

# NattoPharma ASA

1<sup>st</sup> Quarter 2015

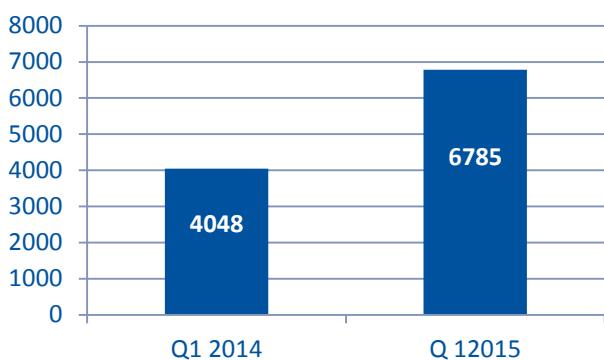
## Highlights:

- **Q1 2015 + 68 % revenue compared to Q1 2014.**
  - 10th consecutive quarter with 12-month growth
- **Successful listing on First North NASDAQ Stockholm**
  - First listing May 18th 2015
- **Successful share issue of NOK 50 mill. – oversubscribed by NOK 10 mill.**
  - 1 785 714 new shares subscribed in a Rights Issue for existing shareholders in Norway
  - 1 785 714 new shares subscribed in a Public Offering for Swedish investors
  - Capital increase registered May 15<sup>th</sup> 2015
- **Rudi De Man hired as VP Sales Europe**
  - Strengthening of the global sales force
- **Agreement with IMCD for Europe**
  - Strengthening of the sales effort in Europe
- **Successful launch of OmeGO in US**
  - Joint product with Hofseth Biocare ASA
- **Novel Food approval in EU for MenaQ7 PURE**
  - Launch at Vitafoods fair in Geneva beginning of May
- **Publication of Heart health study**
- **NattoPharma's MenaQ7™ PURE Named Best New Ingredient at Natural Products Expo West**
- **From supplements to pharmaceuticals - Drug Master File completed**

## Key Financials

In NOK 1.000	1 <sup>st</sup> Quarter	
	2015	2014
<b>Revenues</b>	6.785	4.048
<b>EBITDA</b>	-10.888	-7.224

### Revenue Q1



## This is NattoPharma

As a biotechnology-based nutraceutical company, NattoPharma is the worldwide innovator and leader of Vitamin K2 menaquinone-7 (MK-7). Its brand, MenaQ7®, is supported by a global IPR portfolio and research substantiating clear efficacy for bone and cardiovascular health. Since 2006, NattoPharma has been in an extensive research-and-development collaboration with VitaK, University in Maastricht, The Netherlands, working to substantiate the health benefits of vitamin K2.

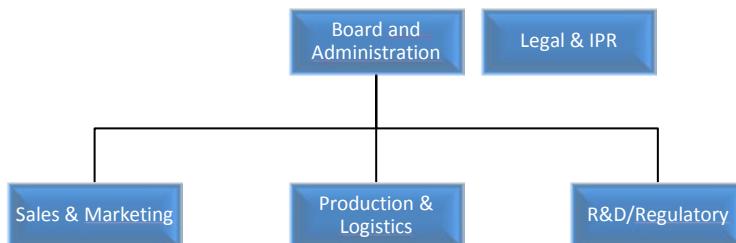
The company builds competitive advantages through clinical research, patents, and rights, as well as strong sales and marketing efforts, and its MenaQ7® brand is the only clinically validated vitamin K2 on the market. NattoPharma has exclusive rights to sell and market the brand MenaQ7® Vitamin K2 as MK-7 globally and offers its vitamin K2 products as ingredients in dietary supplements, functional foods, and medical foods. The company is also in the process of developing a pharmaceutical product candidate.

## From Supplement to Pharma

The Drug Master File (DMF) – equal to the CMC-part of a pharmaceutical dossier, was finished within the end of Q1 2014. At Vitafoods February 2015 – the largest European meeting place for providers of dietary supplements and functional food products - NattoPharma was contacted at our booth by several pharmaceutical companies to explore a potential opportunity for a mutual “pharma product development

collaboration". NattoPharma is currently in a screening process of potential partners for a MenaQ7 drug product development.

