ArcticZymes Technologies

3rd Quarter

Quarterly Report

www.arcticzymes.com

2024

ArcticZymes Technologies announces commercial strategic transformation and Q3 2024 Financial results

- ArcticZymes Technologies (AZT) sales revenue for the first 9 months of 2024 is 12% down against the same period in 2023 (79.8 million NOK vs 90.6 million). However, there is an encouraging upward trend quarter over quarter in 2024 of sales of Biomanufacturing products. Revenue in Q3 came in at NOK 24.1 million (Q3 2023: NOK 31.1 million). The biggest change in the quarter is related to fewer orders from key accounts in the quarter, as they adjust their internal stock holding .
- AZT had a negative EBITDA for Q3 of NOK -2.3 million (Q3 2023: NOK 7.3 million) and a loss before tax of NOK 2.0 million (Q3 2023: NOK 8.4 million profit). For the first 9 months, EBITDA was NOK 2.6 million (9M 2023: NOK 20.2 million) and a profit before tax of NOK 5.5 million (9M 2023: NOK 22.2 million).
- Operating expenses for Q3 were 26.4 million (Q3 2023: NOK 23.9 million); this is in line with expectations when we consider the extraordinary items related to implementation of a new ERP solution (NOK 1.2 million). For the first 9 months, operating costs are at NOK 79.1 million (9M 2023: NOK 70.3 million).
- Partnerships discussions for a SAN OEM agreement as well SAN CDMO platform integration progressed during the quarter
- A peer-reviews article describing our new novel patented RNA restriction enzyme (ET-N1 (EcoToxN1)) was published in the prestigious journal Nucleic Acids Research. This new enzyme prototype has potential applications in mRNA research, analytics and manufacturing. As RNA is such a large and growing therapeutic class, this is an important part of diversifying our portfolio within advanced therapies.
- ArcticZymes Technologies is undergoing a commercial transformation to become more client focused and strengthen its foundation—reputation, capabilities, quality, and products. The goal is to make the company known not just for high-quality products but for innovative solutions in advanced therapies and molecular tools by collaborating closely with clients. The new Board of Directors is working closely with management to speed up and heighten these efforts.
- A new VP of Sales (Paul Blackburn) with significant experience in biotechnology product sales joined the Company at the end of Q3 tasked with driving commercial transformation and growth.

Key financial figures:

MNOK	Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change
Sales	23.3	31.2	- 25 %	79.8	90.6	- 12 %
Total revenues	24.1	31.1	- 23 %	81.7	90.6	- 10 %
Operating expenses	26.4	23.9	+10 %	79.1	70.3	+13 %
Operating expenses adj. for ext. items	25.2	23.9	+5 %	74.2	71.7	+3 %
EBITDA	-2.3	7.3	NA	2.6	20.2	- 87 %
EBITDA adj. for ext. items	-1.1	7.3	NA	7.5	18.8	- 60 %
Profit before tax	-2.0	8.4	NA	5.5	22.2	- 75 %

Introduction

ArcticZymes Technologies ASA, (hereinafter "AZT" or "the Company") provide high-quality enzymes for molecular research, diagnostics and biomanufacturing.

Operational review

Commercial

Sales for Q3 2024 were NOK 23.3 million, which was NOK 7.8 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. The number of orders within the biomanufacturing segment was flat, while the molecular tool order numbers were down by 8.6% as some customers have continued inventory restructuring programs.

A new Sales VP Paul Blackburn has been appointed and is focused on transforming the commercial organisation and processes for accelerating the return to growth. We have started to build our thought leadership position through posters, publication of papers, hosting a well-attended technical webinar and an ambitious advanced therapies conference calendar.

Biomanufacturing

Biomanufacturing revenue has been growing for the past 3 quarters and contributed 56% towards total Q3 2024 sales (52% in Q3 of 2023). We have had an increase in new customers every quarter this year compared to previous years, indicating a growing customer base. With the expected lag between the first customer testing and routine in-process use, this increasing customer base is set to reap increasing revenue in 2025.

We have continued the introduction of our flagship product SAN-HQ GMP, and Q3 sales continued to grow. With SAN HQ GMP, we have opened the door for ArcticZymes to compete in the Biomanufacturing segment where GMP compliance is a routine requirement.

