

Q2 2019 Presentation

15.08.2019, Oslo

Agenda

- Highlights
 - Q2
- ArcticZymes
- BetaGlucans
 - Woulgan®
 - Other BetaGlucans segments
- Q2 Financials
- Outlook for 2019



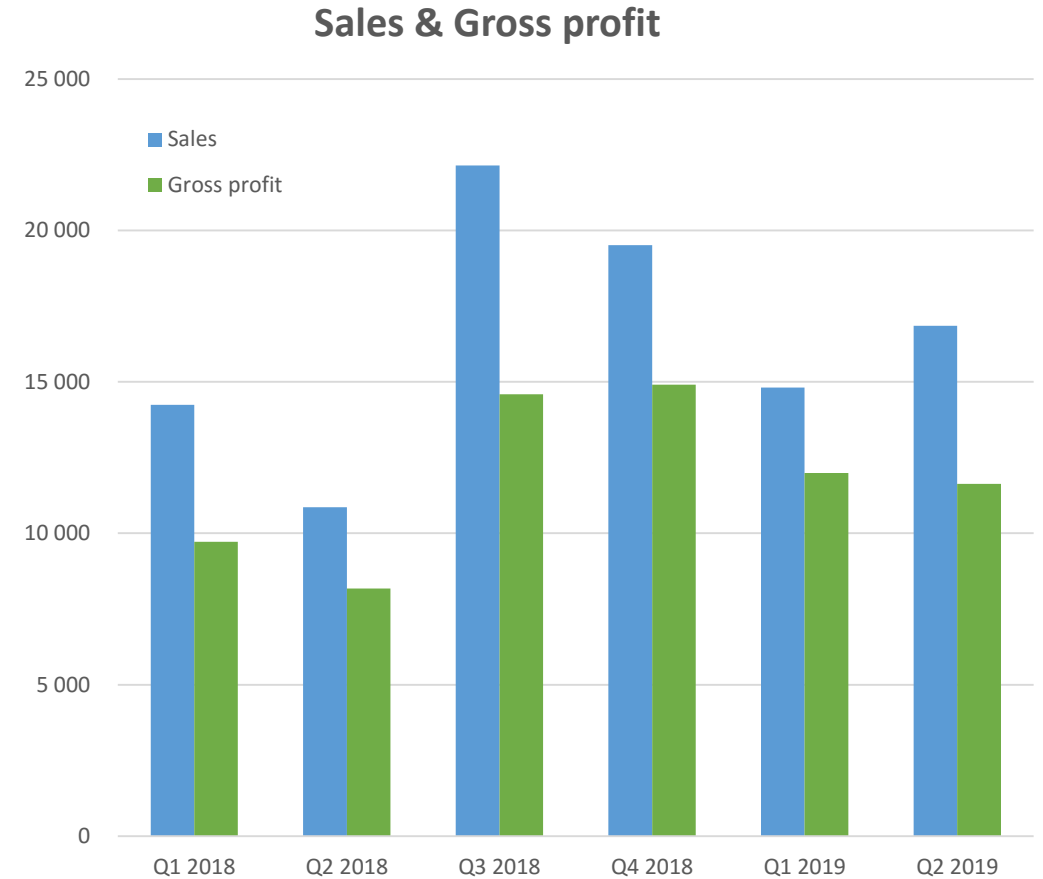
Biotec Pharmacon

- Focused on specialized, novel enzyme and immunomodulating beta-glucan technology.
- Two divisions, driving revenues and cash generation across USA, Europe and Asia:
 - **ArcticZymes** develops, manufactures and commercializes novel recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and therapeutics.
 - **BetaGlucans** develops immunomodulating beta-glucan products, primarily Soluble BetaGlucan (SBG[®]) with focus on commercializing an active wound healing dressing (Woulgan[®]) setting a new standard in treatments of wounds.



Highlights Q2 2019

- Strong growth in sales and gross profit compared to Q2 2018.
- EBITDA of MNOK -0,5 compared to MNOK -3.5 Q2 2018, driven by higher sales.
- ArcticZymes had its historically best Q2.
- Continued sales growth for Woulgan®
 - like Q1 - especially in Germany.

