BIOTEC PHARMACON

Q1 2019

First quarter 2019

Highlights for Q1 2019

- Group sales were up 4% to NOK 14.8 million (Q1 2018: NOK 14.2 million).
- Gross profit for the Group improved 23% to NOK 12.0 million (Q1 2018: NOK 9.7 million) due to improvements in all high margin areas.
- ArcticZymes had first quarter sales of NOK 7.9 million growing by 25% (Q1 2018: NOK 6.3 million).
- Woulgan® continues to generate recurring revenues with NOK 1.2 million for the quarter, up 140% (Q1 2018: NOK 0.5 million), driven primarily by good sales in the German market.
- Improvement in EBITDA to NOK -3.9 million (Q1 2018: NOK -5.1 million) as a result of stronger sales in high margin areas.
- Cash-flow for the quarter was NOK -3.5 million (Q1 2018: -10.6 million).

CEO Christian Jørgensen comments

"We have seen improvements across the business and, in particular, ArcticZymes and Woulgan® sales have improved significantly compared to the same quarter last year. Even though our business dynamics are not quarter-by-quarter, it is a solid start to the year."

"We have also continued to reduce our deficit through the combination of stronger sales and tight cost control this quarter."

"We continue to add customers in our various business segments, which is a strong signal of the relevance of our products not only to our demanding direct customers but also, more broadly, we are addressing unmet end-user needs."

Key Figures

NOK 1.000	Q1 2019	Q1 2018*	Change	YTD 2019	YTD 2018*	Change
Sales	14 816	14 242	4%	14 816	14 242	4%
Total revenues	15 883	15 997	-1%	15 883	15 997	-1%
Operating expenses	-16 963	-16 620	-2%	-16 963	-16 620	-2%
EBITDA	-3 909	-5 141	+24%	-3 909	-5 141	+24%
EBIT	-5 272	-6 431	+18%	-5 272	-6 431	+18%
Cash & cash equivalents	28 190	19 967	+41%	28 190	19 967	+41%

**2018 figures are adjusted according to IFRS16 for comparison purposes*

Introduction

Biotec Pharmacon ASA, (hereinafter "Biotec" or "the Company") is a Norwegian life sciences company focused on two technology platforms for specialised, novel enzymes and immunomodulating beta-glucan products.

Operational review

ArcticZymes

Commercial

ArcticZymes continues to attract new customers which require its enzymes, through recently launched products.

The segment of polymerases is developing a growing customer base for incorporation into new product developments. Customers include a multitude of well-established In Vitro Diagnostics (IVD) companies, DNA Sequencing companies, and more recently, Therapeutics companies.

Interest in ArcticZymes enzymes for use in therapeutic applications has evolved beyond the original Salt Active Nuclease (SAN), with new customer development projects in virus-based gene therapy and gene editing technologies. New formulations of the existing enzyme portfolio are underway and will be a key contributor to sales growth in 2019.

ArcticZymes launched its first ligase enzyme during the quarter. Ligases are enzymes that join DNA together. The enzyme launched was a T4 DNA ligase, which is the most widely used ligase on the market. ArcticZymes version of the enzyme is designed to be of the highest quality and commercial grade. It is positioned to sell in bulk to commercial partners for integration into their technologies.
The innovation of ArcticZymes novel ligases is advancing with panels of prototype enzymes being sent to strategically relevant customers for evaluation. ArcticZymes has adopted its customer driven innovation approach, as it did with the polymerases, to prioritise the launch of a pipeline of novel ligases over the next few years.

In collaboration with the University of Tromsø and its Danish commercial partner, Legomics, ArcticZymes has received €254.000 in funding from Eurostars for a synthetic biology project. ArcticZymes' participation is in developing novel DNA ligases, enabling novel chemistry for synthetizing DNA and genes to be further developed by Legomics. The synthetic biology market is an attractive market for ArcticZymes, as it is rapidly evolving and growing with >20% CAGR. The market is estimated to exceed $38 billion by 2020. Like other evolving molecular technologies, novel enzymes represent key components to power the innovation and commercialisation. According to the agreement, ArcticZymes is free to commercialise the ligases developed under this project.

Beyond organic growth activities, ArcticZymes is engaged in non-organic growth initiatives. With the aid of industry consultants, exploratory discussions are ongoing with several European-based companies to potentially leverage complements and synergies within the respective businesses. This could enable accelerated sales growth, greater market relevance, and enhance possibilities for new innovation.

Biotec Beta-Glucans

Biotec's subsidiary, Biotec BetaGlucans, develops, produces and markets immunomodulating beta-glucans. It addresses high unmet healthcare needs, such as the healing of chronic wounds and a possible adjuvant in vaccines against relapse of a certain cancer type.

