



Q2 2021





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**Highlights - Q2 2021**

**Business Update**

**Financials**

**Outlook 2021**

# Highlights



# Highlights Q2 2021

## Volatility in sales due to changing coronavirus environment



Sales revenue performance  
**21.4 MNOK sales**

Milestone achieved - sales revenues for last 12 months  
**>100 MNOK**

Profitability continues  
**6.0 MNOK EBITDA**

New product Launched  
**SAN HQ 2.0**

Innovation review - Invest and expand activities in **Therapeutics**



# Business Update

# Business Updates

## Commercial Segment Sales



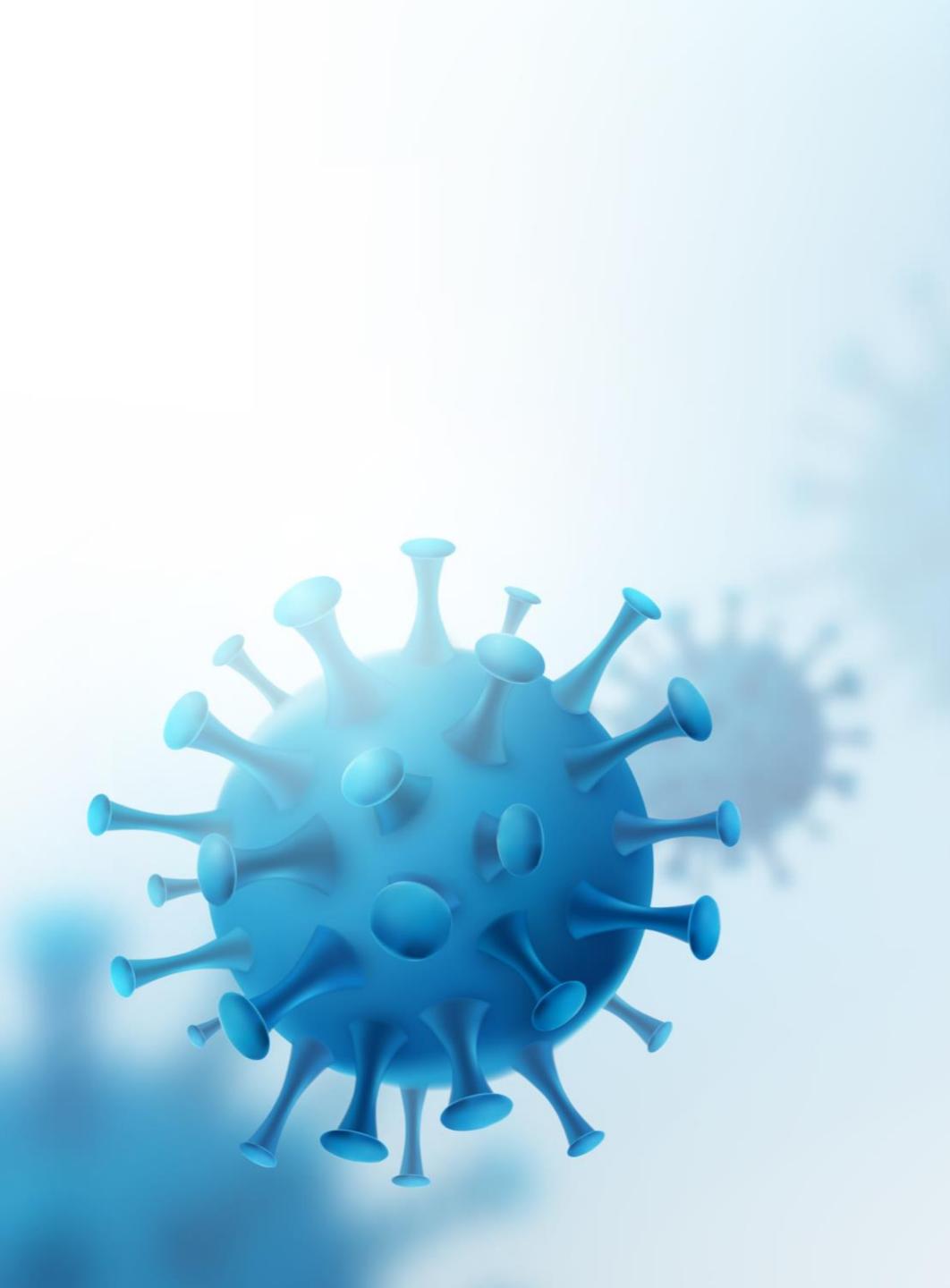
### Therapeutics

- ✓ 26% quarterly reduction compared to Q2 2020
- ✓ 40% contribution to total Q2 sales
- ✓ Slow down due to several CMO's prioritising Coronavirus vaccine manufacturing
- ✓ Several new SAN opportunities with new customers
- ✓ Growing interest for our enzymes in cell therapy applications



### Research & Diagnostics

- ✓ 41% quarterly reduction compared to Q2 2020
- ✓ Research: 20% contribution to total Q2 sales
- ✓ Diagnostics: 40% contribution to total Q2 sales
- ✓ Lower sales were expected following the extraordinary spike in Q1 2021
- ✓ Q2's performance confirms research sales have re-established to pre-pandemic levels



# Business Updates

## Coronavirus related sales

- 21% contribution of total Q2 sales
- Q2 sales were expected to be lower than the extraordinary performances achieved during Q1