A notable trend in the CGT (Cell and Gene Therapy) space is a growing focus on the Contract Development and Manufacturing Organization (CDMO) model. This shift contrasts sharply with the landscape 5–10 years ago, when many biotech companies were heavily focused on building in-house manufacturing capabilities.

Consequently for ArcticZymes, integrating our nuclease products into CDMO platforms has become increasingly vital for short term revenue and also long-term growth and market presence. Significant progress in having our M-SAN product integrated into a leading viral vector CDMO platform has been made, enabling us to tap into this trend. Our strategy is to build on this initial success with a global CDMO major customer, aligning more closely with all leading advanced therapy CDMO's. ArcticZymes will strategically position itself to enhance market penetration, drive consistent demand for our nuclease products and help our customers scale more efficiently in an evolving CGT landscape.

Molecular Tools (Diagnostics & Research)

Molecular Tools serve both the molecular diagnostics and molecular research markets and contributed 44% towards total sales in Q3 2024 (48% Q3, 2023).

The Company saw a decline by NOK 4.7 million (31%) in revenue for its Molecular Tools portfolio versus Q3 2023. The decline was impacted by a lack of demand from existing customers, due to a continuation of destocking programs. However, we expect organic growth, especially with our Endonuclease and Polymerase product offerings during 2025.

Innovations

Within Biomanufacturing, work is further progressing to provide GMP grade quality of our other SAN nucleases. 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. Development of SAN HQ GMP neo is progressing as planned and is scheduled for launch late 2024. The salt active nuclease product portfolio, including SAN HQ GMP neo, will also be supported by the launch of a new improved version of the SAN HQ ELISA kit. (an essential analytical kit used to detect any residual of our specific enzyme in the final manufactured therapeutic). This next-generation product, driven by market trends and voice-of-customer, will have an improved limit of detection, more robust to various sample conditions and a flexible plate format. Together, the SAN HQ GMP neo and the SAN HQ ELISA SensoPlus™ will provide a new and complete solution for clients using salt active nucleases in viral vector manufacturing.

To strengthen ArcticZymes' thought leadership reputation and provide valuable insights to viral vector manufacturers, a whitepaper titled "Efficient Chromatin Removal in Viral Vector Manufacturing Using Salt-Active Nucleases" was published in Select Science. This publication offers key guidance on optimizing manufacturing processes and supporting informed decision-making. The whitepaper describes how M-SAN HQ achieves a cleaner viral vector products with fewer downstream processing (DSP) steps. These advantages not only increase DSP efficiency and yield, and potentially create a purer, higher quality therapeutic product, but also reduces costs—crucial benefits for today's fast-growing therapeutic virus manufacturing sector.

Virus like particles (VLPs) are commonly used in manufacture of biological medicines, particularly in the large market of vaccines. Data utilizing M-SAN HQ in DSP from a collaboration project between AZT and the Austrian Centre of Industrial Biotechnology (acib) was presented at the European Cell and Gene therapy Congress 21st to 24th of October 2024, Rome. The data and poster showed a novel approach to utilize salt-active nucleases and how use of our M-SAN HQ can efficiently fragment chromatin even under physiological salt conditions, improving quality and yield in the downstream purification process of VLPs. As also communicated earlier, the results generated provided the basis for a new patent application, and if granted, will increase AZT's IPR within this field.

Finally, in September, AZT published a research paper in the prestigious international peer reviewed journal Nucleic Acid Research. The paper, entitled "Using nucleolytic toxins as restriction enzymes enables new RNA applications" described the unique features and potential applications of a novel RNA restriction enzyme called ET-N1 (EcoToxN1). The patent-pending innovative ET-N1 enzyme technology catalyses the precise and controlled fragmentation of RNA molecules, enabling the development of cutting-edge methodologies in the rapidly evolving field of RNA research and therapeutics. The new enzyme technology was presented with a poster and talk at the RNA Vaccines and Therapeutics Conference – London 2024, London, confirming the need and interest for new enzyme tools simplifying and speeding the controlled fragmentation of RNA prior to further processing. These enzymes will be an important contributor to diversifying ArcticZymes portfolio further.

