



ArcticZymes
Technologies

Q4 REPORT 2020

Highlights for Q4 2020

All financial figures are exclusive of discontinued operations (Biotec BetaGlucans)

- ArcticZymes Technologies had Q4 sales of NOK 22.1 million growing by 35% (Q4 2019: NOK 16.3 million)
- Coronavirus related sales are estimated at NOK 7.0 million in Q4 2020 (NOK 0 in Q4 2019)
- Gross profit for ArcticZymes Technologies improved to NOK 21.5 million with 97% margin (Q4 2019: NOK 16.3 Million)
- ArcticZymes Technologies delivered a positive EBITDA of NOK 6.8 million (Q4 2019: NOK 4.9 million)
- Cash-flow for Q4 was positive NOK 80.2 million (Q4 2019: NOK 8.7 million) giving a cash balance of NOK 140.2 million (Q4 2019: NOK 31.2 million)
- ArcticZymes Technologies becomes a pure enzymes company following the divestment of the Biotec BetaGlucans subsidiary to Lallemand Inc., with an Enterprise Value of NOK 70 million

CEO Jethro Holter comments:

“We are delighted that the enzymes business continues to drive strong quarterly sales growth and delivered on its promise to bring ArcticZymes Technologies into profitability during 2020. Both the therapeutics and combined molecular diagnostics (MDx)/molecular research segments have contributed towards growth in Q4. Furthermore, our expanding product range and customer base have been instrumental in fuelling underlying growth.”

The divestment of the Biotec BetaGlucans subsidiary was successfully closed and pathed new directions for both Biotec BetaGlucans and ArcticZymes. This transaction thereby allows ArcticZymes Technologies to focus exclusively on the profitable enzyme business, and enables additional investments in new infrastructure and personnel both of which will be key to drive innovation and to expand our existing product portfolio.”

Key financial figures:

NOK 1.000	Q4 2020	Q4 2019	Change	YTD 2020	YTD 2019	Change
Sales	22 054	16 336	+35%	93 449	45 192	+107%
Total revenues	24 013	17 698	+36%	97 823	49 178	+99%
Operating expenses	16 592	12 691	+31%	51 260	45 841	+12%
EBITDA	6 839	4 921	+39%	45 432	2 138	2 024%
EBIT	6 181	4 532	+36%	42 793	-409	NA
Changes in cash	80 239	9 235	+768%	108 889	-373	NA

Note: all financial figures 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

Therapeutics

The therapeutic segment continues to grow through sales of the Salt Active Nuclease (SAN) product line. The segments contribution towards ArcticZymes Q4 sales was 41%. Business continues to grow across our customers as they progress with their pre-clinical and clinical trial efforts. Large bulk orders in excess of 1 MNOK has become routine business. For several of our well-established customers, ArcticZymes has expedited over 5 MNOK in sales of SAN products during the year.

ArcticZymes continues to support ReiThera in efforts to develop their GRAd-COV2 covid-19 vaccine. ReiThera is making good progress with its phase 1 clinical trials. Furthermore, it is making preparations to conduct a large phase 2/3 trial in the coming months¹.

Another European customer who has been purchasing SAN products for several projects has confirmed they will extend the utility of SAN HQ into an early-stage Covid-19 vaccine development project.

Following the recent GMP audit by a top tier pharmaceutical company, ArcticZymes has started to receive first orders. The purchases relate to an early-stage therapeutic development project at one of its European sites.

ArcticZymes has partnered with Shanghai Besto Biotechnology Co., Ltd. in Shanghai for the non-exclusive distribution of SAN HQ in China. We anticipate their specialized team will open a number of relevant and important opportunities in the domestic therapeutic market. Their local

knowledge and commercial expertise in the gene therapy market is well recognized. Initial sales activities have already made a first contribution to Q4 sales revenues.

Overall, ArcticZymes is supporting over 100 customers in the therapeutic segment through its SAN product line across all geographical continents.

Molecular Diagnostics & Research (Molecular)

The combined molecular diagnostics (MDx) and molecular research segment continue to grow. For future quarterly reporting, Coronavirus related sales will be considered part of this business. Molecular product sales contributed 59% towards ArcticZymes total Q4 sales.

Cod UNG sales for utility in Covid-19 MDx assays was the primary contributor to quarterly growth. Beyond Covid-19, over 1 MNOK in Cod UNG sales was achieved in India where it is being utilised in tuberculosis MDx testing. This represents a bulk order where future product demand is expected to grow but will fluctuate on a quarterly basis.

With the exception of recombinant Shrimp Alkaline Phosphatase (rSAP), steady growth is being achieved across the other products lines, which are utilised in both molecular diagnostics and molecular research applications.

rSAP represents ArcticZymes earlier flagship product which is almost exclusively sold into the molecular research segment. As a consequence of Covid-19 lockdowns the supply chain to the molecular research segment remains slow. This has impacted rSAP sales with smaller bulk orders being received.

