



NattoPharma®

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Interim Report Q3 2019

13 November 2019

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Vitamin K2 as MK-7

Disclaimer

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Agenda

- Operational highlights
- Financial highlights
- Q&A

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Highlights

- Strong Q3 with more than 30% growth compared to same period last year
- Gross Margin is within previous guiding and we have a strong 10% Adj. EBITDA in the period
- Supply situation restored, and we are in good position to meet increased demand in all product categories
- Continued growth in the Americas region and strong momentum in the Asia/Pacific region
- Customer activity is strong, and we see continued increase in volumes from both existing and new customers

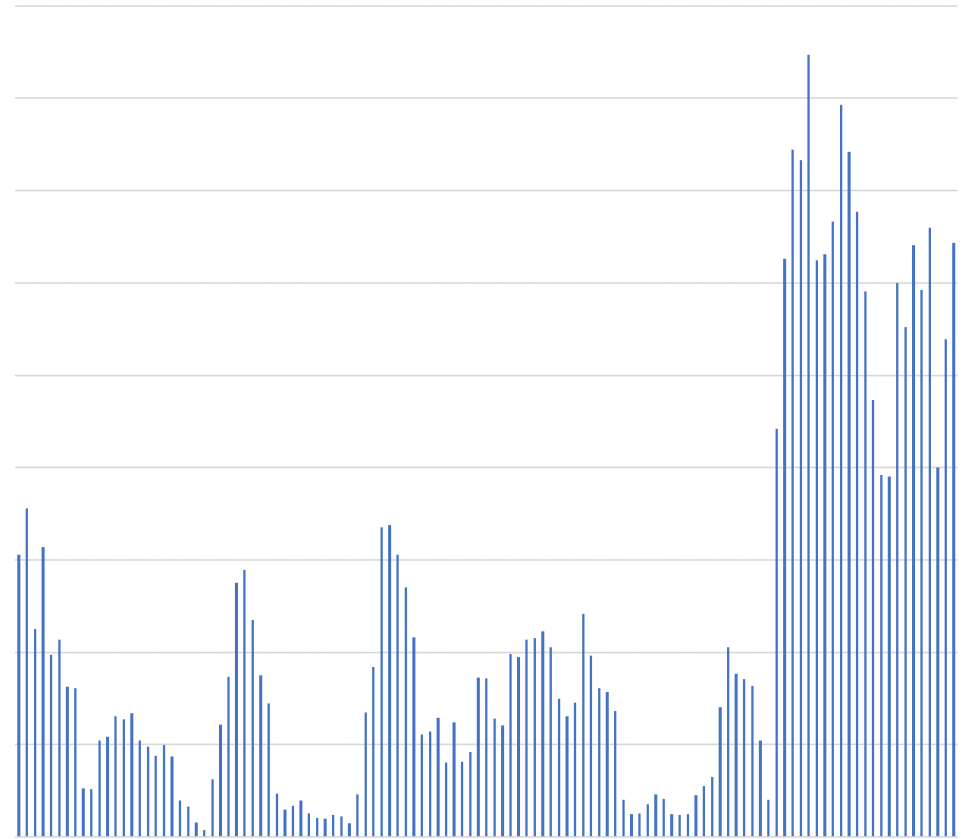
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Investor Relations

- Market making agreement with Norne Securities
- Norne will release an independent Equity Research Report on NattoPharma share
- Increased level of meetings with investors and corporate finance / share brokers
- Considering live presentation for Q4'19 Earnings Release on February 19th 2020

Running weekly shares traded (last 6 months)



New Product Development

NattoPharma is introducing new Adaptogen product offerings

- Our **7-Pronged Advantage** in developing New Adaptogen Technologies:
 - ✓ **Approach:** Development of an Index of important actives, as well as Pharmacokinetic Testing
 - ✓ **Composition:** Full-spectrum extract with multiple bioactive compounds achieved through a proprietary extraction method
 - ✓ **Concentration:** Highly concentrated standardized extract of multiple standard actives and >20 total actives
 - ✓ **Delivery:** Proprietary delivery mechanisms and formulations designed to maximize benefit for mood and energy segments
 - ✓ **Science:** Gold-standard clinical testing, including original human clinical trials
 - ✓ **Claims:** Specific structure-function claims for delivery systems
 - ✓ **Branded Ingredients:** Fully developed Branding tying these technologies to the scientific validation and publications

Kaydence Pharma

- Waiver extended on upcoming loan repayments, including interest, to provide the company time to continue the process to secure further funding
- NattoPharma continue to have a positive interest for the pharmaceutical approach, and will work with the company to secure continued progress in the project
- There is a continued high risk related to the investment in Kaydence Pharma, and NattoPharma will evaluate the current book values in the upcoming 2019 financial closing
- Change in the board of Kaydence as Tom Pike has decided to step down as chairman and continue as regular board member. Erik Flatmark has accepted to take on the role as Chairman of the Board of Directors following Tom Pike's decision to step down.



