

Q1 2020 Presentation

23.04.2020, Oslo/Tromsø

Agenda

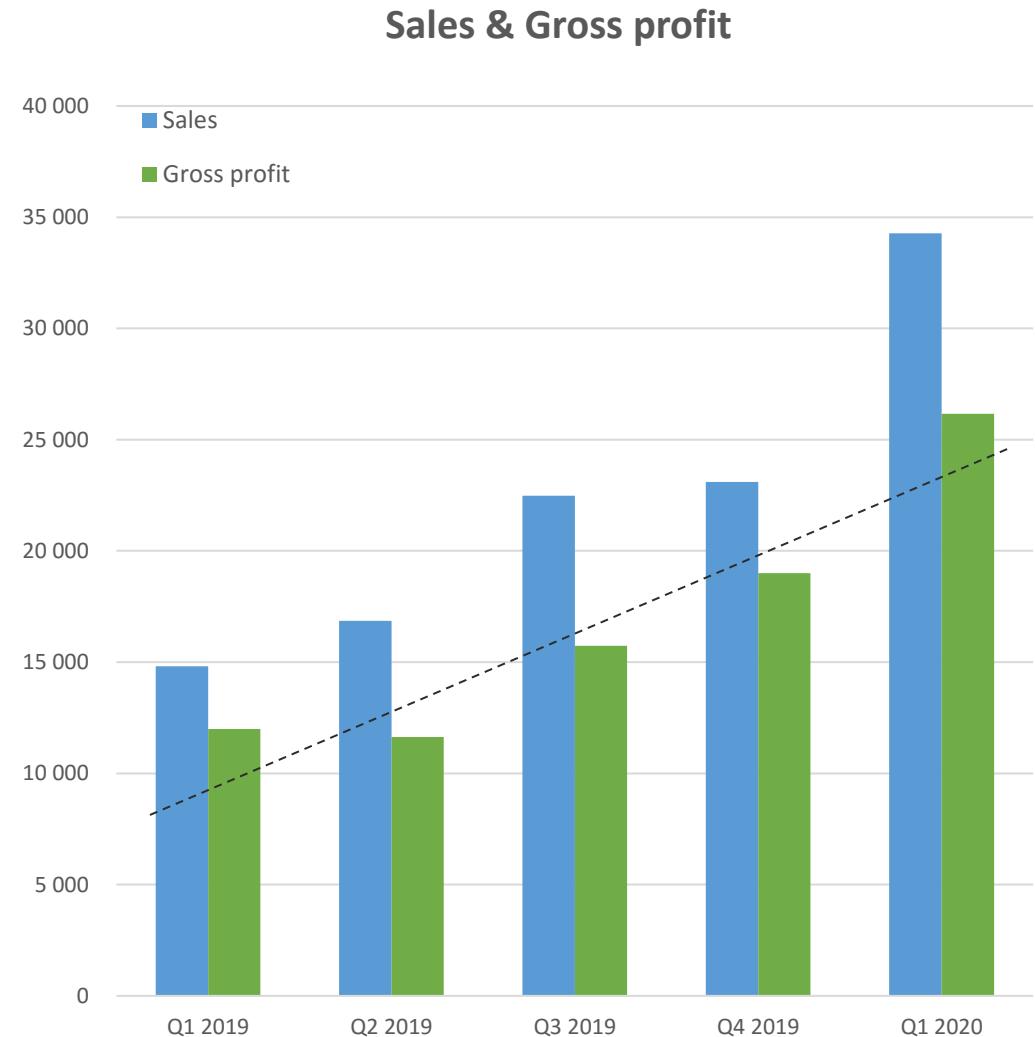
- Q1 Highlights
- ArcticZymes Update
- BetaGlucans Update
- Response to Coronavirus
- Q1 Financials
- Corporate Strategy



