BIOTEC PHARMACON

Q4 2015

Fourth Quarter 2015

Highlights for the fourth quarter 2015

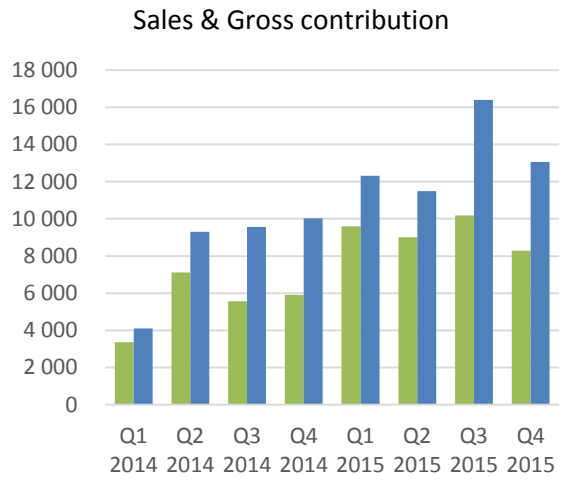
- Group revenues amounted to NOK 13.1 million in the fourth quarter 2015, compared to NOK 10.0 million in the fourth quarter 2014. Group revenues for the full year amounted to NOK 53.3 million compared to NOK 33.0 million in 2014. This represents a 61% growth in revenues
- EBIT showed a loss of NOK 8.0 million in the quarter, compared to a loss of NOK 6.3 million in the fourth quarter 2014 while EBIT for the full year improved from a loss of NOK 23.6 million in 2014 to a loss of NOK 17.3 million in 2015
- Signed distribution partner agreement with Navamedic ASA for Woulgan® covering the Nordic countries
- Signed a one-year supplier agreement with NutraQ AS for supply of beta-glucans to the nutrition segment

Key financials

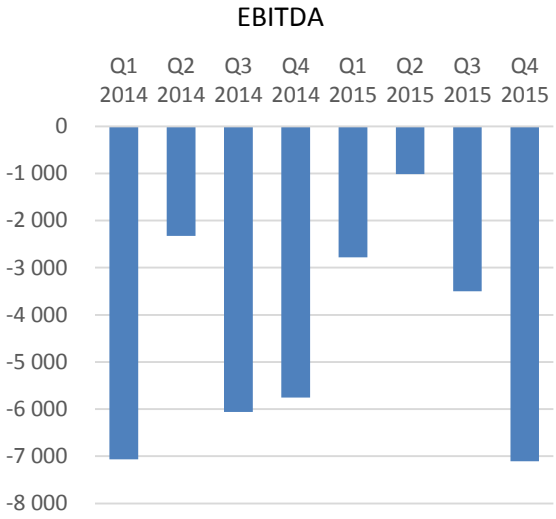
Amount in NOK 1.000	Q4 2015	Q4 2014	12M 2015	12M 2014
Revenues	13 061	10 032	53 280	33 025
EBITDA	-7 098	-5 755	-14 387	-21 170
EBIT	-7 975	-6 320	-17 314	-23 634
Net cash flow from operations	2 332	1 270	-12 887	-21 200
Net cash end of period	78 343	88 283	78 343	88 283

Biotec Pharmacon – Group Figures

Biotec Pharmacon ASA, ("Biotec", the "Company") reported revenues of NOK 13.1 million (10.0) for the fourth quarter of 2015 and NOK 53.3 million (33.0) for the full year 2015. EBITDA was NOK -7.1 million (-5.8), and EBIT NOK -8.0 million (-6.3) in the quarter. Net financial income was NOK -0.1 million (0.5), generating a loss before tax of NOK 8.1 million (-5.8) for the fourth quarter and a loss before tax of NOK 17.3 million (-22.0) for the full year 2015.



The beta-glucan segment had another strong quarter while enzymes had a weaker quarter compared to the first three quarters. The group had gross contribution of NOK 8.3 million (5.9) in the fourth quarter 2015 and gross contribution of NOK 37.1 million (22.0) for the full year.



Reduction in EBITDA reflects reduced enzyme sales in the fourth quarter and increased activity levels on the beta-glucan segment.

The Company recognized no income tax for 2015.

The group had 40 employees at the end of the fourth quarter, compared to 37 employees at the end of the fourth quarter 2014.

