



# Q4 2023 Presentation

February 1, 2024





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# Highlights Q4 2023

Achieved Quarterly  
Sales  
**28.4 MNOK**  
(28.2 MNOK)

Research  
Council of  
Norway grant  
**11.8 MNOK**

New Partnership  
agreement with  
**Biomatter**

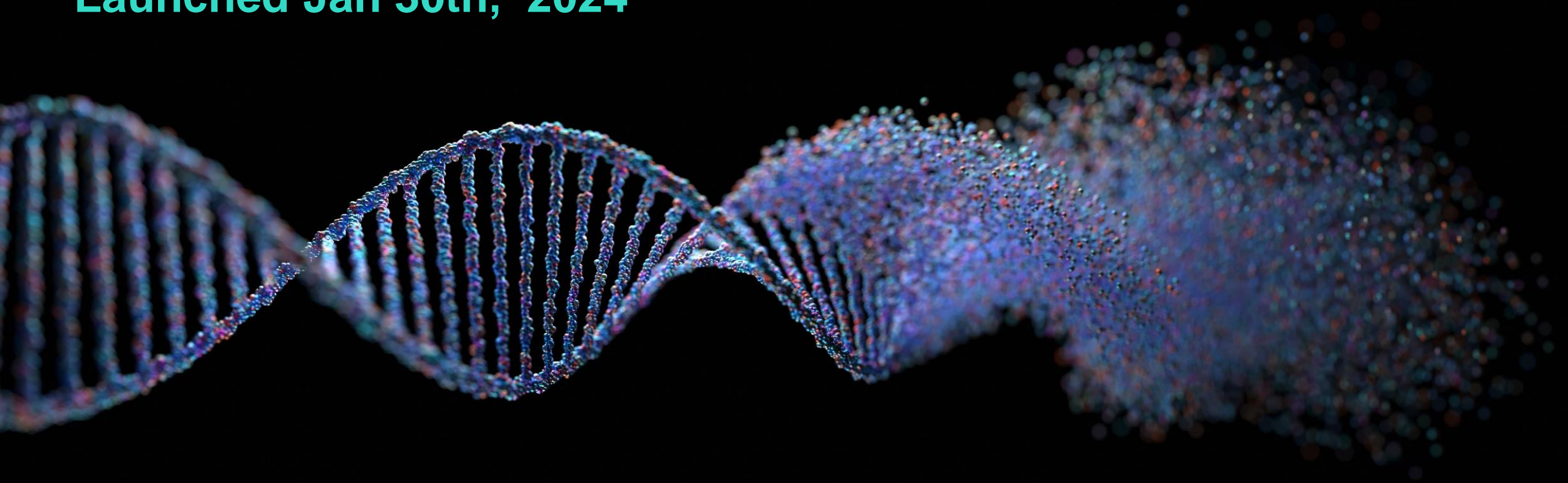
EBITDA  
Performance  
**2.0 MNOK**  
(1.3 MNOK)

Launched **T7 RNA  
Polymerase**

# NEW SAN HQ GMP

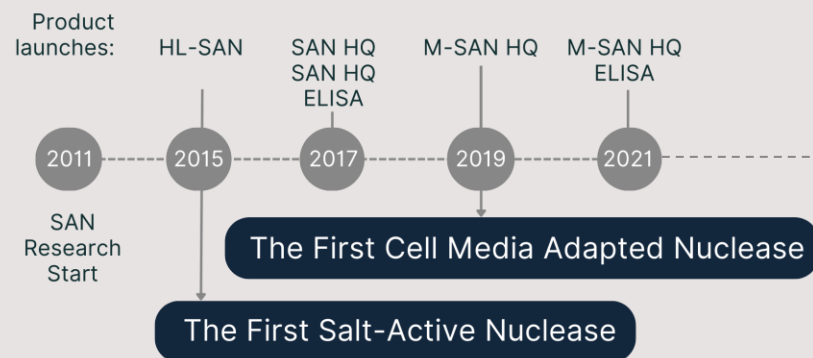
GMP-grade Salt Active Nuclease

Launched Jan 30th, 2024

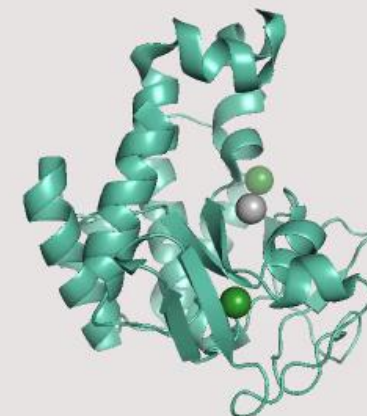


# SAN HQ GMP launched

## Evolution of the Salt-Active Nuclease (SAN) product family



**SAN HQ GMP**  
2024 Jan 30  
**GMP-grade**  
**Salt Active Nuclease**



Crystal structure of SAN HQ nuclease

The only provider of nucleases that perform optimally  
at both high salt and physiological conditions



# SAN HQ GMP

## First GMP grade Biomanufacturing nuclease

### Launch

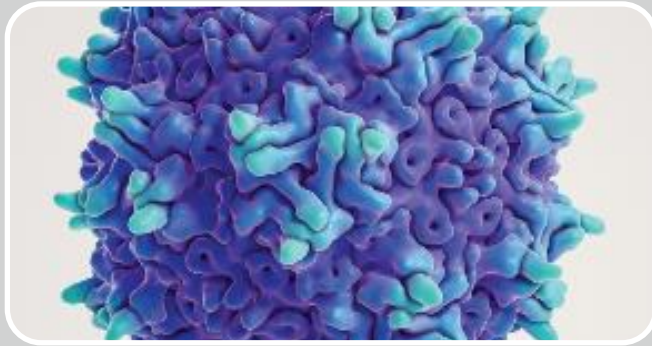
- January 30th and customers can order the product from second half of February
- Customer interest is growing in terms of requests for information
  - But customers want to see the product in the market first
- The project has been an important learning process for the whole company
  - From ISO to GMP

