BIOTEC PHARMACON

Q4 2016

Fourth Quarter and Full Year 2016

Highlights for the fourth quarter of 2016

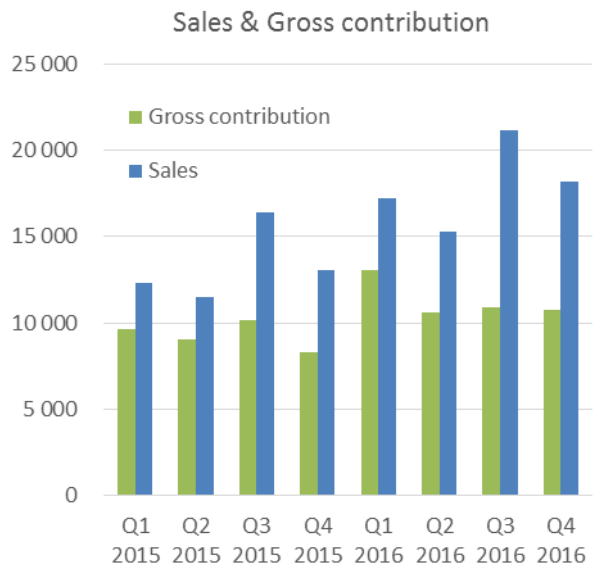
- Group sales increased to NOK 18.2 million in the fourth quarter of 2016 from NOK 13.1 million in the fourth quarter of 2015
- EBITDA was NOK -8.1 million in the fourth quarter of 2016 compared to NOK -7.1 million in the fourth quarter of 2015, reflecting planned increase in commercial activities for Woulgan®
- Woulgan® reported revenues of NOK 0.6 million in the fourth quarter
- ArcticZymes launched three new products complementing existing product portfolio

Key Financials

NOK 1.000	Q4 2016	Q4 2015	12M 2016	12M 2015
Sales	18 215	13 061	71 904	53 280
Total Revenues	19 938	14 911	78 606	60 634
EBITDA	-8 093	-7 098	-19 045	-14 386
EBIT	-8 476	-7 975	-20 955	-17 313
Net cash flow from operations	-2 667	2 332	-19 277	-12 887
Net cash end of period	57 672	78 343	57 672	78 343

Biotec Pharmacon – Group Figures

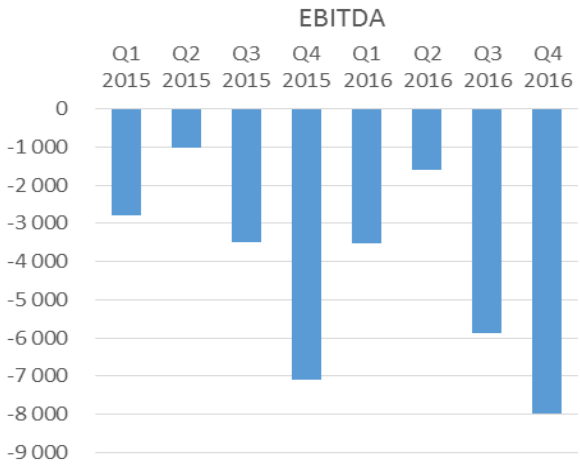
Biotec Pharmacon ASA, (hereinafter "Biotec" or "the Company") reported sales of NOK 18.2 million (13.1) for the fourth quarter of 2016. Earnings before taxes, interest, depreciation and amortization (EBITDA) was NOK -8.1 million (-7.1) and earnings before interest and taxes (EBIT) was NOK -8.5 million (-8.0) in the quarter. Net financial income was NOK 0.2 million (-0.1), generating an Earnings before tax (EBT) of NOK -8.3 million (-8.1) for the quarter.



The beta-glucan segment continued to report good sales figures, with NOK 11.4 million of sales compared to NOK 9.8 million during the fourth quarter of 2015. Woulgan® has started to show revenues and reported NOK 0.6 million in sales for the quarter. The enzyme segment had fourth quarter sales of NOK 6.8 million compared to NOK 3.3 million in the fourth quarter of 2015. For the full year, group sales increased to NOK 71.9 million (53.3), an increase of 35%. The group had a gross contribution of NOK 10.7 million (8.3) in the fourth quarter of 2016 and a gross contribution of NOK 45.2 million (37.1) for the full year.

Reduction in EBITDA for the fourth quarter of 2016, compared to the same quarter last year is mainly due to increased commercial activities relating to Woulgan® and no sales in the nutrition segment.

The Company recognized no income tax for 2016.



