possible entry into the market
- No reimbursement in Scandinavia
- Focus on KOL contacts to build support and tenders applications
- *Navamedic is a Norwegian pharmaceutical and medical device distributor, marketing and selling more than 80 medical products to the healthcare sector across the Nordic region.*

Other areas Woulgan®

- PMCF study has started in Sweden and will expand into UK during 2016. Completion is expected during 2017
- “Proof of concept” for follow up products:
 - Conducted animal model studies for both the spray and the combination products with excellent results
 - Moving into product development



Activities outside Woulgan®

- Signed a one-year non-exclusive agreement with NutraQ (Sana Pharma)for supply and delivery of beta-glucans to the nutrition segment
- Biotec and Sana Pharma will enter into arbitration relating understanding of an IP agreement that was entered into in 2009
- Nutrition is not a key focus area for Biotec
- Biotec will await any further strategic initiatives for the nutrition segment until arbitration is settled

Activities outside Woulgan® cont...

- Increasing interest for Biotec's M-Glucan® within the animal health segment
- Continue to document the M-glucan® effect as a feed ingredient
 - R&D projects ongoing
 - Promising preliminary results





Enzymes

Molecular testing

Enzymes – segment numbers

NOK million	Q4 2015	Q4 2014	12M 2015	12M 2014
Sales Revenue	3.3	4.3	23.5	16.3
Gross profit	3.1	4.2	22.3	15.3
Other income	1.8	0.9	6.0	4.0
Personnel expenses	-6.1	-3.8	-18.4	-13.9
Operating expenses	-2.5	-2.4	-8.6	-9.3
EBITDA	-3.8	-1.1	1.2	-3.8
Depreciation & Amortization	-0.2	-0.2	-0.9	-0.9
EBIT	-4.0	-1.3	0.3	-4.8

Commercial update

- A supply agreement was formalized to extend the product range with a global life science company. The agreement secures long-term value and mutual commitment by both organizations
- ArcticZymes has engaged local presence in Asia:
 - Already customer based activities ongoing with existing and new customers.
 - Marketing initiatives and trade shows will be a focus to build ArcticZymes brand and secure new business in the region

Operations

- ArcticZymes has appointed Cryo Store B.V. in the Netherlands as new warehouse and logistics partner for Europe
- ArcticZymes has received ISO 9001 certification for Product Development, Sales and Marketing, Manufacturing and Distribution of Enzymes for use in Molecular Biology and Diagnostics
- It greatly strengthens the value ArcticZymes brings towards its partners



DNV BUSINESS ASSURANCE MANAGEMENT SYSTEM CERTIFICATE

Certificate No.169414-2014-AQ-NOR-NA

This is to certify that the Management System of:

ArcticZymes AS

Sykehusvegen 23, 9019 Tromsø, Norway
Stakkevollveien 64, 9010 Tromsø, Norway

has been found to conform to the standard:

ISO 9001:2008

This Certificate is valid for the following product or service ranges:

**Product Development, Sales and Marketing, Manufacturing and Distribution of Enzymes
for use in Molecular Biology and Diagnostics.**

Initial Certification date:
2 January 2015

This Certificate is valid until:
2 January 2018

*The audit has been performed under the
supervision of*
Björg Synnøve Nesgård
Lead Auditor



Place and date:
Høvik, 17 January 2016

for the Accredited Unit:
DNV GL Business Assurance
Norway AS.

Eugenie Winger Husebye
Management Representative

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Research and development

- ArcticZymes has embarked on a development project with focus on Polymerase enzymes
- The technology is in the early stages of development and prototypes will be available to customer testing in early 2016
- Feedback from customers will provide guidance toward provisional timelines for launch





Outlook



OUTLOOK 2016

- Enter into distribution agreement(s) for Woulgan[®] in Germany
- Finalize the UK reimbursement process in the high-end category of the market
- Full launch and growing revenues in UK and Scandinavia
- Grow business further in Animal Health and Nutrition
- Achieve important milestones in the development of the ArcticZymes business and in the new enzyme development projects