

# Q1 2020 Presentation

23.04.2020, Oslo/Tromsø

# Agenda

- Q1 Highlights
- ArcticZymes Update
- BetaGlucans Update
- Response to Coronavirus
- Q1 Financials
- Corporate Strategy

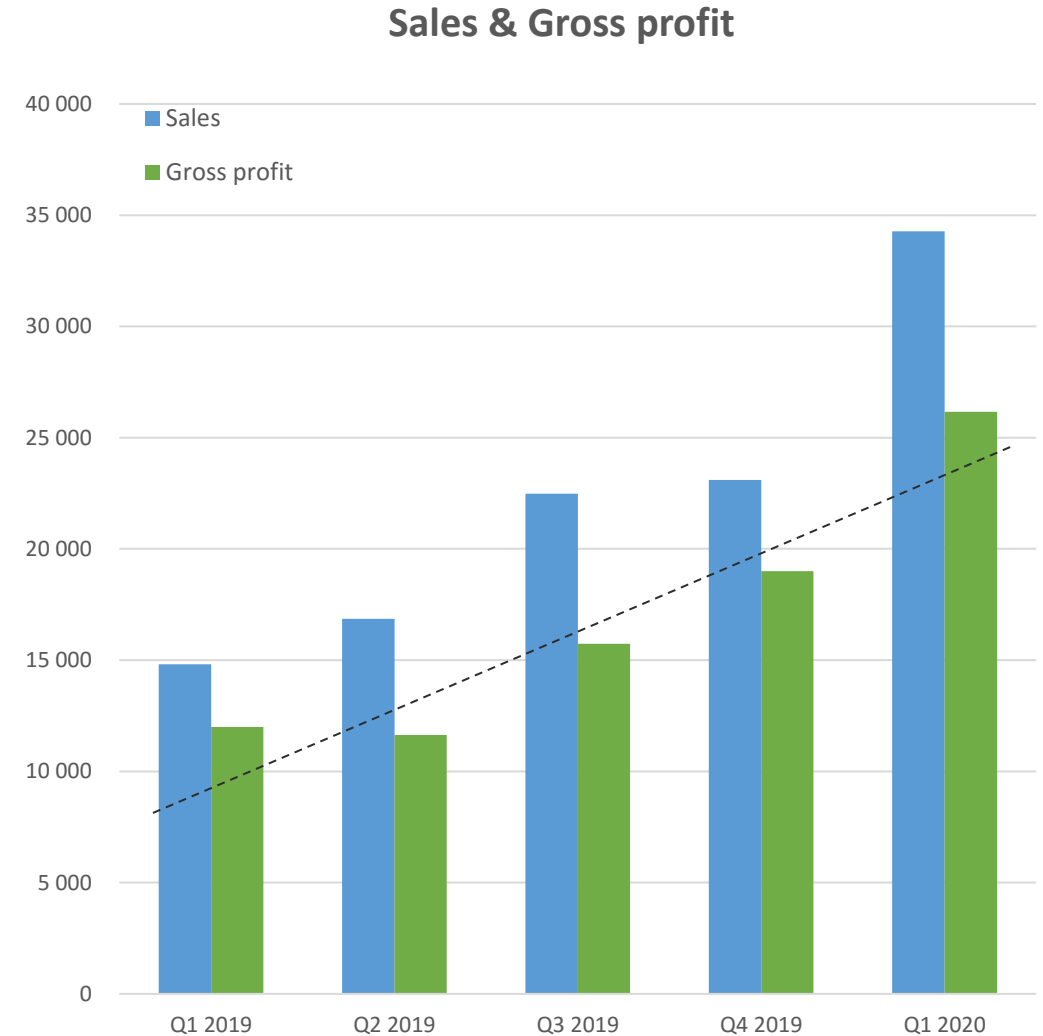
2020  
Q1 FINANCIAL  
REPORT



# Q1 Highlights

# Highlights Q1 2020

- Positive EBITDA with NOK 13.8 million (-3.9)
- ArcticZymes had Q1 2020 sales of NOK 18.5 million (7.9), growing by 135%
- ArcticZymes growth driven by strong sales in the therapeutic segment and upsides relating to coronavirus diagnostic testing
- Biotec BetaGlucans had first quarter sales of NOK 15.8 million (6.9), growing by almost 130%
- Putting coronavirus aside, business is progressing as planned