The group had 42 full-time and 4 part-time employees at the end of the fourth quarter, compared to 40 employees at the end of the fourth quarter of 2015. Most of the added positions are related to commercial activities in Woulgan® and production capacities in the enzyme segment.

Balance Sheet

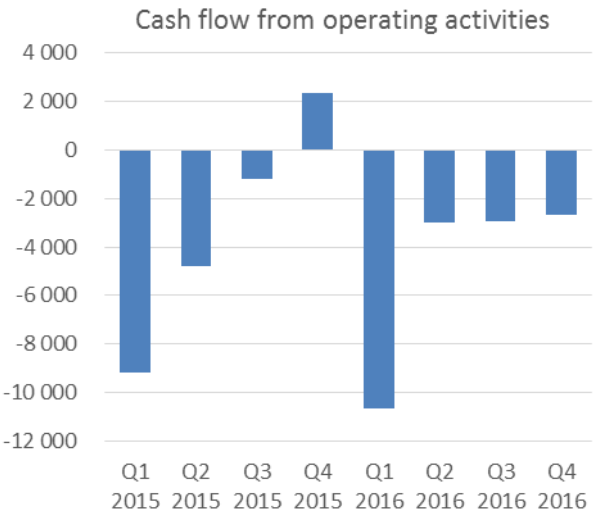
Total equity amounted to NOK 68.1 million at the end of the fourth quarter 2016 compared to NOK 86.7 million at the end of 2015.

Total assets were NOK 85.8 million at the end of the fourth quarter of 2016, compared to NOK 101.1 million at the end of 2015.

The Company has no interest-bearing debt.

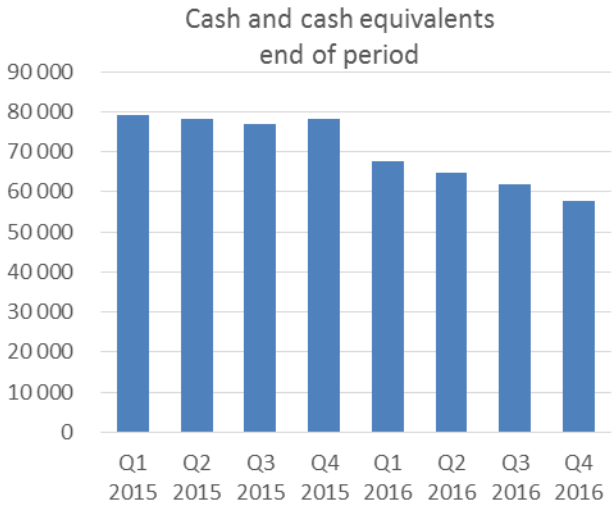
Cash Flow

Net cash flow from operating activities was NOK -2.7 million in the fourth quarter 2016, compared to NOK 2.3 million in the same quarter in 2015. The operating cash flow reflects a change in working capital of NOK 4.6 million compared to end of third quarter 2016. This is considered normal fluctuations in the working capital.



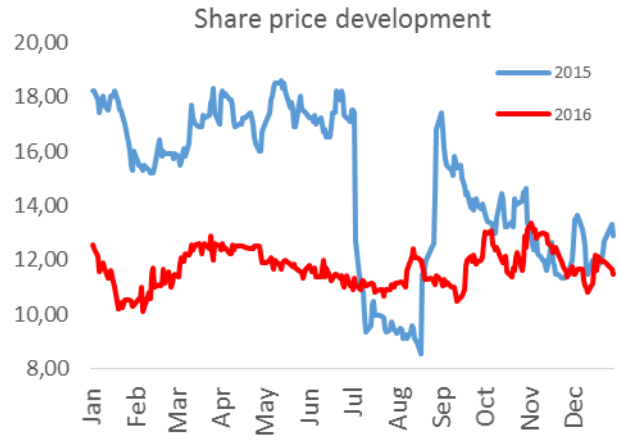
Net cash flow from investing activities was NOK -1.3 million in the fourth quarter as well as for the full year. Net cash flow from financing activities was NOK 0 in the fourth quarter, as well as for the full year 2016.

Changes in cash and cash equivalents were NOK -4.0 million in the fourth quarter and NOK -20.7 million for the full year. This generated a cash balance of NOK 57.7 million at the end of the quarter, compared to NOK 78.3 million at the end of 2015.



Shareholder matters

The total number of issued shares was 43,944,673 at the end of the fourth quarter of 2016. The number of issued employee share options was 1,167,750 at the end of the quarter.



Risk factors

Biotec´s business is exposed to a number of risk factors that may affect parts or all of the Company's activities. There are no substantial changes in the risk factors, which are described

in the annual report for 2015, published on the Company's web site www.biotec.no.