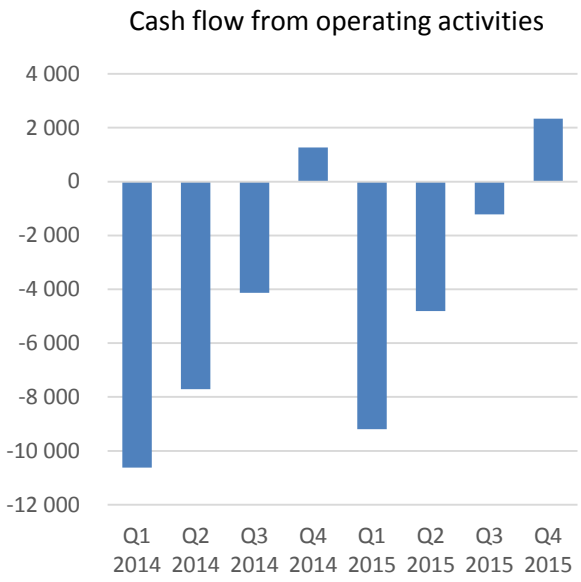
Balance Sheet

Total equity amounted to NOK 86.7 million at the end of 2015 compared to NOK 98.9 million at the end of 2014.

Total assets were NOK 101.1 million at the end of the fourth quarter 2015, down from NOK 111.1 million at the end of 2014. The Company has no interest-bearing debt.

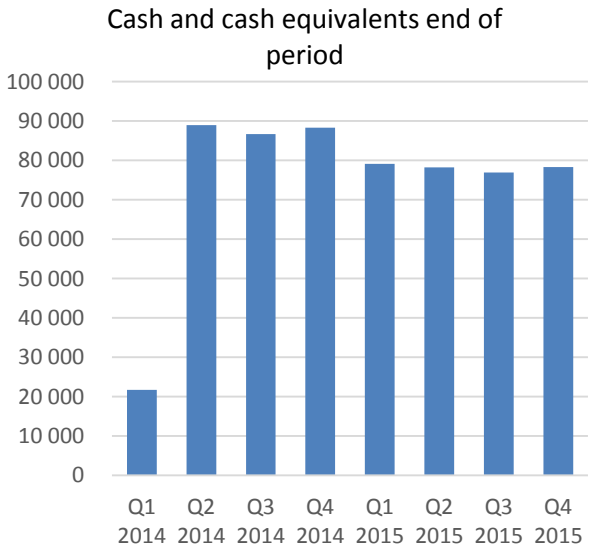
Cash Flow

Net cash flow from operating activities was NOK 2.3 million in the fourth quarter 2015, up from NOK 1.3 million in same quarter in 2014. The operating cash flow reflects change in working capital of NOK 9.2 million compared to end of third quarter 2015. This is due to a prepayment of receivables.



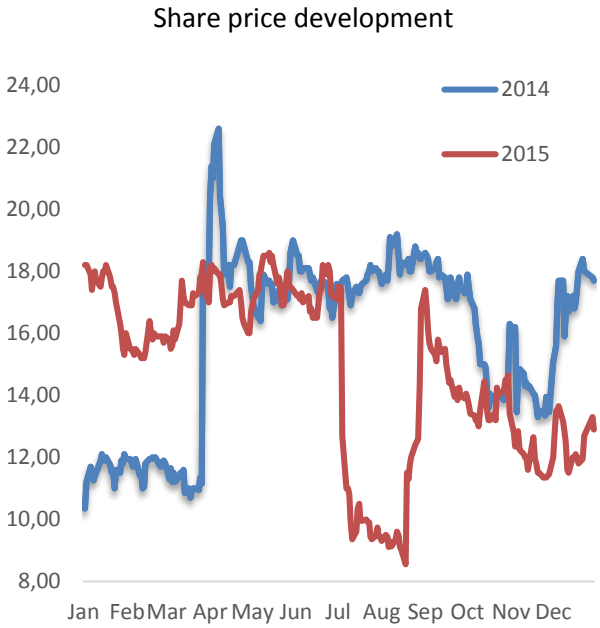
Net cash flow from investing activities was NOK -0.9 million and net cash flow from financing activities was NOK 0 million in the fourth quarter.

Changes in cash and cash equivalents were NOK 1.4 million in the fourth quarter. This generated a cash balance of NOK 78.3 million at the end of the year, compared to NOK 88.3 million at the end of 2014.



Shareholder matters

Total number of issued shares was 43,944,673 at the end of the fourth quarter. The number of issued employee share options was 655,750 at the end of the quarter. 203,250 of these employee options can be exercised in 2016.