# ArcticZymes

# ArcticZymes Update

## Commercial achievements

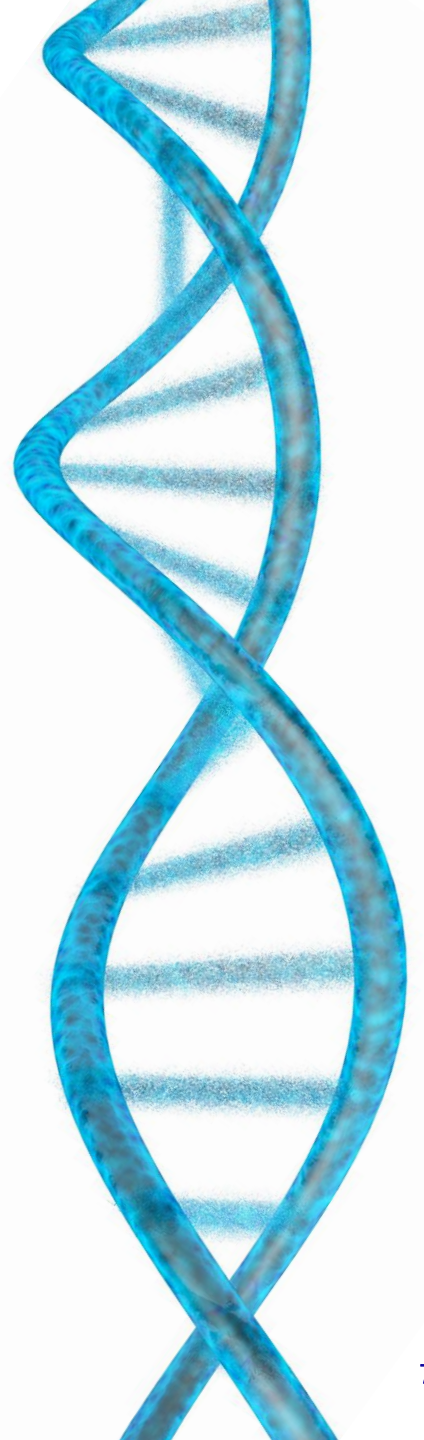
- Best quarterly financial performance
- Key attributors to growth
  - ✓ Salt Active Nuclease (SAN) product portfolio – starting to receive and expedite individual large bulk orders >1 MNOK
  - ✓ Upsides related to use of Cod UNG and DNase in COVID-19 diagnostic tests by several customers
- Putting coronavirus aside, growth in sales is progressing as planned



# ArcticZymes Update

## Innovations

- Launched a new formulation of dsDNase
- Filed a new patent application related to one of our novel ligases in the pipeline
  - ✓ Offers desirable features specifically requested by our customers which are not present in other commercially available ligases today
  - ✓ Launch in commercial scale quantities later in the year



# ArcticZymes M&A Status

## Status

- Initiated acquisition negotiations with a European based enzyme company
- Unable to reach a fair price to make the transaction worthwhile without excessively overpaying
- Both parties mutually agreed to terminate the negotiations in good faith

## Next Steps

- Advancing negotiations with other targets
- Progress on M&A activities will be limited until international coronavirus lockdowns are lifted

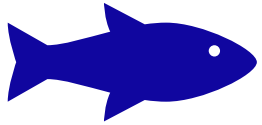


# BetaGlucans

Animal Health, Consumer Health, SBG<sup>®</sup> Adjuvant  
& Woulgan<sup>®</sup>

# Biotec BetaGlucans Update

## Animal Health



- Achieved growth in sales of M-Glucan®
- Driven by a large and early order from main customer
- Expect fluctuations in sales for remaining quarters

## Consumer Health



- Achieved growth in sales of M-Gard®
- Driven by new customers
- Suspect upsides relating to B2B sales to manufacturers targeting immune defence against coronavirus