Operations

Two customer audits were completed in the period: one towards ISO 13485 within the Molecular Tools segment and one GMP audit within the Biomanufacturing segment, resulting in no major deviations.

Strategic growth initiatives

The Company has been prioritizing organic growth initiatives in 2024, with a strong focus on SAN's (Salt Active Nucleases)—aiming to achieve a full GMP nuclease portfolio. By H2 2025, we will be the only company to have a range of specialised GMP and non-GMP enzymes individually tailored for optimum performance for the two major classes of gene therapies (AAV and Lenti-virus), but applicable also to other biologics including viral vaccines. This will be a vital part of driving revenue growth during 2025.

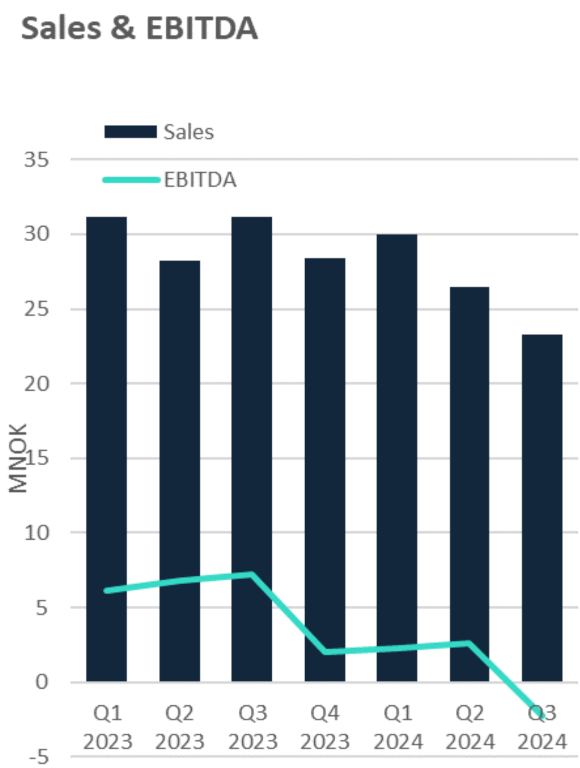
The focus for the Biomanufacturing business is also to diversify the portfolio by having an enzyme portfolio for a range of advanced therapies, rather than solely CGTs. The ADEPT project partly funded by the Norwegian Research Council focuses on developing the advanced therapies portfolio.

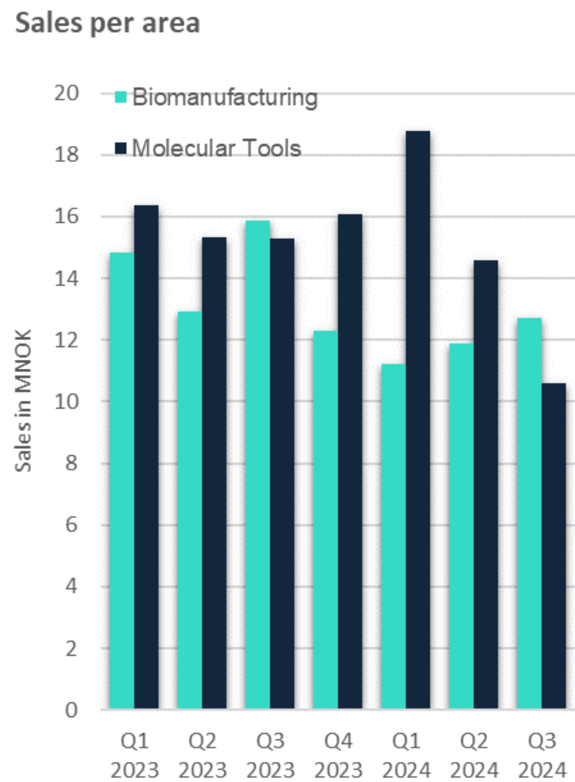
The molecular tools product line will be revitalised both through internal as well as external activities. A new portfolio strategy is being implemented and key enzymes have been identified and prioritized. Long term, the Company will act opportunistically towards bolt on M&A activities that can strengthen the portfolio.

Financial review

AZT reported sales of NOK 23.3 million for the third quarter of 2024 (Q3 2023: 31.2 M). Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK -2.3 million (Q3 2023: 7.3 M) and net profit was NOK -1.6 million (Q3 2023: 6.6 M) in the quarter. Net financial income was a profit of NOK 1.8 million (Q3 2023: 2.8 M).

