



# 4<sup>th</sup> Quarter

Quarterly Report

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

2022

## Highlights for Q4 and 12 months 2022

- ArcticZymes Technologies (AZT) had Q4 sales of NOK 28.2 million a reduction of 30% (Q4 2021: NOK 40.5 million) and sales for the full year of NOK 137.0 million growing by 7% (12M 2021: NOK 128.0 million)
- AZT had a positive EBITDA for Q4 of NOK 1.3 million, a reduction of NOK 19.5 million (Q4 2021: NOK 20.8 million) and a positive EBITDA for 2022 of NOK 41.5 million, a reduction of 20.1 million (12M 2021: NOK 61.6 million).
- Operating expenses for Q4 were 26.0 million (Q4 2021: NOK 18.4 million) impacted by one-off expenditure. Operating expenses for 2022 totalled NOK 91.0 (12M 2021: NOK 65.5 million)
- Cash flow for Q4 was positive NOK 5.6 million (Q4 2021: NOK 13.5 million) giving a cash balance of NOK 244.2 million (Q4 2021: NOK 200.4 million)
- Launched 3 new products: AZscript™ Reverse Transcriptase; SAN HQ 2.0 ELISA kit & ArcticZymes Proteinase Glycerol FREE
- Upscaled the manufacturing capacity of AZ Proteinase to meet growing demand
- Signed exclusive license deal for a novel DNA assembly technology to expand offerings in both the molecular tools and biomanufacturing businesses
- Conducted a comprehensive M&A process and engaged in negotiations with a European Company. As a result of due diligence findings however, AZT terminated the acquisition process

## Key financial figures:

MNOK	Q4 2022	Q4 2021	Change	YTD 2022	YTD 2021	Change
<b>Sales</b>	28.2	40.5	- 30 %	137.0	128.0	+ 7 %
<b>Total revenues</b>	28.4	41.2	- 31 %	137.7	131.0	+ 5 %
<b>Operating expenses</b>	26.0	18.4	+ 41 %	91.0	65.5	+ 39 %
<b>EBITDA</b>	1.3	20.8	- 94 %	41.5	61.6	- 33 %
<b>EBIT</b>	-0.1	20.0	NA	36.5	58.4	- 38 %
<b>Changes in cash</b>	5.6	13.5	- 59 %	43.7	60.2	- 27 %

## Introduction

ArcticZymes Technologies ASA, (hereinafter “AZT” or “the Company”) is a Norwegian life sciences company with its core business focused on specialised and novel enzymes.

## Operational review

### Commercial

The Company continued to achieve sales growth with a CAGR of 7% from 2021 to 2022. Sales for the full year reached 88% of the annual sales target for 2022. However, the fourth quarter had unexpectedly slow sales as compared to the same period the previous year. Three factors attributed to this:

- Higher than usual inventory levels with key customers which resulted in them moving their demand into 2023
- Lower end-customer demand also resulting in orders being pushed out into 2023
- Overall decline in Coronavirus-related sales

The geographical distribution of sales for the Q4 was 49% Americas, 42% EMEA and 9% APAC. For the full year 2022, 45% of sales came from the EMEA, 44% from the Americas and 11% from the APAC region.

### Biomanufacturing

Biomanufacturing sales continued to grow through the Salt Active Nuclease (SAN) product line with the business building on the increased momentum through higher demand. Biomanufacturing contributed 69% towards total Q4 2022 sales and 50% to total 2022 sales for the first time in company history marking a transition into lucrative pharmaceutical manufacturing as a key growth driver.

The main growth driver continues to be the utility of the SAN products in gene therapy, vaccine development and other Biomanufacturing processes. The Company continues to promote SAN product sales in all geographical regions with the Americas as the largest region representing 59% of total SAN sales for the year. AZT anticipates the positive momentum in SAN product sales will continue in all geographical regions moving forward.

In order to support customers in the commercialisation of their therapeutic applications in the US market, AZT has committed to establish a Drug Master File (DMF) for its SAN HQ enzyme. The DMF application process progressed well throughout 2022 and represents a key strategic project for the Company in 2023. Submission of the DMF to the U.S. Federal Drug Agency is scheduled in the first half of 2023 and will represent the Company’s first DMF. Other DMF filings are likely to follow as AZT ventures further into building its Biomanufacturing product portfolio.

Beyond the SAN product line, AZT continues to be in active discussions with numerous pharmaceutical and biotech customers regarding their future needs in RNA therapeutic and other Biomanufacturing applications.

Overall, AZT continues to expand its commercial reach. Today, the Company is supporting over 180 Biomanufacturing customers in the EMEA, the Americas and the APAC region with the expectation of continued growth.

### Molecular Tools (Diagnostics & Research)

Molecular Tools serve both molecular diagnostics and molecular research markets via the complete AZT enzyme portfolio. Molecular Tools contributed 31% towards Q4 2022 and 50% towards total 2022 sales.

Beyond expected quarterly fluctuations and seasonal purchasing patterns, two key factors

influenced the reduction in Molecular Tools sales in the Q4:

- A decline in Coronavirus-related sales
- Customers moving orders from 2022 to 2023

Overall, AZT does expect a short-term decline in growth in the Molecular Tools business over the next quarter as Coronavirus sales accounted for an estimated 14 MNOK in Q1 2022. AZT does not expect any significant Coronavirus related sales in first quarter of 2023.

Following the pandemic, supply chain demand for Cod UNG in Coronavirus testing has greatly reduced. The market has largely readjusted, and future Coronavirus-related demands are anticipated to continue on a lower level than experienced during the pandemic. This consequently creates a short-term headwind with respect to Cod UNG sales over the next three to six months. Beyond this, the Company expects molecular diagnostics to re-establish growth through the broader product offering derived from organic growth expansion. Furthermore, application development activities at the Oslo site will further broaden the utility of AZT's synergistic enzyme offering in diagnostic applications.

Molecular Diagnostics (MDx) sales contributed 16% towards total Q4 2022 sales.