BetaGlucans – Woulgan®

Woulgan is a CE approved advanced wound care product based on the active ingredient, Soluble BetaGlucan (SBG). It has been documented through blinded, placebo controlled trials as well as real life clinical studies and case studies . The focus going forward is to drive sales in existing and new markets through partners, based on a differentiated approach to active wound healing.

Markets & target groups

Most wound care products are used in outpatient settings, either in nursing homes or homecare. This requires good coverage of the market to generate substantial recurring sales revenues.

The German market is complex but sales in the region have shown stable growth during the last half of 2018 and into Q1 2019, based on efforts by key wound care specialised distributors. In addition, evaluations are being carried out with other well-reputed distributors. The set-up and distribution in Germany is now positioned for commercial progress.

The German success is planned to be extended to the entire D-A-CH region during 2019, and a distribution agreement has recently been signed with Publilog GmbH in Austria (a Publicare company). The effect on Woulgan® sales from this agreement will follow the reimbursement process, where a listing is expected after January 1, 2020.

Sales in the UK are behind expectations and further investments are on hold. The UK is still considered a key market but Woulgan® is experiencing slow penetration.

Sales in the Nordic markets is still a challenge. However, Finland is an exception and Sweden is a potential future success, with two new tenders becoming active as of April 1, 2019.

An agreement has been signed with the Portuguese distributor Excelderma Unipessoal Lda., which is expected to generate a positive impact on sales efforts from the second quarter of 2019. Discussions with other distributors are ongoing.

During the second quarter Woulgan® will be presented at both the European Wound Management Association (EWMA) in Gothenburg (SE) and the German Wound (DeWu) in Bremen (DE).

Woulgan® - Research and development

Three development projects have been defined to create a range of Woulgan®/SBG® wound healing products, all intended to reactivate the immune system in slow healing wounds.

These new products, as well as supplementary products for a new treatment regime, are aimed at being developed with CMOs and external industrial partners.

During the quarter the PMCF study was finalised in agreement with the Notified Body and the competent authority MHRA in the UK. The study aimed to document the safety and usefulness of Woulgan and addresses outstanding issues in the product's risk profile, such as risk for cross-contamination and infection, risk for maceration, and risk for pain induced by the glycerol component in the product. The study is showing that Woulgan has a safety profile and usefulness in line with the CE-application assessments securing the CE-mark.

BetaGlucans – Consumer and Animal Health

Our consumer health franchise experienced solid growth in Q1 as customers in both Asia and North America continued to use our beta-glucans as an ingredient in their own products. Furthermore, discussions carried out in Q1 with our largest customer within animal health successfully resulted in a new contract being signed at the beginning of Q2.

Both product areas are characterised as mostly business-to-business, therefore it takes time to develop a sales lead into a sales order. In most cases our beta-glucans are integrated into our customers' products, which requires a long process of quality assurance.

BetaGlucans – Adjuvant

The expanded two-armed randomised phase II neuroblastoma vaccine study at Memorial Sloan Kettering Cancer Center is continuing at a steady pace with almost 230 of 260 patients recruited by end of March. It is expected that the study will be fully recruited during 2019. Biotec continue the discussions with the vaccine owner, Y-Mabs, and MSKCC on how to proceed in order

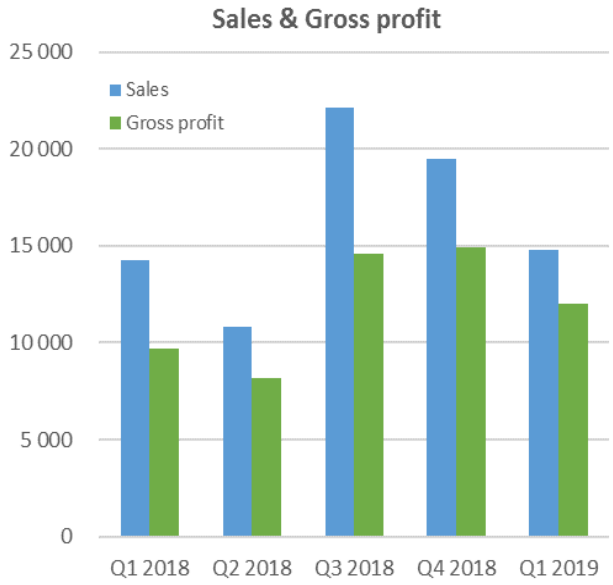
to bring this vaccine/SBG® treatment regime forward to registration.

Organisation

The Group had 40 full-time and part-time employees, which includes 4 consultants on long-term contracts.

Financial review

Biotec reported sales of NOK 14.8 million (Q1 2018: 14.2m) for the first quarter of 2019. Earnings before tax, interest, depreciation and amortisation (EBITDA) were NOK -3.9 million (Q1 2018: -5.1m) and earnings before interest and tax (EBIT) were NOK -5.3 million (Q1 2018: -6.4m) in the quarter. Net financial income was a loss of NOK 0.02 million (Q1 2018: -0.2m).

