



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	959 033 560
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	ARCTICZYMES TECHNOLOGIES ASA
Forretningsadresse:	Forskningsparken Sykehusvegen 23 9019 TROMSØ

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Børge Sørvoll
Dato for fastsettelse av årsregnskapet:	28.04.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert

År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	1	11 440 000	10 275 000
Sum inntekter		11 440 000	10 275 000
Kostnader			
Lønnskostnad	2	16 429 000	17 300 000
Avskrivning på varige driftsmidler	6,7	332 000	749 000
Annen driftskostnad	3	12 492 000	7 975 000
Sum kostnader		29 254 000	26 024 000
Driftsresultat		-17 814 000	-15 749 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap	4	55 306 000	71 500 000
Annen renteinntekt	4	2 351 000	216 000
Annen finansinntekt	4	750 000	
Sum finansinntekter		58 408 000	71 716 000
Verdired. av markedsb. finansielle oml.midler	4	275 000	-461 000
Nedskr. av finansielle anleggsmidler			-29 000
Annen rentekostnad	4	189 000	508 000
Annen finanskostnad	4	51 000	-40 000
Sum finanskostnader		515 000	-21 000
Netto finans		57 893 000	71 737 000
Ordinært resultat før skattekostnad		40 079 000	55 988 000
Skattekostnad på ordinært resultat	5	8 831 000	11 975 000
Ordinært resultat etter skattekostnad		31 248 000	44 013 000
Årsresultat		31 248 000	44 013 000
Årsresultat etter minoritetsinteresser		31 248 000	44 013 000
Totalresultat		31 248 000	44 013 000



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Overføringer og disponeringer			
Udekket tap		9 145 000	44 013 000
Overføringer annen egenkapital		22 102 000	
Sum overføringer og disponeringer		31 248 000	44 013 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	11 496 000	20 327 000
Sum immaterielle eiendeler		11 496 000	20 327 000
Varige driftsmidler			
Maskiner og anlegg	7	229 000	3 431 000
Driftsløsøre, inventar, verktøy, kontorm.	6	175 000	87 000
Sum varige driftsmidler		405 000	3 518 000
Finansielle anleggsmidler			
Investering i annet foretak i samme konsern	8	155 703 000	155 703 000
Andre langsiktige fordringer		13 333 000	13 398 000
Sum finansielle anleggsmidler		169 036 000	169 101 000
Sum anleggsmidler		180 936 000	192 947 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer			212 000
Andre kortsiktige fordringer	10	762 000	518 000
Konsernfordringer	9	58 640 000	74 658 000
Sum fordringer		59 402 000	75 389 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.	11,12	167 751 000	197 238 000
Sum bankinnskudd, kontanter og lignende		167 751 000	197 238 000
Sum omløpsmidler		227 153 000	272 627 000
SUM EIENDELER		408 089 000	465 573 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	13	50 571 000	50 371 000
Overkurs		261 656 000	260 256 000
Annen innskutt egenkapital		52 867 000	49 148 000
Sum innskutt egenkapital		365 094 000	359 775 000
Opptjent egenkapital			
Annen egenkapital		22 102 000	
Udekket tap			9 145 000
Sum opptjent egenkapital		22 102 000	-9 145 000
Sum egenkapital		387 197 000	350 629 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	7,12	10 227 000	14 472 000
Sum annen langsiktig gjeld		10 227 000	14 472 000
Sum langsiktig gjeld		10 227 000	14 472 000
Kortsiktig gjeld			
Leverandørgjeld		1 863 000	1 731 000
Skyldig offentlige avgifter		593 000	2 905 000
Kortsiktig konserngjeld			87 315 000
Annen kortsiktig gjeld	7,12,1 4	8 210 000	8 521 000
Sum kortsiktig gjeld		10 666 000	100 472 000
Sum gjeld		20 893 000	114 944 000
SUM EGENKAPITAL OG GJELD		408 089 000	465 573 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	136 971 000	127 970 000
Annen driftsinntekt	6	694 000	3 078 000
Sum inntekter		137 665 000	131 048 000
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer	16	-196 000	-2 993 000
Varekostnad	16	5 376 000	6 878 000
Lønnskostnad	7,8,9	59 185 000	46 781 000
Avskrivninger	13,14,15	5 021 000	3 191 000
Annen driftskostnad	9,10	31 804 000	18 758 000
Sum kostnader		101 190 000	72 615 000
Driftsresultat		36 475 000	58 433 000
Finansinntekter og finanskostnader			
Annen finansinntekt	11	6 352 000	1 545 000
Sum finansinntekter		6 352 000	1 545 000
Annen finanskostnad	11	684 000	975 000
Sum finanskostnader		684 000	975 000
Netto finans		5 668 000	570 000
Ordinært resultat før skattekostnad		42 143 000	59 003 000
Utsatt skatt	12	9 283 000	12 621 000
Ordinært resultat etter skattekostnad		32 860 000	46 380 000
Årsresultat		32 860 000	46 380 000
Årsresultat etter minoritetsinteresser		32 860 000	46 380 000
Overføringer og disponeringer			



Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
Overføring til annen egenkapital		32 860 000	46 380 000
Sum overføringer og disponeringer		32 860 000	46 380 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Immaterielle eiendeler	13	9 236 000	1 790 000
Utsatt skattefordel	12	11 239 000	20 521 000
Sum immaterielle eiendeler		20 475 000	22 311 000
Varige driftsmidler			
Maskiner og anlegg	14	15 444 000	12 302 000
Sum varige driftsmidler		15 444 000	12 302 000
Finansielle anleggsmidler			
Leasing kontrakter	15	13 873 000	16 079 000
Sum finansielle anleggsmidler		13 873 000	16 079 000
Sum anleggsmidler		49 792 000	50 692 000
Omløpsmidler			
Varer			
Varebeholdning	16	7 078 000	6 882 000
Sum varer		7 078 000	6 882 000
Fordringer			
Kunderfordringer	17	11 593 000	20 281 000
Andre fordringer	17	6 413 000	5 833 000
Sum fordringer		18 006 000	26 114 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd o.l.	18,19	244 161 000	200 424 000
Sum bankinnskudd, kontanter og lignende		244 161 000	200 424 000
Sum omløpsmidler		269 246 000	233 420 000
SUM EIENDELER		319 037 000	284 111 000



Konsernets balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	20,21	50 571 000	50 371 000
Overkurs		261 656 000	260 256 000
Sum innskutt egenkapital		312 227 000	310 627 000
Opptjent egenkapital			
Annen egenkapital		-27 491 000	-65 782 000
Sum opptjent egenkapital		-27 491 000	-65 782 000
Sum egenkapital		284 736 000	244 845 000
Gjeld			
Langsiktig gjeld			
Leasing forpliktelser	15,18	10 348 000	14 472 000
Sum avsetninger for forpliktelser		10 348 000	14 472 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		10 348 000	14 472 000
Kortsiktig gjeld			
Leverandørgjeld		5 592 000	5 795 000
Annen kortsiktig gjeld	22	14 628 000	15 902 000
Lease liabilities interest-bearing	15,18	3 732 000	3 097 000
Sum kortsiktig gjeld		23 953 000	24 794 000
Sum gjeld		34 301 000	39 266 000
SUM EGENKAPITAL OG GJELD		319 037 000	284 111 000



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Norwegian Directorate of Taxes

Inquiries to
Rune Tystad

Your date
30.06.2017

Our date
06.07.2017

Telephone
97759464

Your reference
Børge Sørvoll/
Mona Myrseth

Our reference
2017756573

BIOTEC PHARMACON ASA
P.O. Box 6463 Langnes
9294 TROMSØ

Permission to prepare the annual accounts and directors' report in English language for Biotech Pharmacon ASA, org.no. 959 033 560

- With reference to your letter of 30 June 2017, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns Biotech Pharmacon ASA.

Conclusion

Based on a total evaluation, the view of The Directorate of Taxes is that Biotech Pharmacon ASA may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

Biotech Pharmacon ASA (Biotek) is listed at the Oslo Stock Exchange. The company have an exemption to report in English to the Oslo Stock Exchange. Foreign shareholders control 15% of the shares in the company but Biotec is focusing on the international market for new investors. Biotec has a significant part of its operation outside Norway. Biotec's common working language is English. Of in total 6 Board Members, 3 are Norwegian, 1 is a Swedish citizen and 2 are of British/Canadian origin. The language used in connection with Board Meetings is exclusively English, and all documents related to the Board Meetings are in English.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

Postal address
P.O. Box 9200 Grønland
0134 Oslo

Visiting address:
See www.skatteetaten.no
Org.nr: 996250318
E-mail: skatteetaten.no/sendepost

Telephone
800 80 000
Telefax
22 17 08 60



“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”

Hence, one of the main aims of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the company has a significant part of its operation outside Norway. Furthermore the working language is English and multiple nationalities are represented in the board.