Despite the slowdown in the research market segment, sales have been counteracted by increased demand in the molecular diagnostics segment. Overall sales growth to the combined segment remains robust and is supported by the 200+ customers ArcticZymes serves today.

Coronavirus Related Sales

ArcticZymes will no longer refer to Coronavirus related sales as upsides but consider them as an integral part of its underlying business. Reporting of the segment numbers will be inclusive of Coronavirus related sales. However, we will continue to report on the estimated percentage of overall business which is represented by Coronavirus related sales.

Coronavirus related sales are estimated to account for 32% of total Q4 sales. The majority of sales were related to utility of Cod UNG in MDx testing. Approximately, 14% of Coronavirus related sales was attributed by SAN products for Covid-19 vaccine developments.

Innovations and operations

The SAN upscaling project is progressing as planned. The first medium-scale pilot batch successfully met the desired specifications. More importantly, it has aided the implementation of changes to infrastructure and tweaking of processes required before advancing to larger-scale SAN production. Efforts are ongoing to produce the first large-scale pilot batch which was originally planned for end of Q4 2020 but is delayed due to production constraints at the contract manufacturer. Assuming all goes to plan, it is anticipated that ArcticZymes will have its first large-scale SAN HQ production batch commercially available during the 1st half of 2021. The project continues to be supported by Innovation Norway.

In addition, other scale up projects are ongoing with respect to our IsoPol™ polymerases, HL-dsDNase, proteinase and M-SAN enzymes. Cod UNG was scaled up earlier in the year.

The innovation pipeline is progressing. We anticipate that several products will be ready to launch in 2021. These include:

- **M-SAN ELISA kit:** Similar to SAN HQ, the M-SAN ELISA kit will support sales of the M-SAN enzyme to the therapeutic segment. M-SAN

HQ is optimised for removing contaminating DNA from non-Adeno Associated Viruses (AAV's) such as Lentiviruses. Prototype kits are being sent to customers during January for testing.

- **Taq Polymerase:** 1st thermostable polymerase optimised for robust utility in viral based PCR tests and compatible with our other enzymes such as Cod UNG, DNases and proteinase. The prototype enzyme is functioning well in internal PCR assays.
- **Reverse Transcriptase:** Similar to Taq Polymerase it will be optimised for use in viral diagnostics assays for both PCR and LAMP based workflows.
- **Other SAN products:** capture more of the value chain beyond gene therapy and vaccine production.
- **Other enzymes:** several customer specific projects are ongoing which involve tweaking or developing support products to our existing technologies (e.g. IsoPol™ polymerases).

Long-term innovations are as well in progress including novel ligases, DNase-like enzymes, other novel polymerases and reverse transcriptases. In addition, new formulations of existing enzymes will be consistently added to the growing product portfolio.

Strategic growth initiatives

The recent development in financial performance and cash position offers the company a forward leaning stance towards its organic and inorganic growth strategies.

Our main and immediate focus has been towards organic growth. A key activity for 2021 will be to complete the infrastructure expansion of R&D and operations as well as bring ArcticZymes together onto one site at the SIVA innovation Centre. The project is well underway and progressing as planned. The expansion fits timely to cater for increasing commercial demands for ArcticZymes expanding product portfolio. Also, it will allow the company to capitalize on ramping up its innovation pipeline.

In the meantime, ArcticZymes continues to hire new personnel into R&D and Operations in order to support its organic growth initiatives.

M&A activities have been scaled back temporarily. The main reason for this is to concentrate our efforts on the ongoing organic expansion initiatives. Also due to the coronavirus pandemic, the market environment at this time is far from ideal. Travel restrictions limit our ability to conduct thorough due diligence activities and potential targets are less engaging.

Biotec BetaGlucans

Divestment

ArcticZymes Technologies divested the entire Biotec BetaGlucans AS subsidiary to Lallemand Inc's subsidiary, Danstar Ferment AG. The transaction was based on an Enterprise Value of NOK 70 Million and paid in cash following the successful closure of the deal on 31st December 2020.

The divestment supports ArcticZymes strategy to focus exclusively on its profitable enzyme business and strengthens its cash position to expedite its strategic growth initiatives.

ArcticZymes Technologies will support Lallemand during 2021 in managing a smooth transition and relocation of the entire Biotec BetaGlucans subsidiary to the Nordøya site.

Corporate

In readying ArcticZymes Technologies for a business without Biotec BetaGlucans, management has restructured parts of the organization. These changes will take effect from 1st January 2021 and are undertaken to leverage and capitalize on the organic growth initiatives.

