

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

NattoPharma ASA

4th Quarter 2014

CEO Hogne Vik

26th of February 2015

Disclaimer

This presentation includes forward-looking statements regarding NattoPharma ASA, including projections and expectations, which involve risk and uncertainty. Such statements are included without any guarantees to their future realization. Although NattoPharma ASA believes that the expectations regarding the Company reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such projections will be fulfilled. Any such forward-looking statement must be considered along with knowledge that actual events or results may vary materially from such predictions due to, among other things, political, economic, financial or legal changes in the markets in which NattoPharma ASA does business, and competitive developments or risks inherent to the Company's business plans. Many of these factors are beyond NattoPharma ASA's ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. The Company does not intend, and does not assume any obligation, to update the forward-looking statements included in this presentation as of any date subsequent to the date hereof.

Q4 2014 Headlines

Q4 2014 Headlines

[Introduction](#)

[Financials Q4 2014](#)

[Production](#)

[Science & Patents](#)

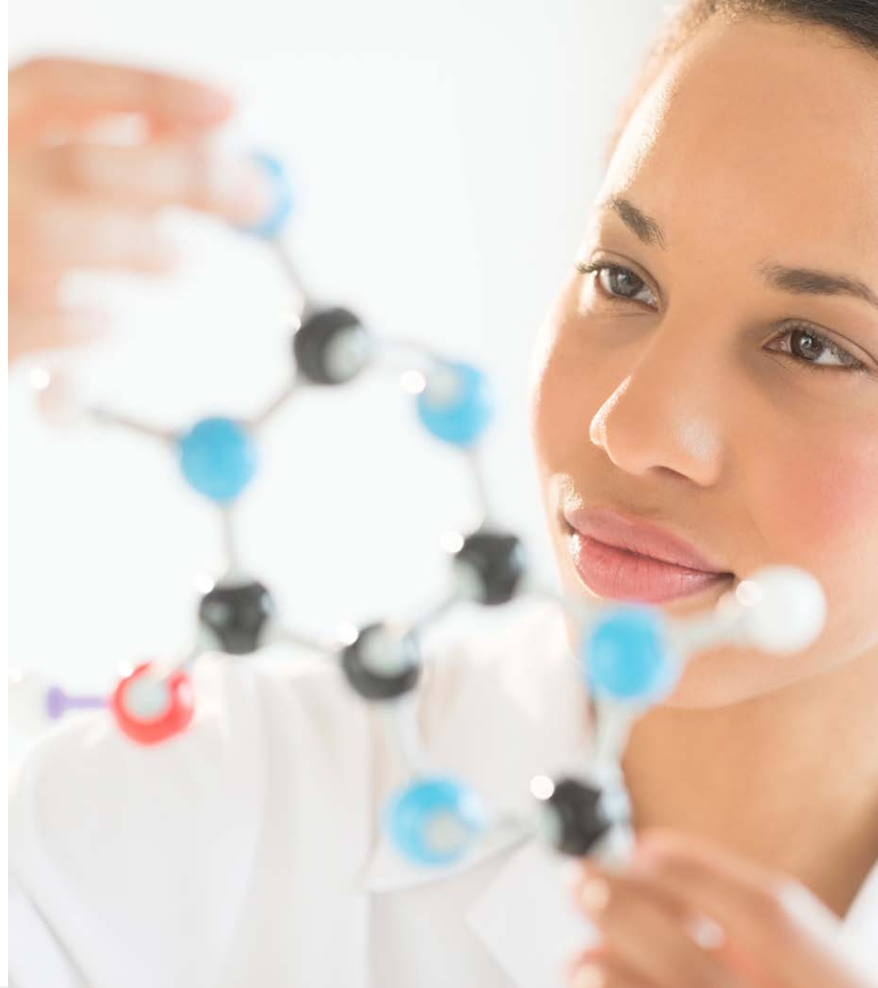
[Products & Markets](#)

[Pharma development](#)

[Business expansion](#)

- New record quarter - Revenues + 120 %
- Pharma development before schedule
- First industrial batch of Mena Q7 PURE delivered
- Cardiovascular part of 3-year study
- Preparation for dual listing

Introduction



Age-related bone loss and osteoporosis

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

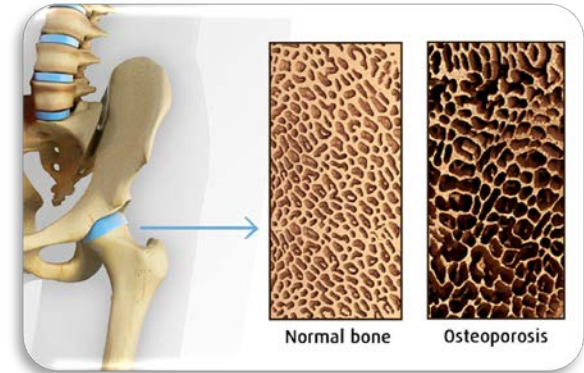
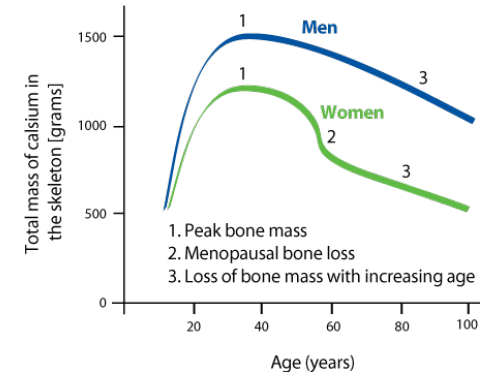
Science & Patents

Products & Markets

Pharma development

Business expansion

- Bone mass peaks around the age of 30-40. Thereafter, it drops gradually with increasing age.
- Postmenopausal women are particularly exposed to age-related bone loss and subsequent risk of osteoporosis.
- Osteoporosis affects 75 million people in Europe, US and Japan.
- 45% of women and 20–25% of men over the age of 50 will experience fractures.



Vascular calcification

Q4 2014 Headlines

[Introduction](#)

[Financials Q4 2014](#)

[Production](#)

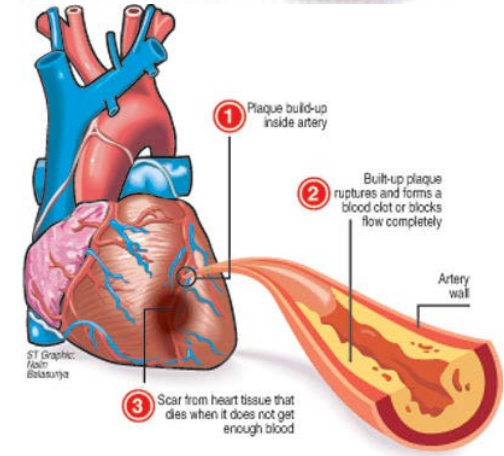
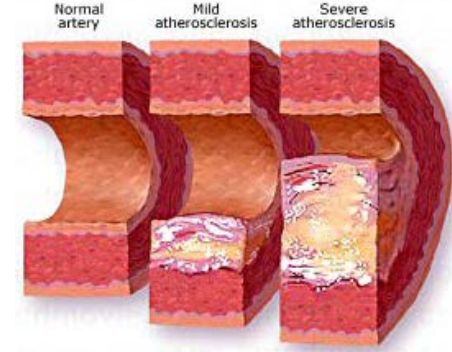
[Science & Patents](#)

[Products & Markets](#)

[Pharma development](#)

[Business expansion](#)

- Cardiovascular disease is the most common cause of death in the Western world.
- Excess calcium builds up in the vessel walls, causing stiffening of the walls and build-up of plaque in the arteries.
- Arterial constrictions in the body cause increased blood pressure , increased workload for the heart and may end in chronic heart failure.
- Constrictions of the coronary areteries cause reduced blood supply to the heart and may lead to coronary infarction.



