



**3<sup>rd</sup> Quarter**  
Quarterly Report

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

2023

## Highlights from Q3 and first 9 months 2023

- ArcticZymes Technologies (AZT) had Q3 sales of NOK 31.2 million (Q3 2022: NOK 29.3 million) and sales for the first 9 months of NOK 90.6 million (9M 2022: NOK 108.8 million, NOK 93.8 million adjusted for Covid effects in 2022)
- AZT had a positive EBITDA for Q3 of NOK 7.3 million (Q3 2022: NOK 2.8 million) and a positive EBITDA for the first 9 months of NOK 20.2 million (9M 2022: NOK 40.2 million and NOK 25.2 million adjusted for Covid effects in 2022)
- Operating expenses for Q3 were 23.9 million (Q3 2022: NOK 24.5 million) and for the first 9 months expenses were NOK 70.3 million (9M 2022: NOK 69.0 million)
- Cash flow for Q3 was positive NOK 7.0 million (Q3 2022: NOK 7.6 million) and NOK 2.6 million (9M 2022: NOK 38.2 million) for the first nine months of 2023, giving a cash balance of NOK 246.8 million
- Received positive confirmation on the filing of Drug Master File (DMF) for SAN HQ GMP
- New CEO Michael Akoh commenced in his position on September 18, 2023

## Key financial figures:

MNOK	Q3 2023	Q3 2022	Change	YTD 2023	YTD 2022	Change
<b>Sales</b>	31.2	29.3	+ 6 %	90.6	108.8	- 17 %
<b>Total revenues</b>	31.2	29.7	+ 5 %	90.6	109.2	- 17 %
<b>Operating expenses</b>	23.9	24.5	- 2 %	70.3	69.0	+ 2 %
<b>EBITDA</b>	7.3	2.8	+ 161 %	20.2	40.2	- 50 %
<b>EBITDA adj. for covid</b>	7.3	1.8	+ 305 %	20.2	25.2	- 20 %
<b>EBIT</b>	5.7	1.5	+ 280 %	15.4	36.5	- 58 %
<b>Changes in cash</b>	7.0	7.6	- 8 %	2.6	38.2	- 92 %

## 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

Sales for Q3 2023 were NOK 31.2 million, which was a 6% growth versus the same quarter in 2022.

Several factors continued to influence sales such as:

- Continued economic uncertainty, depressed company valuations and a tough capital-raising environment requiring companies to “tighten their belts”.
- Lower production levels and project delays resulting in reduced demand for compounds used to make therapeutics and vaccines, especially in North America.
- Longer than expected ongoing inventory reductions after the end of the Covid-19 pandemic. These inventory reductions are expected to diminish after Q4 2023.
- Declining economic activity in China

The geographical distribution of sales for the Q3 was 43% Americas, 56% EMEA and 1% APAC (Q3 2022: 51%, 36% and 13%, respectively). New customers placing orders for the first time were 21 in the third quarter, split by 16 in Molecular Tools and 5 in Biomanufacturing.

### Biomanufacturing

Biomanufacturing contributed 52% towards total Q3 2023 sales (55% in Q3 of 2022). Sales were steady in Q3 2023 versus Q3 2022. This was expected as orders were affected by customers continuing to destock and depleting increased inventory levels. This destocking effect is

expected to continue until the end of 2023. On top of that, there was decreased activity with Biopharma companies in North America due to Cell & Gene Therapy projects being delayed or put on hold.

To support customers in the commercialisation of their therapeutic applications in the US market, ArcticZymes established a Drug Master File (DMF) for its SAN HQ enzyme which represents a key strategic initiative for the Company. ArcticZymes passed the DMF filing Type II with the US Food and Drug Administration (FDA) in September 2023 and has received the acknowledgement letter with the Master File number 29754 as a reference. This means that ArcticZymes can provide its customers with a Letter of Authorization (LoA) for their product registrations with the US FDA upon request. ArcticZymes anticipates commercial launch of the corresponding SAN HQ GMP product in Q4 2023. Beyond the SAN product line, ArcticZymes continues to be in active discussions with numerous pharmaceutical and biotech customers in addition to academic experts in the field regarding their future needs in RNA therapeutics and other Biomanufacturing applications.

### Molecular Tools (Diagnostics & Research)

Molecular Tools serve both molecular diagnostics and molecular research and contributed 48% towards total sales in Q3 2023 (45% Q3, 2022).

The Company grew its Molecular Tools portfolio by 11% in Q3 2023 versus Q3 2022 and expects further organic growth, especially with its dsDNases and Polymerases product offerings.

ArcticZymes launched one new product in quarter 3: AZtaq™ DNA Polymerase. AZtaq™ is a high-quality thermostable DNA polymerase suitable for use in polymerase chain reaction (PCR) applications.