For the first 9 months of 2024, AZT reported sales of NOK 79.8 million (9m 2023: 90.6 M). Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 2.6 million (9m 2023: 20.2 M) and a net profit of NOK 4.3 million (9m 2023: 19.1 M). Net financial income was a profit of NOK 7.4 million (9m 2023: 6.8 M).





In Biomanufacturing, while sales were lower than in Q3 2023, both the sales and customer acquisition rate have steadily increased throughout 2024; NOK 12.7 million Q3, NOK 11.9 Q2 and NOK 11.2 Q1.

For Molecular Tools, sales are lower than previous quarters with quarterly sales of NOK 10.6 million. This is a decrease compared to the same quarter last year, where sales ended on NOK 15.3 million. The biggest change is related to lower number of orders from our main customers in the quarter, as they adjust their internal stock holding.

The Company recognised NOK 0.8 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 2.5 million in Q3 2024 compared to Q3 2023, primarily explained by higher activity levels such as travel (as we ramp up our exposure at conferences to solidify our thought leadership position), and costs related to implementation of the new ERP solution.

Extraordinary items for the period and the first 9 months

The Company is investing in implementing a new ERP system. This project had an expense of NOK 1.2 million in the second quarter and NOK 4.1 million for the first 9 months. The Company plans to go live with the new ERP solution in 2H 2024. The ERP solution will provide the Company with an infrastructure that is scalable.

Taxes

For Q3 2024, the Company recognised NOK -0.4 million (Q3 2023: 1.8 M) in tax expenses which will be offset against deferred tax assets. The Company had NOK 4.6 million in deferred tax assets at the end of Q3 2024.

Financial position

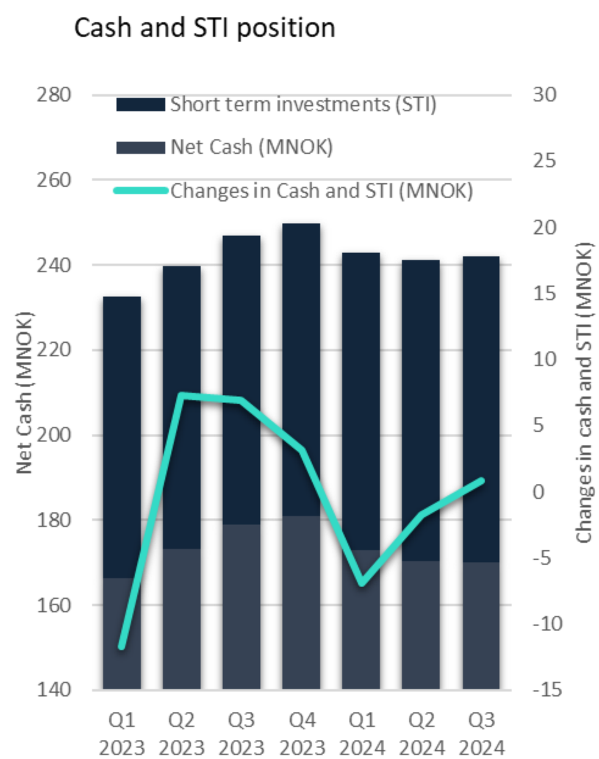
Total equity amounted to NOK 318.8 million at the end of Q3 2024 compared to NOK 305.5 million at the end of Q3 2023.

Total assets were NOK 341.7 million at the end of Q3 2024, up from NOK 334.7 million at the end of Q3 2023.

The Company has no interest-bearing debt.

Cash flow

Net cash flow from operating activities was NOK -3.2 million for the first 9 months of 2024, compared to NOK 14.1 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 -6.9 million in the first 9 months. This is primarily explained by NOK 7.7 million in investments classified as intangible assets, where the scale up of rSAP accounted for NOK 2.3 million, the capitalization of SAN HQ neo accounted for NOK 0.6 million and M-SAN GMP of NOK 2.3 million.

Cash flow from financing activities was NOK -0.9 million for the first 9 months explained by payments on lease liabilities (premises) and a capital increase in Q3.