- Majority of sales continues to be recurring business with several main customers
- Competitions in Asia between several customers
- Coronavirus test related sales expect demand to level off over next 12 months
- Vaccine related sales are expected to increase

# Business Update

## Innovation & Operations

- **Salt Active Nuclease HQ 2.0 (SAN HQ 2.0) launched**
  - Represents 2<sup>nd</sup> generation of the enzyme
  - Optimised for wider compatibility with downstream biomanufacturing processes
  - Increases commercial reach within viral vector market and utility in recombinant protein production
- **Innovation pipeline is progressing with other products anticipated for launch in 2021**
  - M-SAN ELISA kit, Taq DNA polymerase, reverse transcriptase, and other products
- **Two customers Audits**
  - Successfully achieved/retained critical supplier status





# Business Update

## Innovation Review

- **Molecular research and diagnostics**
  - Efforts are well underway to build a complete offering via organic and inorganic growth initiatives
- **Therapeutics**
  - Current product offering and innovation efforts have focused on expanding SAN product line
  - AZT plans to extend innovations beyond SAN products
  - The company will integrate into its organic and inorganic growth plans enzymes that support:
    - DNA/RNA therapeutics
    - Gene editing technologies
    - Other cell and gene therapy applications
  - AZT has developed the required cGMP capabilities and is well positioned to leverage the great market opportunity