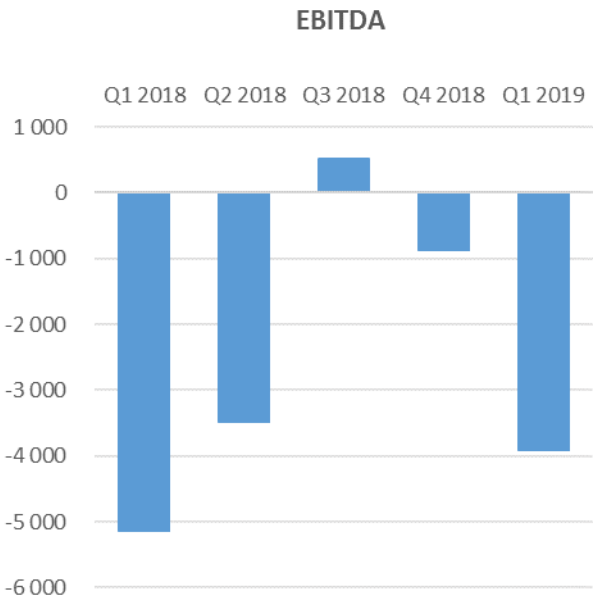


ArcticZymes had first quarter sales of NOK 7.9 million (Q1 2018: NOK 6.3m).

Sales for the BetaGlucans division were NOK 6.9 million (Q1 2018: NOK 7.9m), which was a reduction by NOK 1.0 million due to lower animal health sales.

However, gross contribution in the first quarter 2019 is better than the first quarter of 2018, due to increased sales in high margin areas.

The improved EBITDA for Q1 2019, compared to the same quarter last year is mainly because of strong enzymes and Woulgan® sales.



Note: EBITDA in all quarters of 2018 has been adjusted for comparison purposes after IFRS 16 was implemented on January 1 2019.

On January 1st 2019, Biotec Pharmacon ASA and its subsidiaries implemented IFRS 16 "Leases". This means that some operating expenses with longer commitments need to be valued over the lifetime of the contract and featured on the asset side of the balance sheet. This asset is then depreciated over the lifetime of the contract. For Biotec Pharmacon, this has the effect that most of the property, plant & equipment expense are moved from operating expenses and are depreciated.

The Company recognised no income tax in the first quarter of 2019.

Financial position

Total equity amounted to NOK 48.5 million at the end of the first quarter 2019 compared to NOK 53.3 million at the end of 2018.

Total assets were NOK 76.9 million at the end of the first quarter of 2019, down from NOK 85.3 million at the end of 2018.

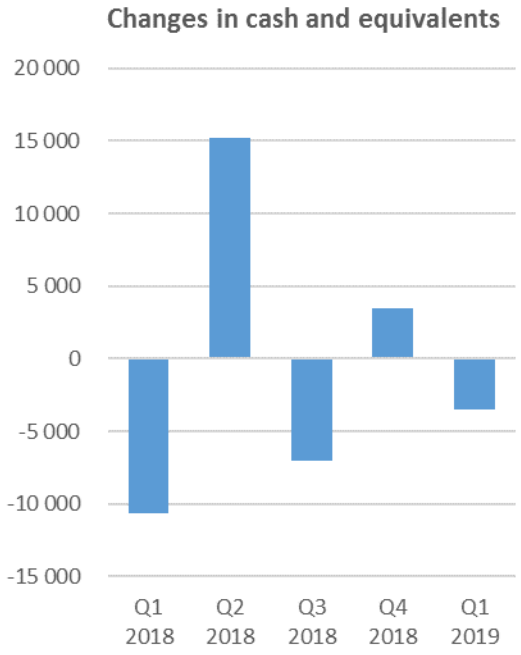
The Company has no interest-bearing debt.

Total equity and assets per 31.12.2018 have been adjusted for comparison purposes after IFRS 16 Leases, was implemented.

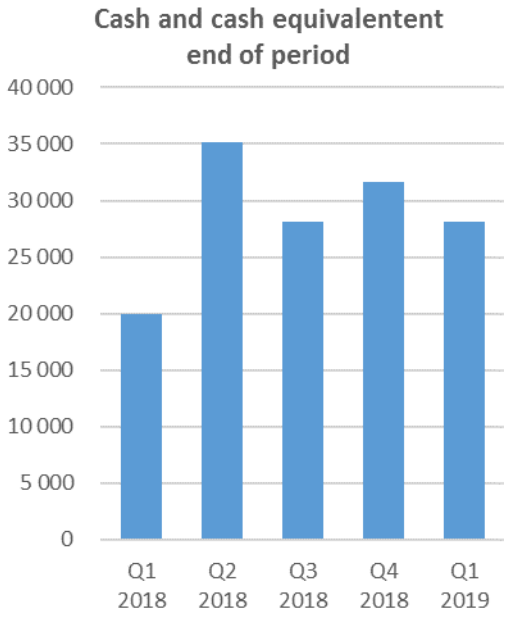
Cash flow

Net cash flow from operating activities was NOK -3.3 million in the first quarter, compared to NOK -10.5 million in the same quarter in 2018.