### Future

- SAN HQ GMP is the first GMP grade enzyme
  - More will come => targeting the biomanufacturing segment is a strategic priority
- DMF filling will continue to be expanded
- Biomanufacturing focus beyond SAN

# Nuclease market: Growth segments

## Focus on AAV segment



### AAV

Addressable Market:  
430-480 Mill USD  
Denarase: 16 MUSD  
Benzonase: 400 MUSD  
ArcticZymes: 5 MUSD (1%)  
\*CAGR: 21,12 %

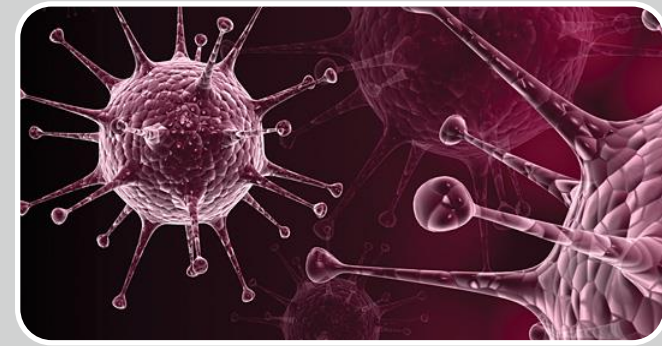
**SAN HQ GMP**  
**M-SAN HQ**



### Lentivirus

Addressable Market:  
30 Mill USD (2023)  
Total: 252 Mill USD segment (2023)  
CAGR: 18,5 %  
Mainly related to the growth in T-cell  
Engineering. North America  
dominates, Asia Pacific highest  
growth.

**M-SAN HQ**



### Oncolytic Virus

Addressable Market:  
35-45 Mill USD (2023)  
  
CAGR: 25,9%  
Interesting as companies still not  
locked protocols, many OV in  
further development

**SAN HQ GMP**  
**M-SAN HQ**

# Building out the product portfolio

## Tentative 2024-2025 product planning

### Biomanufacturing

☐ 'ET-Nx'

— *RNA Enzymes* : Sequence specific riboendonuclease for RNA analytics

☐ SAN «X» GMP

— *Nucleases*: Prototypes Improved SAN «X» (specific customer needs)

☐ M-SAN HQ GMP

— *Nucleases*: Strong addition to our «GMP grade» nuclease family

☐ ELISA kit V2

— *Nucleases*: Improved ELISA kit (SAN support product)

### Molecular Tools

☐ MDx package (ext)

— *MDx*: Externally sourced enzyme package to complete MDx workflow

☐ Prototypes

— *MDx Prototypes*



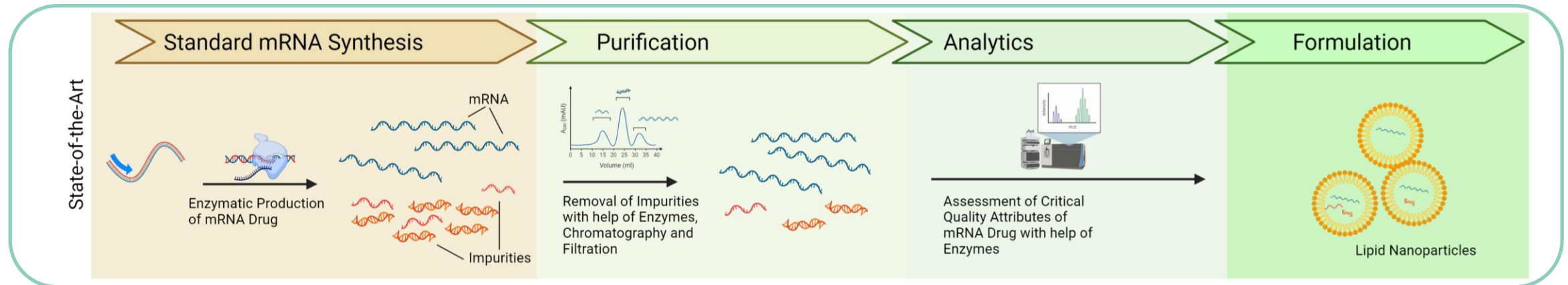
# Funding granted from RCN

## Supports Advanced Therapeutics strategy

- New project funding from Research Council of Norway (RCN) granted.
- Project supports strategy in Advanced Therapeutics.
- Total of 11.8 MNOK over four years.
- Project in collaboration with University of Tromsø and SINTEF.

