



Biotec Pharmacon:

Everybody benefits from an enhanced immune system.



Fourth Quarter and Full-Year 2013

14 February 2014

Svein W. F. Lien – CEO

Agenda

- Highlights
- Q4 and FY financials
- Beta-Glucans
 - advanced wound care
- Enzymes
 - molecular testing
- Summary and Outlook



Highlights

BetaGlucans

- UK healthcare authorities (MHRA) is finalizing the procedural review of Woulgan® Biogel as an advanced Class III, rule 13 medical device
- Market evaluation process with Smith & Nephew and a limited product launch starting upon CE-marking
- Considers re-entering the animal health market

Enzymes

- Increased shipments of the rSAP enzyme to key OEM partner
- Gaining traction with the Cod-UNG enzyme to diagnostic kit manufacturers
- Continued focus on large OEM accounts and working to increase regional distribution

Financials

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Financial Highlights

NOK million	Q4 2013	Q4 2012	2013	2012
Enzymes	4.0	4.3	15.8	12.8
Beta-Glucans	1.4	1.7	6.3	8.7
Sales revenues	5.3	6.0	22.1	21.5
Enzymes	-0.5	-1.3	-2.6	-7.8
Beta-Glucans	-5.8	-5.1	-18.9	-14.8
EBITDA	-6.3	-6.4	-21.5	-22.6
Profit before tax	-6.7	-6.9	-22.9	-24.3

Cash Flow and Cash Position

<i>(Amounts in NOK 1.000)</i>	Q4		12M	
	2013	2012	2013	2012
Operating activities	-897	-3,719	-17,385	-24,583
Investing activities	-871	615	-1,561	-2,079
Financing activities	-36	0	43,223	-33
Changes in cash and cash equivalents	-1,804	-3,104	24,277	-26,695
Cash and cash equivalents at the beginning of period	35,460	12,484	9,379	36,075
Cash and cash equivalents at end of period	33,656	9,380	33,656	9,380

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Biotec BetaGlucans

Segment numbers

NOK million	Q4 2013	Q4 2012	2013	2012
Sales Revenue	1.4	1.7	6.3	8.7
Other income	0.2	-0.6	1.2	1.1
Operating expenses	-7.4	-6.2	-26.4	-24.6
EBITDA	-5.8	-5.1	-18.9	-14.8
Depreciation	-0.3	-0.3	-1.3	-1.1
EBIT	-6.1	-5.4	-20.2	-15.9

CE-marking of Woulgan expected in Q1

- + Received informal notice from the UK Medicines and Healthcare products Regulatory Authority (MHRA):
 - All outstanding issues have been addressed satisfactory
 - Application has been submitted for internal sign-off at MHRA
 - ..but even though it is unlikely, it may still come questions or concerns
 - If formal sign-off is conducted, the Decision Notification Report is expected to be forwarded to the Notified Body within short
- + Notified Body has informed us they have no further questions regarding this application
- = So giving the positive outcome of the formal procedure, an issuance of CE-mark could be expected soon

Advanced classification enables claiming of medical effects in labels and marketing

- Supported by article publication in 2014 Journal of Diabetes

“Macrophage stimulating agent soluble yeast β -1,3/1,6-glucan as a topical treatment of diabetic foot and leg ulcers: A randomized, double blind, placebo-controlled phase II study”

- Shows clear beneficial effect of SBG treatment in healing of diabetic foot ulcers
- Claims offer a unique opportunity for a gel in the wound market
 - Significantly more efficacious wound healing than gels without SBG or occlusive secondary dressings alone
 - Modulates the immunological system by activating macrophages and other phagocytic cells having specific cell receptors for SBG, and supports the natural wound healing process within the wound bed
 - Exercises biological effects in terms of increased wound contraction, while allowing increased influx of phagocytic cells to the wound bed
 - Attracting and stimulating phagocytic cells in the wound has potential for reducing risk of contamination and microbial infection in the wound bed

Publication in «Sår 2013»

Kan aktivering av kroppens egne nøkkelceller i sårtilheling, **SÅRMAKROFAGENE**, bidra positivt i behandling av kroniske sår?

Bladet sår

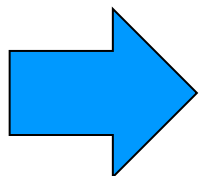


Ingrid Skjæveland, hovedforfatter, ph.d., Faglig produksjef Biotec BetaGlucans
Rolf E Engstad, medforfatter, ph.d., Forskningsdirektør, Biotec BetaGlucans



Targeting a mass market in wounds

- Partner Smith & Nephew shares the vision of potentially making Woulgan® Biogel a mass product
- Large market in need of new and cost-effective wound healing solutions
- First indications; Diabetic ulcers, leg ulcers, pressure ulcer and burns