# Financials

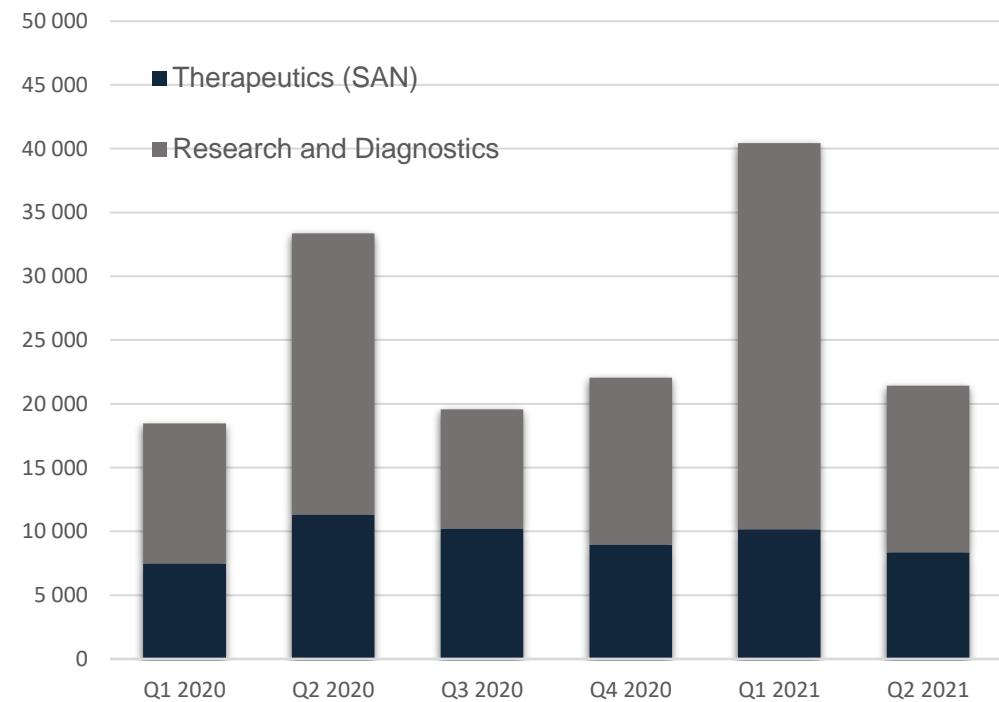
# ArcticZymes Sales Q2 2021

On same level as 4 of last 6 quarters

- Sales decline of 36% compared to same quarter last year
  - Inventory was stocked up in Q2 2020 when the pandemic created its foothold
- Therapeutics segment (SAN) decline of 3.0 MNOK: 8.4 MNOK (11.3) or decrease of 26%
  - On same levels as last 4 quarters
- Research & Diagnostics decrease of 41% from 22.1 MNOK to 13.1 MNOK
  - COVID-19 sales is primary driver of difference

Sales per segment

Amounts in NOK 1.000'

