NattoPharma ASA

3rd Quarter 2016

NattoPharma Interim Report 3rd Quarter 2016

Highlights in the third quarter of 2016

- Continued strong revenue growth of 76% in the quarter and 77% YTD;
- Cash management is still high priority, and cash balance at end of Q3 is NOK 20,3m, down NOK 0,4m from end of Q2
- New capacity came on line during Q3, with further capacity expansions underway;
- High level of media outreach, promotional and trade activities;
- Further strengthening of global commercial team.

Key numbers and facts

3rd Quarter 2016

- Revenue rose by 76 % to NOK 10,8 million
- Gross Margin for the period was 30,5 %
- Adj. EBITDA coming in at NOK -4,5 million
- Loss before tax was NOK -9,5 million

YTD September 2016

- Revenue rose by 77 % to NOK 36,6 million
- Gross Margin for the period was 44,5 %
- Adj. EBITDA coming in at NOK -6,7 million
- Loss before tax was NOK -19,3 million

OPERATIONAL REVIEW

For the third consecutive quarter we achieved strong revenue performance. Compared to same period prior year revenue grew 76%. As in prior quarters we experienced strong performance in the EU and US, with growing contributions from Brazil, Southwest Asia and Middle East / Africa.

Gross margin, while improved from prior year, experienced a decline compared to prior quarters. While disappointing, this is primarily a one-time issue related to the scale-up of a scheduled capacity addition. As volume has grown significantly (> 75%) we have executed on corresponding capacity expansions to meet this increase in demand. However, the timing of demand increases and effective availability of new capacity resulted in a need to incur unforecasted expenses to expedite commissioning and assure product availability. So while we were able to successfully meet increasing demand, we absorbed higher than anticipated product costs. However, we remain highly confident of our ability to achieve the higher margins that we demonstrated in the earlier part of the year. An additional production line is now in full operation and further lines are already in the process of being commissioned. Furthermore, both process development and optimization are expected to yield additional cost reductions in the near to mid term.

Along with strong top-line growth during the quarter, we were able to effectively manage cash balances. The Q3 ending cash balance as compared to the Q2 ending balance remained essentially unchanged.

Operating expenses came in higher than our quarterly target. Although total expenses were still approximately 16% lower than prior year quarter, our target was to achieve a 30% reduction. There were two factors that explain the higher expense number; both were largely period (one-time) occurrences, and about half of the amount (approximately NOK 1.5M) was a non-cash item related to share and option compensation for board members and employees. The second factor was driven by management's decision to increase funding on two development projects based on promising results already realized and the near-term potential for positive commercial impacts in both cases.

Several important new studies were issued during the period, all of which reinforced the critical role that vitamin K2 plays in cardio health. This is highly relevant commercially as the cardio segment has the potential to drive enormous growth going forward. Highlights included:

- Vitamin K2, but not K1, was shown again to impact cardiovascular health. The result showed that high intake of menaquinones was associated with reduced risk of CHD (cardiovascular heart disease) in hypersensitive patients, while high intake of phylloquinone – Vitamin K1 was not associated with reduced risk.
- Another study confirmed that vitamin K2 positively impacted cardiovascular health while vitamin K1 did not have significant impact on coronary heart disease. This peripheral artery disease (PAD) study showed that high intake of menanquinoes (Vitamin K2) was associated with a reduced risk of PAD, while high intake of Vitamin K1 was not.
- Open Heart published a new paper that explored better strategies for optimizing bone strength and reducing risk of fracture, while at the same time decreasing risk of cardiovascular disease. The paper found that Vitamin K2 is recognized, along with vitamin D and magnesium, as essential in supporting strong bones and healthy arteries.

Marketing and trade show activities:

- NattoPharma attended CAM Expo (Complementary, Natural and Integrated Healthcare Show) held in London.
- A highlight of the show was the company's participation in an extremely well-received launch of a novel product: a combination of MenaQ7 and high-DHA omega-3 in a new brand by Wiley's Finest. Called *Beginner's DHA*, the product is a specially formulated combination for children. The support program included extensive retail promotion, including: development of Practitioner

Education Concepts; Establishing PR to the UK trade; and initial consumer PR activities.
- Nattopharma also had a presence at FIA (Jakarta) and CPHI (Barcelona)

Expanding sales footprint:
- We increased our direct selling capabilities with the addition of an experienced sales executive to the team in the US.
- Nattopharma continued to extend its global reach via new distributor partnerships. We have now gained capabilities in Russia and in countries in Southwest Asia. In a related initiative we saw the launch of a food product fortified with our MenaQ7, the first of several such projects in the commercial pipeline.