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

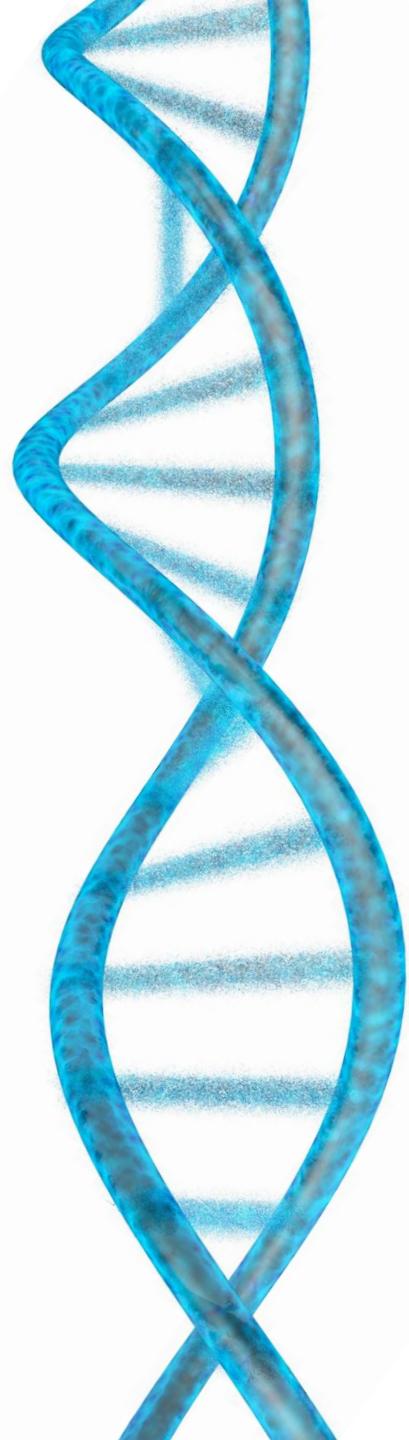
- Best quarterly financial performance
- Key attributors to growth
 - ✓ Salt Active Nuclease (SAN) product portfolio – starting to receive and expedite individual large bulk orders >1 MNOK
 - ✓ Upsides related to use of Cod UNG and DNase in COVID-19 diagnostic tests by several customers
- Putting coronavirus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

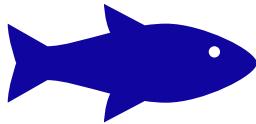


BetaGlucans

Animal Health, Consumer Health, SBG® Adjuvant
& Woulgan®

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
- Expedited 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

