



2nd Quarter

Quarterly Report

www.arcticzymes.com

2024

Continued strengthening of development pipeline and progress in partnership discussions

Highlights from Q2 and first 6 months 2024

- ArcticZymes Technologies (AZT) had Q2 revenue of NOK 27.5 million (Q2 2023: NOK 28.2 million) and NOK 57.6 for the first 6 months of 2024 (6M 2023: NOK 59.4 million)
- AZT had a positive EBITDA for Q2 of NOK 2.6 million (Q2 2023: NOK 6.8 million) and a profit before tax of NOK 3.4 million (Q2 2023: NOK 7.4 million). For the first 6 months, EBITDA was NOK 4.9 million (6M 2023: NOK 13.0 million) and a profit before tax of NOK 7.5 million (6M 2023: NOK 13.7 million)
- Operating expenses for Q2 were 25.0 million (Q2 2023: NOK 21.4 million) where extraordinary items related implementation of a new ERP solution accounted for NOK 1.4 million. For the first 6 months, operating expenses are at NOK 52.7 million (6M 2023: NOK 46.4 million). Expenses are in line with expectations.
- Cash flow for Q2 was negative NOK -2.7 million (Q2 2023: NOK 6.9 million) and NOK -10.6 million for the first 6 months, giving a cash balance of NOK 170.3 million. In addition, NOK 71 million is invested in low-risk interest rate funds.
- Q2 was challenging in terms of order value but within the biomanufacturing segment the number of orders was at an all-time high indicating increased activity in the segment and new projects being initiated.
- In order to penetrate the biomanufacturing segment further discussions in regard to a distribution agreement are ongoing with 3 major players within the space. An agreement is expected before the end of the year.
- Filed two patents during the summer. One for utilizing salt-active nucleases in a new novel approach and one for new nuclease enzyme compositions and method of use for processing and analysis of RNA.
- Development projects proceeded according to plan enabling the launch of two new GMP grade nucleases and one ELISA kit within the next 12 months.

Key financial figures:

MNOK	Q2 2024	Q2 2023	Change	YTD 2024	YTD 2023	Change
Sales	26.5	28.2	- 6 %	56.5	59.4	- 5 %
Total revenues	27.5	28.2	- 2 %	57.6	59.4	- 3 %
Operating expenses	25.0	21.4	+17 %	52.7	46.4	+14 %
Operating expenses adj. for ext. items	23.6	21.4	+10 %	49.0	47.8	-3 %
EBITDA	2.6	6.8	- 62 %	4.9	13.0	- 62 %
EBITDA adj. for ext. items	4.0	6.8	- 41 %	6.3	11.6	- 46 %
Profit before tax	3.4	7.4	- 54 %	7.5	13.7	- 45 %

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 Q2 2024 were NOK 26.5 million, which was NOK 1.7 million below the result for the same quarter in 2023. Several factors continued to influence sales such as both a challenging macro-economic and funding environment. On a positive note, the number of orders within the biomanufacturing segment was at an all-time high, pointing to increased activity. However, average value per order was lower pointing to order for early phase projects or projects being restarted.

The geographical distribution of sales in Q2 showed 45% of sales coming from the Americas, 52% EMEA and 3% APAC (Q2 2023: 49%, 50% and 1%, respectively). New customers placing orders for the first time were 37 in Q2 2024, split by 21 in Molecular Tools and 16 in Biomanufacturing. Of the total 37, 18 were in EMEA and 19 were in North America.

Biomanufacturing

Biomanufacturing contributed 45% towards total Q2 2024 sales (45% in Q2 of 2023). The total revenue in this segment is slightly lower when compared to Q2 in 2023. The decline observed in Q1 sales between 2023 and 2024 looks to have abated. With increase in sales, we have seen the major drivers for Q2 sales come from the Biomanufacturing hub on the East Coast of North America. Of note, China sales for Q2 2024 were x3 the value for Q2 2023.

After the launch of SAN HQ GMP in Q1, a few orders were received (total of 750k NOK) from

the Northeast of the United States. By establishing the SAN HQ GMP product line, we have opened the door for ArcticZymes to compete in the Biomanufacturing segment where GMP compliance often is a requirement.

ArcticZymes continues to be in active discussions with Contract Development and Manufacturing Organizations (CDMOs), pharmaceutical and biotech customers in addition to academic experts in advanced therapeutics.