The operating cash flow reflects a change in working capital of NOK 0.9 million compared to the end of 2018. This is explained by a decrease in receivables by NOK 3.8 million, a reduction in liabilities of NOK 3.0 million and a decrease in inventory of NOK 0.1 million.



Changes in cash and cash equivalents was NOK -3.5 million in the first quarter. This generated a cash balance of NOK 28.2 million at the end of the quarter, compared to NOK 31.7 million at the end of 2018.



Shareholder matters

The total number of issued shares was 48,334,673 at the end of the first quarter of 2019. The number of issued employee share options was 362,000 at the end of the quarter. See the annual report for 2018 for further details on option programmes.

Risk factors

Biotec´s business is exposed to several risk factors that may affect parts or all of the Company's activities.

The most important risks the Company is exposed to are associated with commercial development in ArcticZymes and recurring use of Woulgan® for new and existing customers.

There are no substantial changes in the risk factors, which are described in the annual report for 2018 and published on the Company's website www.biotec.no.

Outlook

The Company's outlook for 2019 remains unchanged: the aims are to grow sales organically across both divisions and continue to reduce cash consumption in 2019. We intend to

continue the progress we have made in Q1 2019 to extend through the rest of the year.

Management expects revenue growth to be strongest in H2. Long-term growth is expected to be focused within ArcticZymes and Woulgan®.

Within ArcticZymes, the priority will be growing sales of the current portfolio as well as launching new products and identifying inorganic growth opportunities. The key to this business is to offer the products with the highest customer demand.

Within Biotec BetaGlucans, the focus is on Woulgan®. Biotec will continue to work with country partners in order to build the franchise, especially in the Nordics and Europe. The Company will also develop further Woulgan® products, to expand the portfolio across more stages of the wound healing process.

Considerable efforts have been made to strengthen the business and improve cost efficiencies. At the end of 2018, the business had strengthened its position and the aim is to continue driving business development efforts whilst managing the Company's resources carefully.

The interim financial statement 31. March 2019 (Q1)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1 000 - exept EPS)	Q1 2019	Q1 2018*	YTD 2019	YTD 2018*
Sales revenues	14 816	14 242	14 816	14 242
Other revenues	1 067	1 755	1 067	1 755
Sum revenues	**15 883**	**15 997**	**15 883**	**15 997**
Cost of goods sold	-2 829	-4 518	-2 829	-4 518
Personnel expenses	-11 914	-11 272	-11 914	-11 272
Other operating expenses	-5 049	-5 348	-5 049	-5 348
Sum expenses	**-19 792**	**-21 138**	**-19 792**	**-21 138**
Earnings before interest, taxes, depr. and amort. (E	**-3 909**	**-5 141**	**-3 909**	**-5 141**
Depreciation and amortization expenses	-1 363	-1 290	-1 363	-1 290
Operating profit/loss (-) (EBIT)	**-5 272**	**-6 431**	**-5 272**	**-6 431**
Finanical income, net	-19	-163	-19	-163
Profit/loss (-) before income tax (EBT)	**-5 291**	**-6 594**	**-5 291**	**-6 594**
Tax	0	0	0	0
Net profit/loss (-)	**-5 291**	**-6 594**	**-5 291**	**-6 594**
Basic EPS (profit for the period)	-0,11	-0,15	-0,11	-0,15
Diluted EPS (profit for the period)	-0,11	-0,15	-0,11	-0,15

**for comparison purposes, the 2018 figures has been adjusted for IFRS 16 effects. See note 5 for futher details*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1 000)	31.03.2019	31.03.2018*	31.12.2018*
Non-current assets			
Machinery and equipment	4 361	4 279	4 596
Intangible assets	7 310	7 006	7 551
Lease assets	17 308	20 210	18 033
Other non-current assets	7	3	0
Total non-current assets	**28 985**	**31 497**	**30 181**
Current assets			
Inventories	6 474	6 759	6 560
Account receivables and other receivables	13 210	13 188	16 896
Cash and cash equivalents	28 190	19 967	31 662
Total current assets	**47 874**	**39 914**	**55 117**
Total assets	**76 859**	**71 411**	**85 298**
Equity			
Share capital	48 335	43 945	48 335
Premium paid in capital	151 039	133 378	151 039
Retained earnings	-151 722	-139 466	-146 983
Non-controlling interests	830	668	876
Total equity	**48 482**	**38 525**	**53 267**
Other long-term liabilities			
Lease liabillities	17 954	20 367	18 664
Total other long-term liabilities	**17 954**	**20 367**	**18 664**
Current liabilities			
Accounts payable and other current liabilities	10 424	12 519	13 368
Total current liabilities	**10 424**	**12 519**	**13 368**
Total equity and liabilities	**76 859**	**71 411**	**85 298**