Molecular research sales contributed 15% towards total Q4 2022 sales. The main products, Shrimp Alkaline Phosphatase (rSAP) and dsDNases did not receive any large orders from any of the key accounts as demand was shifted into 2023 due to lower end-customer demand.

In the Molecular Tools business, products across the portfolio continue to attract new business or serve ongoing opportunities where AZT's enzymes are being integrated into customers' product development pipelines. Examples include Next Generation Sequencing (NGS), LAMP-based testing, multiplex (multiple indications) tests using different technologies, synthetic biology and proteomics.

AZT's newer products such as the polymerases and ligases continue to gain traction through their integration into novel technology platform developments by customers. For these products, the Company's new application laboratory in Oslo as well as AZT's ability to customise the formulation and tailor enzymes will be important to support longer-term growth of these product lines.

AZT is supporting over 200 Molecular Tools customers in EMEA, the Americas and APAC regions. Customers range from businesses established in the 1990's to new customers who represent future long-term partners. Beyond purchasing customers, AZT has a rich opportunity funnel of potential new customers interested in existing products, tailored offerings and pipeline innovations.

## Innovations

The Company continues to focus on driving innovations from ideation through to product launch and technical support.

In Molecular Tools, the Company launched its first reverse transcriptase during Q4 2022. Reverse Transcriptases are critical enzymes for molecular diagnostics and are used to convert RNA into DNA in a broad range of applications such as the detection of pathogenic RNA virus in diagnostic PCR workflows, or the analysis of transcriptomes in next-generation sequencing. This product launch was a key expansion of the Company's Molecular Tools portfolio – currently comprising enzymes such as proteinase, Cod UNG, nucleases, and the aforementioned reverse transcriptase. Moving forward, this portfolio is expected to be expanded with the launch of a thermostable DNA polymerase for PCR-based workflows.

The application laboratory in Oslo is important to demonstrate the utility of these new enzymes in combination with the Company's other existing enzymes. The team has established a complete workflow that will be used to demonstrate the

utility of ArcticZymes enzymes for diagnostic testing of virus-derived infectious diseases. In Biomanufacturing, the Company launched two new products during Q4 2022. The first product, SAN HQ 2.0 ELISA kit is intended as a companion product to the already successful salt active nuclease – SAN HQ 2.0. The new ELISA product is a classic sandwich immunoassay designed to detect and quantify the presence of the SAN HQ 2.0 nuclease even at trace amounts. Customers working with bioprocessing workflows will be able to use SAN HQ 2.0 to remove contaminating nucleic acids, and then verify the removal of these same nucleases using the new ELISA kit after downstream processing and purification. This removal /verification check is important as all processing agents used during Biomanufacturing processes leading to human therapeutic are subject to tight regulatory controls with respect to presence of residual processing agents in the final formulation. Quantification is critical; therefore, the enzymes SAN HQ 2.0 and the new ELISA kit are complementary products. The new ELISA kit will accelerate customer adaptation of the SAN HQ 2.0 enzyme.

The second product launch, ArcticZymes Proteinase Glycerol FREE will enable the Company to support customers requiring a lyophilization compatible formulation of the proteinase for use in diverse workflows such as sample decomplexation for Molecular Diagnostics. It is notable that the launch of the glycerol free product was facilitated by a successful and necessary upscale of the existing proteinase product, which further enables ArcticZymes to expand innovations and product offering into biomanufacturing applications.

Furthermore, the Company's innovation efforts to develop a complete suite of enzymes to serve the manufacturing of therapeutic RNA are progressing. Several early prototypes have been successfully expressed at the R&D scale. As part of AZT's innovation process, these prototypes will be tested by selected key customers before transitioning into product development. Overall,

AZT is on track to bring the first RNA enzyme (T7 RNA polymerase) product to market during 2023. A further innovation in the Biomanufacturing space was the in-licensing of a novel DNA assembly technology from UiT, The Arctic University of Tromsø. The patent-pending technology comprises novel enzymes with tailor-made characteristics for controlled and efficient assembly of multiple DNA fragments. DNA assembly is a work-horse technology serving a growing demand for gene- and vector-constructs, enabling innovation in areas such as synthetic biology and in the development of therapeutics. By acquiring this technology, the Company will expand its offering towards new and existing customers in both the molecular tools and biomanufacturing businesses.

## **Operations**

The company upscaled the production of AZ Proteinase four-fold to meet growing demand from existing and new customers. The increased scale and improved process strengthens the Company's position as a supplier of critical components and increases the market reach for ArcticZymes proteinase products.

The annual ISO 13485 audit was successfully conducted and certification was granted for another year. This certificate is essential for the long-term continuity of business with IVD customers and for attracting new business from potential diagnostic test developers.

## **Strategic growth initiatives**

The Company remains committed to executing on its strategic growth initiatives.

In supporting organic growth, the Company has continued to invest incrementally in talent acquisition. AZT has recently completed a recruitment drive where it has strengthened the organisation cross functionally (e.g. quality assurance, quality control, production, R&D and

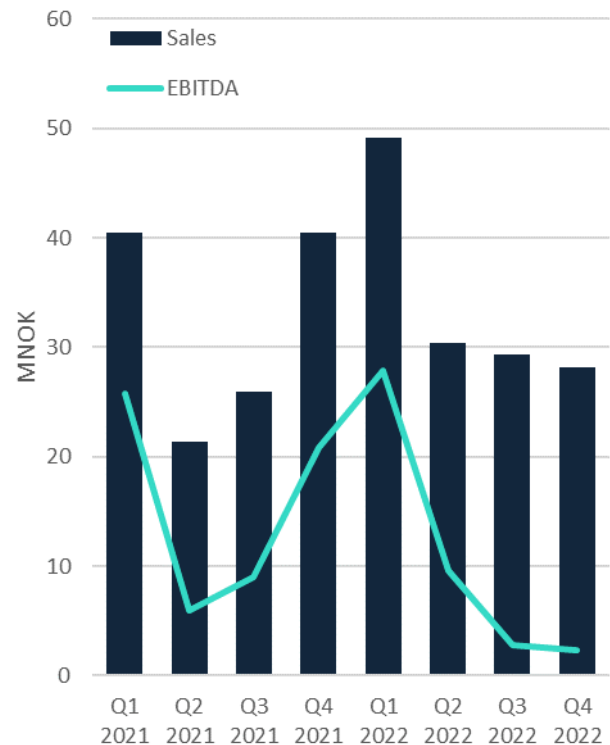
applications, customer service and business development) to meet the immediate and anticipated growing demand for its products. The global team surpassed 60 employees following recent recruitment activities.