## Operational update



### Production

The manufacturing of industrial batches of MenaQ7 PURE (batches in tons of p1000 MK7 units) is progressing according to plans. NattoPharma is – as communicated end of 2014 – as of May 2015 able to supply the increasing demand of MenaQ7 crystals and MenaQ7 PURE to our major markets US, Europe and Australia.

### Markets

In 2014, MenaQ7 was introduced nationwide via U.S. pharmacy chains, in addition to signing a distribution agreement with Glanbia Nutritional, which is the second largest multivitamin company in the American market. The Glanbia agreement is strategic, with exclusivity related to major volume commitments. Several new customers have signed up with NattoPharma to market and sell MenaQ7 in their region in 2015.

In Europe NattoPharma has signed an agreement-in-principal with IMCD for sales and distribution of NattoPharma's MenaQ7. The agreement is focused on MenaQ7 Pure in major European geographies within the dietary supplement and nutritional segments. IMCD, headquartered in The Netherlands and with 2014 sales of approximately EUR 1.3 billion, is a global leader in the sales, marketing and distribution of specialty chemicals, food and nutritional ingredients.

NattoPharma has further strengthened our sales organization by the employment of Rudi De Man as Vice President Sales and Business Development with responsibility for Europe and Asia. NattoPharma sees an increasing interest in the vitamin K2 segment in Europe – within Dietary supplements and Functional Food – and has great expectations for the growth potential for MenaQ7 facilitated by Rudi De Man and his entrance to the organization.

The Australian authorities approved the sale of vitamin K2 in 2014. Hence, there is now a strong interest and growth in demand for vitamin K2. NattoPharma in collaboration with Complementary Medicines Group (CMG) Australia, announced successful penetration into the Australian and New Zealand markets, including supplying major Sponsor brands. This collaboration has resulted in exciting developments. First, Blackmores, Australia's leading natural health brand, will utilize NattoPharma's MenaQ7® Vitamin K2 in a soon-to-be released product that will be sold both online and through brick-and-mortar stores across Australia. BioCeuticals, supplier of high-quality practitioner-specific nutritional and therapeutic supplements, has also signed on to use its MenaQ7® Vitamin K2 in an upcoming product.

### Novel Food approval by EFSA

NattoPharma expect to see an increasing demand for MenaQ7 PURE. Over the past years, several providers of dietary supplements have been excited about the science and the commercial potential of MenaQ7, but a historically expensive ingredient cost that translated to a relatively high per dose consumer cost, has been challenging to overcome. The launch of MenaQ7 PURE, with its strong attributes and compelling economics, has gained renewed interest. As per 15th April 2015, NattoPharma received written information from the Policy officer in the European Commission, DG Health and Food Safety, communicating that MenaQ7 PURE has received Novel Food approval by EFSA. The Novel Food approval is of material importance for the sales and marketing of MenaQ7 PURE in Europe. The approval also represents a “quality stamp” for the world-wide distributors. By offering MenaQ7 PURE to customers in Europe NattoPharma will further strengthen the competitive edge.

The application was filed April 2014, and it has taken close to one year to come through with an approval for the product. A full European launch of MenaQ7 PURE took place in the Vitafoods Fair in Geneva, Switzerland in beginning of May 2015, where NattoPharma was present.

### **Winner of NutrAward**

NattoPharma ASA and its subsidiary NattoPharma USA, Inc. were honored at the 2015 Engredea trade show, held in Anaheim, CA, March 6-8, to have MenaQ7™ PURE Vitamin K2 as MK-7, a first-in-class, nature-identical synthetic ingredient, recognized as the NutrAward winner for Best Functional Ingredient 2015. Co-located with Natural Products Expo West, the largest trade show dedicated to the natural products industry, Engredea encompasses the world of ingredients, bringing together the community of leading suppliers and manufacturers to source new ingredients, packaging, technologies, equipment, and services. The NutrAward program was created by New Hope, show organizers and a division of Penton Media, to reward and recognize companies that are investing in rigorous and measurable scientific studies to prove the efficacy of their proprietary ingredients or technologies.

