

Biotec Pharmacon– en nordnorsk børshistorie

Sparebank 1 Nord-Norge Investorseminar

Tromsø, 29th October 2015

Svein W. F. Lien – CEO



Agenda

- **Company overview**
- **Q2 financials**
- **BetaGlucans**
 - Advanced wound care
- **Enzymes**
 - Molecular testing
- **Outlook**

Overview Biotec Pharmacon ASA

- Listed on Oslo Stock Exchange (ticker: biotec)
 - 2500 shareholders – market cap. NOK 750M
- Headquarter in Tromsø, Norway
- 38 employees
- Annual turnover of NOK 40-50M
- 25 years of history in two focus areas:
 - **Beta-glucans** used in a variety of immunomodulating applications
 - Heat labile **Enzymes** used in molecular research and diagnostics





Q2 financials

Financial highlights Q2 (Q3 on Nov 3rd)

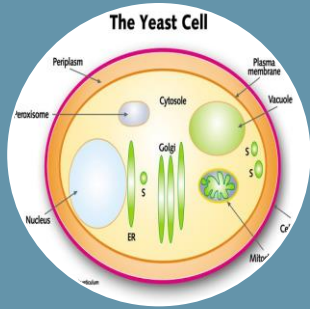
NOK million	Q2 2015	Q2 2014	6M 2015	6M 2014	2014
Enzymes	7.3	4.0	14.9	8.6	16.3
BetaGlucans	4.2	5.3	8.9	4.8	16.8
Sales revenues	11.5	9.3	23.8	13.4	33.0
EBITDA	-1.0	-2.3	-3.8	-9.4	-21.2
EBIT	-1.7	-2.9	-5.1	-10.7	-23.6
Net cash flow from operations	-4.8	-7.7	-14.0	-18.3	-21.2
Net cash end of period	78.3	89.0	78.3	89.0	88.4