Please state “our reference” (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Kari-Alice Frønsdal
Group Leader
Rettsavdelingen, foretaksskatt
Norwegian Directorate of Taxes

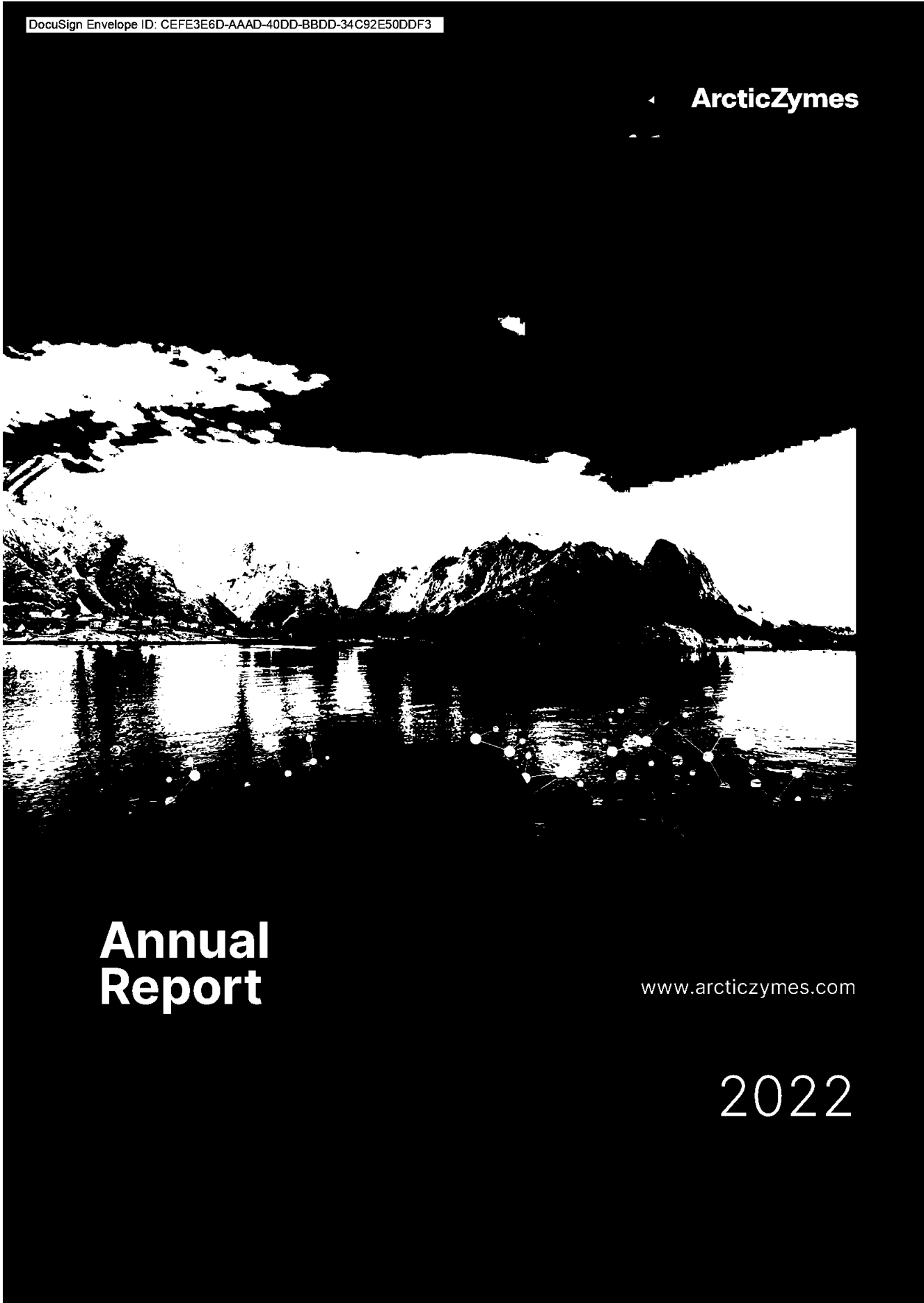
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ArcticZymes



Annual Report

www.arcticzymes.com

2022



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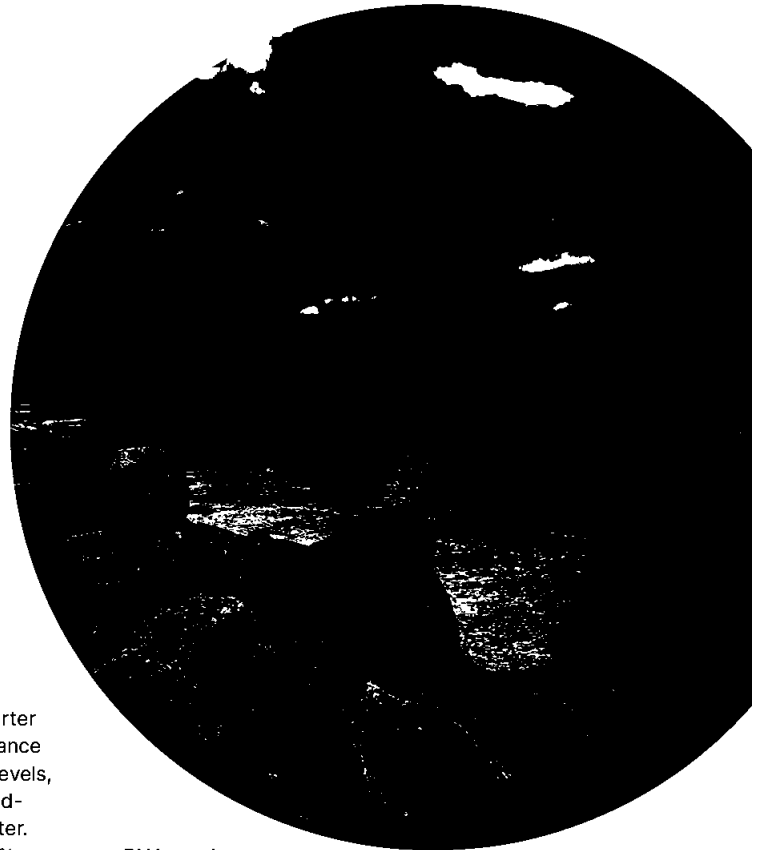
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Dear Shareholders

2022 was not the Company's finest hour as the annual revenue target was missed by 12% (NOK 137 million versus expected NOK 155 million) and disappointment was felt by shareholders, Board and management alike. Lower-than-expected fourth quarter sales were responsible for the overall underperformance as key customers, with higher than usual inventory levels, moved their demand into 2023. In addition, lower end-customer demand also contributed to the slow quarter. On a more positive note, the Company delivered a 7% CAGR and a positive EBITDA of NOK 41.5 million for the year. Operating expenses increased by 39% as compared to 2021, primarily explained by growth in personnel and one-off expenses relating to M&A activities and consulting services required for the preparation of the SAN-HQ drug master file (DMF). The Company generated a positive net cash flow of NOK 43.8 million resulting in a total cash balance of NOK 244.2 million at years end.

Throughout the year, the Company worked closely with Alira Health, Munich, searching for M&A opportunities that would complement the ongoing organic growth initiatives. Despite exploring several potential targets and executing detailed due diligence on one of those, at the end of the process, the "ideal" M&A candidate was not found and no binding offers were extended. Therefore, in 2023, AZT will continue to focus on organic growth whilst remaining opportunistic to inorganic growth strategies.

The fourth quarter of 2022 saw the launch of three new products (Proteinase glycerol free, AZScript, a reverse transcriptase and the SAN HQ 2.0 ELISA) on to the market. In addition, the AZT Proteinase was scaled-up significantly (four-fold) thereby allowing the Company to meet growing demands from existing and new customers. In response to voice-of-customer (VOC), this scaled-up product was also lyophilisation-friendly. Robust progress was made in the expansion of the innovation pipeline to include key enzymes that will be used to manufacture therapeutic



mRNAs and it is anticipated that the Company's first enzymes for RNA therapeutic applications will be launched in 2023. Significant progress was also made, and considerable resources expended, in advancing the Drug Master File (DMF) for the SAN HQ enzyme. This is a key strategic project for the Company and it is anticipated that filing of this application to the U.S. FDA will be made in the first half of 2023.