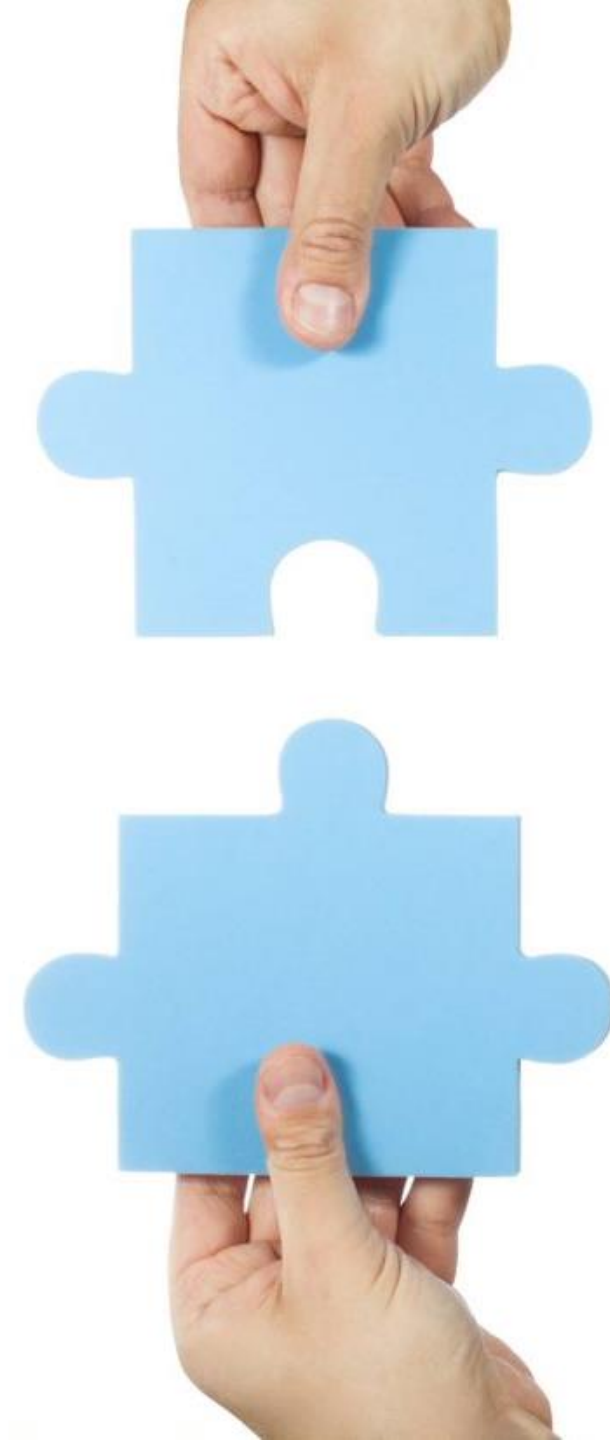


ArcticZymes

ArcticZymes Updates

- **Commercial achievements**

- During the quarter the customer base expanded which makes ArcticZymes less vulnerable to major customers purchase pattern.
- Sales of Salt Active Nuclease has continued the positive development from Q1 and is now one of top products in ArcticZymes.





Innovation & strategic initiatives

Innovation:

- ArcticZymes launched 2 new Triton free products in Q2 (COD UNG and HL dsDNase). This is another step towards establishing an EU-Reach compliant portfolio. Furthermore the COD UNG formulation is also glycerol free, which makes it suitable for freeze drying.

Strategic Initiatives:

- ArcticZymes is continuously engaged in non-organic growth initiatives. Exploratory discussions are ongoing with several European based companies.