The company achieved several milestones in the area of intellectual property and patents.
- Importantly, we continued to strengthen our IP portfolio in the cardiovascular treatment and prevention landscape.
- NattoPharma obtained improved proprietary method of use claims, including treatment and expanded prevention, in key markets while actively pursuing additional IPR. This included the publishing in the US of Patent 9,364,447. This patent describes a method of treating or reducing the incidence of age-related stiffening of arteries. It provides provisional rights to the owner to seek reasonable compensation from those that infringe on the claims (step prior to formal granting, and already granted in EU)
- In the new area of weight control management Nattopharma gained patent# 2011343162, granted in Australia. This patent covers a method for weight reduction in an overweight or obese subjects wherein an effective amount of vitamin K is administered and maintained. Initial patents are being granted w/o loss of claims in additional countries. Related EU & US are pending.
- Finally, additional applications were either prepared or submitted during the period. These patents will both expand on current areas of focus and add new indications areas, with commercial relevance in both dietary supplements and pharmaceutical segments.

In addition to the R&D activities highlighted above, we made excellent progress on our application development initiatives in the form of our Advance Delivery Platform technology (ADP). Based on the excellent results from various formulation and stability trials performed, we expect to launch several new and unique delivery systems in the coming months. This expanded offering will provide our customers with several "best fit" delivery system alternatives, depending on their desired form of final consumer product. This is a new and novel approach within the vitamin K2 market. And finally, our highly promising clinical research continued as outlined in prior quarter commentary. While these tend to be multi-year studies, we do expect to be able to share some exciting results in the coming two quarters.

FORWARD LOOKING

Overall we are quite pleased with our continued progress against our 7-point plan.
- Cash management;
- Globally competitive, highest quality MK-7;
- Revenue growth;
- Clinical research and customer-relevant applications development;
- Resource prioritization;
- Strategic partnerships; and
- Superb execution with a capable, global team.

We achieved excellent revenue and volume growth; we maintained cash balance in a high-growth environment; our clinical research and applications development are meeting our expectations; we expanded our commercial team with an industry professional in the US and at the same time realized greater market access across multiple regions. While our product margin was disappointing in Q3, due to in-period delays in the scale-up of capacity additions, these are very much project-driven, one-time operational expenses and do not alter our outlook on the margins we have previously demonstrated and that we expect in steady-state production. In the meantime we will continue to drive our message in the marketplace while remaining focused on our operating objectives. As our most recent capacity addition comes fully on line in the coming quarter we expect that our margin will return to expected levels, and with it our expectation of positive EBITDA.

3rd Quarter Financial Review

Despite the traditionally slower third quarter, Q3-2016 continued the robust revenue growth from the first two quarters, with an increase of 76% compared to same period last year.

Numbers in NOK million	Q3'16	Q3'15	Change
Revenue	10,82	6,15	76 %

This is the 16th consecutive quarter of sales growth as compared to prior year same quarter sales.

Numbers in NOK million	YTD Sept'16	YTD Sept'15	Change
Revenue	36,63	20,67	77 %

Revenue growth for the first three quarters of 2016, compared to same period last year, was approximately 77%.

Gross Margin for the period improved compared to same period previous year, and came in at 30,5 % in the quarter. The Gross Margin declined compared to previous quarters this year, and this is due to a one-off effect based on timing of increasing demand and the effective availability of new capacity. Please see the operational review section for more information on this issue.

Numbers in NOK million	Q3'16	Q3'15	Change
Gross Profit	3,3	1,4	1,9
Gross Margin	30,5 %	23,1 %	
Numbers in NOK million	**YTD Sept'16**	**YTD Sept'15**	**Change**
Gross Profit	16,3	5,5	10,8
Gross Margin	44,5 %	26,6 %	

The Gross Margin in the first nine months of the year is significantly better than the same period last year, this despite the lower margin experienced in Q3 as mentioned above. The better Gross Margin is a combination of commercial scale synthetic production, balanced product mix and continued gains in supply chain and procurement costs as communicated in earlier reports this year.