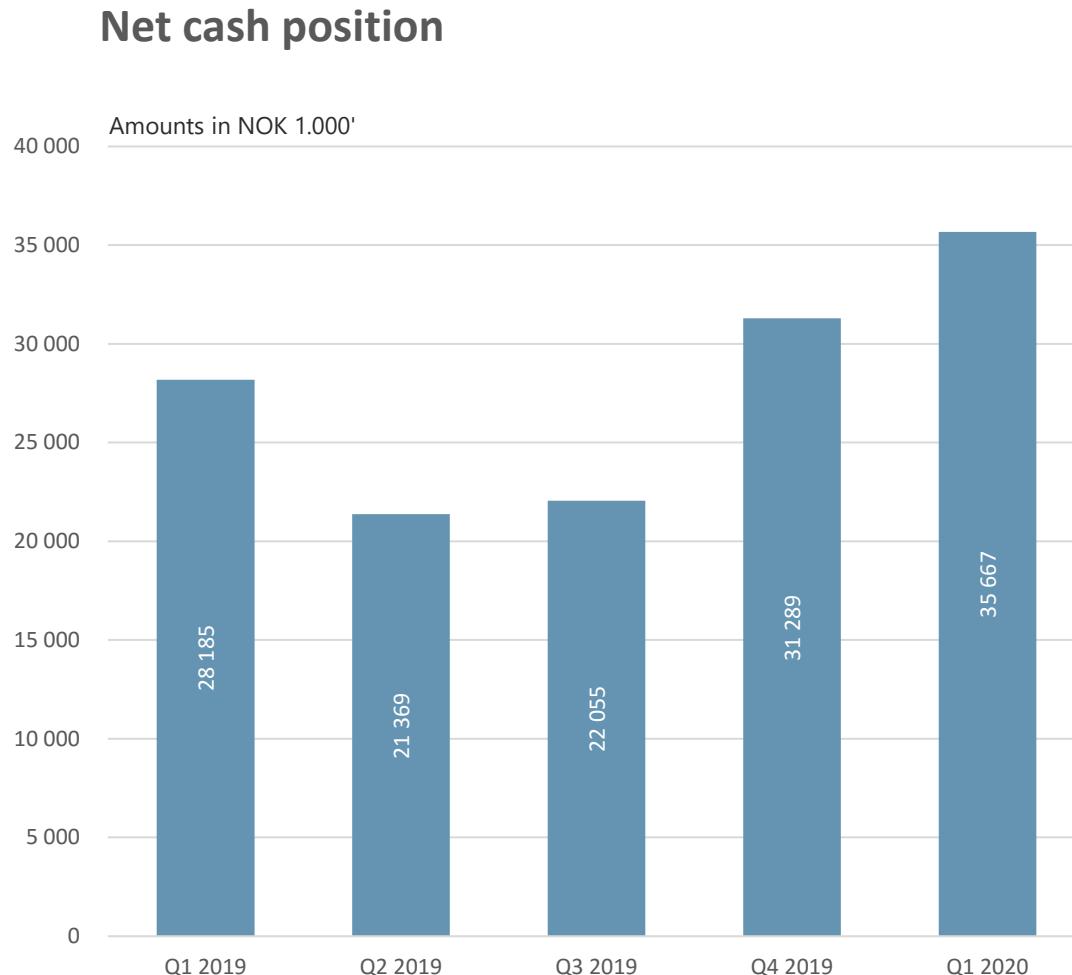
Company's Response

Response to Coronavirus Pandemic



Q1 Financials

Cash Flow Positive for 3rd Quarter in a Row



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)