### Main outputs:

- Novel enzyme solutions
- New customers in RNA therapeutics
- Expanded IPR portfolio



*Simplified Workflow of making therapeutic RNA. Technical challenges in steps from synthesis to formulation provide opportunities for novel enzyme solutions in a expanding market for RNA based therapeutics.*

# Corporate Restructuring Q1 (Jan)

## Closure of Oslo site to reduce costs and refocus strategically

### Background

- ◆ Company costs have increased significantly in the past years
- ◆ Costs must be reduced in certain part of company value chain
- ◆ A **revision of the strategy** puts increased focus on *biomanufacturing, partnerships* and *commercial execution*

### Consequence

- ◆ Decided to **close** down the Oslo site at Forskningsparken
- ◆ Application projects will be done in collaboration with **partners** and in Tromsø
- ◆ The closing of the Oslo site will remove **4 positions**

### Future

- ◆ Towards balanced costs across the company's value chain
- ◆ No increase in FTEs are expected for 2024

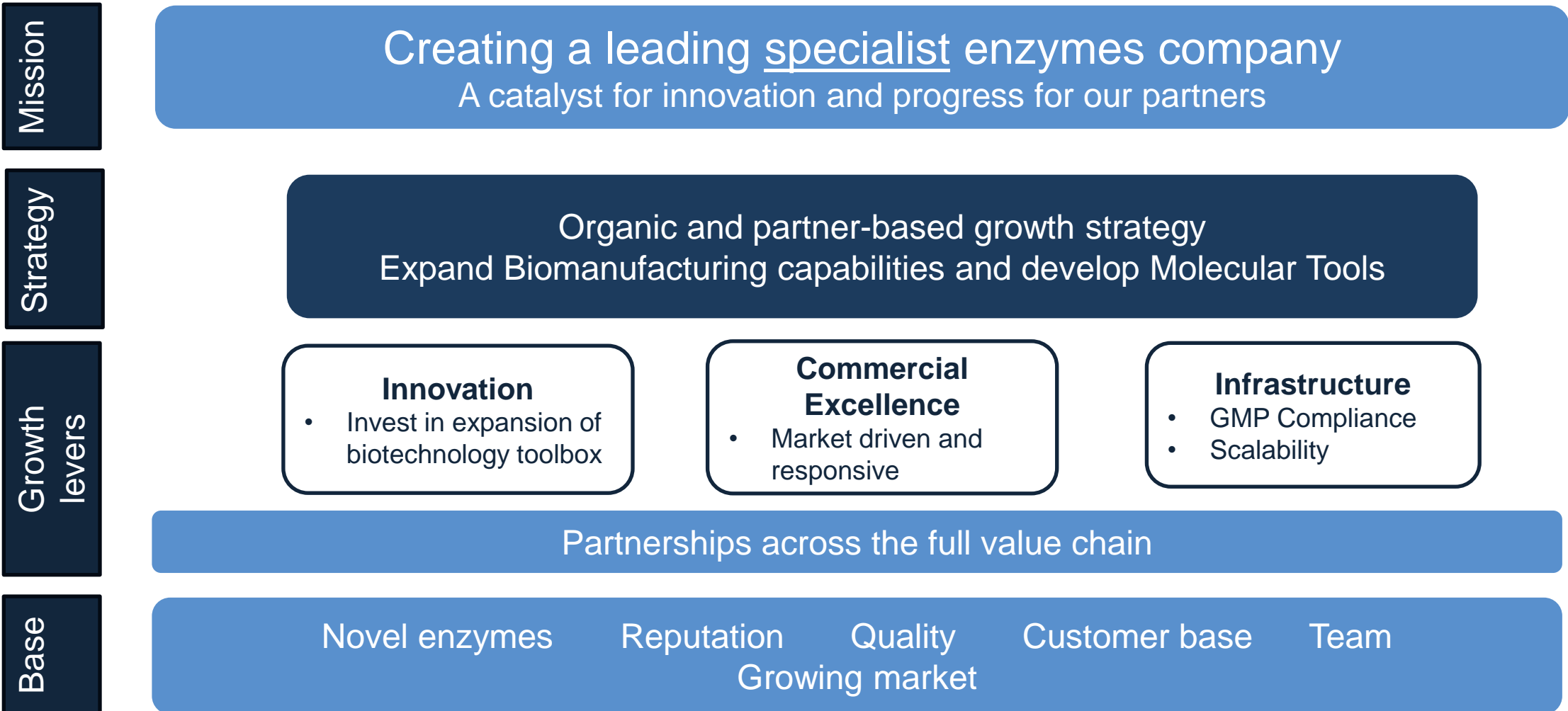


# Strategy and priorities



# The Road Forward

## A focused and market driven growth strategy



# Strategic priorities 2024 =>

## To deliver long term growth

### Penetrate biomanufacturing segment

- SAN “X” GMP and M SAN GMP
- BioMatter AI project
- External application partnership
- Sales channel strategy

### Develop RNA portfolio through new prototypes

- T7 RNA first tool launched in segment
- ET-NX exploration together with customers
- Research Council of Norway grant

### Cost control while investing in growth initiatives

- Commercial execution - channels
- Involvement with key partners providing insights
- Scientific marketing and lead generation activities



# Client Projects

## Full Portfolio – not “just” nucleases

Our **Proteinase** is included in a new trial by a global cancer detection company in a bid to gain approval for its cancer screening tools in the US market.

*Molecular Diagnostics*

A large North American CMO will be using **SAN HQ GMP** for their client in stage II clinical trials.

*CMO*

A worldwide leader in applying biochemistry and molecular biology is testing our **AZscript™** to replace their Reverse Transcriptase

*Life science tools*

One of the world's largest CDMO's successfully completed an **audit** at our Tromsø production facilities.

*CDMO*

Supplier Agreement with a leading Life Science company in Germany to incorporate our **HL-dsDNase** in two of their kits.

*Life science tools*

A leading global next generation sequencing company is using our **IsoPol® BST+** for their sequencing technology and the IsoPol® BSU+ in their clonal amplification technology.

*NGS*

Our **IsoPol® SD+** enzyme is included in a Polymerase Reaction Kit by a cutting-edge diagnostics company in Europe.