Business areas reporting:

Beta-glucans

Biotec Pharmacon continues the market penetration of Woulgan® in the core markets Germany, UK and the Nordic countries. Sales are picking up, particularly in Germany but also in the Nordic countries. There has been a continuous good demand for the Company's animal health product.

Woulgan® – Germany

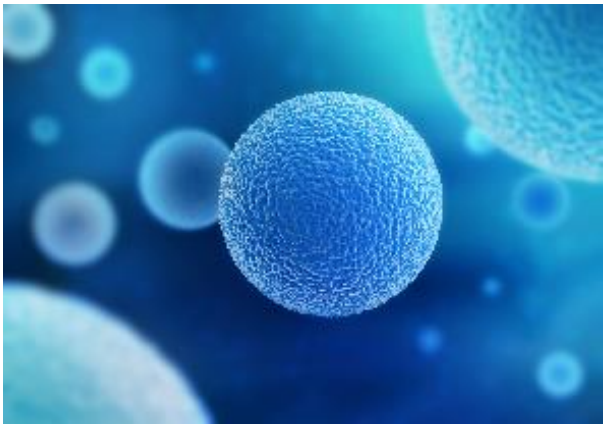
Fourth quarter sales had good development particularly in the homecare company segment. Biotec trained clinician teams as part of one homecare company's roll-out of Woulgan® and a second homecare company ordered Woulgan to initiate its own evaluation process.

Both homecare companies were encouraged to adopt Woulgan® based on the favourable documentation and positive reimbursement experiences of the product. The reimbursement system in Germany is complex and a more detailed description can be found on the Company's website Q&A section. (www.biotec.no)

On a customer level, each General Practitioner (GP) has a specific budget for prescription of products like Woulgan®. If a GP exceeds their budget they may be asked to document the patient's history in order to justify their decision to the payer (sick fund). If a sick fund judges a treatment not appropriate and reasonable it can decide not to reimburse the therapy. It is imperative that Biotec continues to build key influencer support and clinical documentation for Woulgan® and that individual clinicians document their appropriate use of the product to ensure that Woulgan® is used where it really makes a difference.

Woulgan® – Nordic

Fourth quarter saw in-market sales picking up as Woulgan® became listed on new tenders and sales activity resulted in new orders. Woulgan® need local support from clinicians and key influencers to generate sales. Biotec and its partner, Navamedic are focused on building and amplifying this support to speed up tender listings and usage of Woulgan®. Positive product evaluations support additional tender processes. Biotec's relationship with Navamedic continues to strengthen with both organisations benefitting from the Woulgan® collaboration.



Biotec invests in documenting cases in the Nordic with the aim to build clinical experiences and support showing the benefit and cost effectiveness of Woulgan® in reactivating stalled wounds. These are all deemed necessary to further support the process of having Woulgan® listed onto additional county tenders.

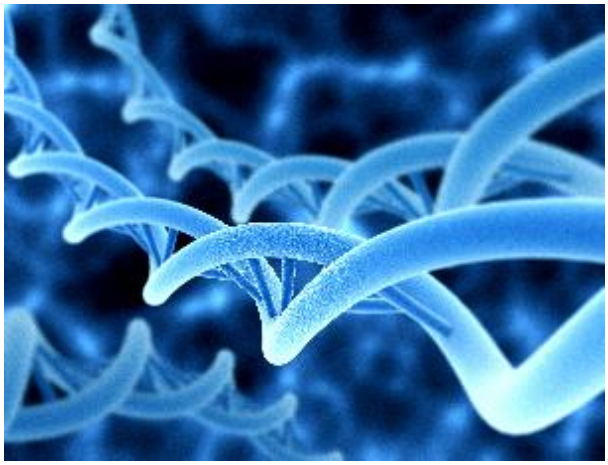
Woulgan® - UK

At the end of January 2017, Biotec received a response from NHS Drug tariff where they asked for additional information regarding the

drug tariff and reimbursement application. It is difficult to anticipate how long this process may take.

The decision has been taken to add Woulgan® to the NHS Supply Chain catalogue. This means that hospitals in UK will be able to order Woulgan®.

The 26 patient UK case series conducted in January – June 2016 has been accepted for publication in the Journal of Wound Care. Woulgan® was also presented in 6 separate posters at Wounds UK in Harrogate which illustrates the strength of Woulgan's value proposition in reactivating stalled wounds. Following the presentations of Woulgan® at Wounds UK, the Diabetic Foot Journal has invited one of the clinicians to submit an article in an upcoming issue of the journal. This reflects the increasing interest in the Woulgan therapy.