Molecular Tools (Diagnostics & Research)

Molecular Tools serve both molecular diagnostics and molecular research and contributed 54% towards total sales in Q2 2024 (55% Q2, 2023).

The Company saw a slight decline (7%) in revenue for its Molecular Tools portfolio in Q1 2024 versus Q1 2023. Growth was impacted by a lack of demand from some existing customers. However, the company expects further organic growth, especially with its Endonuclease and Polymerase product offerings.

Innovations

Within Biomanufacturing, our first GMP-grade product, SAN HQ GMP, was successfully manufactured and launched on January 30th, 2024. Further ongoing work to provide GMP grade quality of our other SAN nucleases is progressing. GMP grade quality of our SAN enzymes will offer both a technically advantageous solution and regulatory compliance for a more straightforward supplier qualification process for our clients in the pharmaceutical industry. SAN HQ GMP neo has now entered final stages of development and scheduled for launch late 2024. Further in our effort to support our SAN enzymes to the scientific community, a talk highlighting the benefit of our salt-active nucleases in viral vector manufacturing was held at the American Society for Cell and Gene Therapy, May 2024, Baltimore. The title of the talk was "Clearing DNA from Viral Vectors with Salt Active Nucleases: Why Salt is

the Hidden Catalyst to Bioprocessing Optimization”.

The salt active nuclease product portfolio, including SAN HQ GMP neo, will also be supported by a new improved version of the SAN HQ ELISA kit. This next-generation product, driven by market trends and voice-of-customer, will be a more sensitive version of our existing SAN HQ ELISA kit with an improved limit of detection and more flexible plate format. Development is ongoing, and the product is scheduled for launch within 2024.

In the joint research project between ArcticZymes and the Austrian Centre of Industrial Biotechnology (acib), new data on utilizing SAN enzymes in purification of bionanoparticles (BNP's, including viral vectors) has been generated and is planned to present at the European Cell and Gene therapy Congress in October 2024, Rome. Some of the new data provided a novel approach to utilize our salt-active nucleases and provided the basis for the recent filing of a new patent application within this field in collaboration with acib.

In June, the contract with The Research Council of Norway, securing up to 11.8 MNOK for a collaborative project aimed at supporting advanced therapy biomanufacturing was executed. Viral vectors and nucleic acids like RNA and DNA are increasingly utilized in advanced therapy medicinal products. Enzymes play a crucial role in the manufacturing, analytics and quality control of these therapeutic RNAs and DNAs. However, significant technical challenges remain, including development costs, commercial scale manufacturing and quality for therapeutic use. The project, ADEPT, aims to address these challenges by developing novel enzyme solutions for the manufacturing and analysis of therapeutic RNA.

Finally, and related to the project and funding described above, a new and second patent application on new nuclease enzyme compositions and method of use for processing

and analysis of RNA was filed, in order to broaden the scope of protection around this novel family of RNA processing enzymes.

Operations

SAN HQ GMP neo is the second GMP product developed at the Company. Documents were prepared, three validation batches manufactured, and quality controlled in the period. All three batches were within specifications, and the necessary 6 months stability studies for setting a one-year shelf life initiated.

QMS documentations, planning, and training for pilot manufacturing of the third GMP product, M-SAN HQ GMP, were prepared for the third quarter.

The rSAP fermentation scale-up was completed at Paras Biopharmaceuticals, and material was transferred to ArcticZymes in early July. The yield was acceptable, and purification from the fermentate will be performed in Q3 to verify that the final product meets the specifications set for the product.

ERP data migration to Jeeves has been ongoing, super user training completed and re-writing of manuals adapted to AZ-specific requirements almost completed. The project is very challenging due to lack of resources, other parallel projects, general maintenance and manufacturing. The project will go live in 2H this year.

The Company went through one successful customer audit towards ISO 13485 within the Molecular Tools segment in the period. There were no deviations registered; only one recommendation.

Two on-site supplier audits were executed in the period, with successful results: CDMO Paras Biopharmaceuticals and Eurofins BioPharma Product Testing Denmark.

Strategic growth initiatives

The Company is focusing on organic growth for 2024 with specific attention on the Salt Active Nucleases (i.e. achieving full GMP status and driving revenue) while revitalising the molecular tools product line. The product portfolio is under review, and we will continue to explore external innovation opportunities (e.g. in-licensing, OEM, M&A) in line with the product portfolio strategy.