The connection: Calcium

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

Osteoporosis



Not enough calcium
in the bones

Vascular calcification



Too much calcium
in the vessel walls

«The calcium paradox»

The solution: Vitamin K2 as MK-7 (MenaQ7™)

Q4 2014 Headlines

Introduction

Financials Q4 2014

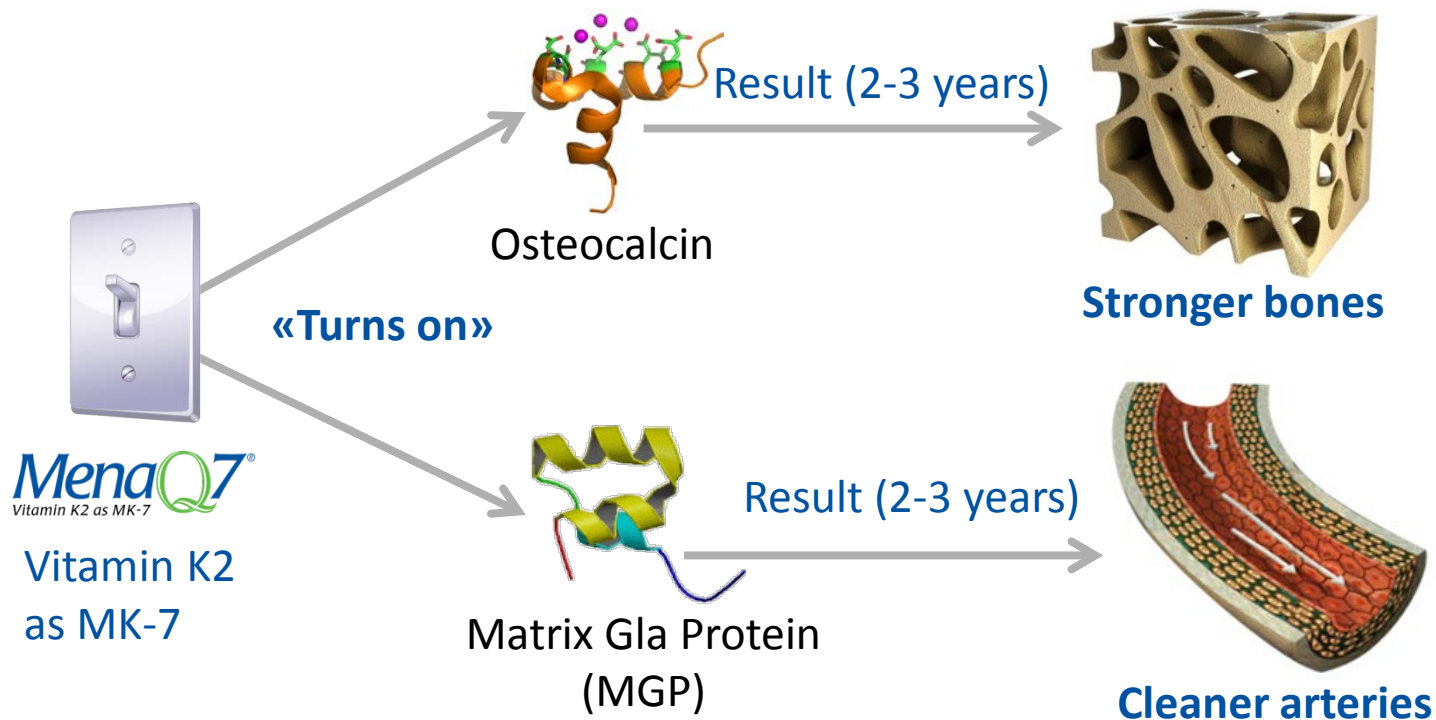
Production

Science & Patents

Products & Markets

Pharma development

Business expansion



Financials Q4 2014



Income statement

[Q4 2014 Headlines](#)

[Introduction](#)

[Financials Q4 2014](#)

[Production](#)

[Science & Patents](#)

[Products & Markets](#)

[Pharma development](#)

[Business expansion](#)

M NOK	2014	Q4 2014	2013	Q4 2013
Sales Revenue	25,5	10,7	16,4	4,9
Operating Expenses	-49,5	-15,9	-27,2	-7,1
EBITDA	-18,5	-3,7	-10,0	-1,6
Net Financials	2,1	1,8	11,2	12,0
Net Earnings	-21,2	-3,2	0,4	9,9

Revenues

[Q4 2014 Headlines](#)

[Introduction](#)

[Financials Q4 2014](#)

[Production](#)

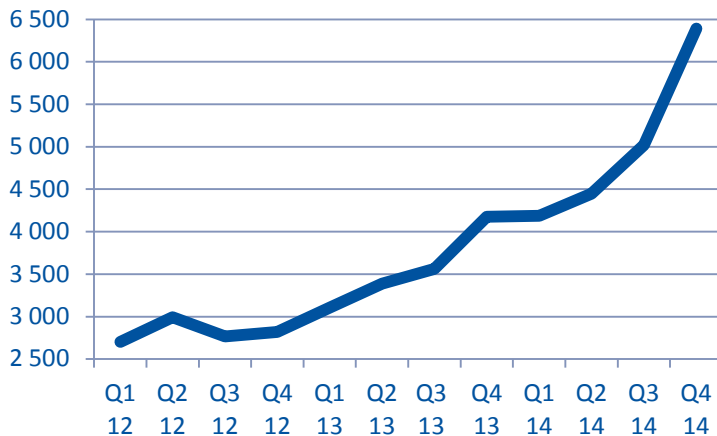
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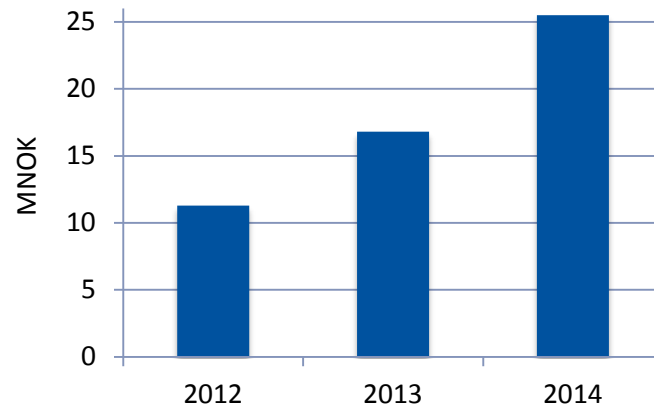
[Pharma development](#)

[Business expansion](#)