Beta-Glucans

Advanced wound care

One source – different products



**Yeast cell walls from
yeast extract
production
(25% BG)**



**M-Glucan™
Feed ingredient
(65% BG)**



**NBG Particulate
Nutrition
(80% BG)**



**NBG Cos
Cosmetics
(90% BG)**



**SBG™
Soluble Beta-Glucan
(Medicinal product)
(99% BG)**

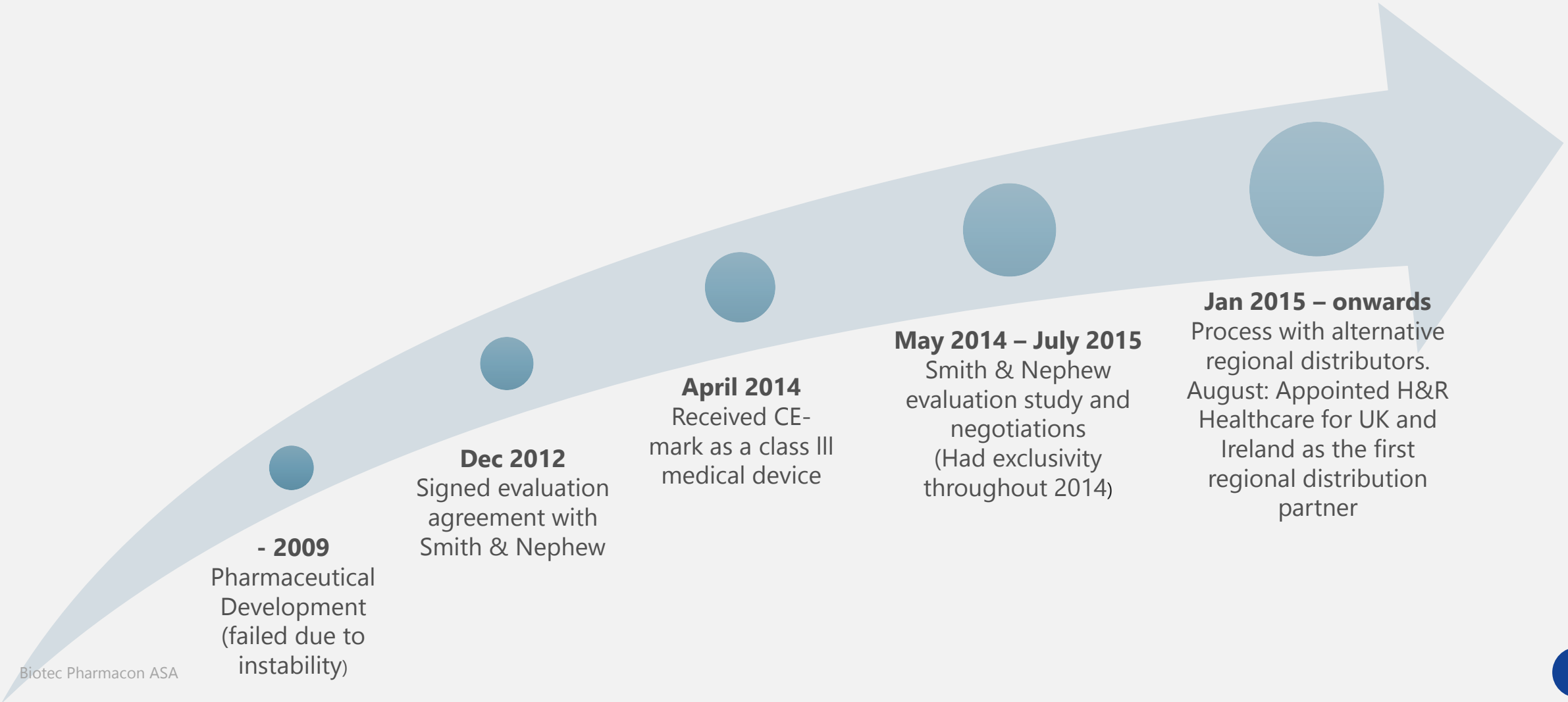
Woulgan®

Next generation, advanced wound healing product

- WOULGAN® is a CE-marked medical device, class III, rule 13, approved for a range of wound conditions including diabetic ulcers, leg ulcers, pressure ulcers, post-operative surgical wounds, 1st and 2nd degree burns, abrasions and lacerations
- WOULGAN® is a patent-protected, advanced gel containing soluble beta-glucan (SBG®), an ancillary medicinal substance proven to heal wounds faster
- SBG® is a proprietary platform technology that can be extended to other product formats and can be tailor-made for new application areas
- Woulgan® has a variety of strong primary and secondary claims, thus increasing the likelihood to demand higher prices. (Full set of approved claims are enclosed)
- The product is preferably positioned towards the advanced wound care market



Woulgan® - the development history



- 2009
Pharmaceutical
Development
(failed due to
instability)

Dec 2012
Signed evaluation
agreement with
Smith & Nephew

April 2014
Received CE-
mark as a class III
medical device

May 2014 – July 2015
Smith & Nephew
evaluation study and
negotiations
(Had exclusivity
throughout 2014)

Jan 2015 – onwards
Process with alternative
regional distributors.
August: Appointed H&R
Healthcare for UK and
Ireland as the first
regional distribution
partner

