



First Quarter 2012

Svein W. F. Lien – CEO
Jan Buch Andersen - ArcticZymes

Agenda

- **Business areas and Highlights**
- **Q1 Financials**
- **Beta-Glucans – advanced wound care**
- **Enzymes – molecular testing**
- **Summary and Outlook**

Biotec Pharmacon

Business areas

Tromsø



Beta-Glucan

- Proprietary beta-glucans showing documented effect in wound care
- Focus on Woulgan® biogel, an advanced medical device product for topical ulcers/wounds
- Large market in need of new product – significant partner interest in taking product to market
- Pharma path retained through partner interest and dormant development programs

Enzymes – ArcticZymes

- Business based on unique cold adapted enzymes
- Core role in PCR contamination control
- Strong IP position for marketed products
- Large unexploited market
- Strong pipeline secured through strategic alliances and acquisition

20 years of research in key areas – strong IP based science

Q1 Highlights

Beta-Glucan

- Continuing good sales of beta-glucans for nutrition

Woulgan® Biogel:

- Produced second full scale batch - established lab scale model for simulation and calibration
- Scheduled meeting with UK authorities as part of the regulatory process

Enzymes – ArcticZymes

- Low SAP sales in the quarter but revenues and orders for delivery in Q2 already exceeds Q1
- Continued sales growth for Cod UNG
- Broader customer base and customer forecast indicates revenue growth going forward

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Financial Highlights

(NOK thousand)	Q1 2012	Q1 2011	2011
Beta-Glucans	3 780	2 194	7 847
ArcticZymes	3 157	6 794	15 185
Revenues (sales)	6 937	8 988	23 032
Beta-Glucans	-2 038	-4 054	-17 038
ArcticZymes	-2 356	1553	-2 076
EBITDA	-4 394	-2 501	-19 114
Profit before tax	-4 753	-3 037	-20 103

All costs are allocated to the segments

Cash Flow

(NOK thousand)	Q1 2012	Q1 2011	2011
Operating activities	-8 308	-5 027	-10 812
Investing activities	-1 226	-419	-4 571
Financing activities	0	8 018	8 097
Net Cash Flow	-9 534	2 572	-7 286
Cash at end of period	26 541	45 933	36 075

- Higher receivables, due to higher sales in March vs Dec
- Customer payments set to increase in Q2
- Cash flow to improve with increased enzyme sales going forward
- Sufficient funding through 2012