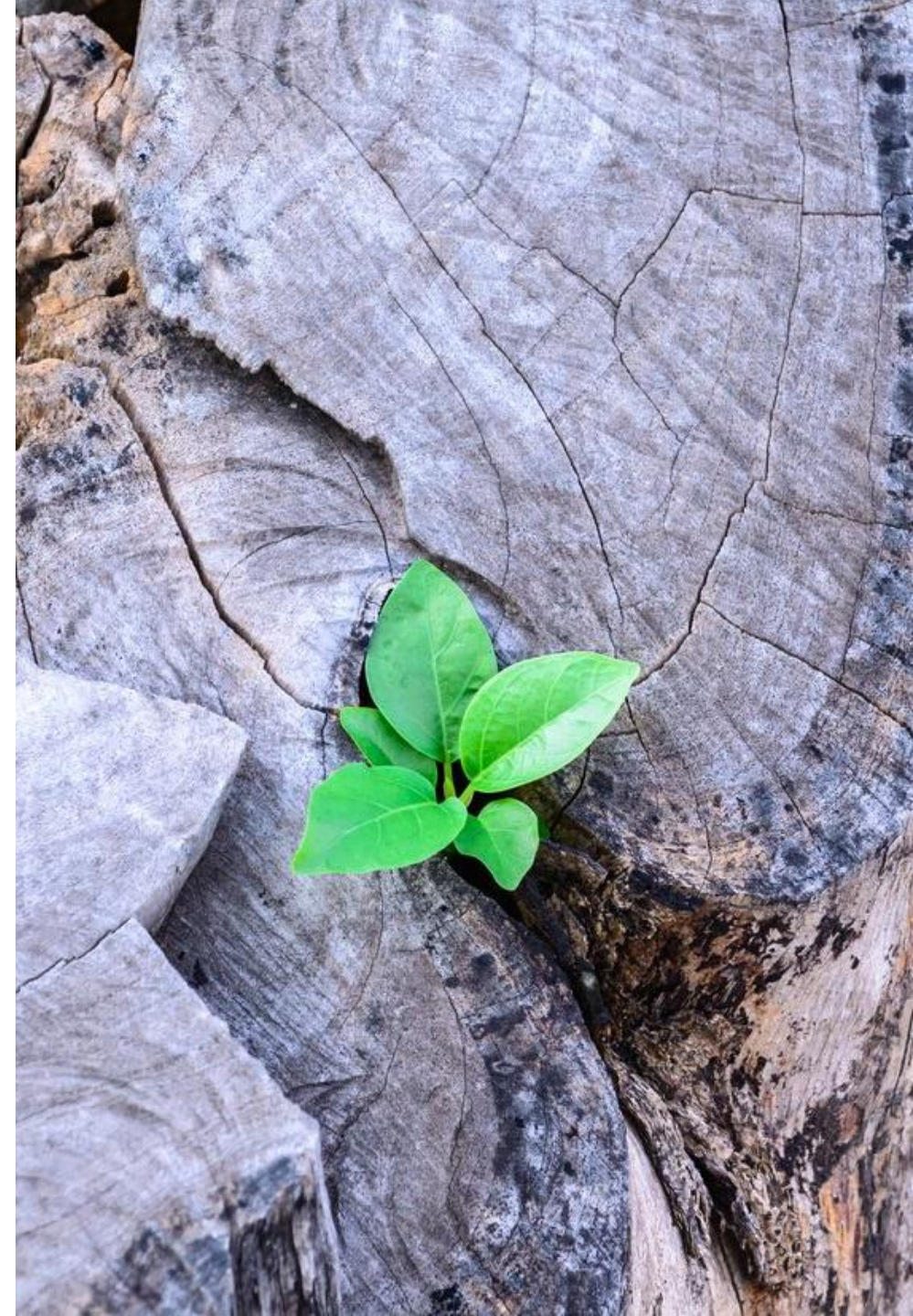
BetaGlucans

Woulgan[®], Adjuvant, Consumer Health,
Animal Health

Woulgan Updates

- **Commercial achievements**

- Sales continued to increase in Q2 – driven by progress in Germany.
- First half year sales in 2019 almost at the same level as full-year 2018 sales .
- The UK and Nordic markets continue to be a challenge.
- Germany is the core market, structured around 8-10 larger homecare companies directly serviced by BBG
- Sales focus is on succeeding with Woulgan® through a broader network of distributors in European markets that accepts innovative premium products.