The Company continues to attract substantial interest from the capital markets following recent performance developments. Management has participated in several virtual investor road shows as well as numerous meeting requests from banks and financial institutions in the Nordics, other parts of Europe and the USA.

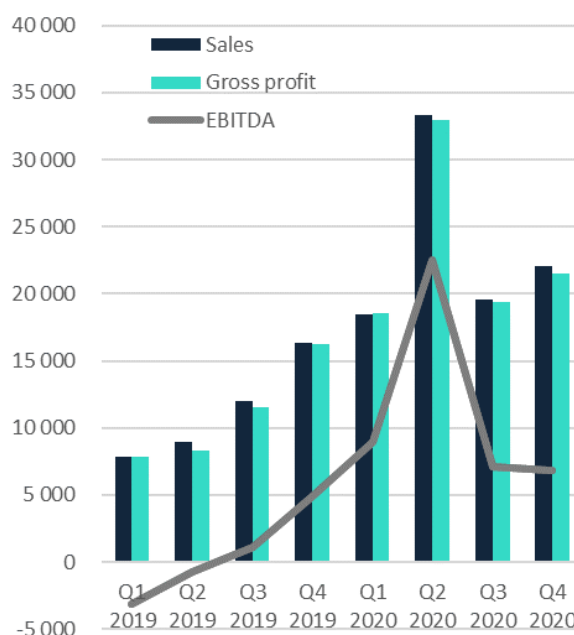
Financial review

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

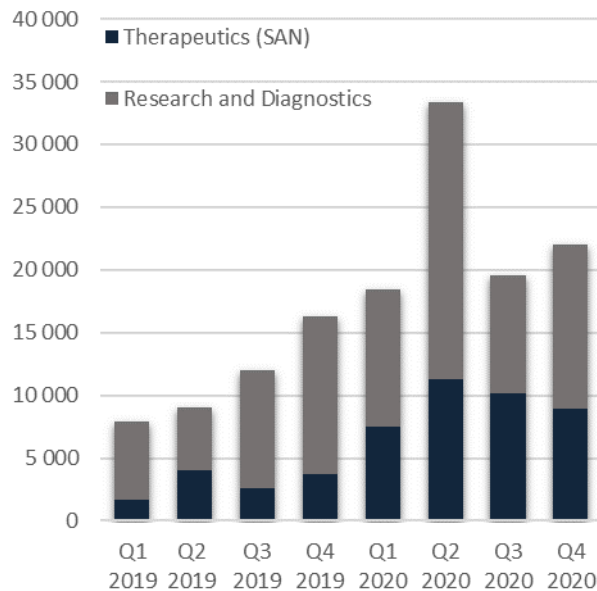
ArcticZymes Technologies reported sales of NOK 22.1 million (Q4 2019: 16.3 m) for the fourth quarter of 2020. Earnings before tax, interest, depreciation, and amortisation (EBITDA) were NOK 6.8 million (Q4 2019: 4.9 m) and earnings before interest and tax (EBIT) were NOK 6.2 million (Q4 2019: 4.5 m) in the quarter. Net financial income was a loss of NOK 0.6 million (Q4 2019: -0.5 m).

Of the NOK 22.1 million in quarterly sales, an estimated NOK 7.0 million are Covid-19 related. Covid-19 related sales are expected to continue to fluctuate going forward.

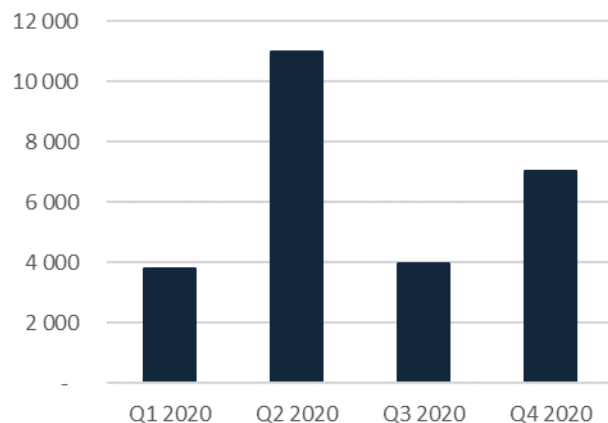
Sales, Gross profit & EBITDA



Sales per segment



Estimated Covid-19 related sales



The improved EBITDA for Q4 2020 and the fiscal year 2020 is primarily explained by improved sales in all areas of the business.

Expenses for continued operations are increased by NOK 3.9 million in Q4 compared to same quarter last year. About NOK 1.0 million of this increase can be derived from the divestment of Biotec BetaGlucans.

On 1st January 2019, ArcticZymes Technologies ASA and its subsidiaries implemented IFRS 16 “Leases”. This means that some operating expenses with longer commitments need to be valued over the lifetime of the contract and featured on the asset side of the balance sheet. This asset is then depreciated over the lifetime of the contract. For ArcticZymes Technologies this has the effect that most of the property, plant & equipment expenses are moved from operating expenses and are depreciated.