Launching the AZtaq™ is a natural expansion of the Company’s molecular tools portfolio. Being an essential enzyme in PCR, thermostable DNA

polymerase plays a pivotal role and enables numerous applications within molecular diagnostics and research. The Company expects to see synergies with their existing products currently supporting PCR workflows. Being able to serve customers with a more complete enzyme offering will be an important driver for sales growth in the molecular tools business.

## **Innovations**

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

In Biomanufacturing, AZT continues to work towards the launch of 'SAN HQ GMP' in Q4. This new 'GMP grade' salt active nuclease product will be fully supported with both marketing material and the filed DMF.

Additional support for the salt active nuclease (SAN) product portfolio comes with the external development of a SAN HQ ELISA "version 2" kit. This next-generation product, driven by market trends and voice-of-customer, will be a more sensitive version of our existing SAN ELISA kit with an increased limit of quantification, an improved plate format, and a better user experience. This product is scheduled for launch during 2024.

Two additional product launches are expected shortly concerning the classic RNA 'workhorse' enzyme "T7 RNA polymerase". This new product introduction will be available in two different grades. The regular grade will be introduced and supplement the Molecular Tools portfolio and will be launched in Q4 this year; the higher quality 'bioprocessing' grade will be launched early next year and join the Bioprocessing portfolio. The latter enzyme – T7 RNA polymerase HQ - will be ArcticZymes' first enzyme to target customers in the rapidly growing market encompassing 'RNA processing and analytics' towards therapy and vaccine manufacture.

Additionally, in the RNA processing space we have also recently announced a completely novel RNA specific ribonuclease prototype. A patent has been filed for this prototype and if granted, will strengthen the ArcticZymes IP portfolio. The prototype is currently being made available to selected customers and gaining interest from some key opinion leaders. Consequently, this prototype is planned to be launched as new product during 2024.

In Molecular Tools, as previously reported, AZT launched the AZtaq™ DNA polymerase on August 10<sup>th</sup> to help build out the enzyme portfolio towards Molecular Diagnostics. There is ongoing activity to increase our enzyme portfolio further in molecular tools.

Finally, within Molecular Tools a new prototype, IsoPol BSU+, has been developed. This enzyme is a good example of customer-driven innovation and has already been extensively field-tested and received positive market feedback in the NGS (Next Generation Sequencing) space.

## **Operations**

The focus in the 3<sup>rd</sup> quarter of 2023 has mainly been preparation of the SAN HQ GMP manufacturing processes. When completed, the validation report will be amended to the DMF. In addition to internal GMP training, the intense preparations have increased awareness and improved competence towards GMP work in Operations.

Transfer of the manufacturing processes for T7 RNA Polymerase Molecular Tools grade from R&D to Operations was initiated end of Q3 with the ambition to complete the validation batches and get ready for launch in Q4.

## **Strategic growth initiatives**

The Company continues to focus on organic growth whilst remaining opportunistic with

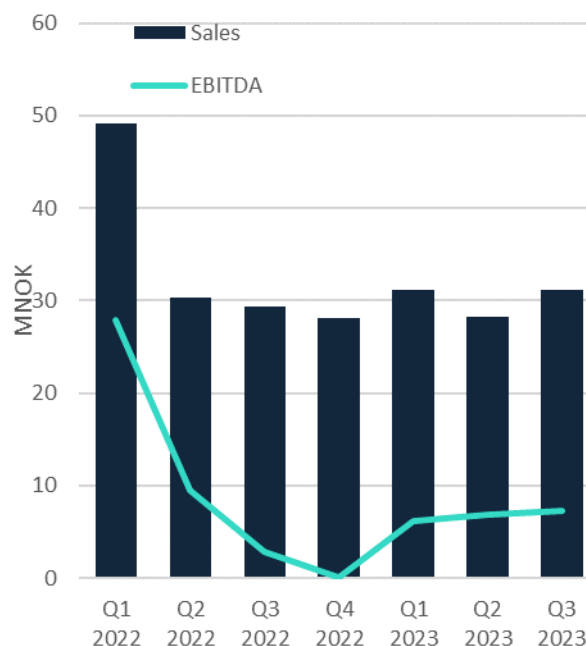
regards to potential M&A and in-licensing opportunities.

## Financial review

AZT reported sales of NOK 31.2 million (Q3 2022: 29.3 M) for the third quarter of 2023. Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 7.3 million (Q3 2022: 2.8 M) and earnings before interest and tax (EBIT) were NOK 5.7 million (Q3 2022: 1.5 M) in the quarter. Net financial income was a profit of NOK 2.8 million (Q3 2022: 1.7 M).

For the first 9 months of 2023, AZT reported sales of NOK 90.6 million (9m 2022: 108.8 M). Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 20.2 million (9m 2022: 40.2 M) and earnings before interest and tax (EBIT) were NOK 15.4 million (9m 2022: 36.5 M). Net financial income was a profit of NOK 6.8 million (9m 2022: 4.5 M).