Woulgan® - USA

Biotec has recently received feedback from the FDA offering the option to register Woulgan® as a medical device Class 1 product. Biotec is currently considering this route as the initial step for building further documentation for a US reimbursement process.

Woulgan® - Other

Four of the five sites contracted for the Post Marked Clinical Follow-Up study are actively recruiting patients, but at a slow pace. Biotec has initiated discussions with the CRO (Contract Research Organisation) to speed up the process by including additional sites through their established clinical network.

The Company is currently testing different production technologies for the manufacturing of an advanced gel-forming dressing product for exuding and large surface wounds. The testing focuses on identifying technological solutions being novel and at the same time having a high production capacity. Biotec has focused on developing two new products; spray and a dressing. Focus going forward will primarily be on the dressing product as it has the largest market potential.

Beta-glucans – Other

The ongoing neuroblastoma clinical study at Memorial Sloan Kettering Cancer Centre has recruited 100 patients at the end of 2016. Memorial Sloan Kettering has observed promising effects during the phase II part of the study, and decided to increase the study population from 115 to a total of 145 patients. The neuroblastoma patients are treated with the combination of an experimental cancer vaccine developed by Memorial Sloan Kettering Cancer Centre and Soluble Beta Glucan (SBG®) from Biotec. SBG® is used for its immunomodulatory properties and acts as an adjuvant therapy to the cancer vaccine.

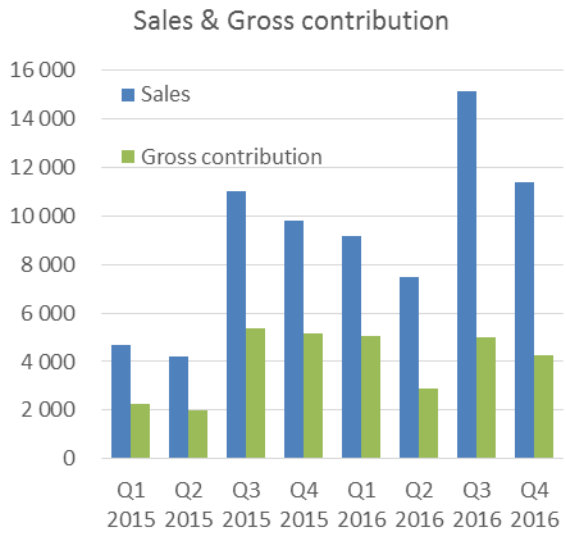
During the fourth quarter, Biotec BetaGlucans was successfully audited by the notified body DNV Presafe and has renewed the ISO 13485 and MDD certification for Woulgan. Biotec BetaGlucans was in December also certified as GMP+ compliant for the sale of feed grade products by DNV GL.

In the consumer health segment, high volume orders received late 2015 and early 2016 resulted in a significant stock build-up at our main customer, and demand for products is consequently expected to be lower in 2017. Biotec is currently exploring opportunities in the consumer health market but expects limited sales from this area in 2017.

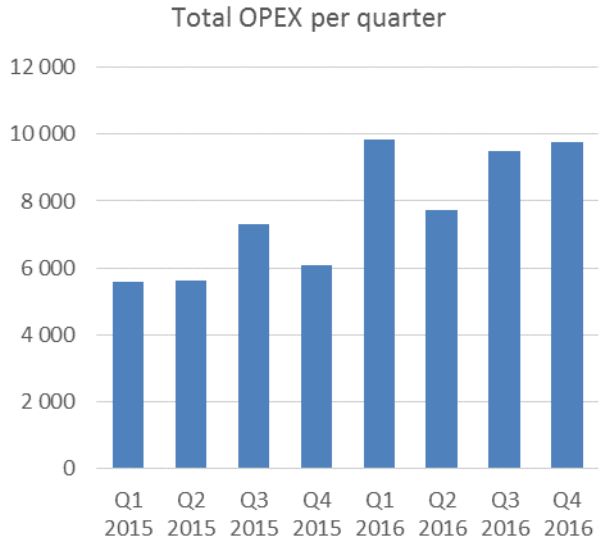
The sales growth of the feed ingredient product M-Glucan® has continued through the fourth quarter reaching close to a current maximum production capacity of this product. Biotec is currently evaluating opportunities in other feed sectors before an investment in increased production capacity can be justified by the manufacturer.

