

NattoPharma®

4th Quarter 2016
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8th February 2017

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Financial highlights in Q4 2016

- ✓ Record quarterly revenue of NOK 15,9 million
- ✓ Revenue growth of 44% in the quarter and 66% YTD
- ✓ Significantly improved gross margin at 46%
- ✓ **Positive EBITDA and Net Result** in the period, NOK 0.2m and NOK 0.6m respectively
- ✓ Effective working capital management results in cash balance at end of Q4 of NOK 19,8 million, down just marginally from Q3 ending balance

Operational highlights Q4 2016

- ✓ Strong revenue performance reflects growth across all regions, with expanding contributions from South America and Southwest Asia.
- ✓ Improved product margin reflects better operating performance of our synthetic production line.
 - Installation of PURE second source supply is on track and will significantly increase capacity
- ✓ Active quarter for trade shows, publications:
 - Official Vitamin K2 sponsor at SupplySide West global trade show
 - Study published equating health risk of vitamin K2 deficiency with tobacco usage
- ✓ NattoPharma participating in multiple studies,
 - Featured in a symposium in area of kidney treatment

Excellent Progress on 7-Point Operating Plan

- 1 Cash Management**
 - ✓ Grew revenue with dramatically improved margin
 - ✓ Lower expense base, strong focus on working capital
- 2 Highest quality MK-7 at globally competitive cost**
 - ✓ Added cost effective capacity
 - ✓ Strengthened QA – highest quality MK-7 on the market
- 3 Revenue growth**
 - ✓ 65% YoY growth; cardio segment, expanded geographies
- 4 Clinical research, consumer-relevant indications**
 - ✓ Continued clinical research - new indications and pharma
 - ✓ Multiple patent applications, Partner in Horizon 2020 grant
- 5 Resource prioritization and expense management**
 - ✓ Reduced expenses versus prior year
 - ✓ New transactional processes, new global ERP system
- 6 Strategic partnerships**
 - ✓ Distributor aligned model in key geographies
 - ✓ Strategic partnership on supply, application development
- 7 Superb execution**
 - ✓ Highly capable organization; talent adds in key roles

Financials

Q4 & Preliminary Full Year 2016

(unaudited)

Income Statement Q4

Profit & Loss	Q4 2016	Q4 2015		
	Actual	Actual	Δ	% Change
Total Revenue	15 867	11 027	4 840	43,9 %
Cost of Sales	-8 576	-7 629	-947	12,4 %
Gross Profit	7 291	3 398	3 893	114,6 %
<i>Gross Margin as % of Revenue</i>	<i>46,0 %</i>	<i>30,8 %</i>		
Personnel Cost	-3 110	-5 150	2 040	
Other OpEx	-4 016	-9 565	5 549	
Total Operating Expenses	-7 126	-14 715	7 589	-51,6 %
Earnings Before Interest, Tax & Depreciations (EBITDA)	165	-11 317		
<i>EBITDA as % of Revenue</i>	<i>1,0 %</i>	<i>-102,6 %</i>		
D & A Intangible Assets	-1 728	-1 536	-192	
Earnings Before Interest & Tax (EBIT)	-1 563	-12 853	11 290	
Net Finance	2 024	528	1 496	
Earnings Before Tax	461	-12 325	12 786	
Tax	170	176	-6	
Net Result	632	-12 149	12 781	

Key indicators Q4:

- Revenue



- Gross Margin



- EBITDA



Income Statement Full Year 2016

Profit & Loss	Q4 2016	Q4 2015		
	YTD	YTD	Δ	% Change
Total Revenue	52 495	31 687	20 808	65,7 %
Cost of Sales	-28 923	-22 786	-6 137	26,9 %
Gross Profit	23 572	8 901	14 671	164,8 %
<i>Gross Margin as % of Revenue</i>	<i>44,9 %</i>	<i>28,1 %</i>		
Adjusted Personnel Cost	-14 326	-14 018	-308	
Adjusted Other OpEx	-16 054	-26 077	10 023	
Adjusted Total Operating Expenses	-30 380	-40 095	9 715	-24,2 %
Adj. Earnings Before Interest, Tax & Depreciations (EBITDA)	-6 809	-31 194	24 385	
Share & Option cost to BoD and Mgmt	-2 354	0		
Earnings Before Interest, Tax & Depreciations (EBITDA)	-9 163	-31 194		
<i>EBITDA as % of Revenue</i>	<i>-17,5 %</i>	<i>-98,4 %</i>		
D & A Intangible Assets	-6 881	-5 829	-1 052	
Earnings Before Interest & Tax (EBIT)	-16 043	-37 023	20 980	
Net Finance	-2 836	4 780	-7 616	
Earnings Before Tax	-18 879	-32 243	13 364	
Tax	701	675	26	
Net Result	-18 178	-31 568	13 390	