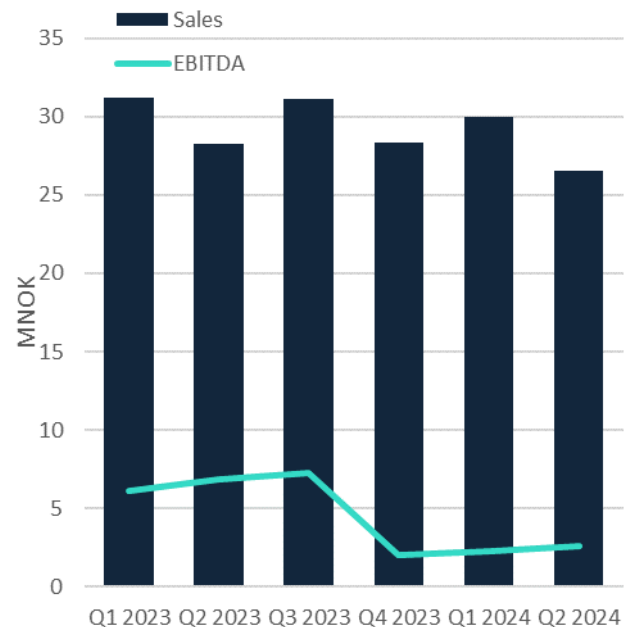
The Biomatter collaborative project is progressing and has resulted in some potential candidate prototypes which are under evaluation.

Financial review

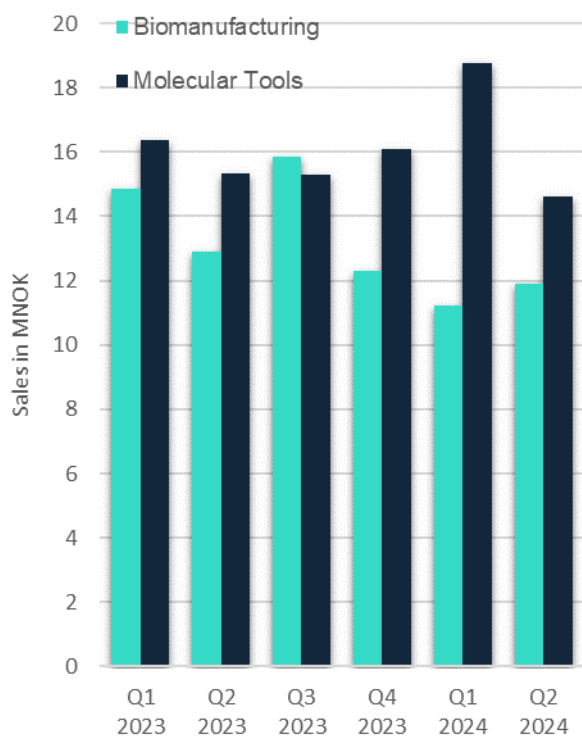
AZT reported sales of NOK 26.5 million for the second quarter of 2024 (Q2 2023: 28.2 M). Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 2.6 million (Q2 2023: 6.8 M) and net profit was NOK 2.7 million (Q2 2023: 5.6 M) in the quarter. Net financial income was a profit of NOK 2.3 million (Q2 2023: 2.2 M).

For the first 6 months of 2024, AZT reported sales of NOK 56.5 million (6m 2023: 59.4 M). Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 4.9 million (6m 2023: 13.0 M) and a net profit of NOK 5.8 million (6m 2023: 10.6 M). Net financial income was a profit of NOK 5.6 million (6m 2023: 4.0 M).

Sales & EBITDA



Sales per area



In Biomanufacturing, sales were slightly higher than in the previous quarter with NOK 11.9 million. This is also slightly lower than the NOK 12.9 million we experienced last year in the same quarter.

For Molecular Tools, sales are lower than previous quarters with quarterly sales of NOK 14.6 million. This is a decrease compared to the same quarter last year, where sales ended on NOK 15.3 million.

The company recognised NOK 1.0 million in grant related revenues from the “Advanced therapies enzyme project” funded by the Research Council of Norway during the second quarter.

Operating expenses were increased by NOK 3.6 million in Q2 2024 compared to Q2 2023, primarily explained by higher activity levels such as travels, disposal of expired kits and cost related to implementation of new ERP solution.