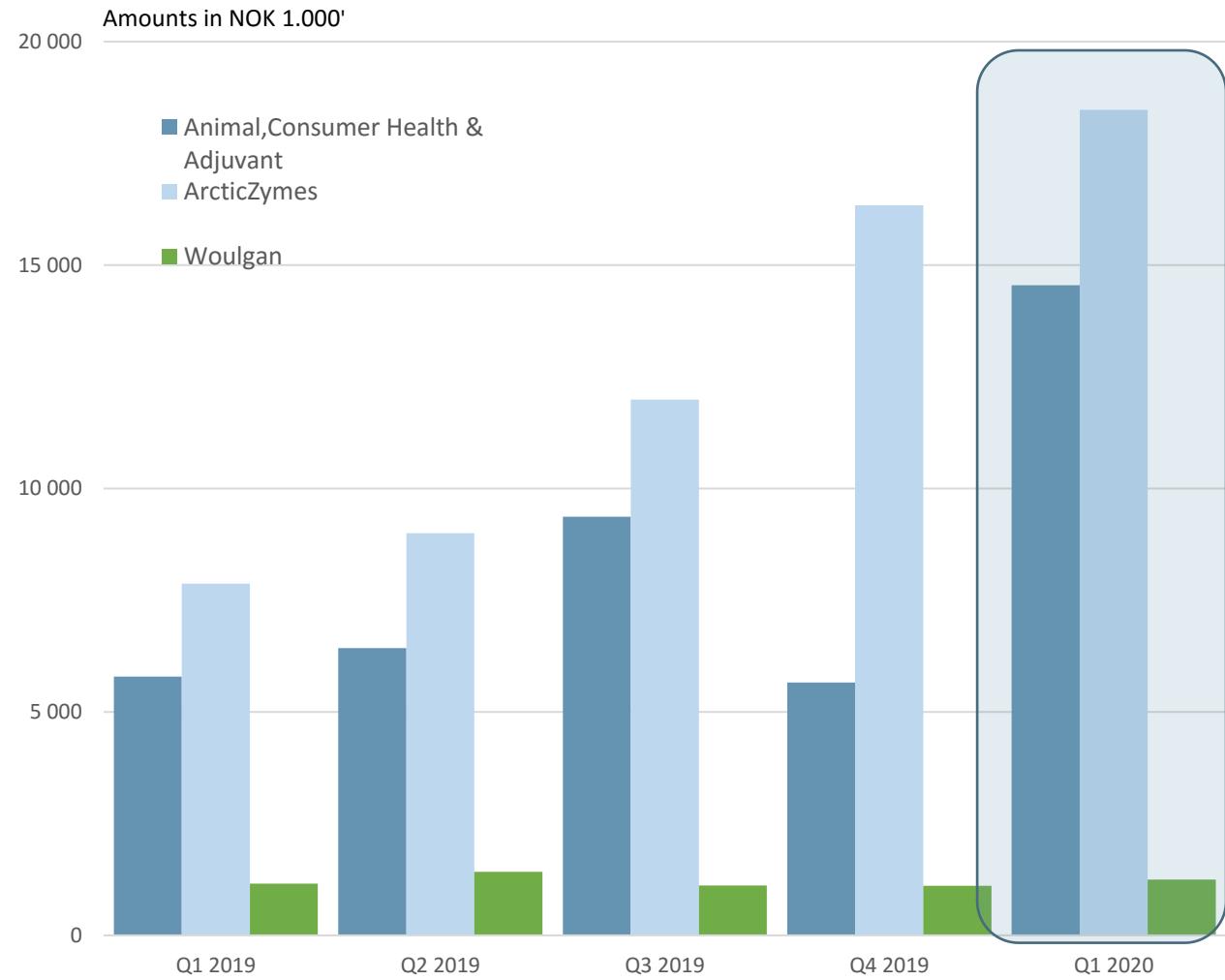
Cash balance of 35.7 MNOK end of Q1

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

Growth in All Areas

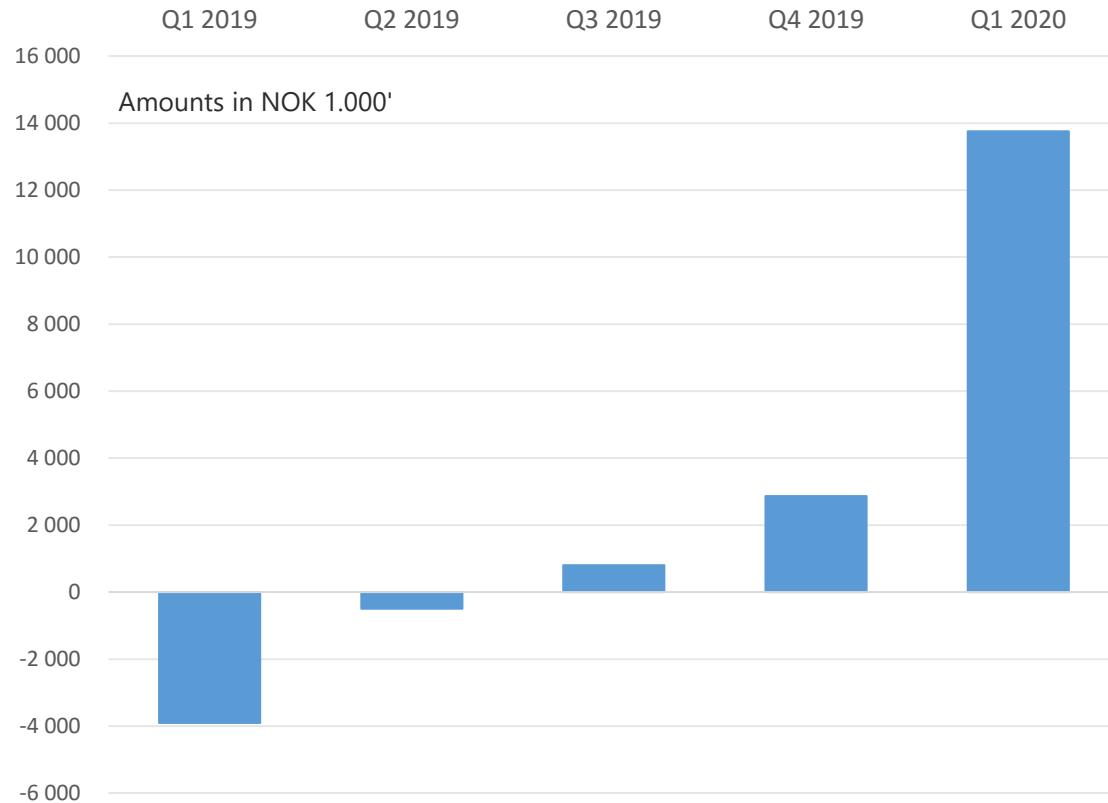
Segment	Q1 Sales
ArcticZymes	MNOK 18.5 (7.9)
Animal, Consumer Health & Adjuvant	MNOK 14.6 (5.7)
Woulgan®	MNOK 1.2 (1.2)
Group	MNOK 34.3 (14.8)