*Diagnostics*



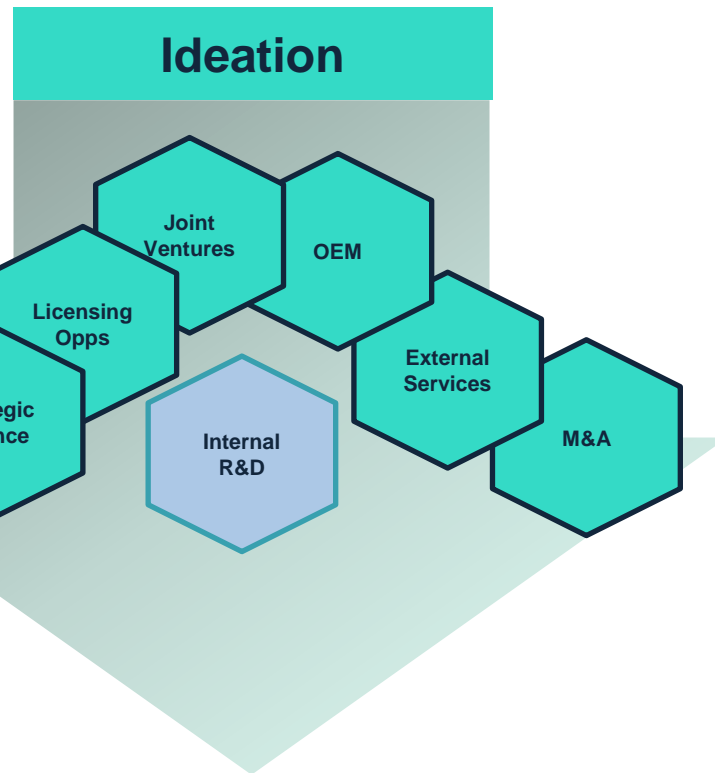


# **Product / Corporate Development & Partnerships**

# Corporate Development

## Finding value to Support the Innovation Pipeline

### Market Driven Portfolio **Strategy**



### Market Driven Product **Portfolio**



- ◆ Increase Speed to Market
- ◆ Cost-Effective Product Development
- ◆ Market Driven, Innovative Products
- ◆ Reduce Innovation Risk
- ◆ Increase IP portfolio potential



# Partnership with Biomatter

## Upgrading Our Toolbox for Future Innovation

### Optimization

Fine-tune the Enzymes  
you have

### Design

Create a new Enzyme

### Discovery

Combine exploring the  
metagenome with AI to  
find Enzymes

- Leverage Biomatter's Intelligent Architecture™ platform to enhance internal discovery
- Proof of Principal Study
- Speed up discovery process
- Generate IP to grow and protect portfolio