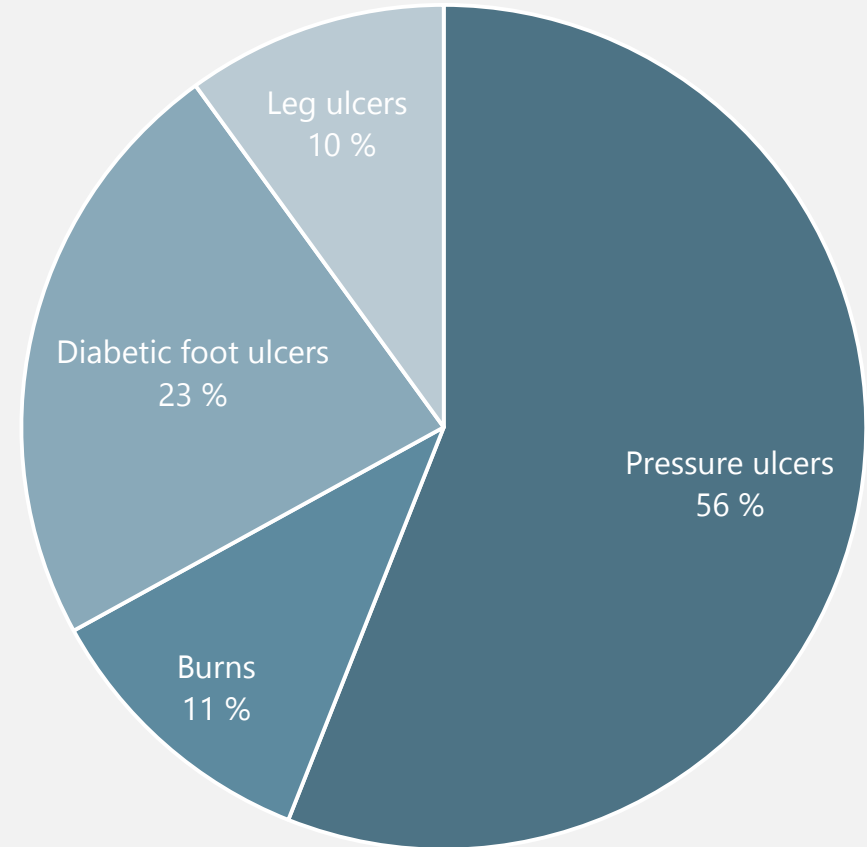
Advanced wound healing - market

- The European market counts ~9 million wounds in the initial indication areas:

Diabetic ulcers, leg ulcers, pressure ulcers, burns

- Approved also for other major wound areas

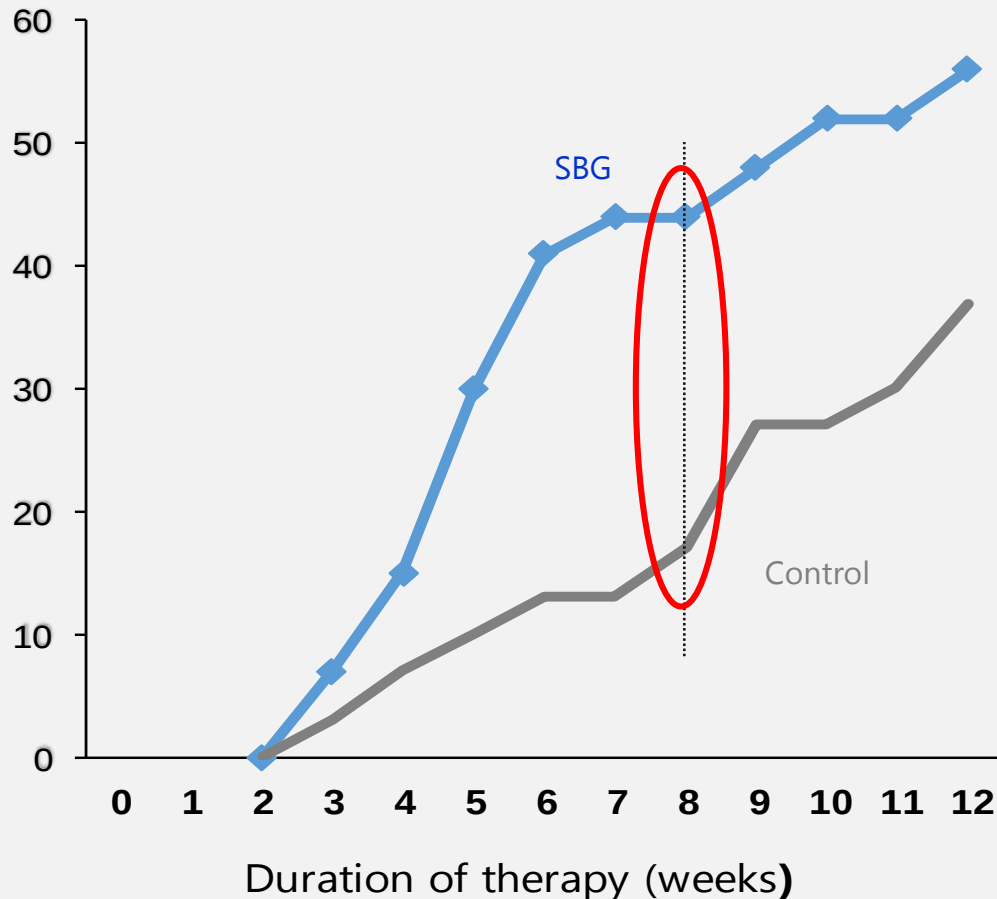
Post-surgery wounds, trauma wounds, lacerations, and abrasions