Moving average - last four quarters



Yearly sales



Operating costs

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

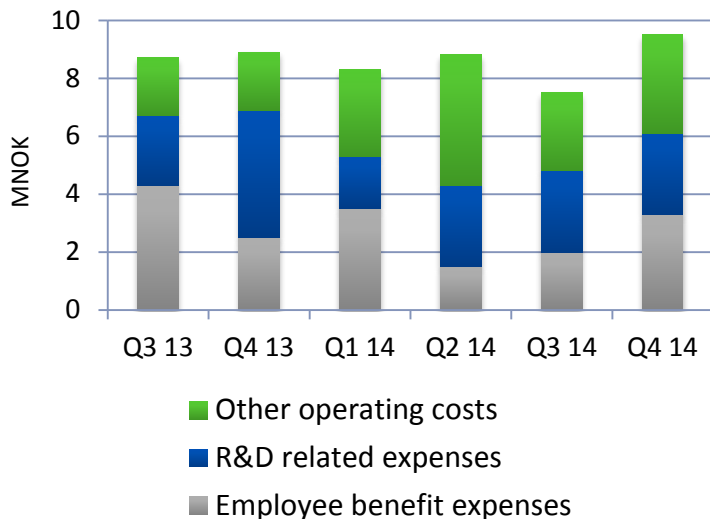
Science & Patents

Products & Markets

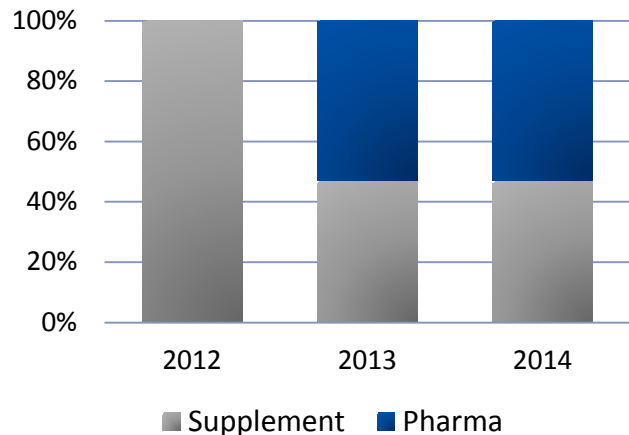
Pharma development

Business expansion

Operating expenses



Distribution of expenses



Cash flow

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

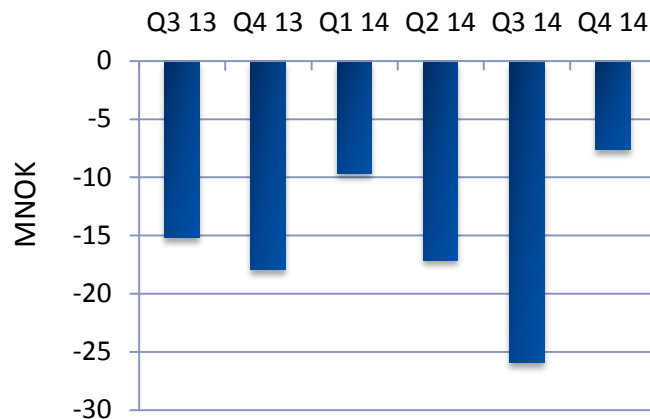
Science & Patents

Products & Markets

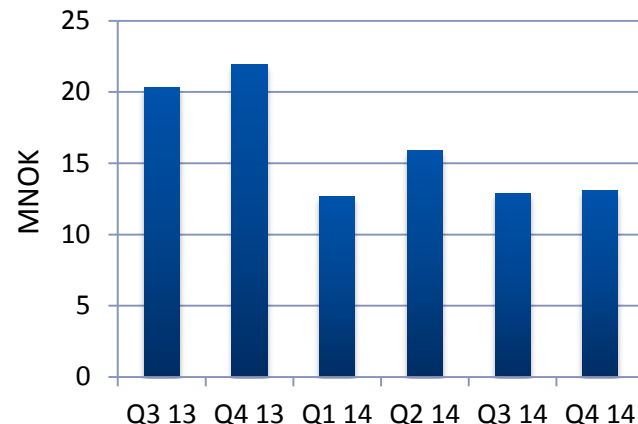
Pharma development

Business expansion

Cash flow from operating activities



Cash position



Sufficient cash for the next 6–12 months

Production



Mena Q7 PURE – Pure and cost-effective

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

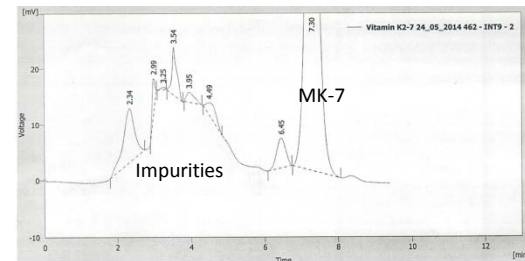
Business expansion

- MenaQ7 PURE - upscaling of production to industrial batches has been successfully completed (Q4 2014)
- The switch to MenaQ7 PURE will significantly improve NattoPharma's gross margins

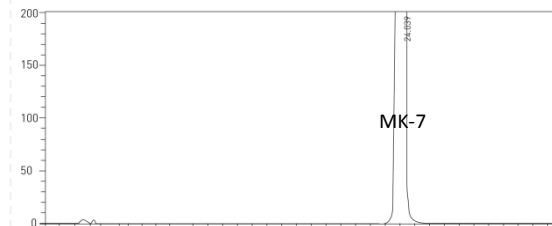
MenaQ7 PURE

- **98 % pure, Pharma Quality**
- **100 % All-trans, the only in the World.**
- Produced under **100 % Pharma** controlled conditions
- **No unknown** residues
- Clinical documented
- Developed and produced by NattoPharma 100%

Comparison by HPLC:



Competing product



MenaQ7[®] PURE
Vitamin K2 as MK-7

MenaQ7 PURE - Status industrial process

[Q4 2014 Headlines](#)

[Introduction](#)

[Financials Q4 2014](#)

[Production](#)

[Science & Patents](#)

[Products & Markets](#)

[Pharma development](#)

[Business expansion](#)

- Successful industrial up scaling in Q4 2014, in ton scale
- First supply of industrial scale delivered in beginning of 2015
- The next planned batch will be multiple times larger and will be finished in April 2015
- In 2nd half of 2015 the batches increase further
- In 2016 NattoPharma can supply the expected demand in the Western population – if required

Science & Patents



The Rotterdam Study - The Importance of Vitamin K2

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

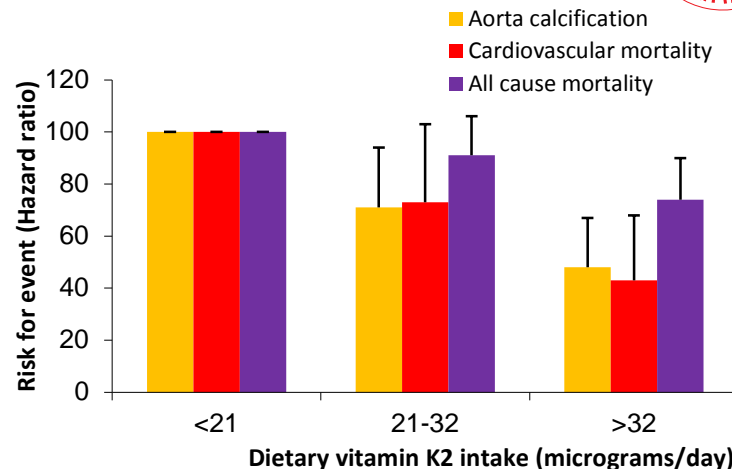
Business expansion

- Prospective population study
- Over 4.800 people, healthy 55 years and older
- 10 years follow-up Cross-sectional analysis

Population group with calculated intake of more than 32 micrograms of K2/day

50% reduction of arterial calcification
50% reduction of cardiovascular death
25% reduction of all cause mortality

Geleijnse et al., American Society for Nutrition (2004)



Follow up study:

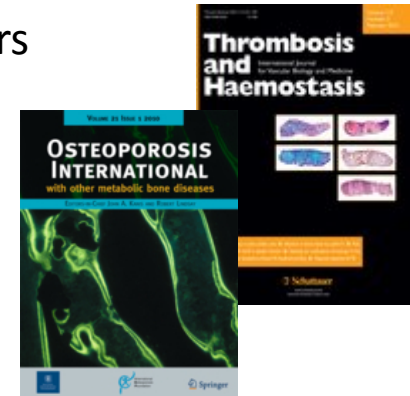
16,000 persons (aged 49-70) for every 10 µg increase in ingestion of vitamin K2 (higher menaquinones) the cardiovascular disease risk decreases by 9%.