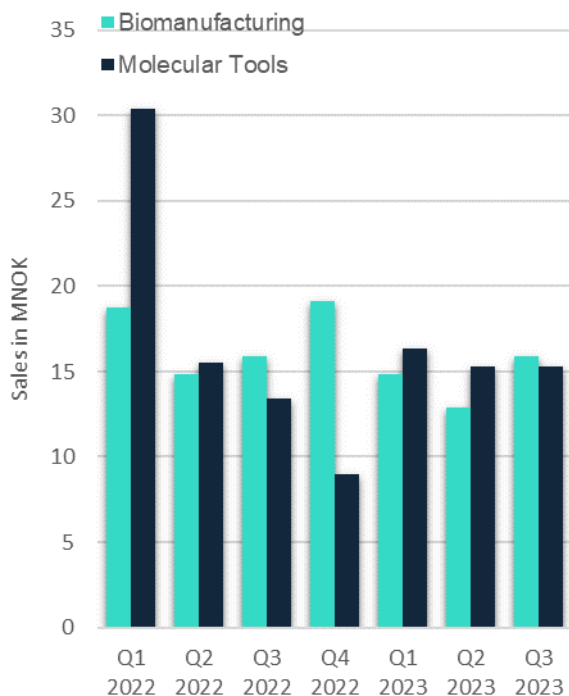
### Sales & EBITDA



### 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 2023 as 2022, revenues would have been NOK 1.6 million lower for the third quarter of 2023 and NOK 10.0 million lower for the first 9 months. Changes in USD versus NOK continues to be the key driver for the currency effects experienced during 2023.

## Sales per area



In Biomanufacturing, sales were slightly higher than previous quarters with NOK 15.9 million in Q3 2023.

For the third quarter of 2023, Biomanufacturing experienced flat growth compared to the same quarter last year. For the last 12 months quarterly average, sales have grown from an average of NOK 15.3 million in Q3 2022 to NOK 15.7 million or an average quarterly growth of 3% in Q3 2023.

For Molecular Tools, sales are on a higher level than the as second quarter last year with NOK 15.3 million in sales compared to NOK 13.4 million in the same period last year.

For the last 12 months, quarterly average sales, excluding covid has gone from NOK 16.0 million to NOK 14.0 million this year, or a decrease of 13%.

Operating expenses were reduced by NOK 3.0 million or 11% in Q3 2023 compared to Q3 2022, primarily explained by capitalisation of projects having reached milestones.

Currency effects on receivables increased Q3 2023 operating expenses by NOK 0.6 million in the quarter whereas expenses are reduced by NOK 1.0 million for the first 9 months. For Q3 2022, the figure was a reduction of expenses of NOK 1.3 million and a reduction of 2.7 million for the first 9 months of 2022.

The Company has finalised its recruitment drive for the planned organic growth initiative. Most positions are filled with startup in 2H 2023. The Company expects personnel expenses for 2023 to be less than the expected NOK 75 million for the full year as more projects are capitalised according to IFRS rules.

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 first quarter are impacted positively by NOK 0.4 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. The Company also received NOK 0.7 million related to national insurance contributions from 2022 on a former employee.

The Company received an invoice from SIVA relating to previous years rent of AZ facilities in Tromsø that impacted operating expenses negatively by 0.4 million.

## Taxes

For Q3 2023, the Company recognised NOK 2.4 million (Q3 2022: 0.7 M) in tax expenses and for the first 9 months NOK 5.5 million (9M 2022: 9.0 million) which will be offset against deferred tax assets.

## Financial position

Total equity amounted to NOK 305.5 million at the end of Q3 2023 compared to NOK 279.9 and 284.7 million at the end of Q3 2022 and Q4 2022, respectively.

Total assets were NOK 334.7 million at the end of Q3 2023, up from NOK 313.4 million at the end of Q3 2022 and up from NOK 319.0 million at the end of Q4 2022.

The Company has no interest-bearing debt.