Financial review beta-glucans

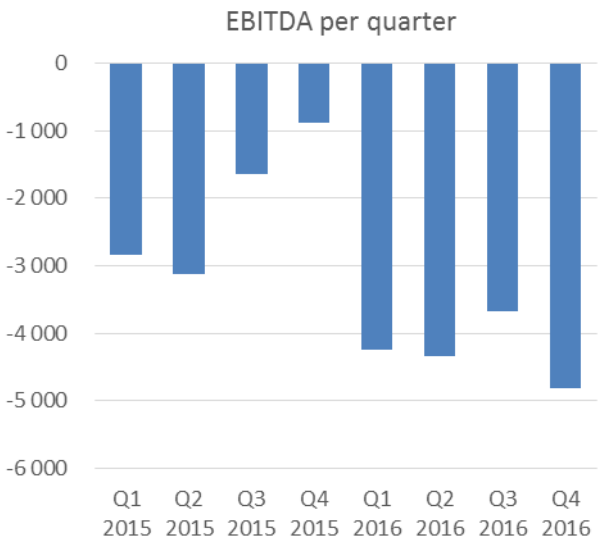
Beta-glucan sales amounted to NOK 11.4 million in the fourth quarter of 2016, compared to NOK 9.8 million in the fourth quarter of 2015. Sales for the full year was in total NOK 43.2 million compared to NOK 29.7 million in 2015. The increase is due to strong sales within the animal health segment. Woulgan® sales was NOK 0.6 million in the fourth quarter and NOK 0.8 million for the full year.



Operating expenses increased from NOK 6.1 million in the fourth quarter of 2015 to NOK 9.8 million in the fourth quarter of 2016, mainly due to increased activities relating to commercialization of Woulgan®. Operating expenses for the full year 2016 have increased from NOK 24.6 million in 2015 to NOK 36.8 million in 2016. Biotec expects this cost level to stabilize going forward.



EBITDA for the fourth quarter of 2016 was NOK -4.8 million compared to NOK -0.9 million in the same period last year. For the full year 2016, EBITDA was NOK -17.1 million compared to NOK -8.5 million for 2015.



Enzymes (ArcticZymes)

Business

ArcticZymes report fourth quarter sales of NOK 6.8 million (3.3) and represent a year-on-year increase of more than 100%. The increase in fourth quarter is a direct result of how ArcticZymes' has expanded its business into new customers in USA, Europe and Asia.

ArcticZymes signed a new 5 year supply agreement with a European based global molecular diagnostic developer during the fourth quarter. This represents the third supply agreement formalized in the molecular diagnostics market segment during 2016. These agreements secure long-term value and commitment to ArcticZymes, allowing it to grow the business in an organic fashion and further enhance its global brand.

Momentum is at fast pace with the Company's new product pipeline initiatives. Three new products were launched in the quarter:

- Heat-Labile Exonuclease I (HL-ExoI) is an enzyme that complements our Shrimp Alkaline Phosphatase and A'SAP portfolio. ArcticZymes has also IP around the enzyme which represents added value. Samples requests for the enzyme have already been received.
- dsDNase and HL-dsDNase enzymes have been formulated and launched in glycerol-free version. Glycerol-free formations of ArcticZymes enzymes satisfy the evolving requirement of the molecular diagnostics market segment. These new formulations

fulfil a market need expressed both by existing- and new potential partners.

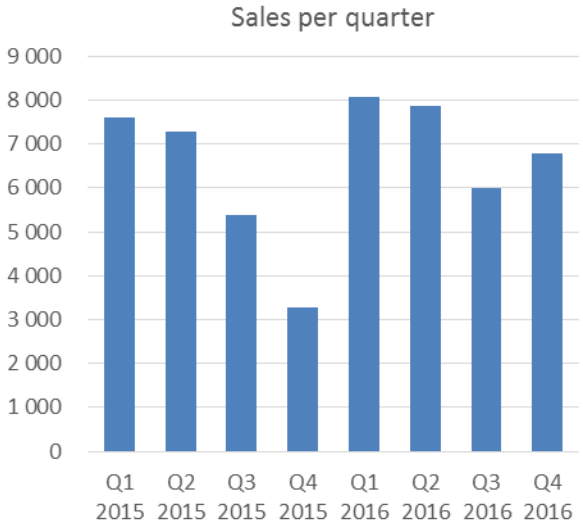
In total, ArcticZymes' released six new products in 2016. The development and release of new products drive growth of the product portfolio, complement existing products and facilitate the Company's ability to penetrate the market in molecular diagnostic and research tools.

ArcticZymes continue the Asian efforts and are in close dialogue with a number of leading companies expanding the Company's Asian potential. ArcticZymes doubled sales in this region during 2016 compared with the previous year.