Woulgan Updates



- **Marketing and legislation:**
 - Participated in Deutscher Wundkongress (71 participants in symposium) in May and EWMA in June – both with nice attention to Woulgan.
 - New definition of reimbursable dressings finally decided in Law on Security in Medical Supplies (GSAV) in Germany. Woulgan will no longer be a “dressing”, but fit into an “Other” woundcare category. Clinical requirements not set, and grace period set to be one year from a date still being discussed. We believe to have all necessary clinical documentation on file



Other BetaGlucans segments

Adjuvant study with MSKCC in New York:

- The study is continuing to recruit patients at a good pace, where more than 230 of the planned 260 patients are included.
- The study is aimed at being finished in May 2020.

Consumer Health:

- Good progress from customers especially in Asia and Europe.

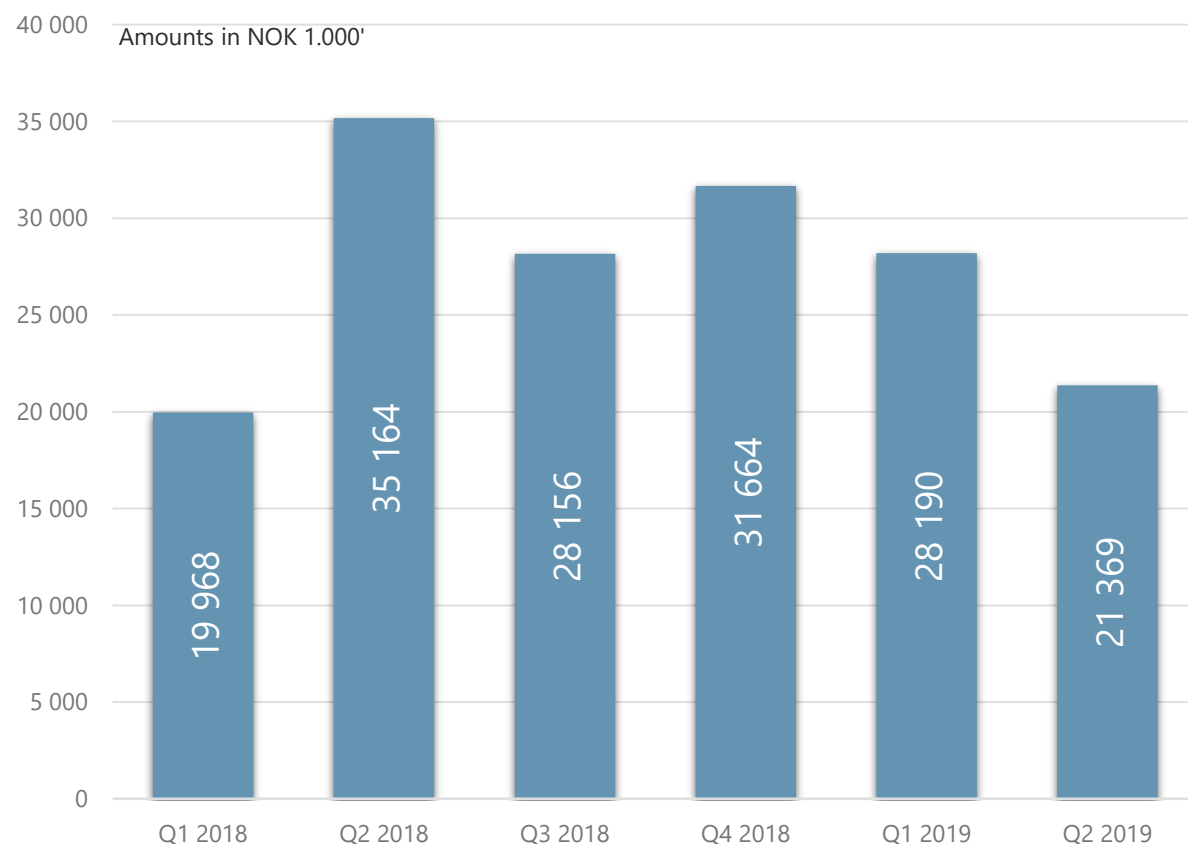
Animal Health:

- Sales in the 1H on the level of last year, despite difficult comparison (loss in a price auction).
- Biotec experiences interest from more pet-food manufactures.