Changes in cash and cash equivalents was NOK - 10.9 million for the first 9 months 2024. This generated a cash balance of NOK 170.0 million at the end of the quarter, compared to NOK 179.1 million at the end of Q3 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 51,071,390 at the end of the quarter.

200,000 share options were exercised at the end of Q2. These shares were registered and issued in the beginning of the third quarter.

695,000 options are outstanding as of 30.09.2024. 100,000 options were awarded to the CFO during Q1 2024. 200,000 options were exercised by a former board member in Q2 2024.

See the annual report for 2023 and notes 9 and 11 in the Q3 2024 financial statement for further details on option programs.

Outlook

The Company sees it's nuclease portfolio as market leading and worth the significant investment made during 2023 and 2024 to create versions suitable for use in GMP. This is essential to fully unlock it's potential to secure a significant share of the USD 500 million nuclease market. Not only does this investment give us a single GMP enzyme poised to be a market leader, but it creates a quality management system, company culture and processes to enable future enzymes to be developed for GMP use.

A significant lag is to be expected between the first trial of critical biomanufacturing reagents and routine in-process use for a particular therapeutic development. This lag is potentially much lower for a CDMO where, once a reagent is included in a platform process, it can be used in the development of multiple therapeutics by a single customer. Armed now with clear demonstration of success with a global CDMO, our commercial strategy will focus heavily on repeating this process with CDMOs to boost biomanufacturing revenues more rapidly.

While the challenging market environment has impacted revenues across the sector, green shoots in investments are beginning to show and we remain confident in the future market potential of CGTs. Advanced therapies in general offer an extremely attractive (high enzyme usage) market for a novel, high quality enzyme manufacturer. We are currently seeking to diversify the product portfolio more broadly into advanced therapies, such as mRNA enzymes.

In Q3, a strategic review of the Molecular tools portfolio was completed, resulting in a future product roadmap that is closely tied into market trends and customer needs.

A Company-wide strategic review, conducted in collaboration with the new board, has led to a decision to implement a commercial transformation programme, to run throughout the company; from R&D to project management, quality, technical support, marketing, customer service and obviously sales. The Company aims to deliver novel enzyme solutions to support our customers to develop their therapeutics and diagnostics will be more closely reflected in our way of working and presenting the company.

This commercial transformation will also require an investment in additional commercial head count over the coming twelve months.

Several key initiatives:

- Increased investment and focus on building a more customer-centric organization
- Expansion of the sales team and the implementation of new processes
- Enhancement of commercial reach through strategic partnerships
- Partnerships with CDMOs to unlock further growth for the SAN portfolio
- The new Board and management are fully aligned and committed to increasing investment in areas that will drive long-term growth, supporting the Company's transformation into a customer-focused, growth-oriented organization. As we ramp up on commercial activities and resources in the coming quarters, we expect that this will have a short-term impact on profitability but is a necessity to transform the Company into a growth organisation that we are determined to become.

The interim financial statement 30. September 2024 (Q3)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1 000 - except EPS)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Sales revenues	23 318	31 151	79 811	90 559
Other income	794		1 860	
Total income	**24 111**	**31 151**	**81 671**	**90 559**
Cost of materials	-4 671	-1 881	-7 216	-9 944
Change in inventory	3 669	865	2 815	6 115
Personnel expenses	-16 241	-14 777	-47 123	-43 455
Other operating expenses	-9 139	-8 096	-27 553	-23 051
Total operating expenses	**-26 383**	**-23 889**	**-79 078**	**-70 335**
Earnings before interest, taxes, depr. and amort.	**-2 271**	**7 262**	**2 594**	**20 223**
Depreciation and amortization	-1 472	-1 607	-4 464	-4 860
Operating profit/loss (-) (EBIT)	**-3 744**	**5 655**	**-1 870**	**15 364**
Financial income, net	1 765	2 780	7 413	6 799
Profit/loss (-) before tax (EBT)	**-1 979**	**8 435**	**5 543**	**22 163**
Income tax expense	421	-1 808	-1 261	-3 084
Net profit/loss (-)	**-1 558**	**6 627**	**4 282**	**19 079**
Basic EPS (profit for the period)	-0,03	0,13	0,08	0,38
Diluted EPS (profit for the period)	-0,03	0,13	0,08	0,38