Gast et al., Nutrition, Metabolism & Cardiovascular Diseases (2008)

«The 3-year studies»

NattoPharma funded two combined large clinical studies to explore and document the bone and cardiovascular effects of daily intake of MenaQ7:

- Performed by scientist at the University of Maastricht observing all regulations for clinical studies and working under full academic independence
- Double blinded and randomized intervention study with either 180 micrograms per day of MenaQ7 or placebo for 3 years
- 244 participants (the same as a good size phase II study)
- Published in the prestigious peer reviewed journals:
 - Bone: Osteoporosis International (2013)
 - CVD: *Thrombosis and Haemostasis* (2015)



Elasticity and pulse wave velocity

Q4 2014 Headlines

Introduction

Financials Q4 2014

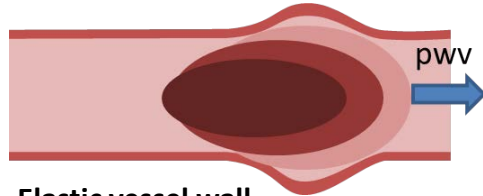
Production

Science & Patents

Products & Markets

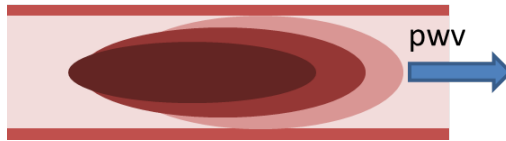
Pharma development

Business expansion



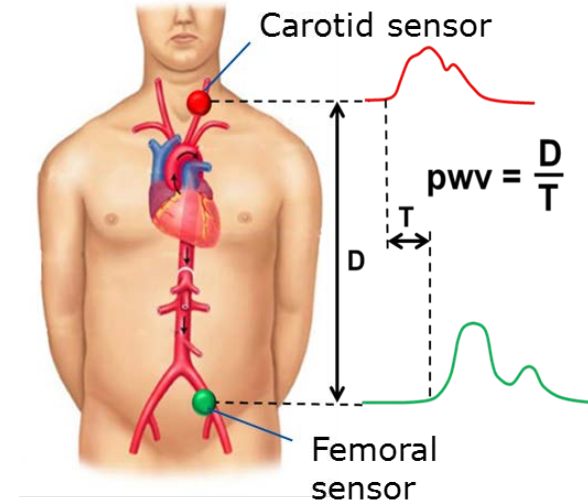
Elastic vessel wall

= larger effective cross section
→ lower pressure and slower flow
= **lower pulse wave velocity (pwv)**



Stiffer (calcified) vessel wall

= Smaller effective cross section
→ higher pressure and faster flow
= **higher pulse wave velocity (pwv)**



Pulse-wave velocity (PWV) as a marker for arterial stiffness

The passing of the systolic rise of the pulse wave is measured in two standardized places using ultra sound and the velocity of the wave (pulse wave velocity) is then calculated.

Stiffer, calcified, vessel walls tends to higher pulse wave velocity.

What we hoped and expected

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

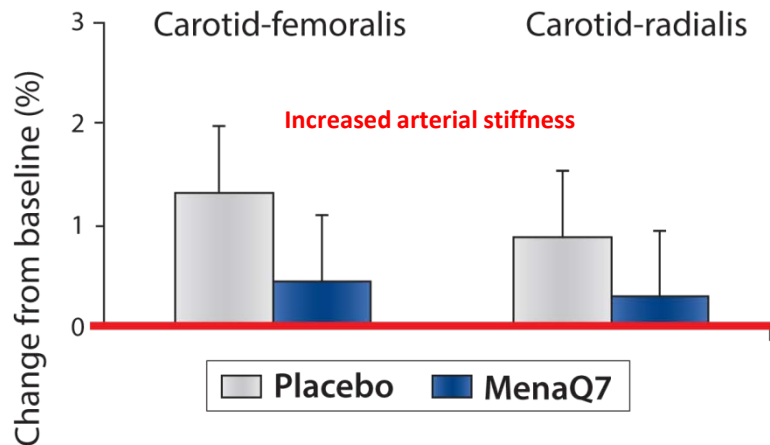
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Products & Markets

Pharma development

Business expansion

Comparison 3-year endpoints



Based on previous knowledge, we hoped and expected to see a significant slow-down of the development of arterial calcification after 3 years of supplementation with MenaQ7.

The “3-year” study – hearth health results

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

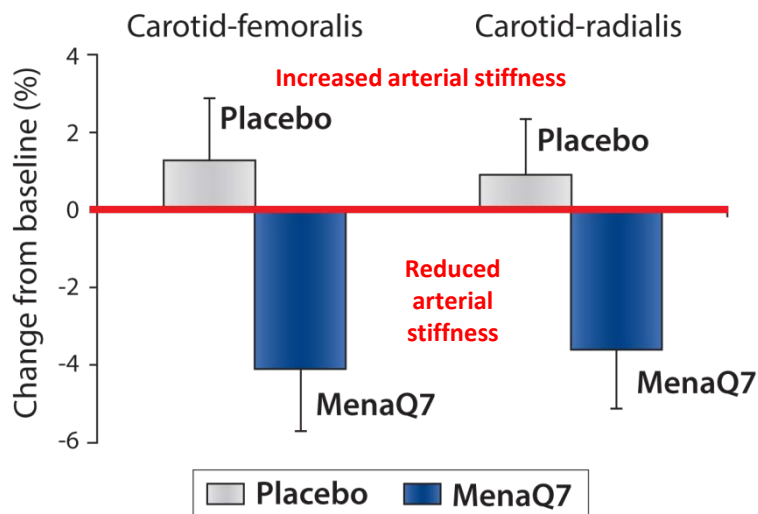
Science & Patents

Products & Markets

Pharma development

Business expansion

Comparison 3-year endpoints



After 3 years of daily supplementation with 180 mcg MenaQ7, the MenaQ7 group had on **average a reduction in pwv corresponding to around 3 times the normal age related increase in the placebo group.**

This is the first time ever that any substance has been shown to reverse arterial stiffness. No existing drug can do this.