## Cash flow

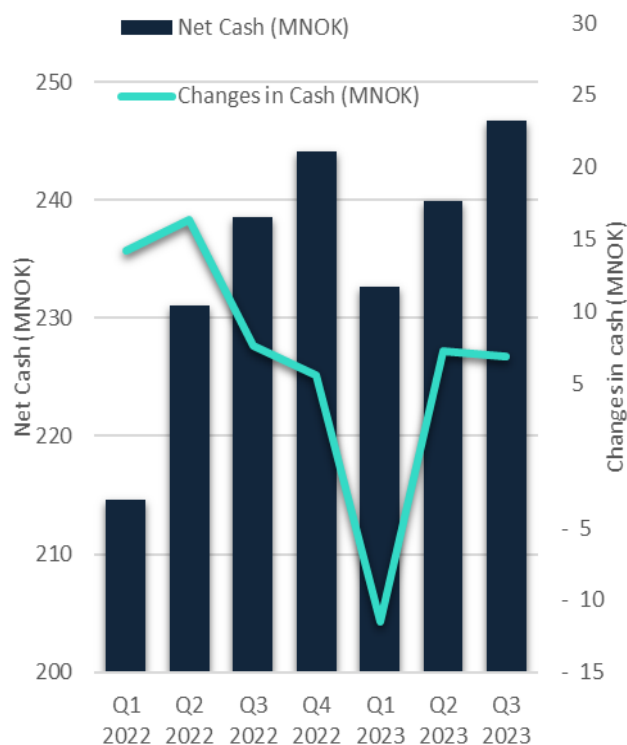
Net cash flow from operating activities was NOK 15.6 million for the first 9 months in 2023 compared to NOK 45.4 million in the same period in 2022. The difference in cash flows from operations is explained by settlement in scale up projects, inventory build-up, reduction of payables and that the company had low sales in first half of 2023 compared to the same period last year.

Cash flow from investing activities was NOK -7.0 million in the quarter and NOK -12.7 million for the first 9 months. This is primarily explained by NOK 6.5 million in investments classified as intangible assets and NOK 0.5 million in equipment related to production and R&D facilities in the quarter. Investments related to the DMF submission were NOK 1.1 million in Q3 and NOK 5.0 million for the first 9 months.

Cash flow from financing activities was NOK -0.9 million for the quarter explained by payments on lease liabilities (premises) and NOK -0.3 million for the first 9 months.

Changes in cash and cash equivalents was NOK +2.6 million for the first 9 months in 2023. This generated a cash balance of NOK 246.8 million at the end of the quarter, compared to NOK 244.2 million at the end of 2022.

## Cash position



## Shareholder matters

The total number of issued shares was 50,871,390 at the end of the quarter. 300,000 shares were issued in the Q2 2023 due to exercise of options.

595,000 options are outstanding as of 30.09.2023.

See the annual report for 2022 and notes 3 and 6 in the Q3 2023 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. There are risks associated with development, regulatory approval, and sales in

ArcticZymes. The Company is actively entering new agreements to broaden the revenue base and secure business as a long-term critical component supplier. Success relating to new product introductions is not guaranteed, and sales will be dependent on customer implementation.

There are also risks related to exchange rate fluctuations from year to year which impact underlying sales in the Company as most revenues are in USD and Euro.

The war in Ukraine has not materially affected the Company.

Also, see the risk factors which are described in the annual report for 2022 and published on the Company's website [www.arcticzymes.com](http://www.arcticzymes.com).

## Outlook

The outlook for Q4 2023 is that the fundamental business is still strong but headwinds in the market will continue thereby putting pressure on sales.

The Company will launch SAN HQ GMP before the end of the year and uptake in sales is expected to come from 2024 onwards. Significant investments will continue to be made in commercializing SAN HQ through a comprehensive marketing campaign.

## The interim financial statement 30. September 2023 (Q3)

### CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1 000 - except EPS)	Q3		YTD	
	2023	2022	2023	2022
Sales revenues	31 151	29 299	90 559	108 817
Other revenues	0	403	0	407
<b>Sum revenues</b>	<b>31 151</b>	<b>29 702</b>	<b>90 559</b>	<b>109 224</b>
Cost of materials	-1 881	-1 186	-9 944	-3 682
Change in inventory	865	234	6 115	-334
Personnel expenses	-14 777	-18 315	-43 455	-44 499
Other operating expenses	-8 096	-7 596	-23 051	-20 482
<b>Sum expenses</b>	<b>-23 889</b>	<b>-26 864</b>	<b>-70 335</b>	<b>-68 996</b>
<b>Earnings before interest, taxes, depr. and amort.</b>	<b>7 262</b>	<b>2 837</b>	<b>20 223</b>	<b>40 228</b>
Depreciation and amortization expenses	-1 607	-1 308	-4 860	-3 680
<b>Operating profit/loss (-) (EBIT)</b>	<b>5 655</b>	<b>1 530</b>	<b>15 364</b>	<b>36 549</b>
Financial income, net	2 780	1 703	6 799	4 544
<b>Profit/loss (-) before tax (EBT)</b>	<b>8 435</b>	<b>3 233</b>	<b>22 163</b>	<b>41 093</b>
Tax	-2 374	-741	-5 459	-9 035
<b>Net profit/loss (-)</b>	<b>6 061</b>	<b>2 492</b>	<b>16 704</b>	<b>32 059</b>
Basic EPS (profit for the period)	0,12	0,05	0,33	0,64
Diluted EPS (profit for the period)	0,12	0,05	0,32	0,62