Agenda

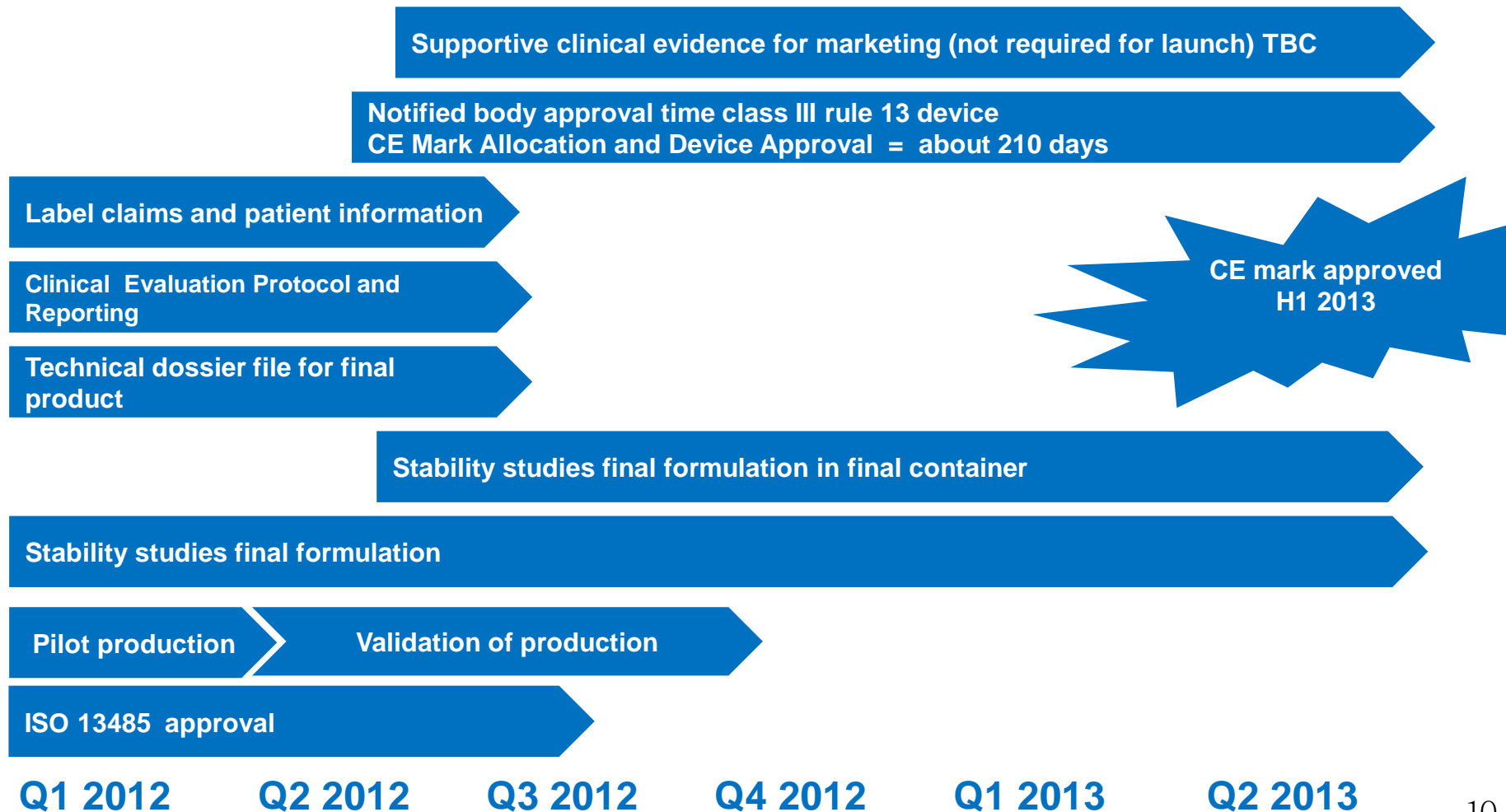
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Woulgan[®] Biogel – advanced wound healing

- Unique product based on proprietary beta-glucans
- Documented effect on diabetic ulcers, scope to be expanded to other advanced wound healing applications
- Advanced medical device; Class 3, Rule 13
- Submitting product registration application end of Q2-2012
- Meeting UK authorities in May
- Approval expected by end of first half 2013



Indicated timeline through to product launch

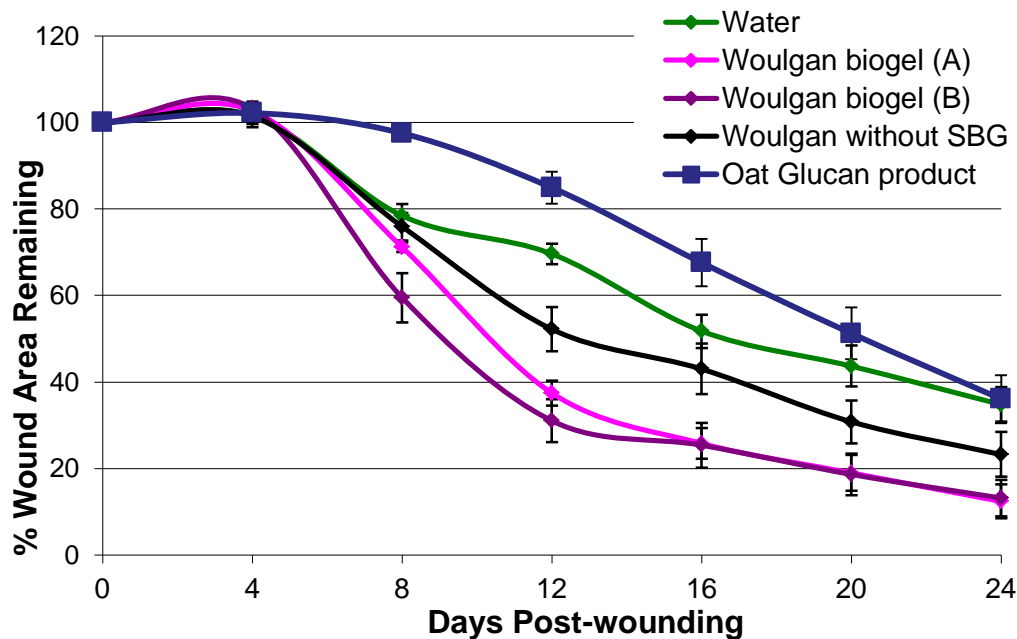


Advanced classification

- All large potential partners have expressed preference for advanced classifications
- Ensures product uniqueness and enables efficacy claims:
 - Primary claims related to physical characteristics
 - Ancillary (secondary) claims related to medicinal effect
- Distances Woulgan[®] Biogel from commodity hydrogels
- Supports attractive and competitive positioning in the market place