NattoPharma's patent portfolio

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

Description of patent	Filed	Status in Europe	Comments / NP patent status outside EU
Use of K2 in food products for promoting bone and CV health.	20-04-2001		Granted in US Granted in Canada Granted in India
Compositions with vitamin K for treating or preventing CV disease.	01-09-2003	Granted in 17 EU countries	Pending status in US
The use of vitamin K for reversing calcification.	06-06-2006	Granted in 19 EU countries	
Covers all use of Vitamin K2 in food, dietary supplements and pharma products – in the CV area.	24-04-1995	Granted in Germany, Belgium, France, UK and the Netherlands.	Granted in Japan
Omega-3/krill oil/Vitamin K2 patent.	13-07-2007	Pending	Granted in: New Zealand and Australia Notice of allowance in Canada; Pending status in US, Japan, and China
Process for preparation of MK-7 type of vitamin K2 (synthesis)	11-10-2013	Published	Pending status globally
Use of vitamin K for weight maintenance and weight control *(part of the Vita-K agreement)	19-12-2011	Published	Pending status globally

Products & Markets



Product strategy

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

	2014		2015+
Dietary Supplement	Functional Food	Medical Food	Pharmaceutical
MenaQ7 MenaQ7 Crystals MenaQ7 PURE	MenaQ7 MenaQ7 Crystals MenaQ7 PURE	MenaQ7 Crystals MenaQ7 PURE	Pharma Grade MK-7

- **MenaQ7** has been on the market **since 2006**
- **New MenaQ7 crystals** product launched **in 2012**
- **New synthetic MenaQ7 PURE** launched **in 2014**
- Ready for inclusion in **composite formulations and enriched food**



SUPPLEMENTS



FUNCTIONAL
FOODS



MEDICAL
FOODS



PHARMACEUTICAL

Top 12 ingredients in US supplement market

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

Figure 4-27 Top 100 Dietary Supplements According to U.S. Sales, 2004-2010: Part I

Supplement	2004	2005	2006	2007	2008	2009	2010	'10 Growth
1 Multivitamins	3,828	4,140	4,322	4,492	4,684	4,799	4,949	3.1%
2 Powders/Formulas	1,853	1,935	2,053	2,218	2,379	2,507	2,751	9.7%
3 B Vitamins	878	937	998	1,039	1,137	1,218	1,316	8.0%
4 Calcium	993	1,010	1,007	1,056	1,117	1,175	1,213	3.3%
5 Fish/Animal Oils	272	379	526	695	833	976	1,086	11.2%
6 Vitamin C	806	836	864	880	900	969	966	-0.4%
7 Homeopathics	549	649	710	781	795	872	900	3.3%
8 Glucosamine/Chondroitin	749	795	803	831	838	803	774	-3.6%
9 Probiotics	205	243	301	366	425	527	626	18.9%
10 Vitamin D	44	51	72	108	234	425	551	29.6%
11 CoQ10	286	343	381	413	436	450	480	6.8%
12 Magnesium	175	202	240	270	309	341	379	11.1%

- Granted cardio-health claim in the US in 2000;
- 100s of positive articles and studies help fuel increasing consumer awareness;
- Values move to higher concentrate, higher priced products

- Vitamin D gaining recognition via 100s of studies and building consumer awareness;
- 2009 specific link with vitamin D deficiencies, and negative impacts
- Gains support of noted medical "personalities"

- More of a steady growth with continuing support from medical community (including a recent book published by Dr. Goodman)

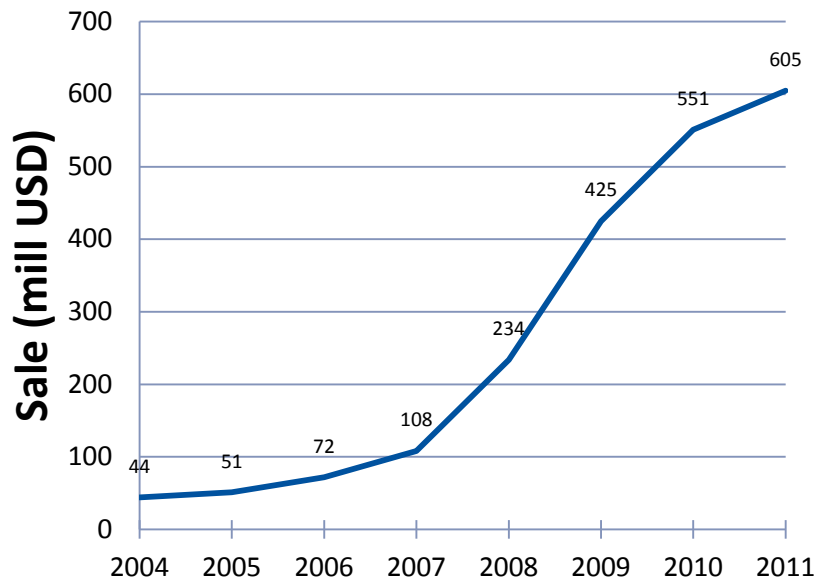
- Overall market growth has averaged approximately 7% per year
- Europe tends to average slower growth, with China accelerating in recent years

Source: Nutrition Business Journal
Data is US Consumer-level sales

«Vitamin K2, the new vitamin D»

Introduction
Who we are
What we are doing
Science & Patents
Products & Markets
Pharma development
Financials
Business expansion

Sales of vitamin D in the US market



Source: Nutrition Business Journal



MenaQ7 – opening new market segments

Introduction

What we are doing

Science & Patents

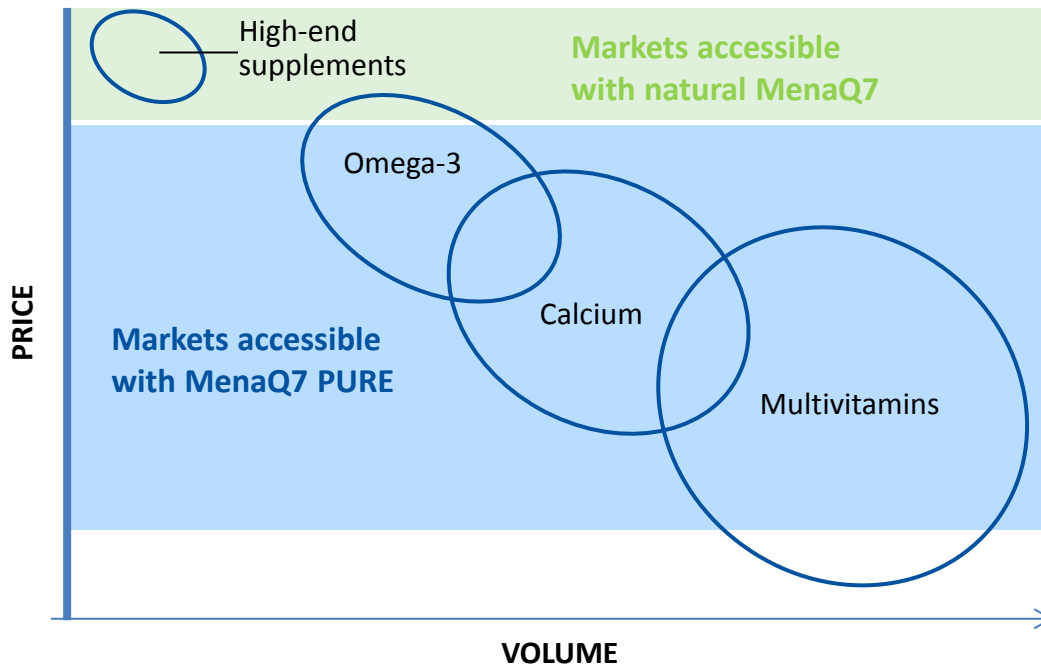
Products & Markets

Pharma development

Financials

Business expansion

- Existing vitamin K2 products are expensive.
- MenaQ7 PURE **opens multi-vitamin market** and functional foods.
- Opens up **new opportunities** to include MK-7 in omega-3 products and other dietary supplements.



