A Norwegian biotech with growth potential

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Nordic Small & Mid Cap Seminar 2024
Handelsbanken

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ArcticZymes Technologies

Agenda

1. Company overview
2. Market segments and solutions
3. Transformation and strategic priorities
4. Market penetration and customer case
5. Summary and Q&A

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Overview

A Norwegian biotech with growth potential

Segment & Customers

- Targeting segments with high growth potential (MDx & CGT)
- Customers are life science tools, CDMO, Pharma and Biotech companies
- Nordic based but global direct sales in US (40%) & Europe (60%)

World class products

- Novel enzymes for biomanufacturing and molecular diagnostics
- Strong reputation in Molecular Tools and Biomanufacturing segments
- Supported by numerous publications
- Net Promoter Score = 84

Talent & Culture

- 53 employees, HQ in Tromsø, Norway
- Management team committed to creating a culture where innovation and commercialization thrives
- World class R&D team and strong international collaborations
- Excellent manufacturing capabilities
- ISO13485 and GMP compliance supported by experienced QA team

Strong Financials

- Margins > 90% on all products
- Sales of 119 MNOK (2023), positive cash flow and results
- Recurring revenue streams potential – sticky business
- No debt – 240 MNOK in Cash reserve
- Track record of +20yrs
- Listed on the Norwegian Stock Exchange

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The market and our soluions

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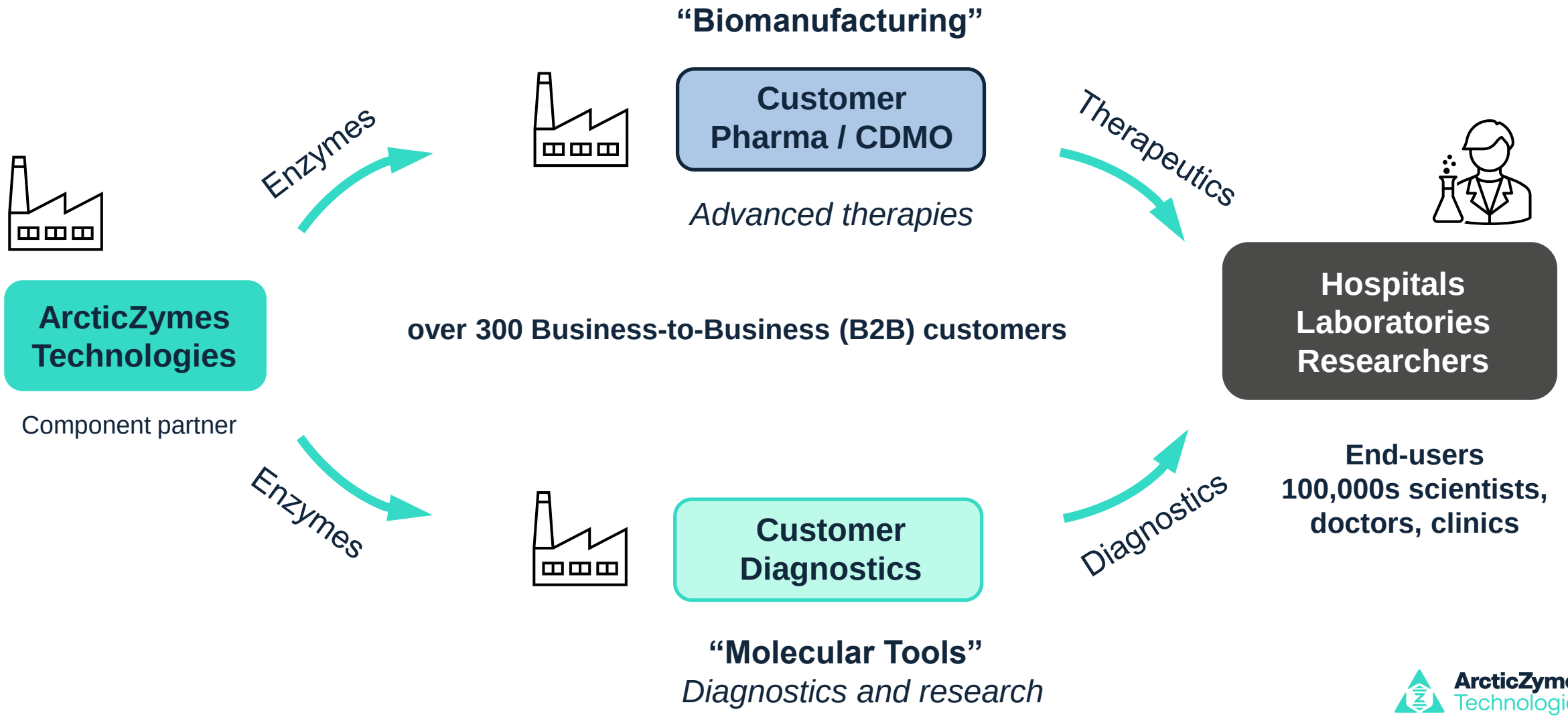
The market

