



**Q3 2020**



# Agenda

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Chapter 1

# Highlights



# Highlights Q3 2020

Strong underlying growth

Group sales YTD  
exceed NOK 100  
mill.

Largest Therapeutic  
order received yet  
NOK 3.0 mill

Biotech BetaGlucans  
continues to operate  
profitably

ArcticZymes 2<sup>nd</sup> best  
quarterly sales  
performance NOK  
19.5 mill. (NOK 12.0  
mill)

Molecular  
Diagnostic sales  
efforts towards  
China and India



Chapter 2

# ArcticZymes update

# ArcticZymes Updates

Commercial - Strong underlying sales growth



## Therapeutics

- ✓ Strong growth continues
- ✓ 52% contribution to total sales
- ✓ Largest order yet NOK 3.0 mill.
- ✓ ReiThera enters into Phase I clinical trials
- ✓ 3 day cGMP audit from a top tier Pharmaceutical company



## Research & Diagnostics

- ✓ Molecular Diagnostics sales continues to grows
- ✓ First customer integrates our technology into their Covid-19 LAMP based diagnostic test
- ✓ Molecular Research sales temporary slow down due to Coronavirus lockdowns



## Covid-19 Upsides

- ✓ Lower upsides compared to Q2
- ✓ 20% contribution of total sales
- ✓ Supply chain is complex and uncertain
- ✓ Expect quarterly fluctuations in future





# Geographical Expansion

## Sales in China and India

- Efforts to enter developing and new Asian markets are materialising with new business
- China
  - Supply agreement signed with Simcere Diagnostics > integrated HL-SAN into a diagnostic Next Generation Sequencing (NGS) technology
  - This marks our first step into the Chinese market
- India
  - Providing COD UNG to a diagnostic company in India for use in Tuberculous testing
  - India bears a disproportionately large burden of the world's tuberculosis cases: 2.2 Mill. cases/year
  - Longer-term sales are expected to exceed 1 MNOK

# ArcticZymes Update

## Innovations

- **Salt Active Nuclease Upscaling\***
  - Soon initiate the first medium-scale pilot production batch
  - Assuming successful, this will be followed by a large-scale pilot batch
- **Viral Diagnostics Components\***
  - Progress underway in the expression and purifying of thermostable polymerase and reverse transcriptase enzymes
  - Optimised for use in viral diagnostics e.g. HIV, Hepatis C and Covid-19
- **Other pipeline innovations**
  - New SAN products, novel ligases, DNase-like enzymes, other novel polymerases and reverse transcriptases as well as new formulations of existing enzymes and non-enzyme support products.
- **Hiring**
  - Several personnel hires made to support above organic growth initiatives

*\*Above are partially funded by Innovation Norway grants*







# ArcticZymes Update

## Organic Growth: Operational Expansion

- Preparing to expand both production and R&D
- Today the enzymes business is operating on 2 separate sites in Tromsø
- Plan to bring the business together onto one site at SIVA
- R&D lab space will be expanded in order to capitalize on ramping up its innovation efforts
- Production will be relocated into a new state of the art and larger production facility at SIVA. Thus, enhancing capacity and capabilities to serve both GMP and diagnostic grade enzymes to a growing customer base
- Process is expected to take approximately 1 year





Chapter 3

# BetaGlucans update



# Biotec BetaGlucans

Operating profitably



## Animal Health

- M-Glucan® sales continue to fluctuate quarterly
- Expected due to large order from main customer in Q1



## Consumer Health

- Continued to achieved growth in M-Gard® sales
- Attract a handful of new customers each quarter
- Growth is attributed by an expanding customer base and growth within individual customers



## SBG® (Adjuvant)

- Expedited 3<sup>rd</sup> SBG® order relating to commitments supporting clinical trials
- Licensing deal progressing. Negotiation phase ongoing



## Woulgan®

- Sales deliver to expectation
- Following discontinuation of Woulgan® last remaining stocks shipped
- Divestment progress drawing to a close



