



BIOTEC  
PHARMACON

Q1 2015

First Quarter 2015

## Highlights for the first quarter 2015

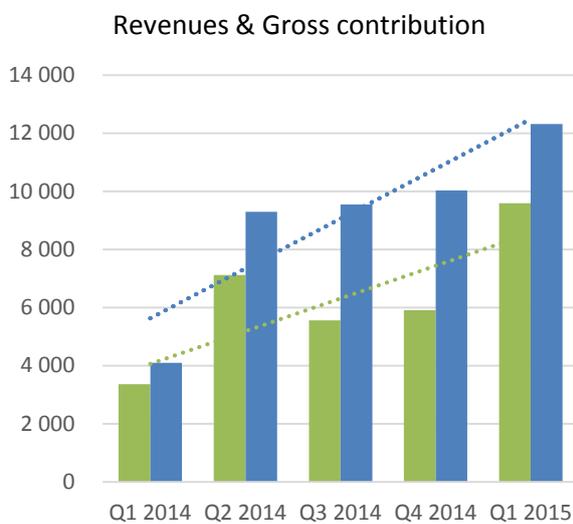
- Evaluation study for Woulgan<sup>®</sup> in Germany and UK completed at the end of first quarter 2015, according to the revised plan
- Group revenues amounted to NOK 12.3 million in the first quarter compared to NOK 4.1 million in the first quarter 2014
- Positive development in ArcticZymes with quarterly sales at NOK 7.6 million
- Strong EBIT improvement, reducing losses to NOK 3,5 million compared to a loss of NOK 7.7 million in the first quarter 2014

## Key financials

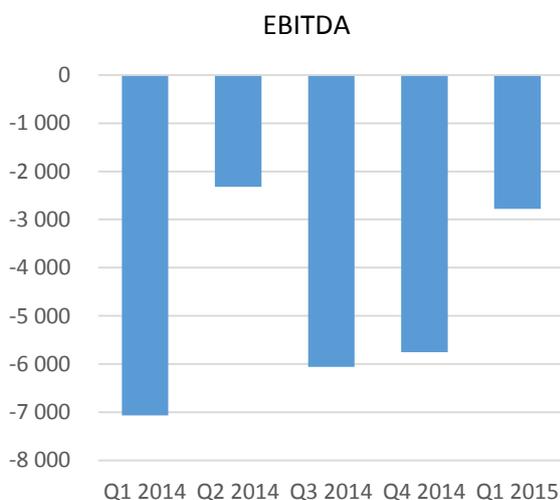
Amount in NOK 1.000	Q1 2015	Q1 2014	3M 2015	3M 2014
Revenues	12 318	4 101	12 316	4 101
EBITDA	-2 777	-7 067	-2 777	-7 067
EBIT	-3 454	-7 706	-3 453	-7 706
Net Cash Flow from Operations	-9 192	-10 622	-9 192	-10 622
Net Cash end of period	79 112	21 755	79 112	21 755

## Biotec Pharmacon – Group Figures

Biotec Pharmacon ASA, (“Biotec”, the “Company”) reported sales revenues of NOK 12.3 million (4.1) for the first quarter of 2015. The EBITDA was NOK -2.8 million (-7.1), and the EBIT NOK -3.5 million (-7.7). Net financial income was NOK 0.2 million (0.1), generating a loss before tax of NOK 3.2 million (-7.6) for the first three months.



Gross contribution of NOK 9.6 million in the first quarter 2015 relates to increased sales of high margin products.



The improvements in EBITDA are mainly explained by higher sales in ArcticZymes.

The company recognized no income tax for the first three months of 2015.

The group had 36 employees at the end of the first quarter, compared to 34 employees at the end of the first quarter 2014.