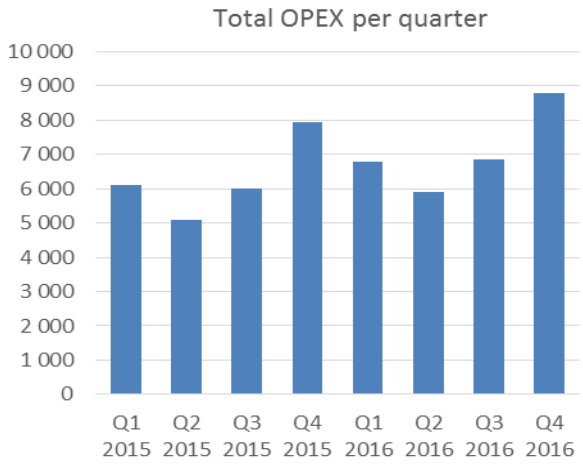
ArcticZymes are committed to serve its commercial partners in molecular research and diagnostics. In addition, ArcticZymes is advancing into new business opportunities by cooperating with companies in viral based gene therapy and forensics.

Financial review Enzymes

Sales in ArcticZymes was NOK 6.8 million in the fourth quarter of 2016, up from NOK 3.3 million in the same quarter last year. Total sales for the 2016 was NOK 28.7 million compared to NOK 23.5 million in 2015. This represents a sales increase of almost 25%. ArcticZymes sales is characterized by larger orders to a limited number of customers. This will continue to give some fluctuations in sales per quarter going forward.



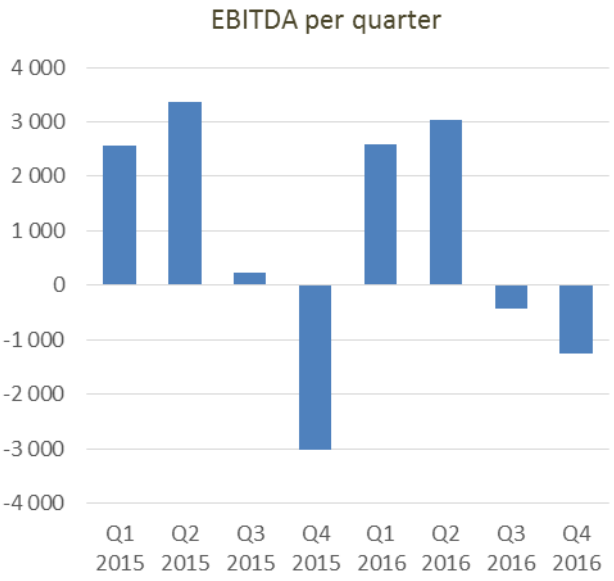
Other revenues for the fourth quarter shows NOK 1.1 million, a decrease from NOK 1.8 million in 2015. This decrease is explained by currency fluctuations and a reduction in R&D revenues for the quarter. Total other revenues 2016 showed NOK 4.2 million compared to NOK 6.0 million in 2015.



Operating expenses have increased from NOK 7.9 million in the fourth quarter of 2015 to NOK

8.8 million in the fourth quarter of 2016, mainly because of increased personnel expenses.

Operating expenses for the full year 2016 have increased from NOK 25.2 million in 2015 to NOK 28.3 million in 2016. EBITDA showed a loss of NOK 1.4 million for the fourth quarter of 2016, an improvement of NOK 1.6 million compared to fourth quarter 2015 EBITDA of NOK -3.0 million. EBITDA for the full year 2016 was NOK 3.8 million compared to NOK 3.1 million in 2015.



OUTLOOK

Biotec will continue to pursue its commercial focus of driving sales and achieving key operational milestones in 2017.

For Woulgan® and the wound care segment, focus will be on generating sales growth and commercial traction in key markets, building on the achievements obtained in 2016.

Obtain UK drug tariff approval in order to secure reimbursement in UK will be a key milestone.

Also continue the development of the Woulgan® technology platform into new wound care products.

The animal health segment will continue to be an important contributor in 2017 where focus will be on customer satisfaction and expanding the opportunities. Biotec's partner in this segment is considering a renewal and expansion of its production capacity and the Company will assist them in all possible ways to give them confidence in this decision.

In the consumer health segment, Biotec will explore opportunities to build a commercial platform for long term growth.

In the enzymes market, ArcticZymes has a strong product offering, valuable and long-term relationships with key customers, and a solid position for future growth. Its strong pipeline in development of novel enzymes will lead to new product launches during 2017.

Together with further development of the company's commercial partnerships it is expected that ArcticZymes should increase its market share going forward. In addition, the company expects the enzyme market to continue its growth and develop structurally over the next years.