The Company expects only marginal investments in further organisational expansion during 2023 as the focus will be towards driving a productive and efficient organisation.

Throughout 2022, the Company engaged in a comprehensive M&A process culminating in a due diligence process and subsequent negotiations with an enzyme biomanufacturing company based in Europe. As a result of these due diligence findings, AZT decided to terminate the negotiations at this time.

Moving into 2023, the Company is refocusing all its efforts into organic growth whilst remaining opportunistic in regard to potential M&A and in-licensing opportunities.

### Sales & EBITDA



## Financial review

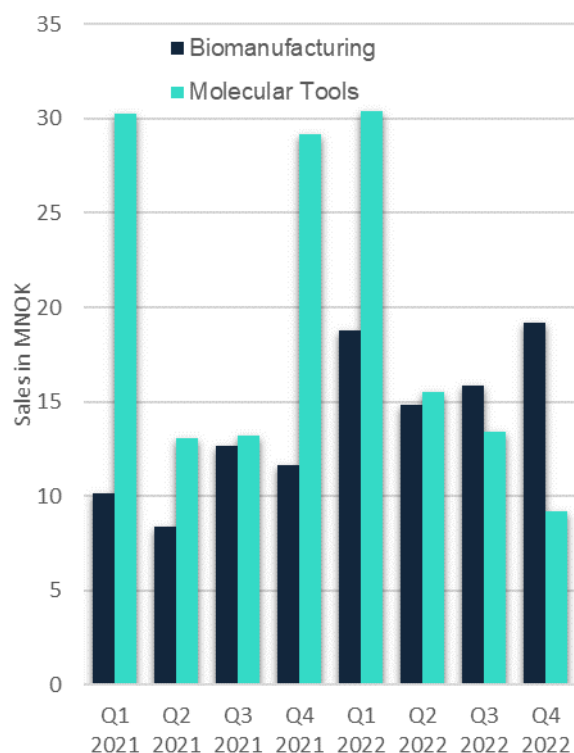
AZT reported sales of NOK 28.2 million (Q4 2021: 40.5 M) for the fourth quarter of 2022. Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 1.3 million (Q4 2021: 20.8 M) and earnings before interest and tax (EBIT) were NOK -0.1 million (Q4 2021: 20.0 M) in the quarter. Net financial income was a profit of NOK 1.1 million (Q4 2021: 0.0 M).

For the full year 2022, AZT reported sales of NOK 137.0 million (12m 2021: 128.0 M). Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 41.5 million (12m 2021: 61.6 M) and earnings before interest and tax (EBIT) were NOK 36.5 million (12m 2021: 58.4 M). Net financial income was a profit of NOK 5.7 million (12m 2021: 0.6 M).

### Currency effects

The Company's revenues are primarily denominated in Euro and USD which impacts the financial statement. A strengthening or weakening of the NOK versus USD and EURO will influence underlying growth figures. By using equivalent exchange rates in 2022 as 2021, revenues would have been NOK 2.4 million and NOK 8.0 million lower for the fourth quarter and 12 months 2022, respectively. Changes in USD versus NOK continues to be the key driver for the currency effects experienced during 2022.

### Sales per area



In Biomanufacturing, positive growth continues and builds on the increased momentum achieved during the first 9 months of the year. Biomanufacturing achieved Q4 sales of NOK 19.2 million or a growth of 65% compared to the same period last year. Sales for the full year are up by 60% or more than NOK 25.8 million compared to the same period last year ending on NOK 68.7 million for the year.

For Molecular Tools, sales have decreased compared to the same period last year with sales of NOK 9.0 million versus NOK 29.2 million down by NOK 20.2 million. Sales for the full year are down from NOK 85.7 million to NOK 68.3 million or a decrease of 20%.

Expenses in operations increased by NOK 7.9 million or 43% in Q4 2022 compared to Q4 2021, primarily explained by growth in personnel and one-off expenses relating to M&A activities.

For the full year, personnel and operating expenses have increased from NOK 65.5 million

to NOK 91.3 million.

Currency effects on receivables increased Q4 operating expenses by NOK 1.1 million in the quarter.

The Company has almost finalised its recruitment drive for the planned organic growth initiative. Two to three new positions are planned for 2023, primarily within the commercial side of the business. The company expects personnel expenses for 2023 to be around 75 MNOK for the full year as we will see the full effect of all the 2022 hires in this year. Other operating expenses are expected to be lower in 2023 compared to 2022 as the company plans to outsource fewer projects.

### Extraordinary items for the period

Personnel expenses in the fourth quarter are impacted positively by NOK 0.1 million in accrued employer's national insurance contribution on options. The accrual and expense will fluctuate moving forward together with fluctuations in the share price.

NOK 0.7 million of previously expensed external services and NOK 0.5 million in personnel expenses related to the DMF application was capitalised in Q4 as the project met criteria for capitalisation.

NOK 1.9 million in accrued bonus for Q1 – Q3 2022 was reversed in Q4, impacting personnel expenses positively.

NOK 2.8 million are one-off expenses related to support on the M&A and due diligence process in Q4.

NOK 0.4 million are one-off expenses related to ESG and HRM/Payroll projects completed in Q4.

### Taxes

For Q4 2022, the Company recognised NOK 0.0 million (Q4 2021: 4.5 M) in tax expenses. NOK 9.0 million (12M 2021: 12.6 M) was

recognised for all of 2022 which will be offset against deferred tax assets.