 **Europe represents ~1/3 of the total available global wound market**

SBG Clinical phase II

Patients with complete healing (%)

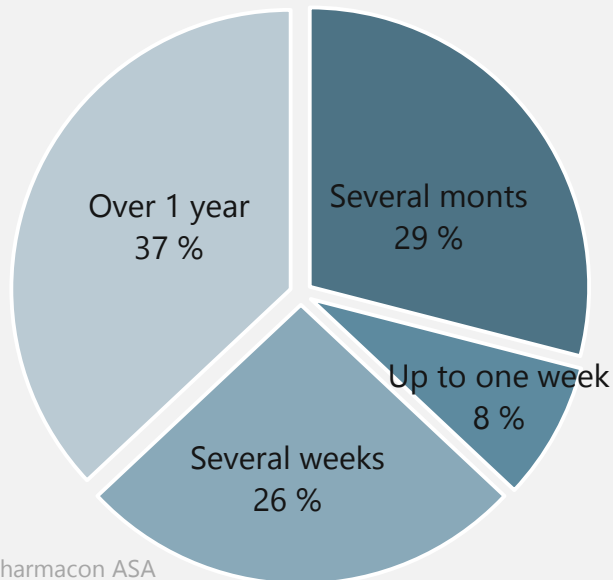


- Methylcellulose (Control)
- N= 60
- Treatment schedule:
 - 2-3 treatments per week
 - 8 weeks treatment
 - Ulcer size 1-34 cm²
- Complete healing within 8 weeks:
 - SBG 45%
 - Placebo 15%

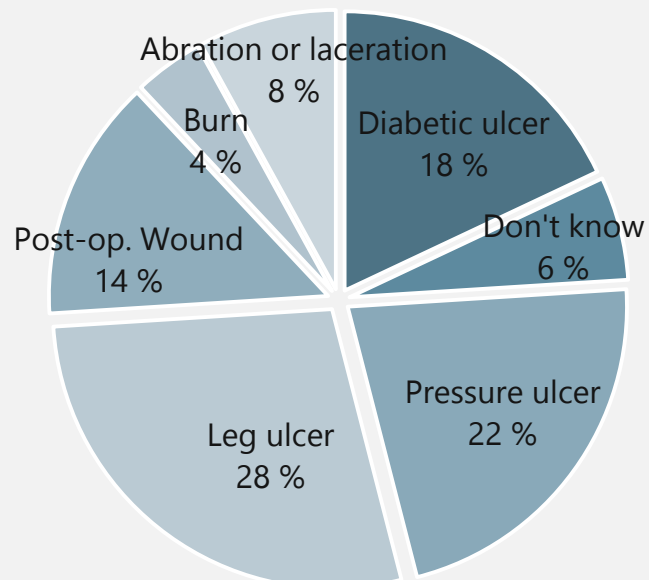
Woulgan[®] - Clinical evaluation in Norway

- Primarily used in chronic wounds
- Variety of wound types
- 72% of clinicians rated the product good to fantastic

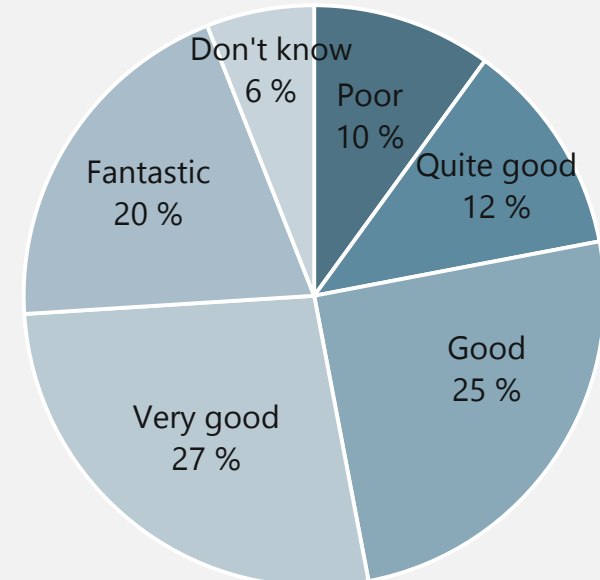
How old is the wound?



Wound diagnosis



How would you rate Woulgan's effect?