Operating expenses came in approximately NOK 1,8 million lower than same quarter last year, and approximately NOK 0,2 million higher compared to the first 9 months of 2015.

Numbers in NOK 1,000	Q3'16	Q3'15	Change
Personnel Cost	4,3	3,4	0,9
Other OpEx	5,0	7,7	-2,7
Total OpEx	**9,3**	**11,1**	**-1,8**
Numbers in NOK 1,000	**YTD Sept'16**	**YTD Sept'15**	**Change**
Personnel Cost	12,4	8,9	3,5
Other OpEx	13,2	16,5	-3,3
Total OpEx	**25,6**	**25,4**	**0,2**

Non-cash cost related to options and shares granted to strategic partners and key employees have been expensed in the 3rd Quarter with NOK 1,44 million. Corrected for this the Operating Expenses in the quarter were approximately NOK 3,24 million lower than the same quarter last year.

Other Operating Expenses of NOK 5.0 million in the quarter include R&D and IP related expenses of approx. NOK 1.5 million, Sales & Marketing and related cost of approx. NOK 1.0 million, and non-cash cost related to shares is close to NOK 1.0 million.

Earnings Before Interest, Tax & Depreciation (EBITDA) was NOK -5,9 million for the period.

Numbers in NOK million	Q3'16	Q3'15	Change
EBITDA	-5,9	-9,7	3,8
EBITDA Margin	-55,2 %	-157,0 %	
Numbers in NOK million	YTD Sept'16	YTD Sept'15	Change
EBITDA	-9,3	-19,9	10,6
EBITDA Margin	-25,4 %	-96,0 %	

The EBITDA Margin was significantly impacted by the low Gross Margin in the period, together with the above mentioned non-cash cost related to shares and options granted to key employees and strategic partners of NOK 1,44 million.

EBITDA corrected for non-cash cost related to shares and options was NOK -4,5 million, an improvement of 5,2 million compared to same quarter in 2015.

Depreciation in the third quarter was NOK 1,8 million, and NOK 5,2 million for the first 9 months. This mainly applies to depreciation of intangible assets related to the acquisition of NattoPharma R&D Ltd.

Net financial items in the third quarter was NOK -1,8 million, and NOK -4,9 million for the first 9 months. Net finance cost in the first 9 months was highly impacted by the first quarter strengthening of NOK versus both USD and EUR.

Total assets at the end of Q3'16 were as follows,

Numbers in NOK million	Q3'16	Q4'15	Change
Non-Current Assets	48,6	57,0	-8,4
Current Assets	41,7	51,7	-10,0
Total Assets	**90,3**	**108,7**	**-18,4**

Cash and cash equivalents totaled NOK 20,3 million of current assets, compared to NOK 20,7 million at the end of the previous quarter this year. As per December 31st 2015, the corresponding figure equaled NOK 24,7 million.

Trade and other receivables of NOK 17,9 million can be broken down to NOK 9,4 million in trade receivables, NOK 1,5 million in pre-payments and NOK 7,0 million in other receivables, including NOK 3,6 million related to SkatteFunn funds, where NOK 2,8 million is received in October 2016. Management believes there is no risk related to recoverability of trade receivables of NOK 9,4 million.

Working capital development continues to be a priority for the management. Investment in working capital has gone down in the third quarter compared to the first two quarters of the year. Barring any unforeseen events, and any investments in fixed assets or other financial investments, management believe that the current cash balance is sufficient to sustain the expected business growth.

Total equity and liabilities at the end of Q3 can be broken down in the following categories:

Numbers in NOK million	Q3'16	Q4'15	Change
Total Equity	75,8	92,8	-17,0
Non-Current Liabilities	4,9	5,7	-0,8
Current Liabilities	9,6	10,2	-0,6
Total Assets	**90,3**	**108,7**	**-18,4**

Equity ratio at the end of Q3'16 was 83.9 % compared to 85.3 % as per December 31st 2015.

NattoPharma's financial position is considered strong. The company has no long-term debt beyond deferred tax of NOK 4.9 million.

Other issues

For transactions between related parties, see note 5.