### Balance Sheet

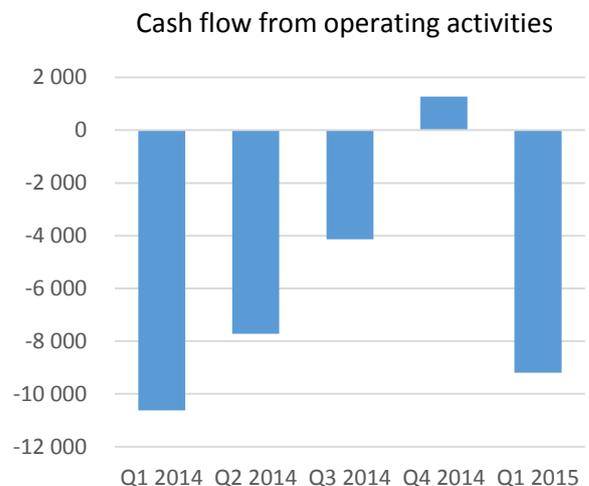
Total equity amounted to NOK 95.7 million compared to NOK 35.8 in the same period last year and NOK 98.9 million at the end of 2014.

Biotec raised gross proceeds of NOK 4.5 million on 31. March 2015 through a private placement of 321,300 shares at NOK 13.96 per share related to the Company’s share option scheme.

Total assets were NOK 103.8 million at the end of the first quarter 2015, down from NOK 111.1 million at the end of 2014. The Company has no interest-bearing debt

### Cash Flow

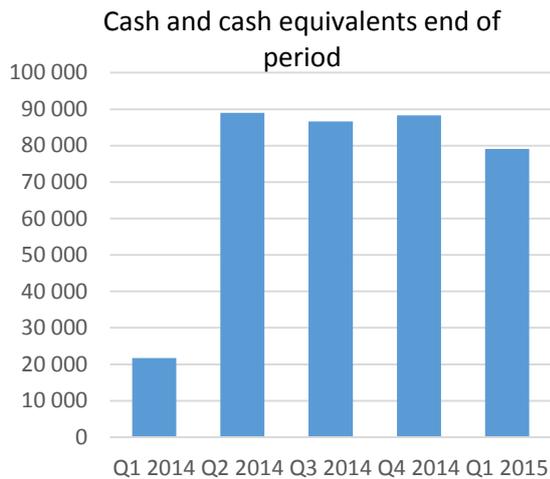
Net cash flow from operating activities was NOK -9.2 million in the first quarter 2015. The operating cash flow reflects increased working capital of NOK 7.0 million compared to end of fourth quarter 2014. This is due to both increased receivables and reduced payables.



Net cash flow from both investing and financing activities was NOK 0 in the first

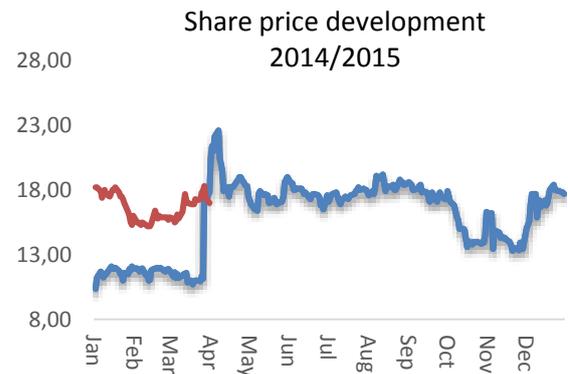
quarter. The private placement related to employee options was paid on 01. April 2015, and not included in first quarter cash flow.

Changes in cash and cash equivalents were NOK -9.2 million in the first quarter. This generated a cash balance of NOK 79.1 million at the end of the quarter, compared to NOK 21.8 million at the end of first quarter 2014.



### Shareholder matters

Total number of issued shares was 43,623,373 at the end of the first quarter. The current number of issued employee share options was 203,250 at the end of the quarter. None of these employee options are callable in 2015.



### 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

In February, Biotec informed the market that the evaluation study conducted by Smith & Nephew in UK and Germany was going to be finalized by the end of first quarter 2015. Smith & Nephew has confirmed that the study was completed according to the revised plan.

