



4th Quarter
Quarterly Report

www.arcticzymes.com

2021

Highlights for Q4 2021

- ArcticZymes Technologies (AZT) had Q4 sales of NOK 40.5 million – an increase of 84% (Q4 2020: NOK 22.1 million)
- Exceeded annual sales target achieving NOK 128.0 million for 2021 – an increase of 37% (2020: NOK 93.4 million)
- Coronavirus-related sales are estimated at NOK 9.3 million (Q4 2020: NOK 7.1 million)
- Gross profit increased to NOK 38.5 million because of increased sales (Q4 2020: NOK 21.5 million)
- Positive EBITDA of NOK 20.8 million (Q4 2020: NOK 6.8 million)
- Cash flow was positive NOK 14.0 million (Q4 2020: NOK 73.4 million due to Biotec BetaGlucans divestment) giving a cash balance of NOK 200.4 million (Q4 2020: NOK 140.2 million)
- Launched 3 new products and successfully upscaled the manufacturing of the M-SAN HQ enzyme
- New 500 m² production facility completed and operational

CEO Jethro Holter comments:

“We are delighted that the enzyme business continues to drive strong quarterly sales growth and exceeded its promise to achieve annual sales of NOK 120 million. It has been an excellent year for the Company demonstrating its ability to operate as a profitable and high-growth, standalone enzyme company following the earlier divestment of the Biotec BetaGlucans subsidiary.”

ArcticZymes Technologies continues to bring innovations to market and enters 2022 with a new state-of-the-art manufacturing facility. These will be instrumental in further supporting organic growth of the enzyme business.”

Key financial figures:

| NOK 1.000 | Q4 2021 | Q4 2020 | Change | YTD 2021 | YTD 2020 | Change |
|---------------------------|---------|---------|---------|----------|----------|--------|
| Sales | 40 515 | 22 054 | + 84 % | 127 970 | 93 449 | + 37 % |
| Total revenues | 41 190 | 24 013 | + 72 % | 131 048 | 97 823 | + 34 % |
| Operating expenses | 18 369 | 16 617 | + 11 % | 65 539 | 51 260 | + 28 % |
| EBITDA | 20 849 | 6 814 | + 206 % | 61 623 | 45 432 | + 36 % |
| EBIT | 19 977 | 6 156 | + 224 % | 58 432 | 42 793 | + 37 % |
| Changes in cash | 13 964 | 73 419 | - 81 % | 60 246 | 108 515 | - 44 % |

Note: all financial figures for 2020 are excluding discontinued operations (Biotec BetaGlucans)

Introduction

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

Operational review

Commercial

The Company achieved its best-ever quarterly sales performance and exceeded its financial guidance (target: NOK 120 million) with respect to annual sales revenues. All market segments attributed towards quarterly and annual growth of the business.

Biomanufacturing

The Biomanufacturing segment continues to grow through sales of its expanding Salt Active Nuclease (SAN) product line. The segment achieved 29% quarterly growth versus Q4 2020 and 13% annual growth versus 2020 in sales revenues. The segments contribution towards Q4 sales was 29%.

The main growth driver was non-coronavirus-related sales for utility of SAN products in gene therapy, vaccine development and other biomanufacturing processes. As observed during the third quarter, customer engagement and their development activities have largely returned to normal in most regions. The only exception is in Europe with a few customers who continue to prioritise contract manufacturing of coronavirus vaccines.

In the Asia-Pacific region, the adoption of SAN products continues to increase across the region. In supporting future growth, AZT has created a regional network of specialised distributors with representation extending to China, Hong Kong, Singapore, South Korea, Australia, India, and Thailand. Japan is supported by direct representation through AZT’s business developer

and a small network of specialised “biomanufacturing” distributors/sales agents.

AZT has attended several trade shows during the quarter which have been well attended and led to numerous new business opportunities for the entire SAN product line. This includes readying customers for the Q4 launch of the complete M-SAN HQ solution offering (see later): upscaled M-SAN HQ enzyme and accompanying ELISA kit.

Beyond the SAN portfolio, other enzymes such as the proteinase represent ongoing opportunities associated with cell therapy and RNA therapeutic applications.

The cell and gene therapy market is fast growing with a CAGR ranging between 12-33% depending on the technologies and applications being utilised^{1,2,3}. AZT is well positioned to addressing the market opportunities via its network of 100+ customer relationships and its ability to leverage an expanding product offering.

Molecular Research & Diagnostics (Molecular Tools)

The combined molecular research and diagnostics segment is served by the whole enzyme portfolio. In the future, the Company will refer to this, collectively, as the Molecular Tools segment.

The Molecular Tools segment continues to experience strong growth. The segment achieved 123% quarterly growth versus Q4 2020 and 54% annual growth versus 2020 in sales revenues. The segments contribution towards Q4 sales was 71%.

Molecular research’s contribution towards Q4 was 32%. The trend remains from the last three quarters with the gradual re-establishment of the business to pre-pandemic sales levels. Customer engagement is back to normal with existing customers and new customer opportunities.

For molecular research, AZT's recombinant Shrimp Alkaline Phosphatase (rSAP) represents the current lead product and sales exceeded expectation for the quarter through sales to the Company's largest customer and other key customers. Overall, the Company achieved the highest ever annual sales of the rSAP products. Although it cannot be quantified, the utility of rSAP in Sanger sequencing to identify coronavirus variants is suspected to be a main contributor to the elevated sales achieved during the latter part of the year.

Molecular diagnostic sales contribution towards Q4 was 39%. Growth was driven by a combination of coronavirus-related sales with established customers and non-coronavirus related sales. Towards the latter part of the year engagement with diagnostic test developers and manufacturers has largely shifted back to business as normal.

In molecular diagnostics, Cod UNG product sales continue to dominate and achieved the second-highest quarterly sales of Cod UNG for the year. Furthermore, it was a record quarter for the dsDNase's product sales achieving the highest ever quarterly performance. dsDNase's are mainly utilised in RNA-based diagnostic tests and other applications to remove unwanted genomic DNA or double stranded DNA. For both Cod UNG and the dsDNase products, AZT achieved the best-ever annual sales for these products.

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

In addition, the recent release of prototype enzymes by customers has been well received. Numerous customer evaluations are ongoing following the provision of prototype samples.

The Molecular Tools segment is supported by a growing base of 200+ customers.

Coronavirus-Related Sales

Coronavirus-related sales contribution towards Q4 sales revenues were 23% or NOK 9.3 million. This represents the second-highest quarterly sales for the year and correlates with the demand in testing following the Omicron variant outbreak.

Vaccine-related sales continue to represent a minor contribution of Coronavirus-related sales. However, such business is expected to take some time before it has any noticeable impact on sales revenues. There is potential to achieve sustained and long-term revenues with customers who achieve successful clinical trials.