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1 000)	30.09.2024	30.09.2023	31.12.2023
Non-current assets			
Deferred tax	4 638	5 780	5 899
Machinery, equipment and permanent fixtures	14 236	15 156	15 020
Intangible assets	33 266	20 051	26 108
Lease assets	9 108	13 229	12 314
Total non-current assets	**61 248**	**54 216**	**59 341**
Current assets			
Inventories	15 688	13 193	12 873
Account receivables and other assets	94 801	88 268	86 227
Cash and cash equivalents	170 016	179 069	180 894
Total current assets	**280 505**	**280 529**	**279 994**
Total assets	**341 752**	**334 745**	**339 335**
Equity			
Share capital	51 071	50 871	50 871
Premium paid in capital	265 770	263 975	263 947
Retained earnings	1 982	-9 368	-5 521
Total equity	**318 823**	**305 478**	**309 297**
Long-term liabilities			
Lease liabillities	5 211	9 346	8 414
Total long-term liabilities	**5 211**	**9 346**	**8 414**
Current liabilities			
Lease liabilities	3 720	4 156	4 174
Acconts payable	4 957	5 016	4 539
Other current liabilities	9 042	10 749	12 898
Total current liabilities	**17 719**	**19 921**	**21 611**
Total liabilities	**22 929**	**29 267**	**30 026**
Total equity and liabilities	**341 752**	**334 745**	**339 323**

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1 000)	30.09.2024	30.09.2023	31.12.2023
Cash flow from operating activities:			
Profit/loss (-) before tax	5 543	22 163	24 765
Profit/loss adjusted for			
Adjustment lease premises	-22	-75	-97
Depreciation and amortization	4 464	4 860	6 381
Employee stock options	3 225	1 454	2 553
Non-cash interest expense	269	340	465
Changes in operating assets and liabilities			
Inventory	-2 815	-6 115	-5 795
Account receivables and other assets	-5 446	-2 573	746
Changes in fair value for financial investment	-4 930	-1 491	-1 805
Payables and other current liabilities	-3 438	-4 455	-2 783
Net cash flow from operating activities	**-3 151**	**14 108**	**24 430**
Cash flow from investing activities:			
Investment in machinery and equipment	-933	-1 299	-1 673
Investment in intangible assets	-7 777	-11 408	-17 546
Short term investments	1 799	-829	-1 796
Changes in long term receivables		-7	
Net cash flow from investing activities	**-6 911**	**-13 543**	**-21 015**
Cash flow from financing activities:			
Payment on lease liabillities	-2 569	-2 535	-3 435
Payment interest on lease liabillities	-269	-340	-465
Capital increase	2 023	2 584	2 584
Net cash flow from financing activities	**-816**	**-291**	**-1 316**
Net change in cash during the period	-10 877	274	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	**170 016**	**179 069**	**180 894**

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
Equity as of 31.12.2022	**50 571**	**261 656**	**-27 491**	**284 736**
Comprehensive income Q1 - Q2 2023			10 643	**10 643**
Transactions with owners:				
Share capital increase	300	2 291	-8	**2 583**
Employees' share options			558	**558**
Transaction cost				**0**
Equity as of 30.06.2023	**50 871**	**263 947**	**-16 298**	**298 520**
Comprehensive income Q3 2023			6 061	**6 061**
Transactions with owners:				
Employees' share options			897	**897**
Equity as of 30.09.2023	**50 871**	**263 947**	**-9 340**	**305 478**
Comprehensive income Q4 2023			2 720	**2 720**
Transactions with owners:				
Employees' share options			1 098	**1 098**
Equity as of 31.12.2023	**50 871**	**263 947**	**-5 521**	**309 297**
Comprehensive income Q1 - Q2 2024			5 840	**5 840**
Transactions with owners:				
Employees' share options			2 313	**2 313**
Equity as of 30.06.2024	**50 871**	**263 947**	**2 632**	**317 450**
Comprehensive income Q3 2024			-1 558	**-1 558**
Transactions with owners:				
Share capital increase	200	1 823	-4	**2 019**
Transaction cost				
Employees' share options			912	**912**
Equity as of 30.09.2024	**51 071**	**265 770**	**1 982**	**318 823**

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

Note 1 Basis of preparation of financial statements

The assumptions applied in the quarterly financial statements for 2024 that may affect the use of accouting principles, book values of assets and liabilities, revenues and expenses are similar to the assumtions 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. September 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 4.1 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.