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1 000)	30.09.2023	30.09.2022	31.12.2022
<b>Non-current assets</b>			
Deferred tax	5 780	11 488	11 239
Machinery, equipment and permanent fixtures	15 156	13 057	15 444
Intangible assets	20 051	4 376	9 236
Lease assets	13 236	14 698	13 873
Other non-current assets	-7	-5	
<b>Total non-current assets</b>	<b>54 216</b>	<b>43 614</b>	<b>49 792</b>
<b>Current assets</b>			
Inventories	13 193	6 548	7 078
Account receivables and other receivables	20 582	24 678	18 006
Cash and cash equivalents	246 755	238 596	244 161
<b>Total current assets</b>	<b>280 529</b>	<b>269 823</b>	<b>269 246</b>
<b>Total assets</b>	<b>334 745</b>	<b>313 436</b>	<b>319 037</b>
<b>Equity</b>			
Share capital	50 871	50 371	50 571
Premium paid in capital	263 975	260 256	261 656
Retained earnings	-9 368	-30 710	-27 491
<b>Total equity</b>	<b>305 478</b>	<b>279 917</b>	<b>284 736</b>
<b>Other long-term liabilities</b>			
Lease liabilities	9 346	11 175	10 348
<b>Total other long-term liabilities</b>	<b>9 346</b>	<b>11 175</b>	<b>10 348</b>
<b>Current liabilities</b>			
Lease liabilities interest-bearing	4 156	3 692	3 732
Accounts payable	5 016	4 578	5 592
Other current liabilities	10 749	14 073	14 628
<b>Total current liabilities</b>	<b>19 921</b>	<b>22 344</b>	<b>23 953</b>
<b>Total liabilities</b>	<b>29 267</b>	<b>33 519</b>	<b>34 301</b>
<b>Total equity and liabilities</b>	<b>334 745</b>	<b>313 436</b>	<b>319 037</b>

## CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1 000)	30.09.2023	30.09.2022	31.12.2022
<b>Cash flow from operating activities:</b>			
Profit/loss (-) before tax	22 163	41 093	42 142
Profit/loss adjusted for			
Adjustment contract lease premises	-75	-1 435	-1 435
Depreciation	4 860	3 680	5 021
Employee stock options	1 454	3 014	5 432
Non-cash interest expense	340	371	499
Changes in operating assets and liabilities			
Inventory	-6 115	334	-196
Account receivables and other receivables	-2 576	1 436	8 107
Payables and other current liabilities	-4 455	-3 045	-1 476
<b>Net cash flow from operating activities</b>	<b>15 596</b>	<b>45 447</b>	<b>58 094</b>
<b>Cash flow from investing activities:</b>			
Purchase of fixed assets	-1 299	-1 938	-4 791
Investment in intangible assets	-11 408	-2 731	-7 641
Changes in long term receivables	-7	4	
<b>Net cash flow from investing activities</b>	<b>-12 714</b>	<b>-4 664</b>	<b>-12 432</b>
<b>Cash flow from financing activities:</b>			
Payment on lease liabilities	-2 535	-2 240	-3 025
Payment on interest lease liabilities	-340	-371	-499
Change in long term receivables	-35		
Capital increase	2 619		1 600
<b>Net cash flow from financing activities</b>	<b>-291</b>	<b>-2 611</b>	<b>-1 924</b>
Changes in cash and cash equivalents	2 592	38 172	43 738
Cash and cash equivalents at the beginning of period	244 161	200 424	200 424
<b>Cash and cash equivalents at end of period</b>	<b>246 755</b>	<b>238 595</b>	<b>244 161</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. January till 30. September

(Amounts in NOK 1 000)	Share capital	Premium paid-in capital	Retained Earnings	Total equity
<b>Equity as of 31.12.2021</b>	<b>50 371</b>	<b>260 256</b>	<b>-65 783</b>	<b>244 846</b>
Comprehensive income Q1-Q2 2022			29 566	29 566
<b>Transactions with owners:</b>				
Employees' share options			923	923
<b>Equity as of 30.06.2022</b>	<b>50 371</b>	<b>260 256</b>	<b>-35 294</b>	<b>275 334</b>
Comprehensive income Q3-22			2 492	2 492
<b>Transactions with owners:</b>				
Employees' share options			2 090	2 090
<b>Equity as of 30.09.2022</b>	<b>50 371</b>	<b>260 256</b>	<b>-30 712</b>	<b>279 917</b>
Comprehensive income Q4 2022			802	802
<b>Transactions with owners:</b>				
Share capital increase	200	1 400		1 600
Employees' share options			2 419	2 419
<b>Equity as of 31.12.2022</b>	<b>50 571</b>	<b>261 656</b>	<b>-27 492</b>	<b>284 736</b>
Comprehensive income Q1-Q2 2023			10 643	10 643
<b>Transactions with owners:</b>				
Share capital increase	300	2 319		2 619
Employees' share options			557	557
Transaction cost			-35	-35
<b>Equity as of 30.06.2023</b>	<b>50 871</b>	<b>263 975</b>	<b>-16 327</b>	<b>298 520</b>
Comprehensive income Q3-2023			6 061	6 061
<b>Transactions with owners:</b>				
Employees' share options			897	897
<b>Equity as of 30.09.2023</b>	<b>50 871</b>	<b>263 975</b>	<b>-9 368</b>	<b>305 478</b>

## Notes to the interim accounts for 30. September 2023 (Q3)

### Note 1 Basis of preparation of financial statements

The assumptions applied in the quarterly financial statements for 2023 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 2022.