## SBG® (Adjuvant)



- Secured 2020 purchasing commitments to support continuation of clinical trials
- Expediated first SBG® order
- Discussions are advancing regarding longer-term licensing deal

## Woulgan®

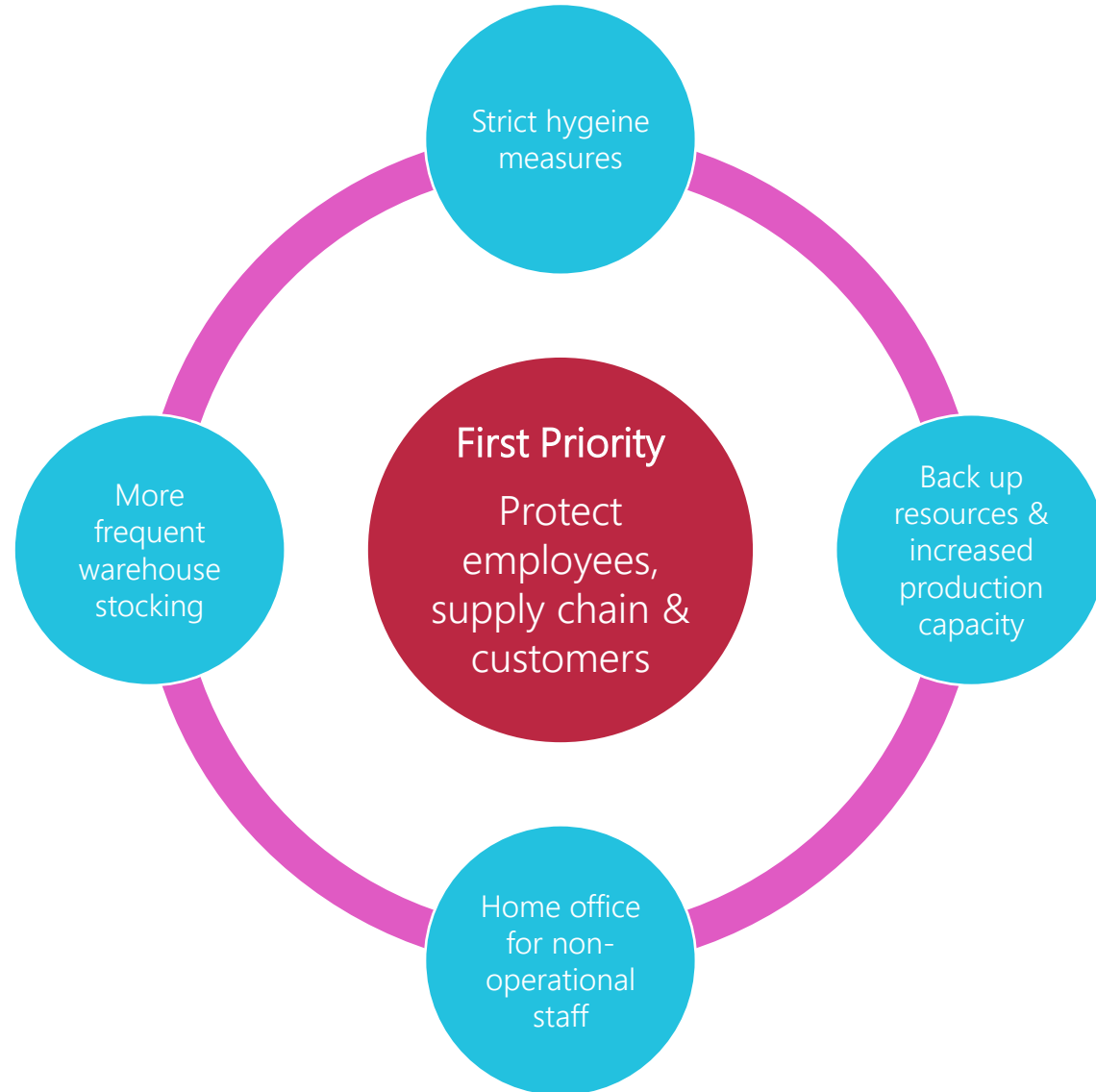


- Sales to existing customers deliver to expectation
- Divestment progressing as planned
- Potential target companies have been approached
- Already receiving positive responses

