



Q2 2023 Presentation

Agenda

1

Highlights – Q2 2023

2

Business Update

3

Financials

4

Summary



Highlights Q2 2023

Highlights Q2 2023

Achieved Quarterly
Sales
28.2 MNOK

EBITDA
Performance
6.8 MNOK

Hired **new**
CEO: Michael
Akoh

Launched **1 new**
product

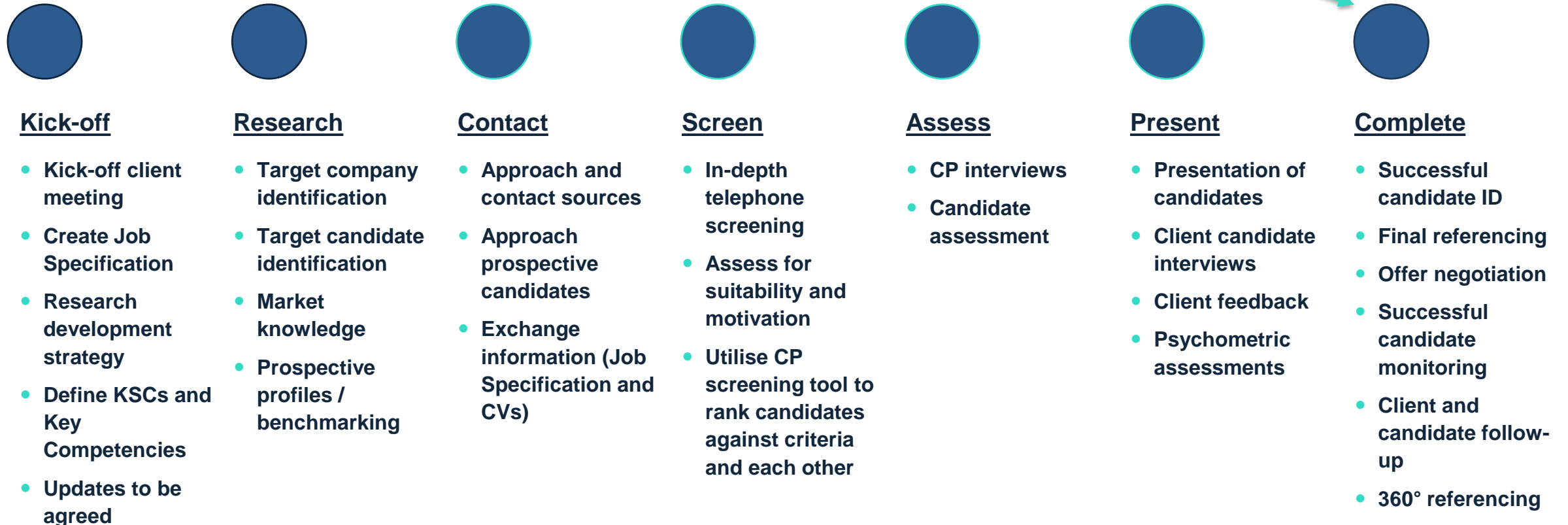
Drug Master File
(DMF) filed end June
2023: Pre-marketing
campaign for SAN
HQ GMP



**Business
update**

Successful CEO Search Process

- CEO resigned March 2023. Effective date Sept. 30th, 2023
- Coulter Partners hired to search
- Significant interest in position
- Hired Michael Akoh: Start date September 18th, 2023



Building out the product portfolio

Newly launched product & pending products

☒ ArcticZymes Proteinase HQ

18th April

☒ AZtaq (Taq DNA pol)

10th August. New Product Introduction!
AZtaq™ polymerase – important towards providing a complete enzyme package towards MDx workflow - supported by Buffers and Protocols (AZtaq™, AZscript™, codUNG + HLdsDNase)

☐ SAN HQ GMP

☐ T7 RNA polymerase

Next product launches. Scheduled for Q4 this year

RNA processing enzymes

Supporting RNA therapeutics, RNA synthesis at scale



**T7 RNA
polymerase**

2023 Q4 NPI – T7 RNA polymerase.

Key enzyme for making RNA in industrial bioprocesses. High quality grade targetted towards the manufacture of therapeutic RNA



**Prototype
ET-N1**

2023 Prototype → 2024 NPI
«Sequence Specific RNA riboendonuclease»

Convenient & efficient specific cleavage of RNA for processing and analysis

‘Closest’ technology is RNaseH – but ET-N1 does not require a targeting oligo. Can be run at low temp to preserve RNA integrity.

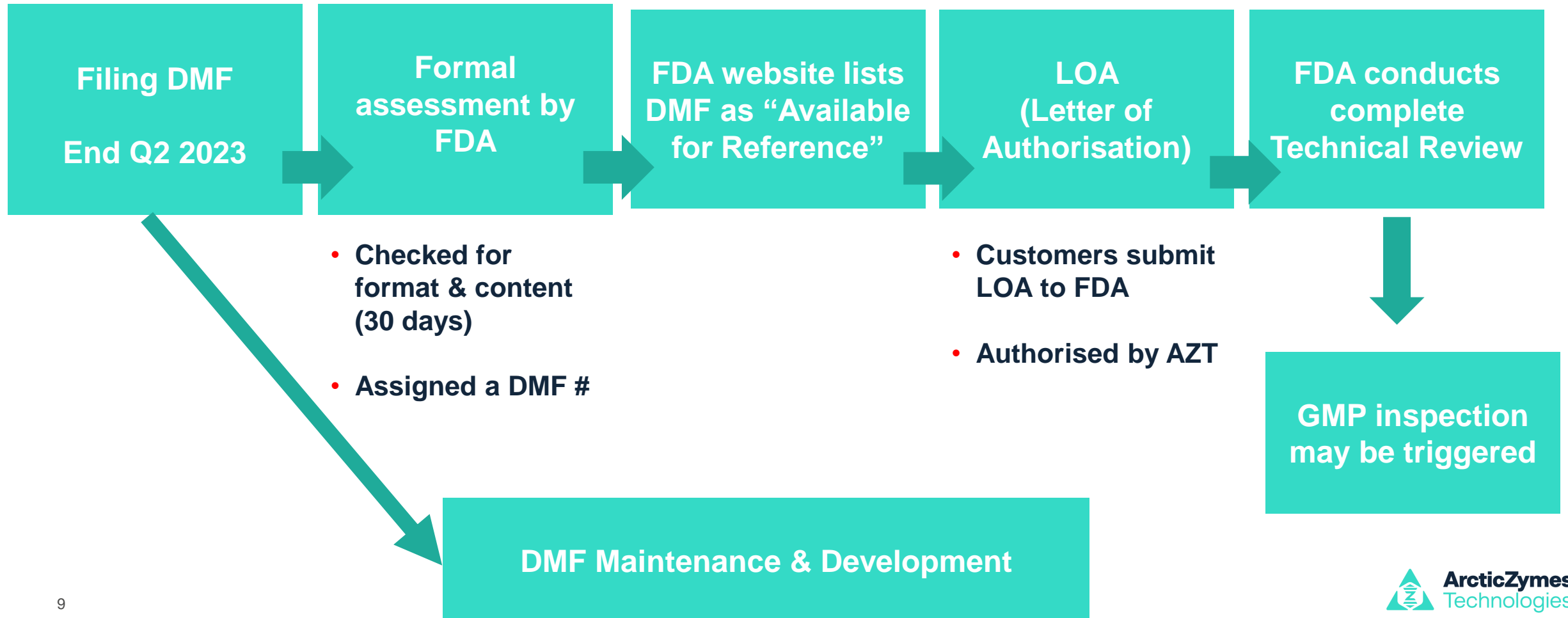
CDA/MTA ongoing with 5 significant companies