Chapter 4

# Financials

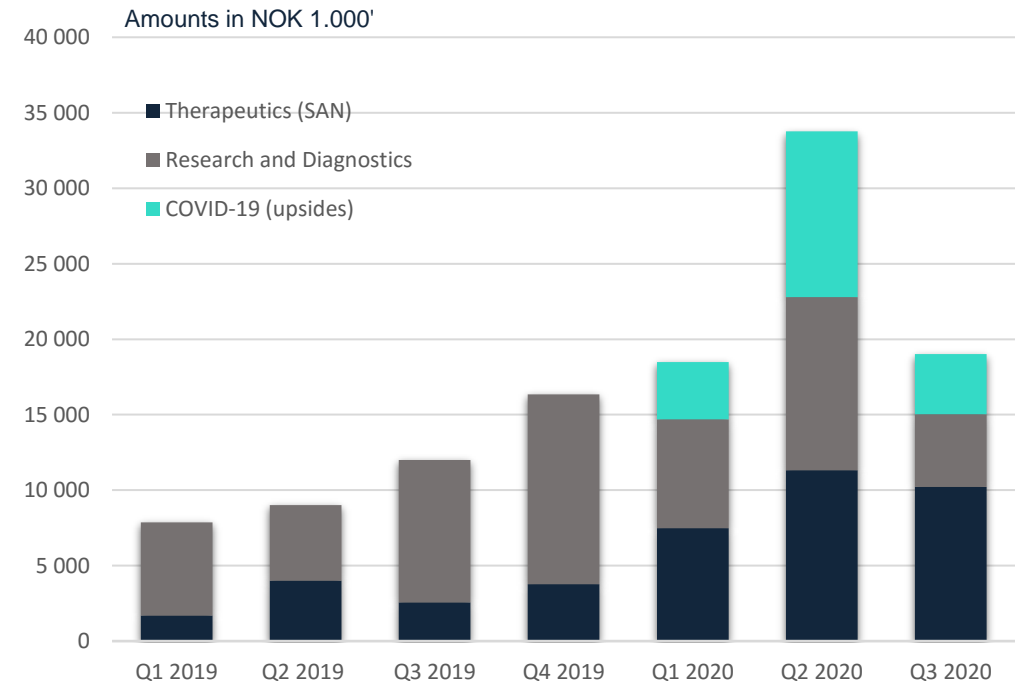


# ArcticZymes Sales Q3 2020

## Still at high levels

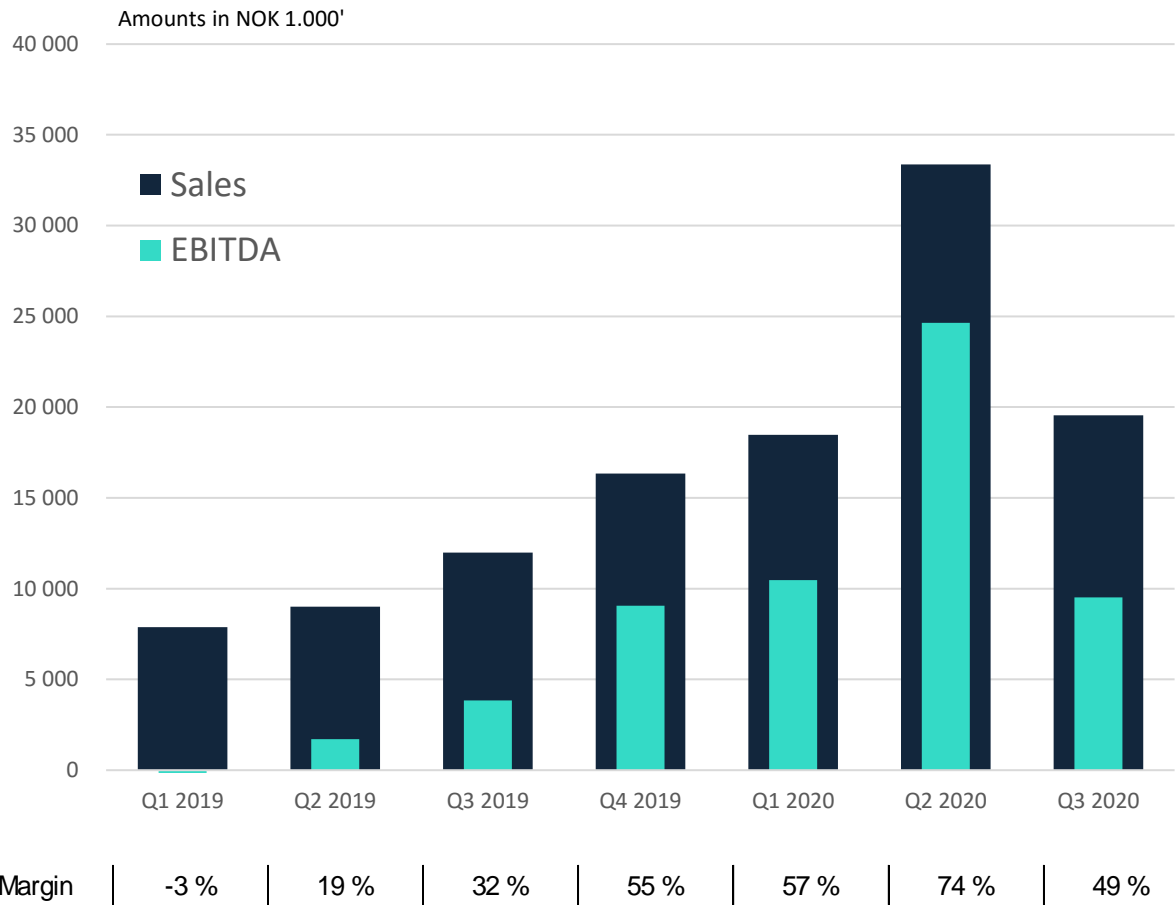
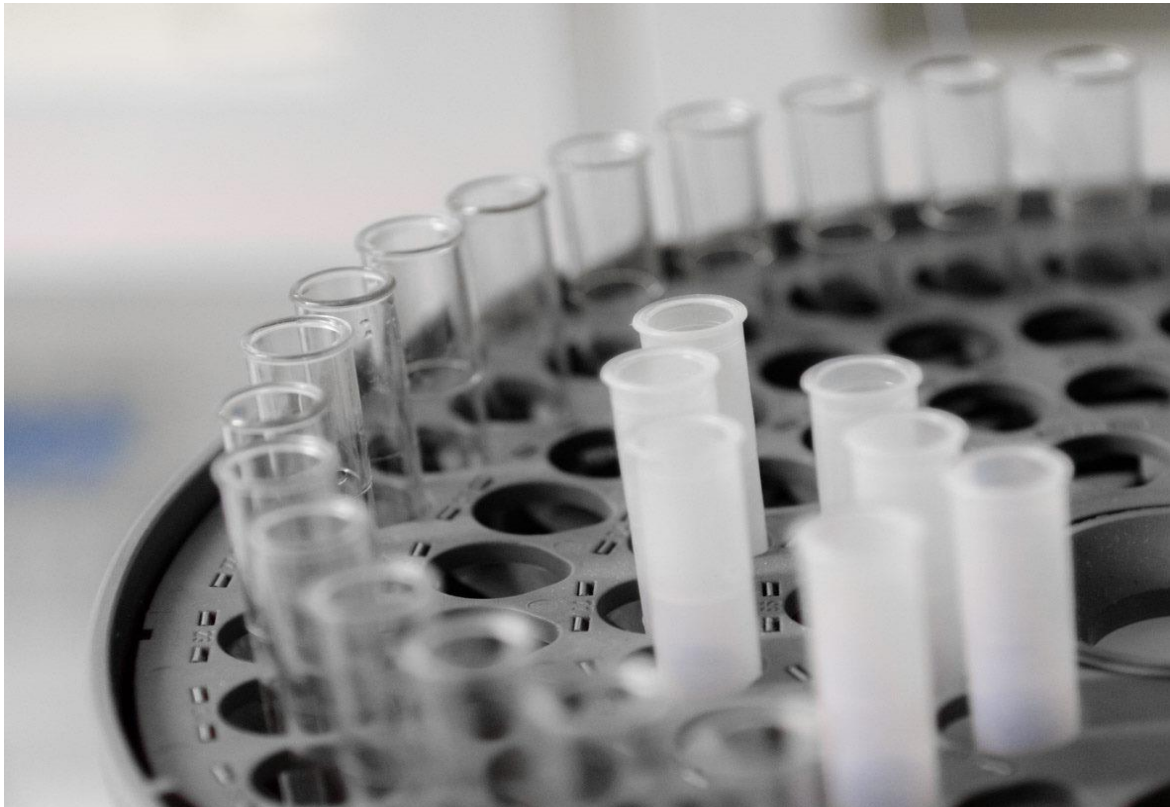
- Sales growth of 63%
  - Underlying business growth (excl. COVID-19 upsides) of 30%
- Therapeutics segment (SAN) continues to deliver strong sales: 10.2 MNOK
- COVID-19 upsides estimated at 4 MNOK in Q3
- Research & Diagnostics decline 7%, due to slow down in industry
  - Underlying business decline of 49% (excl. COVID-19 upsides)