# Coronavirus Pandemic

Company's Response

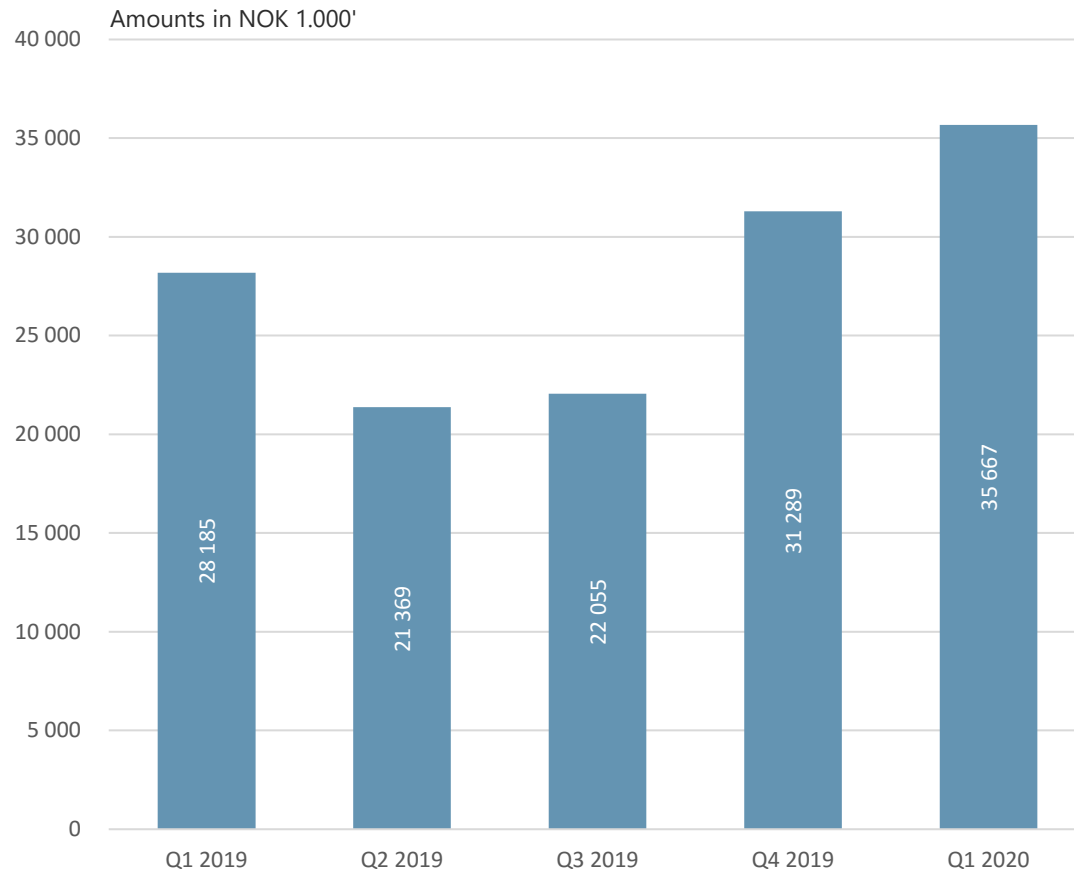
# Response to Coronavirus Pandemic



# Q1 Financials

# Cash Flow Positive for 3rd Quarter in a Row

## Net cash position



First quarter changes in cash of 4.4 MNOK:

- 24.7 (13.2) MNOK in short-term receivables
- 17.3 (10.4) MNOK in short-term payables
- Cash Flow from operations 5.9 MNOK (-2.6 MNOK)

