

# Second quarter 2018 results

## Biotec Pharmacon: Results for Q2 2018

**(Tromsø, August 16 2018) Biotec Pharmacon ASA ("Biotec", OSE: BIOTEC) reported sales of NOK 10.9 million (16.4) in the second quarter of 2018, and a negative EBITDA of NOK 4.2 million (-4.4). ArcticZymes generated sales of NOK 5.7 million during the second quarter whereas Woulgan® generated sales of NOK 0.5 million.**

"Q2 was an active but challenging quarter with low Q2 sales. There were many exciting developments with new ArcticZymes products and the presentation of interim results using our SBG® as an adjuvant. However, the company experienced headwind within the enzymes segment when comparing to Q2 2017. Furthermore, our Animal Health business was lower than same quarter last year due to fluctuations in our customers sales to the marine farmers and the loss of the supply agreement mentioned in the Q1 report", says CEO Christian Jørgensen.

The largest customer in ArcticZymes has changed their internal logistical system to a centralized solution, whereby purchasing pattern has changed. This affected ArcticZymes business in the 1st half of 2018, but it is expected to be regained during the second half. The salesforce in ArcticZymes has also been altered and it took longer than anticipated to get the expanded salesforce up to speed delivering sales.

ArcticZymes launched 3 new products during the quarter and have launched a total of 5 new products within the last 10 months. A broader portfolio is crucial for continuous expansion of the business and sales. The feedback and positive reception from customers trying out new products means that ArcticZymes will look into expanding its production capabilities.

Woulgan generated less sales than the same quarter last year, but as reported during the 3rd. quarter presentation in 2017, Q2 2017 had a large stock order from Germany, which has not been repeated in terms of size. Woulgan keep getting positive feedback from the market, but due to the nature of the market, it takes time gain traction. Woulgan continues to search for an international partner.

During the quarter, preliminary results from the ongoing study in New York using SBG® as an adjuvant was presented at ANR2018 in San Francisco. These results were encouraging as to the effect of SBG®. Biotec will in cooperation with the Neuroblastoma study partners look into the potential and timelines of this opportunity

In the second quarter, Biotec raised NOK 22 million in a private placement directed towards new and existing shareholders. Per end of June, the employees of Biotec Pharmacon holds 2.7% of the shares in the company making it as a group the fourth largest shareholder.

In connection with the second quarter announcement, CEO Christian Jørgensen also stated: "We had expected a soft start to 2018, but Q2 was below our expectations. However, the reasons are well understood and have been addressed. We expect organic growth of our focus high margin areas for the whole of 2018, whereas overall growth is uncertain. The fundamentals of our business and the customer reaction to our products gives us confidence in the future of the company and most of the management team bought further shares during the second quarter. We continue to manage our cash tightly and had 14% lower spend in the first half of 2018 versus the same period last year. We will continue to manage the cash diligently but will also invest in new initiatives as the company will pursue the opportunities in ArcticZymes and within SBG®."