Sales per segment



# ArcticZymes Performance

Enzymes <i>(Amounts in NOK 1.000)</i>	Q3		YTD	
	2020	2019	2020	2019
Sales revenues	19 546	11 986	71 395	28 857
Operating expenses	-10 657	-8 535	-28 649	-25 078
EBITDA	9 510	3 831	44 612	5 289

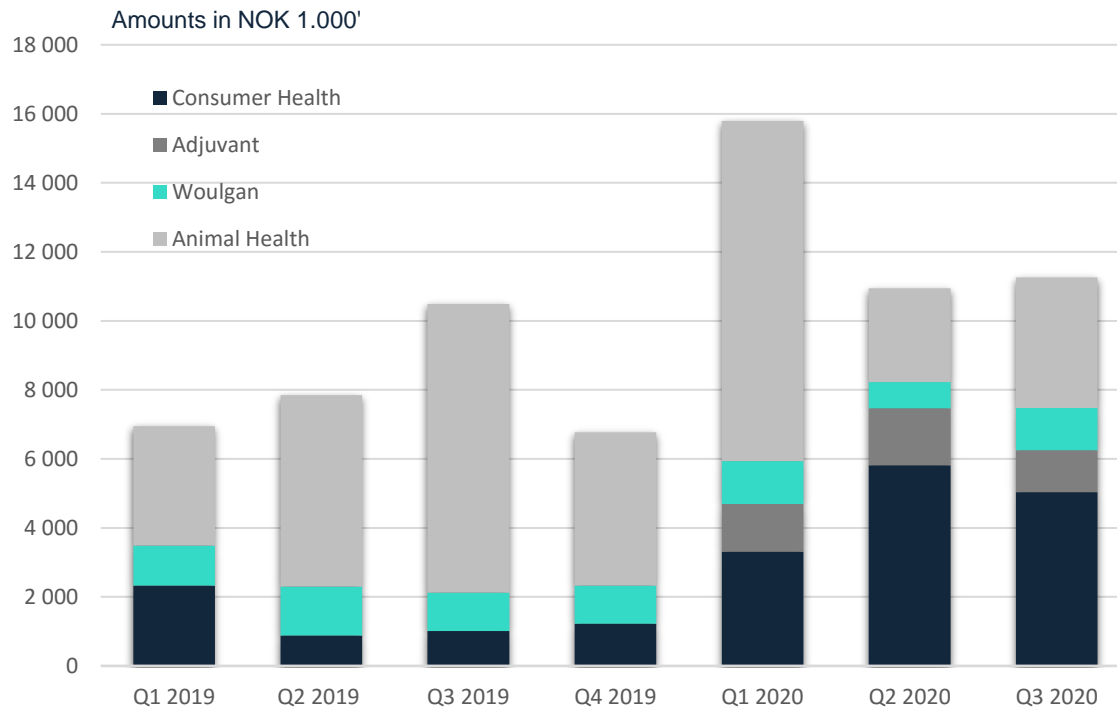




# BetaGlucans Sales Q3 2020

Another good quarter

## Sales segments

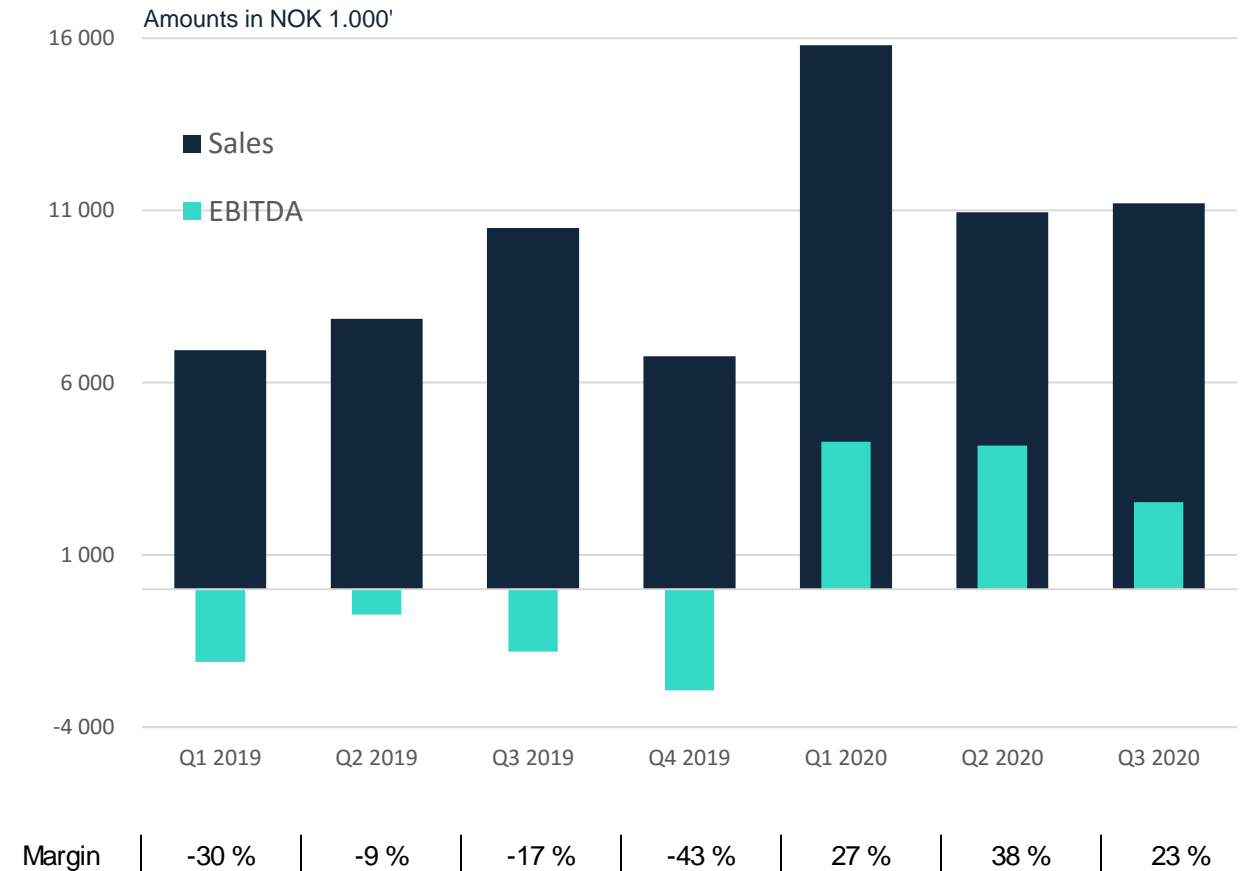


- ◆ Upsides of NOK 1.2 million in Consumer Health sales of M-Gard® related to COVID-19
- ◆ Final sales of Woulgan® in the third quarter as stock is completed. No more sales the remainder of the year
- ◆ Adjuvant supply continued for third consecutive quarter
- ◆ Animal Health will continue to fluctuate from quarter to quarter. Expects to be flat on annual basis

# BetaGlucans Performance

## Positive EBITDA for third straight quarter

BetaGlucans (Amounts in NOK 1.000)	Q3		YTD	
	2020	2019	2020	2019
Sales revenues	11 205	10 490	37 950	25 288
Gross profit	6 647	4 140	21 348	11 607
Operating expenses	-4 119	-6 651	-10 575	-18 311
EBITDA	2 528	-1 809	10 986	-4 655