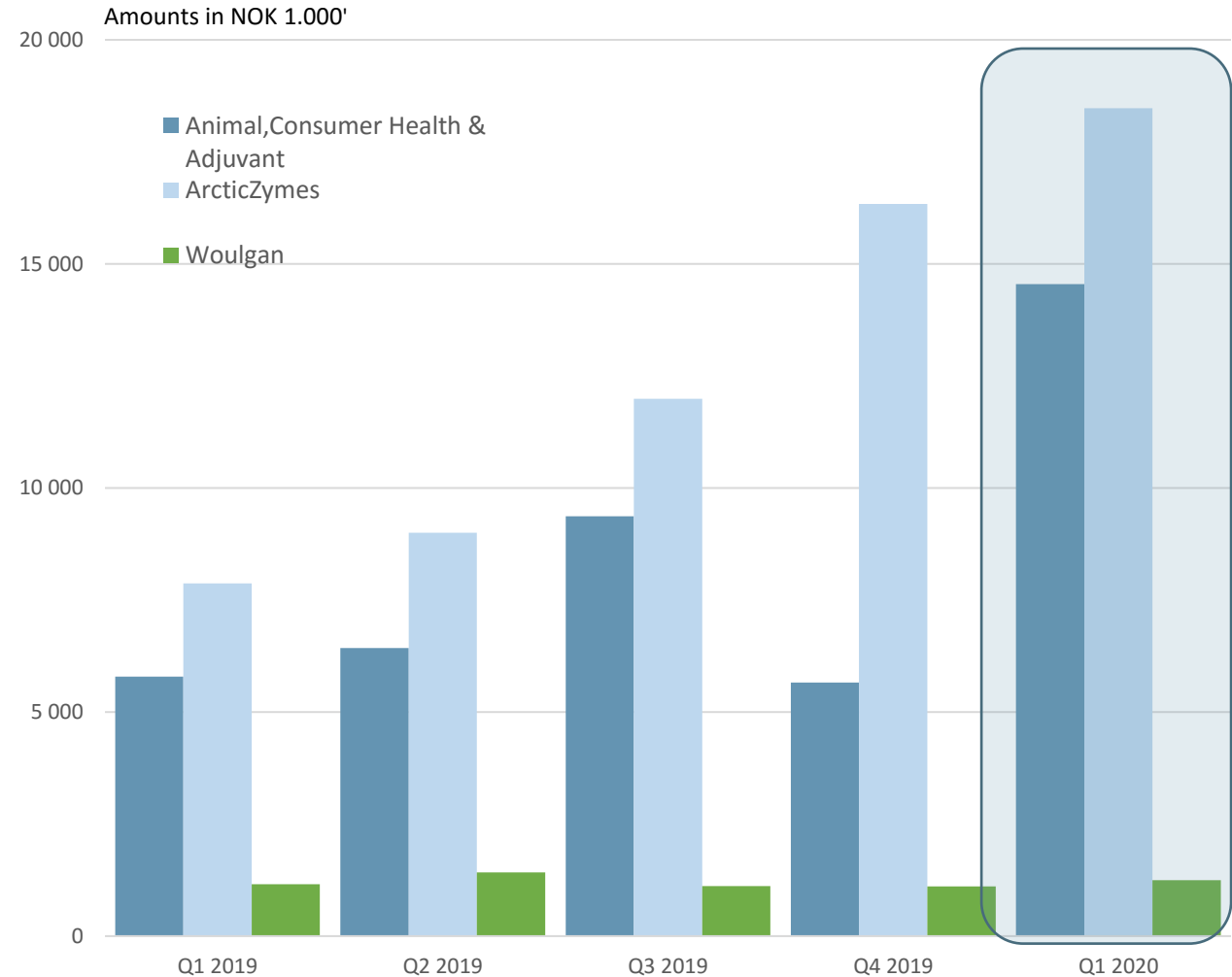
Cash balance of 35.7 MNOK end of Q1

*\* Short term receivables and payables excludes Woulgan related items*

# Growth in All Areas