There is no question that the building blocks for continued growth, innovation and, ultimately success, are firmly in place at AZT. Most importantly, the Board, management and all of our colleagues remain positive, committed and enthusiastic to drive the Company to the next level. We are confident that, with the continued support of our shareholders, we will succeed and build AZT into a first-class global enzyme business.

Finally, many thanks indeed to all of our shareholders who stand with us, to our management team and colleagues who work tirelessly and relentlessly and to my colleagues on the Board for their support and camaraderie.

Sincerely
Marie Ann Roskrow
Chairman of the board



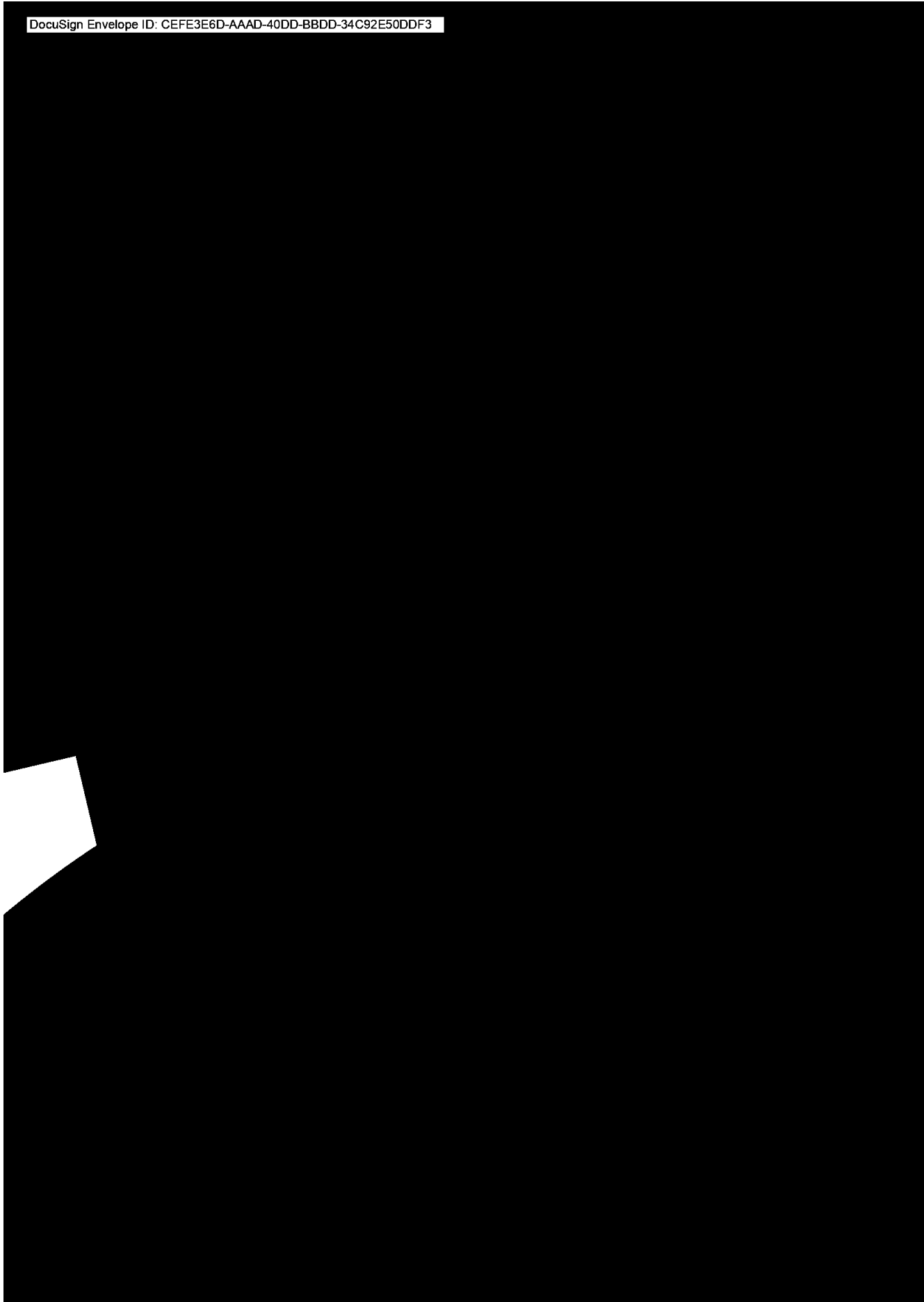
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1. About ArcticZymes Technologies

The ArcticZymes Technologies group (hereinafter "the Group" or "the Company") is a Norwegian life science company focused on the development, manufacturing, and commercialisation of novel and high-quality recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and biomanufacturing.

The Company is creating value from innovative enzyme technologies which capitalises on more than three decades of world-class research at the Arctic University of Tromsø and in collaboration with other national and international partners to offer niche and high-quality life science products.

ArcticZymes Technologies' products and capabilities are protected via a large portfolio of patents and 20+ years of know-how in innovating and manufacturing enzymes.

The headquarters and laboratories are located at the SIVA Innovation Centre in Tromsø, Norway. During 2021, the production facilities were relocated from adjacent premises to customised manufacturing facilities at the SIVA Innovation Centre. All Tromsø based employees are now located at a single site which has improved communication. In 2022, the Company leased additional offices and lab facilities at ShareLab in Oslo. These facilities will support application development activities to demonstrate the utility of the Company's enzymes in customer relevant workflows and technologies. This is an essential part of the innovation process and strengthens the commercial value proposition of the Company's product offerings.

As ArcticZymes is a global supplier of enzymes, most of the sales and marketing team are located remotely in Oslo, Central Europe, North America and Japan. In addition, the Company has established logistic hubs in the United States and the Netherlands to serve its customers more efficiently.

ArcticZymes Technologies ASA

ArcticZymes Technologies ASA is the holding company providing support functions such as distribution, administration, finance and IT to the subsidiary ArcticZymes AS.

ArcticZymes Technologies ASA has been listed on the Oslo Stock Exchange since 2005 under the [AZT] ticker.

Subsidiaries

The Company operates the wholly owned subsidiary ArcticZymes AS.

ArcticZymes AS represents the operational part of the Group where IPR, production, sales and majority of personnel lie.



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2. ArcticZymes AS

Product Offering

ArcticZymes enzymes are primarily derived from cold-water marine species and organisms from other environments. Each enzyme or product offers novel functionality and other benefits to its customers.

Products offered include:

- **Salt Active Nucleases (SANs)** – For removal of nucleic acids during manufacturing of viral vectors, recombinant proteins, and other reagents. SANs are also used in Next Generation Sequencing (NGS) and diverse molecular biology applications. ArcticZymes offers several different SAN enzymes optimised to support different viruses (e.g. Adenovirus, Adeno-Associated Virus (AAV) and lentivirus) and other biomanufacturing processes. Furthermore, support products such as ELISA immunoassay kits which are sold in combination with the SAN enzymes provide our customers with a solution required for therapeutic application.
- **Shrimp Alkaline Phosphatase (SAP)** – For utilisation in clean-up prior to Sanger sequencing and NGS (Next Generation Sequencing) processes. SAP represents the Company's first product which has been sold since 1995. Even today, SAP still represents the "gold standard" utilised for enzymatic clean-up in Sanger Sequencing processes globally.
- **Cod UNG** – For utilisation in viral and other molecular diagnostic assays for the removal of contaminating DNA providing assurance to eliminate false positives. Cod UNG has been a key enzyme adopted in numerous commercial diagnostic tests by ArcticZymes' customers; especially in infectious disease testing such as in viral load testing of HIV, HCV, influenza and Coronavirus.
- **Double-strand specific DNases (dsDNases) and derived kits** – enable a broad range of applications and manufacturing processes that require the specific removal of double stranded DNA and genomic DNA. dsDNases are pivotal to RNA based workflows.
- **DNA polymerases** – enable technology development for life science, MDx (Molecular Diagnostics), NGS and Synthetic biology (i.e., synthesis of artificial DNA and genomes). ArcticZymes offers several Isothermal Polymerases each offering different features

which can be exploited for different applications. Furthermore, ArcticZymes is developing Thermostable Polymerases that are used in PCR for infectious disease testing.