For 2021, estimated Coronavirus-related sales were NOK 33.2 million or 26% of total annual sales. However, the Company does not have full visibility and can only provide an educated estimate. Furthermore, the impact from Coronavirus-related sales is becoming increasingly more difficult to quantify as further AZT's products are being utilised in Coronavirus-related applications (e.g. rSAP in Sanger sequencing of Coronavirus variants). Sales are expected to remain through numerous well-established customers as well as new business opportunities such as the utility of AZT's enzymes in sequencing applications to monitor and for the surveillance of variants, and multiplex assays and Point-of-Care (PoC) testing. Post-pandemic sales are expected to gradually decline to a new steady state, but fluctuations will likely be triggered as new variants emerge.

Innovations

AZT launched several new products during the quarter:

- **ArcticZymes R2D™ Ligase** – Patent-pending ligase with novel specificity enabling the ligation of DNA to both ends of RNA using a

DNA splint. The enzyme is an enabling tool for new technology development and is expected to have broad applicability in Molecular Diagnostics (MDx), Next Generation Sequencing (NGS), and DNA/RNA synthesis applications for potential therapeutic applications.

- **IsoPol® BST⁺ High Concentration Glycerol FREE** - highly concentrated formulation of the DNA polymerase to support ongoing customer opportunities for utility in new NGS platform technologies and PoC test developments. Glycerol-free formulations are essential for lyophilisation (or drying down) of reagent cocktails. This helps improve stability, shelf-life and reduce the volume of fluid in a diagnostic test or sequencing of a patient sample. High concentration of the DNA polymerase is required to achieve the fastest-reaction activity following a large dilution of the lyophilised reagent cocktail in these technology platforms.
- **M-SAN HQ ELISA Kit** – The new ELISA immunoassay product is an essential support product for customers using the M-SAN HQ enzyme in biomanufacturing processes for gene therapy and viral vaccine production. In combination with the M-SAN HQ enzyme, the new immunoassay product provides a complete solution for the critical elimination of nucleic acid contamination during biomanufacturing.
- **M-SAN HQ enzyme (Upscaled)** - The upscaling of the M-SAN HQ enzyme was timed to coincide with the launch of the new ELISA kit. The M-SAN HQ enzyme manufacturing process has been upscaled and transitioned to large-scale fermentation. This successful upscaling achieved greater than a 100-fold increase in fermentation yield. The upscaling was necessary to meet the expected increase in demand following the launch of the ELISA kit and ensure customers can receive large quantities of enzyme from a single production batch.

New innovations are essential to AZT's strategy to provide a complete and synergistic portfolio of novel and high-quality enzymes to its commercial customers. The Company's innovation pipeline is steered through voice of customer and focused on the market segments with the highest growth potential.

Future innovations include reverse transcriptases, thermostable and isothermal DNA Polymerases, ligases, nucleases, proteinases and other enzymes. Some of these innovations will represent new product launches during 2022.

Moreover, discovery activities have been initiated to identify novel and high-quality enzymes essential for RNA therapeutics. AZT aims to launch its first enzymes for RNA therapeutic applications during 2023. The RNA therapeutics market represents one of the largest growth segments in Biomanufacturing. The RNA based therapeutics market is expected to reach \$25 Billion, globally, by 2030 at a 17.6% CAGR⁴. Promising RNA technologies include interference RNA, antisense RNA, RNA aptamers and messenger RNA (or mRNA)⁵. mRNA represents the greatest opportunity for AZT and its customers following its proven commercial use as Coronavirus vaccines.

Operations

The new 500 m² production facility at the SIVA Innovation Centre in Tromsø was opened and operational in Q4. The new "World class" facility caters for the scalable manufacturing of enzyme products and meets the strict requirements demanded by ISO13485: In Vitro Diagnostics (IVD) and cGMP. The facility has the capacity to support the increasing production demands of existing products, future innovations, and organic growth of the business over the next 4-5 years. Lastly, all Tromsø based employees are now located under one roof at the SIVA Innovation Centre, leading to an anticipated productivity gain.

The Company was audited for ISO13485:2016 recertification, including the new production facility. AZT achieved recertification and will be reissued a new certificate early Q1 2022. The certificate is essential for the long-term continuity of business with IVD customers and attracting new business from potential diagnostic test developers.

Strategic growth initiatives

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

In supporting organic growth, the establishment of the laboratory in Oslo which will focus efforts on application development is progressing according to plan. It is expected to be operational within Q2 2022.

The Company continues to intensify activities towards its inorganic growth initiatives. Ongoing discussions with earlier acquisition targets are progressing. In addition, AZT has expanded its search to identify new potential targets in both market segments it serves and beyond European borders to include North America. AZT commissioned a specialised consultancy to support its search efforts on a project basis.

Corporate

Following the divestment of the Biotec BetaGlucans (BBG) segment last year, execution of the transition is completed according to plan. All transitional service agreements were completed by the end of 2021.

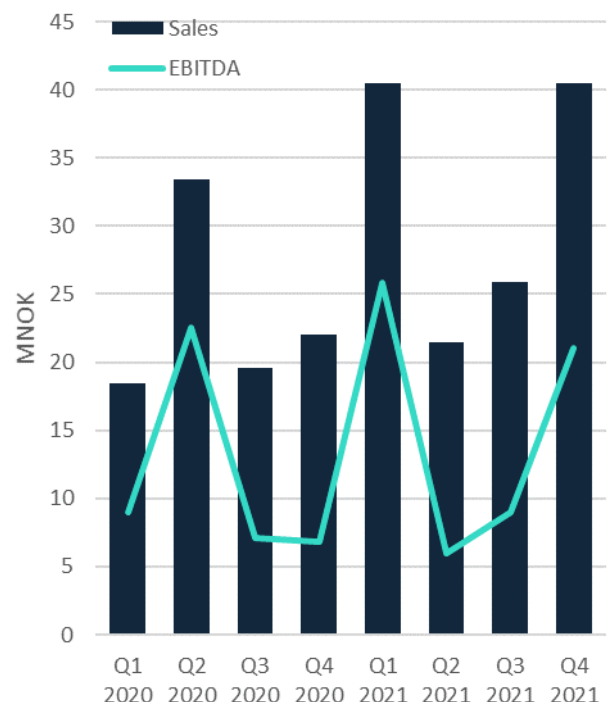
Financial review

All figures presented are excluding discontinued operations (Biotec BetaGlucans), unless otherwise stated. This is in alignment with

current IFRS rules. Biotec BetaGlucans was divested on 31.12.2020.