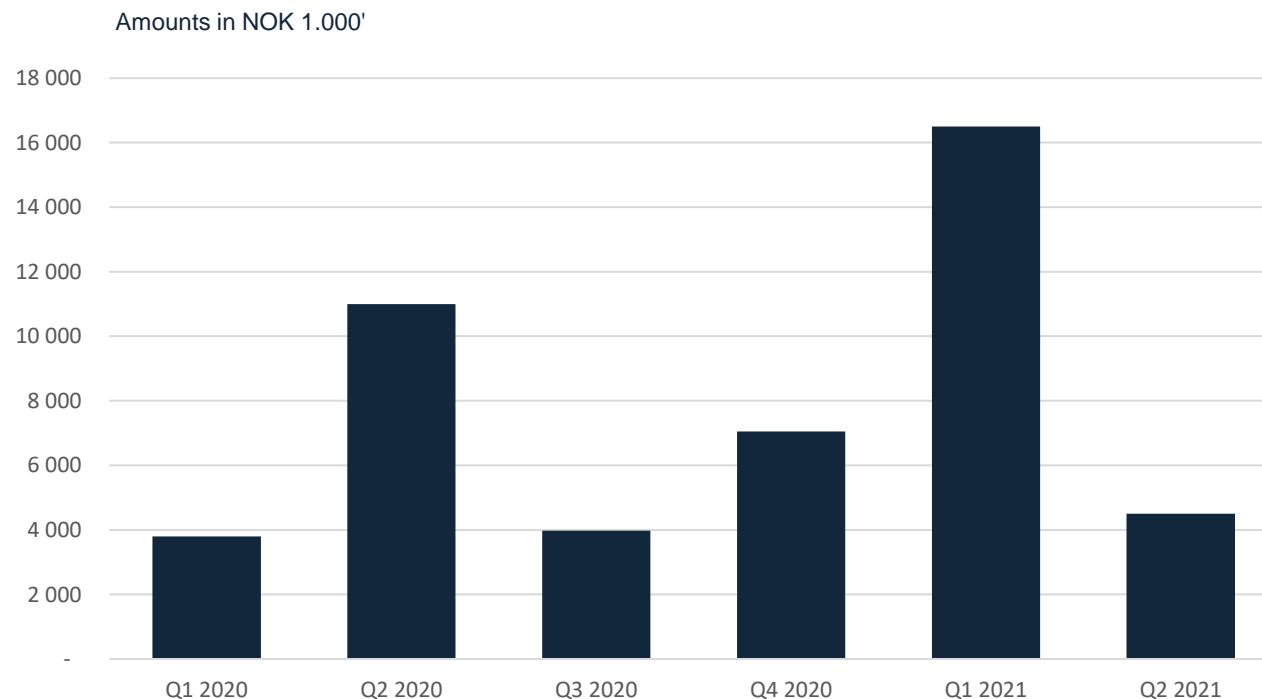


# ArcticZymes Sales Q2 2021

Covid-19 impact is estimated at 21% of quarterly sales

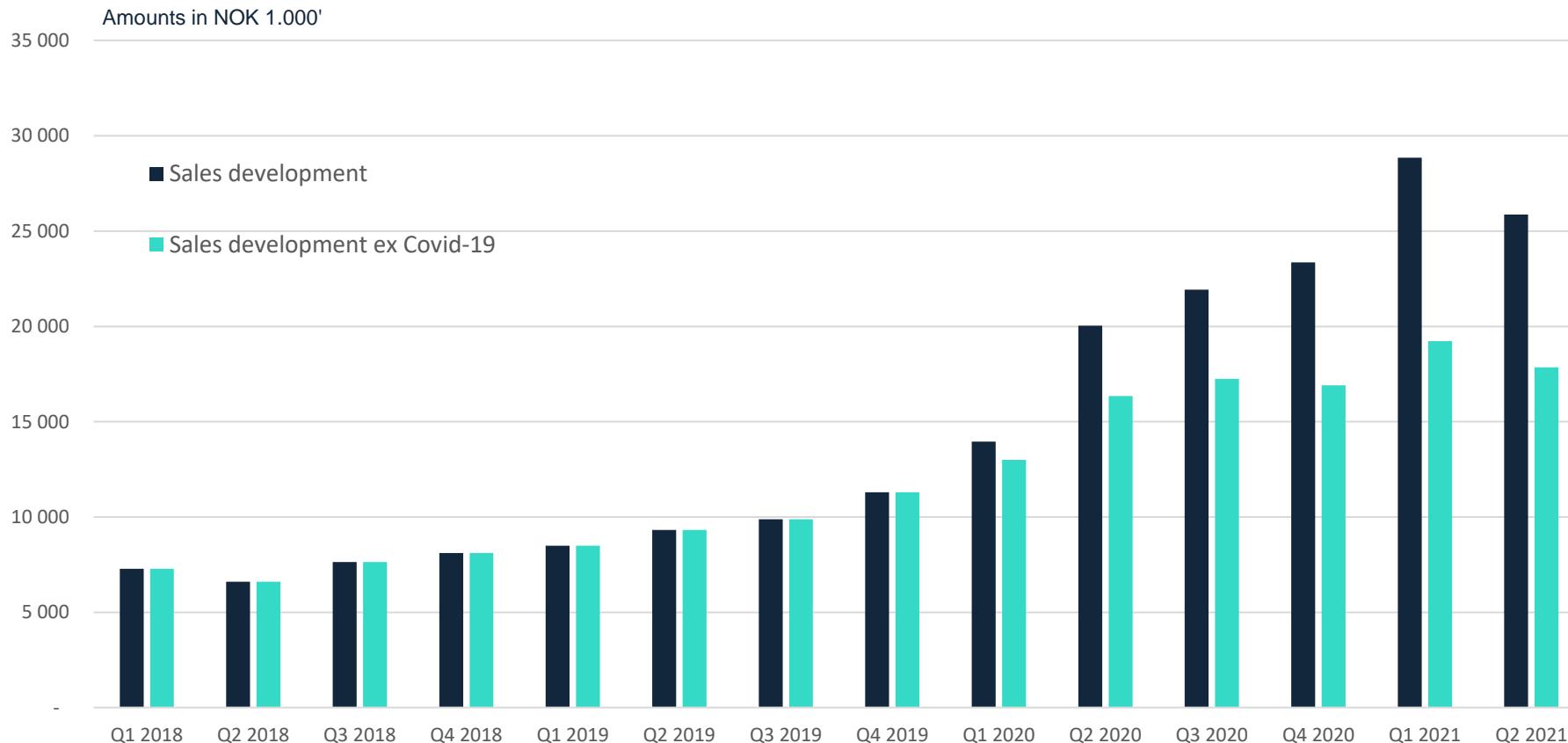