Risk factors

Biotec´s business is exposed to a number of risk factors that may affect parts or all of the Company's activities. There are no substantial changes in the risk factors compared to the descriptions in the annual report for 2014.

Business areas reporting

Beta-glucans

The commercialization process of Woulgan® is continuing according to plan, with short-term focus on UK, Scandinavia and Germany. During the second half of 2015, a number of experienced people were brought onboard, led by the new Marketing Director Stuart Devine who started in December. This has led to an increased commercial activity level and will lead to increased cost during 2016.

The product profile of Woulgan® has been adjusted to ensure that the recommended use of the product reflects its key features in an optimal way. This is particularly important for a premium priced product, to ensure its unique features benefits the healing in a way that ensure sound health economics. The main positioning of the product will be towards "stalled wounds", which are defined as wounds that have not progressed sufficiently after 4 weeks of treatment with the standard of care. Stalled wounds are expected to account for at least 50% of chronic wound types treated by health care professionals.

In order to secure acceptable reimbursement in UK, clinical data have been used in calculating cost effectiveness. Biotec has been supported by a UK expert in Health Economic calculations for showing the economic benefit of using Woulgan® in treatment of diabetic ulcers compared to the standard of care. The calculations showed a beneficial cost-effect of using Woulgan® in this indication during a typical treatment period for such ulcers. The health economic data have also been used to support the Drug Tariff Application filed with the National Health Service in December. Expected processing time is around 6-8 months, as Biotec applies for a new product category.

The Company and its distribution partner H&R Healthcare are planning for a full launch when reimbursement is obtained. Meanwhile, a number of pre-launch activities are taking place to gain early sales, build clinical endorsement and establish Woulgan® brand awareness. Examples include multiple evaluations with opinion leaders and multi-media campaigns promoting awareness of stalled wounds and the uniqueness of Woulgan in reactivating stalled wounds. We aim to achieve a good level of clinical endorsement and momentum by the time reimbursement is obtained. Any early sales will come from acute care outside of the Drug Tariff reimbursement system and we expect these to be limited.

In December, the Company entered into an agreement with Navamedic ASA for the distribution of Woulgan® in the Nordic countries. Navamedic is a specialized product supplier, well skilled and positioned to take on an advanced product like Woulgan®. Training of their Key Account Managers is completed and focus is on obtaining local opinion leader support in each country. In parallel, a number of activities are in process to ensure the product becomes available in tenders so that customers can have access to the product. Differently from UK, there is no need for reimbursement applications in Scandinavia.

Many "Health Care Professionals" (HCP) are introduced to Woulgan® for the first time. Some have never heard about the beta-glucan technology or they do not have awareness of its uniqueness in wound care programs. This awareness therefore needs to be built in a systematic way, a top priority for the Company going forward.

The Company continues the process of establishing a presence in the German market. The search for distribution partner(s) is progressing and a number of potential candidates are currently being considered.

A process to obtain an attractive price level in Germany is ongoing. Germany has a reimbursement system that works as guidance towards the insurance companies who are paying for the treatment and therefore need to be convinced to generate sales. A limited process to obtain opinion leader support is being performed. Both latter processes will help to speed up the process when distribution partner(s) are selected.

Biotec has for some time worked on analyzing the best possible strategy for the US market. This market is also driven by reimbursement, which is the key to obtain an attractive and profitable US business. As a first step in this process, Biotec will apply for a "510K" approval in the US. When this process is concluded, the Company will consider additional steps to obtain a strong position in the largest and most attractive market in the world.

The Company is developing new wound care products as line extension to Woulgan®. During the fourth quarter, an animal test model on diabetic mice was carried out, where such products were tested. The preliminary results indicate a similar healing effect as the gel product. This means that "proof of concept" has been obtained and these projects will be brought into product development. Even though these results are encouraging, it will take time before the final products are developed and documented.

The "Post Market Clinical Follow Up" study required by the Company's Competent Authorities, MHRA, as a part of the CE mark approval. The study, assessing the usefulness and safety of Woulgan® compared to a given standard hydrogel, is expected to be completed in 2017 and has no influence on the launch activities of Woulgan®. The study, aiming to recruit a total of 80 Diabetic Foot Ulcers patients has commenced with the first sites in Sweden and will be followed up by additional sites in the UK during 2016.