AZT reported sales of NOK 40.5 million (Q4 2020: 22.1 M) for the fourth quarter of 2021. Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 20.8 million (Q4 2020: 6.8 M) and earnings before interest and tax (EBIT) were NOK 20.0 million (Q4 2020: 6.2 M) in the quarter.

Sales & EBITDA

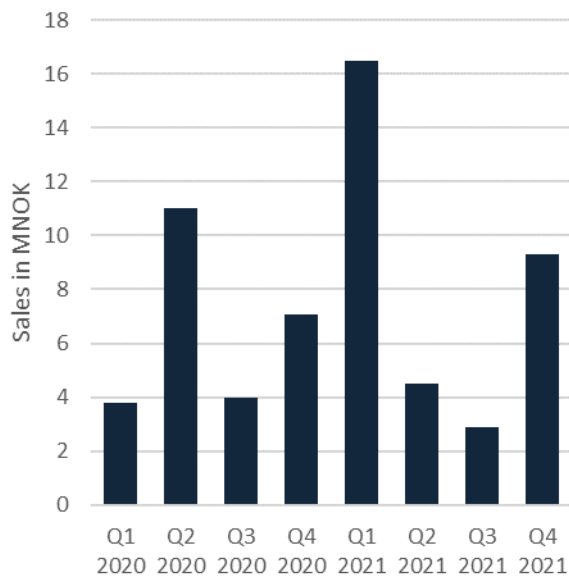


EBITDA for the fourth quarter is up by NOK 14.0 million from fourth quarter 2020 explained by higher sales. Operating expenses are increased as the Company is investing in organic growth initiatives by recruitment of further personnel.

For the full year 2021, AZT reported sales of NOK 128.0 million (2020: 93.4 M). Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 61.6 million (2020: 45.4 M) and earnings before interest and tax (EBIT) were NOK 58.4 million (2020: 42.8 M).

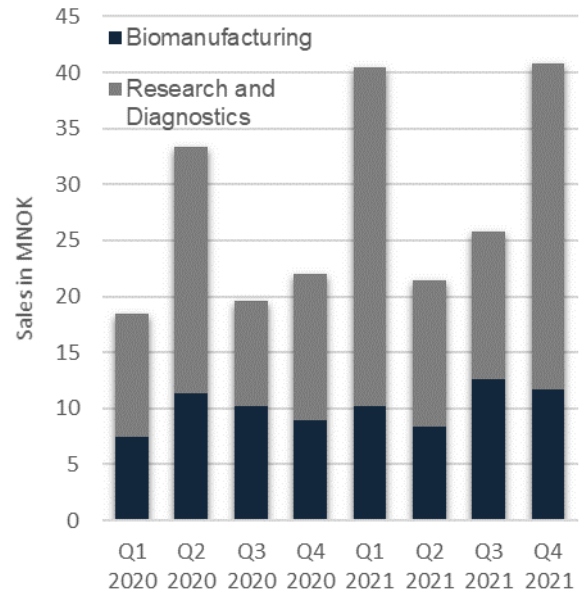
The Company's revenues are primarily denominated in Euro and USD which impacts the financial statements. A strengthening or weakening of the NOK versus USD and EURO will influence underlying growth figures. By using an equivalent exchange rate in 2021 as 2020, revenues would have been NOK 2.1 million and NOK 10.7 million higher for Q4 and for the whole year, respectively.

Estimated Coronavirus-related sales



Of the NOK 40.5 million in quarterly sales, an estimated NOK 9.3 million (Q4 2020: 7.1 M) were Coronavirus-related. For the whole year 2021, an estimated NOK 33.2 million (2020: 25.8 M) were Coronavirus-related sales. These sales will continue to fluctuate from quarter to quarter moving forward.

Sales per segment



Extraordinary items for the period

EBITDA for the fourth quarter is impacted by NOK 0.1 million in accrued employer's national insurance contribution after "2018 option rights" were earned on 31.05.2021. CEO, Jethro Holter exercised 200,000 options in December 2021. NOK 2.3 million was paid in national insurance contribution after the exercise and NOK 2.6 million is accrued in national insurance contribution for unexercised options per end of the year. For 2021, NOK 4.9 million has been expensed relating to national insurance contribution. The accrual and expense will fluctuate moving forward together with fluctuations in the share price.

Taxes

Due to the positive development in financial figures, divestment of Biotec BetaGlucans and forecast for the future, the Company recognised profit loss carried forward as a deferred tax asset on the balance sheet per 31.12.2020. For Q4 2021, the Company recognised NOK 4.6 million in tax expense and

NOK 12.8 million for 2021, which will be offset against the deferred tax asset.

Discontinued operations

AZT and Danstar Ferment AG (subsidiary of Lallemand Inc.) signed a share purchase agreement on 14th December 2020 for the divestment of Biotec BetaGlucans AS. The transaction was based on an Enterprise value of NOK 70 million plus cash, minus debt, and normalised working capital adjustment on closing of the transaction per 31st December 2020.

The transaction adjustments were closed on 31st March giving AZT NOK 16.2 million in further cash settlement.

Financial position

Total equity amounted to NOK 244.9 million at the end of Q4 2021 compared to NOK 196.3 million at the end of Q4 2020.

Total assets were NOK 284.1 million at the end of Q4 2021, up from NOK 221.9 million at the end of Q4 2020.

The Company has no interest-bearing debt.

Cash flow

Net cash flow from operating activities was NOK 73.9 million in 2021 compared to NOK 46.9 million in 2020. This is an increase of NOK 27.0 million for the year.

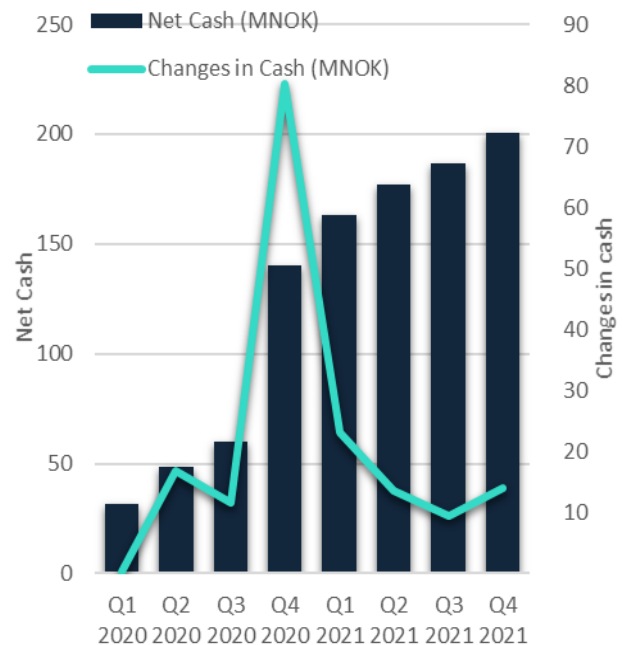
The operating cash flow from continued operations reflects a change in working capital of NOK 9.7 million compared to end of 2020 due to a decrease in receivables by NOK 4.6 million, an increase in inventory of NOK 3.0 million and an increase in liabilities of NOK 8.1 million.