Estimated Coronavirus related sales



# 12 Month rolling average quarterly sales

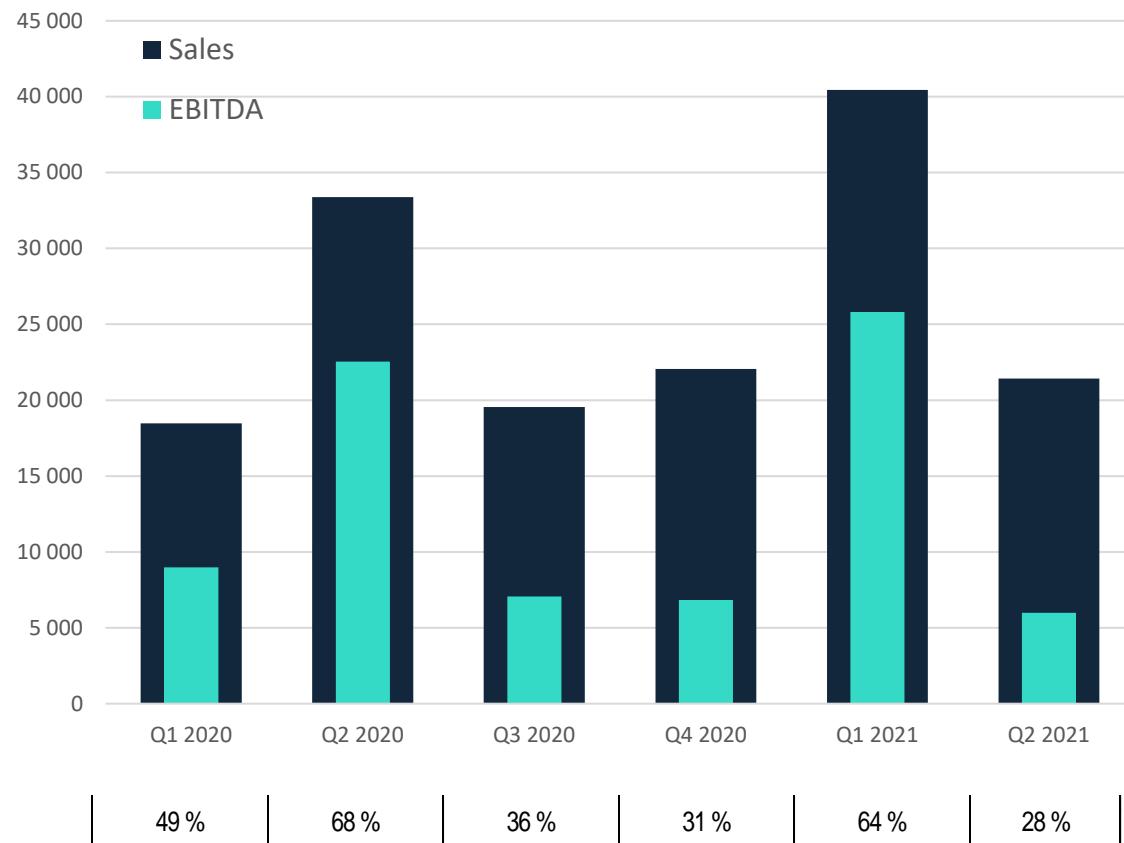
## Minor change in underlying sales development