NattoPharma continues its close collaboration with Viridis BioPharma Pvt. Ltd, India for manufacturing of our MenaQ7 Crystal products for exclusive sale and distribution to customers in Europe, USA, Canada, South Africa, South America and customers in the Middle East and Asia (except for India). The termination of the contract with Gnosis S.p.A., Italy (5 year contract dated April 29. 2010) has resulted in a dispute. The parties aim to solve the dispute through arbitration.

February 2015 data from the publication in Thrombosis and Haemostasis – from the NattoPharma-sponsored 3 year study - confirmed that MenaQ7 Vitamin K2 not only inhibited age-related stiffening of the artery walls, but also made an unprecedented statistically significant improvement of vascular elasticity.

### **Organization**

With a strong presence already in the U.S. marketplace, the effort over the next quarters will be to strengthen the organization in Europe and Asia. This includes the appointment of Rudi de Man as Vice President of Sales and Business Development of NattoPharma ASA, responsible for Europe and Asia.

Rudi De Man, prior to joining NattoPharma, held sales leadership and business development roles where he was directly responsible for driving record growth in the FMC Health and Nutrition division, a \$900M group within FMC Corporation, a \$4 billion diversified chemical company. During his 19-year tenure at FMC, De Man served in a variety of sales roles with increasing responsibility, acquiring international sales experience and an extensive knowledge of the Food Ingredients and Pharmaceutical & Nutraceutical business. His most recent position was Sales Director Europe, Middle East, Africa, and Eastern Europe for Food Stabilizers and Colors, where he was responsible for managing the Food and Personal Care business. Further, with a degree in Biochemistry and as a Chemical Engineer, De Man played an integral role at a leading European

starch producer developing a new range of more performant drilling starches, while setting up a network of distributors in Asia.

## Financial Review

### Revenues

Revenues for Q1 2015 increased by 68% compared to Q1 2014, resulting in the 10th consecutive quarter of sales growth as compared to prior year same quarter sales. The revenues in Q1 2015 were NOK 6.8 million compared to revenues of NOK 4 million in Q1 2014.

### Operating costs

The gross margin for Q1 2015 is 28% compared to 17% of Q1 2014. The positive change in gross margin relates to the a reduced negative effect of signing of long-term supply agreements in which the sales quotes for MenaQ7 are based on the industrial scale production cost of MenaQ7 PURE. During the scale-up of MenaQ7 PURE, the company supplied vitamin K2 products at higher cost of goods, however the company anticipates that during 2015 it will be able to meet customer demand with its own products, at a lower cost of goods, and that the gross margin on an annual basis will become significantly higher.

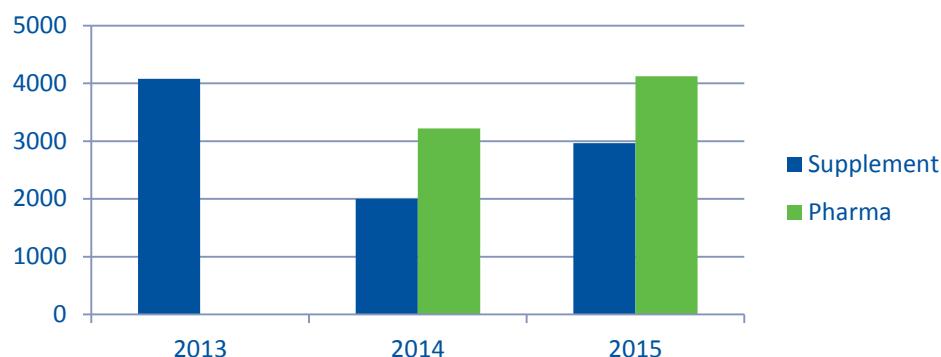
Operating profit for Q1 2015 was negative with NOK 5.2 million compared to NOK 4.5 million for the same period of 2014.