Q2 Financials

Cash Flow explained by changes in working capital

Net Cash position



Second quarter changes in cash of -6.8 MNOK:

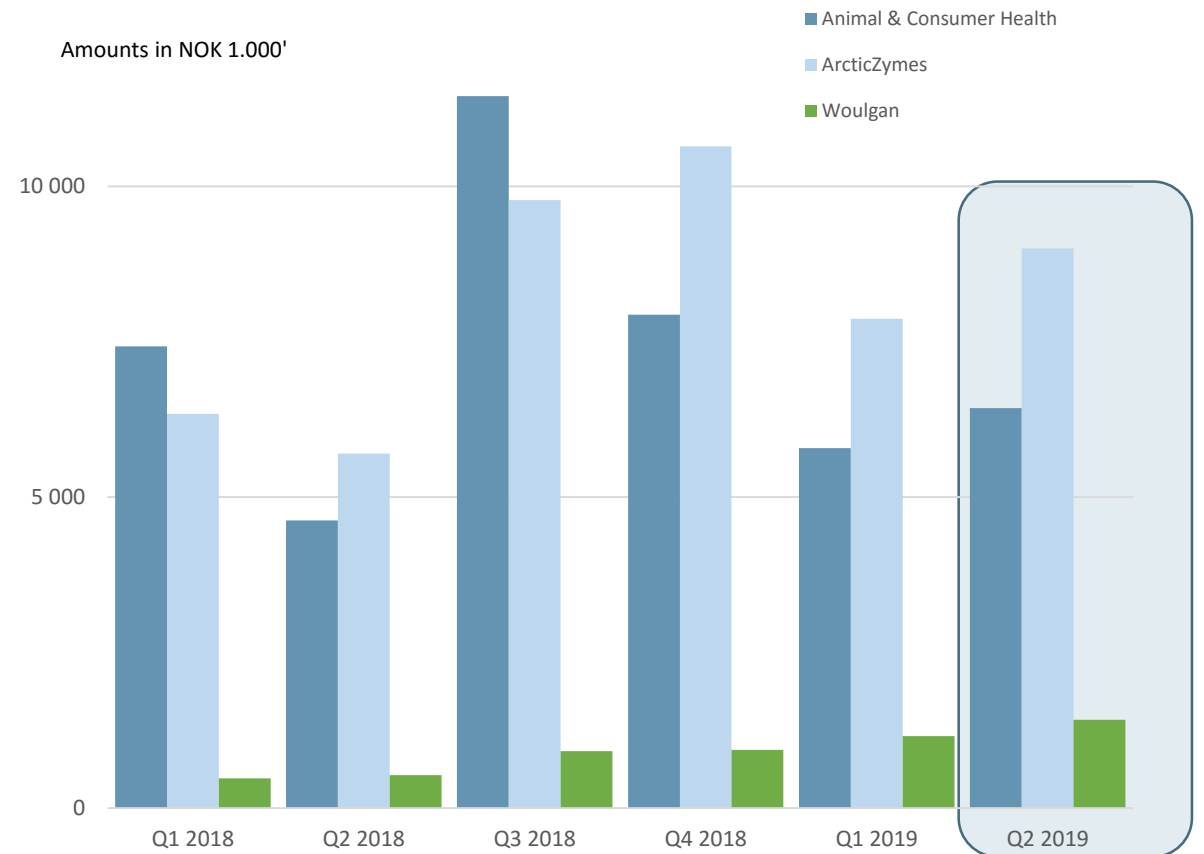
- 17.3 (13.5) MNOK in short-term receivables.
- 9.0 (10.6) MNOK in short-term payables.
- Cash Flow from operations -5.7 MNOK (-5.2 MNOK).

Cash balance of 21.4 MNOK end of Q2 2019.