2024 Prototypes → Other RNA processing enzymes/agents

Post DMF Submission

Outline of Process

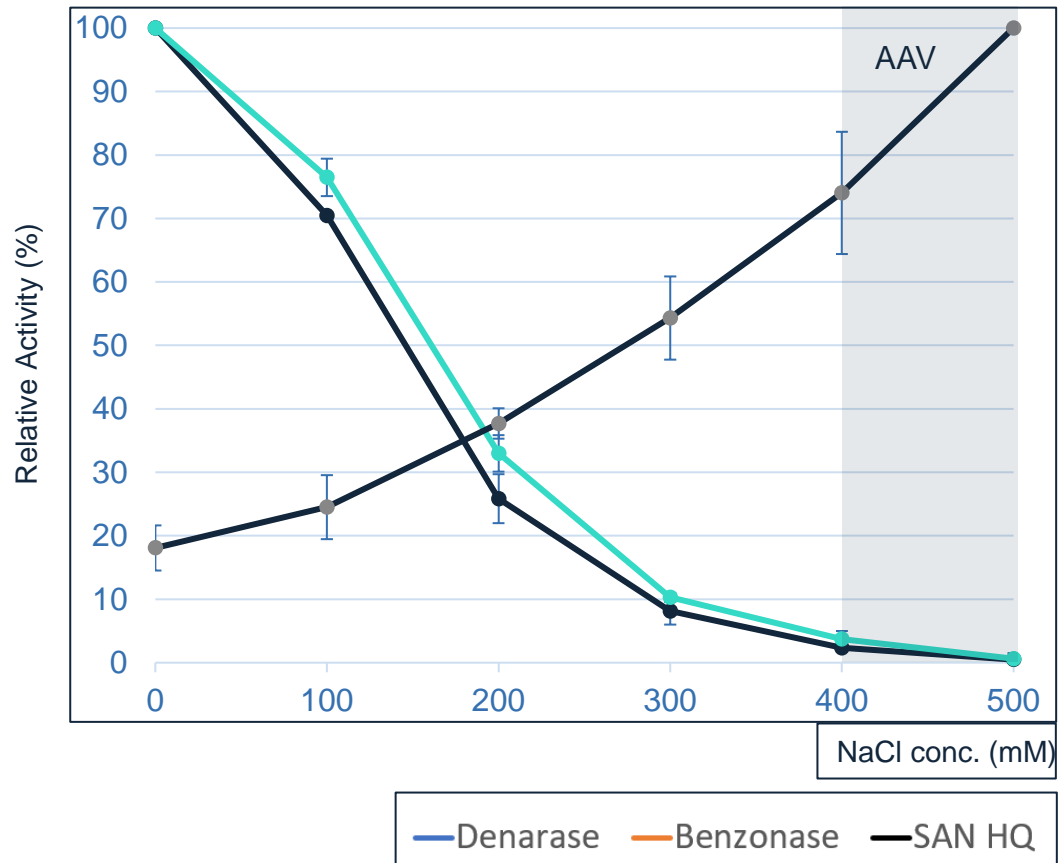


SAN HQ GMP

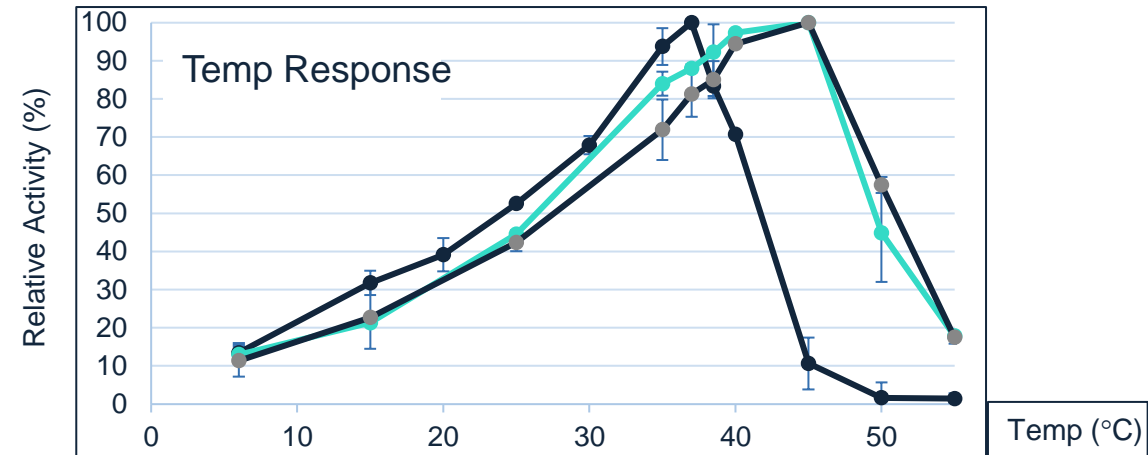
Data for brochure (product support)

A

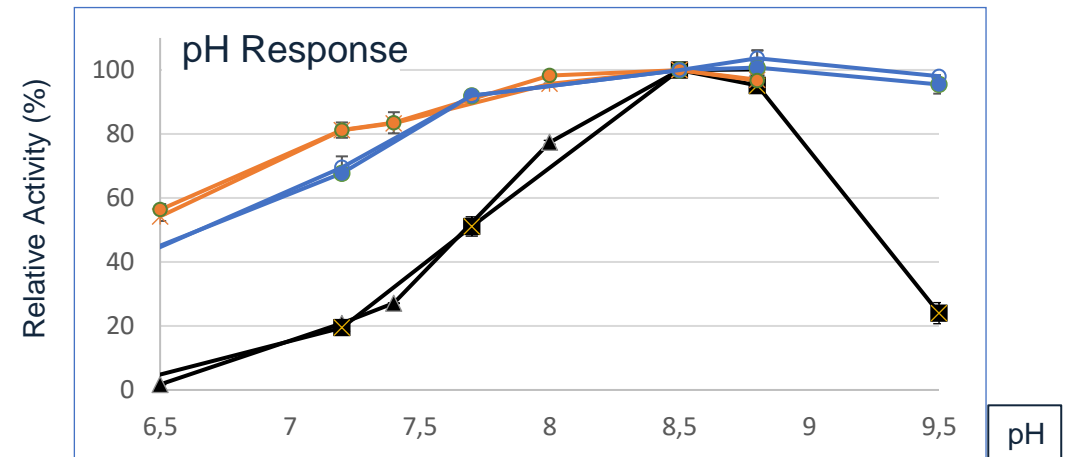
Relative Activity of SAN HQ GMP vs. Salt Conc.