The Board of Directors of NattoPharma has in board proceedings July 21st, 2016 granted a total of 312 500 options to management, key employees and strategic partners. The following persons have been granted options in this program:

	Granted Options	Options prior to grant	Options post grant
Daniel H Rosenbaum	75,000	0	75,000
Kjetil Ramsøy	37,500	0	37,500
Eric Anderson	25,000	0	25,000
Rudi de Man	25,000	0	25,000
William Sommer	25,000	0	25,000
Laura Bakker	12,500	0	12,500
Mike Dornish	12,500	0	12,500
Hogne Vik	100,000	0	100,000

The options are vested immediately upon grant, and can be exercised within March 31st, 2018. The strike price is NOK 9,16 per share option, and is equal to the volume weighted average price the last 10 trading days as of July 21st, 2016.

Further, in board proceedings on July 21st, the Board of Directors resolved to increase the share capital with a total of NOK 375,000 by issuing 125,000 shares each at a par value of NOK 3,00 per share. The following strategic partners were granted rights to subscribe shares in this share issue:

	Granted shares	Shares prior to grant	Shares post grant
Katarzyna Maresz	100,000	0	100,000
Complementary Medicines Group	25,000	0	25,000

This share issue has been completed, and the new share capital of NOK 375,000 was registered in

Foretaksregistret on October 4th, 2016, and the new share capital after this share issue is NOK 52,709,799, divided by 17,569,933 shares each with a par value of NOK 3,00.

Statement from The Board of Directors and CEO

We confirm to the best of our knowledge, that the consolidated financial statements as at 30 September 2016, and for the period 01 January to 30 September 2016, have been prepared in accordance with IAS 34 "Interim Financial Reporting", and that the Interim Management Report for 2016 are presented in accordance with Accounting and generally accepted accounting principles in Norway, and that the accounts give a true and fair view of the company's assets, liabilities, financial position and results as a whole. We also declare that the interim report gives a fair review of the development, performance and position of the company and the group, together with a description of the principal risks and uncertainties for the Company and the Group for the remaining 3 months of this year.

Høvik, November 15th 2016

Board of Directors

Frode M. Bohan Chairman	Christopher von Schirach-Smigiel Board Member	Stefan Hallden Board Member
Katarzyna Maresz Board Member	Annette Elmqvist Board Member	Daniel H. Rosenbaum CEO, NattoPharma Group

Consolidated Income statement for the 3rd Quarter 2016

					NattoPharma ASA
(Numbers in 1 000 NOK)	Note	01.07-30.09 2016 *(unaudited)*	01.07-30.09 2015 *(unaudited)*	01.01-30.09 2016 *(unaudited)*	01.01-30.09 2015 *(unaudited)*
REVENUE					
Revenue		10 776	6 151	36 502	20 660
Other revenue		49	-	126	-
TOTAL REVENUE AND OTHER INCOME		**10 825**	**6 151**	**36 628**	**20 660**
OPERATING EXPENSES					
Cost of goods sold		-7 518	-4 729	-20 347	-15 157
Salaries and benefits		- 4 285	-3 438	-12 442	-8 868
Depreciation and amortisation		-1 771	-1 475	-5 152	-4 293
Other operating expenses 1)		-5 001	-7 662	-13 166	-16 512
TOTAL OPERATING EXPENSES		**-18 575**	**-17 304**	**-51 107**	**-44 830**
OPERATING PROFIT / LOSS		**-7 750**	**-11 153**	**-14 479**	**-24 170**
FINANCE INCOME AND EXPENSES					
Interest income		38	53	126	105
Interest expense		34	-	-911	-107
Other finance income/-expense		-1 880	2 765	-4 076	-4 253
NET FINANCE		**-1 808**	**2 818**	**-4 861**	**4 251**
(LOSS)/PROFIT BEFORE INCOME TAX		**-9 558**	**-8 335**	**-19 340**	**-19 919**
Income tax		175	173	531	499
NET (LOSS)/PROFIT		**-9 383**	**-8 162**	**-18 809**	**-19 420**
Loss per share (weighted average number of shares in period)		**-0,54**	**-0,47**	**-1,09**	**-1,26**

1) *See comments in Financial Review above, page 5*

COMPREHENSIVE INCOME	01.07-30.09 2016 *(unaudited)*	01.04-30.06 2015 *(unaudited)*	01.01-30.06 2016 *(unaudited)*	01.01-30.06 2015 *(unaudited)*
Loss for the period	**-9 383**	**-8 122**	**-18 809**	**-19 420**
Other comprehensive income to be reclassified to profit or loss in subsequent period				
Translation difference	-623	2 938	-1 068	1 348
Total other comprehensive income	**-623**	**2 938**	**-1 068**	**-1 348**
Total comprehensive income for the period	**-10 007**	**-5 184**	**-19 877**	**-18 072**