Sales for Q2 significantly improved

Segment	Q2 Sales
ArcticZymes	MNOK 9.0 (5.7)
Animal & Consumer Health	MNOK 6.4 (4.6)
Woulgan®	MNOK 1.4 (0.5)
Group	MNOK 16.9 (10.8)

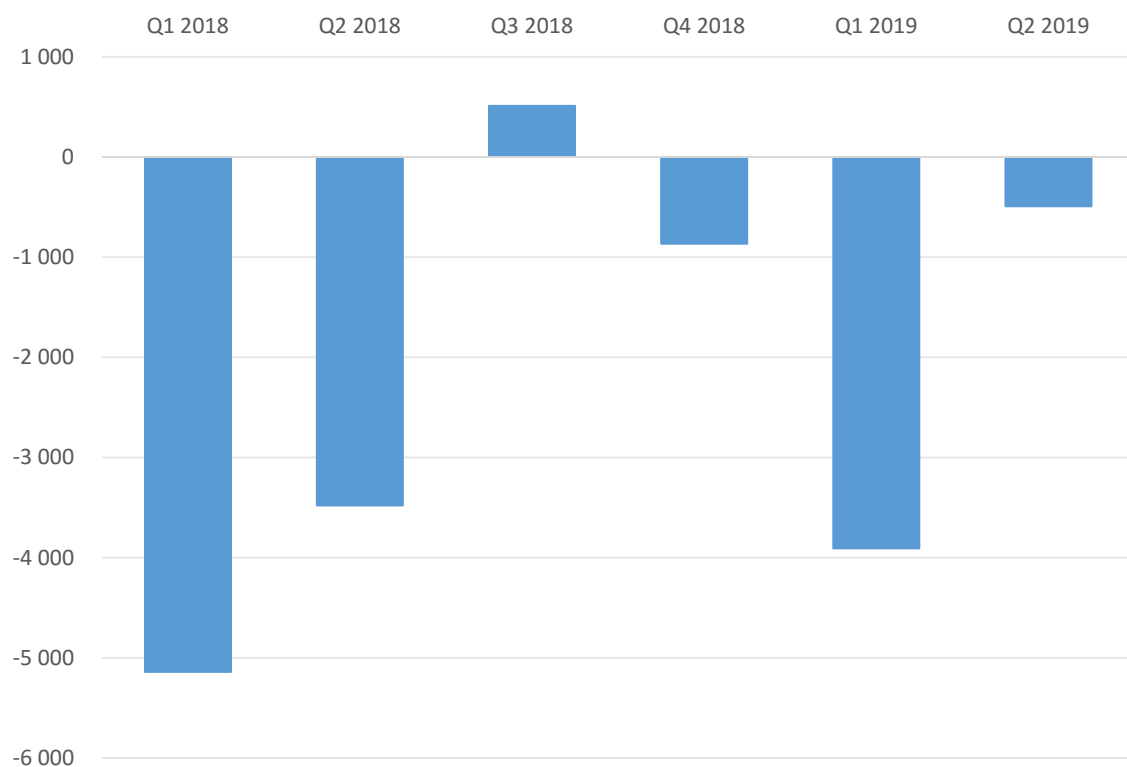
Biotec revenues per segment



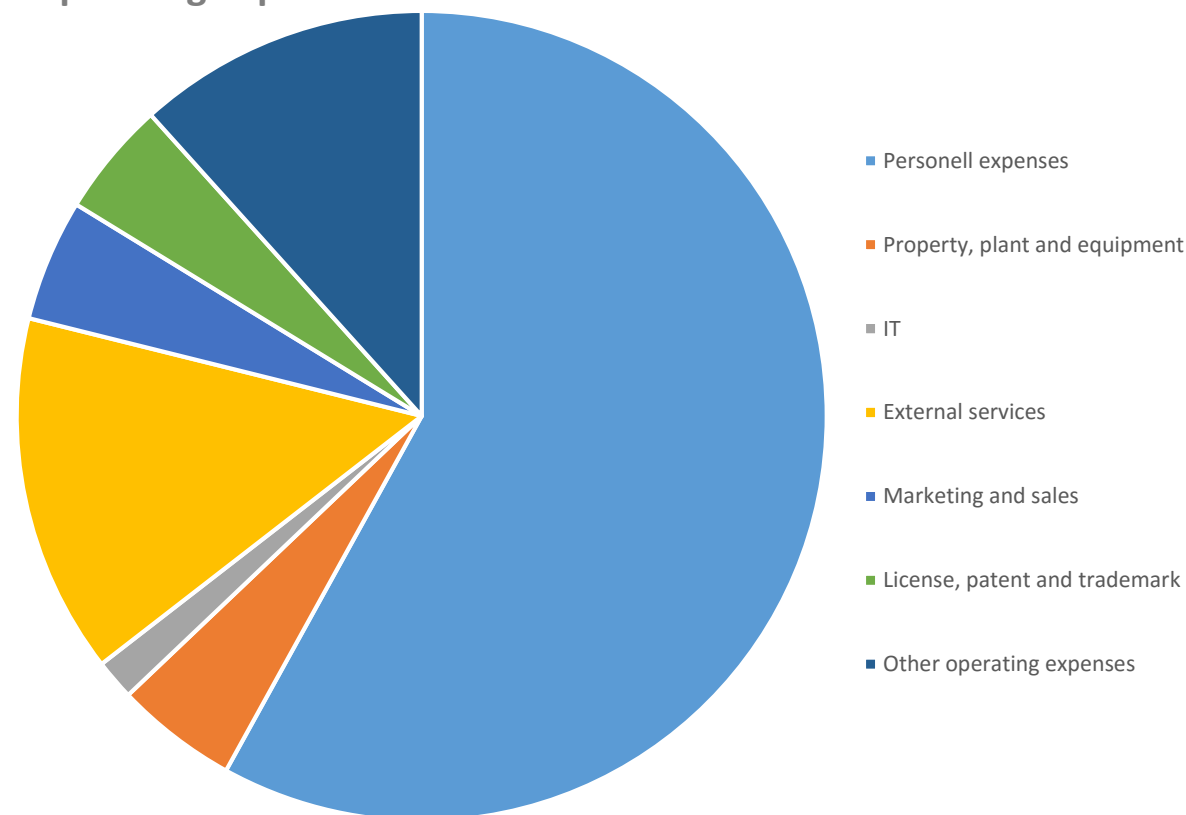
EBITDA improvement on a quaterly basis

EBITDA

Amounts in NOK 1.000'