Biomanufacturing and Molecular Tools customers



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Growing Markets

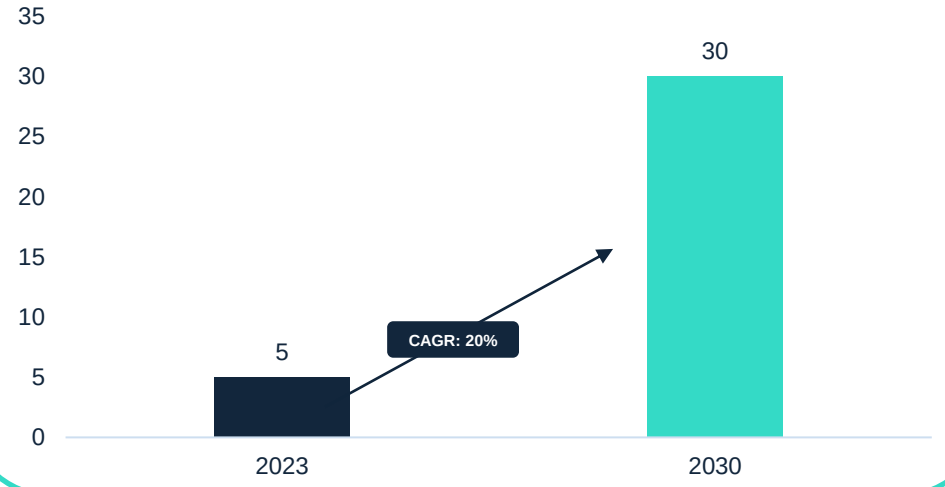
Targeting high-growth Biomanufacturing and Molecular diagnostics segments

Biomanufacturing

Focus on Cell & Gene Therapies

- Enzymes (Nucleases) utilized in the production process of gene therapy (viral vectors)
- FDA expects more 200 INDs/year and 10-20 approvals/year from 2025 within CGT

Market Size 2023-2030

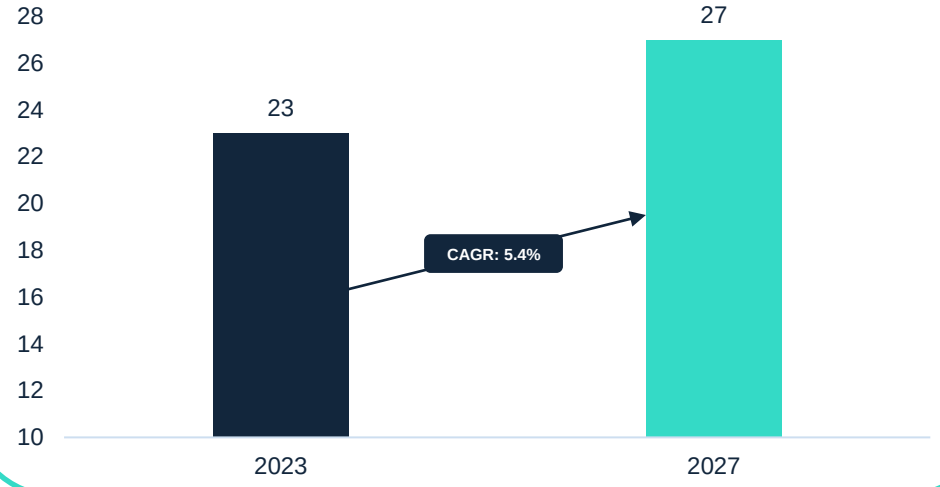


Molecular diagnostics / research

Enzymes for driving assay technologies and innovation

- New technologies and chemistry driving growth
- Increasing Compliance
- Infectious diseases prevalence

Market Size 2023-2027



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Transformation and strategic priorities