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 the same exchange rates in 2024 as were used in 2023 reporting, revenues would have been unchanged in the second quarter and only NOK 1.0 million lower for the first 6 months of 2024. Changes in USD versus NOK continues to be the key driver for the currency effects experienced during 2024.

Extraordinary items for the period and the first 6 months

The closing of the Oslo office to save costs and consolidate R&D had a total cost of NOK 2.3 million in both personnel and other expenses related to terminating all contracts in the first quarter.

The Company is investing in implementing a new ERP system. This project had an expense of NOK 1.4 million in the second quarter and NOK 2.9 million for the first 6 months. The Company plans to go live with the new ERP solution in 2H 2024.

Taxes

For Q2 2024, the Company recognised NOK 0.8 million (Q2 2023: 1.3 M) in tax expenses which will be offset against deferred tax assets. The Company had NOK 4.2 million in deferred tax assets at the end of Q2 2024.

Financial position

Total equity amounted to NOK 317.5 million at the end of Q2 2024 compared to NOK 298.5 million at the end of Q2 2023.

Total assets were NOK 339.0 million at the end of Q2 2024, up from NOK 327.0 million at the end of Q2 2023.

The Company has no interest-bearing debt.

Cash flow

Net cash flow from operating activities was NOK -3.7 million for the first 6 months of 2024, compared to NOK 0.5 million in the same period in 2023. The difference in cash flows from operations is explained by lower profit, settlement of invoices for scale up projects, and an increase in receivables.

Cash flow from investing activities was NOK -5.1 million in the first 6 months. This is primarily explained by NOK 6.0 million in investments classified as intangible assets, where the scale up of rSAP accounted for NOK 2.2 million and capitalisation of M-SAN GMP of NOK 1.6 million.

Cash flow from financing activities was NOK -1.9 million for the first 6 months explained by payments on lease liabilities (premises).

Changes in cash and cash equivalents was NOK -10.6 million for the whole first 6 months 2024. This generated a cash balance of NOK 170.3 million at the end of the quarter, compared to NOK 173.2 million at the end of Q2 2023. NOK 71.0 million in low risk, liquid interest rate funds was reclassified from cash and cash equivalents to short term investments in the fourth quarter 2023 (See other assets in Financial position). This is according to IFRS rules.

Shareholder matters

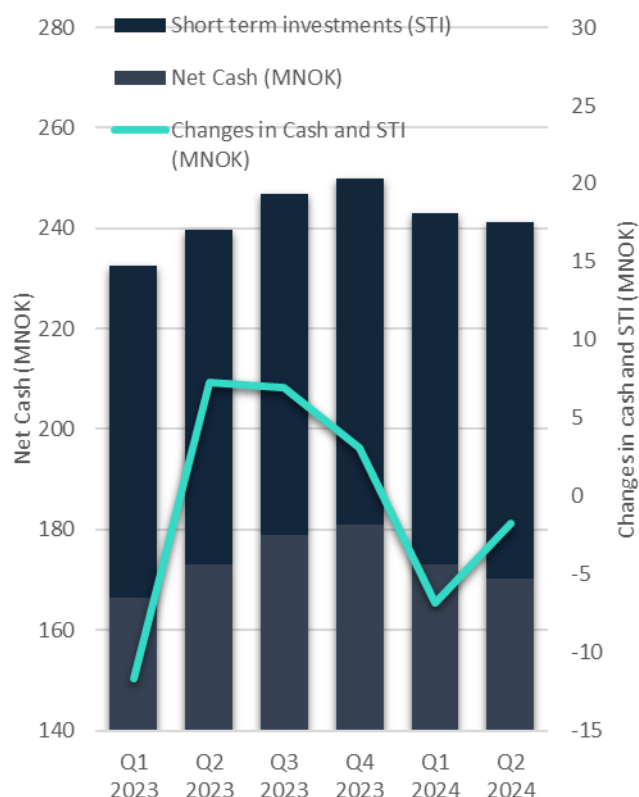
The total number of issued shares was 50,871,390 at the end of the quarter.

200,000 share options were exercised at the end of Q2. These shares were not registered per end of the quarter. Official registration of new shares

was 08 July, resulting in 51,071,390 issued shares.