Global presence and marketing

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion



Three Elements Converging to Unlock Value

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

- Strong clinical data for bone, heart
- NattoPharma continuing to fund clinical studies, adding to compelling case

Scientific and Clinical data
Compelling basis for health benefits

Consumer Awareness
Medical community backing, media, consumer interest stories

- Establishment of Medical Advisory Panel (including NYU Head of Internal Medicine)
- Scientifically-based “tool bag”
- Increasing media attention

- From \$0.25 to \$0.015 – 0.040 per dose;
- Microgram dosing highly efficient

Compelling Economics
Per dose consumer cost, delivered cost-in-use

Pharma development



Typical pharma development costs

Q4 2014 Headlines

Introduction

Financials Q4 2014

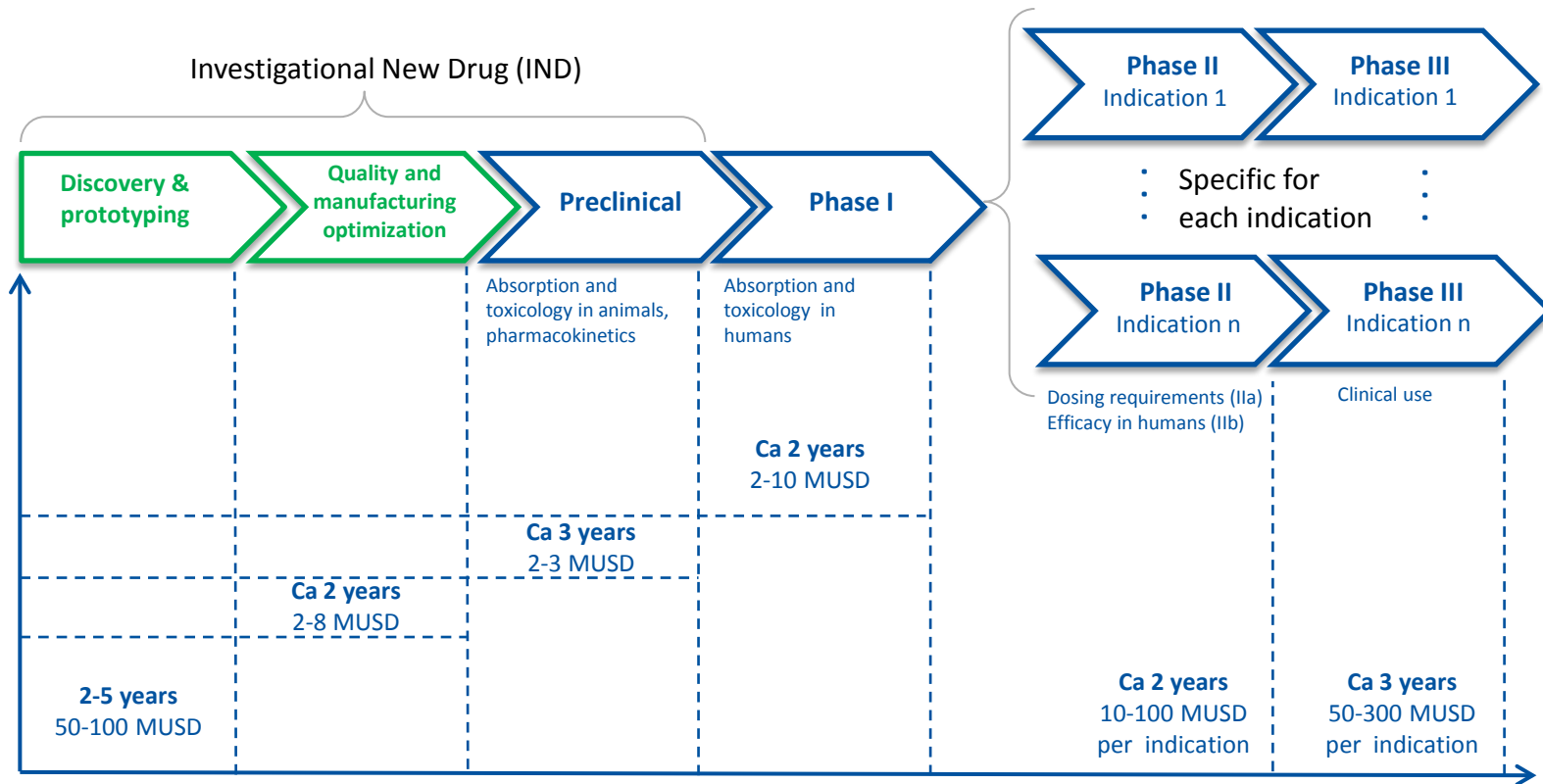
Production

Science & Patents

Products & Markets

Pharma development