OTHER

The co-operation with Memorial Sloan Kettering Cancer Centre is continuing with the ongoing clinical study on Neuroblastoma cancer patients. The trial was expanded to a phase II study aiming to recruit a total of 115 patients. The patients are treated with the combination of an experimental cancer vaccine, developed by Memorial Sloan Kettering Cancer Centre, and Soluble Beta Glucan (SBG®). SBG® is used for its immunomodulatory properties. The expansion of the study was initiated after encouraging responses observed in the first 30 patients treated, and by end of 2015, 53 patients were treated under this protocol. Biotec will also explore whether it will be possible to provide products for other trials to gain more support for this use of SBG® in cancer treatment.

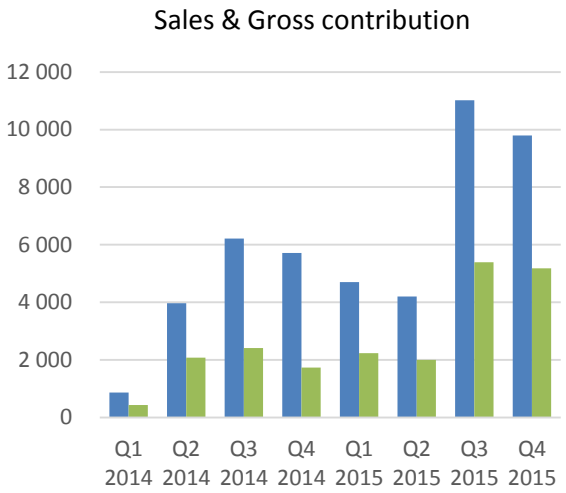
In December 2009, the Biotec subsidiary Immunocorp AS, with its US subsidiary was sold to company Sana Pharma AS (a sister company of NutraQ AS). There is now a dispute relating to the understanding of the IP agreement that was entered into as part of this transaction. This dispute will be settled by arbitration in Norway in 2016. The nutrition market is not a key focus area of Biotec.

Even though there is a conflict, both parties agreed upon a new one-year non-exclusive agreement for supply of beta-glucan products to the nutrition segment in beginning of 2016.

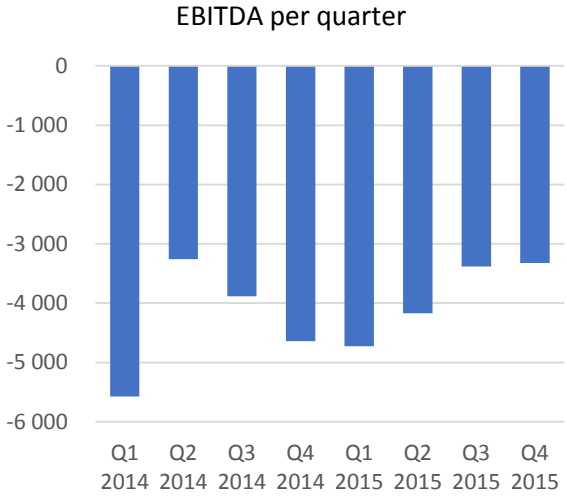
Biotec is also working to secure additional documentation of the Company's proprietary beta-glucans called M-Glucan® within the animal health segment. Biotec sees increasing interest for its well-documented animal health product.

Financial review Beta-glucans

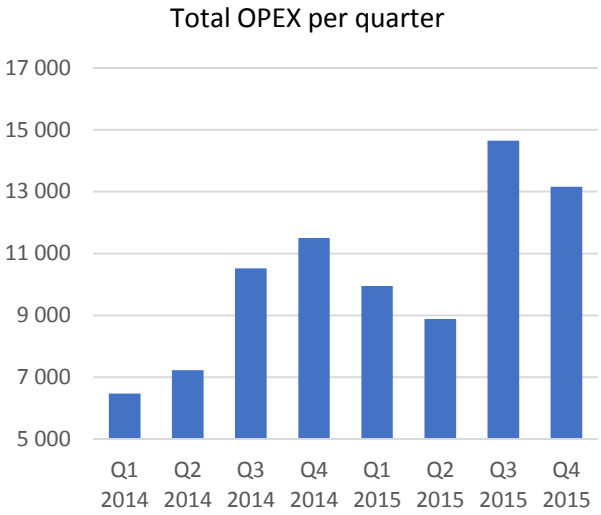
Sales revenues amounted to NOK 9.8 million in the fourth quarter 2015, compared to NOK 5.7 million in the fourth quarter 2014.



EBITDA for the quarter was a loss of NOK 3.3 million compared to a loss of NOK 4.7 million in the same period last year.