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. This had a positive income tax effect of NOK 33.0 million in the fourth quarter of 2020.

Discontinued operations

ArcticZymes Technologies and Dansstar 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. There was an estimated NOK 16.2 million in positive adjustments for ArcticZymes Technologies following closing on 31st December 2021.

Biotec BetaGlucans delivered a net loss of NOK 2.3 million in Q4 2020 and a net profit of NOK 9.3 million for the full year 2020. Biotec BetaGlucans amortized a Woulgan related investment of NOK 6.2 million in Q4 2020.

Financial position

Total equity amounted to NOK 197.3 million at the end of the fourth quarter 2020 compared to NOK 46.5 million at the end of 2019.

Total assets were NOK 221.7 million at the end of the fourth quarter 2020, up from NOK 120.5 million at the end of the third quarter 2020.

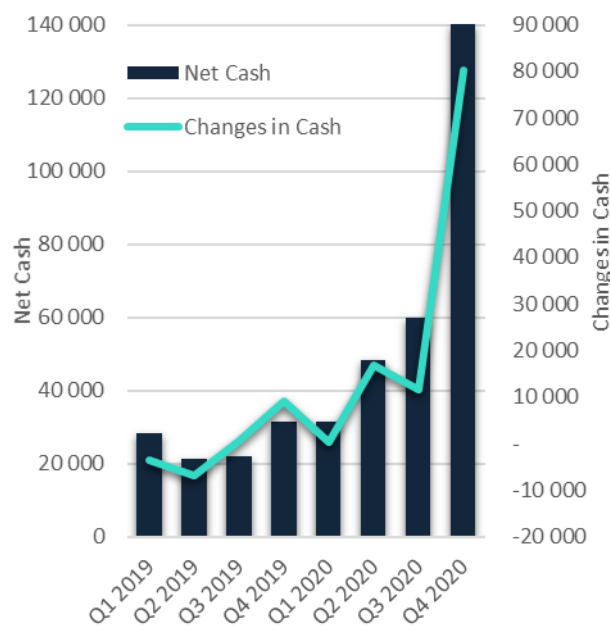
The Company has no interest-bearing debt.

Cash flow

Net cash flow from continued operating activities was NOK 13.1 million in the fourth quarter 2020, and a cash flow of NOK 42.2 million for the full year.

The operating cash flow from continued operations reflects a change in working capital of NOK 9.7 million compared to the end of Q3 2020. This is explained by an increase in receivables by NOK 16.5 million, increase in inventory of NOK 0.4 million and a decrease in liabilities of NOK 7.2 million. NOK 16.2 million is a calculated receivable from closing of the divestment.

Cash position



Changes in cash and cash equivalents was NOK 80.2 million in Q4 2020. This generated a cash balance of NOK 140.2 million at the end of Q4 2020, compared to NOK 31.3 million at the end of 2019.

Shareholder matters

The total number of issued shares was 48,334,673 at the end of Q4 2020.

See the annual report for 2019 and note 3 & 6 in the Q4 2020 financial statement for further details on option programmes.

Risk factors

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

The most important risk the Company is exposed to is associated with the commercial development.

The Coronavirus pandemic has had a positive impact on the business in 2020 as the Company's products are used in several diagnostic test's solutions and potential vaccine candidates by its customers. Coronavirus related sales will depend on global development of the Coronavirus pandemic and test strategies. However, the risks are considered minimal because they will be mitigated and counteracted by sales in other areas of the business as lockdowns are eventually lifted.

Also, see the risk factors which are described in the annual report for 2019 and published on the Company's website www.arcticzymes.com.

Outlook

ArcticZymes Technologies enters 2021 as a pure enzyme company. The Company's outlook for 2021 will continue to be towards topline sales growth and increasing profitability. Furthermore, 2021 will be a year for investing to leverage the greater growth potential in the business.

Investments in new and expanded facilities as well as talented personnel will be core to the company's organic growth strategy. New product launches during the year will bring the Company closer to achieving the ambition in becoming Europe's leading one-stop-shop enzyme supplier over the next 2-3 years. M&A activities will also be important to achieving this ambition.