**for comparison purposes, the 2018 figures has been adjusted for IFRS 16 effects. See note 5 for futher details*

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1 000)	Q1 2019	Q1 2018*	YTD 2019	YTD 2018*
Cash flow from operating activities:				
Profit after tax	-5 291	-6 594	-5 291	-6 594
Adjustment:				
Depreciation	637	564	637	564
Employee stock options	308	306	308	306
Non cash interest expense	138	157	138	157
Changes in working capital				
Inventory	86	-1 748	86	-1 748
Account receivables and other receivables	3 827	1 320	3 827	1 320
Payables and other current liabilities	-3 010	-4 496	-3 010	-4 496
Net cash flow from operating activities	**-3 305**	**-10 490**	**-3 305**	**-10 490**
Cash flow from investing activities:				
Purchase of fixed assets	-160		-160	
Invested in intangible assets		-142		-142
Change in long term receivables	-7	7	-7	7
Net cash flow from investing activities	**-167**	**-135**	**-167**	**-135**
Cash flow from financing activities:				
Net cash flow from financing activities	**0**	**0**	**0**	**0**
Changes in cash and cash equivalents	-3 472	-10 625	-3 472	-10 625
Cash and cash equivalents at the beginning of period	31 662	30 593	31 662	30 593
Cash and cash equivalents at end of period	**28 190**	**19 967**	**28 190**	**19 967**

**for comparison purposes, the 2018 figures has been adjusted for IFRS 16 effects. See note 5 for further details*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1 000)	Q1 2019	Q1 2018*	YTD 2019	YTD 2018*
Equity at the beginning of period	**53 465**	**44 813**	**53 465**	**44 813**
Shared based compensation	308	306	308	306
Retained earnings	-5 337	-6 547	-5 337	-6 547
Changes in non-controlling interests	46	-47	46	-47
Equity at the end of period	**48 482**	**38 525**	**48 482**	**38 525**

**for comparison purposes, the 2018 figures has been adjusted for IFRS 16 effects. See note 5 for further details*

Statement by the Board of Directors and CEO

We confirm, to the best of our knowledge, that the financial statement for the period 1. January to the 31. March 2019 have been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the Company and the Group's assets, liabilities, financial position and results of operation.

We also confirm, to the best of our knowledge, that the quarterly report includes a true and fair overview of the Company's and the Group's development, results and position, together with a description of the most important risks and uncertainty factors the Company and the Group are facing.

Oslo, 29.04.2019
The Board of Directors of Biotec Pharmacon ASA

Marie Ann Roskrow Chairman	Arne Reinemo Director	Inger Rydin Director
Martin Hunt Director	Ingrid Skjæveland Director (Employee repr.)	Christian Jørgensen CEO

Notes to the interim accounts for 31. March 2019 (Q1)

Note 1 - Basis of preparation of financial statements

The assumptions applied in the financial statements for 2019 that may affect the use of accouting principles, book values of assets and liabilities, revenues and expenses are similar to the assumtions found/used in the financial statement for 2018.
These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of Biotec Pharmacon ASA and its subsidiaries (hereafter "the Group") for the period ended 31. March 2019. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year, ended 31 December 2018 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.
The quarterly reports require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.
Income tax expense or benefit is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year. Deferred tax asset is accounted at NOK 0 in the balance sheet.

IFRS 15 Revenue from contracts with customers was effective from 01.01.2018. The Group has evaluated the potential implications of the standard and have not identified any remunerative contracts which will change the practice for recognition and measurement of sale.

Note 2 - Analysis of operating revenue and -expenses, segment information

Services provided by the parent company are expensed at both segments according to agreements with actual subsidiary. Corporate overhead costs remain unallocated.