### Financial position

Total equity amounted to NOK 285.0 million at the end of Q4 2022 compared to NOK 244.8 million at the end of Q4 2021.

Total assets were NOK 319.3 million at the end of Q4 2022, up from NOK 284.1 million at the end of Q4 2021.

The Company has no interest-bearing debt.

### Cash flow

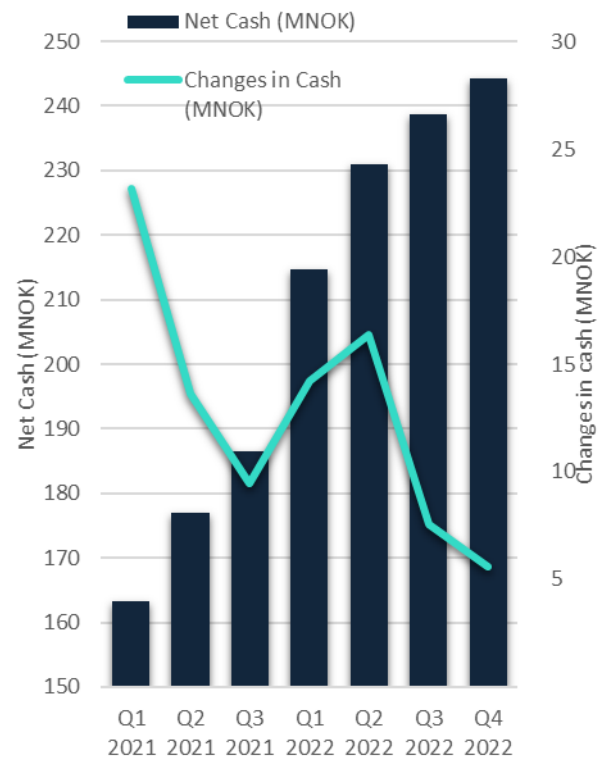
Net cash flow from operating activities was NOK 58.1 million in 2022 compared to NOK 75.0 in 2021.

Cash flow from investing activities was NOK -12.4 million explained by NOK 4.8 million in new equipment relating to operations and NOK 7.6 million related to investments classified as intangible assets.

Cash flow from financing activities was NOK -1.9 million explained by payments on lease liabilities (premises) and a capital increase related to exercise of options for a former employee.

Changes in cash and cash equivalents was NOK 43.7 million in 2022. This generated a cash balance of NOK 244.2 million at the end of 2022, compared to NOK 200.4 million at the end of 2021.

### Cash position



### Shareholder matters

The total number of issued shares was 50,571,390 at the end of the quarter.

1,015,000 options are outstanding as of 31.12.2022. CFO, Børge Sørvoll's options originally awarded in 2018 with expiration on 31.12.2022 has been extended with 6 months to 30.06.2023.

See the annual report for 2021 and notes 3 and 6 in the Q4 2022 financial statement for further details on option programs.

## Risk factors

AZT's business is exposed to several risk factors that may affect parts of or all the Company's activities.

The most important risk is the future commercial development followed by exchange rate fluctuations from year to year which impact underlying sales in the Company as most revenues are in USD and Euro.

The Coronavirus pandemic has had a net positive impact on the business in 2020-2021 and the first quarter of 2022 as the Company's products are used in Coronavirus diagnostic testing. Following the "end" of the pandemic, Coronavirus-related sales have declined and are only marginal for the last 3 quarters. There is short-term risk that growth in the Molecular Tools business will be impacted over the next period. Beyond that, the risks are considered small because they will be compensated by sales in other areas of the business.

Also, see the risk factors which are described in the annual report for 2021 and published on the Company's website [www.arcticzymes.com](http://www.arcticzymes.com).

## Outlook

The Company remains committed to achieve its strategic goals through organic and inorganic growth.

The outlook for 2023 will be to capitalise on organic investments carried out in 2022 through productive organisation while having an opportunistic approach to inorganic growth.

The Company aims to launch new products throughout the year.

The Company has invested such that the fundamental business remains strong and therefore we expect annual sales to grow from 2022 to 2023.

The Company does not foresee any material Coronavirus related sales in 2023.

The Company will review its long-term commercial goals in the coming months.

## The interim financial statement 31. December 2022 (Q4)

### CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1 000 - except EPS)	Q4		YTD	
	2022	2021	2022	2021
Sales revenues	28 153	40 521	136 971	127 988
Other revenues	287	675	694	3 078
<b>Sum revenues</b>	<b>28 440</b>	<b>41 197</b>	<b>137 664</b>	<b>131 065</b>
Cost of materials	-635	-2 634	-4 984	-6 878
Change in inventory	-530	662	-196	2 993
Personnel expenses	-14 686	-12 585	-59 185	-46 781
Other operating expenses	-11 322	-5 790	-31 804	-18 776
<b>Sum expenses</b>	<b>-27 173</b>	<b>-20 347</b>	<b>-96 169</b>	<b>-69 443</b>
<b>Earnings before interest, taxes, depr. and amort.</b>	<b>1 267</b>	<b>20 849</b>	<b>41 495</b>	<b>61 623</b>
Depreciation and amortization expenses	-1 341	-872	-5 021	-3 191
<b>Operating profit/loss (-) (EBIT)</b>	<b>-75</b>	<b>19 977</b>	<b>36 474</b>	<b>58 432</b>
Financial income, net	1 123	-87	5 668	570
<b>Profit/loss (-) before tax (EBT)</b>	<b>1 049</b>	<b>19 890</b>	<b>42 142</b>	<b>59 002</b>
Tax	5	-4 452	-9 030	-12 621
<b>Net profit/loss (-)</b>	<b>1 054</b>	<b>15 438</b>	<b>33 112</b>	<b>46 380</b>
Basic EPS (profit for the period)	0,02	0,31	0,65	0,92
Diluted EPS (profit for the period)	0,02	0,30	0,64	0,90