Financial statement Q4 2016

INCOME STATEMENT - THE GROUP

(Amounts in NOK 1.000 - exept EPS)	Q4 2016	Q4 2015	Jan - Des. 2016	Jan - Des. 2015
Sales	18 215	13 061	71 904	53 280
Cost of goods sold	-7 530	-4 774	-26 736	-16 204
Gross profit	**10 685**	**8 287**	**45 168**	**37 076**
Other revenues	1 723	1 850	6 702	7 354
Sum other revenues	**1 723**	**1 850**	**6 702**	**7 354**
Personell expenses	-12 568	-10 773	-43 151	-35 308
Other expenses	-7 934	-6 462	-27 764	-23 508
Earnings before interest, taxes, depr. and amort. (EBITDA)	**-8 093**	**-7 098**	**-19 044**	**-14 386**
Depreciation and amortization expenses	-383	-877	-1 912	-2 927
Earnings before interest and taxes (EBIT)	**-8 476**	**-7 975**	**-20 956**	**-17 313**
Finanical income, net	181	-90	567	21
Earning before taxes (EBT)	**-8 296**	**-8 065**	**-20 389**	**-17 292**
Tax	0	0	0	0
Earnings after tax	**-8 296**	**-8 065**	**-20 389**	**-17 292**
Basic EPS (profit for the period)	-0,19	-0,18	-0,46	-0,39
Diluted EPS (profit for the period)	-0,19	-0,18	-0,46	-0,39

BALANCE SHEET - THE GROUP

(Amounts in NOK 1.000)	2016-12-31	2015-12-31
Non-current assets		
Machinery and equipment	3 168	4 118
Intangible assets	5 465	5 074
Other financial assets	38	77
Total non-current assets	**8 671**	**9 269**
Current assets		
Inventories	2 775	2 904
Trade receivables and other receivables	16 716	10 555
Cash and cash equivalents	57 672	78 343
Total current assets	**77 162**	**91 802**
Total assets	**85 834**	**101 071**
Equity		
Share capital	43 945	43 945
Share premium capital	133 378	133 378
Other equity	-109 815	-91 064
Non-controlling interests	580	489
Total equity	**68 087**	**86 749**
Current liabilities		
Trade-, short term-, and other payables	17 746	14 322
Total current liabilities	**17 746**	**14 322**
Total equity and liabilities	**85 834**	**101 071**

CHANGES IN EQUITY - THE GROUP

(Amounts in NOK 1000)	Share capital	Share premium capital	Own shares	Minority interests	Other reserves	Total equity
Balance at 2014-12-31	**43 623**	**129 224**	**0**	**437**	**-74 417**	**98 867**
Total comprehensive income/-loss for the period	0	0	0	52	-17 344	-17 292
Transactions with shareholders:						
Employee stock option provision	322	4 154	0	0	734	5 210
Purchase of own shares	0	0	-172	0	0	-172
Sale of own shares	0	0	137	0	0	137
Total transactions with shareholders	322	4 154	-35	0	734	5 175
Balance at 2015-12-31	**43 945**	**133 378**	**-35**	**489**	**-91 027**	**86 750**
Total comprehensive income/-loss for the period	0	0	0	0	-3 810	-3 810
Transactions with shareholders:						
Employee stock option provision	0	0	0	0	367	367
Total transactions with shareholders	0	0	0	0	367	367
Balance at 2016-03-31	**43 945**	**133 378**	**-35**	**489**	**-94 470**	**83 307**
Total comprehensive income/-loss for the period	0	0	0	188	-2 270	-2 082
Transactions with shareholders:						
Employee stock option provision	0	0	0	0	430	430
Total transactions with shareholders	0	0	0	0	430	430
Balance at 2016-06-30	**43 945**	**133 378**	**-35**	**677**	**-96 311**	**81 655**
Total comprehensive income/-loss for the period	0	0	0	-28	-6 176	-6 204
Transactions with shareholders:						
Employee stock option provision	0	0	0	0	555	555
Total transactions with shareholders	0	0	0	0	555	555
Balance at 2016-09-30	**43 945**	**133 378**	**-35**	**650**	**-101 932**	**76 006**
Total comprehensive income/-loss for the period	0	0	0	-70	-8 226	-8 296
Transactions with shareholders:						
Private placements - new equity						
Purchase of own shares			-230			-230
Employee stock option provision	0	0	184	0	423	607
Total transactions with shareholders	0	0	-46	0	423	377
Balance at 2016-12-31	**43 945**	**133 378**	**-81**	**580**	**-109 735**	**68 087**