695,000 options are outstanding as of 30.06.2024. 100,000 options were awarded to the CFO during Q1 2024. 200,000 options were exercised by a former board member in Q2.

Cash and STI position



See the annual report for 2023 and notes 9 and 11 in the Q2 2024 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 and Middle Eastern instability has not materially affected the Company as we do not have any existing nor potential business in the area. It does only affect us indirectly in the way that it negatively affects the global investment climate and the overall global economic development.

Also, see the risk factors which are described in the annual report for 2023 and published on the Company's website www.arcticzymes.com.

Outlook

The first 6 months of the year have been affected by a challenging market situation. However, the long-term market drivers are intact. There are a significant number of new drug approvals and healthy product pipelines, including within our main target market for our SAN products applied in the cell and gene therapy area.

The Company will as earlier stated continue to have a strategic focus on penetrating the biomanufacturing space through strengthening the commercial engine and launching new GMP grade enzymes within the SAN portfolio. Within the next 12 months two new GMP grade nucleases will be launched alongside with one ELISA kit. This is expected to significantly strengthen our position to fuel sales growth at biomanufacturing accounts.

We have made significant progress in our partnership discussions with both CMDOs as well as potential distribution partners. We anticipate that these partnership discussions will lead to at least one agreement that will contribute to driving sales growth within the biomanufacturing in 2025.

Molecular enzymes will continue to play an essential part of our strategy and we will invest both on the development as well as commercial side to grow the segment. ArcticZymes strives to be positioned in the strongest way when market demand picks up.

The interim financial statement 30. June 2024 (Q2)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1 000 - except EPS)	Q2		YTD	
	2024	2023	2024	2023
Sales revenues	26 503	28 218	56 494	59 408
Other income	1 043		1 065	
Total income	27 546	28 218	57 559	59 408
Cost of materials	-1 533	-690	-2 545	-8 064
Change in inventory	-542	-171	-854	5 250
Personnel expenses	-12 870	-13 136	-30 882	-28 677
Other operating expenses	-10 009	-7 378	-18 414	-14 955
Total operating expenses	-24 953	-21 375	-52 695	-46 447
Earnings before interest, taxes, depr. and amort.	2 592	6 844	4 865	12 961
Depreciation and amortization	-1 469	-1 663	-2 991	-3 253
Operating profit/loss (-) (EBIT)	1 123	5 181	1 874	9 708
Financial income, net	2 319	2 231	5 648	4 019
Profit/loss (-) before tax (EBT)	3 441	7 412	7 522	13 727
Income tax expense	-770	-1 808	-1 682	-3 084
Net profit/loss (-)	2 671	5 604	5 840	10 643
Basic EPS (profit for the period)	0,05	0,11	0,11	0,21
Diluted EPS (profit for the period)	0,05	0,11	0,11	0,21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1 000)	30.06.2024	30.06.2023	31.12.2023
Non-current assets			
Deferred tax	4 217	8 154	5 899
Machinery, equipment and permanent fixtures	14 743	15 230	15 020
Intangible assets	31 696	13 670	26 096
Lease assets	9 796	13 700	12 314
Total non-current assets	60 452	50 754	59 329
Current assets			
Inventories	12 019	12 328	12 873
Account receivables and other assets	96 234	90 718	86 227
Cash and cash equivalents	170 254	173 188	180 894
Total current assets	278 507	276 233	279 994
Total assets	338 959	326 987	339 323
Equity			
Share capital	50 871	50 871	50 871
Premium paid in capital	263 947	263 975	263 947
Retained earnings	2 632	-16 326	-5 521
Total equity	317 450	298 520	309 297
Long-term liabilities			
Lease liabilities	6 058	9 994	8 414
Total long-term liabilities	6 058	9 994	8 414
Current liabilities			
Lease liabilities	3 704	3 947	4 174
Accounts payable	4 064	4 310	4 539
Other current liabilities	7 683	10 216	12 898
Total current liabilities	15 451	18 473	21 611
Total liabilities	21 509	28 467	30 026
Total equity and liabilities	338 959	326 987	339 323