¹Link to ReiThera's clinical trial announcement
<https://www.reitherathera.com/2020/11/24/reitherathera-announces-its-grad-cov2-covid-19-vaccine-candidate-is-well-tolerated-and-induces-clear-immune-responses-in-healthy-subjects-aged-18-55-years-phase-1-trial-to-advance-into-elderly-subjects-age/>

The interim financial statement 31. December 2020 (Q4)

CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Amounts in NOK 1 000 - except EPS)	Q4		YTD	
	2020	2019	2020	2019
Sales revenues	22 054	16 336	93 449	45 192
Other revenues	1 959	1 363	4 374	3 986
Sum revenues	24 013	17 698	97 823	49 178
Cost of goods	-582	-86	-1 131	-1 199
Personnel expenses	-9 835	-9 172	-34 564	-32 171
Other operating expenses	-6 757	-3 519	-16 696	-13 670
Sum expenses	-17 174	-12 777	-52 390	-47 040
Earnings before interest, taxes, depr. and amort.	6 839	4 921	45 432	2 138
Depreciation and amortization expenses	-658	-389	-2 639	-2 547
Operating profit/loss (-) (EBIT)	6 181	4 532	42 793	-409
Financial income, net	-642	-452	-384	-161
Profit/loss (-) before tax (EBT)	5 539	4 079	42 409	-571
Tax	32 978	0	32 978	0
Net profit/loss (-) before discontinued operations	38 518	4 079	75 387	-571
Net profit from "Discontinued operations"	-2 275	-2 512	9 356	-5 356
Net profit/loss (-)	36 243	4 079	84 743	-5 926
Basic EPS (profit for the period)	0,75	0,08	1,75	-0,12
Diluted EPS (profit for the period)	0,74	0,08	1,72	-0,12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK 1 000)	31.12.2020	31.12.2019*
Non-current assets		
Deferred tax	32 978	
Machinery and equipment	3 058	3 875
Intangible assets	420	674
Lease assets	10 515	14 469
Other non-current assets	5	0
Total non-current assets	46 976	19 018
Current assets		
Inventories	3 889	5 298
Account receivables and other receivables	30 705	14 754
Cash and cash equivalents	140 178	31 289
Total current assets	174 771	51 341
Total assets	221 747	70 358
Assets classified as "Assets held for sale"	0	7 250
Total assets	221 747	77 608
Equity		
Share capital	48 335	48 335
Premium paid in capital	151 039	151 039
Retained earnings	-5 180	-154 233
Non-controlling interests	3 130	1 336
Total equity	197 325	46 476
Other long-term liabilities		
Lease liabilities	9 595	12 764
Total other long-term liabilities	9 595	12 764
Current liabilities		
Accounts payable and other current liabilities	14 828	17 652
Total current liabilities	14 828	17 652
Total equity and liabilities	24 423	30 416
Liabilities attached to "Assets held for sale"	0	716
Total equity and liabilities	221 747	77 608

* 31.12.2019 Includes Biotec BetaGlucans AS

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in NOK 1 000)	Q4		YTD	
	2020	2019	2020	2019
Cash flow from operating activities:				
Profit after tax	38 518	1 504	75 387	-5 926
Adjustment:				
Tax	-32 978		-32 978	
Adjustment discontinued operations (BBG)	16 226		16 226	
Depreciation	438	654	887	2 565
Depreciation IFRS	220	552	1 752	2 518
Employee stock options	212	-1 005	848	-81
Non cash interest expense	158	199	631	797
Changes in working capital				
Inventory	-444	-331	-903	739
Account receivables and other receivables	-16 534	7 591	-22 715	2 299
Payables and other current liabilities	7 238	4 458	3 098	1 054
Net cash flow from operating activities	13 054	13 620	42 233	3 965
Cash flow from investing activities:				
Purchase of fixed assets	-619	-80	-1 794	-688
Invested in intangible assets				-412
Change in long term receivables	9		10	
Net cash flow from investing activities	-610	-80	-1 784	-1 100
Cash flow from financing activities:				
Divestment of subsidiary (Biotec BetaGlucans)	70 000		70 000	
Interest expense on lease liability	-158	-199	-631	-797
Principal portion of the lease liability	-2 047	-4 106	-929	-2 441
Net cash flow from financing activities	67 795	-4 305	68 440	-3 238
Changes in cash and cash equivalents	80 240	9 235	108 889	-373
Cash and cash equivalents at the beginning of period	59 939	22 055	31 289	31 662
Cash and cash equivalents at end of period	140 178	31 290	140 178	31 290

Note: 2019 figures includes cash flow from discontinued operations while 2020 figures are exclusive discontinued operations (Biotec BetaGlucans)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK 1 000)	Q4		YTD	
	2020	2019*	2020	2019*
Equity at the beginning of period	95 629	46 895	46 476	52 471
Shared based compensation	212	-1 005	848	-81
Retained earnings	38 518	269	73 593	-6 373
Divestment discontinued operations	65 258		65 258	
Result from discontinued operations	-2 384		9 356	
Changes in non-controlling interests	91	317	1 794	460
Equity at the end of period	197 325	46 476	197 325	46 476

* 31.12.2019 Includes Biotec BetaGlucans AS

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 2020 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, 27.01.2021

The Board of Directors of ArcticZymes Technologies ASA

Marie Ann Roskrow
Chairman

Volker Wedershoven
Director

Marit Sjø Lorentzen
Director

Jethro Holter

Notes to the interim accounts for 31. December 2020 (Q4)

Note 1 - Basis of preparation of financial statements

The assumptions applied in the financial statements for 2020 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 2019.