# ArcticZymes Technologies

## Some headwind after a strong Q1

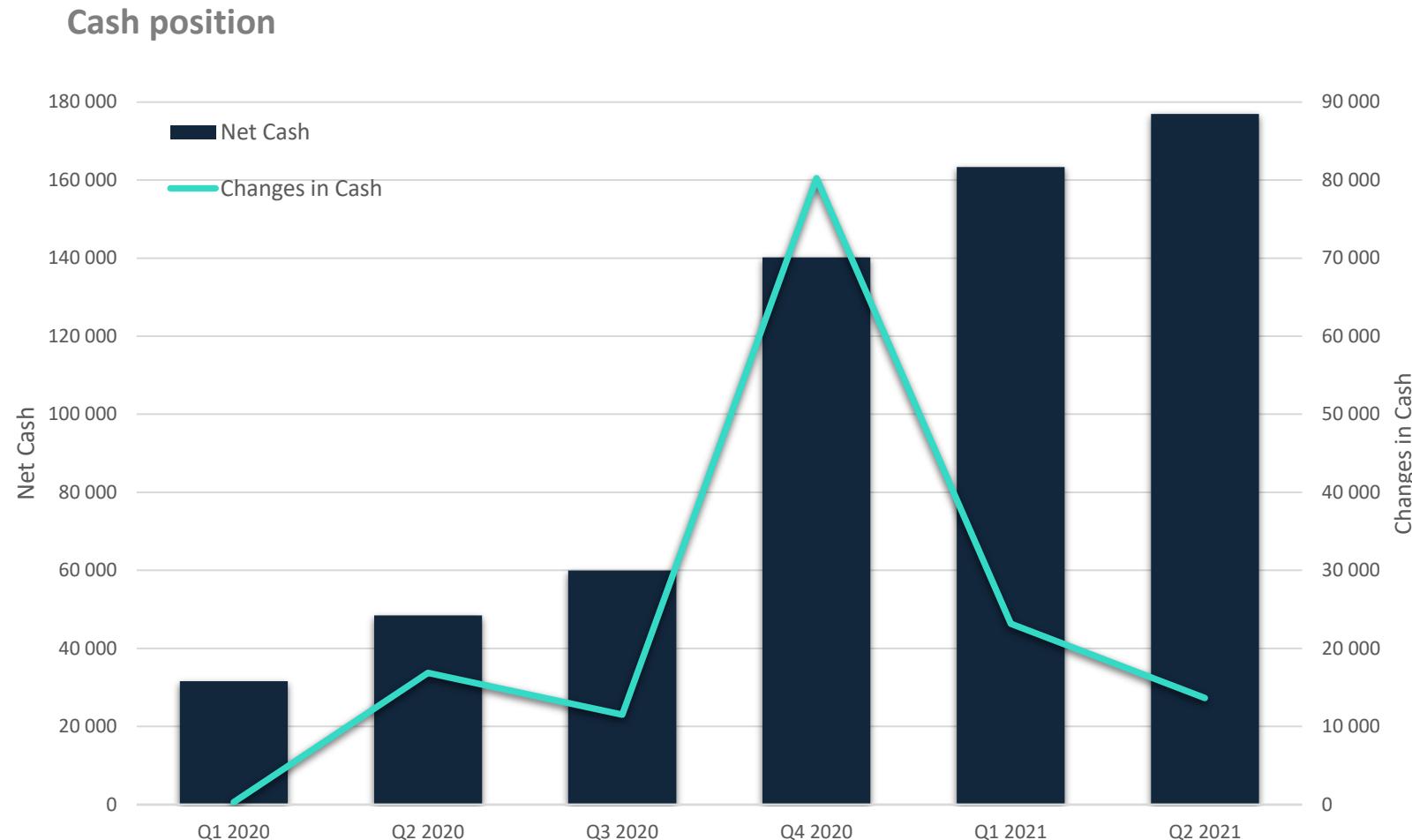
Amounts in NOK 1.000'



- 36% reduction in sales (MNOK 21.4 vs 33.4)
- EBITDA reduced by 16.5 MNOK (MNOK 6.0 vs 22.5)
- Expenses increased by 5.7 MNOK
  - Increase in personnel as we investing in organic growth
  - 4.2 MNOK in employer national insurance contribution