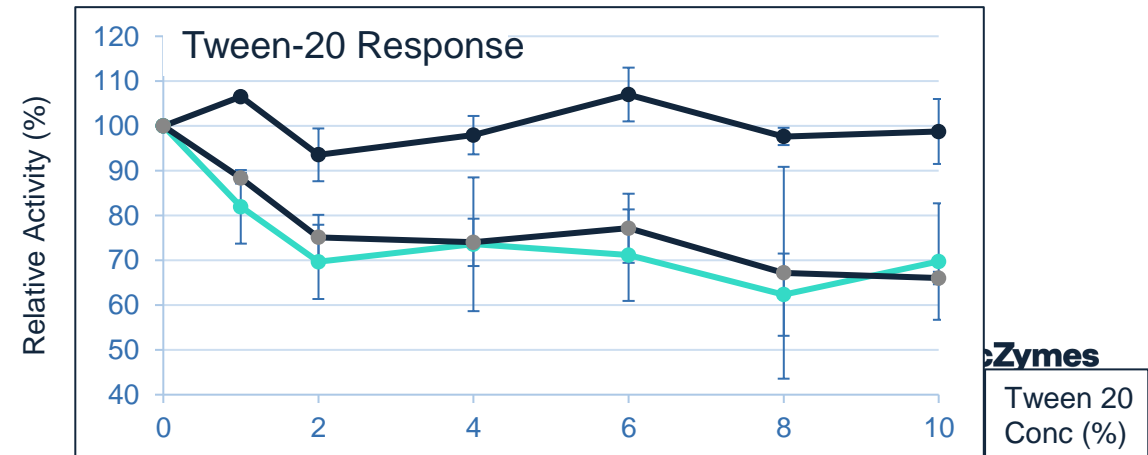
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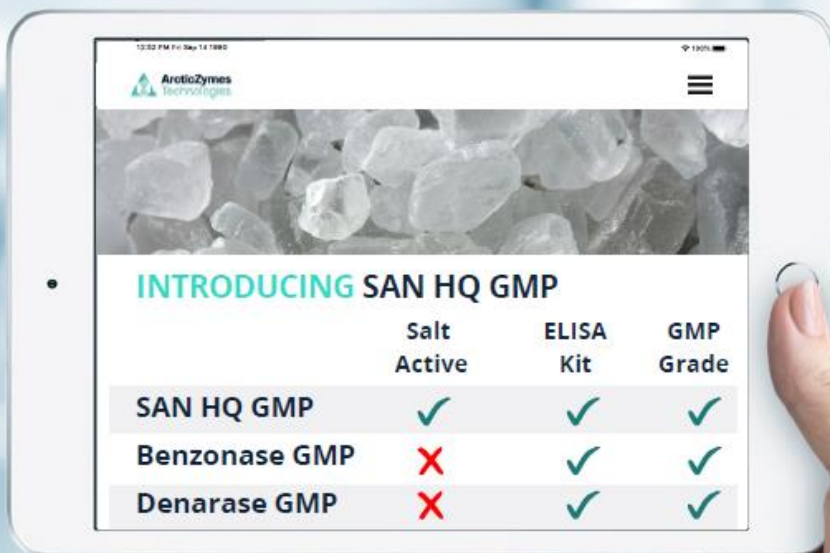
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D



Use Salt to Your Advantage & Unlock New Possibilities



The Only GMP Grade Salt Active Nuclease



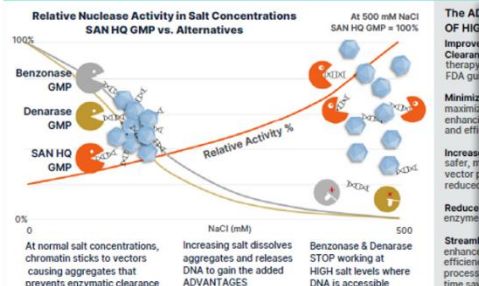
Available
soon

Kicked off Pre-Launch activities for exciting new Product Launch in Q4

High Salt + Enzyme = Cleaner Viral Vectors!

What if high salt conditions enhanced, not hurt, the enzymatic removal of unwanted DNA in bioprocessing? SAN HQ GMP is the paradigm shift that allows you to exploit salt's benefits while simplifying workflows, reducing costs, and improving the efficiency of DNA removal from your lysates in a single step.

The SAN HQ GMP nuclease is designed specifically for high salt to facilitate this breakthrough.



Use salt to your advantage and unlock new possibilities
A streamlined, more effective workflow for your non-enveloped viral vectors that only SAN HQ GMP provides

✓ GMP Processes Compliant
✓ DMF Filed

**Stay in the loop
Join the Alert List!**

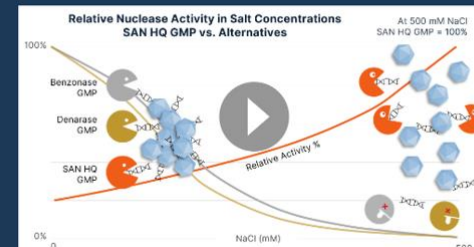
ilovesalt@arcticzymes.com
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I ♥ NaCl

Questions?...give me a call!

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High Salt + Enzyme = Cleaner Viral Vectors?



We Solved the Paradox!
High Salt Conditions Now Boost, Not Hinder, DNA

Introducing: SAN HQ GMP
The Only GMP Grade Salt Active Nuclease

[See it in action >](#)

Use salt to your advantage and unlock new possibilities

arcticzymes.com/ilovesalt/

Coming soon. DMF Filed June 2023

I ♥ NaCl



ArcticZymes Technologies A...
Post to Anyone

For maximum #dnaclearing of your #viralvectors and #bioprocessing this #newproductlaunch is a #paradigmshift for #therapeutics #genetherapy <https://arcticzymes.com/ilovesalt/>

High Salt + Enzyme = Cleaner Viral Vectors!



But Benzonase & Denarase stop working at HIGH salt levels when DNA is most accessible.