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 30. September 2023. 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 2022.

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

### 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.

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

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.

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

For further information refer to note 5 in the Annual report for 2022

(Amounts in NOK 1 000)	Q3		YTD	
	2023	2022	2023	2022
<b>Sales revenue:</b>				
Enzymes	31 151	29 299	90 559	108 817
<b>Group operating sales revenues</b>	<b>31 151</b>	<b>29 299</b>	<b>90 559</b>	<b>108 817</b>
<b>Gross profit</b>				
Enzymes	30 136	28 346	86 730	104 802
<b>Group gross profit</b>	<b>30 136</b>	<b>28 346</b>	<b>86 730</b>	<b>104 802</b>
<b>Other revenues</b>				
Enzymes		403		380
Unallocated corporate expenses				27
<b>Group other revenues</b>	<b>0</b>	<b>403</b>	<b>0</b>	<b>407</b>
<b>Operating expenses:</b>				
Enzymes	-22 133	-21 211	-61 660	-52 546
Unallocated corporate expenses	-740	-4 701	-4 847	-12 434
<b>Group operating expenses</b>	<b>-22 873</b>	<b>-25 911</b>	<b>-66 506</b>	<b>-64 980</b>
<b>Operating profit/loss (-) (EBITDA)</b>				
Enzymes	8 002	7 538	25 070	52 636
Unallocated corporate expenses	-740	-4 701	-4 847	-12 408
<b>Operating profit/loss (-) (EBITDA)</b>	<b>7 262</b>	<b>2 837</b>	<b>20 223</b>	<b>40 228</b>
<b>Depreciation and amortization:</b>				
Enzymes	-1 597	-1 195	-4 831	-3 424
Unallocated corporate expenses	-10	-113	-29	-256
<b>Group depreciation and amortization</b>	<b>-1 607</b>	<b>-1 308</b>	<b>-4 860</b>	<b>-3 680</b>
<b>Profit/loss (-) before interest and tax (EBIT)</b>				
Enzymes	6 405	6 343	20 239	49 212
Unallocated corporate expenses	-750	-4 813	-4 876	-12 663
<b>Profit/loss (-) before interest and tax (EBIT)</b>	<b>5 655</b>	<b>1 530</b>	<b>15 364</b>	<b>36 549</b>

### Note 3 Impacts of COVID-19 and the war in Ukraine

The Group's sales figures has historically been impacted by COVID-19 effects, but there are limited sales over the last 6 quarters that are associated with COVID-19. The Company does not foresee any material COVID-19 effects in sales moving forward.

The war in Ukraine has not impacted the company directly or in a material way. The Company has experienced longer lead time on consumables used in production and R&D, but if this is a result of the war or general macro economic climate in hard to explain. The Company has no direct, nor indirect sales to Russia.

#### Note 4 Alternative Performance Measures

##### EBITDA & EBIT

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)	Q3		YTD	
	2023	2022	2023	2022
Sales	31 151	29 299	90 559	108 817
Other revenues		403		407
<b>Sum revenues</b>	<b>31 151</b>	<b>29 702</b>	<b>90 559</b>	<b>109 224</b>
Cost of materials	-1 881	-1 186	-9 944	-3 682
Change in inventory	865	234	6 115	-334
Personnel expenses	-14 777	-18 315	-43 455	-44 499
Other operating expenses	-8 096	-7 596	-23 051	-20 482
Depreciation and amortization expenses	-1 607	-1 308	-4 860	-3 680
<b>Sum expenses</b>	<b>-25 496</b>	<b>-28 172</b>	<b>-75 195</b>	<b>-72 675</b>
<b>Operating profit/loss (-)</b>	<b>5 655</b>	<b>1 530</b>	<b>15 364</b>	<b>36 549</b>

#### Note 5 Taxes

The calculation of deferred tax asset and tax expense as of September 30, 2023 and December 31, 2022 is based on a tax rate of 22%. The deferred tax asset is decreased to NOK 5.8 million due to changes in tax loss in the period. The deferred tax asset was NOK 11.2 million as of December 31, 2022. The basis for recognition of a tax asset are the expected future profits according to the assumption that temporary differences for the coming years will be reversed. For further information refer to note 12 in the Annual report for 2022.