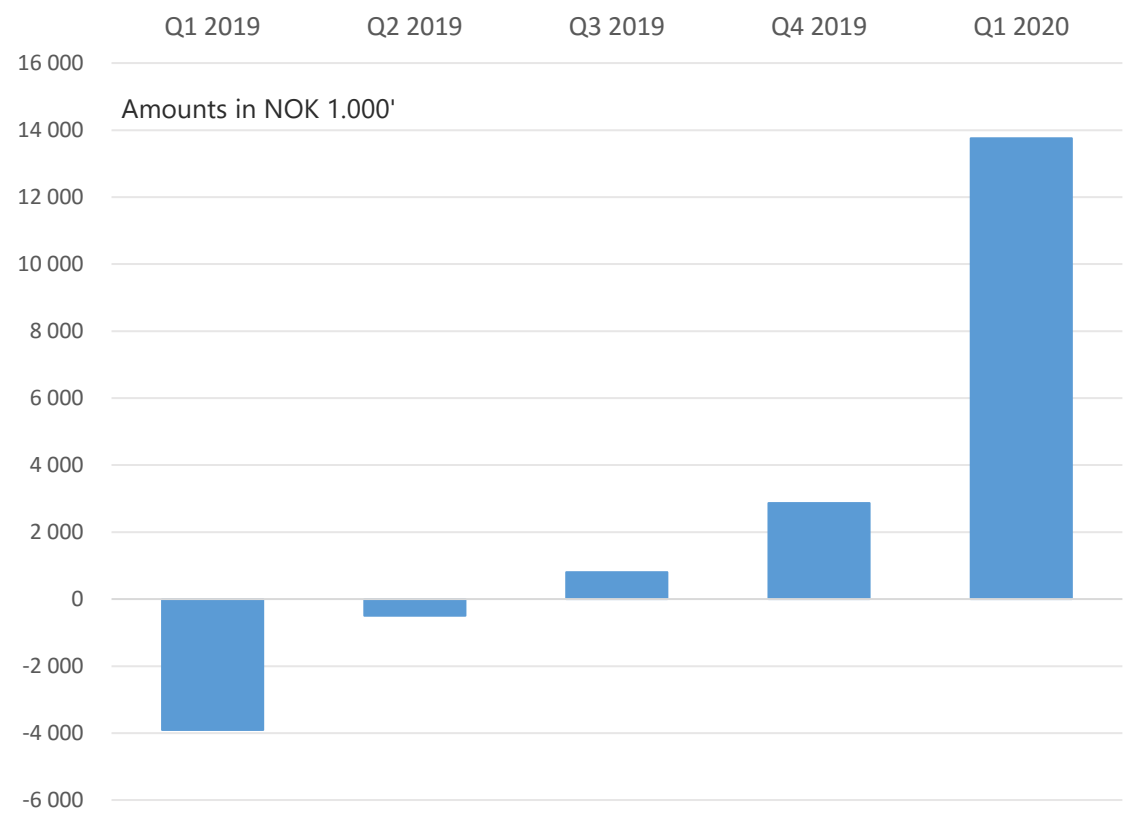
Segment	Q1 Sales
ArcticZymes	MNOK 18.5 (7.9)
Animal, Consumer Health & Adjuvant	MNOK 14.6 (5.7)
Woulgan®	MNOK 1.2 (1.2)
Group	MNOK 34.3 (14.8)

