

## NATTOPHARMA MARKET UPDATE

### Revenue growth exceeding 50% as NattoPharma continues to respond to market demands

**OSLO, NORWAY (9 MAY 2018)** — NattoPharma has had a solid start to the year, with increased brand exposure via strong commercial partnerships, and growing demand across all major markets, both from new and existing customers.

Revenue growth for the first four months of the year was just over 50% versus the same period in 2017, and ahead of the anticipated annual growth rate of between 40%-50%.

A key driver has been the pace of development in the US market, which has been expanding at a rate more than double that of the prior year and expects to recognize up to 15% top line revenue growth from the commercialization of its MenaQ7® Full Spectrum K2 product alone. This is an exclusive technology that no other company can offer: a comprehensive Vitamin K2 raw material that delivers menaquinones 6, 7 & 9.

In China, NattoPharma quickly responded to regulatory changes by introducing a fully compliant soy-based product line, MenaQ7® Natto K2, in 2017. This thoughtful strategy created great commercial momentum the company continues to enjoy in 2018: revenues for 2018 are set to reach NOK 4-6 million, with much greater long-term potential. There are also several exciting product launches planned for the European market later this year and these should also result in a strong sales performance for this region.

The increased product demand in the initial stages of the year has prompted acceleration of NattoPharma's production capacity expansion plans, leading to higher product costs than initially forecasted. As a result, the margin in the first four months ended in the mid-40s, compared to 49% in the same period in 2017. For 2018, the gross margin is now expected to be in the 40% to 45% range, trending up to be between 45% to 50% once the new production facilities are fully operational.

"Our decision to bring forward the addition to our production lines demonstrates our commitment to meeting the needs of our customers, and will at the same time provide the platform needed to seize the exciting growth opportunities available," says Peter Stahl, NattoPharma COO.

Adjusted EBITDA for the period January to April has also been impacted by the pressure on product margins, but still shows improvement, up from 2% to 4%, representing the sixth consecutive quarter with positive adjusted EBITDA for the supplement business. This is the outcome of a disciplined and consistent approach to cost management, which saw operating expenses as a percentage of revenue fall by two percentage points, compared with the same period in 2017, and will improve profitability and drive shareholder value in the longer term.

“We are confident that our strategy to respond quickly to market developments will enable us to capitalise on the opportunity to increase our market share and further solidify our position as the market leader in the coming years,” says Kjetil Ramsøy, NattoPharma CEO. “We are on track to achieve our sales goals and remain committed to our revenue guidance for the 2018 financial-year.”

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### **About NattoPharma and MenaQ7®**

NattoPharma ASA, based in Norway, is the world’s leader in vitamin K2 research and development. NattoPharma is the exclusive international supplier of MenaQ7® Vitamin K2 as MK-7, the best documented, vitamin K2 as menaquinone-7 (MK-7) with guaranteed actives and stability, clinical substantiation, and international patents granted and pending; and now the new MenaQ7® Full Spectrum, which delivers menaquinones 6, 7, and 9. The company has a multi-year research and development program to substantiate and discover the health benefits of Vitamin K2 for applications in the marketplace for functional food and dietary supplements. With a global presence, the company established its North American subsidiary, NattoPharma USA, Inc., in Edison, NJ, and NattoPharma R&D Ltd. in Cyprus. For more information, visit [www.nattopharma.com](http://www.nattopharma.com) or [www.menaq7.com](http://www.menaq7.com).

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