Operating expenses for Q1 2015, including cost of goods, equaled NOK 12 million compared to NOK 8.6 million for Q1 2014.

The company is in a phase where expenses reflect an upfront investment in R&D, brand-building, and strengthening of the sales organization in order to support aggressive growth, but which also negatively impacts operating results. In addition, the depreciation in Q1 2015 equals NOK 1.4 million, which mainly applies to intangible assets and the acquisition of NattoPharma R&D Ltd.

Operating expenses divided between pharma and supplements for Q1 2013, 2014, and 2015 breaks down as follows:

**Distribution of cost in NOK 1.000**



Operating expenses, which are mainly related to R & D investments, are not capitalized and depreciated, but are expensed in the accounts in accordance with IFRS (Structural efforts).

## Cash flow

The cash position as per 31 March 2015 was NOK 11.2 million, of which NOK 0.2 million is restricted cash for customs guarantee and tax deductions. The company has a positive equity of NOK 69.6 mill. Total liabilities and equity totaled NOK 86.4 million as per 31 March 2015 compared to NOK 88.8 as per 31 December 2014.

The net cash flow from operational activities is negative with NOK 6.7 mill. of which NOK 4.2 mill. is related to the periodic result and NOK 4 mill. relates to increase in accounts receivables and a reduction in accounts payables.

A loan agreement of NOK 5 million was signed March 27<sup>th</sup> with Eng AS, a company controlled by Høgne Vik, CEO of NattoPharma ASA with an interest rate of 10 % p.a. + 1 % establishment fee. The loan was refinanced through DNB Bank ASA as per May 5<sup>th</sup> 2015 for a period of one month with an interest rate equal to 6,95% p.a. + fees and expenses of approx. NOK 3 000. The loan is given with a pledge against accounts receivables as security.

NattoPharma's financial position is considered to be satisfactory. The company has no long-term debt beyond deferred tax of NOK 5.7 million and no leasing obligations except for office rental at Høvik, which expires at end of 2016. There were no registered losses on receivables during Q1 2015.

## Equity – Share issue

The company has carried out a successful share issue in April / May 2015, upon which a total of 3 571 428 new shares at a subscription price of NOK 14 per share. Total capital increase before deduction of placement cost is NOK 49 999 992 of which NOK 10 714 284 relates to increase of share capital and 39 282 708 is share premium reserve before deduction of emission costs. The share issue was split in two, 1 785 714 shares was offered to existing shareholders based on subscription rights and 1 785 714 share was a public offering to Swedish shareholders in relation to the listing on NASDAQ Stockholm. The share issue was oversubscribed by NOK 10 million, hence a shortening was carried out for the shareholders not holding subscription rights.

The new share capital registered as per May 15<sup>th</sup> 2015 is NOK 51 419 799 based on a total number of shares issued equal to 17 139 933 each with a face value of NOK 3.

## Other issues

For transactions between related parties, see note no. 6.

Accounts receivable applies essentially to strategic and profitable customers, including EuroPharma Alliance Sp. z.o.o., which plays a central role in the structuring of production of MenaQ7 PURE. In connection with the expansion of sales in the U.S., production start-up of MenaQ7 PURE, and strategic purchases, inventory increased from NOK 0.6 million to NOK 6.3 million in 2014.

Furthermore, a loan of Euro 450 000 was made to EuroPharma Alliance Sp. z.o.o. as per April 16<sup>th</sup> with repayment October 16<sup>th</sup> 2015. The agreed interest rate is 2 % p.a.

The financial statement is prepared under the assumption of going concern.