Balance sheet – Assets

(Numbers in 1 000 NOK)	Note	NattoPharma ASA 30.09 2016 *(unaudited)*	 31.12 2015
NON CURRENT ASSETS			
INTANGIBLE ASSETS			
Goodwill		6 782	7 259
Intangible Assets – IP and patents		39 227	46 599
TOTAL INTANGIBLE ASSETS		**46 010**	**53 858**
OTHER NON-CURRENT ASSETS			
Property, Plant & Equipment		2 601	3 195
TOTAL OTHER NON-CURRENT ASSETS		**2 601**	**3 195**
TOTAL NON CURRENT ASSETS		**48 610**	**57 053**
CURRENT ASSETS			
Inventory		3 461	6 327
Trade and Other Receivables [1)]		17 899	20 578
Cash & Cash Equivalents		20 354	24 761
TOTAL CURRENT ASSETS		**41 714**	**51 666**
TOTAL ASSETS		**90 324**	**108 719**

1) *See comments in Financial Review above, page 6*

Balance sheet – Equity and liabilities

(Numbers in 1 000 NOK)	Note	NattoPharma ASA 30.09 2016 *(unaudited)*	 31.12 2015
EQUITY			
PAID IN EQUITY			
Share Capital	2,3	52 313	51 398
Share Premium Reserve		113 102	113 269
TOTAL PAID IN EQUITY		**165 415**	**164 667**
OTHER EQUITY			
Accumulated Loss		-93 754	-77 090
Translation Adjustment		4 157	5 225
TOTAL EQUITY		**75 818**	**92 802**
NON-CURRENT LIABILITIES			
Deferred Tax Liability		4 860	5 747
TOTAL NON-CURRENT LIABILITIES		**4 860**	**5 747**
CURRENT LIABILITIES			
Trade Payables		3 434	3 509
Other Current Liabilities		6 212	6 661
TOTAL CURRENT LIABILITIES		**9 646**	**10 170**
TOTAL EQUITY AND LIABILITIES		**90 324**	**108 719**

Cash Flow Statement

(Numbers in 1 000 NOK)	01.01-30.09 2016 *(unaudited)*	01.01-31.09 2015
OPERATING ACTIVITIES		
Loss before tax	-19 340	-11 627
Depreciation and amortization	5 152	2 819
Changes in working capital items:		
Inventory	2 866	1 332
Trade and other receivables	207	-11 237
Trade payables	-75	-305
Other short term items	4 170	-441
Finance (income)/expense	784	55
NET CASH FLOW FROM OPERATION ACTIVITIES	**-6 236**	**-25 815**
INVESTMENT ACTIVITIES		
Investments in property, plant & equipment	-224	-34
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**-224**	**-34**
FINANCING ACTIVITIES		
Proceeds from short term loans	0	5 000
Repayment of short term loan	0	-5 000
Transactions Cost / Proceeds from share issue	748	45 308
Finance income/(expense)	-784	-55
NET CASH FLOW FROM FINANCIAL ACTIVITIES	**-36**	**45 253**
Net change in cash and cash equivalents	-6 496	25 815
Effect of currency	2 090	-238
Cash and cash equivalents 1.1	24 761	13 101
CASH AND CASH EQUIVALENTS AS PER 30 SEPTEMBER	**20 354**	**38 678**

Changes in Equity

(Numbers in 1 000 NOK)	Share capital	Share premium	Non controlling interest	Accumulated loss	Translation Adjustment	Total Equity
Equity as per 01.01.2015	40 706	78 737	-	-47 329	3 605	75 719
Total comprehensive income for the period				-31 568	1620	-29 948
Equity based remuneration				1807		1 807
Share issue	10 714	39 286				50 000
Transaction costs		-4 691				-4 691
Purchase of own shares	-22	-63				-85
EQUITY AS PER 31.12.2015	**51 398**	**113 269**	**-**	**-77 090**	**5 225**	**92 802**
Equity as per 01.01.2016	51 398	113 269	-	-77 090	5 225	92 802
Total comprehensive income for the period				-18 809	-1 068	-19 877
Equity based remuneration				2 145		2 145
Share issue	915					915
Share issue transaction costs		-167				-167
EQUITY AS PER 30.09.2016	**52 313**	**113 102**	**-**	**-93 754**	**4 157**	**75 817**