Business expansion



Typical pharma development costs

Q4 2014 Headlines

Introduction

Financials Q4 2014

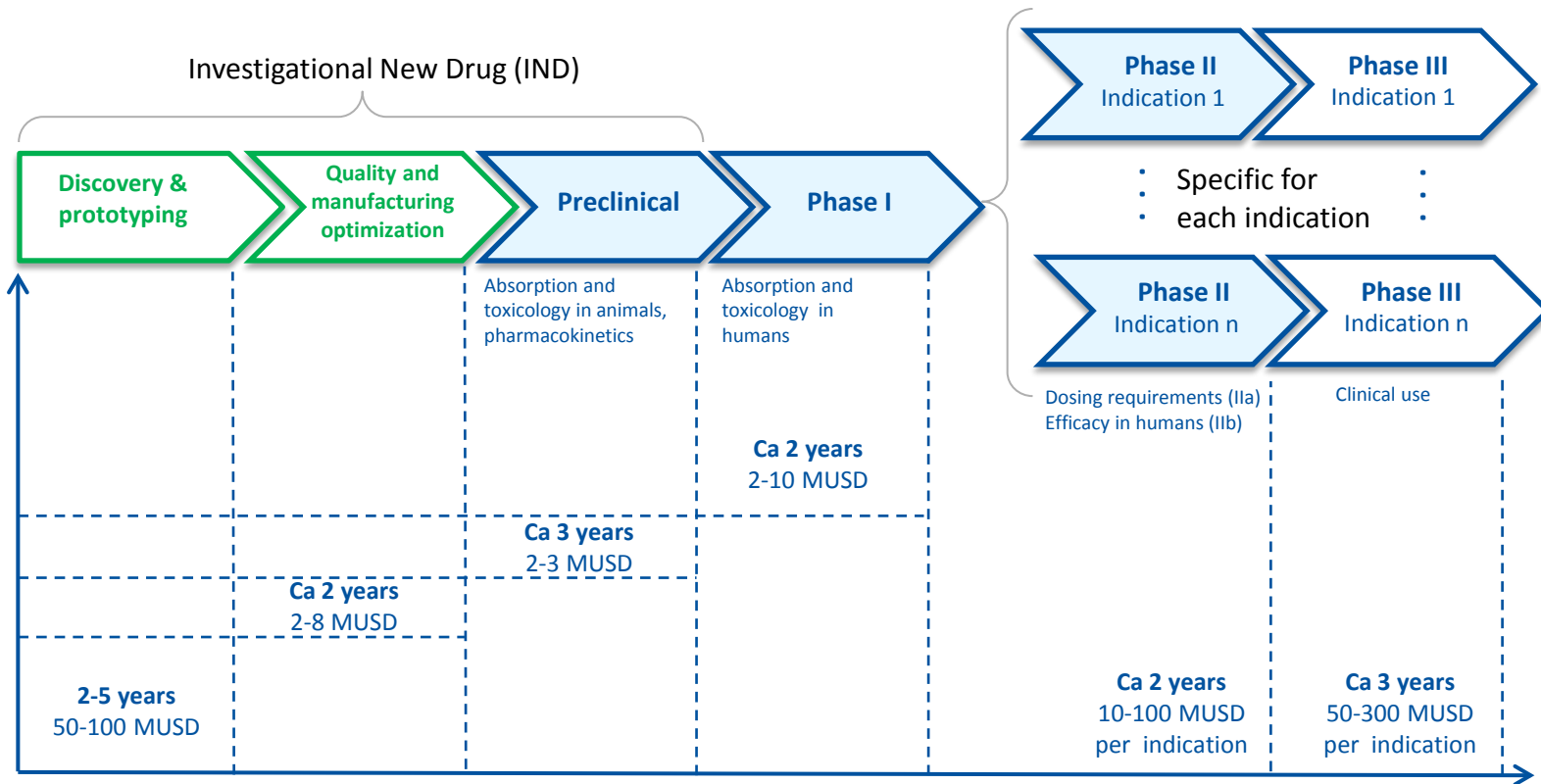
Production

Science & Patents

Products & Markets

Pharma development

Business expansion



Documenting production and quality

Q4 2014 Headlines

Introduction

Financials Q4 2014

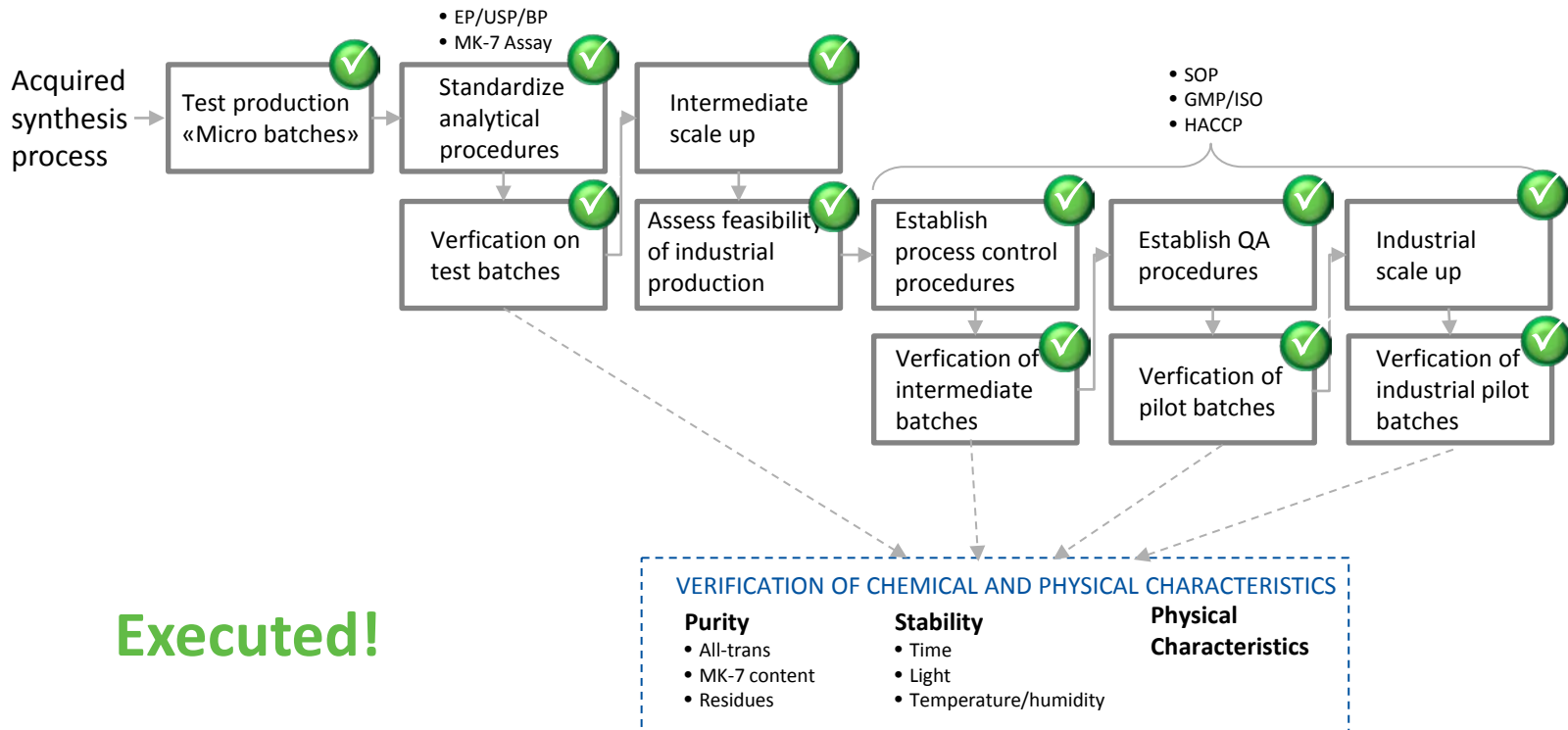
Production

Science & Patents

Products & Markets

Pharma development

Business expansion



Possibilities for success if successful in the previous stage

Q4 2014 Headlines

Introduction

Financials Q4 2014

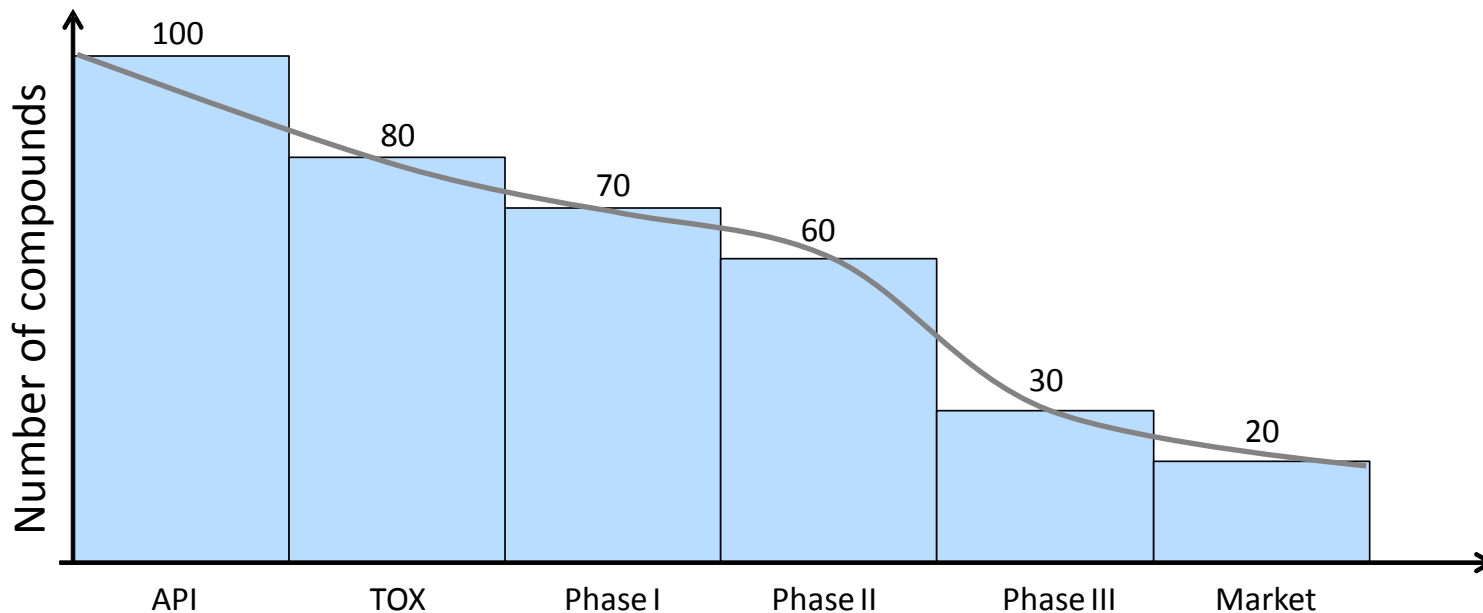
Production

Science & Patents

Products & Markets

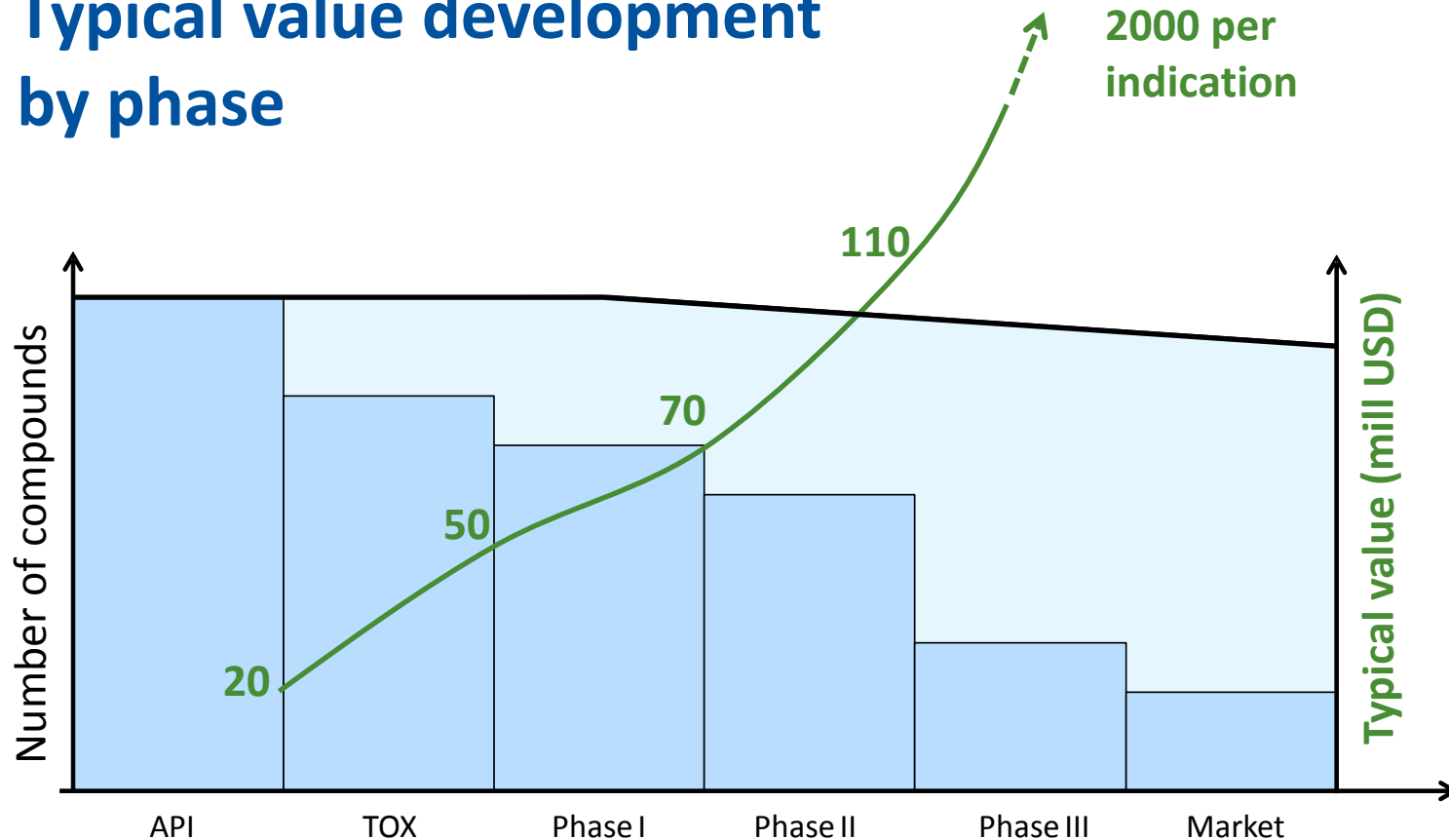
Pharma development

Business expansion



Typical value development by phase

Introduction
Who we are
What we are doing
Science & Patents
Products & Markets
Pharma development
Financials
Business expansion



Previous studies eliminates risk