Cash flow from investing activities was negative NOK 11.6 million for 2021, explained primarily

by investments related to new production facility and cash flow from financing activities was negative NOK 2.0 million.

Changes in cash and cash equivalents were NOK 60.2 million in 2021 and generated a cash balance of NOK 200.4 million at the end of 2021, compared to NOK 140.2 million at the end of 2020.

Cash position



Shareholder matters

The total number of issued shares was 50,371,390 at the end of the quarter. The share capital was increased by 1,836,717 shares in the second quarter, explained by a contribution in kind where 4% ownership in ArcticZymes AS was transferred to the mother company, ArcticZymes Technologies ASA. Also, a further increase of 200,000 shares was made in the fourth quarter after the execution of options by the CEO.

Furthermore, 400,000 options were earned and vested in the second quarter by other members of the senior management.

500,000 options under the Company's long-term incentive program were awarded to senior

executives in the fourth quarter of 2021. Combined with previously awarded options, a total of 1.215.000 options are outstanding at 31.12.2021.

See the annual report for 2020 and notes 3 and 6 in the Q4 2021 financial statement for further details on option programs.

Risk factors

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

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

The coronavirus pandemic has had a net positive impact on the business in 2020 and 2021 as the Company's products are used in diagnostic test solutions and potential vaccine candidates. Coronavirus-related sales are expected to decline before reaching steady state over the next 12 months. However, the risks are considered minimal because they will be compensated by sales in other areas of the business after commercial and customer activities have mostly returned to normal. This is evident in all market segments as well as out in the field with re-establishment of face-to-face customer interactions.

Also, see the risk factors which are described in the annual report for 2020 and published on the Company's website www.arcticzymes.com.

Outlook

The Company's outlook for 2022 is as following:

- Topline sales growth with an annual sales target of NOK 155 million.
- Quarterly fluctuations will continue to be inherent in the business.
- Lower contribution is expected from coronavirus-related sales.
- Expanded application activities beyond Tromsø and into the Oslo region.
- New product launches and upscaling the manufacturing process of relevant enzymes.
- Continue to invest in talent acquisition to support short- and long-term organic growth.
- M&A activities will be a priority and with the goal to secure a deal within 2022.

Longer-term, AZT will concentrate its efforts to grow the Biomanufacturing and Molecular Tools segments via an expanded and more complete offering to leverage the greater potential. The Company has the goal to realise an annual sales potential of NOK 350 million by 2025 through organic growth.

1. <https://www.bccresearch.com/partners/bis-market-research/global-cell-and-gene-therapy-market.html>
2. <https://www.europeanpharmaceuticalreview.com/news/160051/cell-and-gene-therapy-manufacturing-services-market-to-value-13-8-billion-by-2026/>
3. <https://www.rootsanalysis.com/press-releases/233-the-viral-and-non-viral-vector-manufacturing-market-is-projected-to-grow-at-an-annualized-rate-of-over-15-claims-roots-analysis.html>
4. <https://www.alliedmarketresearch.com/rna-based-therapeutics-market>
5. <https://www.rootsanalysis.com/reports/mrna-therapeutics-and-vaccines-market.html>

The interim financial statement 31. December 2021 (Q4)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

| (Amounts in NOK 1 000 - except EPS) | Q4 | | YTD | |
|-----------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Sales revenues | 40 515 | 22 054 | 127 970 | 93 449 |
| Other revenues | 675 | 1 959 | 3 078 | 4 374 |
| Sum revenues | 41 190 | 24 013 | 131 048 | 97 823 |
| Cost of goods | -519 | -1 026 | -2 508 | -2 034 |
| Change in inventory | -1 454 | 444 | -1 378 | 903 |
| Personnel expenses | -12 585 | -9 835 | -46 781 | -34 564 |
| Other operating expenses | -5 784 | -6 782 | -18 758 | -16 696 |
| Sum expenses | -20 341 | -17 199 | -69 425 | -52 390 |
| Earnings before interest, taxes, depr. and amort. | 20 849 | 6 814 | 61 623 | 45 432 |
| Depreciation and amortization expenses | -872 | -658 | -3 191 | -2 639 |
| Operating profit/loss (-) (EBIT) | 19 977 | 6 156 | 58 432 | 42 793 |
| Financial income, net | -87 | -642 | 570 | -384 |
| Profit/loss (-) before tax (EBT) | 19 890 | 5 514 | 59 002 | 42 409 |
| Tax | -4 584 | 33 143 | -12 753 | 33 143 |
| Net profit/loss (-) before discontinued operations | 15 306 | 38 657 | 46 249 | 75 552 |
| Net profit from "Discontinued operations" | | -2 275 | | 9 356 |
| Net profit/loss (-) | 15 306 | 36 382 | 46 249 | 84 908 |
| Basic EPS (profit for the period) | 0,30 | 0,75 | 0,92 | 1,76 |
| Diluted EPS (profit for the period) | 0,30 | 0,74 | 0,90 | 1,73 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Amounts in NOK 1 000) | 31.12.2021 | 31.12.2020 |
|------------------------------------------------|----------------|----------------|
| Non-current assets | | |
| Deferred tax | 20 544 | 33 143 |
| Machinery and equipment | 12 302 | 3 058 |
| Intangible assets | 1 790 | 420 |
| Lease assets | 16 079 | 10 515 |
| Other non-current assets | | 5 |
| Total non-current assets | 50 714 | 47 140 |
| Current assets | | |
| Inventories | 6 882 | 3 889 |
| Account receivables and other receivables | 26 113 | 30 705 |
| Cash and cash equivalents | 200 424 | 140 178 |
| Total current assets | 233 419 | 174 771 |
| Total assets | 284 133 | 221 912 |
| Equity | | |
| Share capital | 50 371 | 48 335 |
| Premium paid in capital | 260 256 | 151 039 |
| Retained earnings | -65 761 | -4 954 |
| Non-controlling interests | | 1 909 |
| Total equity | 244 867 | 196 330 |
| Other long-term liabilities | | |
| Lease liabilities | 14 472 | 9 595 |
| Total other long-term liabilities | 14 472 | 9 595 |
| Current liabilities | | |
| Accounts payable and other current liabilities | 24 794 | 15 987 |
| Total current liabilities | 24 794 | 15 987 |
| Total liabilities | 39 267 | 25 582 |
| Total equity and liabilities | 284 133 | 221 912 |