## Outlook

### Business expansion

NattoPharma will continue to build a portfolio of supplement customers on a global basis. It expects growth in all its main markets: USA, Europe, and Australia. Based on today's agreed volumes with key distributors, these agreements alone will produce profit for the full year 2016. The awareness of the substance Vitamin K2 is increasing. Based on recent scientific papers and discussions and comments in "neutraceutical communications", the understanding of vitamin K2 mechanisms and potential positive protective vitamin K2 effects for bone health and arterial functionality, several pioneers within the dietary supplement industry predict a huge growth in sales of vitamin K2 in the near future. NattoPharma expect a yearly growth in revenues in sales of vitamin K2 in the global market of 100%+ the next years, as the consumption of vitamin K2 is starting to grow on a global basis. NattoPharma is today the major commercial player in this market, and will take a substantial part of this expected growth. Based on the current outlook and sales plans, the company has an objective to realize a profit during the second half of 2015 for the supplement business.

### Listing on NASDAQ Stockholm

NattoPharma is listed on Oslo Axess and, as of March 31<sup>st</sup> 2015, the company had 642 shareholders, prior to the share issue described above. In order to increase the number of shareholders and to increase the liquidity in the share, the Board of Directors resolved to apply for a dual listing of the shares on NASDAQ First North Stockholm. Stockholm was chosen as the marketplace due to its reputation as the number one biotech stock exchange in Scandinavia, with a cluster of listed comparable companies. The official opening of the NattoPharma listing was successfully accomplished on May 18<sup>th</sup> 2015. Information from the company will from this point be in English, to service both Stock Exchanges' language requirements. The company has per May 28<sup>th</sup> 2015 a total of 719 shareholders.

## Consolidated Income statement for the 1<sup>st</sup> Quarter 2015

NattoPharma ASA			
(Numbers in 1 000 OK)	Note	01.01-03.31 2015	01.01-03.31 2014
<b>REVENUE</b>			
Sales revenue	4	6 785	4 048
Other revenue			-
<b>TOTAL REVENUE</b>		<b>6 785</b>	<b>4 048</b>
<b>OPERATING EXPENSES</b>			
Cost of sales	4	-4 882	-3 373
Employee costs	4	-2 919	-1 757
Depreciation and amortization	4	-1 427	-1 369
Other operating expenses	4	-2 737	-2 094
<b>TOTAL OPERATION EXPENSES</b>		<b>-11 936</b>	<b>-8 593</b>
<b>OPERATING PROFIT / LOSS</b>		<b>-5 180</b>	<b>-4 545</b>
<b>FINANCE INCOME AND EXPENSES</b>			
Interest income		42	46
Other finance income		33	-
Interest expense		-11	-23
Other finance expense		898	-396
<b>NET FINANCE</b>		<b>962</b>	<b>-373</b>
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>		<b>-4 218</b>	<b>-4 918</b>
Income tax		165	157
<b>NET (LOSS)/PROFIT</b>		<b>-4 053</b>	<b>-4 761</b>
<b>Result and diluted result per share assigned to the company's shareholders</b>		<b>-4 053</b>	<b>-4 761</b>
<b>Result and diluted result per share</b>		<b>-0,30</b>	<b>-0,43</b>

	01.01-03.31 2015	01.01-03.31 2014
<b>TOTAL RESULT</b>		
Result for the period	-4 053	-4 761
Other comprehensive income to be reclassified to profit or loss in subsequent period:		
Translation adjustment	-2 109	-765
Net other comprehensive income to be reclassified to profit or loss in subsequent period:	-2 109	-765
<b>Total comprehensive income for the period</b>	<b>-6 162</b>	<b>-5 526</b>
Result assigned to the company's shareholders	-6 162	-5 526

## Balance sheet – Assets

NattoPharma ASA			
(Numbers in 1 000 NOK)	Note	03.31.2015	12.31.2014
<b>NON CURRENT ASSETS</b>			
<b>INTANGIBLE ASSETS</b>			
Goodwill	7	6 568	6 819
Other intangible assets	7	46 449	49 663
<b>TOTAL INTANGIBLE ASSETS</b>		<b>53 017</b>	<b>56 482</b>
<b>TANGIBLE ASSETS</b>			
Equipment		33	9
<b>TOTAL TANGIBLE ASSETS</b>		<b>53 050</b>	<b>56 491</b>
<b>FINANCIAL ASSETS</b>			
Investment in associated company		-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>-</b>	<b>-</b>
<b>TOTAL NON CURRENT ASSETS</b>		<b>56 491</b>	<b>56 491</b>
<b>CURRENT ASSETS</b>			
<b>INVENTORIES</b>			
Trade and other receivables		5 223	5 085
Cash and cash equivalents		16 975	14 076
<b>TOTAL CURRENTS ASSETS</b>		<b>33 384</b>	<b>32 262</b>
<b>TOTAL ASSETS</b>		<b>86 434</b>	<b>88 753</b>