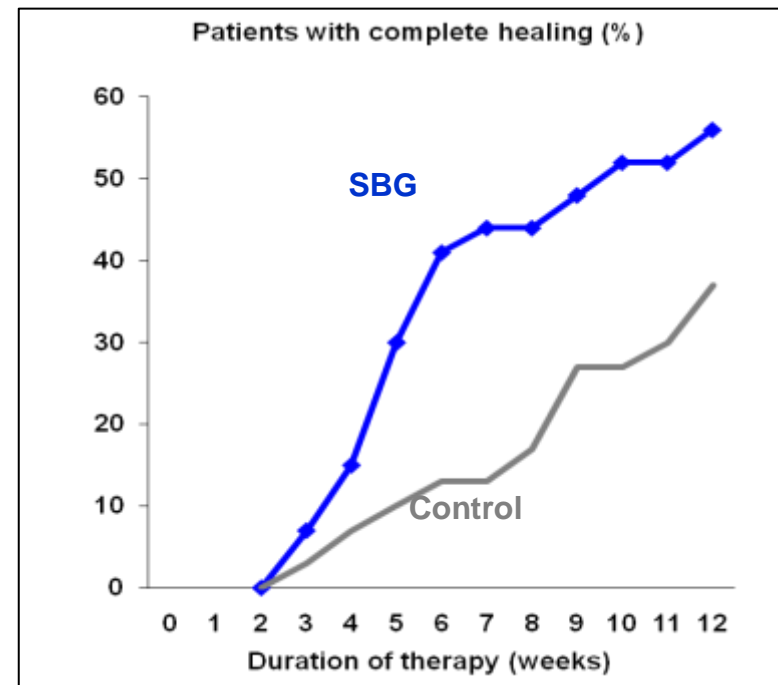
The SBG substance is well documented

Successful animal study for reformulated product



The animal study in diabetic mice shows that the performance of the reformulated SBG product (Woulgan®) with proven stability and well above typical moister gels used for wound healing

Successful phase 2 study in diabetic ulcer

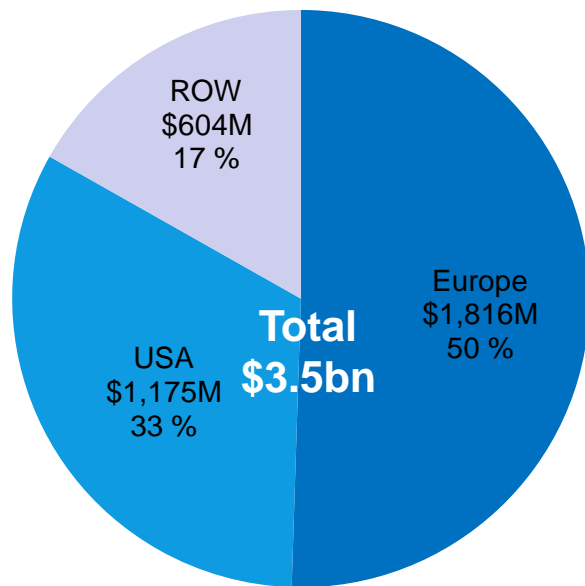


*Placebo controlled double blinded study of 60 patients
Statistical significant after 8 weeks*