## Biotec revenues per segment

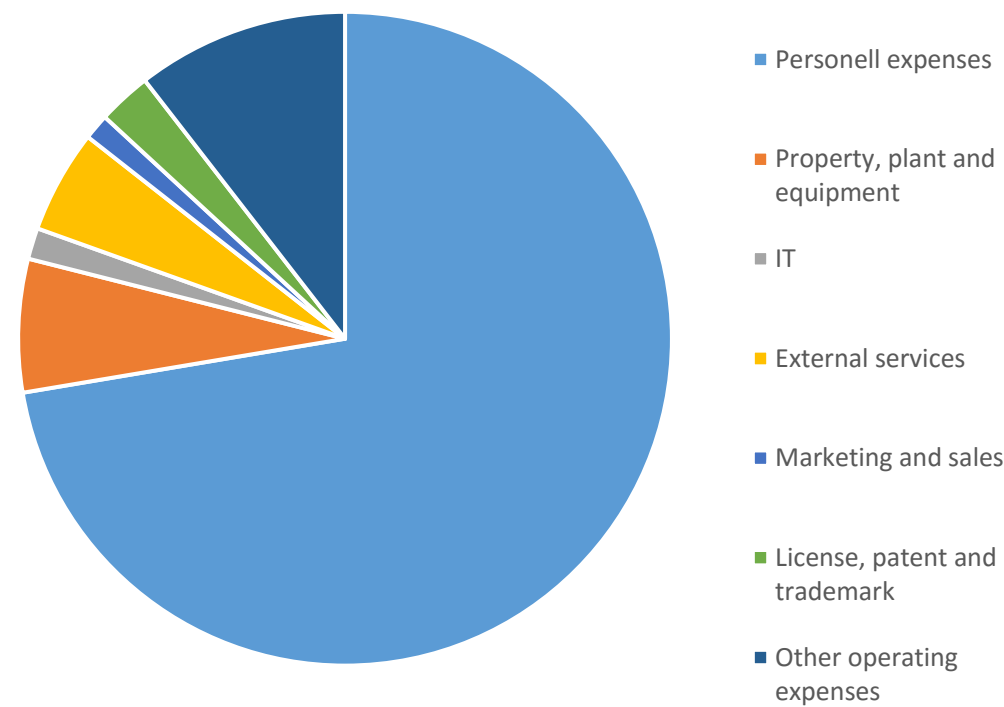


# EBITDA All Time High....Again

EBITDA



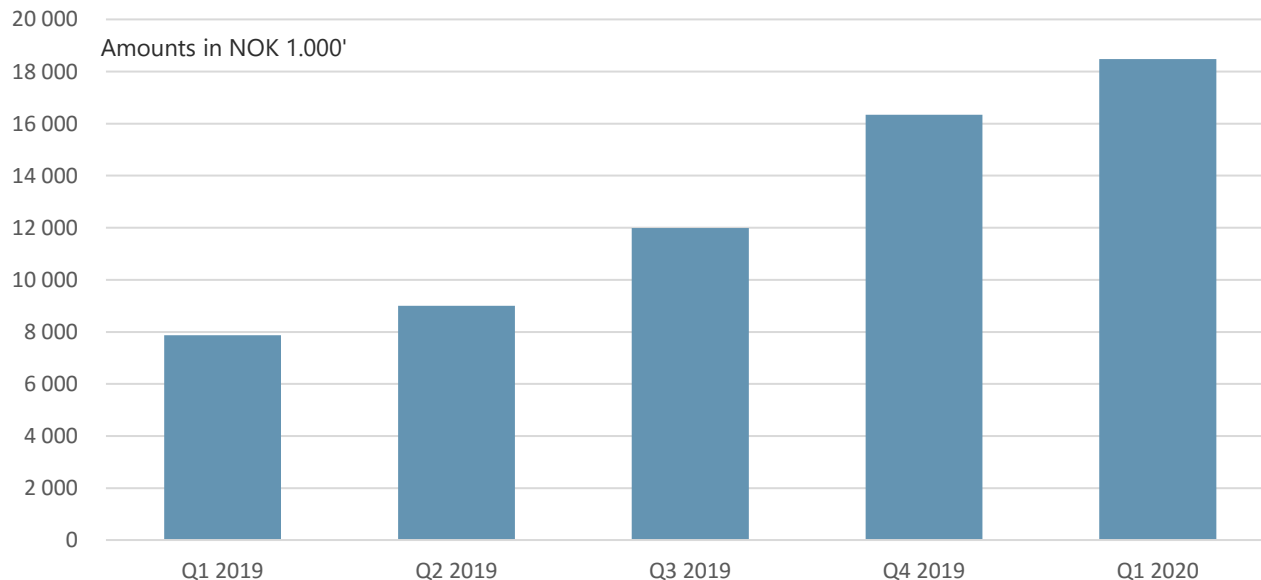
Operating Expenses



# ArcticZymes Performance

Enzymes (Amounts in NOK 1.000)	Q1		YTD	
	2020	2019	2020	2019
Sales revenues	18 475	7 869	18 475	7 869
Operating expenses	-9 182	-8 885	-9 182	-8 885
EBITDA	10 462	-377	10 462	-377