CONSOLIDATED CASH FLOW STATEMENT

| (Amounts in NOK 1 000) | 2021 | 2020 |
|------------------------------------------------------|----------------|----------------|
| Cash flow from operating activities: | | |
| Profit after tax | 46 249 | 84 908 |
| Adjustment: | | |
| Tax | 12 753 | -33 143 |
| Loss machinery | 55 | |
| Depreciation | 3 191 | 9 954 |
| Employee stock options | 1 238 | 848 |
| Non cash interest expense | 694 | 708 |
| Changes in working capital | | |
| Inventory | -2 993 | 1 932 |
| Account receivables and other receivables | 4 592 | -15 898 |
| Payables and other current liabilities | 8 078 | -2 381 |
| Net cash flow from operating activities | 73 856 | 46 928 |
| Cash flow from investing activities: | | |
| Purchase of fixed assets | -10 035 | -1 912 |
| Investment in intangible assets | -1 563 | |
| Divestment of subsidiary (Biotec BetaGlucans) | | 66 759 |
| Change in long term receivables | 5 | 4 |
| Net cash flow from investing activities | -11 593 | 64 851 |
| Cash flow from financing activities: | | |
| Interest expense on lease liability | -694 | -708 |
| Dividends to minority shareholders | -1 159 | |
| Capital increase | 1 600 | |
| Other financial transactions | -1 763 | -2 556 |
| Net cash flow from financing activities | -2 017 | -3 264 |
| Changes in cash and cash equivalents | 60 246 | 108 515 |
| Cash and cash equivalents at the beginning of period | 140 178 | 31 662 |
| Cash and cash equivalents at end of period | 200 424 | 140 178 |

Note: 2020 figures includes cash flow from discontinued operations (Biotec BetaGlucans).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. January till 31. December

| (Amounts in NOK 1 000) | Share capital | Premium paid-in capital | Retained Earnings | Non-controlling interests | Total equity |
|--------------------------------------------|---------------|-------------------------|-------------------|---------------------------|----------------|
| Equity as of 31.12.2019* | 48 335 | 151 039 | -154 233 | 1 336 | 46 477 |
| Comprehensive income 2020 | | | 73 762 | 1 789 | 75 551 |
| Dividends to non controlling interests | | | | -1 159 | -1 159 |
| Divestment discontinued operations | | | 65 257 | | 65 257 |
| Result from discontinued operations | | | 9 356 | | 9 356 |
| Transactions with owners: | | | | | |
| Employees' share options | | | 848 | | 848 |
| Equity as of 31.12.2020 | 48 335 | 151 039 | -5 009 | 1 966 | 196 330 |
| Comprehensive income 2021 | | | 46 249 | | 46 249 |
| Adjustment minority shareholders | | | 1 966 | -1 966 | 0 |
| Transactions with owners: | | | | | |
| Share capital increase | 2 037 | 109 217 | | | 111 254 |
| Contribution in kind minority shareholders | | | -110 203 | | -110 203 |
| Employees' share options | | | 1 238 | | 1 238 |
| Equity as of 31.12.2021 | 50 371 | 260 256 | -65 761 | 0 | 244 867 |

* 31.12.2019 Includes discontinued operations (Biotec BetaGlucans AS)

Notes to the interim accounts for 31. December 2021 (Q4)

Note 1 - Basis of preparation of financial statements

The assumptions applied in the financial statements for 2021 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 2020.

These financial statements are the unaudited interim consolidated financial statements (hereafter "the Interim Financial Statements") of ArcticZymes Technologies ASA and its subsidiaries (hereafter "the Group") for the period ended 31. December 2021. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34). These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year, ended 31. December 2020 (hereafter "the Annual Financial Statements"), as they provide an update of previously reported information.

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

Income tax expense or benefit is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year.

Note 2 - Analysis of operating revenue and -expenses, segment information and discontinued operations

Services provided by the parent company are expensed at segment according to agreements with actual subsidiary. Corporate overhead costs remain unallocated. Biotec BetaGlucans was divested on 31.12.2020. This segment note includes financial effect of BBG up and until closing of the transaction on 31.12.2020.

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

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

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

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

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

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

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

Other operating income are government tax grants and research grants.

| (Amounts in NOK 1 000) | Q4 | | YTD | |
|-------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Sales revenue: | | | | |
| Beta-Glucans (discontinued operations) | | 11 673 | | 49 624 |
| Enzymes | 40 515 | 22 054 | 127 970 | 93 449 |
| Group operating sales revenues | 40 515 | 33 727 | 127 970 | 143 072 |
| Gross profit | | | | |
| Beta-Glucans (discontinued operations) | | 7 473 | | 28 821 |
| Enzymes | 38 543 | 21 472 | 124 084 | 92 318 |
| Group gross profit | 38 543 | 28 945 | 124 084 | 121 139 |
| Other revenues | | | | |
| Beta-Glucans (discontinued operations) | | | | 213 |
| Enzymes | 298 | 1 959 | 1 955 | 4374 |
| Unallocated corporate expenses | 378 | | 1 123 | |
| Group other revenues | 675 | 1 959 | 3 078 | 4 587 |
| Operating expenses: | | | | |
| Beta-Glucans (discontinued operations) | | -3 876 | | -14 451 |
| Enzymes | -13 997 | -12 302 | -49 416 | -40 951 |
| Unallocated corporate expenses | -4 372 | -3 764 | -16 123 | -8 283 |
| Group operating expenses | -18 369 | -19 942 | -65 539 | -63 685 |
| Operating profit/loss (-) (EBITDA) | | | | |
| Beta-Glucans (discontinued operations) | | 3 597 | | 14 583 |
| Enzymes | 24 843 | 11 129 | 76 623 | 55 741 |
| Unallocated corporate expenses | -3 994 | -3 764 | -15 001 | -8 283 |
| Operating profit/loss (-) (EBITDA) | 20 849 | 10 962 | 61 623 | 62 041 |
| Depreciation and amortization: | | | | |
| Beta-Glucans (discontinued operations) | | -6 487 | | -7 548 |
| Enzymes | -688 | -538 | -2 442 | -2 161 |
| Unallocated corporate expenses | -185 | -61 | -749 | -243 |
| Group depreciation and amortization | -872 | -7 086 | -3 191 | -9 952 |
| Profit/loss (-) before interest and tax (EBIT) | | | | |
| Beta-Glucans (discontinued operations) | | -2 890 | | 7 034 |
| Enzymes | 24 156 | 10 591 | 74 182 | 53 580 |
| Unallocated corporate expenses | -4 179 | -3 825 | -15 749 | -8 526 |
| Profit/loss (-) before interest and tax (EBIT) | 19 977 | 3 876 | 58 432 | 52 088 |

Note 3 Share options

Per 31.12.2021, there were 1,215,000 outstanding options in the Group. The fair value of the historic services received from the associates in return for the options granted is recognized as an expense in the consolidated profit and loss statement. Total expense for the options are accrued over the vesting period based on the fair value of the options granted, excluding impact of any vesting conditions that are not reflected in the market. Management updates the estimated number of options that will vest each period end. A change in the estimated number of options that will vest is recognised as an adjustment in the accumulated expense with a corresponding change in equity.