Operating expenses increased from NOK 11.5 million in the fourth quarter 2014 to NOK 13.2 million in the fourth quarter 2015 mainly because of increase in COGS and use of external services for commercialization of Woulgan®. Biotec expects increased expenses through 2016 as Woulgan® is being launched and commercialized in several markets.



Enzymes (ArcticZymes)

ArcticZymes completed the fiscal year revenues at NOK 23.5 million, with fourth quarter sales of NOK 3.3 million. The decrease in the fourth quarter was anticipated as ArcticZymes' large customers ordered earlier in the year to satisfy manufacturing demands.

A new supply agreement was formalized to extend the product range with a large global life science company. The agreement secures long-term value and mutual commitment by both organizations thus serving the molecular biology market segment.

As part of the Company's new product pipeline initiative, ArcticZymes has embarked on a development project with focus on polymerase enzymes. The technology is in the early stages of development where prototypes will be available for testing by large customers in early 2016. Feedback from these customers will provide guidance toward provisional timelines for launch of the first polymerase enzymes, via an early access program for these customers in late 2016 or early 2017. The unique properties of ArcticZymes' polymerases synergize well with the demands of new technology developments in Next

Generation Sequencing (NGS), Molecular Diagnostics (MDx assays) and synthetic biology.

ArcticZymes has appointed Cryo Store B.V. (Netherland) as new warehouse and logistics partner for Europe from January 2016. Cryo Store will replace the existing facility located at Gardermoen airport, which will be phased out during the first quarter 2016. Cryo Store offers unique capabilities in cold chain storage and logistics. These services will benefit ArcticZymes as well as its European customers through a higher quality of services and improved shipment capabilities.

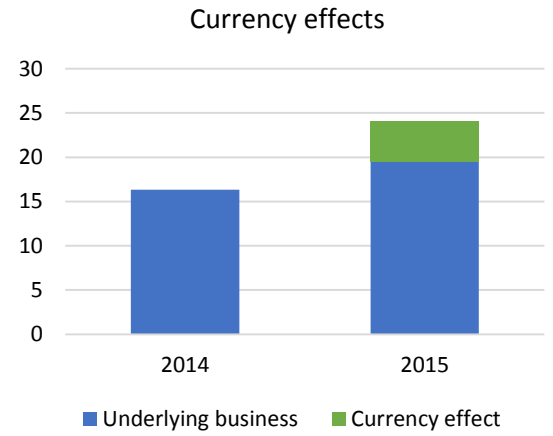
ArcticZymes has received ISO 9001 certification for Product Development, Sales and Marketing, Manufacturing and Distribution of Enzymes for use in Molecular Biology and Diagnostics for all products. This is an extension of the previous ISO 9001 certificate that only covered "rSAP" and "Cod UNG". All products as well as new developments will fall under the ISO 9001 certification. Achieving the extended scope greatly strengthens the value that ArcticZymes brings towards its large commercial partners.

In order to expand its activity in Asia ArcticZymes has hired a dedicated sales consultant based in Japan. A local representative that understands the business culture is essential to extend the sales in this important market.

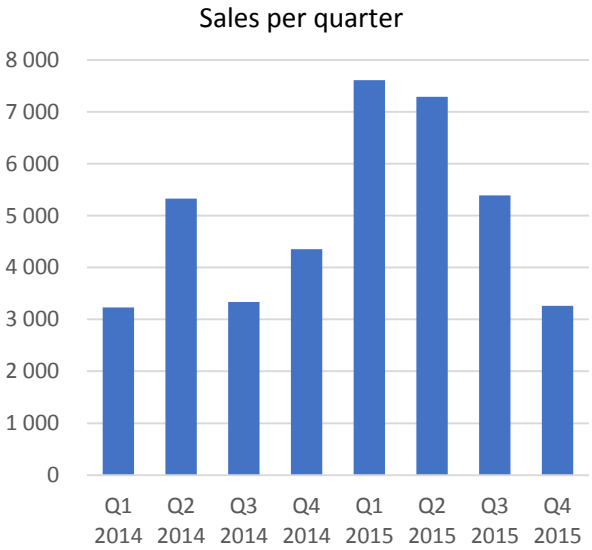
ArcticZymes remains committed to serving its commercial partners in molecular research and diagnostics. The initialisation of new synergic product development projects and new customers coming on board during the year will allow ArcticZymes to maintain its momentum in sales growth going into 2016.