Operating Expenses

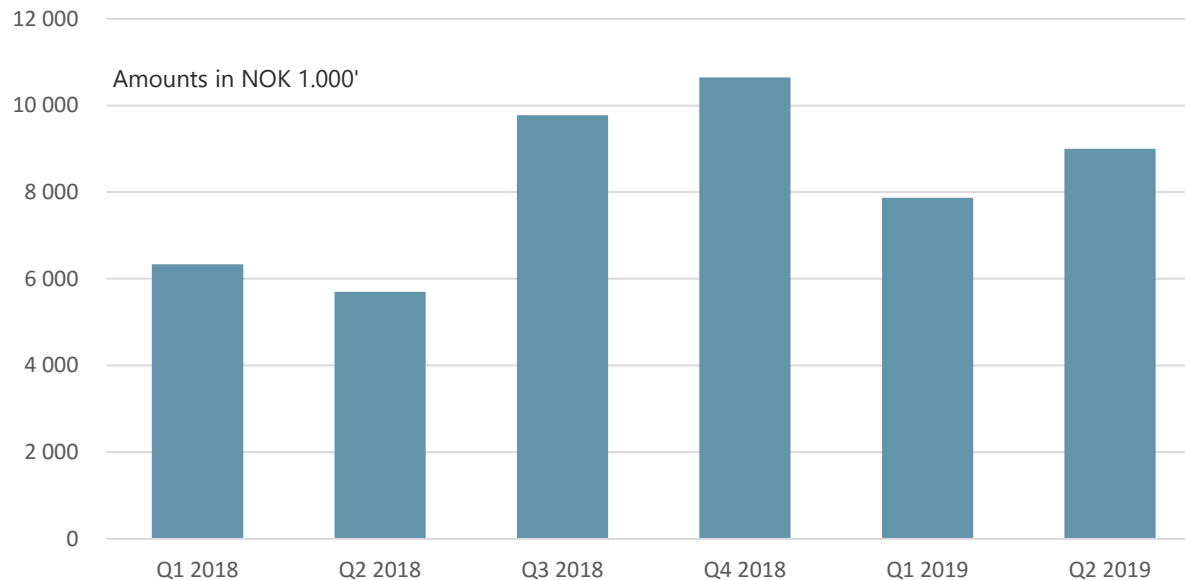


Note: For comparison purposes, 2018 figures has been adjusted for IFRS 16

ArcticZymes performance

Enzymes <i>(Amounts in NOK 1.000)</i>	Q2		YTD	
	2019	2018	2019	2018
Sales revenues	9 002	5 701	16 871	12 038
Operating expenses	-7 658	-5 597	-16 543	-13 222
EBITDA	1 701	936	1 458	556

Sales per quarter

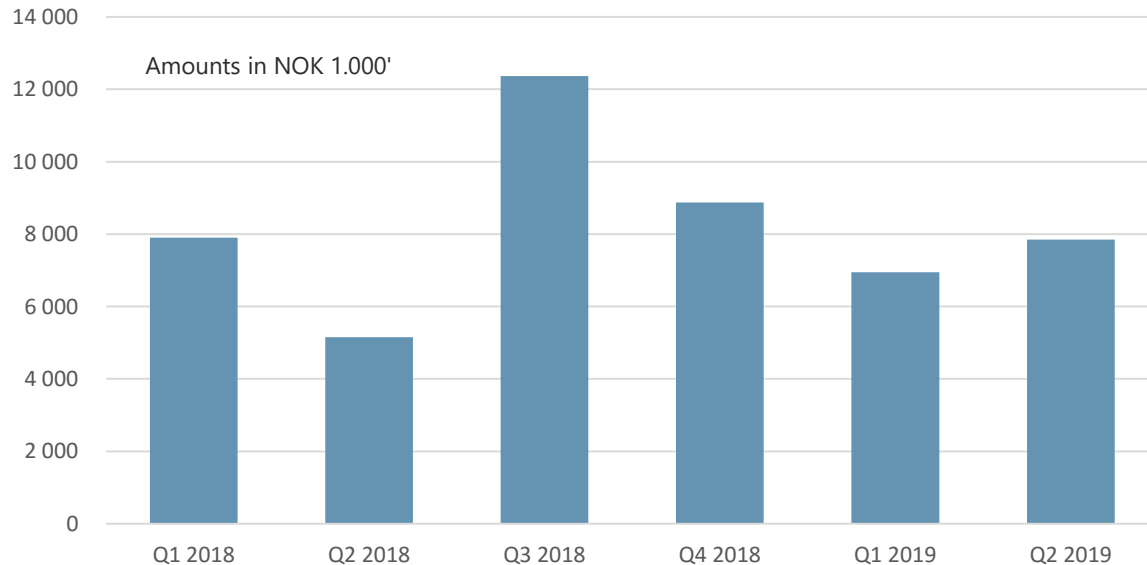


- Sales are up by 3.3 MNOK compared to same quarter last year.
- Sales YTD have increased by almost 5 MNOK
- Operating expenses increased due to personnel and external expenses.
- EBITDA is improved even though expenses and activities are increased significantly.

BetaGlucans performance

BetaGlucans	Q2		YTD	
(Amounts in NOK 1.000)	2019	2018	2019	2018
Sales revenues	7 851	5 170	14 798	13 075
Gross profit	3 315	2 616	7 467	6 249
Operating expenses	-5 140	-6 227	-11 660	-14 162
EBITDA	-737	-3 211	-2 846	-6 914

Sales per quarter



- Woulgan continues to generate growth on the sales side, 1.4 MNOK vs 0.5 MNOK .
- Reduced operating expenses due to savings and reallocation of resources to ArcticZymes.
- EBITDA continuous to be improved due to favourable product mix and cost control.

Outlook

Outlook 2019

- Management expect revenue growth in the two focus areas – ArcticZymes and Woulgan® to be strongest in H2 – whilst reducing cash consumption.
- ArcticZymes – objectives are to grow business organically, launching new products, whilst seeking inorganic growth opportunities.
- Woulgan® – focus on increasing sales in existing and new territories by identifying new partners.