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 2020. 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 2019 (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. Biotech 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

(Amounts in NOK 1 000)	Q4		YTD	
	2020	2019	2020	2019
Sales revenue:				
Beta-Glucans (discontinued operations)	11 673	5 666	49 624	27 245
Enzymes	22 054	16 336	93 449	45 192
Group operating sales revenues	33 727	22 002	143 072	72 437
Gross profit				
Beta-Glucans (discontinued operations)	7 473	1 855	28 821	10 034
Enzymes	21 472	16 250	92 318	43 993
Group gross profit	28 945	18 105	121 139	54 027
Other revenues				
Beta-Glucans (discontinued operations)	0	176	213	651
Enzymes	1 959	1 363	4 374	3 986
Group other revenues	1 959	1 539	4 586	4 637
Operating expenses:				
Beta-Glucans (discontinued operations)	-3 876	-3 399	-14 451	-14 919
Enzymes	-12 302	-8 425	-40 951	-33 503
Unallocated corporate expenses	-3 764	-3 219	-8 283	-7 452
Group operating expenses	-19 942	-15 043	-63 685	-55 874
Operating profit/loss (-) (EBITDA)				
Beta-Glucans (discontinued operations)	3 597	-1 368	14 583	-4 234
Enzymes	11 129	9 188	55 741	14 476
Unallocated corporate expenses	-3 764	-3 219	-8 283	-7 452
Operating profit/loss (-) (EBITDA)	10 962	4 600	62 041	2 790

Depreciation and amortization:				
Beta-Glucans (discontinued operations)	-6 551	-283	-7 612	-1 998
Enzymes	-538	-461	-2 161	-1 925
Unallocated corporate expenses	-61	-25	-243	-259
Group depreciation and amortization	-7 150	-769	-10 016	-4 181
<i>Profit/loss (-) before interest and tax (EBIT)</i>				
Beta-Glucans (discontinued operations)	-2 954	-1 651	6 971	-6 232
Enzymes	10 591	8 727	53 580	12 551
Unallocated corporate expenses	-3 825	-3 244	-8 526	-7 711
Profit/loss (-) before interest and tax (EBIT)	3 812	3 831	52 025	-1 391

Note 3 Share options

Per 31.12.2020, there were 315,000 outstanding options plus 600,000 right to receive 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. Criteria's not reflected in the market, affect the assumptions about the number of options expected to be exercised. It recognizes the importance of the revision of original estimates in the consolidated profit and loss statement with a corresponding adjustment 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.

	2020		2019	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.		0	11.93	362 000
Granted during the year	10.19	315 000		
Expired during the year				362 000
Outstanding at 31. December		315 000		0

CEO J. Holter, CFO B. Sørvoll and R.Engstad 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).

Expiry date, exercise price, and outstanding options:

Expiry date	Average exercise price	2020	2019
		Number of share options	
2019, 31 May	11.93		362 000
2025, 14 May	10.19	315 000	
Outstanding at 31. December		315 000	0
Exercisable options at 31. December		0	0

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

The fair value of the boards 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 is expensed over the vesting period. Per 31.12.2020, a total of NOK 18.6 million had been expensed, of which NOK 0,2 million applies to Q4 2020. 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	
	2020	2019*	2020	2019*
Net book value (opening balance)	2 923	4 138	1 897	4 597
Net investment	619	80	1 795	688
Depreciation and amortization	-484	-343	-633	-1 410
Net book value (ending balance)	3 058	3 875	3 058	3 875

* 31.12.2019 Includes Biotec BetaGlucans AS

Intangible asset (Amounts in NOK 1 000)	Q4		YTD	
	2020	2019*	2020	2019*
Net book value (opening balance)	471	7 133	674	7 551
Net investment	0	0	0	412
Depreciation and amortization	-51	-325	-254	-1 155
Net book value (ending balance)	420	6 808	420	6 808

* 31.12.2019 Includes Biotec BetaGlucans AS

Lease assets (Amounts in NOK 1 000)	Q4		YTD	
	2020	2019*	2020	2019*
Net book value (opening balance)	10 953	15 099	12 101	16 454
Initial measurement IFRS 16	0	0	0	0
Net present value adjustment 01.01	0	0	166	533
Depreciation	-438	-630	-1 752	-2 518
Net book value (ending balance)	10 515	14 469	10 515	14 469

* 31.12.2019 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 (10-12 years)

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. It requires all leases to be recognised in the statement of financial position as a right to use asset with subsequent depreciation. At the commencement date the Group recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The Group has separately recognised the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group has adopted the new standard on the effective date using a full retrospective method and a 3%/4,6% discount rate. The lease period includes options. Variable expenses are excluded from lease period and are not recognised. Two contracts relating to offices and lab at SIVA Innovation Centre and the Groups production premises at Nordøya are covered in the calculations.