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
<b>Non-current assets</b>		
Deferred tax	11 491	20 522
Machinery, equipment and permanent fixtures	15 459	12 302
Intangible assets	9 222	1 790
Lease assets	13 873	16 079
<b>Total non-current assets</b>	<b>50 046</b>	<b>50 692</b>
<b>Current assets</b>		
Inventories	7 078	6 882
Account receivables and other receivables	18 004	26 114
Cash and cash equivalents	244 161	200 424
<b>Total current assets</b>	<b>269 244</b>	<b>233 420</b>
<b>Total assets</b>	<b>319 289</b>	<b>284 111</b>
<b>Equity</b>		
Share capital	50 571	50 371
Premium paid in capital	261 656	260 256
Retained earnings	-27 239	-65 783
<b>Total equity</b>	<b>284 988</b>	<b>244 845</b>
<b>Other long-term liabilities</b>		
Lease liabilities	10 348	14 472
<b>Total other long-term liabilities</b>	<b>10 348</b>	<b>14 472</b>
<b>Current liabilities</b>		
Lease liabilities interest-bearing	3 732	3 097
Accounts payable	5 592	5 795
Other current liabilities	14 628	15 902
<b>Total current liabilities</b>	<b>23 953</b>	<b>24 794</b>
<b>Total liabilities</b>	<b>34 301</b>	<b>39 266</b>
<b>Total equity and liabilities</b>	<b>319 289</b>	<b>284 111</b>

## CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
<b>Cash flow from operating activities:</b>		
Profit/loss (-) before tax	42 142	59 002
Profit/loss adjusted for		
Adjustment contract lease premises	-1 435	
Loss machinery		40
Depreciation	5 021	3 191
Employee stock options	5 432	1 238
Non-cash interest expense	499	694
Changes in operating assets and liabilities		
Inventory	-196	-2 993
Account receivables and other receivables	8 109	4 592
Payables and other current liabilities	-1 476	9 207
<b>Net cash flow from operating activities</b>	<b>58 096</b>	<b>74 970</b>
<b>Cash flow from investing activities:</b>		
Purchase of fixed assets	-4 808	-10 035
Investment in intangible assets	-7 627	-1 563
Changes in long term receivables		34
<b>Net cash flow from investing activities</b>	<b>-12 435</b>	<b>-11 564</b>
<b>Cash flow from financing activities:</b>		
Payment on lease liabilities	-3 524	-2 896
Dividend to minority shareholders		-1 159
Capital increase	1 600	1 600
Payment other financing activities		-703
<b>Net cash flow from financing activities</b>	<b>-1 924</b>	<b>-3 160</b>
Changes in cash and cash equivalents	43 737	60 246
Cash and cash equivalents at the beginning of period	200 424	140 178
<b>Cash and cash equivalents at end of period</b>	<b>244 161</b>	<b>200 424</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. January to 30. September

(Amounts in NOK 1 000)	Share capital	Premium paid-in capital	Retained Earnings	Non-controlling interests	Total equity
<b>Equity as of 31.12.2020</b>	<b>48 335</b>	<b>151 039</b>	<b>-5 009</b>	<b>1 966</b>	<b>196 330</b>
Comprehensive income 2021			45 876		45 876
Adjustment minority shareholders			2 317	-1 966	351
<b>Transactions with owners:</b>					
Share capital increase	2 037	109 766			111 803
Contribution in kind minority shareholders		-549	-110 203		-110 752
Employees' share options			1 238		1 238
<b>Equity as of 31.12.2021</b>	<b>50 371</b>	<b>260 256</b>	<b>-65 783</b>	<b>0</b>	<b>244 845</b>
Comprehensive income 2022			33 112		33 112
<b>Transactions with owners:</b>					
Share capital increase	200	1 400			1 600
Employees' share options			5 432		5 432
<b>Equity as of 31.12.2022</b>	<b>50 571</b>	<b>261 656</b>	<b>-27 239</b>	<b>0</b>	<b>284 989</b>

## Notes to the interim accounts for 31. December 2022 (Q4)

### Note 1 - Basis of preparation of financial statements

The assumptions applied in the financial statements for 2022 that may affect the use of accounting principles, book values of assets and liabilities, revenues and expenses are similar to the assumptions found/used in the financial statement for 2021.

These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of ArcticZymes Technologies ASA and its subsidiaries (hereafter "the Group") for the period ended 31. December 2022. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34) and should be read in conjunction with the Consolidated Financial Statements for the year, ended 31. December 2021.

(hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.

The quarterly reports require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

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.

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

The Group recognise revenues according to IFRS 15 when it transfers control over a good or service to a customer.

Control is transferred to the customer according to the agreed delivery terms for each order. Delivery terms are based on Incoterms 2020 issued by International Chamber of Commerce, and the main term for the Company is FCA, where the customer arranges and pays for the main carriage. Control is transferred when the goods are collected by the carrier engaged by the customer.

The goods are normally sold with standard warranties where the goods comply with agreed-upon specifications. ArcticZymes does not have any other significant obligations for returns or refunds. Freight services are included in sales revenues.

ArcticZymes sales revenues are enzymes for use in molecular research, In Vitro Diagnostics and biomanufacturing.

Most of the goods are delivered to USA and Europe. All goods are invoiced when the Group transfers control of the goods to a customer, normally when they leave the warehouse. The maturity of the invoices range from 30 to 90 days, depending on customer.

Most of the revenues are from quotes or non binding supply agreements where the price has been agreed upon in advance.

Other operating income are government tax grants, research grants and administration service to the divested subsidiary.

According to IFRS 15 sales revenues shall be presented at gross values without agio/disagio on sales receivables. Agio/disagio on sales receivables have previously been classified as sales revenues. These are reclassified to other operating expenses in 2022. 2021 figures are adjusted for comparison purposes. Per Q4 2021 and per 12M 2021 this reclassification accounts for MNOK 0.0 and MNOK 0.02 in sales revenues.

The operating segments in these statements are consistent with the internal reporting provided to the chief operating decision maker. The operating decision maker, who is responsible for allocating resources and for assessing performance of the business segments, has been identified as the Board of Directors. An operating segment is engaged in providing products or services that are subject to risks and returns that are different from other operating segments.

