

NattoPharma®

1st Quarter 2016
CEO Daniel H. Rosenbaum
CFO Kjetil Ramsøy

20th of May 2016

Disclaimer

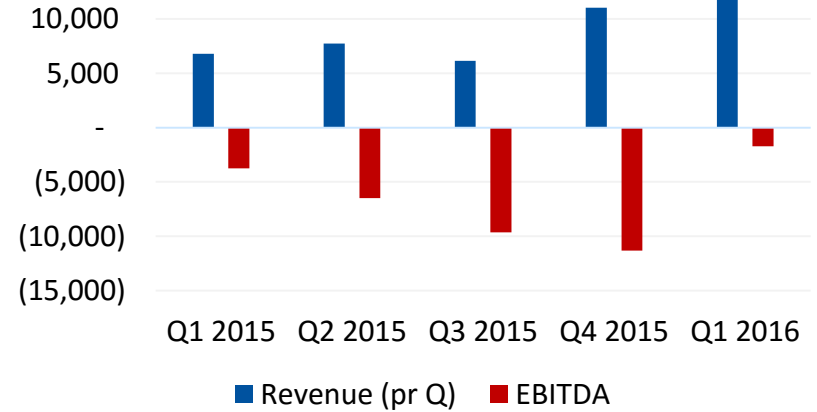
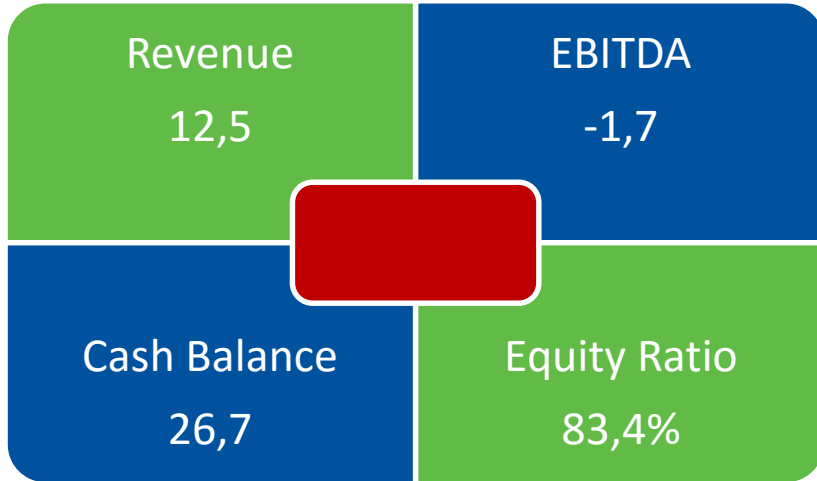
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Q1 Highlights

Highlights in the first quarter of 2016

- ✓ Record quarterly revenue, coming in at NOK 12,5 million
- ✓ Significant increase in Gross Margin, coming in at 50,4%
- ✓ Healthy cash development, with positive cash flow from operations during the quarter
- ✓ Successful deliveries from the new MenaQ7[®] PURE production line at industrial scale
- ✓ Continued implementation of restructuring efforts to prepare the company for strong future growth

Key Figures Q1 in million NOK



Financials Q1 2016

(unaudited)

Income Statement

Profit & Loss	Q1 2016	Q1 2015		
	YTD	Actual	Δ	% Change
Total Revenue	12 469	6 785	5 684	83,8 %
Cost of Sales	-6 185	-4 882	-1 303	26,7 %
Gross Profit	6 284	1 903	4 381	230,2 %
<i>Gross Margin as % of Revenue</i>	<i>50,4 %</i>	<i>28,0 %</i>		
Personnel Cost	-3 857	-2 919	-938	
Other Operating Expenses	-4 155	-2 737	-1 418	
Total Other Operating Expenses	-8 012	-5 656	-2 356	41,6 %
Earnings Before Interest, Tax & Depreciations (EBITDA)	-1 728	-3 753	2 025	
<i>EBITDA as % of Revenue</i>	<i>-13,9 %</i>	<i>-55,3 %</i>		
D & A Fixed Assets	-133	-2	-131	
D & A Intangible Assets	-1 516	-1 425	-91	
Earnings Before Interest & Tax (EBIT)	-3 376	-5 180	1 804	
Net Finance	-2 860	962	-3 822	
Earnings Before Tax	-6 235	-4 218	-2 017	
Tax	178	165	13	
Net Result	-6 057	-4 053	-2 004	