- **Proteinase** – For breaking down proteins, offering broad application ranging from: i) direct lysis of cells in nucleic acid sample prep (i.e., isolation of DNA/RNA from cells). It enables applications in microbiological diagnostics and liquid biopsies (i.e., DNA/RNA tests using blood, saliva and urine); ii) dissociation of cells in cell therapy applications in combination with other proteolytic enzymes used; iii) RNA therapeutic workflows.
- **Ligases** – For joining nucleic acids. Ligases enable a broad range of molecular biology applications (e.g., synthetic biology, NGS, molecular diagnostics, DNA/RNA therapeutics).

In addition, the Company is developing new enzymes and formulations, second generation enzymes and supportive products based on input and collaboration with its customers.

Markets Served

The Company focuses its efforts on providing molecular biology enzymes into two attractive and growing market areas:

- Molecular Tools (Research & Diagnostic)
- Biomanufacturing

Molecular Tools

Molecular enzymes are essential tools that are used in molecular biology workflows to perform specific tasks. Such enzymes have common utility in Molecular Research and Molecular Diagnostic (MDx) applications. This includes the entire range of ArcticZymes products and those in the innovation pipeline. Molecular Research and MDx represent highly attractive and fast-growing markets with estimated end user market values of USD 23.2–30.4 Billion (CAGR 5.4%).

The classic and most common place technologies are PCR-based methods (Polymerase Chain Reaction) where adoption of DNA polymerases is still growing. The majority of ArcticZymes' enzymes are used to support PCR-based workflows. Alternative amplification technologies such as LAMP (loop-mediated isothermal amplification) are attracting great commercial interest. With the expiry of global patents, commercial diagnostic test developers are



exploiting LAMP and other isothermal amplification technologies to innovate the next generation of MDx tests. An increase in the adoption of LAMP in molecular diagnostics has been seen, largely driven by the high demand for MDx tests in recent years. ArcticZymes is continuing to expand the offering of enzymes towards PCR and other amplification technologies and during 2022 the Company launched its first reverse transcriptase. ArcticZymes has built a rich opportunity pipeline with MDx test developers.

At the forefront of the industry are fast-paced innovations around NGS technologies with the prospect of wider adoption, accessibility, and clinical utility. All ArcticZymes' existing enzymes as well as its pipeline innovations are attractive and represent integral key components for adoption into NGS technologies by leading international companies. Furthermore, ArcticZymes ability to customise and tailor enzymes is becoming a more important value driver for NGS platform developers.

Other technology areas ArcticZymes serves through its enzymes include:

- **Synthetic Biology** - a multidisciplinary area engaged in creating new biological parts, devices, systems, DNA and RNA based therapeutics (see later). ArcticZymes' ligase prototypes, polymerases and pipeline innovations, including DNA assembly, show great promise for future utility in this market.
- **Liquid Biopsies** - DNA or other diagnostics tests are performed on blood or other body fluids. The market is growing rapidly (CAGR 18.1%) with an estimate market size of USD 2.5 Billion. Unlike traditional invasive biopsies, liquid biopsies require a whole new set of molecular techniques to overcome the challenges of isolating tiny amounts of DNA and amplifying it sufficiently to allow diagnostic insights to be derived. ArcticZymes' proteinase, DNases, and SAN enzymes are already supporting customer efforts in developing such technologies.
- **Sales in Molecular Tools** during 2022 were impacted by a decline in demand for enzymes used in Coronavirus testing, in particular Cod UNG for use in PCR-tests and SAP for use in screening of Covid variants using Sanger sequencing. The remainder of the Molecular Tools portfolio grew by a healthy 34%. Overall, Molecular Tools achieved a negative 20.4% annual growth and a contribution of 50% towards total sales during 2022.





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Biomufacturing

Historically, ArcticZymes' focus towards biomufacturing has been limited to viral-based gene therapies and vaccines through its Salt Active Nuclease (SAN) enzymes.

Today, ArcticZymes is serving customers with SAN products who are in different stages of therapeutic or vaccine developments. The SAN portfolio optimally serves customers who utilise SAN for cleaning and removing unwanted nucleic acid from therapeutic viruses such as Adenovirus, Adeno-Associated Virus (AAV) and Lentivirus. This renders the viruses safe for use in patients and mitigates the risk of adverse effects.

Collectively AAV and Lentivirus represent two-thirds of the vector technologies utilised in the manufacturing of gene therapies. With just 2 enzymes, SAN HQ and M-SAN HQ, the Company can capitalise on the most utilised vector technologies.

ArcticZymes is supplying SAN products directly to more than 180 customers. In addition, ArcticZymes supplies SAN products to further customers via distributors. Most customers are gene therapy-related and represent a mix of academic/hospital laboratories, small/medium biotech companies, contract development manufacturing organisations (CDMOs) and large Pharma. Most of the SAN business is driven by CDMOs who are developing and manufacturing therapeutic products on behalf of other companies. CDMOs are attractive because they drive sales directly and indirectly by promoting the utility of SAN to their clients. Either directly or indirectly, ArcticZymes is supporting at least ten of the largest pharmaceutical companies with SAN products in viral vaccine and gene therapy developments. Overall, ArcticZymes is leveraging multiple contact points in its business development efforts to attract new business.

ArcticZymes visualises a greater potential beyond serving viral-based gene therapies and vaccines technologies by expanding its activities and capabilities to target other high-growth markets that require biomufacturing. There are markets such as:

- **General biomufacturing tools:** the launch of the SAN HQ 2.0 ELISA kit during 2022 supports further sales of the existing SAN HQ 2.0 product into general biomufacturing processes where it is necessary to eliminate contaminating

nucleic acid (e.g. enzymes, antigens, antibodies, proteins, and other biomolecules).

- **Cell biology/Cell therapy:** proteolytic enzymes such as ArcticZymes' Proteinase represent essential tools for the dissociation and isolation of cells from patients for ex vivo manipulation and treatment.
- **RNA Therapeutics:** The Coronavirus pandemic demonstrated the commercial utility and acceptance of mRNA technology as a therapeutic tool in rapid vaccine manufacturing. The effectiveness and safety of RNA-based vaccines, such as the BioNTech-Pfizer and Moderna Coronavirus vaccines, provide the proof. mRNA technology represents a promising and powerful technology that can be extended to the development of other vaccines or gene therapy applications. The Company is in the process of expanding its innovation pipeline to include key enzymes that are used to manufacture therapeutic mRNAs to support further growth in the sector. Unlike viral vector manufacturing, multiple enzymes are required to manufacture therapeutic mRNAs where the need for novel and high-quality enzymes are in high demand. ArcticZymes' proteinase and ArcticZymes' recombinant Shrimp Alkaline Phosphatase (rSAP) have already attracted interest from customers for potential utility in mRNA manufacturing, supporting the lifecycle extension of our existing products into new market areas. The Company expects to launch its first enzymes for RNA therapeutic applications during 2023.
- **Gene Editing:** technologies such as CRISPR are part of ArcticZymes' longer-term ambition. Inorganic growth initiatives will be the likely route for the Company to enter this market.

Biomufacturing achieved a 60.9% annual growth and contributed 50% towards total sales during 2022. The annual growth rate picked up again after a slower 2021 in which the Coronavirus pandemic negatively impacted sales. The growth was driven by increased sales in all regions. APAC was the region with the highest growth rate with more than 80% growth as compared to 2021. North America represented the largest market with 60% of total SAN sales. Europe represented the second largest market with 31%. ArcticZymes sees good opportunities for further growth in all regions and continues to focus



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on customer engagement at international trade shows related to biomanufacturing of cell and gene therapies. ArcticZymes anticipates that the positive momentum in SAN product sales will continue in all geographical regions moving forward.

Customer Focus

ArcticZymes' commercial efforts continues to be towards expanding and driving long-term business-to-business (B2B) relationships. Today, B2B customers represent 98% of total sales. The key advantage in serving B2B customers is the opportunity that ArcticZymes' enzymes may be integrated into their novel kits/products, platform technologies and manufacturing processes. Once commercialised, their products have a life cycle of 5 - 10+ years which translates into mutual long-term value. For customers who operate in regulated markets such as IVD and therapeutics, their success is highly dependent on forging long-term critical or primary supplier relationships with their component suppliers. Switching out suppliers during the product life cycle is often prohibited from a regulatory perspective and/or costly.