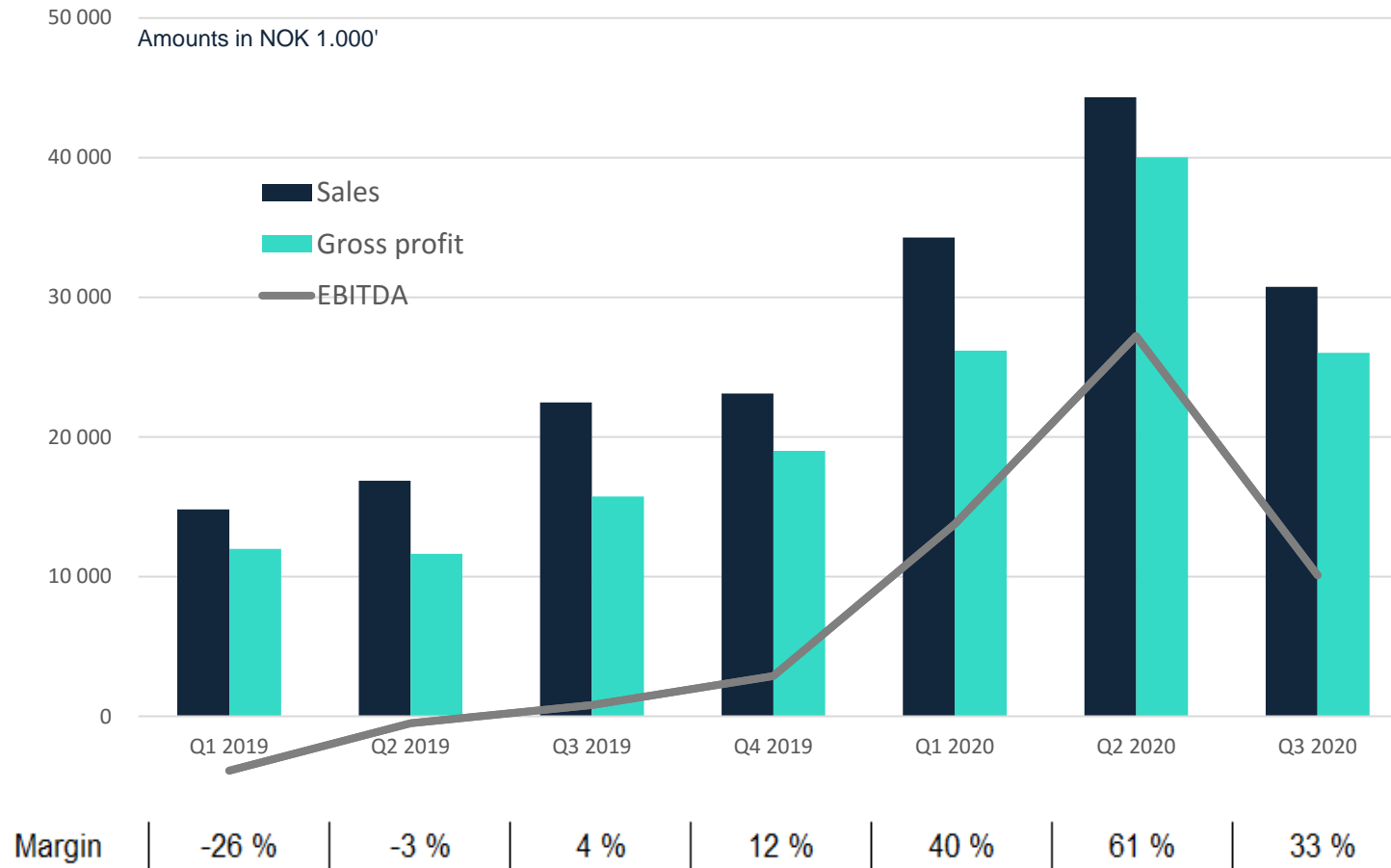




# ArcticZymes Technologies

## Lower COVID-19 upsides in Q3

### Sales, Gross profit & EBITDA

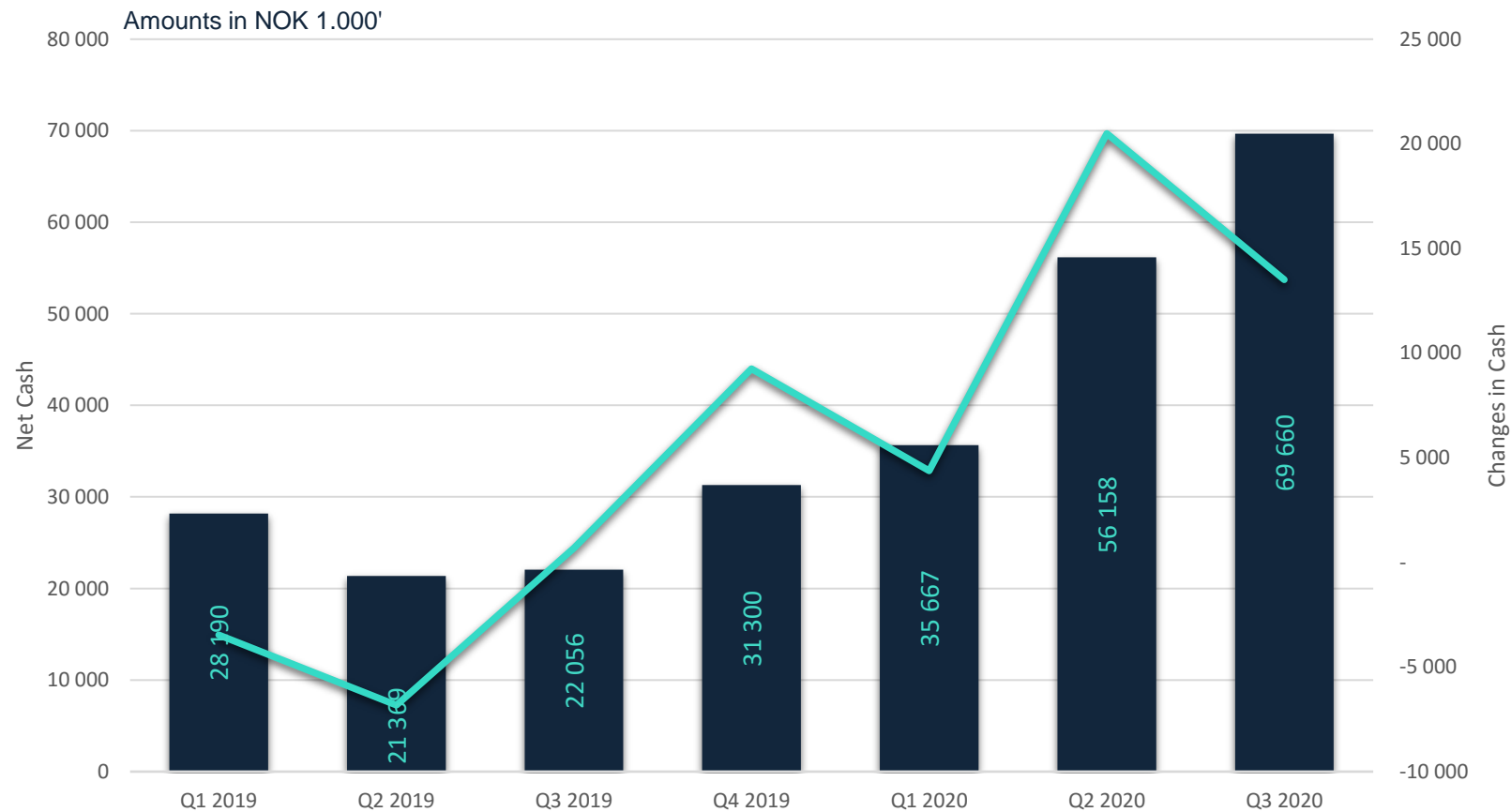


- Sales within high margin segments secures solid gross profit margin of 85%
- Enzymes segment is key contributor
- EBITDA of 10.1 MNOK for Q3 2020 (0.8)
- Sales of 30.8 MNOK for Q3 2020 (22.5)

# Cash Flow

Positive cash flow development continues into Q3

## Cash position







Chapter 5

# Outlook

# Outlook

## Driving Strategic Profitability & Growth







# Thank you!

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