Financial review Enzymes

Sales revenues in ArcticZymes amounted to NOK 3.3 million in the fourth quarter 2015, down from NOK 4.3 million in the same quarter last year. Sales revenues for the full year amounted to NOK 23.5 million compared to NOK 16.3 million in 2014. The increased revenues for 2015 mainly reflect incremental volumes to large OEM customers and positive income from currency.



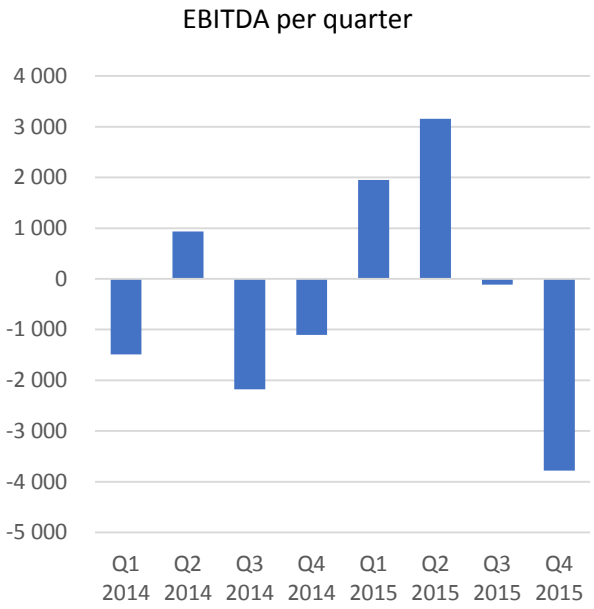
The Company's revenues are coming from a limited number of orders, some of them quite large. This will continue to give fluctuations in revenues per quarter going forward.



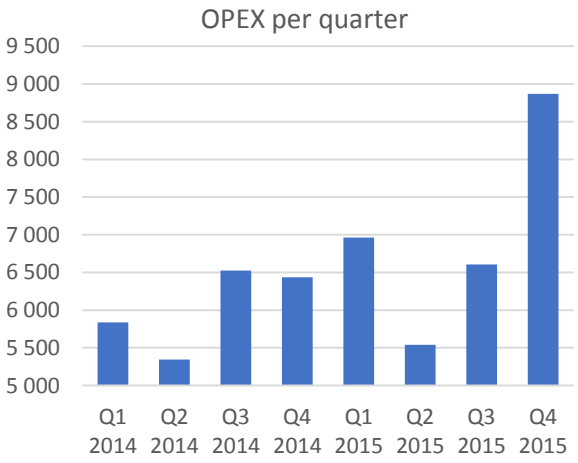
Other income mainly relates to research grants and currency gains, which increased to

NOK 1.8 million from NOK 0.9 million in the fourth quarter last year.

EBITDA was a loss of NOK 3.8 million in the fourth quarter 2015, compared to a loss of NOK 1.1 million in the same quarter 2014. EBITDA for the full year is NOK 1.2 million compared to a loss of NOK 3.8 million in the same period for 2014.



Operating expenses have increased from NOK 6.3 million in the fourth quarter 2014 to NOK 8.8 million in the fourth quarter 2015, mainly because of increased personnel expenses and higher internal services compared to previous quarters.



OUTLOOK

Biotec has a strong platform for creating shareholder value in the years to come.

Over the past years, Biotec has emerged into a commercially driven company. In 2016, Biotec is a company dedicated to develop the commercial value of its key product Woulgan®, to strengthen ArcticZymes' market position through long-term partnerships, and to enhance product development based on strong technology platforms in both business areas.

Biotec BetaGlucans is currently working at full pace to position Woulgan®, our premium priced product, targeting stalled wounds. This represents a market opportunity of at least USD 100M in-market sales for the Woulgan® product platform. In the short term, focus will be to position the gel product towards the professional wound care market in the UK and the Nordics. Securing new distribution agreements, establishing key opinion leader support, obtaining acceptable reimbursements supported by health economic data, entering new markets through clever rollout of the Company´s product to key customers are further to be emphasized in the commercialization activities going forward.

The 2016 operational targets for Woulgan® are:

- Enter into distribution agreement(s) for Woulgan® in Germany
- Finalise the UK reimbursement process in the high-end category of the market
- Drive sales in UK and the Nordic countries.
- Continue to develop international sales support organization

In parallel, Biotec BetaGlucans will focus on developing new and securing existing supplier agreements within animal health and nutrition

and pursuing promising opportunities within the field of cancer.