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1 000)	30.06.2024	30.06.2023	31.12.2023
Cash flow from operating activities:			
Profit/loss (-) before tax	7 522	13 727	24 765
Profit/loss adjusted for			
Adjustment lease premises	-22	-74	-97
Depreciation and amortization	2 991	3 253	6 381
Employee stock options	2 313	558	2 553
Non-cash interest expense	183	220	465
Changes in operating assets and liabilities			
Inventory	854	-5 250	-5 795
Account receivables and other assets	-7 970	-6 105	746
Changes in fair value for financial investment	-3 841	-109	-1 805
Payables and other current liabilities	-5 690	-5 695	-2 783
Net cash flow from operating activities	-3 662	526	24 430
Cash flow from investing activities:			
Investment in machinery and equipment	-858	-832	-1 673
Investment in intangible assets	-6 004	-4 873	-17 546
Short term investments	1 804	-1 131	-1 796
Changes in long term receivables		16	
Net cash flow from investing activities	-5 058	-6 820	-21 015
Cash flow from financing activities:			
Payment on lease liabilities	-1 737	-1 661	-3 435
Payment interest on lease liabilities	-183	-220	-465
Change in long term receivables		-53	
Capital increase		2 619	2 584
Net cash flow from financing activities	-1 920	685	-1 316
Net change in cash during the period	-10 640	-5 609	2 099
Cash and cash equivalents at the beginning of period	180 894	178 795	178 795
Cash and cash equivalents at end of period	170 254	173 188	180 894

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. January till 30. June

(Amounts in NOK 1 000)	Share capital	in capital	Earnings	Total equity
Equity as of 31.12.2022	50 571	261 656	-27 491	284 736
Comprehensive income Q1 2023			5 039	5 039
Transactions with owners:				
Employees' share options			-422	-422
Equity as of 31.03.2023	50 571	261 656	-22 874	289 353
Comprehensive income Q2 2023			5 604	5 604
Transactions with owners:				
Share capital increase	300	2 291	-8	2 583
Employees' share options			980	980
Equity as of 30.06.2023	50 871	263 947	-16 298	298 519
Comprehensive income Q3-Q4 2023			8 781	8 781
Transactions with owners:				
Employees' share options			1 997	1 997
Equity as of 31.12.2023	50 871	263 947	-5 521	309 297
Comprehensive income Q1 2024			3 169	3 169
Transactions with owners:				
Employees' share options			1 173	1 173
Equity as of 31.03.2024	50 871	263 947	-1 179	313 639
Comprehensive income Q2 2024			2 671	2 671
Transactions with owners:				
Employees' share options			1 140	1 140
Equity as of 30.06.2024	50 871	263 947	2 632	317 450

Notes to the interim accounts for 30. June (Q2)

Note 1 Basis of preparation of financial statements

The assumptions applied in the quarterly financial statements for 2024 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 2023. 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. June 2024. 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 2023. (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 and other administration income. NOK 2.9 million has been expensed in connection with implementation of new ERP system.

For further information refer to note 5 in the Annual report for 2023.

(Amounts in NOK 1 000)	Q2		YTD	
	2024	2023	2024	2023
<i>Sales revenue:</i>				
Enzymes	26 503	28 218	56 495	59 408
Group operating sales revenues	26 503	28 218	56 495	59 408
<i>Gross profit</i>				
Enzymes	24 428	27 358	53 096	56 594
Group gross profit	24 428	27 358	53 096	56 594
<i>Other income</i>				
Enzymes	1 043		1 064	
Unallocated corporate expenses			1	
Group other income	1 043	0	1 065	0
<i>Operating expenses:</i>				
Enzymes	-20 515	-18 687	-43 870	-39 526
Unallocated corporate expenses	-2 364	-1 828	-5 426	-4 107
Group operating expenses	-22 879	-20 514	-49 296	-43 633
<i>Operating profit/loss (-) (EBITDA)</i>				
Enzymes	4 956	8 671	10 289	17 068
Unallocated corporate expenses	-2 364	-1 828	-5 424	-4 107
Operating profit/loss (-) (EBITDA)	2 592	6 844	4 865	12 961
<i>Depreciation and amortization:</i>				
Enzymes	-1 456	-1 653	-2 965	-3 233
Unallocated corporate expenses	-13	-10	-27	-20
Group depreciation and amortization	-1 469	-1 663	-2 991	-3 253
<i>Profit/loss (-) before interest and tax (EBIT)</i>				
Enzymes	3 500	7 018	7 325	13 835
Unallocated corporate expenses	-2 377	-1 837	-5 450	-4 126
Profit/loss (-) before interest and tax (EBIT)	1 123	5 181	1 874	9 708