Nordøya is excluded from calculations in 2020 as it is part of discontinued operations.

(Amounts in NOK 1 000)

Financial position	31.12.2020	31.12.2019*
Lease assets	10 515	14 469
Fixed assets	3 058	10 682
Other non-current assets	5	0
Sum Fixed assets	13 577	25 152
Lease liabilities	9 595	12 764
Current liabilities	15 979	18 368
Sum Liabilities	25 574	31 132

* 31.12.2019 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

Note 6 Related party disclosures

Shares owned or controlled by directors and senior management per 31. December 2020:

Name, position	No of shares	No of options
Marie Roskrow, Chairman	0	200 000
Volker Wedershoven, Director	80 000	100 000
Marit Sjo Lorentzen, Director	20 331	15 000
Jethro Holter, CEO	564	*
Børge Sørvoll, CFO	25 429	*
Olav Lanes, VP R&D and applications	2 000	0

*See note 3 for further details

Note 7 Shareholders

The 20 largest shareholders as of 31. December 2020	Shares	Ownership
Skandinaviska Enskilda Banken AB	4 259 790	8,81 %
Nordnet Bank AB	2 763 271	5,72 %
Pro AS	2 297 216	4,75 %
Avanza Bank AB	2 266 784	4,69 %
Vinterstua AS	2 066 165	4,27 %
Skandinaviska Enskilda Banken AB	1 655 852	3,43 %
Clearstream Banking S.A.	1 435 613	2,97 %
Danske Bank A/S	1 386 478	2,87 %
Tellef Ormestad	1 331 740	2,76 %
Belvedere AS	1 215 684	2,52 %
Nordea Bank Abp	766 314	1,59 %
Middelboe AS	719 163	1,49 %
State Street Bank and Trust Comp	717 009	1,48 %
Danske Bank A/S	600 000	1,24 %
Dragesund Invest AS	597 891	1,24 %
Avkast Invest AS	568 566	1,18 %
DNB Markets Aksjehandel/-analyse	467 795	0,97 %
Naudholmen AS	461 000	0,95 %
SEB Cmu/Secfin pooled	397 232	0,82 %
Nordnet Livsforsikring AS	377 959	0,78 %
20 largest shareholders aggregated	26 351 522	45,71 %

Note 8 Interim results

(Amounts in NOK 1 000)	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019
Sales revenues	22 054	19 546	33 373	18 475	16 336
Sales growth % (year-over-year)	35 %	63 %	271 %	135 %	35 %
Gross profit %	97 %	100 %	99 %	100 %	99 %
EPS	0,76	0,13	0,45	0,15	0,08
EPS fully diluted	0,75	0,12	0,45	0,15	0,08
EBITDA	6 837	22 536	7 072	8 985	4 921
Equity	197 325	95 629	86 324	60 271	46 476
Total equity and liabilities	221 747	119 719	112 681	91 743	77 609
Equity (%)	89 %	80 %	77 %	66 %	60 %

Noe. All 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	
	2020	2019	2020	2019
Sales	22 054	16 336	93 449	45 192
Cost of goods	-582	-86	-1 131	-1 199
Gross profit	21 472	16 250	92 318	43 993
Other revenues	1 959	1 363	4 374	3 986
Sum other revenues	1 959	1 363	4 374	3 986
Personnel expenses	-9 835	-9 172	-34 564	-32 171
Other operating expenses	-6 757	-3 519	-16 696	-13 670
Depreciation and amortization expenses	-658	-389	-2 639	-2 545
Sum expenses	-17 250	-13 080	-53 899	-48 386
Operating profit/loss (-)	6 181	4 533	42 793	-409

Note 10 Accounts receivable and other receivables

(Amounts in NOK 1 000)	31.12.2020	31.12.2019*
Accounts receivable	10 575	10 049
Research grants	1 505	1 345
Tax grants	1 138	2 337
VAT	791	351
Other receivables	16 696	671
Total accounts receivable and other receivables	30 705	14 754

* 31.12.2019 Includes Biotec BetaGlucans AS

Days of maturity	Not due	0-30	31-60	61-90	Over 90-
Outstanding 31.12.2020	6 847	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