Key indicators:

- Revenue



- Gross Margin



- EBITDA






- Cash



Balance Sheet

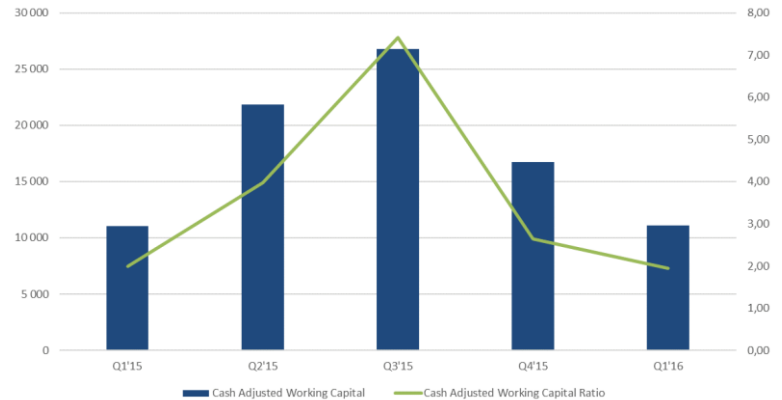
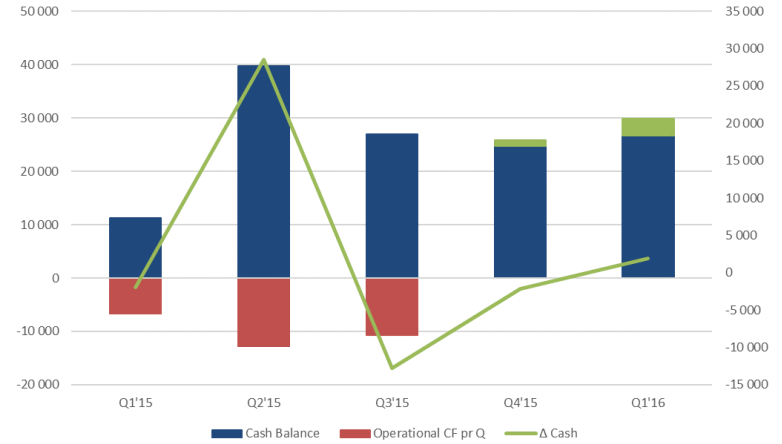
Balance Sheet - Assets	31.03.2016	31.12.2015
Goodwill	7 105	7 259
Patents & Trademarks	44 108	46 599
Property, Pland & Equipment	3 182	3 195
Total Non-Current Assets	54 394	57 053
Inventory	4 893	6 327
Trade Receivables	8 185	9 573
Other Receivables	9 791	11 005
Cash & Cash Equivalent	26 663	24 761
Total Current Assets	49 532	51 666
Total Assets	103 926	108 719

Working Capital	37 739 	41 496
Working Capital - Cash Adjusted	11 075 	16 735
Equity Ratio	83 % 	85 %

Balance Sheet - Assets	31.03.2016	31.12.2015
Paid-In Equity	51 398	51 398
Share Premium Reserve	113 269	113 269
Translation Reserve	5 721	5 225
Retained Earnings	-83 745	-77 090
Total Equity	86 643	92 802
Deferred Tax Liability	5 489	5 747
Trade Payables	4 166	3 509
Other Payables	7 628	6 661
Total Liabilities	17 283	15 917
Total Equity & Liabilities	103 926	108 719