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

| | 2021 | | 2020 | |
|------------------------------------|------------------------|-------------------------|------------------------|-------------------------|
| | Average exercise price | Number of share options | Average exercise price | Number of share options |
| As of 01.01. | 10.19 | 315 000 | | |
| Earned during the year | 8.00 | 600 000 | | |
| Granted during the year | 89.52 | 500 000 | 10.19 | 315 000 |
| Exercised during the year | 8,00 | -200 000 | | |
| Outstanding at 31. December | | 1 215 000 | | 315 000 |

CEO J. Holter, CFO B. Sørvoll and R.Engstad (former employee) has been given the right to receive 200 000 options each with the following assumptions:

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

The vesting period is 2,5 years (31.12.2018-31.05.2021), with an additional 1,5 year declaration period (until 31.12.2022). All the granted options were earned and vested on 31 May 2021 as the share price was NOK 87.95 per share end May 2021. Jethro Holter exercised 200,000 options in December 2021.

Expiry date, exercise price, and outstanding options:

| Expiry date | Average exercise price | 2021 | 2020 |
|--------------------------------------------|------------------------|-------------------------|----------------|
| | | Number of share options | |
| 2022, 31 December | 8.00 | 400 000 | |
| 2025, 14 May | 10.19 | 315 000 | 315 000 |
| 2026, 30 November | 89.52 | 500 000 | |
| Outstanding at 31. December | | 1 215 000 | 315 000 |
| Exercisable options at 31. December | | 400 000 | 0 |

The fair value of employee rights to receive options (2022 program) are calculated according to the Black-Scholes method with barrier most important parameters are share price at grant date (NOK 3,52 per share), risk free rate (1,49%), expected term of 5 years, options. The expected dividend yield (0%), strike (NOK 8,00 per share) and volatility last 5 years (55,25%).

The fair value of the boards options (2025 options) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 22.80 per share) , risk free rate (1,49%), expected term of 5 years, expected dividend yield (0%), strike (NOK 10,19 per share) and volatility last 5 years (59,02%).

The fair value of employee options (2026 program) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 85.10 per share), risk free rate (1,50%), expected term of 5 years, expected dividend yield (0%), strike (NOK 89,52 per share) and volatility last 5 years (60,43%).

The fair value is expensed over the vesting period. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly declines to renew its authorization to issue new shares.

Note 4 Fixed assets

| Machinery & equipment (Amounts in NOK 1 000) | Q4 | | YTD | |
|-------------------------------------------------|---------------|--------------|---------------|--------------|
| | 2021 | 2020* | 2021 | 2020* |
| Net book value (opening balance) | 10 174 | 2 923 | 3 058 | 1 897 |
| Net investment | 2 017 | 619 | 8 297 | 1 795 |
| Loss of operating assets | -40 | | -40 | |
| Work in progress lab facility | 355 | | 1 738 | |
| Depreciation and amortization | -204 | -484 | -751 | -633 |
| Net book value (ending balance) | 12 302 | 3 058 | 12 302 | 3 058 |

* 31.12.2020 Includes Biotec BetaGlucans AS

| Intangible asset (Amounts in NOK 1 000) | Q4 | | YTD | |
|--------------------------------------------|--------------|------------|--------------|------------|
| | 2021 | 2020* | 2021 | 2020* |
| Net book value (opening balance) | 1 722 | 471 | 420 | 674 |
| Net investment | 102 | 0 | 1 563 | 0 |
| Depreciation and amortization | -34 | -51 | -194 | -254 |
| Net book value (ending balance) | 1 790 | 420 | 1 790 | 420 |

* 31.12.2020 Includes Biotec BetaGlucans AS

| Lease assets (Amounts in NOK 1 000) | Q4 | | YTD | |
|----------------------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020* | 2021 | 2020* |
| Net book value (opening balance) | 16 722 | 10 953 | 10 515 | 12 101 |
| New premises SIVA | | | 7 606 | |
| Net present value adjustment 01.01 | | 0 | 203 | 166 |
| Depreciation | -643 | -438 | -2 245 | -1 752 |
| Net book value (ending balance) | 16 079 | 10 515 | 16 079 | 10 515 |

* 31.12.2020 Includes Biotec BetaGlucans AS

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

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

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

Intangible assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets: Product rights (5-10 years) and own product development (10)

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

Note 5 Lease assets

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

The lease standard requires lessees to recognise right-of-use asset and liabilities, which is a significant change from requirements under the previous accounting standard IAS 17. The Group adopted the new standard on the effective date using a full retrospective method and a 4,62% discount rate. The lease period includes options

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

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

Due to divestment of Biotec BetaGlucans on 31.12.2020, all IFRS16 calculations relating to production facilities at Nordøya is eliminated from leased assets and liabilities.

(Amounts in NOK 1 000)

| Financial position | 31.12.2021 | 31.12.2020 |
|--------------------------|---------------|---------------|
| Lease assets | 16 079 | 10 515 |
| Fixed assets | 12 302 | 3 058 |
| Other non-current assets | 22 334 | 33 568 |
| Sum Fixed assets | 50 714 | 47 140 |
| Lease liabilities | 14 472 | 9 595 |
| Current liabilities | 24 794 | 15 987 |
| Sum Liabilities | 39 267 | 25 582 |

* 31.12.2020 Includes Biotec BetaGlucans AS

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

| Summary of other leased assets presented in the consolidated Profit & Loss statement | 31.12.2021 | 31.12.2020 |
|--------------------------------------------------------------------------------------|------------|------------|
| Lease of IT equipment | 167 | 48 |
| Overhead expenses related to premises | 731 | 921 |
| Total leased assets included in other expenses | 898 | 969 |

Short-term leases

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

Overhead expenses related to premises in the SIVA Innovation Centre contract are expensed when they occur.

