



First Quarter 2015

5th May 2015

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Agenda

- **Highlights**
- **Q1 financials**
- **Beta-Glucans**
 - advanced wound care
- **Enzymes**
 - molecular testing
- **Outlook**



Highlights Q1 2015

- Evaluation study for Woulgan[®] in Germany and UK completed at the end of first quarter 2015, according to the revised plan
- Group revenues amounted to NOK 12.3 million in the first quarter compared to NOK 4.1 million in the first quarter 2014
- Positive development in ArcticZymes with quarterly sales at NOK 7.6 million
- Strong EBIT improvement, reducing losses to NOK 3,5 million compared to a loss of NOK 7.7 million in the first quarter 2014

Financials

- Highlights
- **Q1 financials**
- **Beta-Glucans**
 - advanced wound care
- **Enzymes**
 - molecular testing
- Outlook



Financial highlights Q1

| NOK million | Q1 2015 | Q1 2014 | 2014 |
|--------------------------|-------------|-------------|--------------|
| Enzymes | 7.6 | 3.2 | 16.3 |
| Beta-Glucans | 4.7 | 0.9 | 16.8 |
| Sales revenues | 12.3 | 4.1 | 33.0 |
| Enzymes | 2.0 | -1.5 | -3.8 |
| Beta-Glucans | -4.7 | -5.6 | -17.4 |
| EBITDA | -2.8 | -7.1 | -21.2 |
| Profit before tax | -3.2 | -7.6 | -22.0 |

* The segment figures reflect that all costs are allocated to the two operating units

Cash flow and cash position Q1

| NOK million | Q1 2015 | Q1 2014 | 2014 |
|--|-------------|--------------|-------------|
| Operating activities | -9.2 | -10.6 | -21.2 |
| Investing activities | 0 | -1.9 | -1.9 |
| Financing activities | 0 | 0.7 | 77.7 |
| Changes in cash and cash equivalents | -9.2 | -11.9 | 54.6 |
| Cash and cash equivalents at the beginning of period | 88.3 | 33.6 | 33.7 |
| Cash and cash equivalents at end of period | 79.1 | 21.8 | 88.3 |

Biotec BetaGlucans

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Biotec BetaGlucans (segment numbers)

| NOK million | Q1 2015 | Q1 2014 | 2014 |
|-----------------------------|-------------|-------------|--------------|
| Sales Revenue | 4.7 | 0.9 | 16.8 |
| Gross profit | 2.2 | 0.4 | 6.7 |
| Other income | 0.5 | 0 | 1.6 |
| Personnel expenses | -3.9 | -3.7 | -15.2 |
| Operating expenses | -3.5 | -2.3 | -10.5 |
| EBITDA | -4.7 | -5.6 | -17.4 |
| Depreciation & Amortization | -0.4 | -0.4 | -1.5 |
| EBIT | -5.2 | -6.0 | -18.9 |

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Advanced wound healing

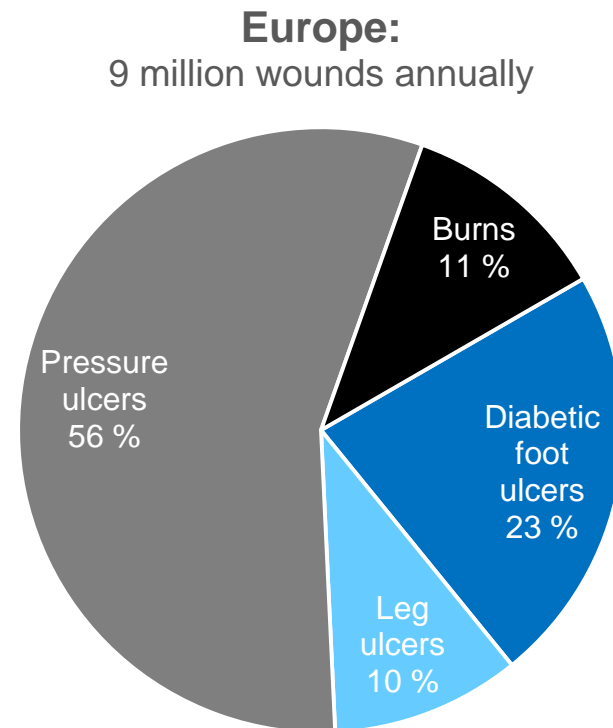
Broad indication - large market opportunity