	Q1		YTD	
(Amounts in NOK 1 000)	**2019**	**2018**	**2019**	**2018**
Sales revenue:				
Beta-Glucans	6 947	7 905	6 947	7 905
Enzymes	7 869	6 337	7 869	6 337
Group operating sales revenues	**14 816**	**14 242**	**14 816**	**14 242**
Gross profit				
Beta-Glucans	4 152	3 633	4 152	3 633
Enzymes	7 835	6 092	7 835	6 092
Group gross profit	**11 987**	**9 725**	**11 987**	**9 725**
Other revenues				
Beta-Glucans	260	599	260	599
Enzymes	808	1 156	808	1 156
Group other revenues	**1 067**	**1 755**	**1 067**	**1 755**
Operating expenses:				
Beta-Glucans	-6 521	-7 935	-6 521	-7 935
Enzymes	-8 885	-7 625	-8 885	-7 625
Unallocated corporate expenses	-1 558	-1 059	-1 558	-1 059
Group operating expenses	**-16 966**	**-16 620**	**-16 966**	**-16 620**
Operating profit/loss (-) (EBITDA)				
Beta-Glucans	-2 109	-3 703	-2 109	-3 703
Enzymes	-242	-377	-242	-377
Unallocated corporate expenses	-1 558	-1 059	-1 558	-1 059
Operating profit/loss (-) (EBITDA)	**-3 909**	**-5 140**	**-3 909**	**-5 140**
Amortization:				
Beta-Glucans	-797	-734	-797	-734
Enzymes	-488	-476	-488	-476
Unallocated corporate expenses	-78	-81	-78	-81
Group amortization	**-1 363**	**-1 290**	**-1 363**	**-1 290**
Profit/loss (-) before income tax (EBIT)				
Beta-Glucans	-2 906	-4 437	-2 906	-4 437
Enzymes	-730	-853	-730	-853
Unallocated corpoate expenses	-1 636	-1 140	-1 636	-1 140
Profit/loss (-) before income tax (EBIT)	**-5 272**	**-6 431**	**-5 272**	**-6 431**

Note 3 Share options

The Group has a share based option scheme. Per 31.03.2019, there were 362,000 outstanding options comprising of 34 employees in the Group. The fair value of the services received from the employees in return for the options granted is recognized as an expense in the consolidated profit and loss statement. Total expense for the options are accrued over the vesting period based on the fair value of the options granted, excluding impact of any vesting conditions that are not reflected in the market. Criteria's not reflected in the market, affect the assumptions about the number of options expected to be exercised. At the end of each reporting period, the Company revises its estimates of the number of options expected to be exercised. It recognizes the importance of the revision of original estimates in the consolidated profit and loss statement with a corresponding adjustment in equity.

The net value of proceeds received less directly attributable transaction expenses are credited to the share capital (nominal value) and the share premium reserve when the options are exercised.

	2019		2018	
	Average exercise price	**Number of share options**	**Average exercise price**	**Number of share options**
As of 01.01.	14.95	972 000	14,95	972 000
Expired during the year	16,74	610 000		
Outstanding at 31. March		**362 000**		**972 000**

CEO Christian Jørgensen has an agreement giving him the right to receive 500 000 options:

Awarded options	Option strike price	Options earned at share
100 000	NOK 8.00 per share	NOK 11.00 per share
100 000	NOK 8.00 per share	NOK 14.00 per share
100 000	NOK 8.00 per share	NOK 17.00 per share
100 000	NOK 8.00 per share	NOK 20.00 per share
100 000	NOK 8.00 per share	NOK 23.00 per share

Christian Jørgensen's options have a three-year vesting period and a two-year declaration period after award (05.09.2017) CFO B. Sørvoll, CSO R.Engstad and MD ArcticZymes J. Holter has been awarded 200.000 options each under the same program as the CEO. The vesting period is three years (2018-2020), with an additional two-year declaration period (until 2022).

Expiry date, exercise price, and outstanding options:

Expiry date	Average exercise price	2019	2018
		Number of share options	
2018, 31 May	18.42		452 500
2019, 31 May	11.93	362 000	519 500
Outstanding at 31. March		**362 000**	**972 000**
Exercisable options at 31. March		362 000	452 500

The fair value of employee share options are calculated according to the Black-Scholes method. The most important parameters are share price at grant date, exercise prices shown above, volatility (2016, 2017: 66.3%, 58.4%), expected dividend yield (2016,2017: 0%), expected term of 3 years, annual risk free interest rate (2016, 2017:1.53%, 1.50%). The volatility is based on market data from the last year. The fair value is expensed over the vesting period. Per 31.03.2019 a total of NOK 18.1 million had been expensed, of which NOK 0.3 million applies to Q1 2019. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly declines to renew its authorization to issue new shares.

Note 4 Fixed assets

Machinery & equipment	Q1		YTD	
(Amounts in NOK 1 000)	2019	2018	2019	2018
Net book value (opening balance)	4 596	4 589	4 596	4 589
Net investement	160	0	160	0
Depreciation and amortization	-396	-309	-396	-309
Net book value (ending balance)	**4 361**	**4 279**	**4 361**	**4 279**

Intangible asset	Q1		YTD	
(Amounts in NOK 1 000)	2019	2018	2019	2018
Net book value (opening balance)	7 551	7 119	7 551	7 119
Net investement	0	142	0	142
Depreciation and amortization	-241	-255	-241	-255
Net book value (ending balance)	**7 310**	**7 006**	**7 310**	**7 006**

Intangible assets (Research and development, patents and licenses):
Research expenses are expensed when incurred. Development of products are capitalized as intangible assets when:

- It is technically feasible to complete the intangible asset enabling it for use or sale.
- Management intends to complete the intangible asset and use or sell it.
- The Company has the ability to make use of the intangible asset or sell it.
- A future economic benefit to the Company for using the intangible asset may be calculated.
- Available technical, financial and other resources are sufficient to complete the development and use of or sale of the intangible asset.
- The development expense of the intangible asset can be measured reliably.