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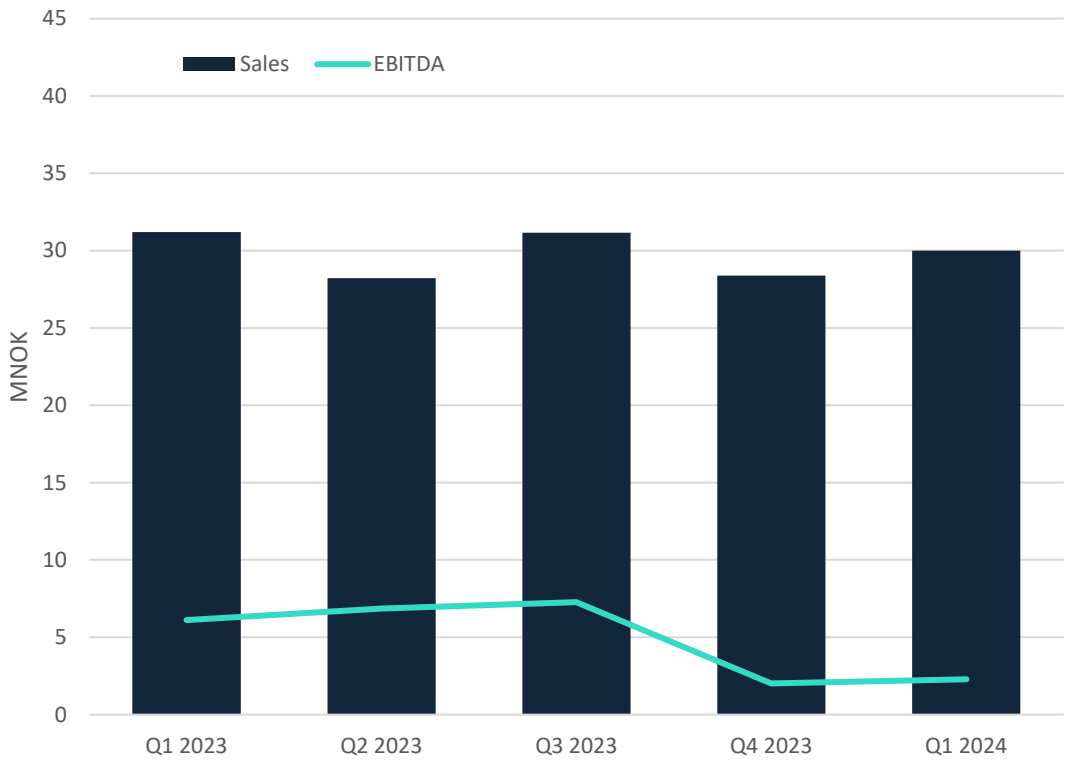
Profitability and expenses

In a challenging market we continue to deliver positive numbers

Sales & EBITDA



Margin	20 %	24 %	23 %	7 %	8 %

	Q1 2024	Q1 2023	12 M 2023
Sales revenues	30,0	31,2	118,9
Other revenues	0,0	0,0	0,7
Sum revenues	**30,0**	**31,2**	**119,6**
Cost of materials	-1,0	-7,4	-11,7
Change in inventory	-0,3	5,4	5,8
Personnel expenses	-18,0	-15,5	-58,9
Other operating expenses	-8,4	-7,6	-32,6
Sum expenses	**-27,7**	**-25,1**	**-97,4**
EBITDA	**2,3**	**6,1**	**22,2**
Depreciation and amortisation	-1,5	-1,6	-6,4
EBIT	**0,8**	**4,5**	**15,8**
Net financials	3,3	1,8	9,0
EBT	**4,1**	**6,3**	**24,8**