- The European market counts ~9 million wounds in the initial indication areas

Diabetic ulcers, leg ulcers, pressure ulcers, burns

- Approved also for other major wound areas

Post-surgery wounds, trauma wounds, lacerations, and abrasions



➔ Europe represents ~1/3 of the total available global wound market

Smith & Nephew evaluation study

- The market evaluation study carried out by Smith & Nephew was finalized by the end of Q1
- A total of 12 (reporting) sites in UK and Germany participated in the study focusing on management of diabetic foot ulcer (DFU) and venous leg ulcers (VLU)
- In total 150 patient was recruited to the study, whereof 90 with DFU/FU, and 52 with VLU in addition to a handful of patients with pressure ulcers


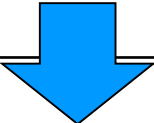
Smith & Nephew evaluation study results

- Preliminary results from 25% of the trial participants the finalized study released to the Company are encouraging
- The data shows suggests that patients experienced improved healing during the treatment period as well as less pain and improved comfort compared to previous therapies
- Sites having treated patients with leg ulcers (VLU) was especially satisfied with the effect of Woulgan[®] as presented in the published poster at “Wounds UK” in December 2014. Results for diabetic foot ulcers (DFU) with regard to healing, vary somewhat
- The results comply with findings from the Norwegian survey.

Strategic opportunities

- Woulgan[®] is an approved product with favorable user feedback and good documentation.
- It's an unique product representing a substantial opportunity, but has little support from existing non-active products in the market
- There are only a few global but a large number of regional partner alternatives
- This means that focused efforts in each market and segment is needed to succeed. It will take time and cost efforts
- **So what is needed to succeed with Woulgan[®]?**

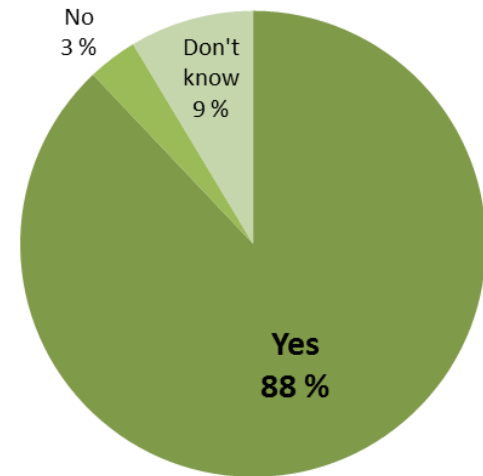
Work with KOL's are crucial to success

| Market Segments: | |
|---|--|
| Hospitals and Wound Clinics | <p>Need to work with the individual KOL's in each hospital region to convince them about the cost benefit of the Woulgan product. This is purely "PULL" marketing</p>  |
| Home Nursing Nursing Home GP offices | <p>This will make the road to the main market which is local community treatment. With local KOL support this is more "PUSH" (distribution)</p>  |
| Pharmacies: - Follow up - "Subscriptions" - Individuals | <p>A number of patients will buy follow up products in pharmacies for self treatment and the product will get known and bought by individuals. This is push (distribution) but may be different distributors</p> |

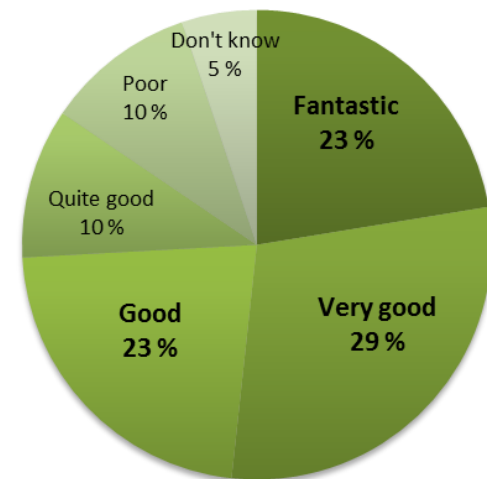
Doing is learning: Woulgan® - status Norway

- About 85% of Health Care Professionals participating in the Norwegian study said they wanted to continue to use Woulgan®
- Participated in the NIFS conference in February and got an overwhelming positive response
- In Norway, most professional users that like to start using Woulgan® are not in position to buy it
- The reason is simple: Woulgan® is not qualified and approved by the local advisor committees or defined in the tender and purchasing list. This need to be done in each region.

Do want to continue using Woulgan?