Cash

- Increased focus on cash management
- Positive cash flow from operating activities in Q1
- Overall positive cash flow in Q1 with increased cash & cash equivalents of MNOK 2 (+7,7 %) compared to end of Q4'15
- Current cash level expected to be sufficient for near term cash need, supporting the 2016 expected sales growth and working capital investment



Strategy & Vision

Mission and Vision

To advance global health by creating and delivering scientifically validated, proprietary products and leveraging all manner of technology to more effectively and efficiently deliver these products to our target markets.

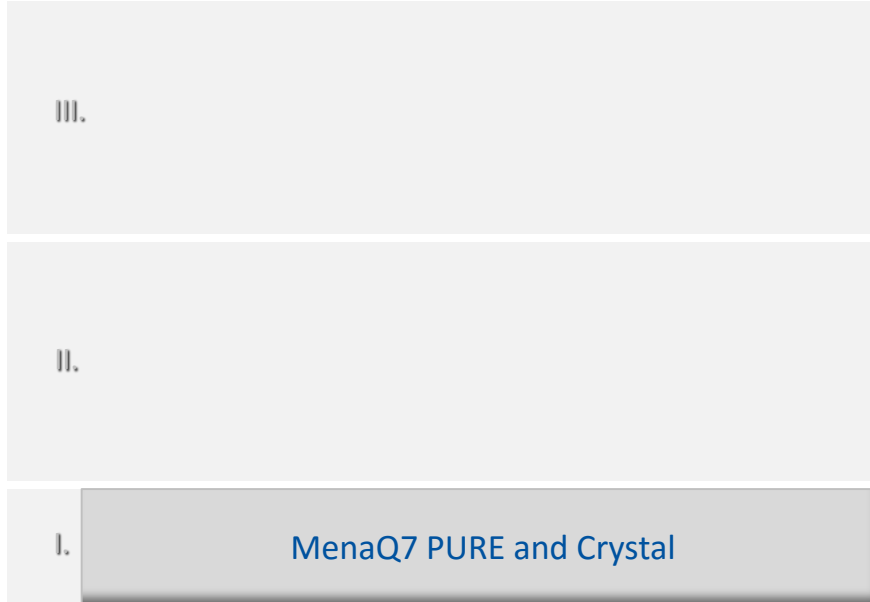
I. Customer-relevant solutions:
Segment understanding, application-specific; compelling benefits

II. Fundamental understanding of the science, backed by:
Clinical data, research, IP

III. Capabilities and structure to drive superb execution

IV. Globally cost competitive products

Increasing Value Creation: Three Phases



Base business:

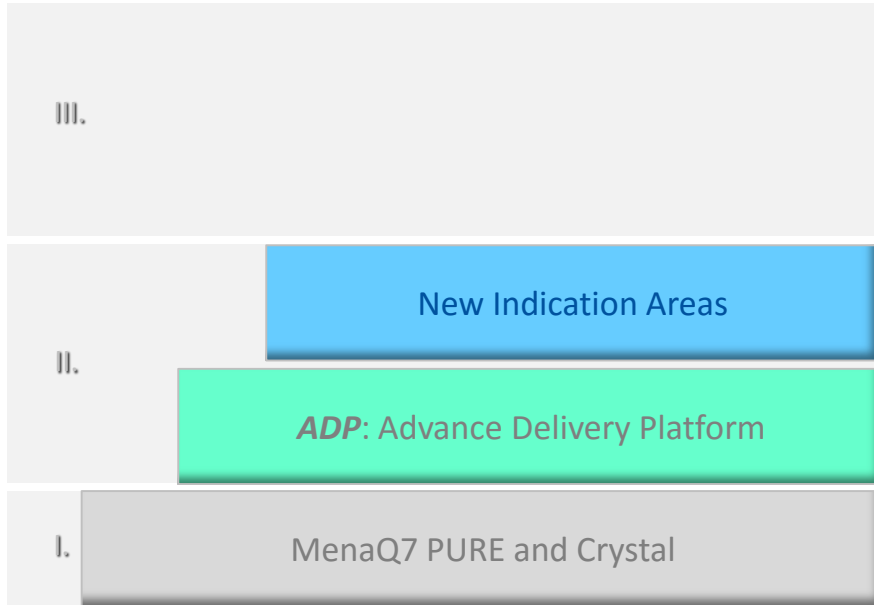
- Best clinical data
- Highest quality MK-7
- Fermented and synthetic
- Cardio, bone
- Sold primarily as supplements