Quarterly sales to customers continue to fluctuate. Such fluctuations are normal and will always be inherent in the business irrespective of its size. However, the business has experienced annual sales growth for the last nine consecutive years (27% CAGR 2014-2022). During 2022, ArcticZymes experienced 7% annual growth in total product sales.

The Company's strategy and business activities are orientated towards accelerating year-on-year growth. Much of the annual growth in sales is through a combination of:

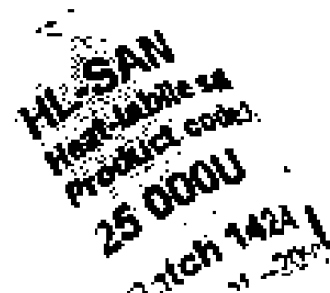
- An increasing customer base of over 400+ customers.
- Expanding product range with regular product introductions.
- Serving two attractive and growing markets: molecular tools and biomanufacturing.
- Expanding geographical reach.

ArcticZymes has local business development and customer support representatives in Europe, North America, and Japan to assist global business coverage. Local support and use of highly skilled business developers are a prerequisite for driving B2B sales and maintaining

long-term customer relationships. Furthermore, efforts to expand into new geographies through establishing a network of sales agents and specialised distributors in regions where ArcticZymes does not have direct representation are proving fruitful in developing our brand and local presence. Beyond direct representation, ArcticZymes has dedicated sales partners in India, China, Hong Kong, South Korea, Singapore, and the Baltics.

With ArcticZymes' current geographical reach, the contribution of 2022 product sales between the regions were as follows: 45% Americas, 44% EMEA and 11% APAC. The Company is looking to strengthen and expand its efforts to grow the APAC region.

To support sales activities, ArcticZymes has established strategically located warehouses and logistic centres in Europe and in the United States. These centres have made it possible to build inventories and safety stocks, improve cost effectiveness of logistics, and most importantly, ensure on demand delivery to customers on a global basis. In supporting geographical expansion into China and Asia, ArcticZymes is in discussions with potential local logistics partners.





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Operations

The production facility at the SIVA Innovation Centre in Tromsø was fully operational from Q1 2022 with all production processes implemented. The new facilities are equipped with state-of-the-art instrumentation and with the in-house competence of the employees, the Company should be able to meet future ISO13485 demands and relevant cGMP requirements.

During the year, five customers conducted cGMP audits of the Company and the new production facility associated with SAN manufacturing. The audits are part of a mandatory process our customers must perform to qualify the Company as a critical component supplier and a requirement for any regulatory approvals. The audits resulted in no critical deviations and ArcticZymes retained its status as an approved long-term critical component supplier for all 5 customers.

The ISO13485 re-certification audit was successfully carried out without any critical deviations and certification was granted for additional three years. This certificate is essential for the long-term continuity of business with IVD customers and for attracting new business from potential diagnostic test developers.

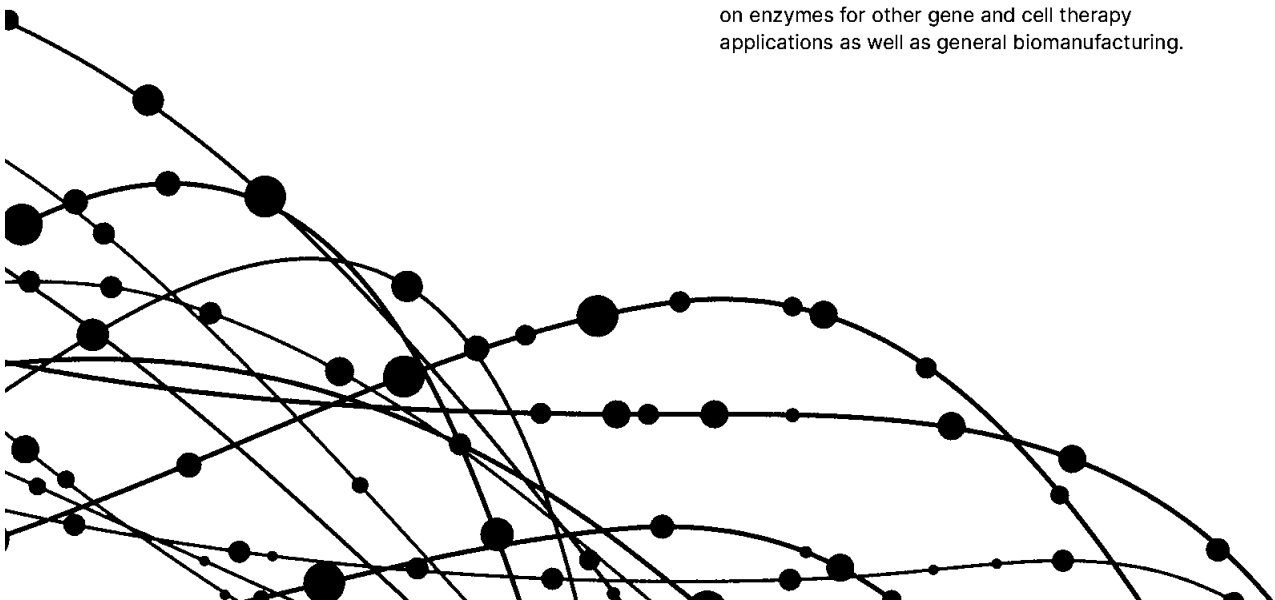
The Company upscaled the production of AZ Proteinase four-fold to meet growing demand from existing and new customers. The increased scale and improved process strengthens the Company's position as a supplier of critical components and increases the market reach for ArcticZymes' proteinase products.

In addition, a successful technology transfer of the fermentation process for large scale SAN HQ production to Paras Biopharmaceuticals in Oulu, Finland, has been achieved. Paras Biopharmaceuticals is a CDMO that has the required quality management system (QMS), equipment and personnel sufficient for our customers' regulatory requirements.

Innovations

ArcticZymes has an ambitious innovation pipeline to broaden its product range. The goal over the next period is to be able to provide customers with an extended portfolio of synergistic enzymes within the different markets the Company serves.

- **For Molecular Tools:** ArcticZymes' pipeline innovations are focused on developing key enzyme classes currently not on offer to deepen the product range by innovating a diverse portfolio for each enzyme class. Key enzyme classes include DNA/RNA polymerases, reverse transcriptases, DNA/RNA ligases, nucleases, proteinases, and others.
- **For Biomanufacturing:** ArcticZymes has expanded its ambitions beyond serving viral vector-based applications via the SAN products. The Company has initiated an R&D program to develop a complete suite of enzymes tailored for use in RNA therapeutics development and subsequent manufacturing. ArcticZymes' first enzymes for RNA therapeutics are targeted for launch in 2023. Beyond RNA therapeutics, ArcticZymes innovation pipeline will focus on enzymes for other gene and cell therapy applications as well as general biomanufacturing.





In supporting the above ambitions, ArcticZymes launched the following products during 2022:

- **AZscript™ Reverse Transcriptase**
-AZscript™ Reverse Transcriptase (RT) is an RNA-dependent DNA polymerase used to synthesize complementary DNA (cDNA) from an RNA template. Reverse Transcriptases are critical enzymes for molecular diagnostics and are used to convert RNA into DNA in a broad range of applications such as the detection of pathogenic RNA virus in diagnostic PCR workflows or the analysis of transcriptomes in next-generation sequencing. This product launch was a key expansion of the Company's Molecular Tools portfolio.
- **ArcticZymes Proteinase Glycerol FREE** - The glycerol free Proteinase will enable the Company to support customers requiring a lyophilization compatible formulation of the proteinase for use in diverse workflows such as sample decomplexation for Molecular Diagnostics. Glycerol-free formulations are essential for lyophilization of reagent cocktails. This helps improve stability, shelf-life and reduces the volume of fluid in a diagnostic tests or sequencing of patient samples. Also, it removes the need for costly cold chain shipping. It is notable that the launch of the glycerol free product was facilitated by a successful and necessary upscale of the existing proteinase product, which further enables ArcticZymes to expand innovations and product offering of the ArcticZymes Proteinase into biomanufacturing applications as well.
- **SAN HQ 2.0 ELISA Kit** – The new ELISA immunoassay product is an essential support product for customers using the SAN HQ 2.0 enzyme in biomanufacturing processes for gene therapy and viral vaccine production. The SAN HQ 2.0 enzyme was launched in 2021 as the second generation of SAN HQ, optimised for wider compatibility with downstream processes used in biomanufacturing. In combination with the SAN HQ 2.0 enzyme, the new immunoassay product launched in 2022 provides a complete solution for the critical elimination of nucleic acid contamination during biomanufacturing.