Biotec's technology platforms represent key strengths and strategic advantages. The company has already obtained proof of concept concerning the spray and dressing editions of Woulgan®, and is moving these into product development, which ultimately will broaden our portfolio further.

In the enzymes market, ArcticZymes has a strong product offering, valuable and long-term relationships with key customers, and a solid position for future growth.

ArcticZymes has a unique value proposition. Through its existing product portfolio, which has been increasingly adopted by customers in next generation technologies and diagnostics, development of novel enzymes and further development of the company's partnerships in molecular, diagnostic and adjacent markets, ArcticZymes should be able to increase its market share going forward. In addition, the company expects the enzyme market to grow and develop structurally over the next years, as the industry represents attractive opportunities for a wide array of partners and companies in adjacent industries.

Financial statement 4th quarter 2015

INCOME STATEMENT - THE GROUP

(Amounts in NOK 1.000 - exept EPS)	Q4 2015	Q4 2014	Jan.-Dec. 2015	Jan.-Dec. 2014
Sales revenues	**13 061**	**10 032**	**53 280**	**33 026**
Cost of goods sold	-4 774	-4 120	-16 204	-11 039
Personell expenses	-10 773	-8 579	-35 308	-29 010
Depreciation and amortization expenses	-877	-565	-2 927	-2 464
Other income	1 850	2 046	7 354	5 659
Other expenses	-6 462	-5 133	-23 508	-19 805
Operating profit	**-7 975**	**-6 320**	**-17 313**	**-23 634**
Finanical income, net	-90	546	21	1 641
Profit before tax	-8 065	-5 774	-17 292	-21 992
Tax	0	0	0	0
Profit after tax for the period	**-8 065**	**-5 774**	**-17 292**	**-21 992**
Basic EPS (profit for the period)	-0,18	-0,13	-0,39	-0,52
Diluted EPS (profit for the period)	-0,18	-0,13	-0,39	-0,52

OTHER COMPREHENSIVE INCOME - THE GROUP

(Amounts in NOK 1.000)	Q4 2015	Q4 2014	Jan.-Dec. 2015	Jan.-Dec. 2014
Profit after tax for the period	-8 065	-5 774	-17 292	-21 992
Other comprehensive income:				
- Currency translation effect	0	32	0	53
Total comprehensive income	**-8 065**	**-5 742**	**-17 292**	**-21 939**

BALANCE SHEET - THE GROUP

(Amounts in NOK 1.000)	2015-12-31	2014-12-31
Non-current assets		
Machinery and equipment	4 118	5 359
Intangible assets	5 075	5 190
Other financial assets	77	153
Total non-current assets	**9 270**	**10 702**
Current assets		
Inventories	2 904	4 392
Trade receivables and other receivables	10 555	7 752
Cash and cash equivalents	78 343	88 283
Total current assets	**91 802**	**100 428**
Total assets	**101 072**	**111 130**
Equity		
Share capital	43 945	43 623
Share premium capital	133 378	129 085
Other equity	-91 018	-74 277
Non-controlling interests	447	437
Total equity	**86 751**	**98 868**
Current liabilities		
Trade-, short term-, and other payables	14 321	12 262
Total current liabilities	**14 321**	**12 262**
Total equity and liabilities	**101 072**	**111 130**

CHANGES IN EQUITY - THE GROUP

(Amounts in NOK 1000)	Share capital	Share premium capital	Own shares	Minority interests	Other reserves	Total equity
Balance at 2013-12-31	**39 393**	**55 711**	**0**	**840**	**-53 420**	**42 524**
Total comprehensive income/-loss for the period	0	0	0	-403	-21589	-21992
Currency conversion difference	0	0	0	0	53	53
Transactions with shareholders:						
Private placements - new equity	4 230	73 513	0	0	0	77 743
Employee stock option provision	0	0	0	0	581	581
Purchase of own shares	0	0	-14	0	-182	-182
Sale of own shares	0	0	14	0	142	142
Total transactions with shareholders	4 230	73 513	0	0	541	78 284
Balance at 2014-12-31	**43 623**	**129 224**	**0**	**437**	**-74 415**	**98 869**
Total comprehensive income/-loss for the period	0	0	0	10	-17 302	-17 292
Currency conversion difference	0	0	0	0	0	0
Transactions with shareholders:						
Private placements - new equity	322	4 154	0	0	0	4 475
Employee stock option provision	0	0	0	0	734	734
Purchase of own shares	0	0	-14	0	-172	-172
Sale of own shares	0	0	14	0	137	137
Total transactions with shareholders	322	4 154	0	0	699	5 174
Balance at 2015-12-31	**43 945**	**133 378**	**0**	**447**	**-91 018**	**86 751**