Increasing Value Creation: Three Phases



- Application specific delivery systems
- Enable use in a broad range of consumer-ready forms
- Robustness for wide range of multi-ingredient
- Milks, yogurts
- Combinations with oils
- Gummies
- Powder mixes
- Other foods

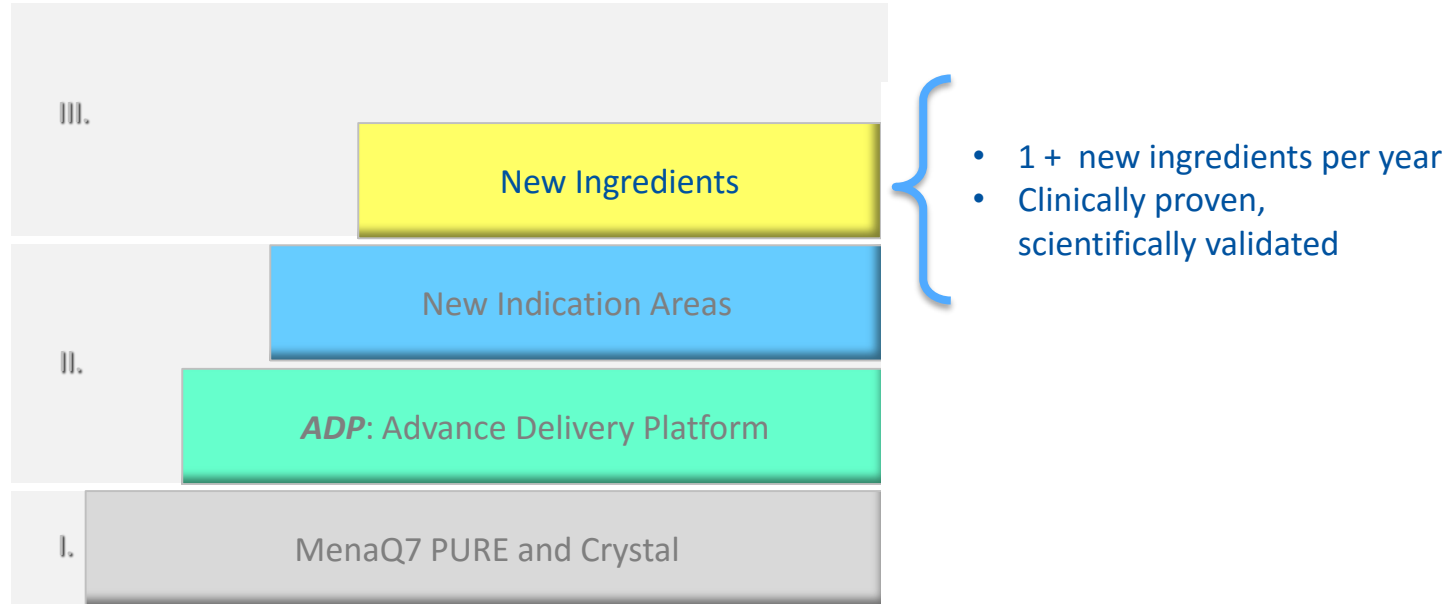
Increasing Value Creation: Three Phases



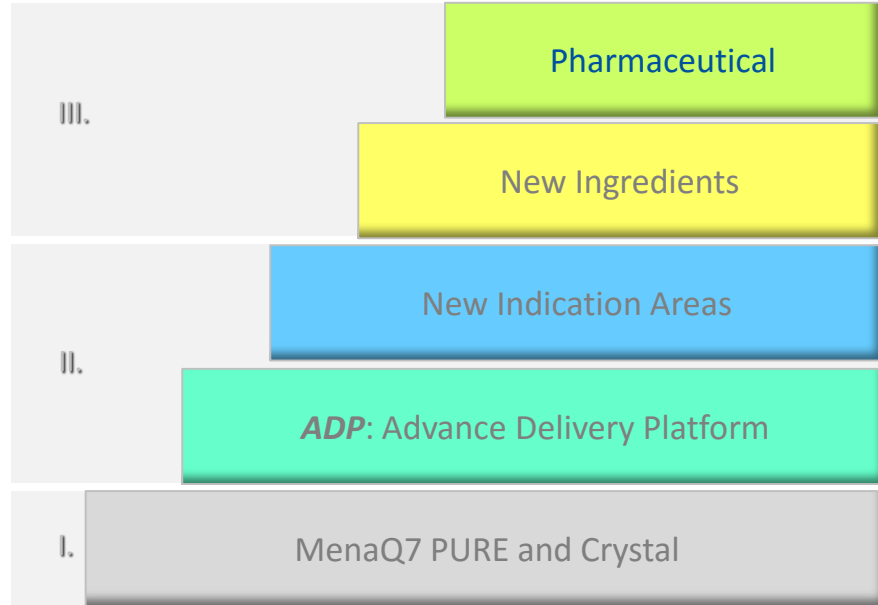
Expansion of MenaQ7 into new segments:

- Body mass index, weight management
- Energy, anti-aging
- ...additional pending