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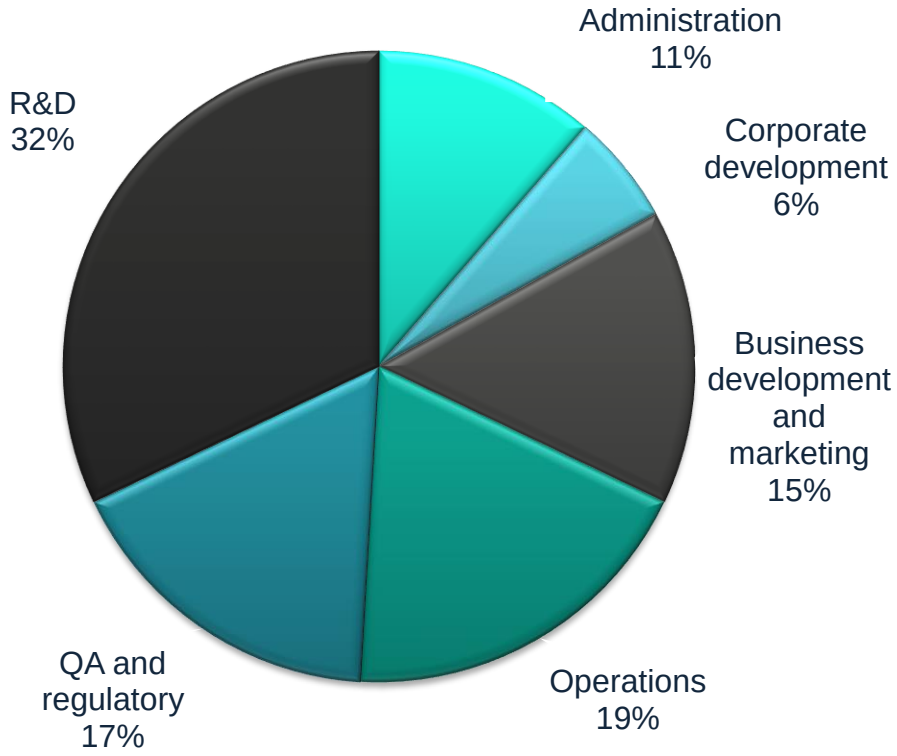
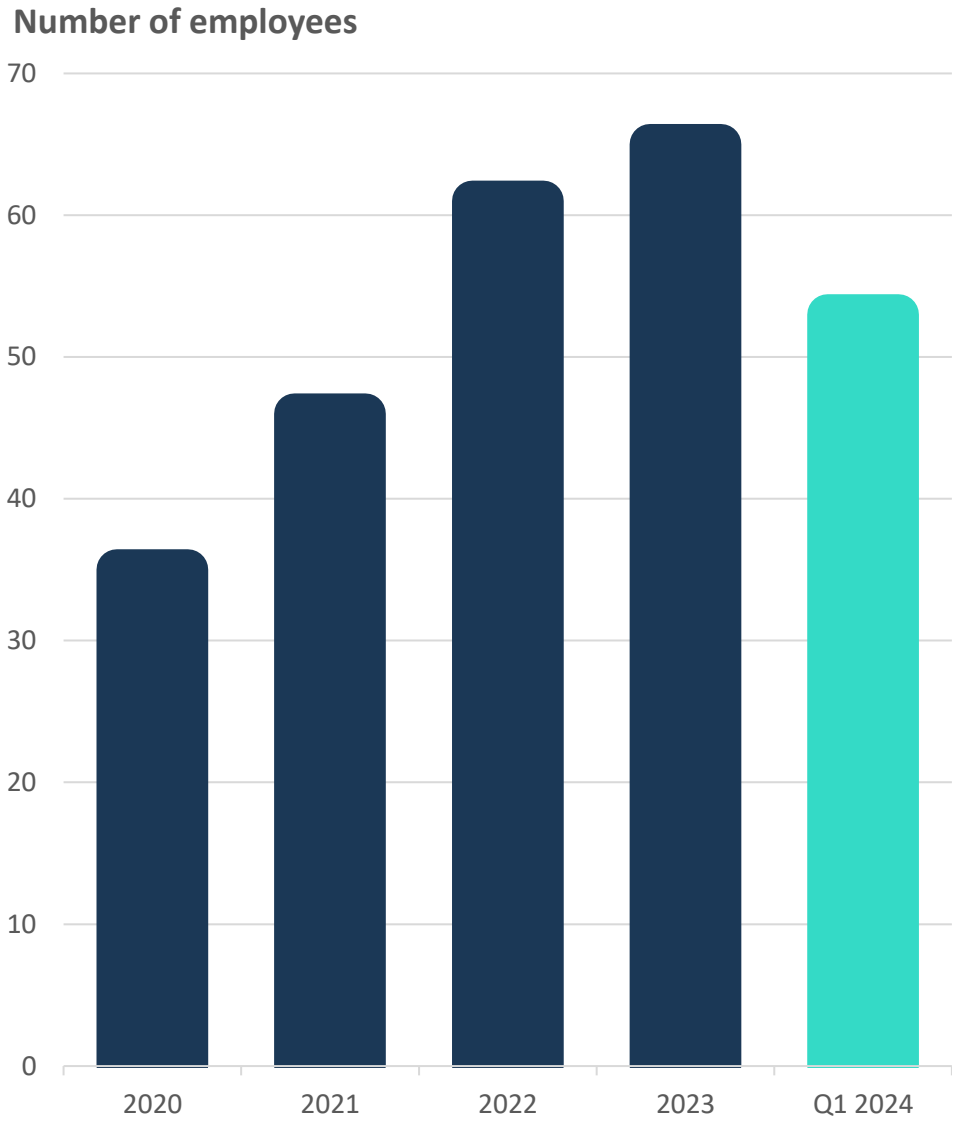
Organisational restructuring

Cost control during transformation

- Balance in value chain between internal and external roles
- Reduced number of employees in first quarter by 23%
- Oslo site closure - Impact on the R&D side of business





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Strategic priorities

Building a platform for long term growth – the journey has started

Short Term

1. **Continue journey to become more market driven**
   - Commercialization
   - Channel development
   - Scientific marketing
2. **GMP upgrade of current enzymes**
   - Ability to expand usage in more drug development phases
3. **Relaunch of current Molecular tools enzymes**
   - Application data and positioning

Long Term

1. **Build Advanced therapies biomanufacturing pipeline**
   - RNA enzymes & NextGen SAN
2. **Develop/commercialize new Molecular Tools enzymes**
   - Sample prep, amplification and synthetic biology
3. **M&A Opportunities**
   - Build portfolio
   - Strengthen GMP manufacturing capabilities
   - Enhance commercial channels

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Becoming more market driven

The transformation has started

	What	Why	When
1	Right balance between R&D vs commercial resources	Utilize existing portfolio potential	Q1 2024
2	Engage product management team	Align products with market needs and trends	Q1 2024
3	Increase product and brand marketing	Expand reach by creating awareness	Ongoing
4	Make use of key opinion leaders (KOL)	Validate and promote AZT portfolio	Q3 2024
5	Increase use of scientific marketing with R&D involvement	Sell scientist to scientist	ongoing
6	Partnership opportunities	Accelerate growth – distribution	Ongoing