Services provided by the parent company are expensed at segment according to agreements with actual subsidiary.

Corporate overhead costs remains unallocated.

(Amounts in NOK 1 000)	Q4		YTD	
	2022	2021	2022	2021
<b>Sales revenue:</b>				
Enzymes	28 153	40 521	136 971	127 988
<b>Group operating sales revenues</b>	<b>28 153</b>	<b>40 521</b>	<b>136 971</b>	<b>127 988</b>
<b>Gross profit</b>				
Enzymes	26 989	38 549	131 791	124 102
<b>Group gross profit</b>	<b>26 989</b>	<b>38 549</b>	<b>131 791</b>	<b>124 102</b>
<b>Other revenues</b>				
Enzymes	287	298	667	1 955
Unallocated corporate expenses		378	27	1 123
<b>Group other revenues</b>	<b>287</b>	<b>675</b>	<b>694</b>	<b>3 078</b>
<b>Operating expenses:</b>				
Enzymes	-20 935	-14 003	-73 481	-49 434
Unallocated corporate expenses	-5 074	-4 372	-17 508	-16 123
<b>Group operating expenses</b>	<b>-26 009</b>	<b>-18 375</b>	<b>-90 989</b>	<b>-65 557</b>
<b>Operating profit/loss (-) (EBITDA)</b>				
Enzymes	6 341	24 843	58 977	76 623
Unallocated corporate expenses	-5 074	-3 994	-17 481	-15 001
<b>Operating profit/loss (-) (EBITDA)</b>	<b>1 267</b>	<b>20 849</b>	<b>41 495</b>	<b>61 623</b>
<b>Depreciation and amortization:</b>				
Enzymes	-1 265	-688	-4 689	-2 442
Unallocated corporate expenses	-77	-185	-332	-749
<b>Group depreciation and amortization</b>	<b>-1 341</b>	<b>-872</b>	<b>-5 021</b>	<b>-3 191</b>
<b>Profit/loss (-) before interest and tax (EBIT)</b>				
Enzymes	5 076	24 156	54 288	74 182
Unallocated corporate expenses	-5 150	-4 179	-17 814	-15 749
<b>Profit/loss (-) before interest and tax (EBIT)</b>	<b>-75</b>	<b>19 977</b>	<b>36 474</b>	<b>58 432</b>

### Note 3 Share options

Per 31.12.2022, there were 1,015,000 outstanding options in the Group. The fair value of the historic services received from the associates in return for the options granted is recognized as an expense in the consolidated profit and loss statement.

Total expense for the options are accrued over the vesting period based on the fair value of the options granted, excluding impact of any vesting conditions that are not reflected in the market. Management updates the estimated number of options that will vest each period end. A change in the estimated number of options that will vest is recognised as an adjustment in the accumulated expense with a corresponding change in equity.

The net value of proceeds received less directly attributable transaction expenses are credited to the share capital (nominal value) and the share premium reserve when the options are exercised.

	2022		2021	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.	42,12	1 215 000	10.19	315 000
Earned during the year			8.00	600 000
Granted during the year			89.52	500 000
Exercised during the year	8,00	-200 000	8.00	-200 000
<b>Outstanding at 31. December</b>		<b>1 015 000</b>		<b>1 215 000</b>

CEO J. Holter and CFO B. Sørvoll has been given the right to receive 200 000 options each with the following assumptions:

Awarded options	Option exercise price	Options earned at share
40 000	NOK 8.00 per share	NOK 11.00 per share
40 000	NOK 8.00 per share	NOK 14.00 per share
40 000	NOK 8.00 per share	NOK 17.00 per share
40 000	NOK 8.00 per share	NOK 20.00 per share
40 000	NOK 8.00 per share	NOK 23.00 per share

The vesting period is 2,5 years (31.12.2018-31.05.2021), with an additional 1,5 year declaration period (until 31.12.2022). All the granted options were earned and vested on 31 May 2021 as the share price was NOK 87.95 per share end May 2021. Jethro Holter exercised 200,000 options in December 2021. CFO, Børge Sørvoll's declaration period has been extended by 6 months from 31.12.2022 to 30.06.2023

Expiry date, exercise price, and outstanding options:

Expiry date	Average exercise price	2022	2021
		Number of share options	
2022, 31 December	8.00	200 000*	600 000
2025, 14 May	10.19	315 000	315 000
2026, 30 November	89.52	500 000	
<b>Outstanding at 31. December</b>		<b>1 015 000</b>	<b>915 000</b>
<b>Exercisable options at 31. December</b>		<b>200 000</b>	<b>600 000</b>

\*Expiry date has been adjusted to 30.06.2023

The fair value of employee rights to receive options (2022 program) are calculated according to the Black-Scholes method with barrier most important parameters are share price at grant date (NOK 3.52 per share), risk free rate (1,49%), expected term of 5 years, options. The expected dividend yield (0%), strike (NOK 8,00 per share) and volatility last 5 years (55,25%). The fair value of the boards options (2025 options) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 22.80 per share) , risk free rate (1,49%), expected term of 5 years, expected dividend yield (0%), strike (NOK 10,19 per share) and volatility last 5 years (59,02%). The fair value of employee options (2026 program) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date ( NOK 85.10 per share), risk free rate (1,50%), expected term of 5 years, expected dividend yield (0%), strike (NOK 89,52 per share) and volatility last 5 years (60,43%). The fair value is expensed over the vesting period. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly declines to renew its authorization to issue new shares.