### ArcticZymes Technologies Announces Partnership with Biomatter

Dec 19, 2023







# Financials

# Sales per area

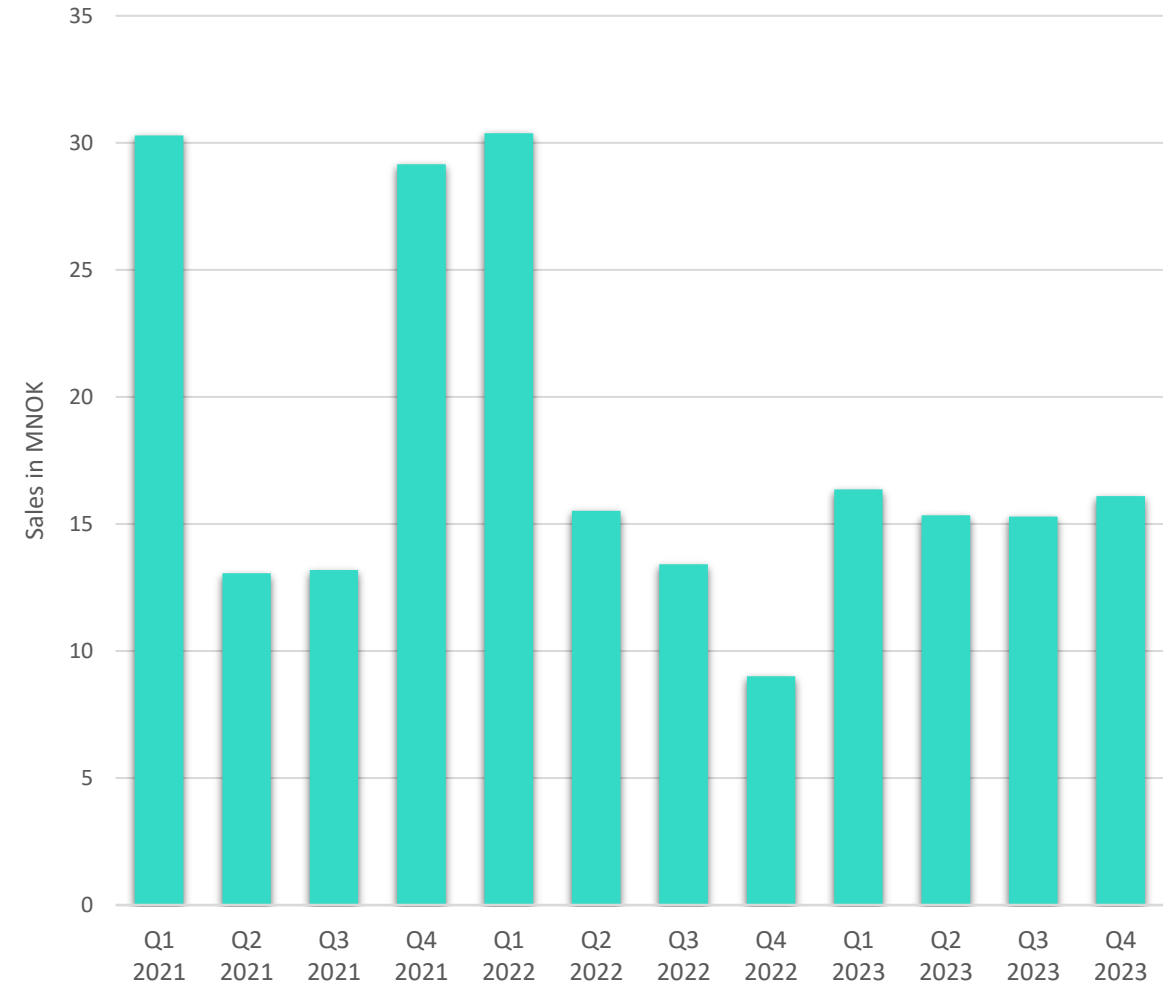
## Commercial



### Molecular Tools

- ✓ Quarterly sales 16.1 MNOK
- ✓ Accounts for 56% of total Q4 sales
- ✓ Research and Diagnostics contribution to Q4 sales were 30% and 26%, respectively
- ✓ Same sales levels as we have seen over the last 12 months

### Sales per area – Molecular Tools



# Sales per area

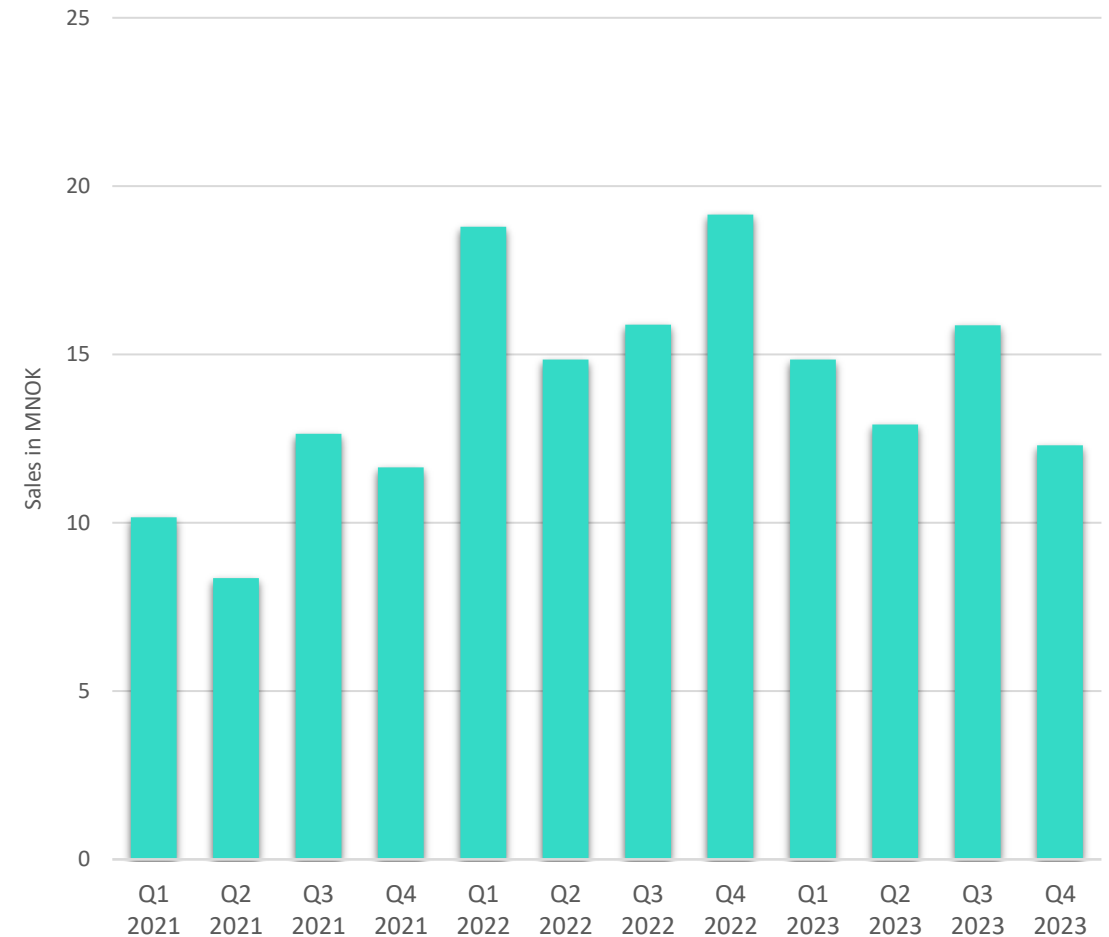
## Commercial



## Biomanufacturing

- ✓ Quarterly sales 12.3 MNOK
- ✓ Accounts for 44% of total Q4 sales
- ✓ East coast in North America continue to delay or ever cancel programs
- ✓ In discussion with several CDMO's for future needs