It is a journey but we have initiated first key initiatives

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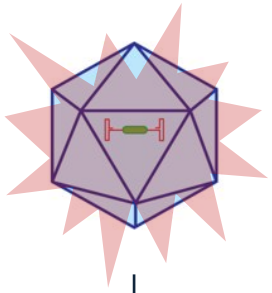
Market penetration SAN

Salt Active Nucleases (SAN)

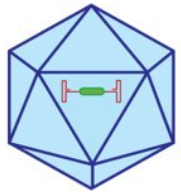
Growth potential backed by world class product family



Impure viral vector

SAN HQ

SAN purification



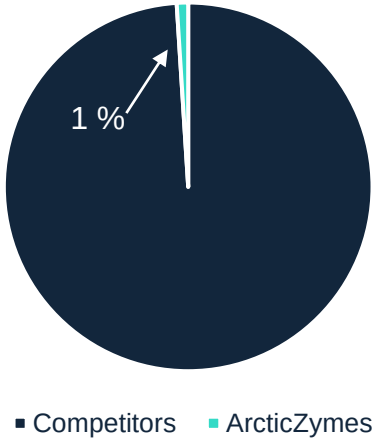
Pure viral vector (“Drug”)

Salt Active Nucleases (SAN)

Used to purify viral vectors

- Probably best nuclease product family on the market* for purifying viral vectors but 1% market share

Total addressable market of 500 mUSD



*Substantiated by Felix Pagallies et al, 2024

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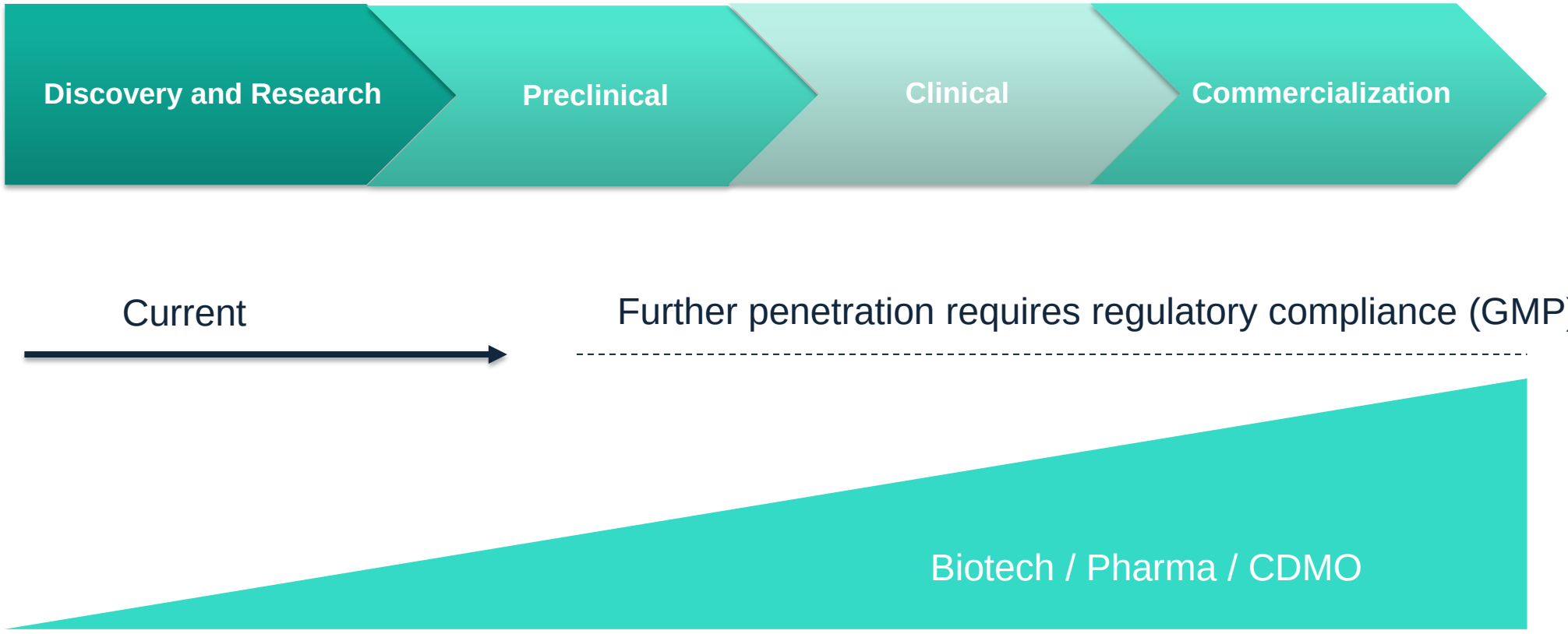
Growing the SAN business