## Sales per quarter

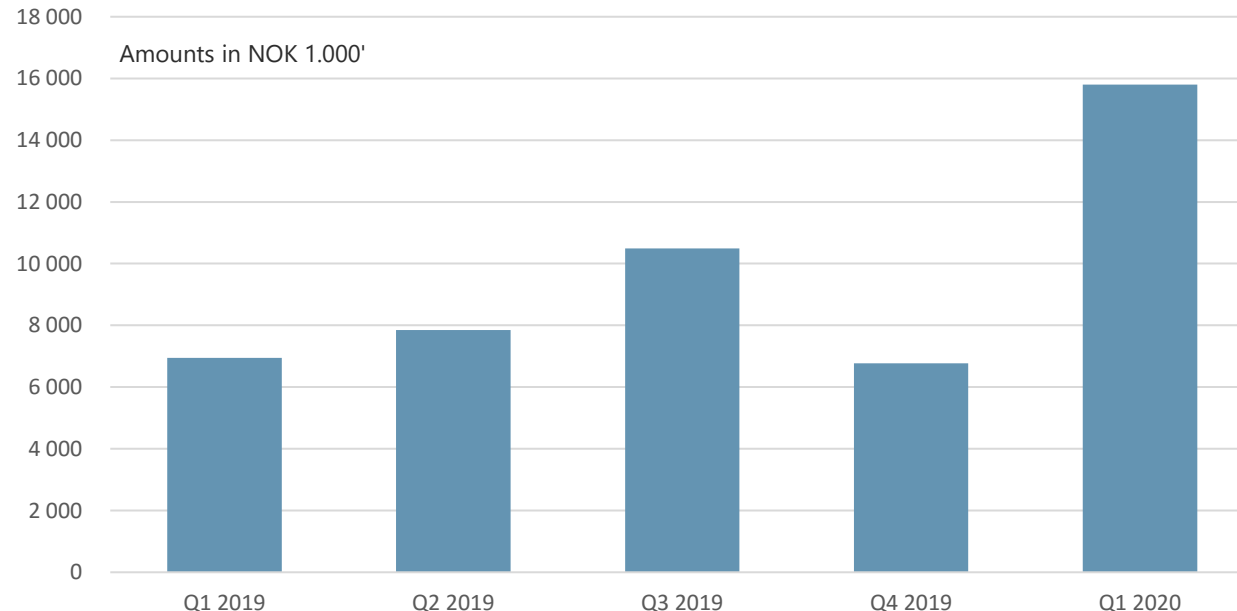


- Sales up by 10.6 MNOK or 135% compared to same quarter last year
- Operating expenses increased due to restructuring in Dec 2019, resulting in higher personnel expenses
- Sales growth in products outside of coronavirus related sales are as expected
- EBITDA passes 10 MNOK for the first time

# BetaGlucans Performance

BetaGlucans	Q1		YTD	
(Amounts in NOK 1.000)	2020	2019	2020	2019
Sales revenues	15 798	6 947	15 798	6 947
Gross profit	7 654	4 152	7 654	4 152
Operating expenses	-3 518	-6 521	-3 518	-6 521
EBITDA	4 283	-2 109	4 283	-2 109

## Sales per quarter



- Sales within Animal Health accounts for almost 10 MNOK of sales revenues
- Gross profit determined by Animal Health sales
- Reduced activities within Woulgan and allocation of corporate overhead has reduced operating expenses by almost 50%
- EBITDA of 4.3 MNOK due to solid sales and reduced expenses

# Corporate Strategy

# Corporate Strategy

- **Corporate Rebranding**

- ✓ Timely to refresh Biotec's brand position and external facing image
- ✓ Propose to rebrand Biotec Pharmacon under the new name of ArcticZymes Technologies
- ✓ Resonates with the company's core business, its corporate strategy, and ArcticZymes' strong brand position

- **New Strategic Direction**

- ✓ Kicked off well and progressing according to plan
- ✓ Benefits of the structural reorganization are already evident
- ✓ Q1 performance contributes towards No. 1 goal to driving Biotec into profitability during 2020





# THANK YOU

Reminder  
AGM 14<sup>th</sup> May in Tromsø