Our goal is to make Woulgan® Biogel a cost effective and high volume advanced wound care product

 smith&nephew collaboration

- Market evaluation trials commencing upon receipt of the CE-mark
 - Evaluation in limited number of centres across Europe
 - Seeking to establish end-user efficacy in routine clinical setting
 - Obtaining planning tools and parameters for commercial strategy
 - Clarifying the basis for a long-term relationship with Smith & Nephew, who hold exclusive, non-transferable technology rights until end of trials
- Biotec BetaGlucans are also actively contacting opinion leaders and the professional wound healing market in general
 - Promoting the product and obtaining information about the competitiveness and market potential
 - Web-shop ready to launch immediately upon CE-mark

Considers re-entry into animal health

- Working to secure key customers for use of our unique beta-glucans in animal feed
- Extensive experience from the animal health market before divestment of the business area in 2008
- Utilizing supply capabilities





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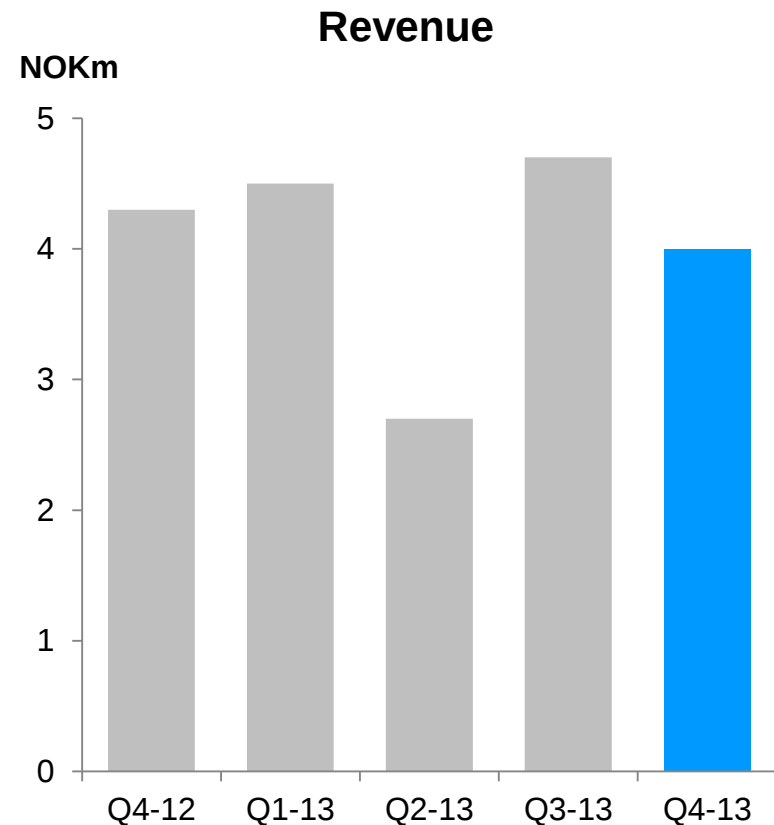
ArcticZymes

Segment numbers

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Other income	1.3	1.0	5.1	4.4
Operating expenses	-5.7	-6.6	-23.5	-24.9
EBITDA	-0.5	-1.3	-2.6	-7.8
Depreciation	-0.3	-0.2	-1.1	-1.1
EBIT	-0.8	-1.5	-3.7	-8.9

Revenue development

- In general high activity level and much interest for the company's products
- Higher sales of rSAP to key OEM customer
- Beginning to see adoption of Cod-UNG in diagnostic kits
- Strong dynamics in the relevant markets
 - Research market maturing
 - PCR based diagnostic market still low, but rapidly growing



Continued focus on multi-national companies and building more regional distribution

1. **Tier 1 Key Accounts;** Large multi-national companies with scope and scale to integrate ArcticZymes products and key components in branded kits
 - In dialogue with most of Tier 1 companies
 - Started shipment to several of these global players, also OEM discussions
2. **Tier 2 Accounts;** Direct sales towards clients with geographical strength and/or channel ownership
 - Will appoint several new distributors of own labelled products
3. **End-user segment** execution; primarily a low-cost pull strategy serving to develop brand
 - Online web-shop, user-focused web site, Google Ads, e-mail blasts



Tri-Con San Fransisco this week

R&D



- Received NOK 4 million grants from the Norwegian Research Council for “NextZyme – enabling new concepts for marine enzymes in Next Gen- and Single-Cell Sequencing”
- R&D efforts to continue to focus on ready-to-use enzyme kits
 - PCR decontamination kit
 - Heat&Run® gDNA removal kit
- Demand from both commercial customers and researchers ensure market oriented product development

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Outlook

Biotec BetaGlucans:

- If sign-off successfully concluded, expect CE-mark for Woulgan® Biogel soon
- Market evaluation process with Smith & Nephew and a limited product launch to start upon CE-marking
- Addressing large markets with high unmet medical needs within diabetic ulcers, leg ulcers, pressure ulcer and burns
- Considering re-entry into the animal health market

ArcticZymes:

- Establishing commercial relations with most of the larger players in the molecular diagnostics and research market. Appointing a limited number of regional distributors for sale of ArcticZymes label products
- Continuing development of novel user-friendly enzyme kits

Questions?

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