NP funded studies on natural MK-7 (200 mill NOK investment) has taken away «95%» of the risks associated with drug development.

- Demonstrated safe in animals in supplement doses.
- Demonstrated absorption in humans and animals.
- Demonstrated to have physiological effects on functional human proteins (MGP and osteocalcin).
- Demonstrated to have clinical effects on bone, cardiovascular and metabolism in healthy humans.
- Demonstrated safe in humans

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

The CTD (Common Technical Document) triangle

Q4 2014 Headlines

Introduction

Financials Q4 2014

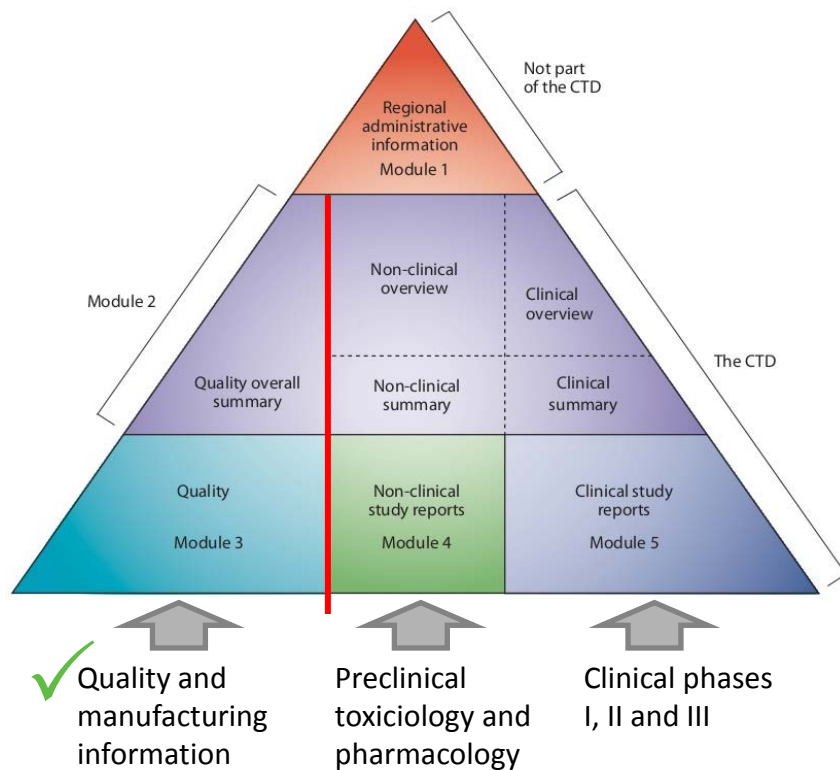
Production

Science & Patents

Products & Markets

Pharma development

Business expansion



The elements
required for a drug
approval application

Business expansion



Business expansion

Q4 2014 Headlines

Introduction

Financials Q4 2014

Production

Science & Patents

Products & Markets

Pharma development

Business expansion