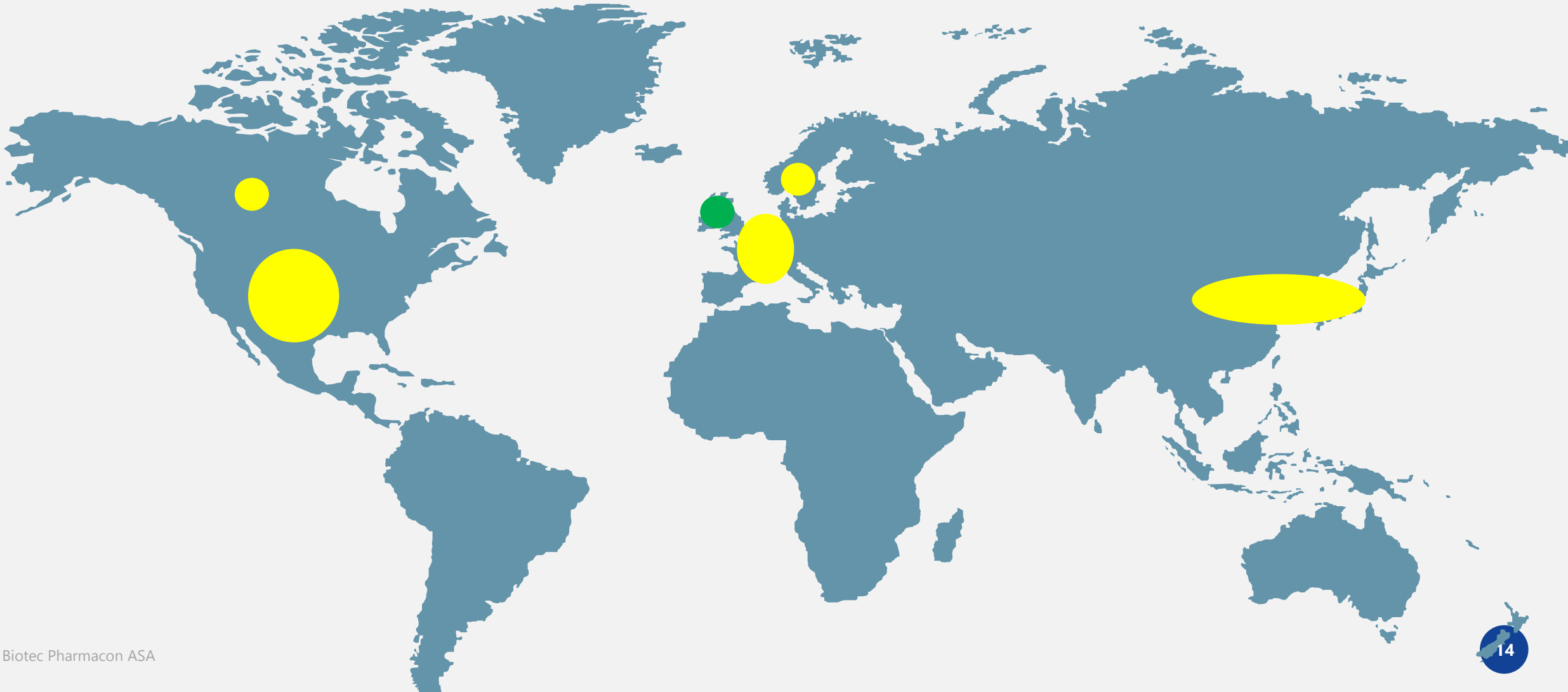
Health economics

- Building documentation for Diabetic Foot Ulcers (DFU)
- Important basis for marketing

	Woulgan	Std. care	Difference
Time	Average cost per healed ulcer		
8 weeks	£1890	£3885	- £1995
12 weeks	£2260	£2660	- £400
52 weeks*	£2760	£3542	- £782
	Average patient cost to reach standard of care healing rate at 12 weeks (37%)		
	£577	£1038	- £461

* Calculated from extrapolated data

Distribution process - activities



Other areas Woulgan®

- Strengthening the commercial organization:
 - Employed International Marketing Director Woulgan
 - Will over time employ 6-8 marketing/product managers in local markets
- New follow-up products under development:
 - Spray product
 - Combination product