From early-stage drug development application towards commercialization



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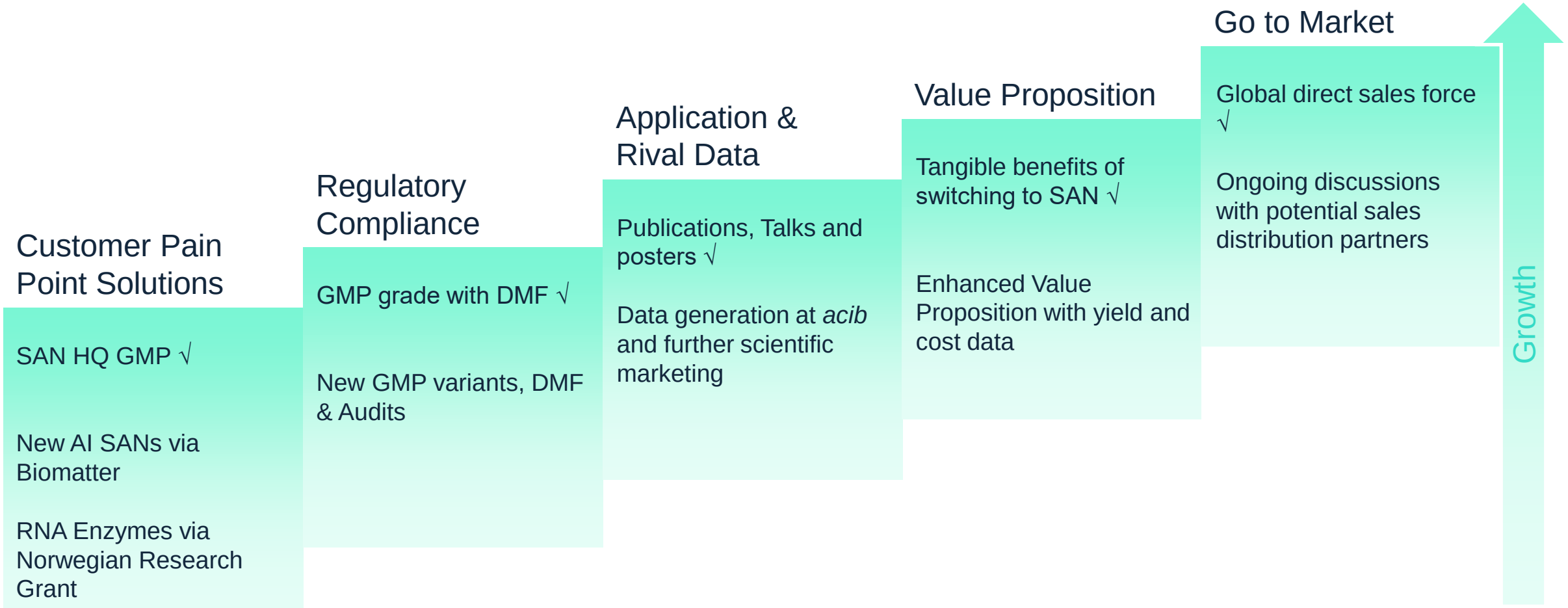
Penetrating the Advanced Biomanufacturing Market

Asending the ladder for long-term growth



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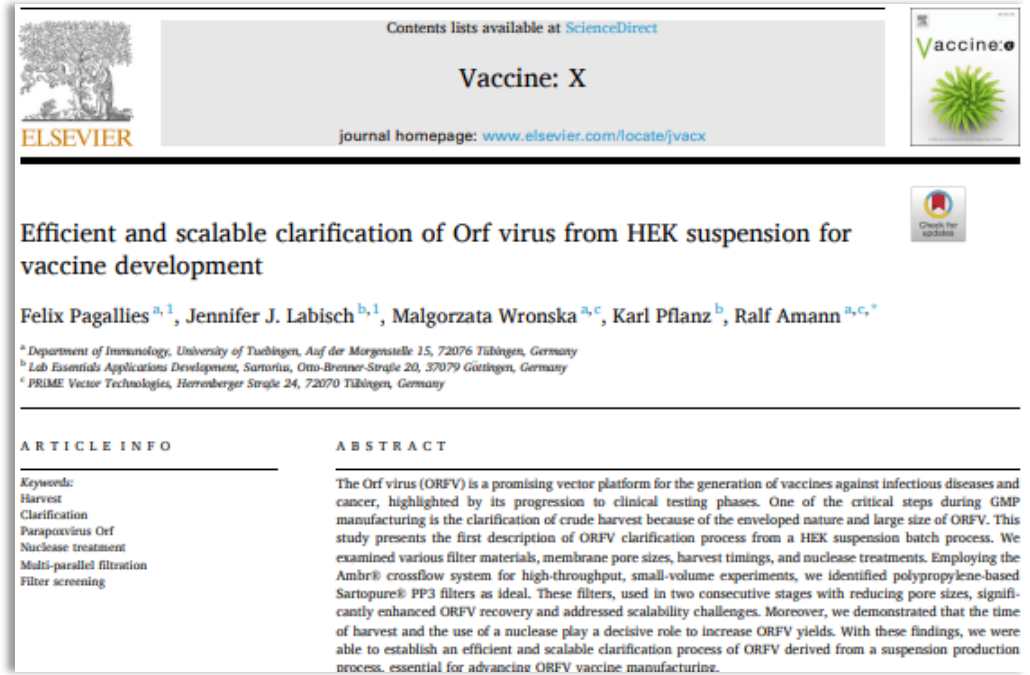
Recent Publication