CASH FLOW ANALYSIS - THE GROUP

(Amounts in NOK 1.000)	Q4 2016	Q4 2015	Jan - Dec 2016	Jan - Dec 2015
Cash flow from operating activities:				
Profit after tax	-8 096	-8 065	-20 389	-17 292
Adjustment:				
Depreciation	383	877	1 912	2 927
Amortization			33	
Employee stock options	422	367	1 773	734
Changes in working capital				
Inventory	177	-894	129	1 487
Account receivables and other receivables	889	6 648	-4 912	-2 803
Payables and other current liabilities	3 558	3 399	2 177	2 060
Net cash flow from operating activities	**-2 667**	**2 332**	**-19 277**	**-12 887**
Cash flow from investing activities:				
Purchase of fixed assets	-242	-133	-300	-770
Invested in intangible assets	-1 054	-800	-1 054	-800
Change in long term receivables	-52	36	7	77
Net cash flow from investing activities	**-1 348**	**-897**	**-1 347**	**-1 493**
Cash flow from financing activities:				
Cashflow from private placement				4 475
Purchase of own shares	-230	-172	-230	-172
Sale of own shares	184	137	184	137
Net cash flow from financing activities	**-46**	**-35**	**-46**	**4 440**
Changes in cash and cash equivalents	-4 061	1 400	-20 671	-9 940
Cash and cash equivalents at the beginning of period	61 733	76 943	78 343	88 283
Cash and cash equivalents at end of period	**57 672**	**78 343**	**57 672**	**78 343**

Notes to the interim accounts for 4th quarter 2016

Note 1 - Basis of preparation of financial statements

These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of Biotec Pharmacon ASA and its subsidiaries (hereafter "the Group") for the period ended December 31 2016. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year, ended December 31 2015 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.

The accounting policies used in the Interim Financial Statements are consistent with those used in the Annual Financial Statements. The presentation of the Interim Financial Statements is consistent with the Annual Financial Statements. Where necessary, the comparatives have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the Annual Financial Statements or in these Interim Financial Statements.

Income tax expense or benefit is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year. Deferred tax asset is accounted at NOK 0 in the balance sheet.

Note 2 - Analysis of operating revenue and -expenses, segment information

Services provided by the parent company are expensed at both segments according to agreements with actual subsidiary.
Corporate overhead costs remain unallocated.

	Q4		Jan - Des.	
(Amounts in NOK 1.000)	**2016**	**2015**	**2016**	**2015**
Sales revenue:				
Beta-Glucans	11 430	9 802	43 190	29 733
Enzymes	6 785	3 259	28 714	23 546
Group operating sales revenues	**18 215**	**13 061**	**71 904**	**53 280**
Gross profit				
Beta-Glucans	4 323	5 187	17 249	14 822
Enzymes	6 362	3 100	27 920	22 253
Group gross profit	**10 685**	**8 287**	**45 168**	**37 076**
Other revenues				
Beta-Glucans	652	45	2 479	1 317
Enzymes	1 072	1 810	4 224	6 040
Unallocated revenues corporate level	0	-5	-1	-2
Group other revenues	**1 723**	**1 850**	**6 702**	**7 354**
Operating expenses:				
Beta-Glucans	-9 760	-6 098	-36 821	-24 610
Enzymes	-8 818	-7 929	-28 297	-25 156
Unallocated corporate expenses	-1 924	-3 207	-5 797	-9 051
Group operating expenses	**-20 502**	**-17 234**	**-70 915**	**-58 816**
Earning before interest, taxes, depreciat and amortizaion (EBITDA)				
Beta-Glucans	-4 785	-866	-17 094	-8 471
Enzymes	-1 384	-3 019	3 847	3 137
Unallocated corporate expenses	-1 924	-3 212	-5 798	-9 053
EBITDA	**-8 093**	**-7 097**	**-19 045**	**-14 386**
Amortization:				
Beta-Glucans	-234	-687	-1 316	-1 978
Enzymes	-135	-163	-540	-847
Unallocated corporate expenses	-14	-26	-56	-102
Group amortization	**-383**	**-877**	**-1 912**	**-2 927**
Earning before interest and taxes (EBIT)				
Beta-Glucans	-5 018	-1 553	-18 410	-10 448
Enzymes	-1 519	-3 182	3 307	2 290
Unallocated corpoate expenses	-1 938	-3 237	-5 854	-9 155
EBIT	**-8 476**	**-7 974**	**-20 955**	**-17 313**

Oslo, 2 February 2017
The Board of Directors of Biotec Pharmacon ASA

Erik Thorsen Chairman	Olav Flaten Director	Inger Rydin Director	
Richard Godfrey Director	Masha Strømme Director	Gerd Nilsen Director	Svein W. F. Lien CEO