Introducing: The Only GMP Grade Salt Active Nuclease
arcticzymes.com • 1 min read



Audits

ISO 13485

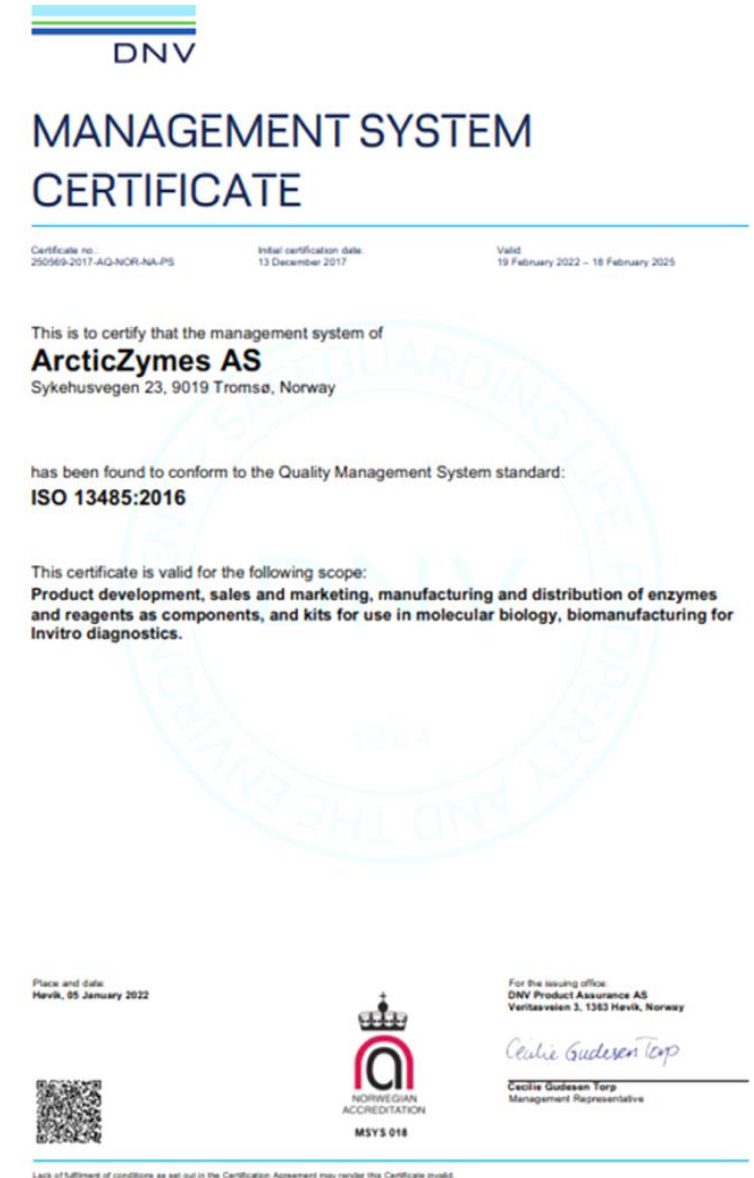
- Recertification audit every 3rd year (last in 2021).
- Surveillance audit (December 2022).
 - No critical deviations.

Customer audits (Bioprocessing and Molecular Tools)

- Two audits in Q2
 - No critical deviations.
 - Continuous cGMP competence.
 - Continuous improves the QMS.

Internal Good Manufacturing Practice (GMP) audit

- Performed by a third party.
 - ArcticZymes complies with applicable regulatory requirements within GMP as a manufacturer of ancillary raw material to the biomanufacturing industry.



Commercial Highlights Q2

Received standing order for next 12 months from one of the largest customers

Exhibited and generated new leads at ECCMID in Europe and ASGCT in North America

Launched SAN HQ GMP Pre-Launch Marketing Activities

Kicked-off ArcticZymes and Genovis partnership in China

Gained 27 new customers – 18 in Biomanufacturing and 9 in Molecular Tools

Hired new Business Development Manager on East Coast of NA

This is what we are hearing

Voice of Customer

US

“As we invested heavily in the development of Cell & Gene Therapeutics, we expect to move several projects from pre-clinical to clinical stages by 2024 and beyond”

US

“With Covid being gone and pressures from the continuous negative economic outlook, we need you to reduce your prices by 50%”

UK

“We are writing to discuss a potential downward adjustment in the current pricing structure for the products/services we procure from your company, taking into consideration the recent market developments”

Germany

“Regarding the future quantities it is very hard to say. Right now, we don’t need more material, but we are waiting to hear back from our customers. So, there can be more demand, which is not known yet.”

China

“From Q3 2022, investment in Cell & Gene Therapy started to decrease, with customers selecting fewer projects, advancing them more cautiously and a large number of projects being cancelled or delayed”