Woulgan[®] Biogel

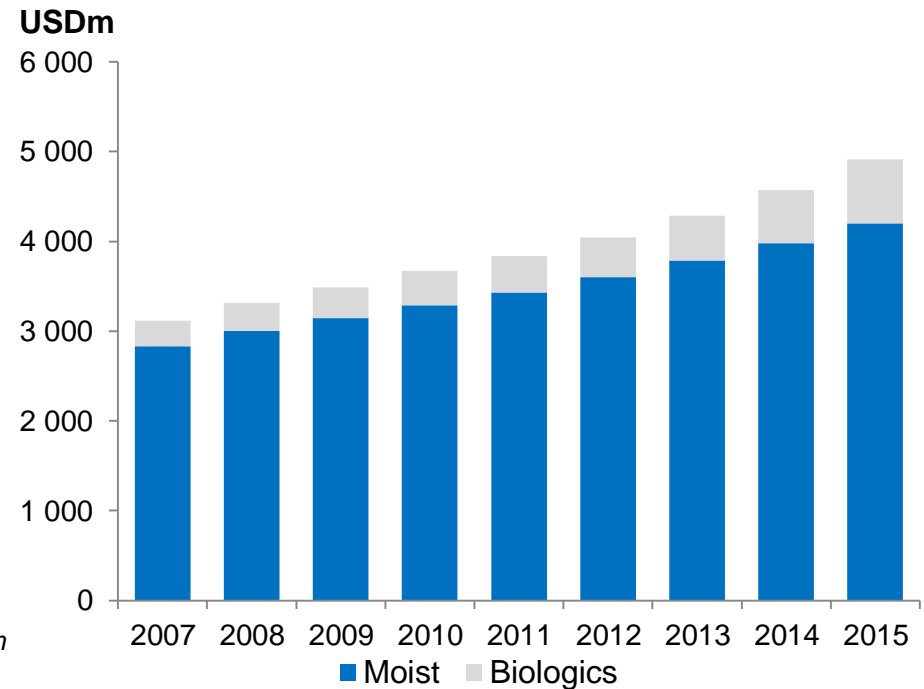
Addressing the advanced wound care market

Moist and Biologics market by regions



Source: Espicom

Moist and Biologics market Growth projections



The European Market Opportunity

Market estimate of annual number of wounds

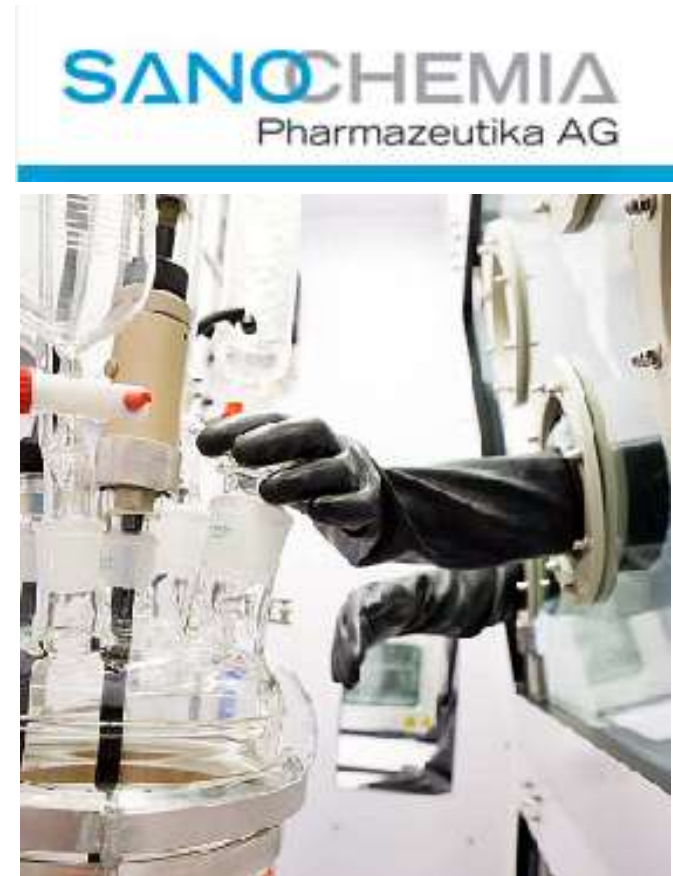
Population	571 mill
# of Diabetic Foot Ulcer	2.0 million
# of Leg Ulcers	0.9 million
# of Pressure Ulcers	5.0 million
# of burns	1.0 million
Europe is about 30% - 50% of world market, dependent on definitions	



Woulgan[®] - an advanced wound healing product for general use

Manufacturing update – validation started

- Produced second full-scale batch at Sanochemia AG in Austria
 - Slightly below specifications
 - Gained valuable experience
- Established simulation lab-scale model
 - Calibrating product composition before production of next full-scale batch in early June