Notes to consolidated accounts as per September 30th 2016

1. ACCOUNTING PRINCIPLES

Interim reports are prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The report does not contain all information necessary in a full annual report, and must be read in conjunction with the consolidated financial statements for NattoPharma ASA for the fiscal year leading up to and including 31. December 2015. From Q3 2013, the company is a group with subsidiaries in the USA and Cyprus, respectively NattoPharma USA, Inc. and NattoPharma R&D Ltd.

The interim report, which is not audited, was approved by the company's board of directors on 15th November 2016.

2. SHARE CAPITAL

As per 30 September 2016, the share capital is NOK 521 334 799 based on a total number of shares issued equal to 17 444 933 each with a face value of NOK 3. In board proceedings on July 21st, the Board of Directors resolved to increase the share capital with a total of NOK 375,000 by issuing 125,000 shares each at a par value of NOK 3,00 per share. The new share capital of NOK 375,000 was registered in Foretaksregistret on October 4th, 2016, and the new share capital after this share issue is NOK 52,709,799, divided by 17,569,933 shares each with a par value of NOK 3,00.

3. SHAREHOLDER INFORMATION

List of the 20 largest shareholders as of September 30th 2016:

#	Shareholder Name	Type	# of Shares	% Ownership	% of Total	% of Top 20
1	KG investment Comp AS	Ordinær	2 235 343	12,81 %	12,81 %	16,96 %
2	Svenska Handelsbanken, Stockholm	Nominee	2 100 553	12,04 %	24,85 %	15,94 %
3	Six Sis AG	Nominee	1 735 941	9,95 %	34,81 %	13,17 %
4	Novel Nutrition Network Ltd., Cyprus [a)]	Ordinær	1 436 000	8,23 %	43,04 %	10,90 %
5	Pro AS	Ordinær	852 687	4,89 %	47,93 %	6,47 %
6	Bohan & Co AS [b)]	Ordinær	783 455	4,49 %	52,42 %	5,94 %
7	Avanza Bank AB	Nominee	653 894	3,75 %	56,16 %	4,96 %
8	Eng AS [c)]	Ordinær	556 480	3,19 %	59,35 %	4,22 %
9	Citibank N.A.	Nominee	487 060	2,79 %	62,15 %	3,70 %
10	TG Montgomery AS [b)]	Ordinær	385 186	2,21 %	64,35 %	2,92 %
11	Nielsen, Trygve	Ordinær	319 900	1,83 %	66,19 %	2,43 %
12	MP Pensjon	Ordinær	307 647	1,76 %	67,95 %	2,33 %
13	Bjerkenes Holding AS, Jan Fredrik Bjerkenes	Ordinær	300 000	1,72 %	69,67 %	2,28 %
14	NxT Capital Ltd. [b)]	Ordinær	200 000	1,15 %	70,82 %	1,52 %
15	Nordnet Livsforsikring AS	Ordinær	166 966	0,96 %	71,78 %	1,27 %
16	Log, John Bjarne	Ordinær	157 000	0,90 %	72,68 %	1,19 %
17	Vrenne, Stein Ole	Ordinær	152 776	0,88 %	73,55 %	1,16 %
18	Hovde, Reidar	Ordinær	131 401	0,75 %	74,30 %	1,00 %
19	E. Larre Holding AS	Ordinær	111 500	0,64 %	74,94 %	0,85 %
20	3LP Norge AS	Ordinær	105 000	0,60 %	75,55 %	0,80 %
	Total 20 Largest Shareholders		13 178 789	75,55 %		
	Remaining Shareholders		4 266 144	24,45 %		
	Total All Shareholders		17 444 933	100 %		

a) *Shares controlled by Piotr Jandziak, CEO EuroPharma Alliance Sp Z.o.o. and Director Vitasynth SP Z o.o.*
b) *Shares controlled, directly and indirectly, by Frode M. Bohan, Cairman of the Board, NattoPharma ASA*
c) *Shares controlled by Hogne Vik, Chief Medical Officer, NattoPharma ASA*

4. SEGMENT AND REVENUE REPORTERING

The Company operates in one segment for reporting purposes. The company offers vitamin k2, in natural and synthetic form, in several different geographical markets. Management considers the risk profile and profitability to be approximately equal in all these geographic markets. Management and the Board considers therefore that the company operates as one unit in assessments and decisions about allocating resources and investments.