## Balance sheet - Equity and liabilities

NattoPharma ASA			
(Numbers in 1 000 NOK)	Note	03.31.2015	12.31.2014
<b>EQUITY</b>			
Owner's equity			
Share Capital	2	40 706	40 706
Share premium reserve		78 737	78 737
Non-controlling interest*			
<b>TOTAL OWNERS EQUITY</b>		<b>119 443</b>	<b>119 443</b>
Earned equity			
Accumulated loss		-51 382	-47 329
Balance re-calculations		1 496	3 605
<b>TOTAL EQUITY</b>		<b>69 557</b>	<b>75 719</b>
<b>LONG TERM DEBT</b>			
Long term debt		22	29
Deferred tax		6 081	6 081
<b>TOTAL LONG TERM DEBT</b>		<b>5 692</b>	<b>6 110</b>
<b>SHORT TERM DEBT</b>			
Accounts payable		4 200	5 394
Public duties payable		72	410
Other short term debt		6 891	1 120
<b>TOTAL SHORT TERM DEBT</b>		<b>11 163</b>	<b>6 924</b>
<b>TOTAL DEBT</b>		<b>16 877</b>	<b>13 034</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>86 434</b>	<b>88 753</b>

## Cash Flow Statement

(Numbers in 1 000 NOK)	01.01-03.31 2015	01.01-03.31 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Result before tax	-4 218	-4 918
Depreciation and amortization	1 319	1 369
Changes in assets and debt:		
Trade and other receivables	-2 899	-700
Accounts payable	-1 194	-1 353
Other short term receivables and debt	287	-4 121
<b>NET CASH FLOW FROM OPERATION ACTIVITIES</b>	<b>-6 705</b>	<b>-9 723</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Investments in equipment	-24	-770
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>-24</b>	<b>-770</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of ordinary share capital	-	1 254
New short term loans	5 000	-
Down-payment of short term loans	-	-
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES</b>	<b>5 000</b>	<b>1 254</b>
Net change in cash and cash equivalents	-1 729	-9 239
Effect of currency fluctuations	-186	5
Cash and cash equivalents 1.1	13 101	21 918
<b>CASH AND CASH EQUIVALENTS AS PER 31.12.2014</b>	<b>11 186</b>	<b>12 684</b>
Non-monetary settlement of debt	-	-

## Changes in Equity

(Numbers in 1 000 NOK)	Share capital	Share premium	Non controlling interest	Accumulated deficit	Balance recalculations	Total Equity
Equity as per 01.01.2014	29 109	38 502	34 456	-26 108	481	76 440
Total comprehensive income for the period	0	0	0	-4 761	-765	-5 526
Share issue	7 008	27 448	-34 456			-
Non registered share issue			1 338			1 338
Transaction costs		-84				-84
<b>EQUITY AS PER 03.31.2014</b>	<b>36 117</b>	<b>65 866</b>	<b>1 338</b>	<b>-30 869</b>	<b>-284</b>	<b>72 168</b>
Equity as per 01.01.2015	40 706	78 737	-	-47 329	3 605	75 719
Total comprehensive income for the period	-	-	-	-4 053	2 109	-6 162
Shares issued in business combination						
Share issue						
Transaction costs						
<b>EQUITY AS PER 03.31.2015</b>	<b>40 706</b>	<b>78 737</b>	<b>0</b>	<b>-51 382</b>	<b>1 496</b>	<b>69 557</b>

# Notes to consolidated accounts as per 31. March 2015

## 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 2014. From Q3 2013, the company is a group with subsidiaries in the USA and Cyprus, respectively NattoPharma USA, Inc. and NattoPharma R&D Ltd. (Vitasynth Ltd).