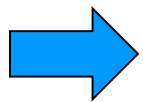
How would you rate Woulgans effect?



 **PULL marketing and KOL's**

Actions going forward:

- Spend the time needed to give the largest alternatives the opportunity to run their internal process. They will always need most time
- In parallel work with regional alternatives
- If a large alternative are favorable compared with what we believe we can obtain with regional alternatives we will sign a global or sub global agreement
- If we do not believe the global alternatives is attractive enough compared to a more regional approach we will start entering into agreements with regional partners



It's the focused attention we are looking for, not necessary the size!

Other areas Woulgan[®]:

US:

- Started to explore the strategy for the US market in more detail
- Reimbursement is key for success in the US
- Product positioning strategy being developed
- This work is also strengthening our partner profile

Health Economics:

- Building the documentation for DFU based on published clinical evidence and supporting documentation
- Will represent a fundament for marketing
- Need to build documentation in particular for VLU which has received a lot of favorable feedback

Animal Health and Nutrition:

- Pursuing additional opportunities in the Animal Health sector
- Working on clarifying the strategic options for the Nutrition market for decision later this year. Exclusivity is expiring January 2016
- Have secured trademarks to be used in potential commercial attempts if decided



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- Outlook

Enzymes (segment numbers)

| NOK million | Q1 2015 | Q1 2014 | 2014 |
|-----------------------------|------------|-------------|-------------|
| Sales Revenue | 7.6 | 3.2 | 16.3 |
| Gross profit | 7.4 | 2.9 | 15.3 |
| Other income | 1.3 | 1.2 | 4.0 |
| Personnel expenses | -4.4 | -3.7 | -13.9 |
| Other Operating expenses | -2.3 | -1.9 | -9.3 |
| EBITDA | 2.0 | -1.5 | -3.8 |
| Depreciation & Amortization | -0.2 | -0.2 | -1.0 |
| EBIT | 1.7 | -1.7 | -4.8 |

* The segment figures reflect that all costs are allocated to the two operating units

ArcticZymes highlights Q1 2015

- ArcticZymes continues to broaden its base of OEM customers in the kits and reagents market segments
- Three top products; rSAP, Cod UNG, and the DNase product portfolio (stand-alone enzymes and finished kits) continue to drive the sales figures
- ArcticZymes' B2B strategy did yield two new OEM accounts that have successfully integrated Cod UNG into their diagnostic platforms in the quarter
- Increased sales of rSAP coincided with building of inventory and launch of a new product line by one of our top B2B customers
- First order received from one of our new Chinese partners

New Business & Developing the Pipeline

- During the quarter, ArcticZymes has focused on developing a rich pipeline of B2B customer prospects with existing and new customers as part of its strategy to grow new business
 - Numerous new customer relationships have been forged with interest in exploring ArcticZyme's technologies
 - Relationships with existing customers have been deepened where a number have expressed interest in mutually growing business further through other ArcticZymes products or collaboration around new product developments
 - Motivation and commitment with customers to evaluate ArcticZymes prototypes relating to potential new product developments. Customer feedback at this early stage is essential to ensure ArcticZymes develops the right products

Utility of ArcticZymes Products in Adjacent Segments

- ArcticZymes products are integrated in DNA sequencing, PCR, diagnostic and genomic DNA sample preparation technologies by our OEM customers
- ArcticZymes did initiate discussions with potential customers to broaden the integration of our existing product portfolio in forensic and aquaculture applications
- These segments are adjacent to our existing customer base and apply our products in a similar fashion

Scalable model for partnering



- A number of R&D projects for new enzymes and applications through the Norwegian Research Council founded projects “MarFunk” and “NextZyme
- ArcticZymes aims to expand the product portfolio including more partner oriented projects
- Quality standard is key:
 - ISO 9001 obtained for main products
 - Will be expanded to rest of the operation
 - ISO 13485 capabilities as part of the Biotec Pharmacon Group

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Outlook

- The primary focus of Biotec currently is to enter into agreement(s) which will best possibly secure the full commercial potential of Woulgan[®]
- Biotec is working with Smith & Nephew to clarify the basis for a long term relationship while in parallel working with alternative partners
- New opportunities for beta-glucans are in addition emerging in the animal health and nutrition areas which are being considered
- ArcticZymes' main markets are rapidly developing and will continue to create new opportunities for existing and new products

Q&A

WOULGAN® BIOGEL

is now available via our web store

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