Key indicators YTD:

- Revenue



- Gross Margin



- EBITDA



Balance Sheet – 31.12.2016

Assets	31.12.2016	31.12.2015	Δ
Goodwill	6 857	7 259	-402
Patents & Trademarks	38 198	46 599	-8 401
Property, Plant & Equipment	3 599	3 195	404
Other Assets	124	0	124
Total Non-Current Assets	48 777	57 053	-8 276
Inventory	3 767	6 327	-2 560
Trade & Other Receivables	22 424	20 578	1 846
Cash & Cash Equivalent	19 818	24 761	-4 943
Total Current Assets	46 009	51 666	-5 657
Total Assets	94 786	108 719	-13 933

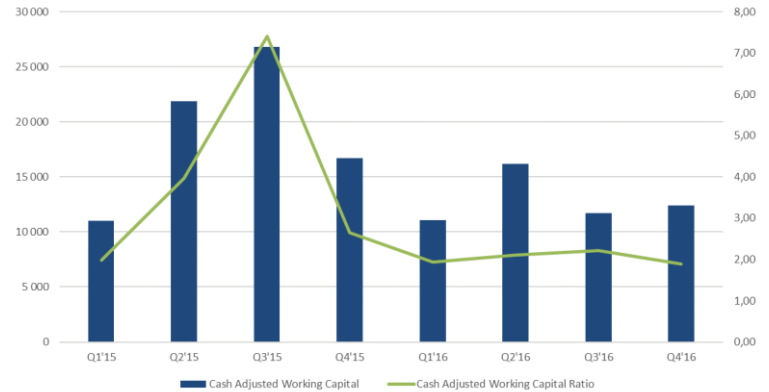
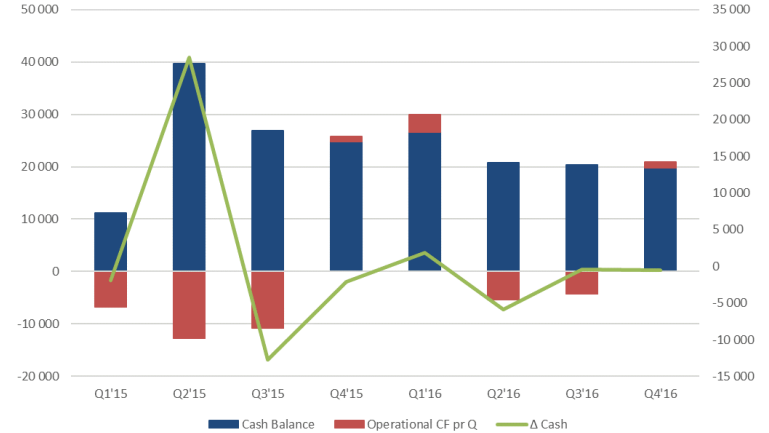
EQ & Liabilities	31.12.2016	31.12.2015	Δ
Paid-In Equity	52 688	51 398	1 290
Share Premium	113 087	113 269	-182
Translation Reserve	3 785	5 225	-1 440
Retained Earnings	-93 319	-77 090	-16 229
Total Equity	76 242	92 802	-16 560
Deferred Tax Liability	4 743	5 747	-1 004
Trade Payables	10 178	3 509	6 669
Other Payables	3 623	6 661	-3 038
Total Liabilities	18 544	15 917	2 627
Total Equity & Liabilities	94 786	108 719	-13 933

Working Capital	32 208 ▲	41 496
Working Capital - Cash Adju	12 390 ▲	16 735
Equity Ratio	80,4 % ▨	85,4 %

- Strong balance sheet, with no long term debt and solid EQ ratio
- Cash balance essentially unchanged from previous quarter as a result of high focus on cash management

Cash

- Focus on cash management still high
- Positive contribution from operations in the fourth quarter
- 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