Note 3 Impacts of d the war in Ukraine

The war in Ukraine has not impacted the company directly or in a material way. 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)	Q2		YTD	
	2024	2023	2024	2023
Sales revenues	26 503	28 218	56 494	59 408
Other income	1 043		1 065	
Total income	27 546	28 218	57 559	59 408
Cost of materials	-1 533	-690	-2 545	-8 064
Change in inventory	-542	-171	-854	5 250
Personnel expenses	-12 870	-13 136	-30 882	-28 677
Other operating expenses	-10 009	-7 378	-18 414	-14 955
Depreciation and amortization expenses	-1 469	-1 663	-2 991	-3 253
Total expenses	-26 423	-23 037	-55 686	-49 699
Operating profit/loss (-)	1 123	5 181	1 874	9 708

Note 5 Taxes

The calculation of deferred tax asset and tax expense as of June 30, 2024 and December 31, 2023 is based on a tax rate of 22%. The deferred tax asset is decreased with NOK 1.7 million due to changes in tax loss in the period. The deferred tax asset was NOK 4.2 million as of June 30, 2024. 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 2023.

(Amounts in NOK 1 000)	30.06.2024	31.12.2023	Change
Temporary differences			
Non current assets	275	2 950	2 676
Other temporary differences	689	-801	-1 490
Gains and loss account	4 346	5 432	1 086
Total temporary differences	5 309	7 582	2 273
Financial instruments	5 921	2 079	
Adjustment capitalisation Skattefunn	479	506	
Tax assessment loss carried forward	-30 877	-36 980	
Calculation base deferred tax asset	-19 168	-26 812	
Change in deferred tax asset, 22%	-4 217	-5 899	-1 681
Profit before income tax	7 522	24 765	
Non deductible expenses	-3 692	-1 686	
Non taxable income		-711	
Changes in temporary differences	2 273	529	
Profit before tax loss carried forward	6 102	22 897	
Deferred tax loss carried forward	-6 102	-22 897	
Tax base	0	0	
Tax expense	-1 681	-5 340	

Note 6 Non-current assets

Machinery, equipment and permanent fixtures (Amounts in NOK 1 000)	Q2		YTD	
	2024	2023	2024	2023
Net book value (opening balance)	14 904	15 628	15 020	15 444
Net investment	418	132	858	832
Depreciation and amortization	-580	-530	-1 136	-1 046
Net book value (ending balance)	14 743	15 230	14 743	15 230

Intangible asset (Amounts in NOK 1 000)	Q2		YTD	
	2024	2023	2024	2023
Net book value (opening balance)	29 927	11 501	26 096	9 236
Net investment	1 971	2 433	6 004	4 873
Depreciation and amortization	-201	-264	-404	-439
Net book value (ending balance)	31 696	13 670	31 696	13 670

Lease assets	Q2		YTD	
(Amounts in NOK 1 000)	2024	2023	2024	2023
Net book value (opening balance)	10 484	13 388	12 314	13 873
Adjustment net present value 01.01		-390	227	
Depreciation	-688	-841	-1 452	-1 768
Adjustment and recalculation original contract SIVA		74		125
New premises Share Lab Oslo		1 601		1 601
Cancellation premises Share Lab Oslo		-131	-1 294	-131
Net book value (ending balance)	9 796	13 700	9 796	13 700

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.

Capitalisation of intangible assets consists of the following projects:

New product developemnt, scale-up of existing productes, own patents and DMF related to SAN portfolio.

For further information refer to notes 13,14 and 15 in the Annual report for 2023.

Note 7 Lease assets and liabilities

The Group have four contracts under IFRS16 with Siva Inovation senter for leasing offices and lab facilities .

The subsidiary ArcticZymes had a contract for leasing offices with Share Lab in Oslo. This contract was canceled in Q1-2024.

For further information refer to note 15 in the Annual report for 2023.

