

# NattoPharma®

3<sup>rd</sup> Quarter 2016  
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16<sup>th</sup> November 2016

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# Financial highlights in Q3 2016

- ✓ Continued strong revenue growth of 76% in the quarter and 77% YTD
- ✓ Cash balance at end of Q3 at NOK 20,3 million, basically unchanged from end of Q2
- ✓ EBITDA, adjusted for non-cash and one-time charges, at **NOK -4,5 million**
  - Below expectations due primarily to lower margin associated with scale-up of capacity expansion

# Operational highlights Q3 2016

- ✓ Strong sales growth (volume-driven) from EU, US and increasing contributions in newer regions (Brazil, Asia-Pacific)
- ✓ First phase of capacity additions complete; additional capacity expansion underway
  - Signed supply and cooperation agreement for a second source of PURE synthetic supply; scale-up underway
- ✓ Multiple new studies issued during the period, all reinforcing beneficial and critical role of vitamin K2 in cardio health
- ✓ Strengthened NattoPharma patent portfolio; focus in cardio health

# Progress on Operating and Strategic Plans

Continued progress on 7-Point Operating plan as presented in January

- ✓ Revenue and volume growth with better market access
- ✓ Cash management
- ✓ Significant capacity expansion supporting continued growth, enabled by cash-efficient strategic and technology partnership.
- ✓ Proprietary positions strengthened via development of Advance Delivery Platform and patent portfolio additions (granted and pending)
- ✓ Promising initial results on new indication areas and pharmaceutical trials; expect several new patents to be filed in Q4
- ✓ Expect higher margin and lower expenses in Q4

# Financials Q3 & YTD September 2016

(unaudited)

# Income Statement Q3

Profit & Loss	Q3 2016	Q3 2015		
	Actual	Actual	Δ	% Change
Total Revenue	10 824	6 151	4 673	76,0 %
Cost of Sales	-7 518	-4 729	-2 789	59,0 %
<b>Gross Profit</b>	<b>3 306</b>	<b>1 422</b>	1 884	132,5 %
<i>Gross Margin as % of Revenue</i>	<i>30,5 %</i>	<i>23,1 %</i>		
Adjusted Personnel Cost	-3 618	-3 438	-180	
Adjusted Other OpEx	-4 226	-7 662	3 436	
<b>Adjusted Total Operating Expenses</b>	<b>-7 844</b>	<b>-11 100</b>	3 256	-29,3 %
<b>Adj. Earnings Before Interest, Tax &amp; Depreciations (EBITDA)</b>	<b>-4 538</b>	<b>-9 678</b>	5 140	
Share & Option cost to BoD and Mgmt	-1 442	0		
<b>Earnings Before Interest, Tax &amp; Depreciations (EBITDA)</b>	<b>-5 980</b>	<b>-9 678</b>		
<i>EBITDA as % of Revenue</i>	<i>-41,9 %</i>	<i>-157,3 %</i>		
D & A Intangible Assets	-1 771	-1 475	-296	
<b>Earnings Before Interest &amp; Tax (EBIT)</b>	<b>-7 751</b>	<b>-11 153</b>	3 402	

## Key indicators Q3:

- Revenue



- Gross Margin



- EBITDA



- Cash



# Income Statement YTD September

Profit & Loss	Q3 2016	Q3 2015	Δ	% Change
	YTD	YTD		
Total Revenue	36 628	20 660	15 968	77,3 %
Cost of Sales	-20 347	-15 157	-5 190	34,2 %
<b>Gross Profit</b>	<b>16 280</b>	<b>5 503</b>	10 777	195,8 %
<i>Gross Margin as % of Revenue</i>	44,4 %	26,6 %		
Adjusted Personnel Cost	-11 216	-8 868	-2 348	
Adjusted Other OpEx	-12 038	-16 512	4 474	
<b>Adjusted Total Operating Expenses</b>	<b>-23 254</b>	<b>-25 380</b>	2 126	-8,4 %
<b>Adj. Earnings Before Interest, Tax &amp; Depreciations (EBITDA)</b>	<b>-6 974</b>	<b>-19 877</b>	12 903	
Share & Option cost to BoD and Mgmt	-2 354	0		
<b>Earnings Before Interest, Tax &amp; Depreciations (EBITDA)</b>	<b>-9 328</b>	<b>-19 877</b>		
<i>EBITDA as % of Revenue</i>	-25,5 %	-96,2 %		
D & A Intangible Assets	-5 152	-4 293	-859	
<b>Earnings Before Interest &amp; Tax (EBIT)</b>	<b>-14 480</b>	<b>-24 170</b>	9 690	