Days of maturity	Not due	0-30	31-60	61-90	Over 90-
Outstanding 31.12.2019	7 050	2 091	231	399	278
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)	31.12.2020	31.12.2019*
Accounts payable	3 456	4 525
Public taxes and withholdings	1 301	1 679
Unpaid holiday pay	2 015	2 782
Other personnel	4 335	4 596
Other current liabilities	3 721	4 070
Total account payable and other current liabilities	14 828	17 652

* 31.12.2019 Includes Biotec BetaGlucans AS

Note 12 Assets held for sale

Assets classified as "Assets held for sale"	31.12.2020	31.12.2019*
Intangible assets	0	6 134
Inventories	0	523
Account receivables and other receivables	0	593
Total assets	0	7 250

* 31.12.2019 Includes Biotec BetaGlucans AS

Liabilities attached to "Assets held for sale"	31.12.2020	31.12.2019*
Accounts payable and other current liabilities	0	716
Total accounts payable and other current liabilities	0	716

* 31.12.2019 Includes Biotec BetaGlucans AS

Note 13 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.

	Q4		YTD	
	2020	whereof COVID-19 related	2020	whereof COVID-19 related
(Amounts in NOK 1 000)				
Sales	22 054	7 052	93 465	25 816

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

Note 14 Taxes

Temporary differences: (Amounts in NOK 1 000)	31.12.2020	31.12.2019	Change
Cange in temporary differences 01.01.2020		-11 030	-11 030
Non current assets	411	-553	-964
Unrealized gain/losses	-598	-97	501
Other temporary differences	-217	-211	5
Gains and loss account	10 609	13 262	2 652
Pensions	5	-6	-10
Total temporary differences	10 210	1 365	-8 845
Discontinued operations		11 030	11 030
Total temporary differences	10 210	12 395	2 185
Tax assessment loss carried forward	-160 112	-458 901	-298 789
Discontinued operations		252 285	252 285
Tax assessment loss carried forward	-160 112	-206 616	-46 504
Calculation base deferred tax asset	-149 902	-194 221	-44 319
Deferred tax asset, 22%	-32 978	-42 729	9 750
Calc. deferred tax asset 01.01.2020	42 729	0	
Changes in temporary differences	-9 750	0	
Tax expense	32 978	0	

Note 15 Discontinued operations

Figures adjusted for discontinued operations in the fiscal year 2020

(Amounts in NOK 1 000)	Continued operations	Discontinued operation	Elimination	Group before reclass.,	Reclas. to disc. operations	Group
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	1 131	20 803		21 933	-20 803	1 131
Personnel expenses	33 118	8 172	-1 446	41 290	-6 726	34 564
Other operating expenses	16 115	6 280	-580	22 395	-5 699	16 695
Sum expenses	50 364	35 254	-2 026	85 617	-33 228	52 390
EBITDA	47 459	14 583	2 026	62 041	-16 609	45 432
Depreciation and amortization	2 405	7 549	-234	9 954	-7 315	2 639
Operating profit	45 055	7 034	2 260	52 087	-9 294	42 793
Financial income, net	220	102	-164	323	62	384
Profit/loss (-) before interest & tax	44 835	6 932	2 424	51 765	-9 356	42 409
Taxes	32 978			32 978		32 978
Net profit	77 813	6 932	2 424	84 744	-9 356	75 387

Figures adjusted for discontinued operations in Q4 2020

(Amounts in NOK 1 000)	Continued operations	Discontinued operation	Elimination	Group before reclass.,	Reclas. to disc. operations	Group
Sales	22 054	11 673		33 727	-11 673	22 054
Other revenues	1 959			1 959	0	1 959
Sum revenues	24 013	11 673	0	35 686	-11 673	24 013
Cost of goods	582	4 200		4 782	-4 200	582
Personnel expenses	9 537	2 254	-298	11 791	-1 931	9 860
Other operating expenses	6 529	1 622	-228	8 151	-1 394	6 732
Sum expenses	16 648	8 076	-526	24 724	-7 524	17 173
EBITDA	7 365	3 597	526	10 963	-4 149	6 838
Depreciation and amortization	599	6 488	-59	7 087	-6 429	658
Operating profit	6 766	-2 891	585	3 876	2 281	6 181
Financial income, net	601	35	-41	636	6	642
Profit/loss (-) before interest & tax	6 165	-2 926	626	3 240	2 275	5 539
Taxes	32 978	0	0	32 978	0	32 978
Net profit	39 143	-2 926	626	36 243	2 275	38 518

Note 16 Events after balance sheet date, 31. December 2020

There are no events of significance to the financial statements for the period from the financial statement date to the date of approval; 27.01.2021

Tromsø, 27.01.2021

The Board of Directors of ArcticZymes Technologies ASA

Marie Ann Roskrow
Chairman

Marit Sjo Lorentzen
Director

Volker Wedershoven
Director

Jethro Holter
CEO