	Q3		YTD	
(Amounts in NOK 1 000)	2024	2023	2024	2023
Sales revenue:				
Enzymes	23 318	31 151	79 813	90 559
Group operating sales revenues	**23 318**	**31 151**	**79 813**	**90 559**
Gross profit				
Enzymes	22 315	30 136	75 411	86 730
Group gross profit	**22 315**	**30 136**	**75 411**	**86 730**
Other income				
Enzymes	794		1 858	
Unallocated corporate expenses			1	
Group other income	**794**	**0**	**1 859**	**0**
Operating expenses:				
Enzymes	-22 454	-22 133	-66 324	-61 660
Unallocated corporate expenses	-2 926	-740	-8 352	-4 847
Group operating expenses	**-25 380**	**-22 873**	**-74 676**	**-66 506**
Operating profit/loss (-) (EBITDA)				
Enzymes	655	8 002	10 944	25 070
Unallocated corporate expenses	-2 926	-740	-8 351	-4 847
Operating profit/loss (-) (EBITDA)	**-2 271**	**7 262**	**2 594**	**20 223**
Depreciation and amortization:				
Enzymes	-1 459	-1 597	-4 424	-4 831
Unallocated corporate expenses	-13	-10	-40	-29
Group depreciation and amortization	**-1 472**	**-1 607**	**-4 464**	**-4 860**
Profit/loss (-) before interest and tax (EBIT)				
Enzymes	-804	6 405	6 521	20 239
Unallocated corpoate expenses	-2 940	-750	-8 391	-4 876
Profit/loss (-) before interest and tax (EBIT)	**-3 744**	**5 655**	**-1 870**	**15 364**

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)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Sales revenues	23 318	31 151	79 811	90 559
Other income	794		1 860	
Total income	**24 111**	**31 151**	**81 671**	**90 559**
Cost of materials	-4 671	-1 881	-7 216	-9 944
Change in inventory	3 669	865	2 815	6 115
Personnel expenses	-16 241	-14 777	-47 123	-43 455
Other operating expenses	-9 139	-8 096	-27 553	-23 051
Depreciation and amortization expenses	-1 472	-1 607	-4 464	-4 860
Total expenses	**-27 855**	**-25 496**	**-83 541**	**-75 195**
Operating profit/loss (-)	**-3 744**	**5 655**	**-1 870**	**15 364**

Note 5 Taxes

The calculation of deferred tax asset and tax expense as of September 30, 2024 and December 31, 2023 is based on a tax rate of 22%. The deferred tax asset is decreased with NOK 1.3 million due to changes in tax loss in the period. The deferred tax asset was NOK 4.6 million as of Septmber 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)	30.09.2024	31.12.2023	Change
Temporary differences			
Non current assets	2 900	2 950	50
Other temporary differences	1 057	-801	-1 858
Gains and loss account	4 346	5 432	1 086
Total temporary differences	**8 303**	**7 582**	**-721**
Financial instruments	7 010	2 079	
Adjustment capitalisation Skattefunn	465	506	
Tax assessment loss carried forward	-36 859	-36 980	
Calculation base deferred tax asset	**-21 082**	**-26 812**	
Change in deferred tax asset, 22%	**-4 638**	**-5 899**	**-1 261**
Profit before income tax	5 543	24 765	
Non deductable expenses	-4 702	-1 686	
Non taxable income		-711	
Changes in temporary differences	-721	529	
Profit before tax loss carried forward	121	22 897	
Deffered tax loss carried forward	-121	-22 897	
Tax base	**0**	**0**	
Tax expense	**-1 261**	**-5 340**	

Note 6 Non-current assets

Machinery, equipment and permanent fixtures *(Amounts in NOK 1 000)*	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Net book value (opening balance)	14 743	15 230	15 020	15 444
Net investment	75	467	933	1 299
Depreciation and amortization	-583	-541	-1 717	-1 587
Net book value (ending balance)	**14 236**	**15 156**	**14 236**	**15 156**