(Amounts in NOK 1 000)

Financial position	30.06.2024	30.06.2023	31.12.2023
Lease assets	9 796	13 700	12 314
Total lease assets	9 796	13 700	12 314
Lease liabilities	6 058	9 994	8 414
Total lease liabilities	6 058	9 994	8 414

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 assetes. 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)

consolidated Profit & Loss statement	30.06.2024	30.06.2023	31.12.2023
Lease of IT equipment	239	163	381
Overhead expenses related to premises	1 021	598	1 173
Total leased assets inc. in other op. expenses	1 260	762	1 554

Note 8 Account receivables and other assets

(Amounts in NOK 1 000)	30.06.2024	30.06.2023	31.12.2023
Account receivables	16 264	17 725	13 784
Tax grants	882	631	853
Research grants	1 043		
Short term investments	71 005	66 606	68 968
Other assets	7 041	5 755	2 622
Total account receivable and other assets	96 234	90 718	86 226

Historically, the group has not incurred losses on accounts receivable. Based on this and the fact that there were no losses in 2023, and we expect no material future losses, no provisions for losses were made in Q2.

For further information refer to note 17 in the Annual report for 2023.

Note 9 Related party disclosures

Shares owned or controlled by directors and senior management per 30. June 2024:

Name, position	Number of shares	Number of options
Petter Dragesund, board member	521 739	
Lill Hege Henriksen, Observer (employee)	3 088	
Michael Akoh, CEO		200 000
Børge Sørvoll, CFO	95 428	280 000
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

Note 10 Shareholders

The 20 largest shareholders as of 30.06.2024	Shares	Ownership
Skandinaviska Enskilda Banken AB (Nominee)	7 915 500	15,56 %
Skandinaviska Enskilda Banken AB (Nominee)	3 685 883	7,25 %
Skandinaviska Enskilda Banken AB (Nominee)	2 740 253	5,39 %
Pro AS	2 367 548	4,65 %
Avanza Bank AB (Nominee)	1 785 486	3,51 %
Clearstream Banking S.A. (Nominee)	1 686 431	3,32 %
Nordnet Bank AB (Nominee)	1 556 873	3,06 %
Vinterstua AS	1 449 022	2,85 %
BNP Paribas	1 447 836	2,85 %
State Street Bank and Trust Comp (Nominee)	1 331 197	2,62 %
Belvedere AS	1 159 965	2,28 %
Skandinaviska Enskilda Banken AB (Nominee)	950 024	1,87 %
Middelboe AS	627 400	1,23 %
Riise Invest Nord AS	619 000	1,22 %
Nordnet Livsforsikring AS	611 802	1,20 %
J.P. Morgan SE (Nominee)	600 000	1,18 %
Naudholmen AS	595 000	1,17 %
Danske Bank AS (Nominee)	578 734	1,14 %
Kvantia AS	554 713	1,09 %
Dragesund Invest AS	521 739	1,03 %
20 largest shareholders aggregated	32 784 406	64,45 %

Note 11 Share options

Per 30.06.2024, there were 695,000 outstanding options.

	2024		2023	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.	56,14	795 000	48,84	1 015 000
Granted during the period	38,23	100 000	42,38	250 000
Exercised during the year	10,19	-200 000	8,73	-300 000
Forfeited during the year			64,04	-370 000
Outstanding at 30. June		695 000		595 000
Granted during the year			26,94	200 000
Outstanding at 31. December				795 000

Expiry date, exercise price, and outstanding options:

Expiry date	Average exercise price	2024	2023
		Number of share options	
2025, 14 May	10,19	15 000	215 000
2026, 30 November	89,52	330 000	330 000
2028, 28 February	42,38	50 000	50 000
2028, 30 November	26,94	200 000	
2029, 28 February	38,23	100 000	
Outstanding at 30. June		695 000	595 000
Exercisable options at 30. June		15 000	215 000

Note 12 Other current liabilities

(Amounts in NOK 1 000)	30.06.2024	30.06.2023	31.12.2023
Accrued public fees	2 127	2 581	3 460
Bonus	2 493	2 239	1 781
Unpaid holiday pay	1 911	2 095	4 457
Other personnel	383	2 022	1 277
Accruals	769	1 280	1 922
Total other current liabilities	7 683	10 216	12 898

For further information refer to note 22 in the Annual report for 2023.

Note 13 Events after balance sheet date, 30. June 2024

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 21.08.2024

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. June 2024 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, 21.08.2024

The Board of Directors of ArcticZymes Technologies ASA

Frank Mathias
Chairman

Sharon Brownlow
Director

Petter Dragesund
Director

Terese Solstad
Director-employee

Michael Akoh
CEO

ArcticZymes Technologies ASA

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