Following the completion, Smith & Nephew is currently analyzing the data. In total, 150 patients participated in the study. The majority of the patients treated with Woulgan® had diabetic foot ulcers (DFU), but also a number of leg ulcers (VLU) together with a small number of other wounds were included.

Preliminary results from 25% of the trial participants released to the Company are encouraging. The data suggests that patients experienced improved healing during the treatment period as well as less pain and improved comfort compared to previous therapies. Sites having treated patients with leg ulcers (VLU) were especially satisfied with the effect of Woulgan® as presented in the published poster at “Wounds UK” in December 2014. Results for diabetic foot ulcers (DFU) with regard to healing, vary somewhat. This complies with findings from the Norwegian survey.

Biotec is intensifying its efforts to establish the best possible business and partner model for commercialization of Woulgan®, which includes Smith & Nephew as well as other options.



The Norwegian healthcare professionals (HCP) survey conducted in parallel with the

evaluation study performed by Smith & Nephew, included close to 60 patients mainly treated for chronic and hard to heal wounds. Even though an overwhelming majority of the sites testing the product in Norway wanted to continue using Woulgan®, commercial sales are still in the early phases. In Norway, most public procurements need endorsement by local expert committees and key opinion leaders before being included in tender specifications.

Each European country is different but the process in Norway is representative of what the Company should expect in order to succeed with a new unique product in the market.

Biotec is currently working with a leading expert on health economics analysis to establish cost-benefit calculations on the existing clinical data on SBG® and Woulgan®. The work also aims to secure additional health economics data from both the ongoing study with Smith & Nephew and any potential future studies. Such analysis is important in order to secure attractive reimbursement levels and thus commercial success for Woulgan®.

The Company is evaluating the strategy for Woulgan® in the US market. The regulatory positioning will be a key factor to success, as it forms the basis for re-imbursement. Although it is clear that “predicate devices” exist for a basic 510K approval route, one still have to consider whether other routes are more favorable especially with respect to the re-imbursement level.

To secure continued growth in sales of beta-glucans to the aquaculture and dietary supplement sectors, Biotec will strength the documentation within these two areas

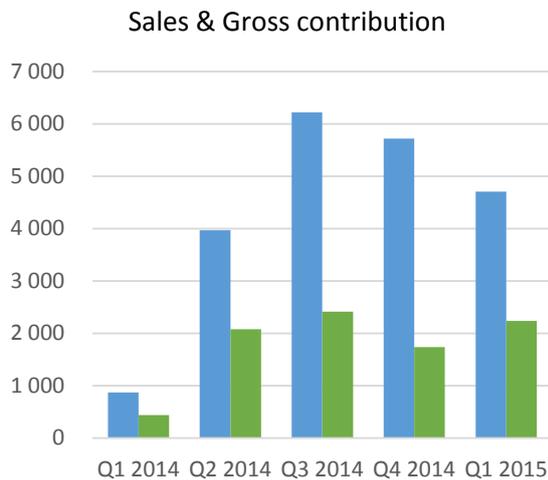
During the last two quarters, Biotec has filed applications for three new trademarks for products to these market segments and is currently working to secure new commercial leads.

NutraQ, is currently the exclusive customer on dietary supplement beta-glucan. Their exclusivity expires in January 2016. NutraQ and Biotec is currently in dialogue to clarify the cooperation beyond this point. In parallel Biotec is analyzing the market and its strategic opportunities.

## Financial review Beta-glucans

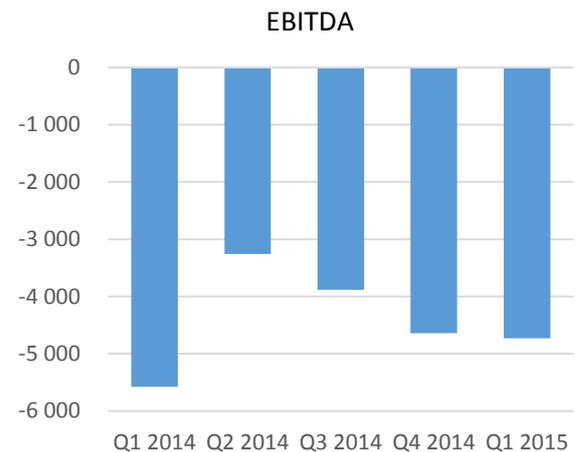
Sales has increased compared to the first quarter of 2014, primarily reflecting the introduction of sales in feed ingredient beta-glucans to the aquaculture market in the second quarter 2014.