## Sales per area - Biomanufacturing



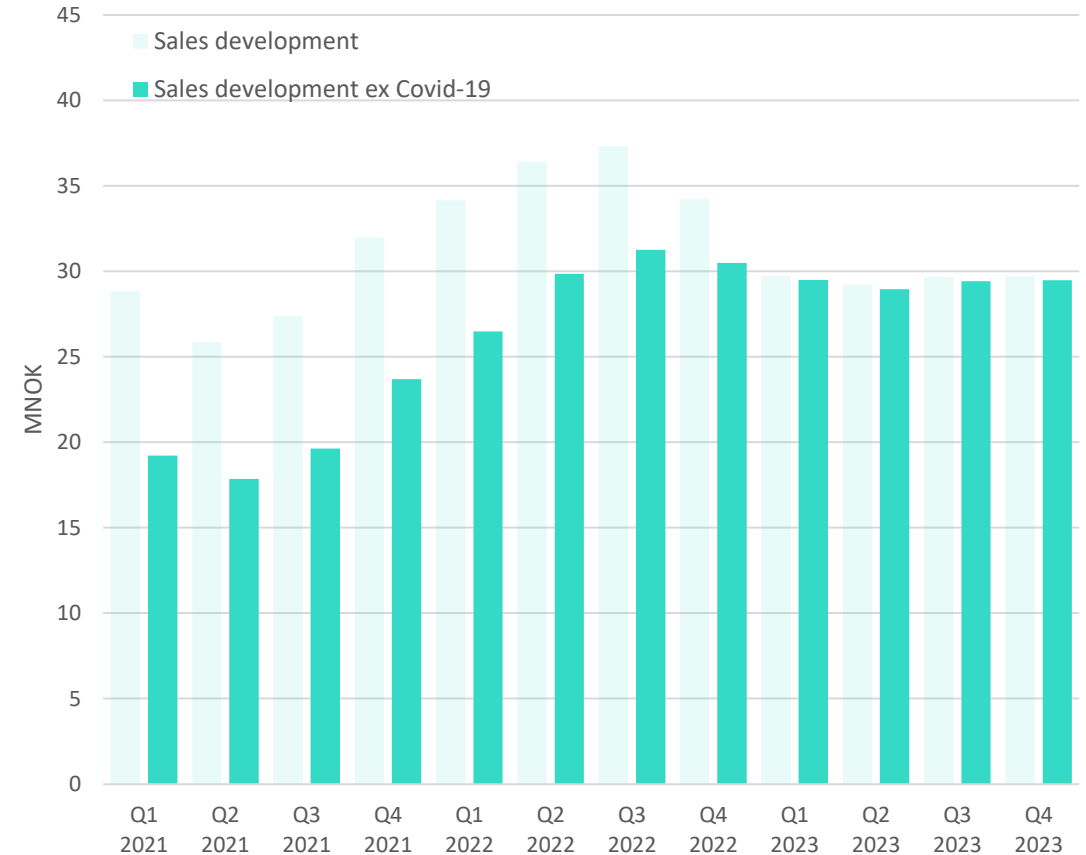


# 12 month rolling average quarterly sales

## Sales unchanged

- Sales growth is unchanged
  - Number of orders decreased from 366 in Q3 to 347 in Q4
  - 23 new customers in Q4
- Signs of improvements in the markets but same challenges as previous quarters
  - Economic uncertainty and capital markets
  - Lower production levels and project delays
  - Declining activity in China