Update Partner Process - Woulgan[®] Biogel

Status:

- We are in interaction with potential partners with interest to make an agreement
- They are different in their capacity, power and timing
- This product needs both push (distribution) and pull (marketing) to be successful
- Target is to sign up the best possible partner(s) in time to prepare for launch

Market Structure:

- Wound care market are covered by some global and a number of regional corporations:
- Very few global companies have a strong presence in all parts of the world market
- There are also regional companies with strong position in their local area

Continuing to strengthen Cancer IPR

- New patents issued in Japan and India, further expanding patent protection for use of beta-glucans in Cancer Adjuvant Therapy
- Patents comprise a complement-activating antibody and a β -glucan defined by its structure and/or its origin
- Patents cover pharmaceutical combinations for the treatment of a large variety of cancer types
- Spending limited resources at the moment but preparing for potentially higher activity level at later stage

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ArcticZymes

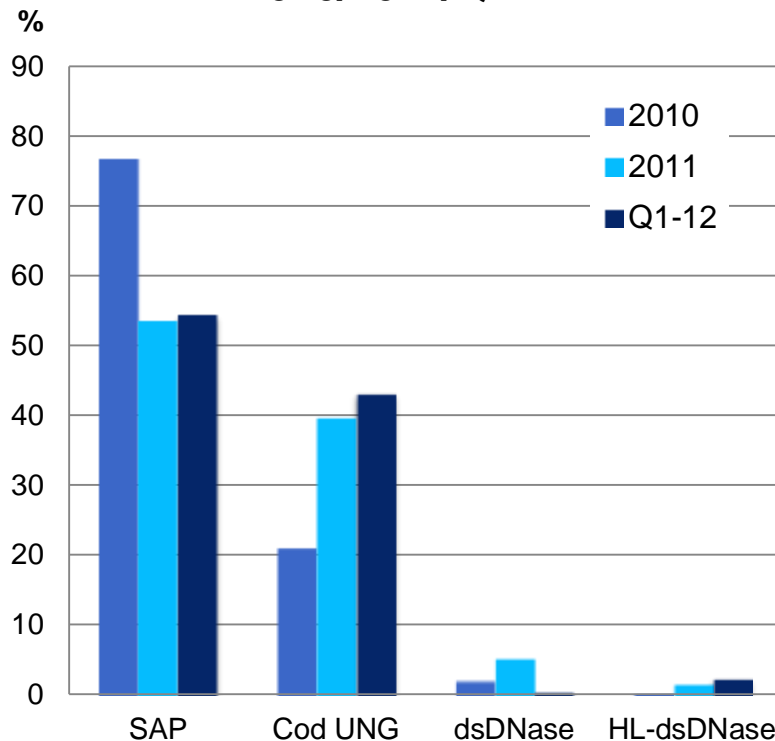


Revenue decline reflects transition phase

- **SAP** (-68%) Continued low SAP sales in the quarter
 - Revenues and orders for delivery in Q2 already exceeds Q1 and further growth is expected as destocking continues
- **Cod UNG** (+7%) Continued revenue growth
 - Signed up 8 new customers in Q1 Further growth to be supported by key patent expiries Cod UNG sales may overtake SAP already in 2013
- **DNases** (-61%) Contract specific decline
 - Q2 orders eliminate the gap