Financial highlights

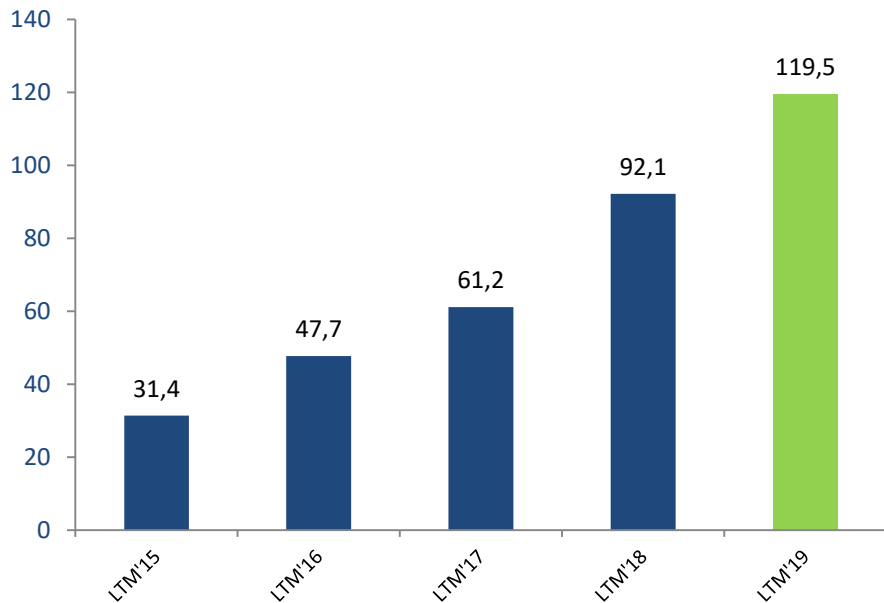
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Highlights

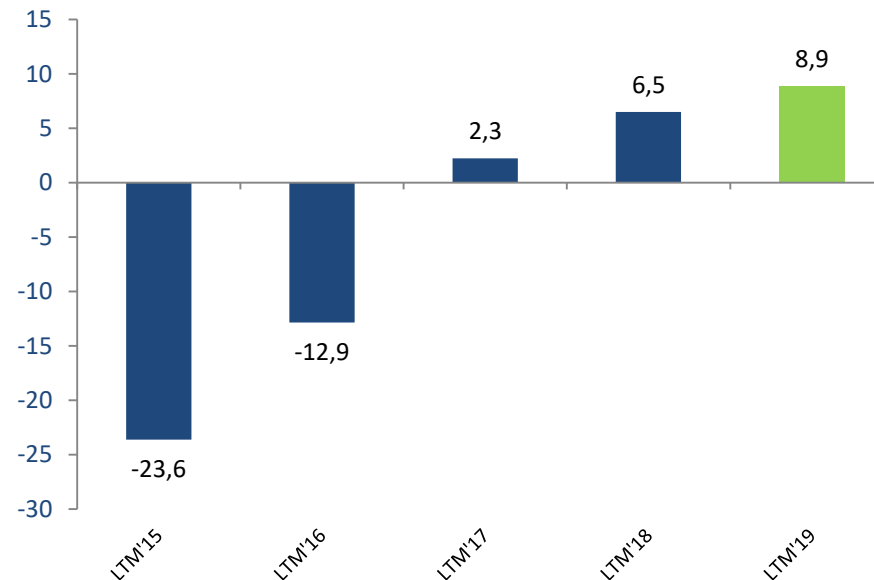
Profitable growth

- Revenues: NOK 30,9 mill. (23,6) in Q3 – up 31 %, rolling 12-months (LTM) NOK 119,5 mill. (92,1) - up 30%
- EBITDA (adj.): NOK 3,2 million (1,1) in Q3, LTM NOK 8,9 mill (6,5)
- Growth trajectory continues, solid result showing that the business model scales well with volume

Operating Revenue (LTM)



EBITDA (adj.) (LTM)



Profitability

Gross margins

- 43.0% (45.5%) in Q3.
- Overall margins in line with guiding, although customer and product mix in the period slightly below expectations. On current business we therefore believe there is an upside to margins in the next quarters.
- **OPEX (adj.)**
- NOK 10.0 million (9.7) in Q3.
- Good quarter for OPEX. We continue to “spend where it matters”, finding the balance between investing for the future and keeping the cost base slim to ensure profitable growth.

EBITDA (adj.)

- NOK 3.2 million (1.1 million) in Q3.

Cash

- Cash situation is tight, but in accordance with plan. Operational cash flow year to date of -3,7 mNOK impacted by building of stock
- We believe we have absorbed the largest bulk of investments in stock. We have finally come in a position where we can serve our customers as timely as expected. Additionally, larger batch productions are favorable from a cost perspective.
- We are still looking at securing additional financing to add more flexibility in our operations
- CAPEX largely related to phase 2 of the synthetic K2 development project. We anticipate a significant production cost saving as we scale up the new technology, making us more competitive and better prepared as the market grows. Full scale production expected in 2020 based on demand review.

Cash bridge YTD'19



Outlook

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- Guiding from previous quarter maintained with an annual top line growth of 20-30% and a gross margin of 40-45%.
- Aim for adjusted EBITDA of NOK 10 million for the year, which would be a very solid year. Considering a delay among two key accounts compared to 2018, the underlying development in 2019 is very positive and NattoPharma is optimistic about the next quarters and years
- Guiding for 2020 in conjunction with the Q4 results. Budgeting is on-going.

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Q & A Session

Kjetil Ramsøy
Chief Executive Officer