Sales revenue amounted to NOK 4.7 million in the first quarter 2015, compared to NOK 0.9 million in the first quarter 2014.

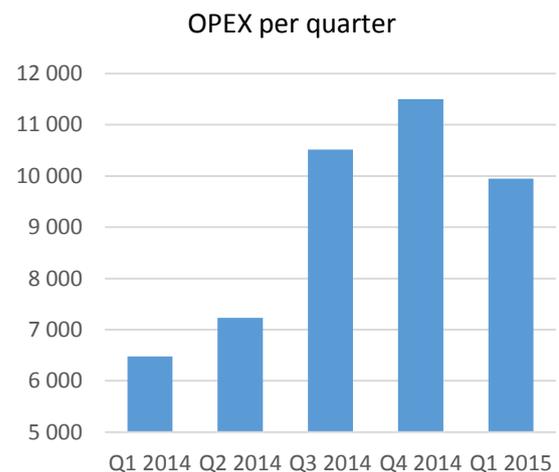


The increase in cost of goods sold and gross contribution reflects the sales increase of feed ingredient products but with lower margin.

EBITDA for the quarter was a loss of NOK 4.7 million compared to a loss of NOK 5.6 million in the same period last year.



Operating expenditures has increased from NOK 6.5 million in the first quarter 2014 to NOK 9.9 million in the first quarter 2015 mainly because of cost of goods sold and hiring of new personnel in the second half of 2014.



## Enzymes

For more than two years, ArcticZymes has focused its strategy on Business-to-Business (B2B) sales, building close relationships with the largest corporations dominating the molecular biology industry.

During the first quarter 2015, ArcticZymes has continued to develop a rich pipeline of B2B customer prospects with existing and new customers as part of its strategy to grow the business.

The three top products; rSAP, Cod UNG, and the DNase product portfolio (stand-alone enzymes and finished kits) continue to drive the revenues.



ArcticZymes continues to broaden its base of Original Equipment Manufacturer (OEM) customers in the kits and reagents market segments. The B2B strategy resulted in two new OEM accounts that have successfully integrated Cod UNG into their diagnostic platforms in the quarter. Discussions have also been initiated with potential customers to broaden the integration of existing product portfolio in forensic and aquaculture applications. These segments are adjacent to existing customer base and applies products in a similar fashion.

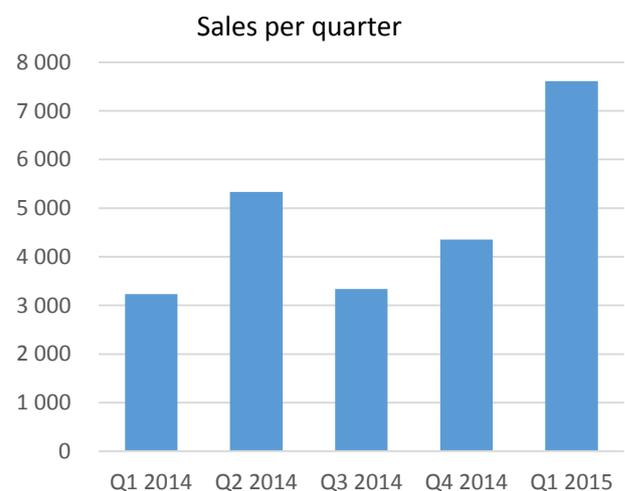
ArcticZymes has continued to address the Chinese market to explore commercial opportunities with existing product portfolio.