Financials

Sales per area

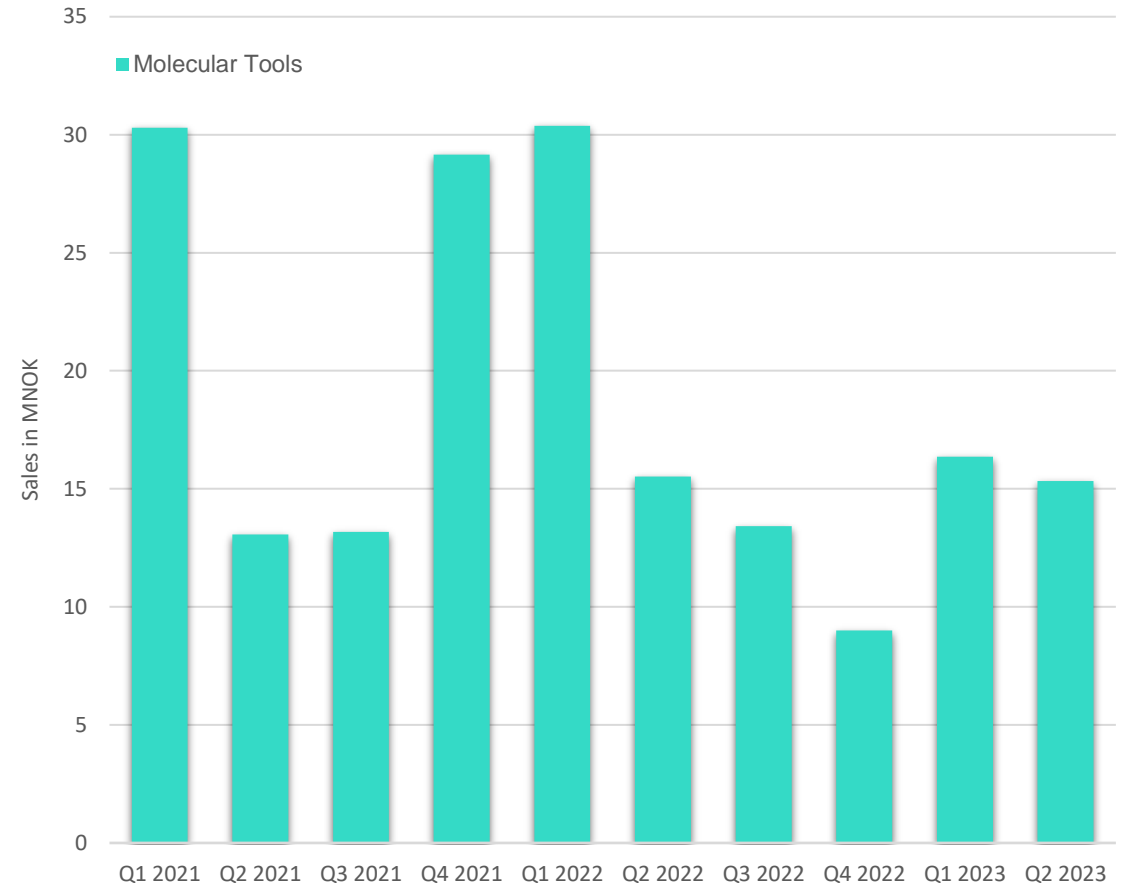
Commercial



Molecular Tools

- ✓ Quarterly sales 15.3 MNOK
- ✓ Accounts for 54% of total Q2 sales
- ✓ Research and Diagnostics contribution to Q2 sales were 30% and 24%, respectively
- ✓ Research – large orders from key customers after slow end to 2022

Sales per area



Sales per area

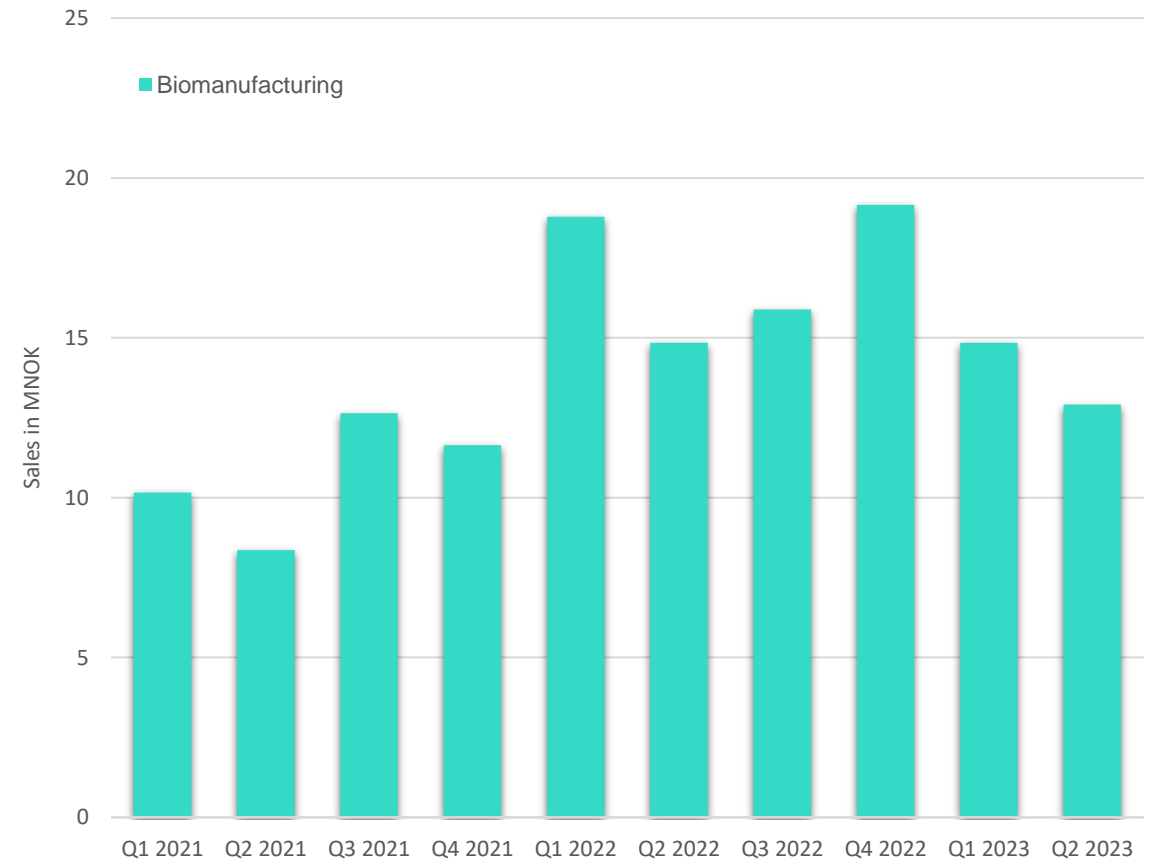
Commercial



Biomanufacturing

- ✓ Quarterly sales 12.9 MNOK (13% decline)
- ✓ Accounts for 46% of total Q2 sales
- ✓ Challenging market conditions
- ✓ Drug Master File (DMF) submitted for SAN HQ GM to the U.S. FDA