Other key innovation achievements during 2022 include:

Several early prototypes have been successfully expressed at the R&D scale in the Company's effort to develop a complete suite of enzymes to serve the manufacturing of therapeutic RNA. Overall, the Company is on track to bring the first RNA manufacturing enzyme (T7 RNA polymerase) product to market during 2023. A further innovation in the Biomanufacturing space was the in-licensing of a novel DNA assembly technology from The Arctic University of Tromsø (UiT). The patent-pending technology comprises novel enzymes with tailor made characteristics for controlled and efficient assembly of multiple DNA fragments. DNA assembly is a work-horse technology serving a growing demand for gene- and vector constructs, enabling innovation in areas such as synthetic biology and in the development of therapeutics. By acquiring this technology, the Company will expand its offering towards new and existing customers in both the molecular tools and biomanufacturing businesses.

In order to support customers in the commercialisation of their therapeutic applications in the US market, ArcticZymes has committed to establish a Drug Master File (DMF) for its SAN HQ enzyme. The DMF is an important filing with the FDA. It is an essential suite of documents needed to support our customers' regulatory submissions. Without the DMF our customers are unable to consider our SAN for inclusion into their Cell and Gene Therapy manufacturing processes. The DMF application process progressed well throughout 2022 and represents a key strategic project for the Company in 2023. Submission of the DMF to the U.S. Federal Drug Agency is scheduled in the first half of 2023 and will represent the Company's first DMF. The same templates and processes for this first DMF can therefore be followed to create subsequent DMFs for other products. As a result, other DMF filings are likely to follow as ArcticZymes ventures further into building its Biomanufacturing product portfolio.

Beyond the SAN product line, ArcticZymes continues to be in active discussions with numerous pharmaceutical and biotech customers regarding their future needs in RNA therapeutic and other Biomanufacturing applications.



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The Company has in 2022 established a new application development laboratory at ShareLab in Oslo Science Park. These facilities will support application development activities to demonstrate the utility of the Company's enzymes in customer relevant workflows and technologies. This is an essential part of product life cycle management and strengthens the commercial value proposition to leverage ArcticZymes' synergistic product offering. The Oslo Science Park is central to the Norwegian biotechnology industry and life science research, and as the Company continues to grow, it has strategic relevance to locate part of the Company in the center of the Norwegian biotech industry.

Impact of Coronavirus Pandemic

The Coronavirus pandemic had a net positive impact on the business in 2020-2021 and the first quarter of 2022 as the Company's products are used in Coronavirus diagnostic testing. Following the "end" of the pandemic, Coronavirus-related sales declined and were only marginal for the last 3 quarters of 2022.

Supply chain demand for Cod UNG in Coronavirus testing has greatly reduced. The market has largely readjusted, and future Coronavirus-related demands are anticipated to continue on a lower level than experienced during the pandemic. This consequently creates a short-term headwind with respect to Cod UNG sales for the first half of 2023.

Strategic Aspects

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

In supporting organic growth, the Company has continued to invest incrementally in talent acquisition and completed a recruitment drive in 2022 where it has strengthened the organisation cross functionally (e.g. quality assurance, quality control, production, R&D and applications, customer service and business development) to meet the immediate and anticipated growing demand for its products. The global team surpassed 60 employees following recent recruitment activities.

The Company expects only marginal investments in further organisational expansion during 2023 as the focus will be towards driving a productive and efficient organisation.

Throughout 2022, the Company engaged in a comprehensive M&A process culminating in a due diligence process and subsequent negotiations with an enzyme biomanufacturing company based in Europe. As a result of these due diligence findings, ArcticZymes decided to terminate the negotiations at this time.

Moving into 2023, the Company is refocusing all its efforts into organic growth whilst remaining opportunistic in regard to potential M&A and in-licensing opportunities.



3. Consolidated financial statements

In accordance with the Accounting Act § 3-3a, the financial statements have been prepared under the assumption of a going concern. This assumption is based on profits in 2022, forecasts for the year 2023 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

The Board is not aware of any matters of significant importance for the Company's financial position beyond what is disclosed in the financial statements.

Consolidated statement of profit and loss

The financial statements for the ArcticZymes Technologies group are prepared in accordance with International Financial Reporting Standards (IFRS). The ArcticZymes Technologies group had sales revenues of NOK 137.0 million in 2022, compared to NOK 128.0 million in 2021.

Sales revenues for the business grew 7 % compared to 2021, explained by underlying growth, positive currency impact and NOK 15 million (2021: NOK 33.2 million) in Coronavirus-related sales. ArcticZymes does not have full visibility to Coronavirus-related sales and can only provide an educated estimate based on historic purchasing patterns and dialogue with customers.

Net profit after tax for the Group was NOK 32.9 million compared to NOK 46.4 million in 2021.

Total recognised expenses for R&D within the Group in 2022 was NOK 23.7 million, compared to NOK 15.5 million in 2021.

R&D expenses increased by NOK 8.2 million compared to 2021, explained by higher personnel expenses and organic growth in the organisation. NOK 4.6 million was spent on capitalisation of projects related to R&D in 2022.

Cash Flow

The Group had a cash flow from operating activities of NOK 58.1 million in 2022, compared to NOK 75.0 million in 2021. Cash flow from investing activities in 2022 was NOK -12.4 million against NOK -11,6 million in 2021. For 2022, investing activities is primarily explained by investments in new equipment at in SIVA Innovation Centre and capitalisation of tech transfers on scale up of SAN products. Net cash flow from financing activities was NOK -1.9 million compared to NOK -3.2 million in 2021.

Net change in cash during 2022 was NOK 43.7 million, compared to NOK 60.2 million in 2021.

Consolidated statement of financial position

Total equity for the Group amounted to NOK 284.7 million at the end of 2022, compared to NOK 244.9 million at the beginning of the year. Increase in equity is primarily explained by underlying positive performance. Equity ratio was 89 %. Cash and cash equivalents amounted to NOK 244.2 million per 31.12.2022, compared to NOK 200.4 million at the end of previous year. The Group has no interest-bearing debt that is payable. All interest-bearing debt is related to lease of premises (IFRS 16 calculations).

The parent company

Sales revenues for the parent company ArcticZymes Technologies ASA were NOK 11.4 million in 2022. Net profit was NOK 31.2 million, explained by group contribution from the subsidiary ArcticZymes AS of NOK 55.3 million. Sales revenues are intercompany sales of services to the subsidiary.

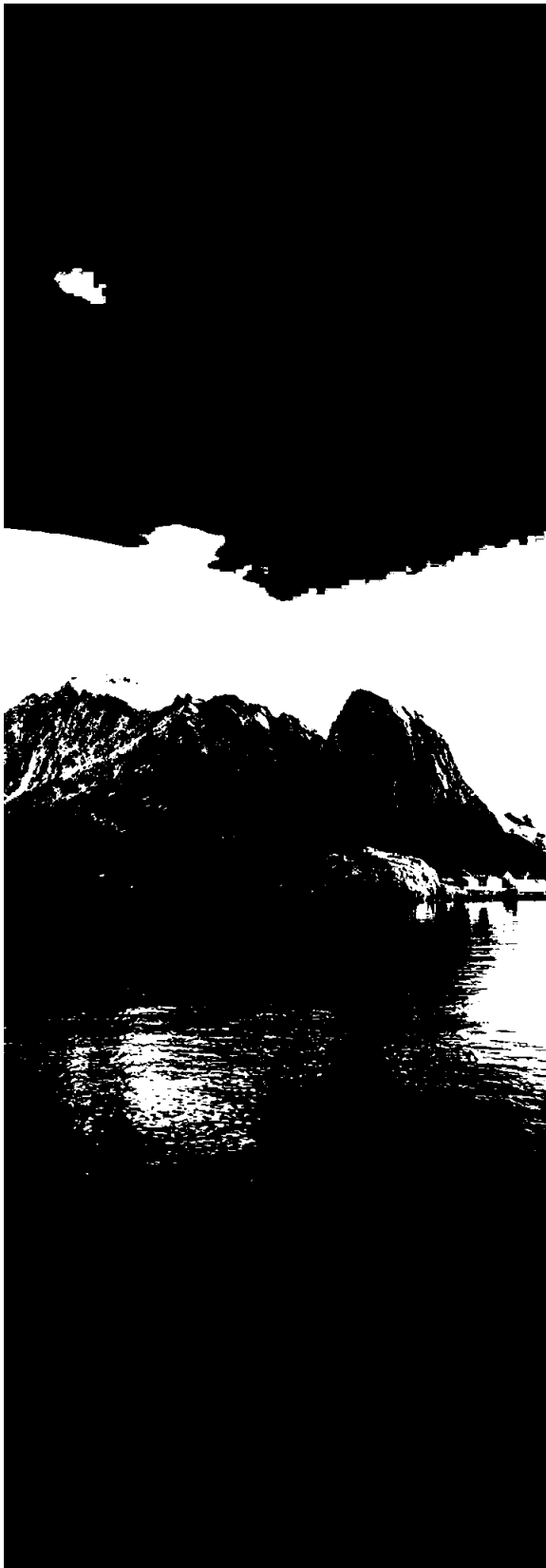
The 2022 profit in the parent company ArcticZymes Technologies of NOK 31.2 million is transferred to retained earnings.