Increasing Value Creation: Three Phases

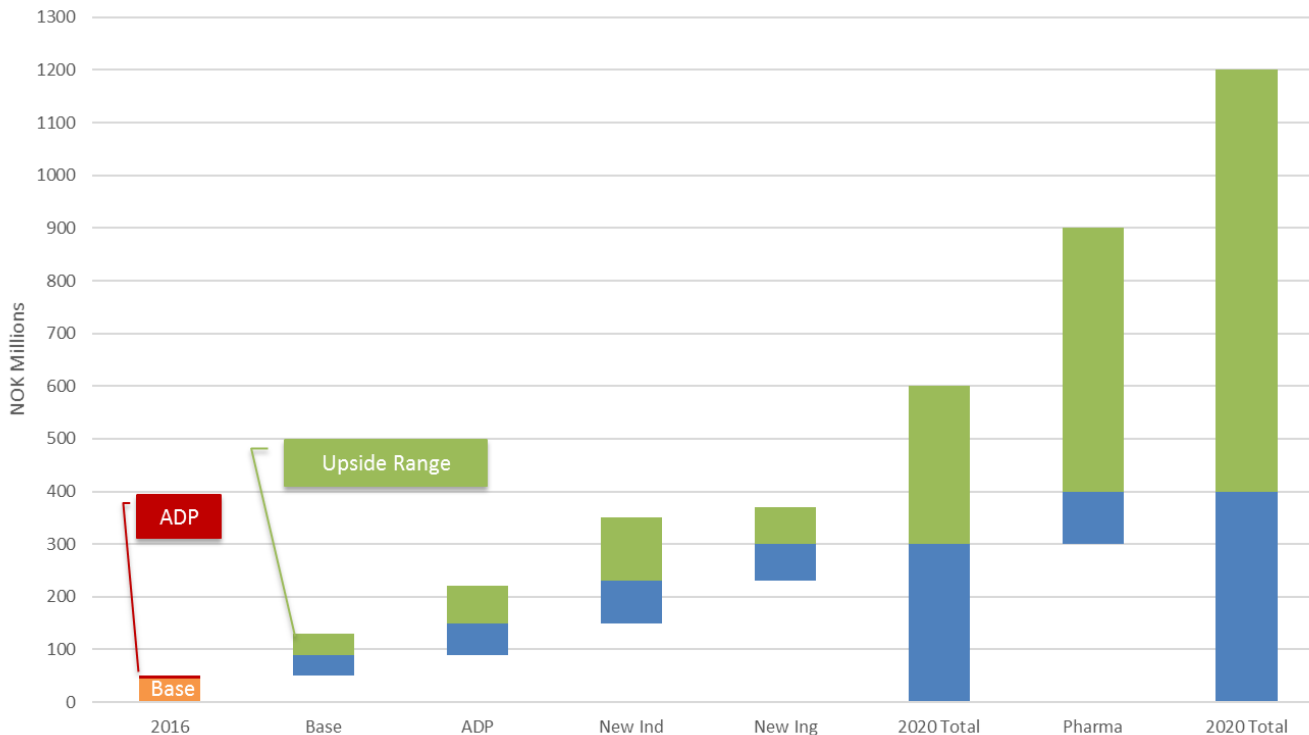


Increasing Value Creation: Three Phases

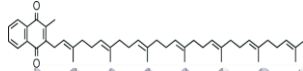


- Development of IP for specific therapeutic indications
- NP full (or partial) funding through early stages
- Value to NP via licensing of IP, sale of active to market/indication partner

Value Creation 2020: Pathway to NOK 1 Billion Annual Revenue



Phase I. 2016 Operating Imperatives – 7 Point Plan



PROFIT & PERFORMANCE

- Cash Management
- Highest quality MK-7 at globally competitive cost
- Revenue growth: current markets and new geographies
- MK-7 clinical research, focus on consumer-relevant indications