(Amounts in NOK 1 000)	30.09.2023	31.12.2022	Change
Temporary differences			
Non current assets	2 776	2 538	-238
Other temporary differences	-1 089	-1 218	-129
Gains and loss account	5 432	6 790	1 358
<b>Total temporary differences</b>	<b>7 118</b>	<b>8 111</b>	<b>992</b>
Financial instruments	1 765	274	
Adjustment capitalisation Skattefunn	365	406	
Tax assessment loss carried forward	-35 514	-59 876	
<b>Calculation base deferred tax asset</b>	<b>-26 267</b>	<b>-51 086</b>	
<b>Change in deferred tax asset, 22%</b>	<b>-5 779</b>	<b>-11 239</b>	<b>-5 459</b>
Profit before income tax	22 163	42 142	
Non deductible expenses	1 200	471	
Non taxable income		-550	
Changes in temporary differences	418	-1 210	
Profit before tax loss carried forward	23 781	40 853	
Deferred tax loss carried forward	-23 781	-40 853	
<b>Tax base</b>	<b>0</b>	<b>0</b>	
<b>Tax expense</b>	<b>-5 459</b>	<b>-9 283</b>	

#### Note 6 Fixed assets

Machinery, equipment and permanent fixtures (Amounts in NOK 1 000)	Q3		YTD	
	2023	2022	2023	2022
Net book value (opening balance)	15 230	12 816	15 444	12 302
Net investment	467	675	1 299	1 938
Depreciation and amortization	-541	-433	-1 587	-1 183
<b>Net book value (ending balance)</b>	<b>15 156</b>	<b>13 057</b>	<b>15 156</b>	<b>13 057</b>

Intangible asset	Q3		YTD	
(Amounts in NOK 1 000)	2023	2022	2023	2022
Net book value (opening balance)	13 670	1 693	9 236	1 790
Net investment	6 539	2 731	11 408	2 731
Depreciation and amortization	-158	-48	-593	-145
<b>Net book value (ending balance)</b>	<b>20 051</b>	<b>4 376</b>	<b>20 051</b>	<b>4 376</b>

Lease assets	Q3		YTD	
(Amounts in NOK 1 000)	2023	2022	2023	2022
Net book value (opening balance)	13 700	15 517	13 873	16 078
Adjustment net present value 01.01				44
Depreciation	-908	-819	-2 676	-2 351
Addition to the Siva contract				938
New premises SIVA	435		435	8 252
Adjustment and recalculation original contract SIVA	10		135	-8 932
Cancellation premises Share Lab Oslo			-131	
New premises Share Lab Oslo			1 601	668
<b>Net book value (ending balance)</b>	<b>13 237</b>	<b>14 698</b>	<b>13 237</b>	<b>14 698</b>

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 are depreciating over 10 years.

Other development expenses are expensed when incurred. Previously expensed development costs are not recognised in subsequent periods. Capitalised development costs are depreciated linearly from the date of commercialisation 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.

For further information refer to notes 13,14 and 15 in the Annual report for 2022.

#### Note 7 Lease assets and liabilities

The Group have five contracts under IFRS16.

The subsidiary ArcticZymes has a contract for leasing offices with Share Lab in Oslo. The contract was re-negotiated in Q2-2023.

The Company signed a new contract Q2-2023 due to our need for additional space. The contract spans 3,5 years with a discount rate of 4,06%. Arcticzymes Technologies has in Q3 signed a new contract with Siva for more offices space, and the contract is for 2,5 years with 4,85% in discount rate.

For further information refer to note 15 in the Annual report for 2022.

(Amounts in NOK 1 000)

Financial position	30.09.2023	30.09.2022	31.12.2022
Lease assets	13 236	14 697	13 873
<b>Sum lease assets</b>	<b>13 236</b>	<b>14 697</b>	<b>13 873</b>
Lease liabilities	9 346	11 175	10 348
<b>Sum lease liabilities</b>	<b>9 346</b>	<b>11 175</b>	<b>10 348</b>

#### 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 recognise leases where the underlying asset has a low value, and thus does not recognise 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	30.09.2023	30.09.2022	31.12.2022
Lease of IT equipment	361	192	263
Overhead expenses related to premises	867	686	1 002
<b>Total leased assets inc. in other op. expenses</b>	<b>1 227</b>	<b>878</b>	<b>1 265</b>

**Note 8 Account receivables and other receivables**

(Amounts in NOK 1 000)	30.09.2023	30.09.2022	31.12.2022
Account receivables	17 029	20 758	11 593
Research grants		906	817
Tax grants	71	39	630
VAT	1 313	1 332	1 028
Other receivables	2 169	1 643	3 936
<b>Total account receivable and other receivables</b>	<b>20 582</b>	<b>24 678</b>	<b>18 004</b>

Historically, the group has not incurred losses on accounts receivable. Based on this and the fact that there were no losses in 2022, and we expect no material future losses, no provisions for losses were made in Q3.

For further information refer to note 17 in the Annual report for 2022.