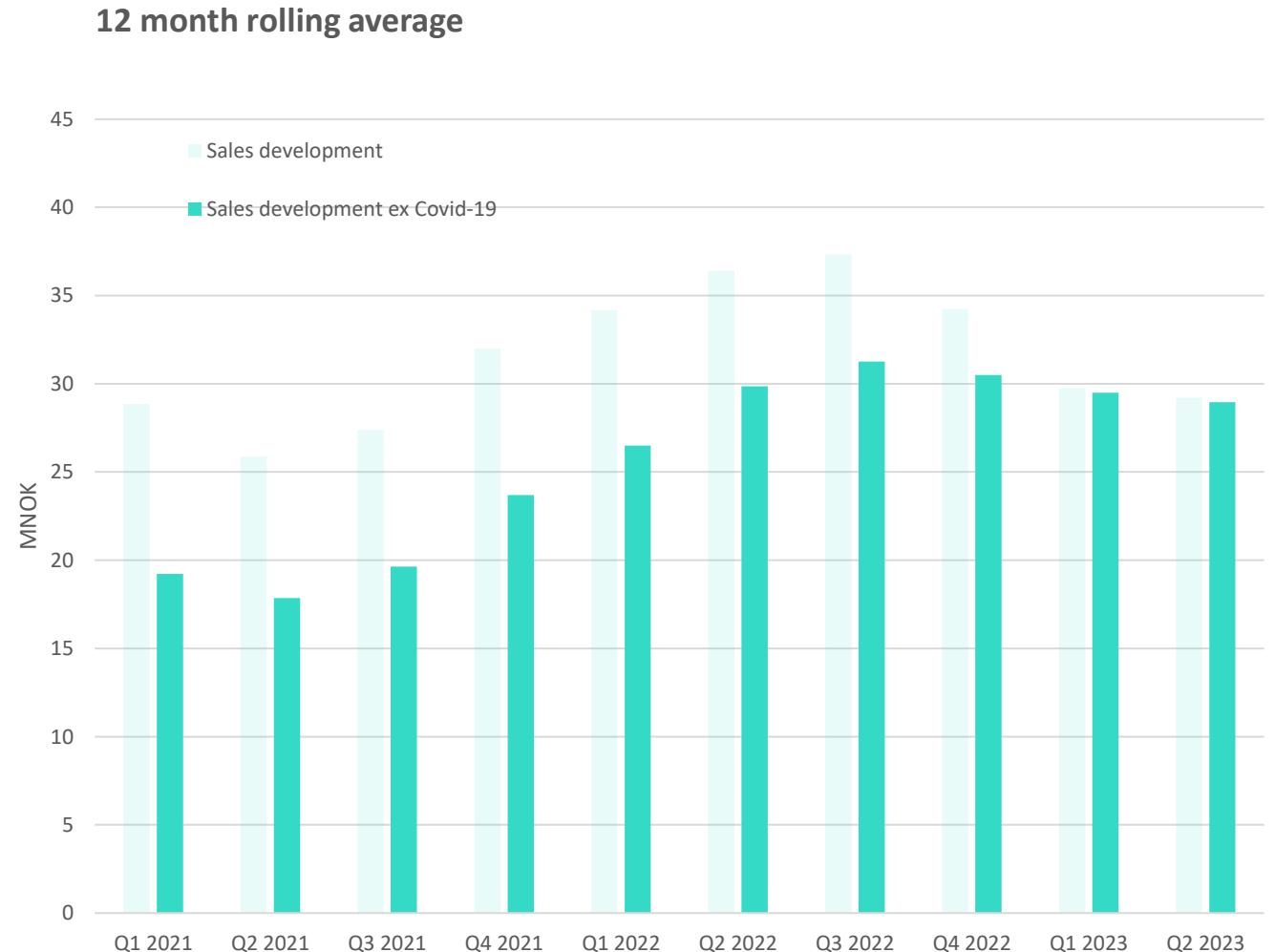
Sales per area



12 month rolling average quarterly sales

Expect growth to pick up again, but.....

- See signs of market normalising
 - Number of orders decreased from 408 in Q1 to 343 in Q2
 - 27 new customers in Q2
- Nothing fundamentally has changed
 - Growing markets
 - Attractive and novel products
- ...but there is still uncertainty on short term customer behaviour
 - Economic uncertainty and capital markets
 - Continued destocking
 - China development



Business Updates

Commercial

Geographical Sales Contribution

2021	Americas 39 %	EMEA 48 %	APAC 13 %
2022	Americas 44 %	EMEA 45 %	APAC 11 %
Q1 2023	Americas 52 %	EMEA 44 %	AP. 4 %
Q2 2023	Americas 49 %	EMEA 48 %	AP. 3%



Currency impact

Positive contribution on P&L

- Majority of revenues are in foreign currency
 - 79% in USD and 21% in EURO for Q2
 - 81% in USD and 19% in EURO for 6M
 - 68% in USD and 31% in EURO for 2022
- Currency effect on P&L
 - Finance -0.1 MNOK in Q2 and +0.4 MNOK 6 M 2023
 - Other operating expenses reduced by 0.5 MNOK Q2 and 1.6 MNOK 6M 2023
- With **constant currency** – est. 3.5 MNOK positive impact on underlying sales in Q2 and 7.3 MNOK for 6M 2023