- Resource prioritization and expense management
- Strategic partnerships: market access, supply chain, application development
- Superb execution, highly capable global team

Timing: 2016 execution

Phase II. Advanced Delivery Platforms, New Indications



New Indication areas will open additional segments:

- BMI and weight management, with IP protection;
- Sports, ATP Energy
- *16+ vitamin K-dependent proteins; 2 studied to date...*

Timing: 2016 - 2017

Phase III. New Ingredients (1 of 2)

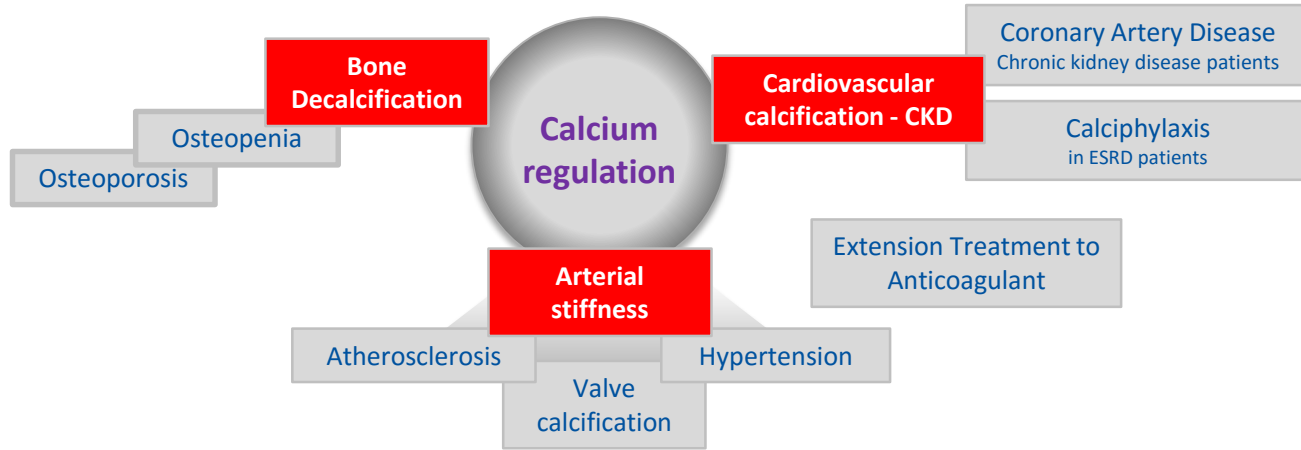
- Potential for 3 to 4 new ingredients over the 5 year time period
- Several currently under evaluation
- Scientifically backed, clinically validated; must meet NattoPharma standards