#### Note 4 Fixed assets

Machinery, equipment and permanent fixtures (Amounts in NOK 1 000)	Q4		YTD	
	2022	2021	2022	2021
Net book value (opening balance)	13 057	10 174	12 302	3 058
Net investment	2 870	2 017	4 808	8 297
Loss of operating assets		-40		-40
Work in progress lab facility		355		1 738
Depreciation and amortization	-468	-204	-1 651	-751
<b>Net book value (ending balance)</b>	<b>15 459</b>	<b>12 302</b>	<b>15 459</b>	<b>12 302</b>

Intangible asset (Amounts in NOK 1 000)	Q4		YTD	
	2022	2021	2022	2021
Net book value (opening balance)	4 376	1 722	1 790	420
Net investment	4 896	102	7 627	1 563
Depreciation and amortization	-49	-34	-194	-194
<b>Net book value (ending balance)</b>	<b>9 222</b>	<b>1 790</b>	<b>9 222</b>	<b>1 790</b>

Lease assets (Amounts in NOK 1 000)	Q4		YTD	
	2022	2021	2022	2021
Net book value (opening balance)	14 698	16 722	16 079	10 515
New premises SIVA			8 252	7 606
Adjustment and recalculation original contract SIVA			-8 932	
Addition to the Siva contract			938	
New premises Share Lab Oslo			668	
Net present value adjustment 01.01			44	203
Depreciation	-825	-643	-3 176	-2 245
<b>Net book value (ending balance)</b>	<b>13 873</b>	<b>16 079</b>	<b>13 873</b>	<b>16 079</b>

#### Intangible assets (Research and development, patents and licenses):

Research expenses are expensed when incurred. Development of products are capitalized as intangible assets when:

- It is technically feasible to complete the intangible asset enabling it for use or sale.
- Management intends to complete the intangible asset and use or sell it.
- The Company has the ability to make use of the intangible asset or sell it.
- A future economic benefit to the Company for using the intangible asset may be calculated.
- Available technical, financial and other resources are sufficient to complete the development and use of or sale of the intangible asset
- The development expense of the intangible asset can be measured reliably.

Intangible assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets: Product rights and own product development 10 years.

Other development expenses are expensed when incurred. Previously expensed development costs are not recognized in subsequent periods. Capitalised development costs are depreciated linearly from the date of commercialization over the period in which they are expected to provide economic benefits. Capitalised development costs are tested annually by indication for impairment in accordance with IAS 36.

#### Note 5 Lease assets and liabilities

IFRS 16 Leases was implemented 01.01.2019 and regulates matters relating to leased assets and leased liabilities.

The lease standard requires lessees to recognise right-of-use asset and liabilities, which is a significant change from requirements under the previous accounting standard IAS 17.

ArcticZymes Technologies have two contracts under IFRS16. One is from 2011 when the company leased offices and lab facilities from SIVA whereas the other contract is for additional production facilities at the same location contracted in 2021. 2,97% is used as discount rate for the contract in 2021.

Both contracts follows the same term as the initial contract and has expiry in 2026 after 2 extension options has been called upon.

As of Q1 2022 the original "2011 contract" has been recalculated due to changes in the lease and the discount rate for the recalculated contract is 2,97%.

As of Q2 2022 Arcticzymes Technologies secured additional office space at Siva in Tromsø under same terms as the initial 2011 contract. ArcticZymes has signed a contract with Share Lab in Oslo for 3 years with 2,97% in discount rate.

(Amounts in NOK 1 000)

Financial position	31.12.2022	31.12.2021
Lease assets	13 873	16 079
<b>Sum lease assets</b>	<b>13 873</b>	<b>16 079</b>
Lease liabilities	10 348	14 472
<b>Sum lease liabilities</b>	<b>10 348</b>	<b>14 472</b>

1. Right of use is calculated from inception of contract
2. Net present value of liability maturing more than 12 months
3. Next years instalment is part of current liabilities

#### Short-term leases

The Group also lease computers and IT equipment with contract terms from 1 to 3 years. The Group has decided not to recognize leases where the underlying asset has a low value, and thus does not recognize lease obligations and lease assets for any of these assets. Instead, payments for leases are expensed when they occur.

Overhead expenses related to premises in contracts are expensed when they occur.

(Amounts in NOK 1 000)

Summary of other leased assets presented in the consolidated Profit & Loss statement	31.12.2022	31.12.2021
Lease of IT equipment	263	167
Overhead expenses related to premises	1 029	731
<b>Total leased assets inc. in other op. expenses</b>	<b>1 292</b>	<b>898</b>

#### Note 6 Related party disclosures

Shares owned or controlled by directors and senior management per 31. December 2022:

Name, position	Number of shares	Number of options
Marie Roskrow, Chairman		200 000
Jane Theaker, Director*		
Bernd Striberny, Director (employee)	200	
Lill Hege Henriksen, Observer (employee)	3 088	
Jethro Holter, CEO	80 564	170 000
Børge Sørvoll, CFO	25 428	330 000
Marit Sjo Lorentzen, Director of Operations	20 331	115 000
Olav Lanes, VP R&D and applications	2 000	100 000

See note 3 for further details

\*According to AGM2022 resolution, Jane Theaker is awarded NOK 500.000 to procure shares for in ArcticZymes Technologies ASA.

The shares shall have 3 years lockup before they can be sold. No shares are acquired per 31.12.2022.

#### Note 7 Shareholders

The 20 largest shareholders as of 31.12.2022	Shares	Ownership
Skandinaviska Enskilda Banken AB	4 736 345	9,40 %
Skandinaviska Enskilda Banken AB	3 806 275	7,56 %
Nordnet Bank AB	2 627 562	5,22 %
Skandinaviska Enskilda Banken AB	2 312 000	4,59 %
State Street Bank and Trust Comp	2 273 618	4,51 %
Avanza Bank AB	2 015 939	4,00 %
Pro AS	2 005 216	3,98 %
State Street Bank and Trust Comp	1 580 354	3,14 %
Clearstream Bnaking S.A.	1 301 574	2,58 %
Belvedere AS	1 015 684	2,02 %
Tellef Ormestad	889 804	1,77 %
Skandinaviska Enskilda Banken AB	879 463	1,75 %
Danske Bank AS	768 726	1,53 %
Middelboe AS	605 000	1,20 %
Danske Bank AS	562 000	1,12 %
Kvantia AS	554 713	1,10 %
Dragesund Invest AS	521 739	1,04 %
Verdipapirfondet KLP Aksjenorge	503 515	1,00 %
Skandinaviska Enskilda Banken AB	500 000	0,99 %
Naudholmen AS	480 000	0,95 %
<b>20 largest shareholders aggregated</b>	<b>29 939 527</b>	<b>59,44 %</b>

## Note 8 Alternative Performance Measures

Information provided is based on Guidelines on Alternative Performance Measures (APMs) for listed issuers by The European Securities and Markets Authority - ESMA

ArcticZymes Technologies ASA reports EBITDA as performance measure that is not defined under IFRS but which represents an measure used by the Board as well as by management in assessing performance as well as for reporting both internally and to shareholders. ArcticZymes Technologies ASA believes that to use EBITDA will give the readers a more meaningful understanding of the underlying financial and operating performance of the company when viewed in conjunction with our IFRS financial information.