Broadening the product base

**Relative Sales Distribution
2010/2011/Q1-12**

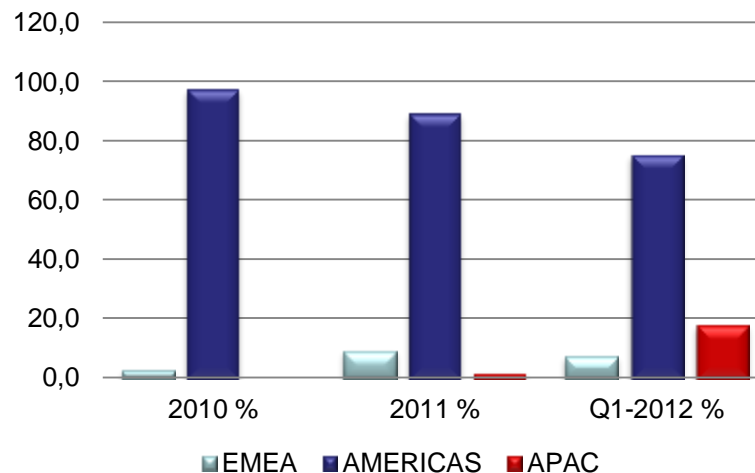
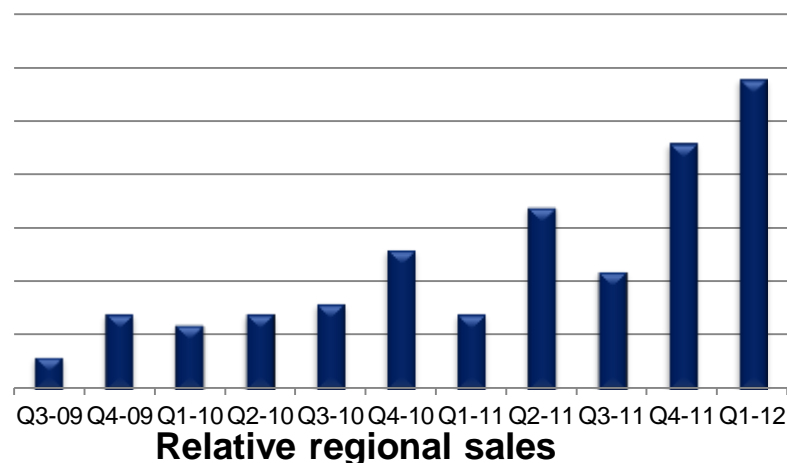


- Relative sales of SAP will increase in Q2 due to good order intake
- Q2 orders takes dsDNase back to growth

Broadening the customer base

- Built market recognition over the past 2 year - credibility
- 7 of 10 top 10 customers were new in Q1-12
- Reduced time from first contact to established sales
- Growing size of new accounts
- Amount of active customers 4x higher than Q1-2011
- Expanding sales in Asia, Europe impacted by single orders

No of customers/Quarter

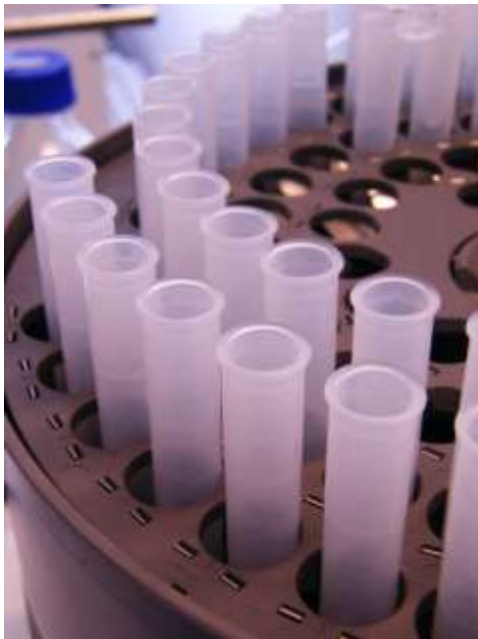


Expanding Marketing Sales activities

- US office fully operative from January 2012
 - Gaining entry in high profile government accounts (not possible without US office)
 - New high potential industrial contacts – negotiations ongoing
- Asian sales developing
 - Distributors identified in major territories – negotiations ongoing
 - High performing Japanese account adding to contract portfolio
- Introducing upgraded Webshop with payment solution
 - Operative from May 2012, after delay due to IT supplier issues
 - Payment solution imperative for the American market

HL-SAN on track for launch H2-2012

- HL-SAN is a salt-active and extremely heat-labile general nuclease
- The cure to a significant contamination problem in the market:
 - DNA fragments covered by proteins are inaccessible to nuclease digestion
 - In high salt buffers the binding is looser and the DNA strand becomes available for HL-SAN digestion
 - After digestion the enzyme is easily inactivated through a short heat pulse
- Result is a sample completely rinsed of DNA/RNA contamination without any sample loss



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Outlook

2012 revenue expected to exceed previous peak level

Enzymes:

- SAP sales set to increase, with new accounts and higher deliveries to Affymetrix in the second quarter and onwards
- Continued growth expected for Cod UNG
- HL-SAN launch in the H2 2012

Beta-glucans:

- Filing Woulgan[®] Biogel as class III medical device by the end of Q2 2012
- Partnering process to be concluded in time for preparation of commercial launch

Questions?

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