In Japan, ArcticZymes initiated exploratory activities during the first quarter to identify partnerships in order to develop channels with key Japanese commercial players.

The Company's products are primarily used in DNA sequencing, molecular diagnostics, genomic DNA removal and sample preparation.

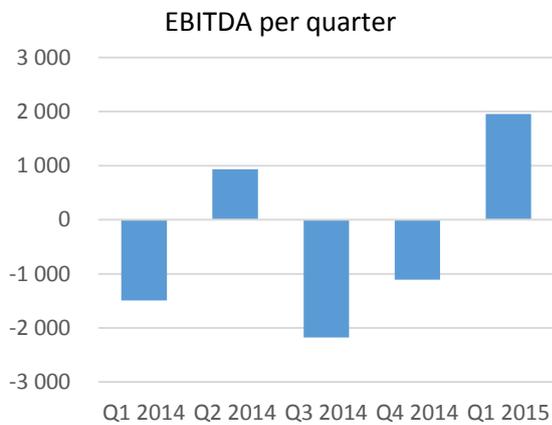
## Financial review Enzymes

Sales revenue in ArcticZymes reached NOK 7.6 million in the first quarter 2015, up from NOK 3.2 million in the same quarter last year. The increased revenues in the quarter mainly reflect incremental volumes to large OEM customers. 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.

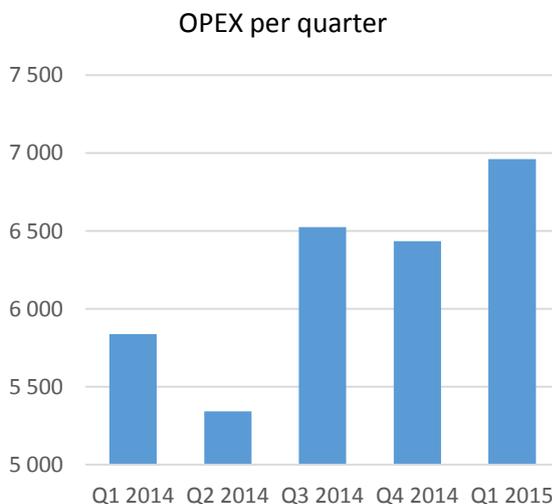


Other income mainly relates to research grants, which increased to NOK 1.3 million from NOK 1.2 million in the first quarter last year.

EBITDA was a positive result of NOK 2.0 million in the first quarter 2015, compared to a loss of NOK 1.5 million in the first quarter 2014.



Operating expenditures has increased from NOK 5.9 million in the first quarter 2014 to NOK 7.0 million in the first quarter 2015, mainly because of increased personnel expenses.



## OUTLOOK

Woulgan® is an approved product with favorable documentation addressing a large market in need of new products.

The primary focus of Biotec going forward is to enter into agreement(s) which will best possibly secure the full commercial potential of Woulgan®.

Following completion of the market study, Smith & Nephew is analyzing the data, and the parties continue discussions clarifying the basis for a possible long-term agreement. Biotec is in parallel working with alternative options for commercialization.

ArcticZymes' main markets are rapidly developing and will continue to create new opportunities for existing and novel enzymes.

ArcticZymes will continue to work with the large companies in molecular biology to develop new enzymes and new applications which will be the Company's growth drivers going forward.

Given that most of the sales in ArcticZymes is coming from a few larger accounts with varying purchasing patterns and most of the sales in Beta-glucans is still coming from one customer within aquaculture, one should still expect some variations in revenues between quarters.