USDNOK



EURNOK



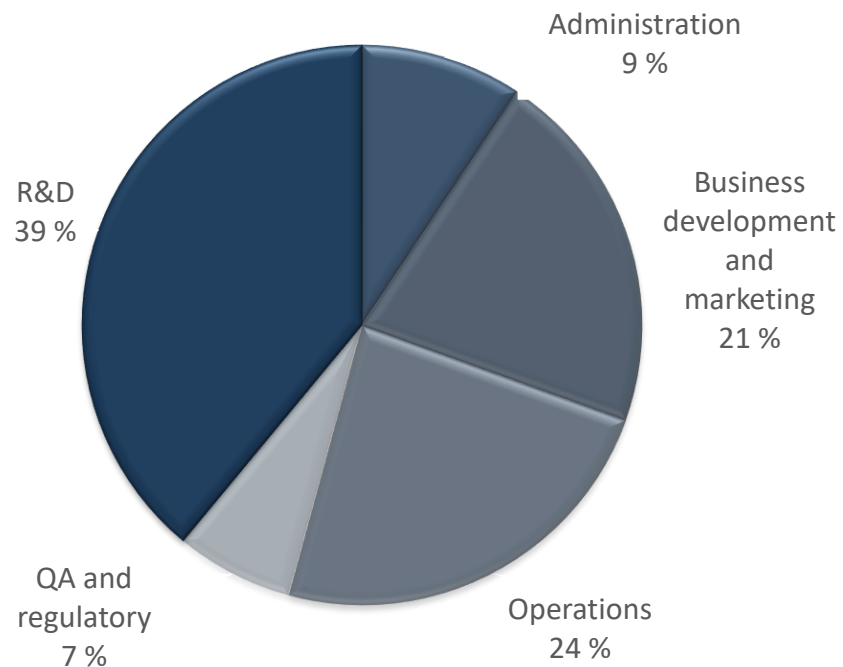


Expenses and profitability

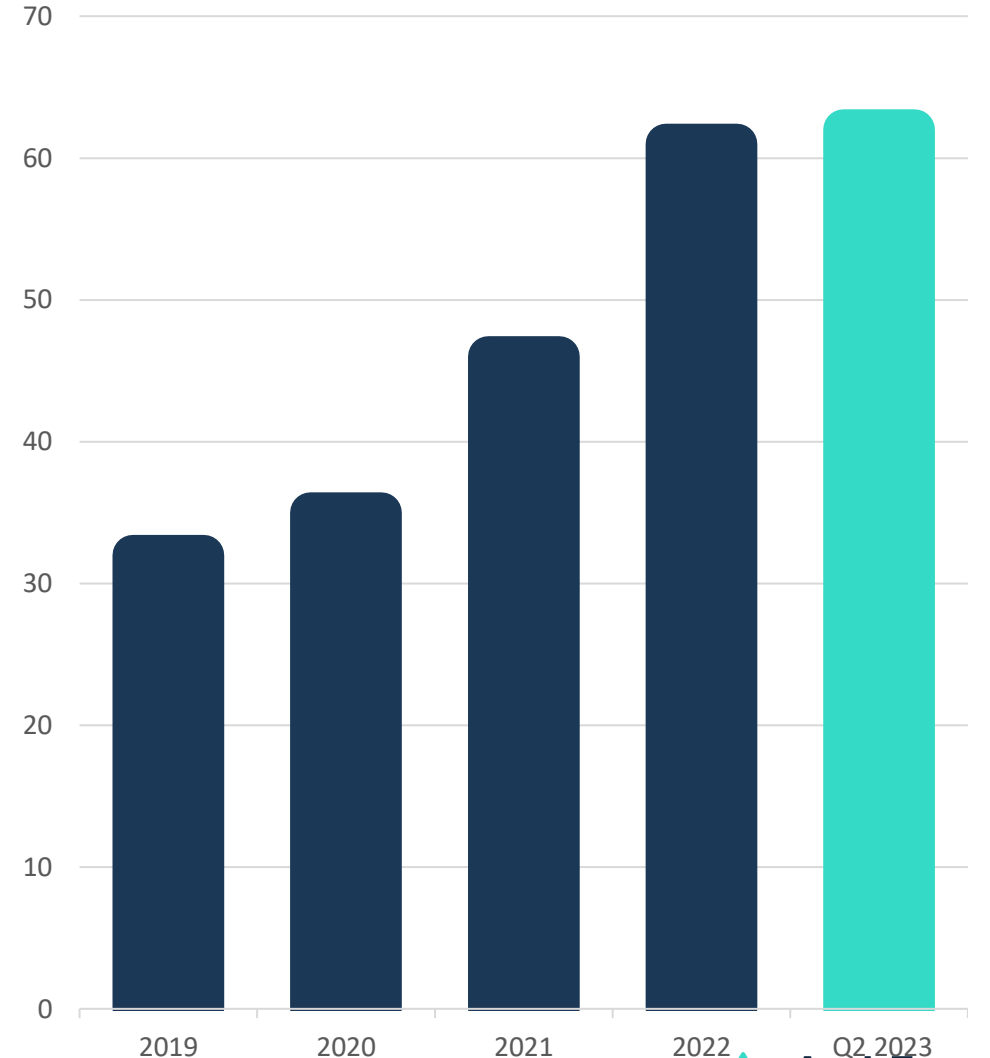
Organisation

Streamling the organisation

- Ambition and strategy has been to grow company organically
- 1 new position in Q2
- 62 employees per 30.06.2023



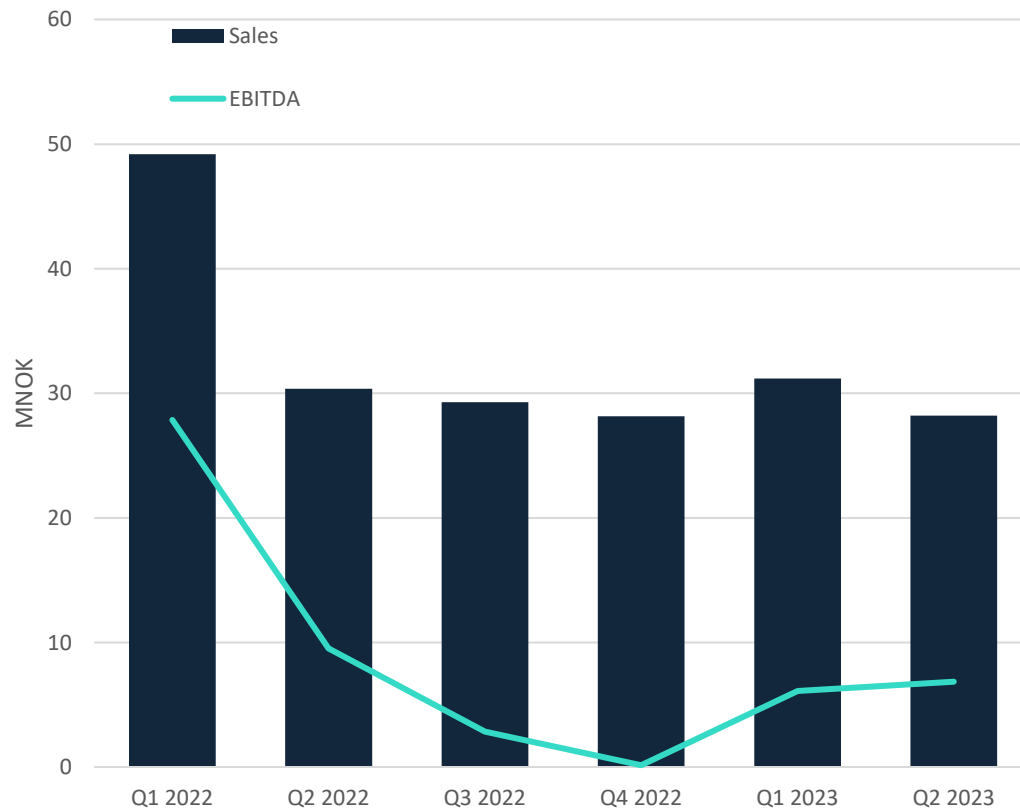
Number of employees



Profitability and expenses

Looking at improved profitability

Sales & EBITDA



Margin	57 %	31 %	10 %	1 %	20 %	24 %
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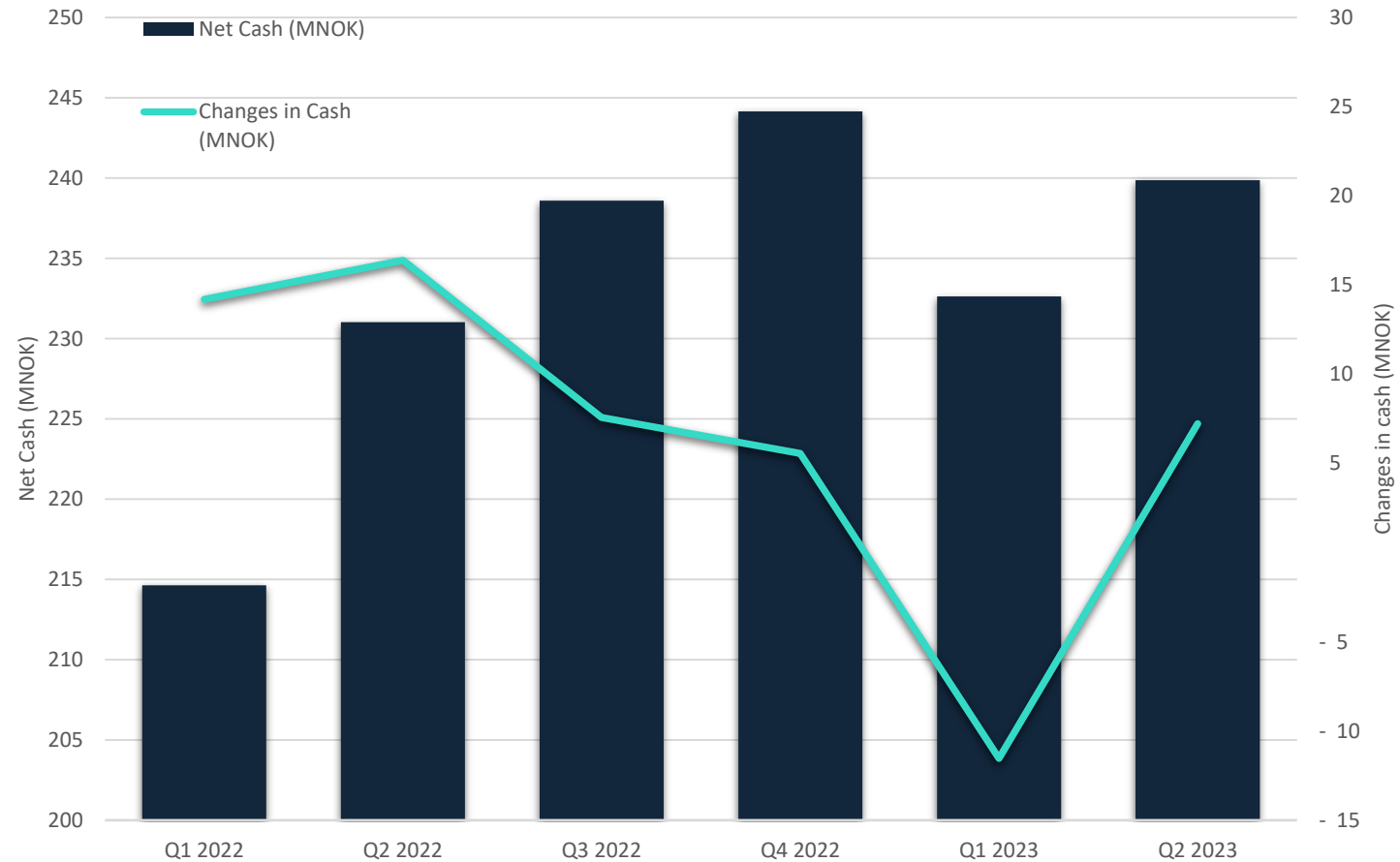
EBITDA