**Note 9 Related party disclosures**

Shares owned or controlled by directors and senior management per 30. September 2023:

Name, position	Number of shares	Number of options
Marie Roskrow, Chairman		200 000
Jane Theaker, Director	10 044	
Bernd Striberny, Director (employee)	200	
Lill Hege Henriksen, Observer (employee)	3 088	
Børge Sørvoll, CFO	95 428	180 000
Dirk Hahneiser, VP Business Dev. and Marketing	150	
Marit Sjø Lorentzen, VP Operations	20 331	115 000
Grethe Ytterstad, VP Regulatory Affairs	7 269	
Olav Lanes, VP R&D and applications	2 000	100 000

See note 11 for further details

Marie Roskrow has worked for the Company in a 40% position since CEO, Jethro Holter went on sick leave

For the third quarter, the Company disbursed NOK 173.000 in remuneration and NOK 224.000 in consulting fee to Marie Roskrow.

For the first nine months, the Company disbursed NOK 335.000 in remuneration and NOK 496.000 in consulting fee to Marie Roskrow

Travels are reimbursed on a cost basis

**Note 10 Shareholders**

The 20 largest shareholders as of 30.09.2023	Shares	Ownership
Skandinaviska Enskilda Banken AB (Nominee)	6 700 500	13,17 %
Skandinaviska Enskilda Banken AB (Nominee)	3 744 828	7,36 %
Skandinaviska Enskilda Banken AB (Nominee)	2 740 253	5,39 %
State Street Bank and Trust Comp (Nominee)	2 511 197	4,94 %
Pro AS	2 122 650	4,17 %
Avanza Bank AB (Nominee)	1 836 303	3,61 %
Clearstream Banking S.A. (Nominee)	1 752 725	3,45 %
State Street Bank and Trust Comp (Nominee)	1 586 111	3,12 %
Nordnet Bank AB (Nominee)	1 330 214	2,61 %
Vinterstua AS	1 270 449	2,50 %
Belvedere AS	1 015 684	2,00 %
Skandinaviska Enskilda Banken AB (Nominee)	950 024	1,87 %
Middelboe AS	612 400	1,20 %
Riise Invest Nord AS	600 000	1,18 %
Danske Bank AS (Nominee)	589 311	1,16 %
Nordnet Livsforsikring AS	578 065	1,14 %
Kvantia AS	554 713	1,09 %
Verdipapirfondet KLP Aksjenorge	541 727	1,06 %
Tellef Ormestad	525 906	1,03 %
Naudholmen AS	525 000	1,03 %
<b>20 largest shareholders aggregated</b>	<b>32 088 060</b>	<b>63,08 %</b>

**Note 11 Share options**

Per 30.09.2023, there were 595,000 outstanding options.

	2023		2022	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.	48,84	1 015 000	42,12	1 215 000
Granted during the year	42,38	250 000		
Exercised during the year	8,73	-300 000		
Lapsed during the year	64,04	-370 000		
<b>Outstanding at 30. September</b>		<b>595 000</b>		<b>1 215 000</b>
Exercised during 2H in the year			8,00	-200 000
<b>Outstanding at 31. December</b>				<b>1 015 000</b>

Expiry date, exercise price, and outstanding options:

		2023	2022
Expiry date	Average exercise price	Number of share options	
2022, 31 December*	8.00		400 000
2025, 14 May	10.19	215 000	315 000
2026, 30 November	89.52	330 000	500 000
2028, 28 February	42,38	50 000	
<b>Outstanding at 30. September</b>		<b>595 000</b>	<b>1 215 000</b>
<b>Exercisable options at 30. September</b>		<b>215 000</b>	<b>400 000</b>

\*Expiry date has been adjusted to 30.06.2023

## Note 12 Other current liabilities

(Amounts in NOK 1 000)	30.09.2023	30.09.2022	31.12.2022
Public taxes and withholdings	2 514	1 696	2 883
Bonus	2 284	3 942	2 055
Unpaid holiday pay	3 336	2 809	3 947
Other personnel	815	4 637	2 025
Other current liabilities	1 801	988	3 717
<b>Other current liabilities</b>	<b>10 749</b>	<b>14 073</b>	<b>14 628</b>

For further information refer to note 22 in the Annual report for 2022.

## Note 13 Events after balance sheet date, 30. September 2023

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 01.11.2023

## 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 30. September 2023 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/Oslo, 01.11.2023  
The Board of Directors of ArcticZymes Technologies ASA

Marie Ann Roskrow  
Chairman

Jane Theaker  
Director

Edgar Koster  
Director

Bernd Striberny  
Director- employee

Michael Akoh  
CEO

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**ArcticZymes Technologies ASA**

Sykehusvegen 23

N-9294 Tromsø, Norway

**T** (47) 7764 8900

**E** [ir@arcticzymes.com](mailto:ir@arcticzymes.com)

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

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