## Financial statement 1th quarter 2015

### INCOME STATEMENT - THE GROUP

(Amounts in NOK 1,000 - exept EPS)	Q1		Jan.-Dec.
	2015	2014	2014
<b>Sales revenues</b>	12 318	4 101	<b>33 026</b>
Cost of goods sold	-2 720	-737	-11 039
Personell expenses	-8 960	-7 463	-29 010
Depreciation and amortization expenses	-677	-639	-2 464
Other income	1 830	1 217	5 659
Other expenses	-5 243	-4 185	-19 805
<b>Operating profit</b>	<b>-3 453</b>	<b>-7 706</b>	<b>-23 634</b>
Finanical income, net	234	145	1 641
Profit before tax	-3 219	-7 561	-21 993
Tax	0	0	0
<b>Profit after tax for the period</b>	<b>-3 219</b>	<b>-7 561</b>	<b>-21 993</b>
Basic EPS (profit for the period)	-0,07	-0,19	-0,52
Diluted EPS (profit for the period)	-0,07	-0,19	-0,52

### OTHER COMPREHENSIVE INCOME - THE GROUP

(Amounts in NOK 1,000)	Q1		Jan.-Dec.
	2015	2014	2014
Profit after tax for the period	-3 219	-7 561	-21 993
Other comprehensive income:			
- Currency translation effect	0	2	53
<b>Total comprehensive income</b>	<b>-3 219</b>	<b>-7 559</b>	<b>-21 940</b>

### BALANCE SHEET - THE GROUP

(Amounts in NOK 1,000)	31.03.2015	31.03.2014	31.12.2014
<b>Non-current assets</b>			
Machinery and equipment	4 902	5 060	5 466
Intangible assets	4 970	5 758	5 622
Financial assets available for sale	100	46	124
Other financial assets	33	149	33
<b>Total non-current assets</b>	<b>10 006</b>	<b>11 013</b>	<b>11 245</b>
<b>Current assets</b>			
Inventories	3 965	4 240	4 392
Trade receivables and other receivables	10 735	7 216	7 752
Cash and cash equivalents	79 110	21 754	88 283
<b>Total current assets</b>	<b>93 810</b>	<b>33 210</b>	<b>100 428</b>
<b>Total assets</b>	<b>103 816</b>	<b>45 756</b>	<b>111 130</b>
<b>Equity</b>			
Share capital	43 623	39 493	43 623
Share premium capital	129 224	56 172	129 085
Other equity	-77 635	-60 679	-74 277
Non-controlling interests	437	840	437
<b>Total equity</b>	<b>95 649</b>	<b>35 826</b>	<b>98 868</b>
<b>Current liabilities</b>			
Trade-, short term-, and other payables	8 167	9 930	12 262
<b>Total current liabilities</b>	<b>8 167</b>	<b>9 930</b>	<b>12 262</b>
<b>Total equity and liabilities</b>	<b>103 816</b>	<b>45 756</b>	<b>111 130</b>

**CHANGES IN EQUITY - THE GROUP**

<i>(Amounts in NOK 1000)</i>	Share capital	Share premium capital	Own shares	Minority interests	Other reserves	Total equity
<b>Balance at 2013-12-31</b>	<b>39 393</b>	<b>55 711</b>	<b>0</b>	<b>840</b>	<b>-53 420</b>	<b>42 524</b>
Total comprehensive income/-loss for the period	0	0	0	-403	-21590	-21993
Currency conversion difference	0	0	0	0	53	53
<i>Transactions with shareholders:</i>						
Private placements - new equity	4 230	73 513	0	0	0	77 743
Subsequent offering - new equity	0	0	0	0	581	581
Employee stock option provision	0	0	-14	0	-182	-196
Purchase of own shares	0	0	14	0	142	156
Sale of own shares	4 230	73 513	0	0	541	78 284
Total transactions with shareholders	0	0	0	0	0	0
<b>Balance at 2014-12-31</b>	<b>43 623</b>	<b>129 224</b>	<b>0</b>	<b>437</b>	<b>-74 416</b>	<b>98 868</b>
Total comprehensive income/-loss for the period	0	0	0	0	-3 219	-3 219
Currency conversion difference	0	0	0	0	0	0
<i>Transactions with shareholders:</i>						
Private placements - new equity	0	0	0	0	0	0
Employee stock option provision	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	0
Sale of own shares	0	0	0	0	0	0
Total transactions with shareholders	0	0	0	0	0	0
<b>Balance at 2015-03-31</b>	<b>43 623</b>	<b>129 224</b>	<b>0</b>	<b>437</b>	<b>-77 635</b>	<b>95 649</b>