### EBITDA & EBIT

We regard EBITDA as the best approximation to pre-tax operating cash flow and reflects cash generation before working capital changes. EBITDA is widely used by investors when evaluating and comparing businesses, and provides an analysis of the operating results excluding depreciation and amortisation. The non-cash elements depreciation and amortization may vary significantly between companies depending on the value and type of assets.

The definition of EBITDA is "Earnings Before Interest, Tax, Depreciation and Amortization" and EBIT is "Earnings Before Interest and Taxes". The reconciliation to the IFRS accounts is as follows:

(Amounts in NOK 1 000 - except EPS)	Q4		YTD	
	2022	2021	2022	2021
Sales	28 153	40 521	136 971	127 988
Cost of goods and change in inventory	-1 164	-1 972	-5 180	-3 885
<b>Gross profit</b>	<b>26 989</b>	<b>38 549</b>	<b>131 791</b>	<b>124 102</b>
Other revenues	287	675	694	3 078
<b>Sum other revenues</b>	<b>287</b>	<b>675</b>	<b>694</b>	<b>3 078</b>
Personnel expenses	-14 686	-12 585	-59 185	-46 781
Other operating expenses	-11 322	-5 790	-31 804	-18 776
Depreciation and amortization expenses	-1 341	-872	-5 021	-3 191
<b>Sum expenses</b>	<b>-27 350</b>	<b>-19 247</b>	<b>-96 010</b>	<b>-68 748</b>
<b>Operating profit/loss (-)</b>	<b>-75</b>	<b>19 977</b>	<b>36 474</b>	<b>58 432</b>

## Note 9 Accounts receivable and other receivables

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Accounts receivable	11 593	20 281
Research grants	817	2 985
Tax grants	630	1 055
VAT	1 028	1 067
Other receivables	3 936	725
<b>Total accounts receivable and other receivables</b>	<b>18 004</b>	<b>26 114</b>

Accounts receivables arise from the sale of goods or services within the normal operations. Settlements that are due in 12 months or less are, classified as current assets. If this is not the case, they are classified as non current assets.

Historically, the group has not incurred losses on accounts receivable. Based on this and the fact that there were no losses in 2021, and we expect no future losses, no provisions were made in fourth quarter of 2022.

## Note 10 Other current liabilities

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Public taxes and withholdings	2 883	4 215
Bonus	2 055	4 392
Unpaid holiday pay	3 947	2 680
Other personnel	2 025	2 634
Other current liabilities	3 717	1 982
<b>Other current liabilities</b>	<b>14 628</b>	<b>15 902</b>

## Note 11 Impacts of COVID-19

The Group's sales are impacted by COVID-19 effects. Since COVID-19 will continue in the foreseeable future, effects will be presented as underlying business in presentations. Historic figures for COVID-19 effects are internal estimates based on historic purchasing patterns and communications with customers. COVID-19 revenues from customers moving forward will be harder to estimate and will not be reported separately.

## Note 12 Taxes

The tax expense is comprised of current and deferred tax. Tax is recognised, except when it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income.

The tax expense is measured in accordance with the tax laws and regulations that are enacted at the balance sheet date.

Deferred tax is measured as temporary differences between tax values and consolidated accounting values of assets and liabilities, using the liability method. If deferred tax arises from initial recognition of an asset or assets in a transaction that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled.

(Amounts in NOK 1 000)	2022	2021	Change
Temporary differences			
Non current assets	2 957	1 787	-1 170
Other temporary differences	-2 232	-3 374	-1 142
Gains and loss account	6 790	8 487	1 697
<b>Total temporary differences</b>	<b>7 515</b>	<b>6 900</b>	<b>-614</b>
Financial instruments	274	549	
Adjustment lease contracts	-751		
Tax assessment loss carried forward	-59 272	-100 729	
<b>Calculation base deferred tax asset</b>	<b>-52 234</b>	<b>-93 280</b>	
<b>Change in deferred tax asset, 22%</b>	<b>-11 491</b>	<b>-20 522</b>	<b>-9 030</b>
Profit before income tax	42 142	59 002	
Non deductible expenses	473	-1 128	
Non taxable income	-544	-1 054	
Changes in temporary differences	-614	3 193	
Profit before tax loss carried forward	41 458	60 014	
Deferred tax loss carried forward	-41 458	-60 014	
<b>Tax base</b>	<b>0</b>	<b>0</b>	
<b>Tax expense</b>	<b>-9 030</b>	<b>-12 621</b>	

## Note 13 Events after balance sheet date, 31. December 2022

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 01.02.2023

## STATEMENT BY THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the financial statement for the period 1. January to the 31. December 2022 have been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the Company and the Group's assets, liabilities, financial position and results of operation.

We also confirm, to the best of our knowledge, that the quarterly report includes a true and fair overview of the Company's and the Group's development, results and position, together with a description of the most important risks and uncertainty factors the Company and the Group are facing.

Tromsø, 01.02.2023

The Board of Directors of ArcticZymes Technologies ASA

Marie Ann Roskrow  
Chairman

Jane Theaker  
Director

Bernd Striberny  
Director- employee

Jethro Holter  
CEO

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