Compelling evidence supports our SAN portfolio at large scale

Publ. concluded:

- Nuclease treatment is “decisive” for optimizing yield
- Benchmarked AZ vs key rival Denarase concluding M-SAN HQ is superior to Denarase
  - Performance (remaining DNA)
  - Speed (incubation time)
  - Cost (amount of nuclease needed)



Contents lists available at ScienceDirect

Vaccine: X

journal homepage: www.elsevier.com/locate/jvacx

Efficient and scalable clarification of Orf virus from HEK suspension for vaccine development

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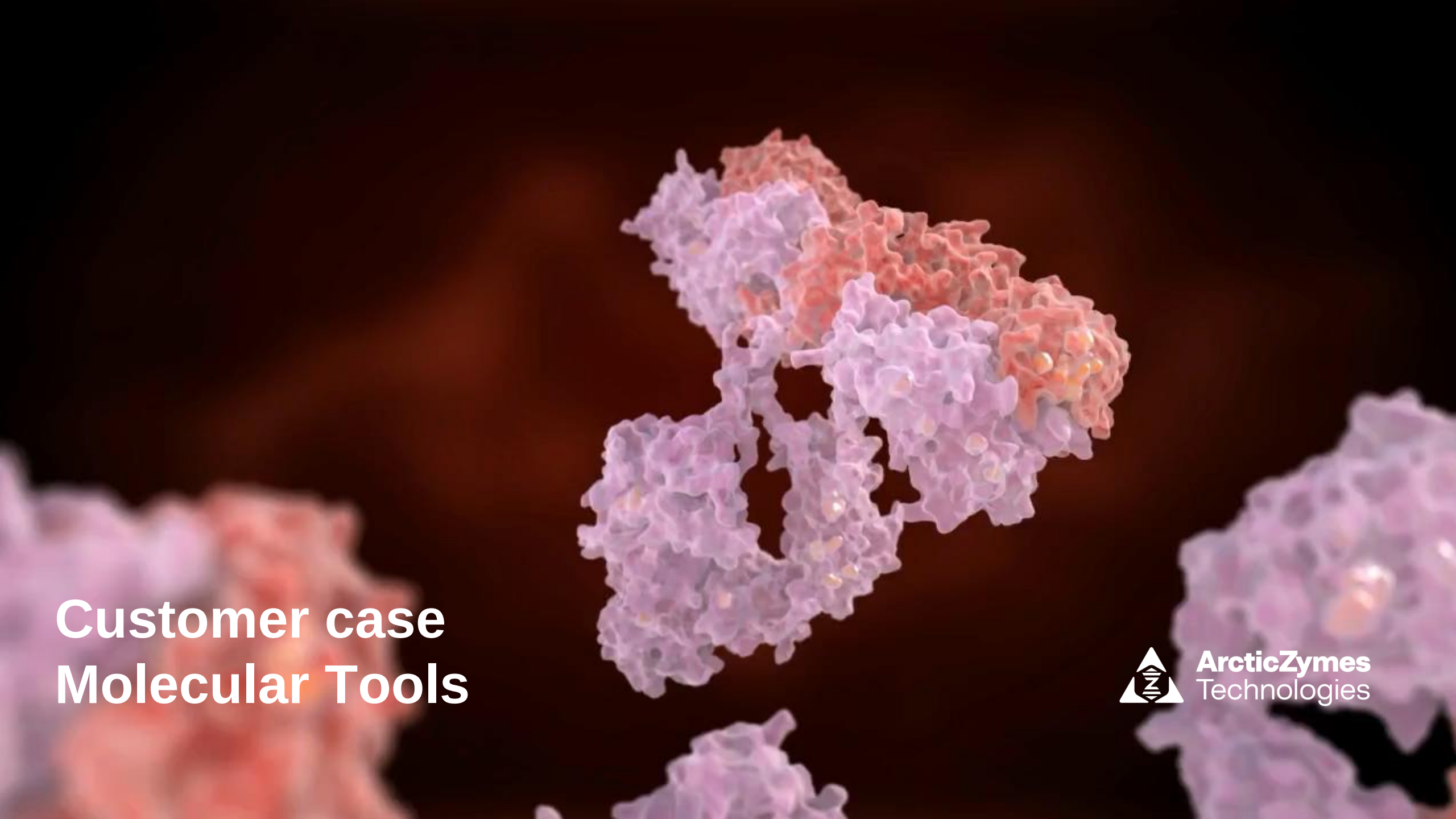
ABSTRACT

The Orf virus (ORFV) is a promising vector platform for the generation of vaccines against infectious diseases and cancer, highlighted by its progression to clinical testing phases. One of the critical steps during GMP manufacturing is the clarification of crude harvest because of the enveloped nature and large size of ORFV. This study presents the first description of ORFV clarification process from a HEK suspension batch process. We examined various filter materials, membrane pore sizes, harvest timings, and nuclease treatments. Employing the Ambr® crossflow system for high-throughput, small-volume experiments, we identified polypropylene-based Sartopure® PP3 filters as ideal. These filters, used in two consecutive stages with reducing pore sizes, significantly enhanced ORFV recovery and addressed scalability challenges. Moreover, we demonstrated that the time of harvest and the use of a nuclease play a decisive role to increase ORFV yields. With these findings, we were able to establish an efficient and scalable clarification process of ORFV derived from a suspension production process, essential for advancing ORFV vaccine manufacturing.