The interim report, which is not audited, was approved by the company's board of directors on 28. May 2015.

## 2. SHARE CAPITAL

As per 31 March 2015, the share capital is NOK 40 705 515. The total number of shares issued is 13 568 505 each with a face value of NOK 3.

## 3. SHAREHOLDER INFORMATION

### List of the 20 major shareholders as of 31 March 2015:

Shareholder list 20 major NattoPharma ASA	March 31. 2015	
	No. Of shares	Owner- ship
1 Novel Nutrition Network Ltd, Cyprus	1 736 000	12,79 % <sup>1)</sup>
2 Skandinaviska Enskilda Banken	1 588 418	11,71 %
3 Svenska Handelsbanken Stockholm	1 448 465	10,67 %
4 KG Investment Comp AS	918 691	6,77 %
5 Institusjonen Fritt Ord	631 936	4,66 %
6 Pro AS	544 634	4,01 %
7 Avanza Bank AS, Meglerkto	466 095	3,44 %
8 Bohan & Co AS	412 027	3,04 % <sup>2)</sup>
9 Nicoline Invest AS	317 571	2,34 %
10 MP Pensjon	313 647	2,31 %
11 Hovde, Reidar	265 000	1,95 %
12 Nielsen, Trygve	250 750	1,85 %
13 Nx Capital Ltd	200 000	1,47 % <sup>2)</sup>
14 Universal Exports AS	200 000	1,47 % <sup>3)</sup>
15 Eng AS	199 337	1,47 % <sup>4)</sup>
16 Citibank N.A.	187 060	1,38 %
17 Bjerkenes Holding, Jan Fredrik Bjerkenes	182 578	1,35 %
18 Nordnet Bank AB	165 516	1,23 %
19 Danske Bank AS	115 179	0,85 %
20 Gjersvik, Anne-Britt Sander	115 000	0,85 %
Sum 20 major shareholders	10 257 904	75,60 %
Other shareholders	3 310 601	24,40 %
Sum total shares	13 568 505	100,00 %

- 1.) Shares controlled by Piotr Jandziak, VP Operations
- 2.) Shares controlled by Frode Marc Bohan, Chairman of the Board
- 3.) Shares controlled by Frank Erikstad Bjordal, Member of the Board of Directors
- 4.) Shares controlled by Hogne Vik, CEO
- 5.)

**List of the 20 major shareholders as of 28 May 2015:**

Shareholder list 20 major NattoPharma ASA	May 28, 2015	
	No. Of shares	Owner- ship
2 Svenska Handelsbanken Stockholm	2 317 088	13,52 %
1 Six Sis AG	1 785 714	10,42 %
3 Novel Nutrition Network Ltd, Cyprus	1 736 000	10,13 %
4 KG Investment Comp AS	918 691	5,36 %
6 Pro AS	625 550	3,65 %
5 Institusjonen Fritt Ord	623 586	3,64 %
7 Eng AS	556 480	3,25 %
8 Avanza Bank AS, Meglerkto	549 653	3,21 %
9 Skandinaviska Enskilda Banken	500 178	2,92 %
11 Bohan & Co AS	483 455	2,82 %
10 Gjersvik, Karsten	321 738	1,88 %
12 Nicoline Invest AS	317 571	1,85 %
13 MP Pensjon	313 647	1,83 %
15 Hovde, Reidar	308 845	1,80 %
14 Nielsen, Trygve	290 710	1,70 %
16 Bjerkenes Holding, Jan Fredrik Bjerkenes	236 107	1,38 %
17 Gjersvik, Anne-Britt Sander	201 840	1,18 %
18 Nxt Capital Ltd	200 000	1,17 %
19 Universal Exports AS	200 000	1,17 %
20 Citibank N.A.	187 060	1,09 %
Sum 20 major shareholders	12 673 913	73,93 %
Other shareholders	4 466 020	26,07 %
<b>Sum shareholders</b>	<b>17 139 933</b>	<b>100,00 %</b>

**4. SEGMENT REPORTING**

The Company has two operating segments, respectively supplements and pharma. The company's operations are concentrated around buying and selling, as well as research and development related to Vitamin K2.