**CASH FLOW ANALYSIS - THE GROUP**

<i>(Amounts in NOK 1.000)</i>	Q1 2015	Q1 2014	Jan.-Dec. 2014
<i>Cash flow from operating activities:</i>			
Profit after tax	-3 219	-7 561	-21 993
<i>Adjustment:</i>			
Amortization	677	639	2 464
Depreciation stocks for sale	0	0	0
Employee stock options	0	120	581
Profit from sale of fixed assets	0	84	-45
Currency conversion difference	0	0	53
<i>Changes in working capital</i>			
Inventory	428	-1 802	-1 954
Account receivables and other receivables	-2 983	-776	-1 312
Payables and other current liabilities	-4 095	-1 326	1 006
<b>Net cash flow from operating activities</b>	<b>-9 192</b>	<b>-10 622</b>	<b>-21 200</b>
<i>Cash flow from investing activities:</i>			
Purchase of fixed assets	0	-1 962	-1 538
Invested in intangible assets	0	0	-387
Sale of fixed assets	0	0	45
Change in long term receivables	20	22	3
<b>Net cash flow from investing activities</b>	<b>20</b>	<b>-1 940</b>	<b>-1 877</b>
<i>Cash flow from financing activities:</i>			
Cashflow from share issues	0	660	77 743
Purchase of own shares	0	0	-195
Sale of own shares	0	0	156
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>660</b>	<b>77 704</b>
Changes in cash and cash equivalents	-9 173	-11 902	54 627
Cash and cash equivalents at the beginning of period	88 283	33 656	33 656
<b>Cash and cash equivalents at end of period</b>	<b>79 110</b>	<b>21 754</b>	<b>88 283</b>

## Notes to the interim accounts for 1st 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 2014. 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 2013 (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.

<i>(Amounts in NOK 1,000)</i>	Q1		Jan.-Dec.
	2015	2014	2014
<i>Sales revenue:</i>			
Beta-Glucans	4 708	868	16 773
Enzymes	7 610	3 232	16 252
<b>Group operating revenue</b>	<b>12 318</b>	<b>4 101</b>	<b>33 025</b>
<i>Other income:</i>			
Beta-Glucans	512	33	1 594
Enzymes	1 318	1 185	4 065
<b>Group other income</b>	<b>1 830</b>	<b>1 217</b>	<b>5 659</b>
<i>Operating expenses:</i>			
Beta-Glucans	-9 948	-6 475	-35 722
Enzymes	-6 976	-5 910	-24 133
<b>Group operating expenses before amortization</b>	<b>-16 924</b>	<b>-12 385</b>	<b>-59 855</b>
<i>Operating profit (EBITDA):</i>			
Beta-Glucans	-4 728	-5 574	-17 355
Enzymes	1 952	-1 493	-3 815
<b>Group operating profit - EBITDA</b>	<b>-2 776</b>	<b>-7 067</b>	<b>-21 170</b>
<i>Amortization:</i>			
Beta-Glucans	-439	-402	-1 520
Enzymes	-238	-237	-944
<b>Group amortization</b>	<b>-677</b>	<b>-639</b>	<b>-2 464</b>
<i>Operating profit (EBIT):</i>			
Beta-Glucans	-5 167	-5 976	-18 875
Enzymes	1 714	-1 730	-4 759
<b>Group operating profit - EBIT</b>	<b>-3 453</b>	<b>-7 706</b>	<b>-23 634</b>

Oslo, May 5th, 2015

The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen  
Chairman

Olav Flaten  
Director

Inger Rydin  
Director

Gunnar Rørstad  
Director

Kjersti Grimsrud  
Director

Gerd Nilssen  
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Svein W. F. Lien  
CEO