# Cash Flow

Continuous to be positive



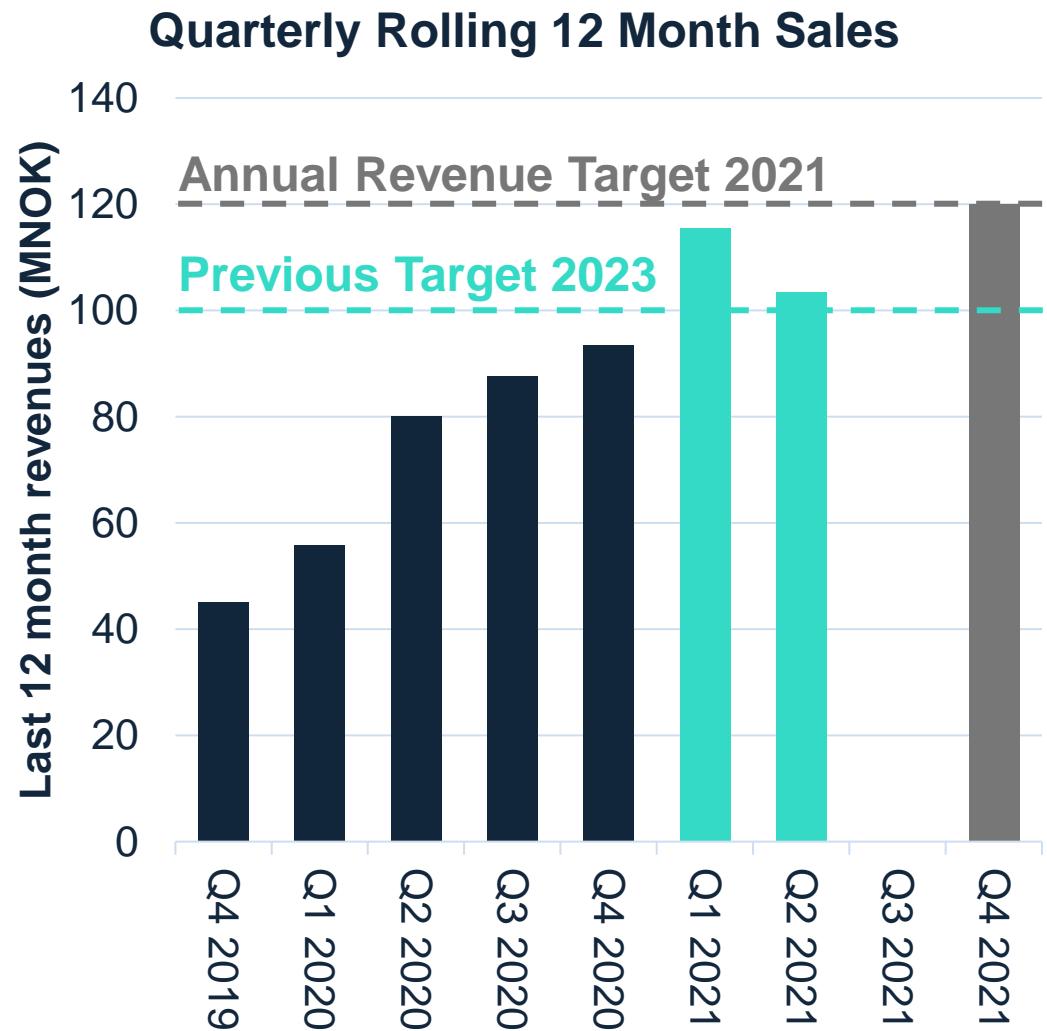
# Outlook



# Outlook 2021

## Financial goals

- Previous financial guidance given Dec 2019 with goal to reach 100 MNOK revenues by 2023
- Milestone achieved
  - >100 MNOK in revenues for the last 12-months on a quarterly rolling basis in Q1 and Q2
- Future expectations
  - Maintain the last 12-month revenues above 100 MNOK on a rolling quarterly basis
  - Fluctuations will be unavoidable
  - Overall revenues will grow by leveraging inherent momentum within the business
  - Annual revenue goal for 2021 is 120 MNOK





# Thank you Q&A Session

[arcticzymes.com](http://arcticzymes.com)