Intangible asset *(Amounts in NOK 1 000)*	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Net book value (opening balance)	31 696	13 670	26 096	9 236
Net investment	1 773	6 539	7 777	11 408
Depreciation and amortization	-201	-158	-607	-593
Net book value (ending balance)	**33 266**	**20 051**	**33 266**	**20 051**

Lease assets	Q3		YTD	
(Amounts in NOK 1 000)	2024	2023	2024	2023
Net book value (opening balance)	9 796	13 700	12 314	13 873
New premises SIVA		435		435
Depreciation	-688	-908	-2 140	-2 676
Adjustment and recalculation original contract SIVA		10	192	135
New premises Share Lab Oslo				1 601
Cancellation premises Share Lab Oslo			-1 258	-131
Net book value (ending balance)	**9 108**	**13 237**	**9 108**	**13 237**

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 develpoemnt, 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	30.09.2024	30.09.2023	31.12.2023
Lease assets	9 108	13 229	12 314
Total lease assets	**9 108**	**13 229**	**12 314**
Lease liabilites	5 211	9 346	8 414
Total lease liabilities	**5 211**	**9 346**	**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)

Summary of other leased assets presented in the consolidated Profit & Loss statement	30.09.2024	30.09.2023	31.12.2023
Lease of IT equipment	312	361	381
Overhead expenses related to premises	1 084	867	1 173
Total leased assets inc. in other op. expenses	**1 397**	**1 228**	**1 554**

Note 8 Account receivables and other assets

(Amounts in NOK 1 000)	30.09.2024	30.09.2023	31.12.2023
Account receivables	16 749	17 029	13 784
Tax grants	882	71	853
Research grants	1 836		
Short term investments	72 099	67 686	68 968
Other assets	3 234	3 482	2 622
Total account receivable and other assets	**94 801**	**88 268**	**86 227**

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 Q3.

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. September 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 Sjo 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 30.09.2024	Shares	Ownership
Skandinaviska Enskilda Banken AB (Nominee)	9 576 560	18,83 %
Skandinaviska Enskilda Banken AB (Nominee)	3 715 548	7,30 %
Skandinaviska Enskilda Banken AB (Nominee)	2 740 253	5,39 %
Pro AS	2 371 548	4,66 %
Nordnet Bank AB (Nominee)	1 946 132	3,83 %
Avanza Bank AB (Nominee)	1 906 793	3,75 %
Vinterstua AS	1 429 022	2,81 %
Clearstream Banking S.A. (Nominee)	1 412 573	2,78 %
Belvedere AS	1 159 965	2,28 %
J.P. Morgan SE (Nominee)	1 020 000	2,01 %
Skandinaviska Enskilda Banken AB (Nominee)	950 024	1,87 %
BNP Paribas	839 836	1,65 %
State Street Bank and Trust Comp (Nominee)	831 197	1,63 %
Nordnet Livsforsikring AS	711 667	1,40 %
Riise Invest Nord AS	619 000	1,22 %
Danske Bank AS (Nominee)	612 780	1,20 %
Naudholmen AS	595 000	1,17 %
Kvantia AS	554 713	1,09 %
Dragesund Invest AS	521 739	1,03 %
Danske Bank AS (Nominee)	500 000	0,98 %
20 largest shareholders aggregated	**34 014 350**	**66,86 %**

Note 11 Share options

Per 30.09.2024, 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. September		**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 Number of share options	2023
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. September		**695 000**	**595 000**
Exercisable options at 30. September		**15 000**	**215 000**

Note 12 Other current liabilities

(Amounts in NOK 1 000)	30.09.2024	30.09.2023	31.12.2023
Accrued public fees	1 597	2 514	3 460
Unpaid holiday pay	2 977	3 336	4 457
Other personnel	2 569	3 100	3 058
Accruals	1 899	1 801	1 922
Total other current liabilities	**9 042**	**10 749**	**12 898**

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

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

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 05.11.2024

STATMENT 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 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, 05.11.2024

The Board of Directors of ArcticZymes Technologies ASA

Frank Mathias
Chairman

Sharon Brownlow
Director

Petter Dragesund
Driector

Terese Solstad
Director-employee

Michael Akoh
CEO

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