Note 6 Related party disclosures

Shares owned or controlled by directors and senior management per 31. December 2021:

| Name, position | No of shares | No of options |
|------------------------------------------|--------------|---------------|
| Marie Roskrow, Chairman | 0 | 200 000 |
| Volker Wedershoven, Director | 60 000 | 100 000 |
| Jane Theaker, Director | 0 | 0 |
| Marit Sjo Lorentzen, Director (employee) | 20 331 | 115 000 |
| Jethro Holter, CEO | 80 564 | 170 000 |
| Børge Sørvoll, CFO | 25 428 | 330 000 |
| Olav Lanes, VP R&D and applications | 2 000 | 100 000 |

*See note 3 for further details

Note 7 Shareholders

| The 20 largest shareholders as of 31.12.2021 | Shares | Ownership |
|----------------------------------------------|-------------------|----------------|
| Skandinaviska Enskilda Banken AB | 4 463 300 | 8,86 % |
| Skandinaviska Enskilda Banken AB | 3 461 341 | 6,87 % |
| Nordnet Bank AB | 3 407 175 | 6,76 % |
| Avanza Bank AB | 2 330 004 | 4,63 % |
| Pro AS | 2 005 216 | 3,98 % |
| State Street Bank and Trust Comp | 1 482 431 | 2,94 % |
| Tellef Ormestad | 1 222 787 | 2,43 % |
| Clearstream Banking S.A. | 1 213 637 | 2,41 % |
| Belvedere AS | 1 015 684 | 2,02 % |
| RBC Investor Services Bank S.A | 1 010 000 | 2,01 % |
| State Street Bank and Trust Comp | 968 468 | 1,92 % |
| Danske Bank AS | 908 417 | 1,80 % |
| Skandinaviska Enskilda Banken AB | 700 000 | 1,39 % |
| Middelboe AS | 601 828 | 1,19 % |
| Norda ASA | 568 000 | 1,13 % |
| Aos Holding AS | 565 978 | 1,12 % |
| Danske Bank AS | 562 000 | 1,12 % |
| Npw Invest AS | 550 000 | 1,09 % |
| Skandinaviska Enskilda Banken AB | 545 000 | 1,08 % |
| Dragesund Invest AS | 521 739 | 1,04 % |
| 20 largest shareholders aggregated | 28 103 005 | 55,79 % |

Note 8 Interim results

| (Amounts in NOK 1 000) | Q4-2021 | Q3-2021 | Q2-2021 | Q1-2021 | Q4-2020 |
|---------------------------------|---------|---------|---------|---------|---------|
| Sales revenues | 40 515 | 25 589 | 21 419 | 40 447 | 22 054 |
| Sales growth % (year-over-year) | 84 % | 16 % | 10 % | 21 % | 0 |
| Gross profit % | 99 % | 99 % | 99 % | 99 % | 1 |
| EPS | 0,30 | 0,14 | 0,09 | 0,40 | 1 |
| EPS fully diluted | 0,30 | 0,13 | 0,10 | 0,39 | 1 |
| EBITDA | 20 849 | 8 986 | 5 982 | 25 806 | 6 837 |
| Equity | 244 867 | 227 244 | 220 115 | 215 898 | 197 325 |
| Total equity and liabilities | 284 133 | 263 777 | 251 201 | 237 473 | 221 747 |
| Equity (%) | 86 % | 86 % | 88 % | 91 % | 1 |

Noe. All 2020 figures are adjusted for discontinued operations

Note 9 Alternative Performance Measures

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

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

EBITDA & EBIT

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

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

| (Amounts in NOK 1 000 - except EPS) | Q4 | | YTD | |
|----------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Sales | 40 515 | 22 054 | 127 970 | 93 449 |
| Cost of goods and change in inventory | -1 972 | -582 | -3 885 | -1 131 |
| Gross profit | 38 543 | 21 472 | 124 084 | 92 318 |
| Other revenues | 675 | 1 959 | 3 078 | 4 374 |
| Sum other revenues | 675 | 1 959 | 3 078 | 4 374 |
| Personnel expenses | -12 585 | -9 835 | -46 781 | -34 564 |
| Other operating expenses | -5 784 | -6 787 | -18 758 | -16 696 |
| Depreciation and amortization expenses | -872 | -658 | -3 191 | -2 639 |
| Sum expenses | -19 241 | -17 280 | -68 730 | -53 899 |
| Operating profit/loss (-) | 19 977 | 6 151 | 58 432 | 42 793 |

Note 10 Accounts receivable and other receivables

| (Amounts in NOK 1 000) | 31.12.2021 | 31.12.2020 |
|--------------------------------------------------------|---------------|---------------|
| Accounts receivable | 20 281 | 10 575 |
| Research grants | 2 985 | 1 505 |
| Tax grants | 1 055 | 1 138 |
| VAT | 1 067 | 791 |
| Other receivables | 725 | 16 696 |
| Total accounts receivable and other receivables | 26 113 | 30 705 |

* 31.12.2020 Includes Biotec BetaGlucans AS

| Days of maturity | Not due | 0-30 | 31-60 | 61-90 | Over 90- |
|---------------------------------|----------|----------|----------|----------|----------|
| Outstanding 31.12.2021 | 17 873 | 1 763 | 201 | 186 | 258 |
| Historical loss - % | 0 % | 0 % | 0 % | 0 % | 0 |
| Future estimation of losses - % | 0 % | 0 % | 0 % | 0 % | 0 |
| Expected loss | 0 | 0 | 0 | 0 | 0 |
| Provision for losses | 0 | 0 | 0 | 0 | 0 |

| Days of maturity | Not due | 0-30 | 31-60 | 61-90 | Over 90- |
|---------------------------------|----------|----------|----------|----------|----------|
| Outstanding 31.12.2020 | 6 144 | 3 389 | 113 | 510 | 420 |
| Historical loss - % | 0 % | 0 % | 0 % | 0 % | 0 |
| Future estimation of losses - % | 0 % | 0 % | 0 % | 0 % | 0 |
| Expected loss | 0 | 0 | 0 | 0 | 0 |
| Provision for losses | 0 | 0 | 0 | 0 | 0 |

ArcticZymes's main customers are large corporations and Universities. Historic losses on receivables are close to zero. Due to payment system in the US and interaction with Norway, all payments from the US will be recorded later than actual payment.