A number of other activities outside Woulgan®:

- New documentation in animal feed and a number of follow up opportunities in the animal health market
- Working to clarify the strategic options for the Nutrition market. Exclusivity is expiring January 2016
- The study using Biotec's SBG as an adjuvant in treatment of Neuroblastoma conducted by Memorial Sloan Kettering Cancer Center in New York are encouraging and is expanded into a phase II aiming to recruit a total of 115 patients



Enzymes

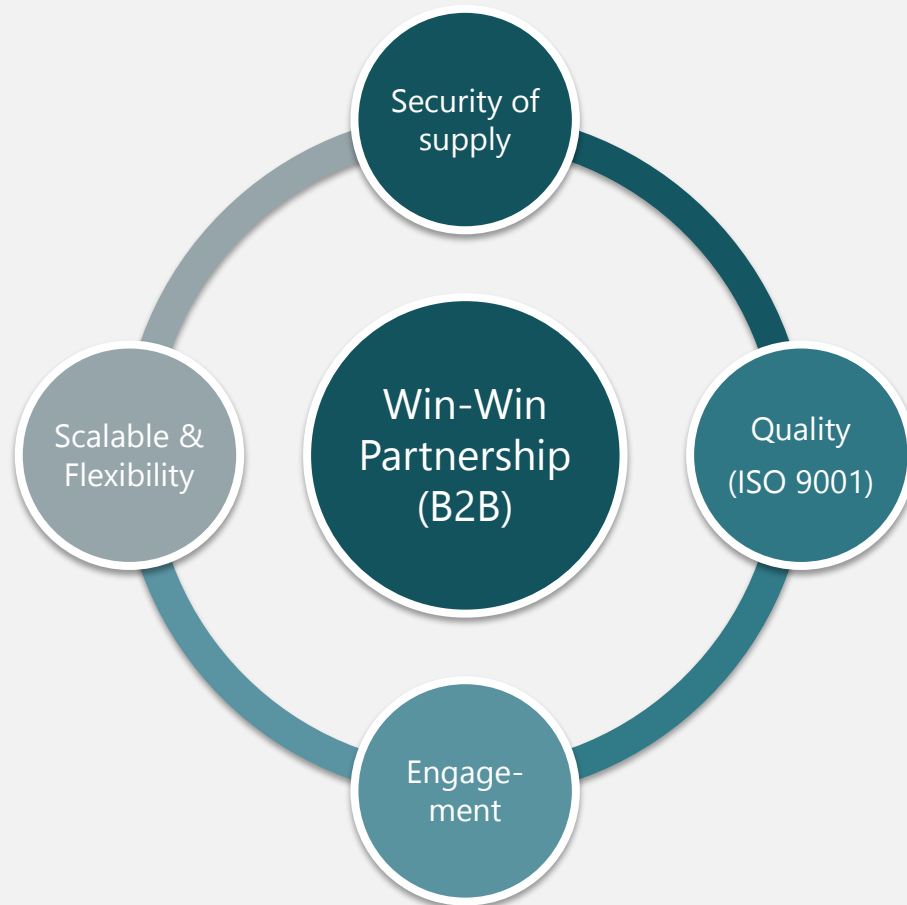
Molecular testing

ArcticZymes

- Develops, manufactures and sells unique marine enzymes for molecular DNA/RNA analysis used in research and diagnostics
- Unique enzymes based on genetic information from the marine Arctic
- In close cooperation with academic institutions in particular UiT
- ArcticZymes formulates, develops and manufacture customized applications



Business to Business (B2B) = long- term focus



- The majority of molecular biology business is related to large multinational corporations and specialised diagnostic players
- ArcticZymes shall be a creative and reliable long term partner to these companies
- The future is a mix of own unique products and customer initiated development
- ArcticZymes access to bioprospecting and library is unique and key to success



Outlook



Outlook

- The primary focus of Biotec currently is to conduct a number of parallel activities to secure the full commercial potential of Woulgan®
- Biotec is currently working with potential distributors and key opinion leaders in Europe to position the product for launch
- Processes in the most important markets outside Europe have been initiated but will take time
- Keeping up the momentum on ArcticZymes - continuous growth with existing products
- Close partnerships with the main life science companies secure ArcticZymes strong commercial basis for its new product developed program