5. RELATED PARTIES

Entity	Related Party	Balance 30.06.2016	Transactions Sales	Purchases	Loans	Interest
EuroPharma Alliance SP Z oo	Piotr Jandziak	5 794	10 577	1 458	-	55
ImmunoPharma AS	F. Bohan / H. Vik	-194	-	350	-	-
Seminarium Spolka Jawna	Piotr Jandziak	-	-	676	-	-
Eqology AS	Frode Bohan	-2	874	44	-	-
TG Montgomery AS	Frode Bohan	-	108	-	-	26
Eng AS	Hogne Vik	-	-	150	-	-

All numbers in NOK 1,000

Description:

1. EuroPharma Alliance Sp zoo (EPA), Poland has a longstanding customer relationship with NattoPharma ASA and has from fall 2014 been engaged in the production of the Company's new synthetic vitamin K2 product. Piotr Jandziak is the CEO of EuroPharma Alliance Sp zoo. EPA is also a supplier of finished products to TG Montgomery AS.
2. ImmunoPharma AS has supplied graphical and R&D services. Frode Bohan is the Chairman in both ImmunoPharma AS and NattoPharma ASA.
3. Seminarium Spolka Jawna is supplying services related to the production of the Company's new synthetic vitamin K2 product. The company is controlled by Piotr Jandziak.
4. NattoPharma ASA is providing some accounting support to Eqology AS. Frode Bohan is chairman in both companies.
5. TG Montgomery had a loan with NattoPharma ASA which was paid at due date in May 2016. Frode Bohan is, through his ownership in NxT Capital Ltd, a major shareholder in TG Montgomery AS.
6. Eng AS has supplied some consultancy services on R&D projects. Eng AS is controlled by Hogne Vik, CMO NattoPharma ASA

6. EVENTS AFTER BALANCE DATE

There are no material events that have taken place after the balance date which is not accounted for above.

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RECONCILIATION OF NON-GAAP MEASURES

Reconciliation of Gross Profit (Margin)

					NattoPharma ASA
(Numbers in 1 000 NOK)	**Note**	**01.07-30.09 2016** *(unaudited)*	**01.07-30.09 2015** *(unaudited)*	**01.01-30.09 2016** *(unaudited)*	**01.01-30.09 2015** *(unaudited)*
REVENUE					
Revenue		10 776	6 151	36 502	20 660
Other revenue		49	-	126	-
TOTAL REVENUE AND OTHER INCOME		**10 825**	**6 151**	**36 628**	**20 660**
OPERATING EXPENSES					
Cost of goods sold		-7 518	-4 729	-20 347	-15 157
TOTAL COST OF GOODS SOLD		**-7 518**	**-4 729**	**-20 347**	**-15 157**
GROSS PROFIT		**3 307**	**1 422**	**16 281**	**5 503**
GROSS MARGIN		**30,5 %**	**23,2 %**	**44,5 %**	**26,6 %**

Reconciliation of EBITDA (earnings before interest, tax, depreciation and amortization)

					NattoPharma ASA
(Numbers in 1 000 NOK)	**Note**	**01.07-30.09 2016** *(unaudited)*	**01.07-30.09 2015** *(unaudited)*	**01.01-30.09 2016** *(unaudited)*	**01.01-30.09 2015** *(unaudited)*
REVENUE					
Revenue		10 776	6 151	36 502	20 660
Other revenue		49	-	126	-
TOTAL REVENUE AND OTHER INCOME		**10 825**	**6 151**	**36 628**	**20 660**
OPERATING EXPENSES					
Cost of goods sold		-7 518	-4 729	-20 347	-15 157
Salaries and benefits		-4 285	-3 438	-12 442	-8 868
Other operating expenses		-5 001	-7 662	-13 166	-16 512
TOTAL OPERATING EXPENSES, excl. Depreciation & Amortization		**-16 804**	**-15 829**	**-45 955**	**-40 537**
EBITDA		**-5 979**	**-9 678**	**-9 327**	**-19 877**