Biotec revenues per segment

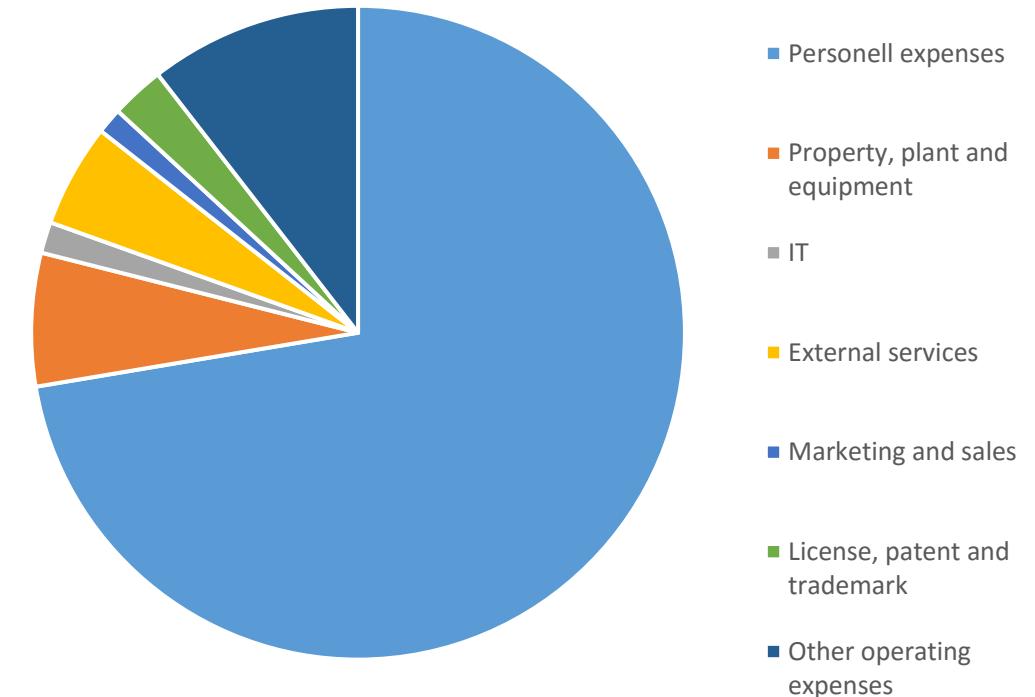


EBITDA All Time High....Again

EBITDA



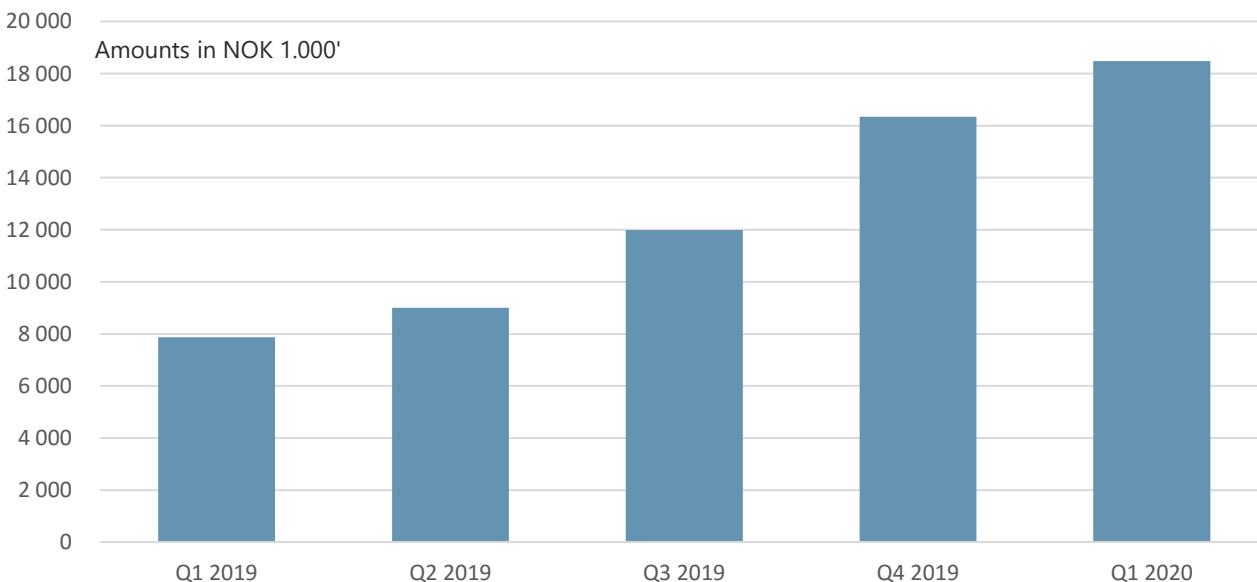
Operating Expenses



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

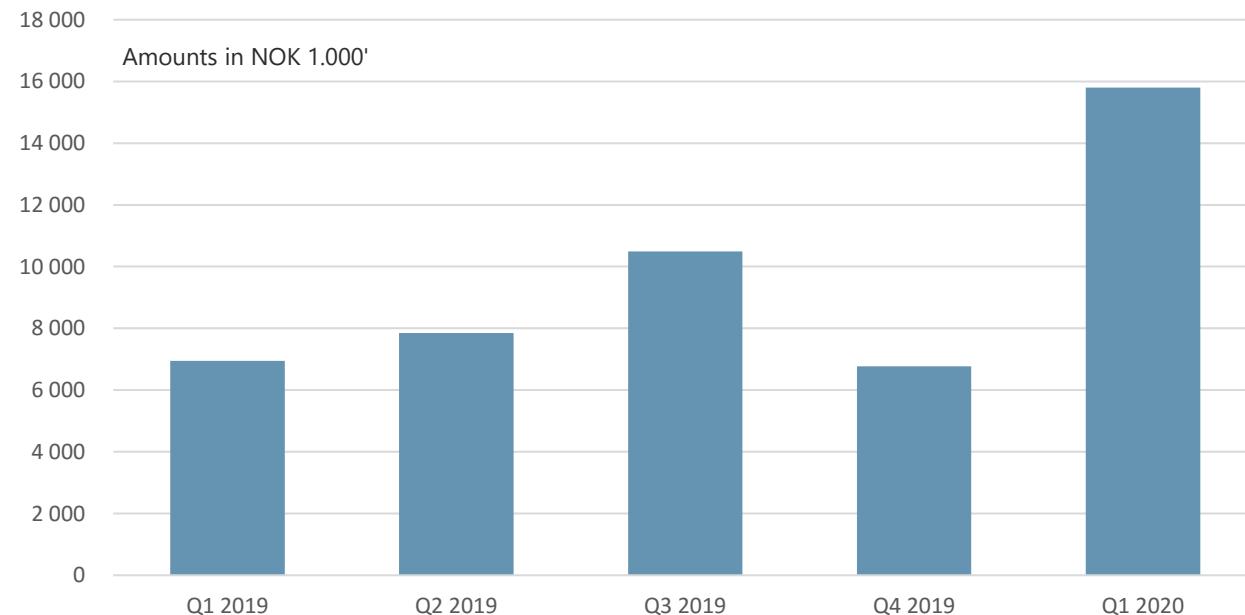


- Sales up by 10.6 MNOK or 135% compared to same quarter last year
- Operating expenses increased due to restructuring in Dec 2019, resulting in higher personnel expenses
- Sales growth in products outside of coronavirus related sales are as expected
- EBITDA passes 10 MNOK for the first time

BetaGlucans Performance

BetaGlucans (Amounts in NOK 1.000)	Q1		YTD	
	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



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THANK YOU

Reminder
AGM 14th May in Tromsø