Intangible assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets: Product rights (5-10 years) and own product development (10-12 years)

Other development expenses are expensed when incurred. Previously expensed development costs are not recognized in subsequent periods. Capitalised development costs are depreciated linearly from the date of commercialization over the period in which they are expected to provide economic benefits. Capitalised development costs are tested annually by indication for impairment in accordance with IAS 36.

Note 5 Lease assets

IFRS 16 Leases regulates matters relating to leased assets. It requires all leases to be recognized in the statement of financial position as a right to use asset with subsequent depreciation. This standard was endorsed 31.10.2017 by the EU and was implementated 01.01.2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for financial leases under IAS 17. At the commencement date the lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Agreements and contracts coming in under IFRS 16 are recognized as an asset and liability. This has a positive impact on EBITDA and increase fixed assets for the Group. It will also effects some KPI´s. The Group´s contracts contain same type of assets and is calculated using the same model. The Group use a full retrospective method and a 3% discount rate. The lease period includes options. Variable expenses are excluded from lease period and is not recognized.

(Amounts in NOK 1 000)

Financial position	31.03.2019	31.03.2018	01.01.2019
Lease assets	17 308	20 208	18 033
Fixed assets	11 670	11 285	12 148
Other non-current assets	7	3	
Sum Fixed assets	**28 985**	**31 496**	**30 181**
Lease liabilities	17 954	20 365	18 466
Current liabilities	10 424	12 519	13 368
Sum Current liabilities	**28 377**	**32 884**	**31 834**

1. Right of use is calculated from inception of contract
2. Net present value of liability maturing more than 12 months
3. Next years instalment is part of current liabilities

Profit & Loss statement	31.03.2019	31.03.2018
Sum revenues	15 883	15 997
Property, plant & equipment	-1 082	-816
Other expenses	-18 706	-20 322
Sum expenses	-19 788	-21 138
EBITDA	**-3 909**	**-5 141**
Depreciation	-1 363	-1 290
EBIT	**-5 272**	**-6 431**
Net financials	-19	-163
EBT	**-5 291**	**-6 594**

Note 6 Related party disclosures

Shares owned or controlled by directors and senior management per 31. March 2019:

Name, position	No of shares	No of options
Marie Roskrow, Chairman	0	0
Inger Rydin, Director	0	0
Martin Hunt, Director	0	0
Arne Reinemo, Director	0	0
Ingrid Skjæveland, Director	16 087	10 000
Erik Steene, employee observer	27 949	7 500
Christian Jørgensen, CEO	77 000	*
Børge Sørvoll, CFO	25 428	35 000*
Rolf Engstad, CSO Biotec BetaGlucans AS	581 174	40 000*
Jethro Holter, Managing Director ArcticZymes AS	564	40 000*
Finn ketler, VP Wound Care, Biotec Betaglucans AS	0	0

*See note 3 for further details
Director Martin Hunt has been a member of the Board since 11 May 2017. Martin Hunt owns and operates Invictus Management Ltd in London. For services and expenses beyond his board remuneration, Invictus Management Ltd has invoiced NOK 0.02 million per 31. March 2019.

Note 7 Shareholders

The 20 largest shareholders as of 31. March 2019	Shares	Ownership
Ormestad Tellef	3 581 931	7,41 %
Pro AS	2 307 216	4,77 %
Aka AS	1 450 000	3,00 %
Clearstream Banking	1 418 904	2,94 %
Danske Bank Operation	1 296 976	2,68 %
MP Pensjon	1 173 239	2,43 %
Birkeland Odd Knut	1 030 000	2,13 %
Belvedere AS	971 647	2,01 %
Nordnet Bank AS	922 469	1,91 %
Progusan AS	750 026	1,55 %
Isar AS	699 853	1,45 %
Hartvig Wenneberg II	696 033	1,44 %
Nordea Bank AB Danmark	635 419	1,31 %
Nordnet Livsforsikring	633 933	1,31 %
Dragesund Invest AS	597 891	1,24 %
Middelboe AS	588 173	1,22 %
Engstad Rolf Einar	581 174	1,20 %
Spar Kapital Investor	578 714	1,20 %
Catilina Invest AS	470 000	0,97 %
Spiralen Industrier AS	463 799	0,96 %
20 largest shareholders aggregated	**20 847 397**	**43,13 %**