## Key indicators YTD:

- Revenue



- Gross Margin



- EBITDA





# Balance Sheet – 30.09.2016

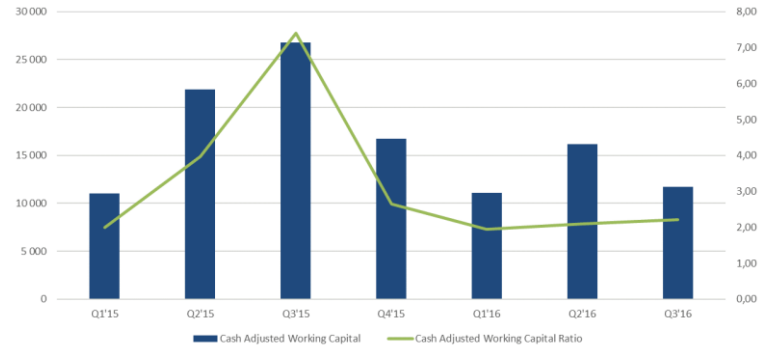
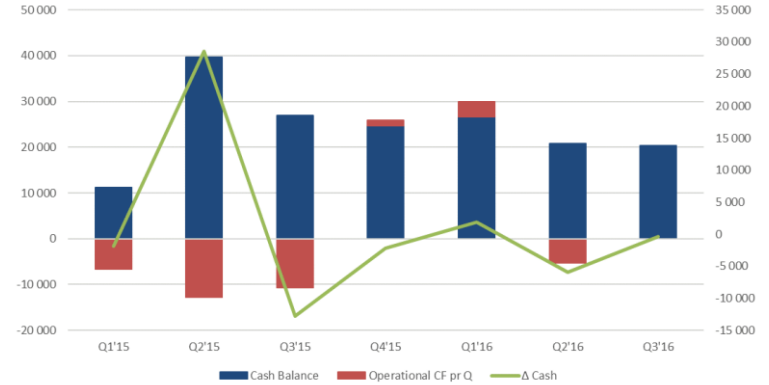
Assets	30.09.2016	31.12.2015	Δ	EQ & Liabilities	30.09.2016	31.12.2015	Δ
Goodwill	6 782	7 259	-477	Paid-In Equity	52 313	51 398	915
Patents & Trademarks	39 228	46 599	-7 371	Share Premium	113 101	113 269	-168
Property, Plant & Equipment	2 601	3 195	-594	Translation Reserve	4 157	5 225	-1 068
Other Assets	0	0	0	Retained Earnings	-93 754	-77 090	-16 664
<b>Total Non-Current Assets</b>	<b>48 611</b>	<b>57 053</b>	<b>-8 442</b>	<b>Total Equity</b>	<b>75 817</b>	<b>92 802</b>	<b>-16 985</b>
Inventory	3 461	6 327	-2 866	Deferred Tax Liability	4 860	5 747	-887
Trade & Other Receivables	17 899	20 578	-2 679	Trade Payables	3 434	3 509	-75
Cash & Cash Equivalent	20 354	24 761	-4 407	Other Payables	6 213	6 661	-448
<b>Total Current Assets</b>	<b>41 713</b>	<b>51 666</b>	<b>-9 953</b>	<b>Total Liabilities</b>	<b>14 507</b>	<b>15 917</b>	<b>-1 410</b>
<b>Total Assets</b>	<b>90 324</b>	<b>108 719</b>	<b>-18 395</b>	<b>Total Equity &amp; Liabilities</b>	<b>90 324</b>	<b>108 719</b>	<b>-18 395</b>

Working Capital	32 066 ▲	41 496
Working Capital - Cash Adjuste	11 713 ▲	16 735
Equity Ratio	83,9 % ▬	85,4 %

- Strong balance sheet, with no long term debt and solid EQ ratio
- Cash balance unchanged from previous quarter due to high focus on cash management

# Cash

- Focus on cash management still high
- Cash balance basically unchanged from previous quarter
- Barring unforeseen events, the current cash level is expected to be sufficient for near term cash need, supporting the expected sales growth in the next 12 months



# Q & A