The nuclease treatment not only reduces DNA concentration but also significantly improves the efficiency of ORFV recovery.

M-SAN HQ resulted in the lowest DNA concentrations and performed best, followed by the SAN HQ. Denarase® results in the highest DNA concentration for both, crude harvest, and supernatant.

-Felix Pagallies *et al,* 2024



Customer case
Molecular Tools

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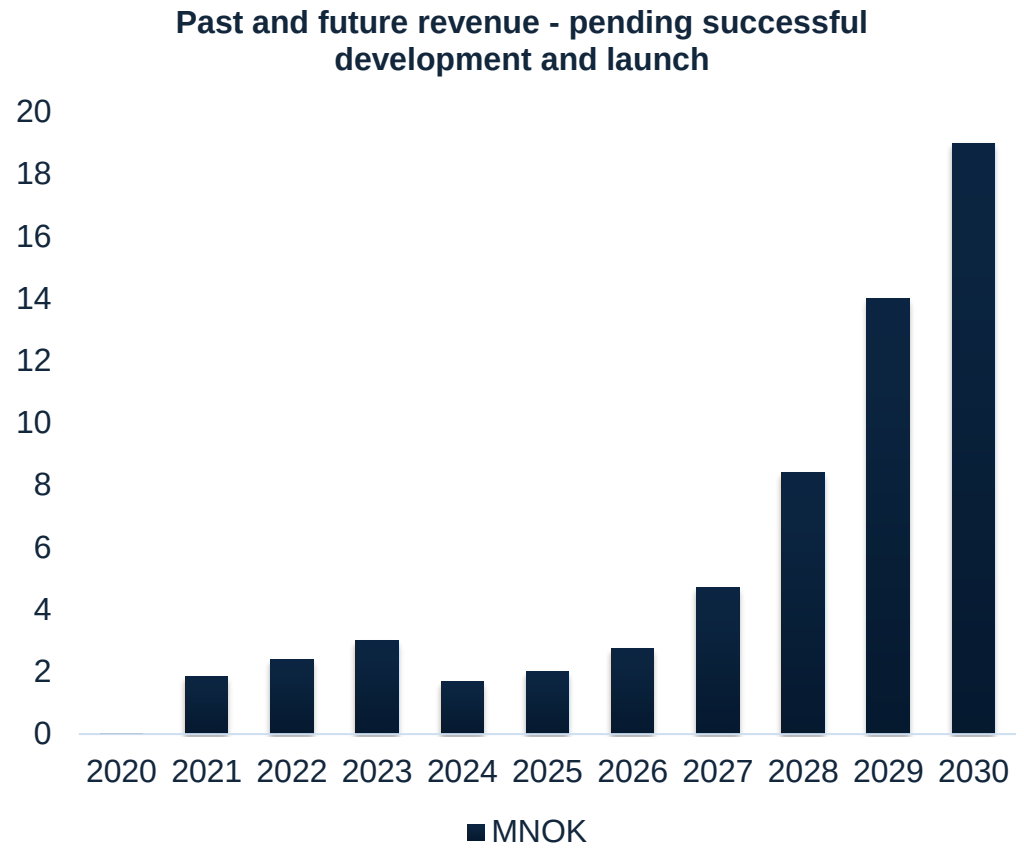
Customer Case with Revenue Potential

A collaboration with a diagnostic company bringing low-cost cancer screening to market using AZT Proteinase

Company Track Record	Legacy
Well-funded with history of moving fast to help prevent and cure one of the deadliest types of cancer	History of collaboration. Started testing proteinase for incorporation into cancer diagnostic platform in 2020

Timeline:

2021	Ongoing	2024	2025-26
Validation	**Clinical trial**	**Audit**	**Decision**
Validated with AZT enzyme*	Clinical trials are ongoing	Audit of AZT is scheduled in Tromsø for August 2024	Final decision to be made



*AZT enzyme is the only enzyme on the market that worked well in their assay due to the ease with which it can be heat-inactivated

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Summary

- Market remains attractive and growing long term – we are working to penetrate and gain a bigger share
- AZT provides great products with tangible benefits. Innovation remains important, but increased focus on commercialization of existing portfolio
- We continue to develop our portfolio and commercial engine to capitalize on future growth opportunities

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Thank you

Q&A