Note 8 Interims result

(Amounts in NOK 1 000)	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018
Sales revenues	14 816	19 508	22 148	10 871	14 242
Sales growth % (year-over-year)	4 %	10 %	25 %	-25 %	-13 %
Gross profit %	81 %	76 %	66 %	75 %	68 %
EPS	-0,11	-0,04	-0,01	-0,10	-0,15
EPS fully diluted	-0,11	-0,04	-0,01	-0,10	-0,15
EBITDA	-3 909	-867	509	-3 480	-5 140
Equity	48 482	53 267	55 168	55 958	38 525
Total equity and liabilities	76 859	85 298	87 559	86 584	71 411
Equitiy (%)	63 %	62 %	63 %	65 %	54 %

Note 9 Alternative Performance Measures

Information provided is based on Guidelines on Alternative Performance Measures (APMs) for listed issuers by The European Securities and Markets Authority - ESMA
Biotec Pharmacon ASA reports EBITDA as performance measure that is not defined under IFRS but which represent additional measure used by the Board as well as by management in assessing performance as well as for reporting both internally and to shareholders.
Biotec Pharmacon ASA belives that to use EBITDA will give the readers a more meaningful understanding of the underlying financial and operating performance of the company when viewed in conjunction with our IFRS financial information.

EBITDA & EBIT
We regard EBITDA as the best approximation to pre-tax operating cash flow and reflects cash generation before working capital changes. EBITDA is widely used by investors when evaluating and comparing businesses, and provides an analysis of the operating results excluding depreciation and amortisation. The non-cash elements depreciation and amortization may vary significantly between companies depending on the value and type of assets.
The definition of EBITDA is “Earnings Before Interest, Tax, Depreciation and Amortization” and EBIT is Earnings Before Interest and Taxes.
The reconciliation to the IFRS accounts is as follows:

(Amounts in NOK 1 000 - exept EPS)	Q1		YTD	
	2019	2018	2019	2018
Sales	14 816	14 242	14 816	14 242
Cost of goods sold	-2 829	-4 518	-2 829	-4 518
Gross profit	**11 987**	**9 725**	**11 987**	**9 725**
Other revenues	1 067	1 755	1 067	1 755
Sum other revenues	**1 067**	**1 755**	**1 067**	**1 755**
Personnel expenses	-11 914	-11 272	-11 914	-11 272
Other operating expenses	-5 049	-5 349	-5 049	-5 349
Depreciation and amortization expenses	-1 363	-1 289	-1 363	-1 289
Operating profit/loss (-)	**-5 272**	**-6 431**	**-5 272**	**-6 431**

Note 10 Account receivables and other receivables

(Amounts in NOK 1 000)	31.03.2019	31.03.2018
Accounts receivables	7 693	7 410
Reserach grants	587	743
Tax grants	3 518	3 298
VAT	49	214
Other receivables	1 363	854
Total account receivables and other receivables	**13 210**	**12 519**

Days of maturity	Not due	0-30	31-60	61-90	Over 90-
Outstanding 31.03.2019	6 095	1 153	201	33	213
Historical loss - %	0 %	0 %	0 %	0 %	0 %
Future estimation of losses - %	0 %	0 %	0 %	0 %	0 %
Expected loss	0	0	0	0	0
Provision for losses	**0**	**0**	**0**	**0**	**0**

Days of maturity	Not due	0-30	31-60	61-90	Over 90-
Outstanding 31.03.2018	5 326	879	816	230	158
Historical loss - %	0 %	0 %	0 %	0 %	0 %
Future estimation of losses - %	0 %	0 %	0 %	0 %	0 %
Expected loss - %	0 %	0 %	0 %	0 %	0 %
Provision for losses	**0**	**0**	**0**	**0**	**0**

Biotec's main customers are large corporations and Universities. Historic losses on receivables are close to zero. Due to payment system in the US and interaction with Norway, all payments from the US will be recorded later than actual payment.

Note 11 Account payable and other current liabilities

(Amounts in NOK 1 000)	31.03.2019	31.03.2018
Accounts payable	3 206	4 106
Public taxes and withholdings	1 267	1 714
Unpaid holiday pay	3 688	4 400
Other personnel	1 398	884
Other current liabilities	865	1 415
Total account payable and other current liabilities	**10 424**	**12 519**

Note 12 Events after balance sheet date, 31. March 2019

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 29.04.2019

Oslo, 29 April 2019
The Board of Directors of Biotec Pharmacon ASA

Marie Ann Roskrow Chairperson	Arrne Reinenmo Director	Inger Rydin Director
Martin Humt Director	Ingrid Skjæveland Director - employee repr.	Christian Jørgensen CEO