CASH FLOW ANALYSIS - THE GROUP

(Amounts in NOK 1.000)	Q4 2015	Q4 2014	Jan.-Dec. 2015	Jan.-Dec. 2014
Cash flow from operating activities:				
Profit after tax	-8 065	-5 774	-17 292	-21 992
Adjustment:				
Depreciation	877	565	2 927	2 464
Employee stock options	367	212	734	581
Profit from sale of fixed assets	0	-45	0	-45
Currency conversion difference	0	32	0	53
Changes in working capital				
Inventory	-894	-803	1 487	-1 954
Account receivables and other receivables	6 648	3 432	-2 803	-1 312
Payables and other current liabilities	3 399	3 651	2 060	1 006
Net cash flow from operating activities	**2 332**	**1 270**	**-12 887**	**-21 199**
Cash flow from investing activities:				
Purchase of fixed assets	-133	-88	-770	-1 538
Invested in intangible assets	-800	-387	-800	-387
Sale of fixed assets	0	45	0	45
Change in long term receivables	36	-51	77	3
Net cash flow from investing activities	**-897**	**-481**	**-1 493**	**-1 877**
Cash flow from financing activities:				
Cashflow from share issues	0	867	4 475	77 743
Purchase of own shares	-172	-195	-172	-195
Sale of own shares	137	156	137	156
Net cash flow from financing activities	**-35**	**828**	**4 440**	**77 704**
Changes in cash and cash equivalents	1 400	1 617	-9 940	54 627
Cash and cash equivalents at the beginning of period	76 943	86 666	88 283	33 656
Cash and cash equivalents at end of period	**78 343**	**88 283**	**78 343**	**88 283**

Notes to the interim accounts for 4th quarter 2015

Note 1 - Basis of preparation of financial statements

These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of Biotec Pharmacon ASA and its subsidiaries (hereafter "the Group") for the period ended December 31 2015. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year, ended December 31 2014 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.

The accounting policies used in the Interim Financial Statements are consistent with those used in the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. Where necessary, the comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

Income tax expense or benefit is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year. Deferred tax asset is accounted at NOK 0 in the balance sheet.

The Group has adopted IFRS 13 "Fair Value Measurement" for the period started January 1 2013.

Note 2 - Analysis of operating revenue and -expenses, segment information

Income and expenses in the parent company are allocated to both segments according to a predefined key.

	Q4		Jan.-Dec.	
(Amounts in NOK 1.000)	**2015**	**2014**	**2015**	**2014**
Sales revenue:				
Beta-Glucans	9 802	5 700	29 733	16 773
Enzymes	3 259	4 332	23 546	16 252
Group operating revenue	**13 061**	**10 032**	**53 280**	**33 025**
Other income:				
Beta-Glucans	44	1 141	1 316	1 594
Enzymes	1 807	903	6 038	4 065
Group other income	**1 850**	**2 044**	**7 354**	**5 659**
Operating expenses:				
Beta-Glucans	-13 159	-11 491	-46 644	-35 722
Enzymes	-8 851	-6 341	-28 377	-24 133
Group operating expenses before amortization	**-22 009**	**-17 832**	**-75 021**	**-59 855**
Operating profit (EBITDA):				
Beta-Glucans	-3 313	-4 650	-15 595	-17 355
Enzymes	-3 785	-1 105	1 207	-3 815
Group operating profit - EBITDA	**-7 098**	**-5 755**	**-14 387**	**-21 170**
Amortization:				
Beta-Glucans	-701	-330	-2 029	-1 520
Enzymes	-176	-235	-898	-944
Group amortization	**-877**	**-565**	**-2 927**	**-2 464**
Operating profit (EBIT):				
Beta-Glucans	-4 014	-4 980	-17 624	-18 875
Enzymes	-3 961	-1 340	309	-4 759
Group operating profit - EBIT	**-7 975**	**-6 320**	**-17 313**	**-23 634**

Oslo, February 10, 2016
The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen Chairman	Olav Flaten Director	Inger Rydin Director	
Gunnar Rørstad Director	Masha Strømme Director	Gerd Nilsen Director, employee representative	Svein W. F. Lien CEO