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4. Shareholder matters

The ArcticZymes Technologies share ended 2022 with a closing price of NOK 71.65, compared to NOK 94.0 at the end of 2021. NOK 64.2 was the lowest closing price during the fiscal year, while the highest closing price was NOK 91.8 per share.

Share option programs have been offered to certain employees in the Group since 2010. CEO Jethro Holter, CFO Børge Sørvoll and former CSO Rolf Engstad were granted a right to receive options for 200,000 shares each back in 2018. All rights were earned and vested in 2021. CEO, Jethro Holter exercised all his options at the end of 2021, whereas former employee Rolf Engstad exercised his options in November 2022. CFO Børge Sørvoll's options expiry date has been adjusted from 31.12.2022 to 30.06.2023.

A new 5-year Long Term Incentive (LTI) programme was initiated in December 2021 where 500,000 options were awarded to members of senior management, distributed with 170,000 to CEO Jethro Holter, 130,000 to CFO Børge Sørvoll and 100,000 to Director Operations Marit Sjo Lorentzen and VP R&D and Application Olav Lanes. No options under the LTI programme were awarded in 2022. The programme has a maximum potential award of 4% of outstanding shares.

The share option program is described in note 21 to the financial statement and in the remuneration report.

Share options may in extraordinary cases be granted to the Board to attract and retain individuals with international industrial expertise and knowledge that will benefit the Company. The Nomination Committee recommended an award of 315,000 options to Board members at the AGM in 2020 and this was supported by the Company's shareholders. See the Groups Corporate Governance report for further information.

As of 31.12.2022, the Company has 50.571.390 shares registered with a nominal value of NOK 1.00, distributed on 3,739 VPS-registered shareholders.



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5. Risk

The Group is exposed to various types of financial and operational risks.

There are risks associated with development and sales in ArcticZymes. The Company is actively entering new agreements to broaden the revenue base and secure business as a long-term critical component supplier. Success relating to new product introductions is not guaranteed and sales will be dependent on customer implementation. However, ArcticZymes' innovations process is built around voice of customer and prototype testing to ensure that only commercially relevant innovations reach the market.

Future changes in taxes and regulations may represent a risk for the Group having a global scope for both business areas.

The Group seeks to protect its intellectual property through patent protection and trade secrets. There will always be a risk that other companies may dispute such rights or that other players secure rights that could restrict the technological freedom. There is also a risk that the Group must take on costs to defend its rights against patent infringement.

The ArcticZymes Technologies group is a small company, with few employees, a number of whom are critical to the success of the Group's operations. Key personnel are involved in the development of products, technologies, production processes, quality control, purchasing, marketing and quality assurance, as well as other activities. The Company is also dependent on recruiting new, qualified personnel, and there is no guarantee that the Company will be able to retain key personnel or to be able to recruit new key personnel in the future. New locations such as the Applications laboratory in Oslo will aid the Company in attracting more scientific talent to ArcticZymes.

Currency risks arise since most of the Company's revenues are in USD and Euro, while most expenses are accrued in NOK. A higher exchange rate for the USD and Euro against the Norwegian krone will affect the outcome in a positive direction, while lower rates will have the opposite effect. The Group's exposure to currency will in the long run be altered if new product releases provide a change in the currency mix and if there is a change in customer locations.

Financial investments are carried out only in the form of bank deposits, certificates, or money market funds with short maturities. The Group is thus not very exposed to interest rate risk. The Company shall not be exposed to any financial risk in the stock market. The Group has limited credit risk and recognised no losses on accounts receivable either in 2022 or 2021.

The Coronavirus pandemic has in general terms impacted the business positively in 2021 and 2022, but there is no guarantee that the Company will continue to have positive contributions from the Coronavirus pandemic moving forward as the pandemic has transitioned to an endemic state.

The war in Ukraine is not considered to impact the business in a material way. The Company does not have any customers nor suppliers that origin from either Ukraine, Russia or Belarus. The Company has experienced longer lead times on some of the consumables used in production, but if this is a result of the macroeconomic climate, or the war is hard to determine.

The Board considers the liquidity situation to be satisfactory, provided that the estimated cash flow from operations and investment activities follows established plans and budgets for 2023.



6. The working environment and staff

The Company is strongly dependent on its employees. All innovation, manufacturing, quality oversight and commercial operations are supported by highly educated and committed personnel. The Company is committed to recruit and develop employment for all genders, and salaries shall not be influenced by gender.

At the end of 2022, there were 61 full and part time employees in the Group. There were 6 employees in the parent Company ArcticZymes Technologies ASA, 55 employees and associates in ArcticZymes AS, an increase of 15 employees during the year.

Lost days due to sick leave in 2022 totalled 381 days, compared to 249 days in the previous year. Accumulated sick leave was 3.6 % compared to 2.3 % in 2021. There were no work accidents causing injury to personnel or damage to machinery during 2022.

The Company is committed to recruit and develop employees of all genders. Equality between the genders is practiced in a way that all genders are considered equal regarding career opportunities and salary. At the end of the year, there were 35 women and 26 men employed within the Group. At the end of 2022, the Board consists of 3 directors, of which 2 are women. The employee-elected representative is a male.

The Company has a Board liability insurance covering the Board of Directors and the CEO in case the individual should become personally liable for damages on the basis of negligence. The insurance covers damages up to NOK 30 million per claim.

See the Group's "Workplace equality and diversity reporting" (Aktivitets- og redegjørelsesplikt) for further information. This statement can be found on www.arcticzymes.com.

7. Natural environment

The Company's activities have limited negative impact on the environment. Excipients and chemicals that cannot be recycled in the production processes are collected and returned to an approved manufacturer for environmentally and sound recycling. Procedures for the collection of various types of waste from laboratories and for separation by source of waste from other operations are established. This is considered to have minimal impact on the environment. Use of energy in the production process is modest.

See the Group's ESG statement for further information. This statement can be found on www.arcticzymes.com.





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20 Board of Directors' Report 2022

8. Principles of corporate governance

The Board has established principles for corporate governance in line with the Norwegian Accounting Act § 3-3 and the Norwegian Code of Practice for Corporate Governance. A detailed description of these principles can be found in the annual report under Corporate Governance or on the Company's website www.arcticzymes.com.

9. Corporate social responsibility

The Group is committed to develop socially valuable products. The life science products of the Company shall make laboratory processes and diagnosis more efficient and cost effective. The Company avoids using scarce natural resources and emphasises this by approving suppliers. Ethical guidelines are established, and all employees have confirmed individually in writing that they, through their position will work to prevent discrimination, promote equality, promote human rights and combat all forms of corruption.

See the Group's ESG statement for further information. This statement can be found on www.arcticzymes.com.

The Company will present a separate report on the "Transparency Act" prior to 01 July 2023. The report will be published on the Company's website www.arcticzymes.com



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10. Outlook

ArcticZymes Technologies remains committed to achieve its strategic goals through organic and inorganic growth.

The outlook for 2023 will be to capitalise on organic investments carried out in 2022 through productive organisation while having an opportunistic approach to inorganic growth.

The Company aims to launch new products throughout the year.

The Company has invested such that the fundamental business remains strong and therefore

we expect annual sales to grow from 2022 to 2023.

The Company does not foresee any material Coronavirus-related sales in 2023.

The Company will review its long-term commercial goals in the first half of 2023.

Overall, it is the Board's view that the Company has a solid foundation for future growth through organic and inorganic expansion.