Geographic information related to the company's sales and operating activities is shown in the table below:

(Numbers in 1 000 NOK)	01.01-03.31 2015		01.01-03.31 2014		01.01-03.31 2013	
	Pharma	Supplement	Pharma	Supplement	Pharma	Supplement
USA	0	1683	0	1706	0	1663
Europe	0	4415	0	2243	0	2129
ROW+ others	0	1909	0	680	0	921
<b>TOTAL REVENUE</b>	<b>0</b>	<b>6785</b>	<b>0</b>	<b>4048</b>	<b>0</b>	<b>4002</b>
Cost of goods		-4882		-3373		-2244
Net income	0	1903	0	675	0	1758
Gross margin in %		28 %		16.7 %		43.9 %
Operating expenses	-4120	-2964	-3217	-2003		-4079
<b>RESULT BEFORE FINANCE</b>	<b>-4120</b>	<b>-1061</b>	<b>-3217</b>	<b>-1328</b>	<b>0</b>	<b>-2321</b>

**5. SALES AND ACCOUNTS RECEIVABLES**

Accounts receivable applies essentially to strategic and profitable customers, incl. Euro Pharma Alliance Sp zoo which plays a central role in the structuring of production of MenaQ7® Pure. Sales to EuroPharma Alliance S.p. z.o.o. totals NOK 0.85 million in Q1 2015 which is equal to approx. 11.1 % of total sales for 1<sup>st</sup> Quarter 2015. Please see discussion under note 6 Related Parties.

## 6. RELATED PARTIES

Company	Closley related party	Transaction amount
1. EuroPharma Alliance Sp Zoo, Poland	Piotr Jandziak	NOK 6 532 967
2. Eng AS	Hogne Vik	NOK 5 000 000

The Group has a receivable of NOK 5.6 million from Europharma Alliance Sp. z.o.o. at 31. December 2014.

### Description:

1. EuroPharma Alliance Sp zoo, Poland has a longstanding customer relationship with NattoPharma ASA and is as from fall 2014 been engaged in the production of the Company's new synthetic vitamin K2 product. Piotr Jandziak is the CEO of both EuroPharma Alliance Sp zoo and Vitasynth SP zoo, which is 100 % owned by NattoPharma's subsidiary NattoPharma R&D Ltd. Cyprus and he also serve as Vice President Head of production and logistics in NattoPharma.
2. Eng AS provided a short term loan to NattoPharma ASA end of March. Eng AS is controlled by the CEO of NattoPharma ASA, Hogne Vik.

## 7. NATTOPHARMA R&D LTD., CYPRUS (VITASYNTH LTD.)

NattoPharma acquired NattoPharma R & D Ltd., Cyprus (Vitasynth Ltd.) 100% through a settlement in shares and partial payment in Euro and where the settlement in shares was registered in February 2014. The investment is booked with NOK 56.5 million as per 31 March 2015 of which Goodwill is booked with NOK 6.8 million. Depreciation amounts to NOK 1.4 million as per 31 March 2015.

## 8. EVENTS AFTER BALANCE DATE

Successful share issue equal to NOK 50 mill. – oversubscribed by NOK 10 mill.

- 1 785 714 new shares subscribed in a Rights Issue for existing shareholders in Norway
- 1 785 714 new shares subscribed in a Public Offering for Swedish investors
- Capital increase registered May 15th 2015

Successful listing on First North NASDAQ Stockholm

- First listing May 19th 2015

Novel Food approval in EU for MenaQ7 Pure

- Launch at Vitafoods fair in Geneva beginning of May

Rudi De Man hired VP Sales Europe

- Strengthening of the global sales force

Agreement with IMCD for Europe

- Strengthening the sales efforts in Europe

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