- Introduction and incorporation of diagnostic tools
 - Personalized assessment
 - Enhance awareness of vitamin deficiencies

Timing: 2016 - 2020

Phase III. Pharmaceutical Applications (2 of 2)

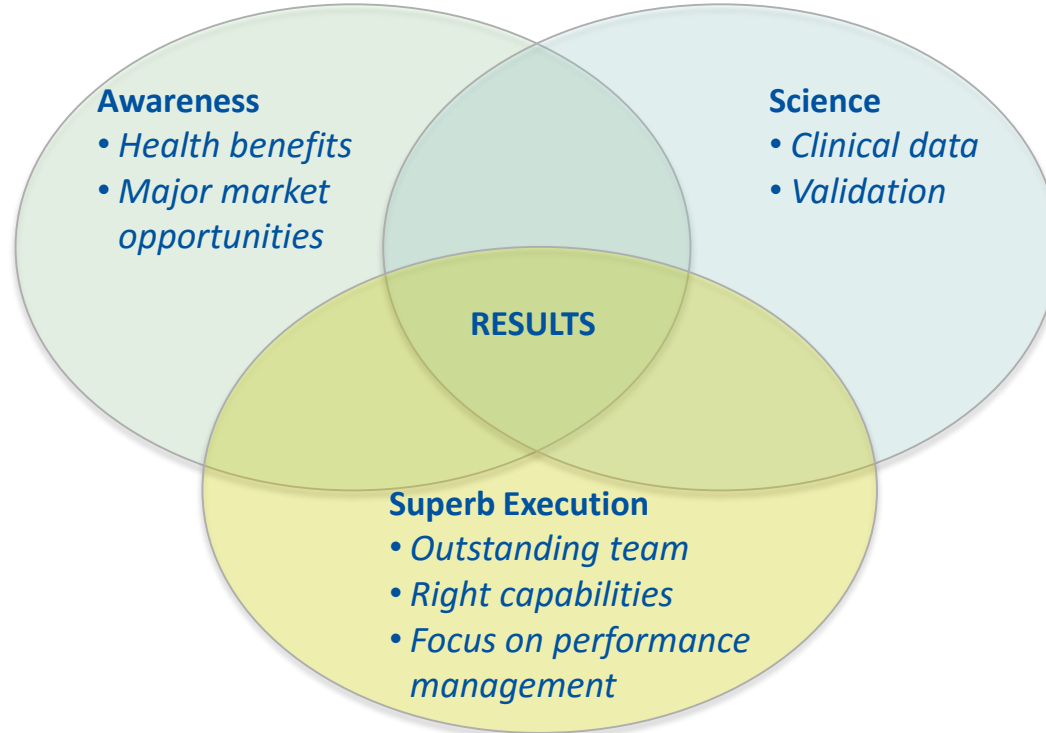
- Multiple indication areas are showing promise



- Develop intellectual property and patent portfolio
- Conduct early stage development work
- Partnership, licensing for Phase II / Phase III and commercialization
- NP value generation via licensing of rights, production of pharma-grade ingredients
- Likely to involve additional 3rd party funding in Phase I and II

Timing: 2020+

Summary



Thank you!