12 month rolling average



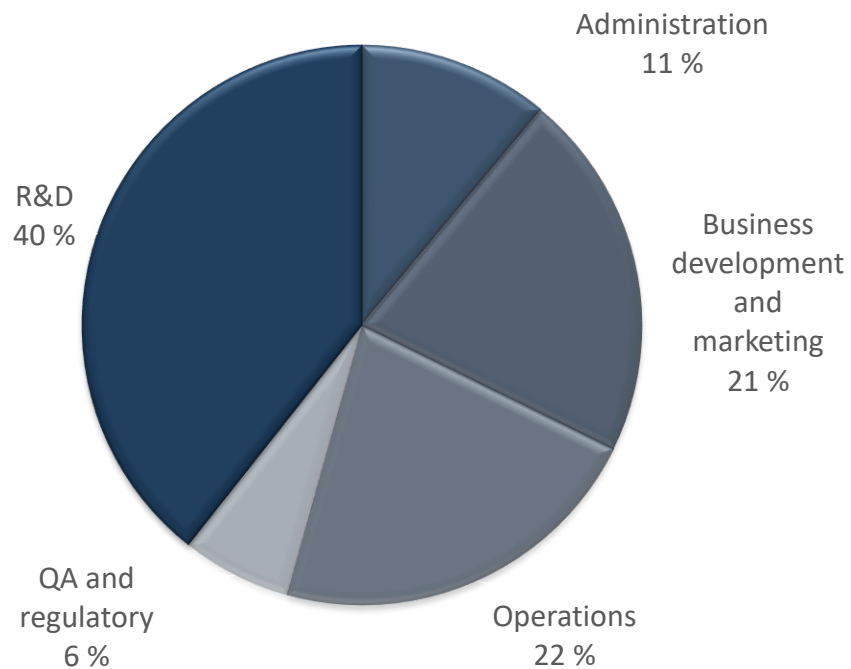


# **Expenses and profitability**

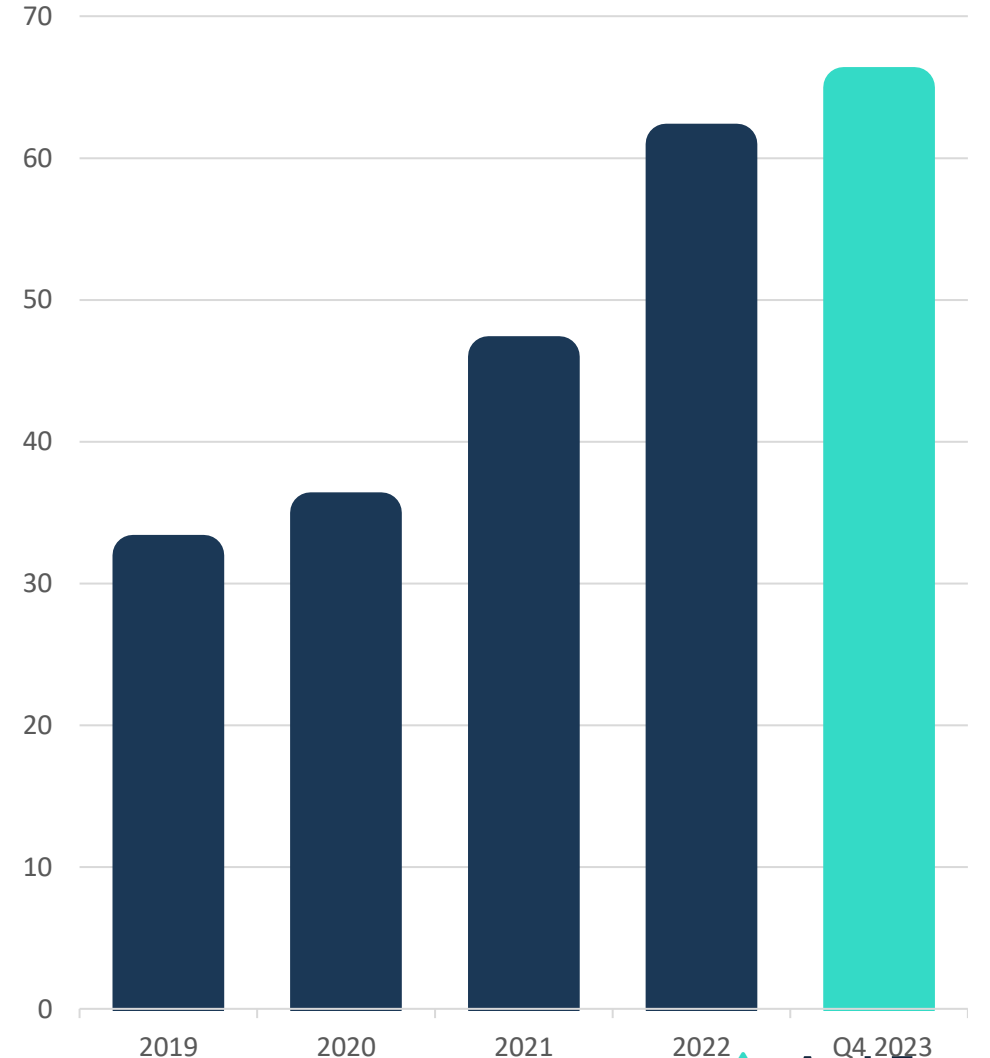
# Organisational changes

## Decreasing number of employees...

- No new positions or hires in Q4
- 65 employees per 31.12.2023



Number of employees

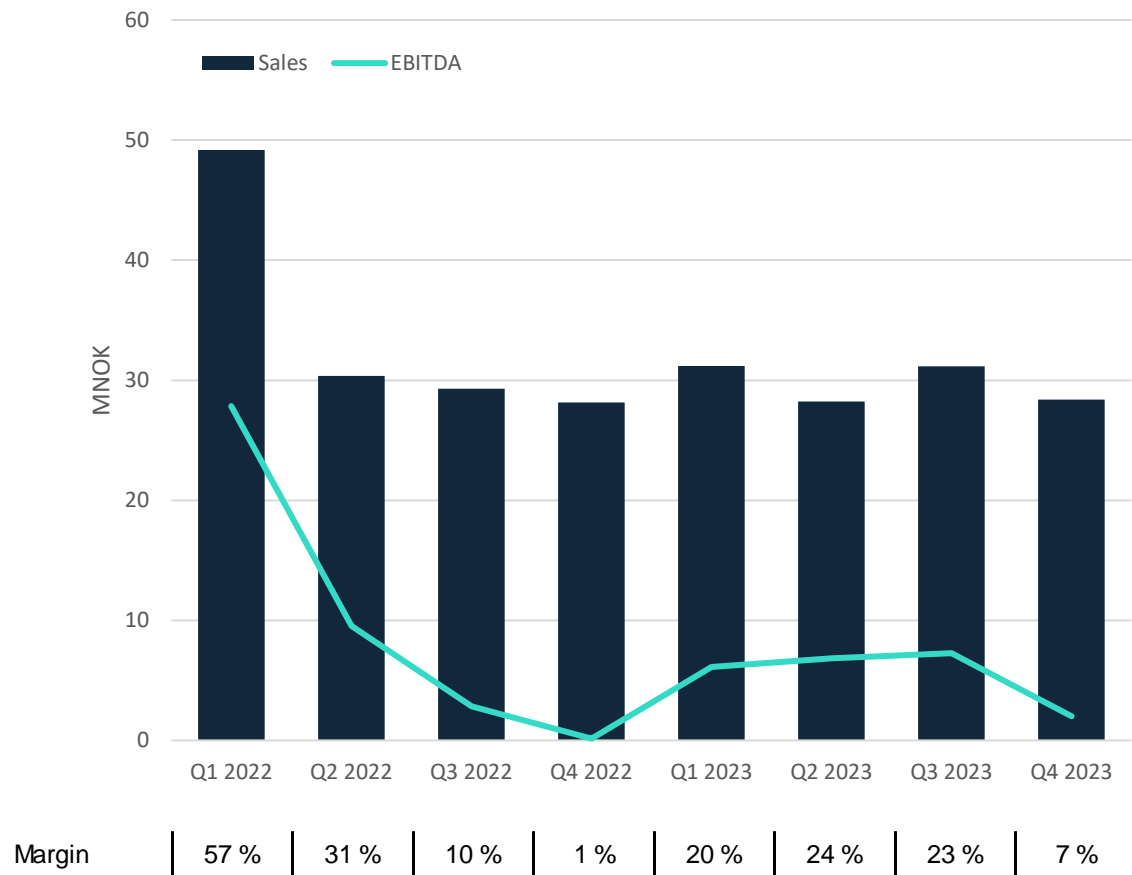




# Profitability and expenses

In line with previous quarters

## Sales & EBITDA



## EBITDA

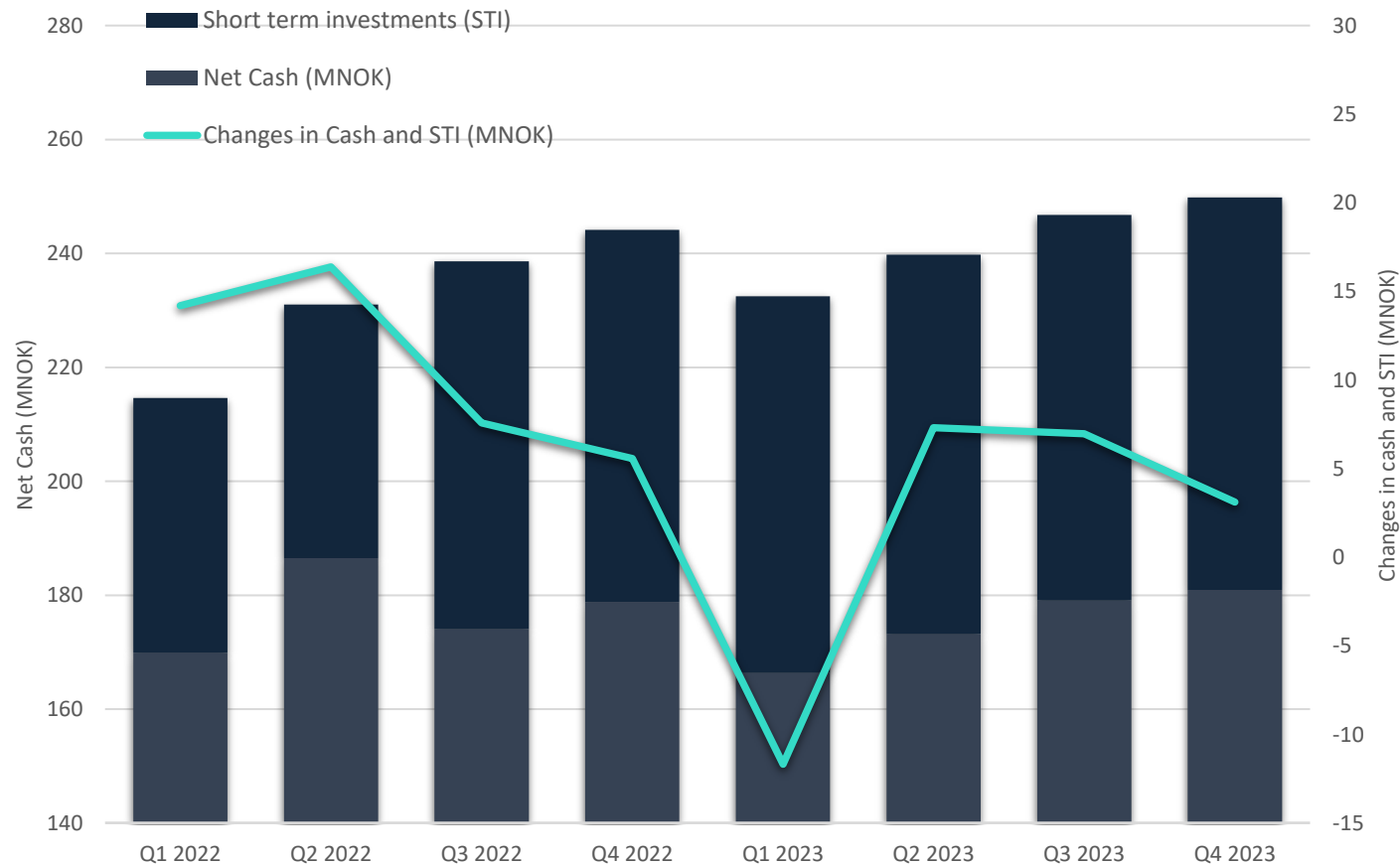
- Q4 MNOK 2.0 vs 1.3
- 12M MNOK 22.2 vs 41.5 MNOK (26.5 Covid adjusted)
- Expenses decreased by 0.1 MNOK in Q4 and increased by 1.2 MNOK for 12 M

	Q4		YTD	
	2023	2022	2023	2022
Cost of materials	-1,8	-1,7	-11,7	-5,4
Change in inventory	-0,3	0,5	5,8	0,2
Personnel expenses	-15,4	-14,7	-58,9	-59,2
Other operating expenses	-9,6	-11,3	-32,6	-31,8
<b>Sum expenses</b>	<b>-27,1</b>	<b>-27,2</b>	<b>-97,4</b>	<b>-96,2</b>

# Cash flow and short-term investments

+ 3,1 MNOK in cash flow for Q4

Cash and STI position





# Going forward!

***We did not deliver on all 2023 objectives but delivered on key milestones that will secure long term growth***





# Thank you

## Q&A

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