Note 11 Accounts payable and other current liabilities

| (Amounts in NOK 1 000) | 31.12.2021 | 31.12.2020 |
|----------------------------------------------------------|---------------|---------------|
| Accounts payable | 5 795 | 3 456 |
| Dividends to non-controlling interests | | 1 159 |
| Public taxes and withholdings | 4 215 | 1 301 |
| Unpaid holiday pay | 2 680 | 2 015 |
| Other personnel | 7 025 | 4 335 |
| Other current liabilities | 5 079 | 3 721 |
| Total account payable and other curr. liabilities | 24 794 | 15 987 |

*31.12.2020 Includes Biotec BetaGlucans AS

Note 12 Impacts of COVID-19

The Group's sales are impacted by COVID-19 effects. Since COVID-19 will continue in the foreseeable future, effects will be presented as underlying business in presentations. Figures for COVID-19 effects are internal estimates based on historic purchasing patterns and communications with customers. Revenues from customers moving forward will be harder

| (Amounts in NOK 1 000) | Q4 | | YTD | |
|----------------------------------|-------|-------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Estimated COVID-19 related sales | 9 300 | 7 050 | 33 200 | 25 816 |

Other operating expenses related to the COVID-19 pandemic is only marginal and not reported as a separate item

Note 13 Taxes

The tax expense is comprised of current and deferred tax. Tax is recognised, except when it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income. The tax expense is measured in accordance with the tax laws and regulations that are enacted at the balance sheet date. Deferred tax is measured as temporary differences between tax values and consolidated accounting values of assets and liabilities, using the liability method. If deferred tax arises from initial recognition of an asset or assets in a transaction that is not a business combination and that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised, or the deferred tax liability is settled.

| (Amounts in NOK 1 000) | 2021 | 2020 | Change |
|-----------------------------------------------------------|----------------|-----------------|---------------|
| Temporary differences | | | |
| Non current assets | 1 993 | 473 | -1 520 |
| Unrealized gain/losses | -846 | -777 | 69 |
| Other temporary differences | -2 415 | -212 | 2 203 |
| Gains and loss account | 8 487 | 10 609 | 2 122 |
| Pensions | 0 | 5 | 5 |
| Total temporary differences | 7 219 | 10 094 | -2 874 |
| Tax assessment loss carried forward | -99 899 | -160 744 | 60 845 |
| Tax assessment loss carried forward | -99 899 | -160 744 | 60 845 |
| Calculation base deferred tax asset | -92 679 | -150 650 | 57 972 |
| Change deferred tax asset, 22% - profit & loss | -20 389 | -33 143 | 12 754 |
| Adjustment for transaction cost | -703 | | -703 |
| Calculation base deferred tax asset | -703 | 0 | -703 |
| Change in deferred tax asset, 22% - trans. cost | -155 | 0 | -155 |
| Change in deferred tax asset, 22% | -20 544 | -33 143 | 12 599 |
| Profit before income tax | 59 002 | 42 409 | |
| Non deductible expenses | 22 | 570 | |
| Non taxable income | -1 056 | -800 | |
| Changes in temporary differences | 2 874 | 2 217 | |
| Profit before tax loss carried forward | 60 845 | 44 396 | |
| Adjustment for transaction cost | -703 | | |
| Deferred tax loss carried forward | -60 142 | -44 396 | |
| Tax base | 0 | 0 | |
| Change in deferred asset | 12 599 | 33 143 | |
| Tax expense | 12 754 | -33 143 | |

Note 14 Discontinued operations

Figures adjusted for discontinued operations in fiscal year 2020

| (Amounts in NOK 1 000) | Continued operations 31.12.20 | Discontinued operation 31.12.20 | Elimination | Group before reclass. 31.12.20 | Reclas. to disc. Operations 31.12.20 | Group 31.12.20 |
|--------------------------------------------------|----------------------------------|------------------------------------|---------------|-----------------------------------|-----------------------------------------|-------------------|
| Sales | 93 449 | 49 624 | | 143 073 | -49 624 | 93 449 |
| Other revenues | 4 374 | 213 | | 4 587 | -213 | 4 374 |
| Sum revenues | 97 823 | 49 837 | 0 | 147 660 | -49 837 | 97 823 |
| Cost of goods and change in inventory | -1 131 | -20 803 | | -21 934 | 20 803 | -1 131 |
| Personnel expenses | -34 564 | -8 172 | 1 446 | -42 736 | 6 726 | -36 010 |
| Other operating expenses | -16 696 | -6 280 | 580 | -22 976 | 5 700 | -17 276 |
| Sum expenses | -52 391 | -35 255 | 2 026 | -87 646 | 33 229 | -54 418 |
| EBITDA | 45 432 | 14 582 | -2 026 | 60 014 | -16 608 | 43 405 |
| Depreciation and amortization | -2 639 | -7 612 | 297 | -10 251 | 7 315 | -2 936 |
| Operating profit | 42 793 | 6 970 | -2 323 | 49 763 | -9 295 | 40 469 |
| Financial income, net | -384 | -102 | 164 | -486 | -62 | -548 |
| Profit/loss (-) before interest & tax | 42 409 | 6 868 | -2 487 | 49 277 | -9 356 | 39 920 |
| Taxes | 33 143 | 0 | 0 | 33 143 | 0 | 33 143 |
| Net profit | 75 552 | 6 868 | -2 487 | 82 420 | -9 356 | 73 065 |

Figures adjusted for discontinued operations in Q4 2020

| <i>(Amounts in NOK 1 000)</i> | Continued operations | Discontinued operation | Elimination | Group before reclass. Q4 | Reclas. to disc. Operations Q4 | Group Q4 |
|--------------------------------------------------|----------------------|------------------------|-------------|--------------------------|--------------------------------|----------------|
| | Q4 | Q4 | | | | |
| Sales | 22 054 | 11 673 | | 33 727 | -11 673 | 22 054 |
| Other revenues | 1 959 | 0 | | 1 959 | 0 | 1 959 |
| Sum revenues | 24 013 | 11 673 | 0 | 35 686 | -11 673 | 24 013 |
| Cost of goods and change in inventory | -582 | -4 200 | | -4 782 | 4 200 | -582 |
| Personnel expenses | -9 835 | -2 254 | 298 | -12 089 | 1 956 | -10 133 |
| Other operating expenses | -6 782 | -1 622 | 228 | -8 404 | 1 369 | -7 035 |
| Sum expenses | -17 199 | -8 076 | 526 | -25 275 | 7 525 | -17 751 |
| EBITDA | 6 814 | 3 597 | -526 | 10 411 | -4 148 | 6 262 |
| Depreciation and amortization | -658 | -6 551 | 122 | -7 209 | 6 429 | -780 |
| Operating profit | 6 156 | -2 954 | -648 | 3 202 | 2 281 | 5 482 |
| Financial income, net | -642 | -35 | 41 | -677 | -6 | -683 |
| Profit/loss (-) before interest & tax | 5 514 | -2 989 | -689 | 2 526 | 2 275 | 4 800 |
| Taxes | 33 143 | 0 | 0 | 33 143 | 0 | 33 143 |
| Net profit | 38 657 | -2 989 | -689 | 35 669 | 2 275 | 37 943 |

Note 15 Events after balance sheet date, 31. December 2021

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval: 26.01.2022

STATEMENT BY THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the financial statement for the period 1. January to the 31. December 2021 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, 26.01.2022

The Board of Directors of ArcticZymes Technologies ASA

Marie Ann Roskrow
Chairman

Volker Wedershoven
Director

Marit Sjo Lorentzen
Director- employee

Jane Theaker
Director

Jethro Holter
CEO

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