- Q2 MNOK 6.8 vs 9.5
- 6M MNOK 13.0 vs 37.4 MNOK (23.4 Covid adjusted)
- Expenses increased by 0.6 MNOK in Q2 and 4.3 MNOK for 6 M
 - Personnel, consumables and IPR
- Full year expenses: 105 MNOK (2022: 91 MNOK)
 - Personnel 75 MNOK (2022: 59 MNOK)
 - Other operating exp. <32 MNOK (2022: 32 MNOK)

Cash flow

+ 7.3 MNOK in cash flow for Q2

Cash position

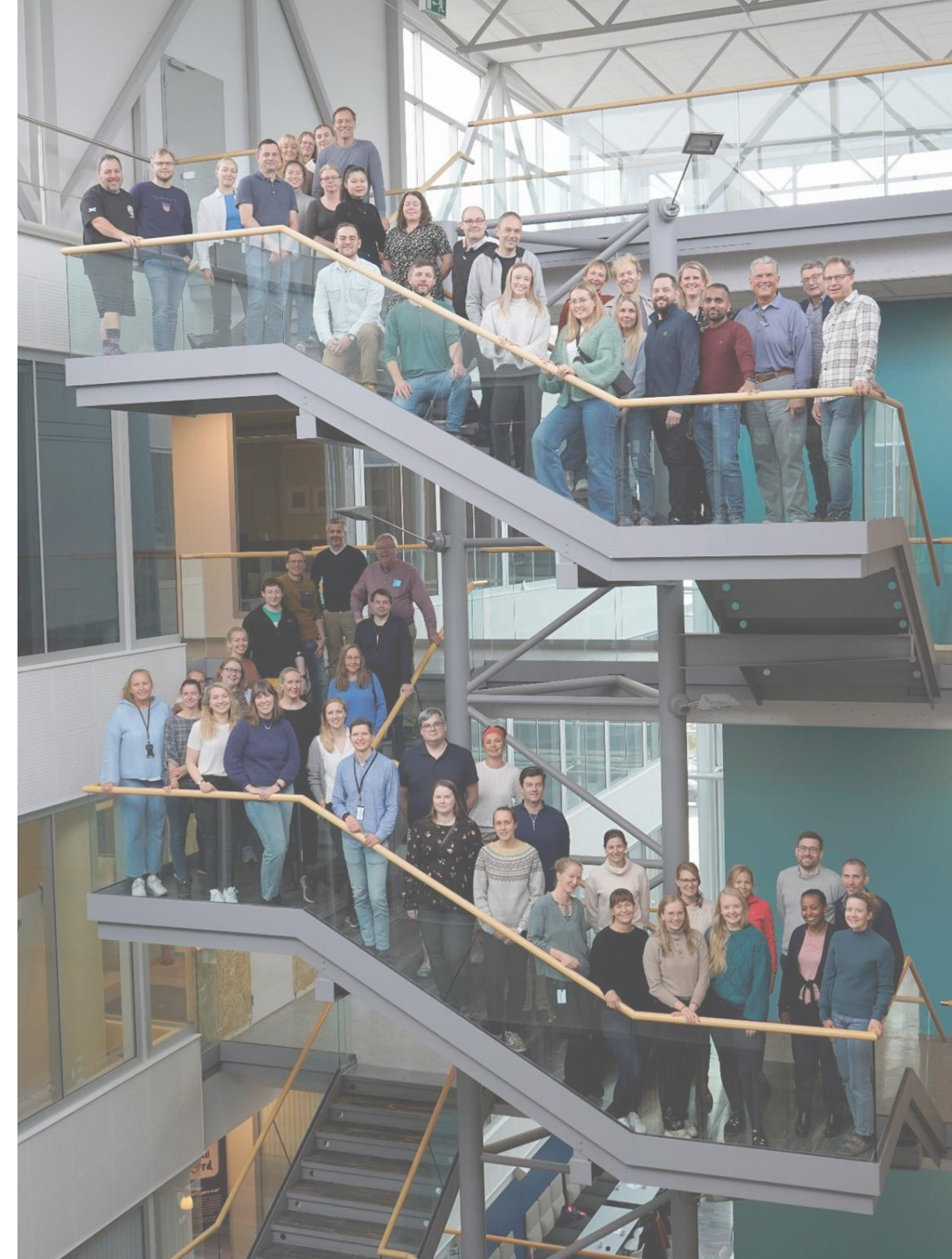




Outlook

Outlook 2023

- ◆ Fundamental business remains strong but there are headwinds in the markets creating challenges for sales growth.
- ◆ Filed the Drug Master File for SAN HQ GMO with the expectation of feedback from FDA in third quarter
- ◆ Capitalise on organic investments carried out in 2022 through productive organisation while having an opportunistic approach to inorganic growth.
- ◆ Aim to launch new products throughout the year.
- ◆ Continue to collaborate with Genovis AB in China, forging new B2B relationships and distributor networks





Thank you

Q&A Session

arcticzymes.com