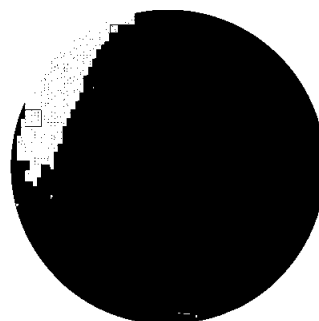
The Board would like to thank all employees for their efforts and achievements in 2022.

Tromsø, Norway, 28 April 2023



DocuSigned by:
Dr. M. Roskrow
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Dr. M. Roskrow
Chairman



DocuSigned by:
Jane Theaker
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Jane Theaker
Director



DocuSigned by:
Bernd Striberny
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Bernd Striberny
Director – employee elected

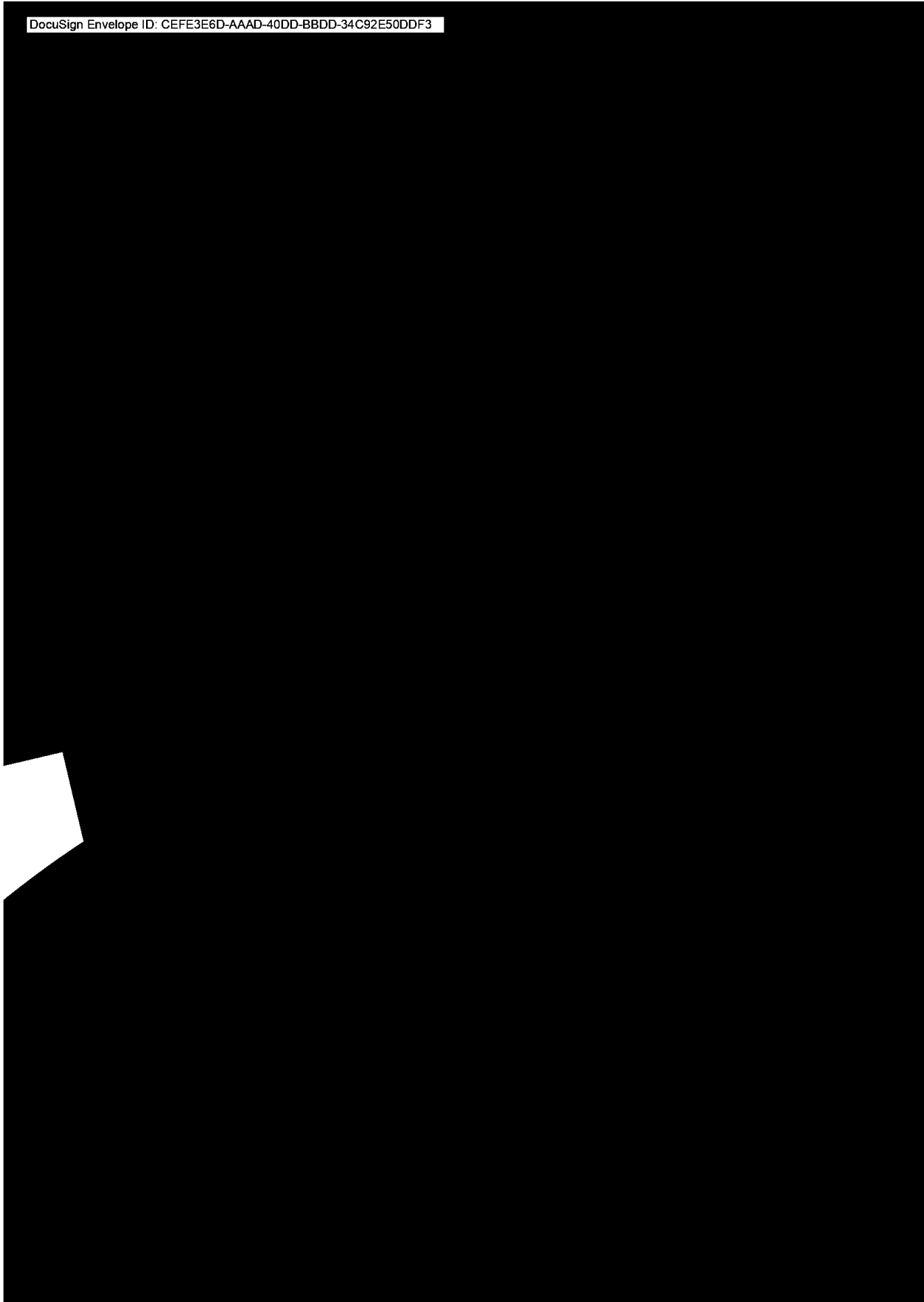


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Jethro Holter
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Jethro Holter
CEO



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Statement on corporate governance

In accordance with NUES's recommendation for good corporate governance and Article 3-3b of the Norwegian Accounting Act, the Board of Directors in ArcticZymes Technologies has prepared this policy statement on corporate governance. If the Company deviates from NUES recommendation, AZT will adhere to the "comply or explain" principle for each and every clause in the recommendation.

Business

ArcticZymes Technologies ASA (hereinafter "AZT") is a Norwegian life science company focused on the development, manufacturing, and commercialisation of novel and high-quality recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and biomanufacturing.

The Company is creating value from innovative enzyme technologies which capitalise on more than three decades of world-class research at the Arctic University of Tromsø and in collaboration with other national and international partners to offer niche and high-quality products.

ArcticZymes Technologies' products and capabilities are protected via a large portfolio of patents and over 20 years know-how in innovating and manufacturing enzymes.

ArcticZymes Technologies supports the UN's 17 Sustainable Development Goals and have decided to report company efforts in reference with the Global Reporting Initiative (GRI) framework. Through this report the Company will show how employees, enzyme, society and the future, and how this affects our business processes are affected, and our response to the challenges encompassed in sustainability.

The Board of Directors has developed a plan where targets, risk assessment and strategies are evaluated at least on an annual basis.

The Company's activities are also described in Article 3 of the Articles of Association and are posted on the Company's website and published in the current annual report.

Equity and profits

As of 31. December 2022, the Company's equity amounted to NOK 284.7 million. The Board believes that end of year equity is satisfactory.

The Board does not recommend payment of dividends to its shareholders as the Company intends to grow the company inorganically.

At the Annual General Meeting on 23. June 2022, the Board was authorized to issue up to 400,000 shares in connection with employee share schemes. The authorization is valid until the Annual General Meeting in 2023, but not later than 30. June 2023. 200,000 shares were issued under this authorisation.

At the Annual General Meeting in 2023, the Board will propose a one-year renewal of the authorisation to cover all exercisable options until the Annual General Meeting in 2024.

At the Annual General Meeting on 23. June 2022, the Board was authorised to issue up to 7,500,000 shares in connection with general capital increases and inorganic growth ambitions. The authorisation is valid until the Annual General Meeting in 2023 but not later than 30. June 2023. As of March 2023, no shares were issued under this authorisation.

At the Annual General Meeting in 2023, the Board will propose to update the current authorisation with a new one-year renewal that fits with current legislation and expected needs for inorganic growth initiatives.

Equal treatment of shareholders and transactions with related parties

ArcticZymes Technologies has only one class of shares. Each share carries one vote.

In the event of capital increases, shareholders' pre-emption rights may be waived in accordance with current authorisations. Transactions may deviate from current market price as exercise price on employee options were determined at allocation.

All material or extraordinary transactions between the Company and shareholders, directors, management or close associates of any such parties shall be evaluated independently by a third party.

The Directors and senior management are also obliged to notify the Board if they have a material interest in any transaction entered into by the Company.



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Free marketability

The Company's Articles of Association place no restrictions on trading of shares or voting rights.

General Meetings

Through General Meetings, shareholders are guaranteed participation in the body that is the highest authority in the Company. This is where the Company's Articles of Association are adopted. Notice of General Meeting's shall be distributed to shareholders no later than 21 days prior to the meeting and shall be posted on the Company's website. In general, supporting documents will only be posted on the Company's website.

The registration deadline for General Meetings is normally the day before the meeting. Shareholders who cannot attend the meeting may vote by proxy. The Company will propose a person to vote as a proxy for shareholders and will facilitate proxies at the General Meetings so that shareholders can authorise the proxy in each case. The supporting documents describe procedures that apply for participation, proxy forms, procedures for submitting proposals for discussion and information on where documents are available. Generally, the Chairman of the Board opens the meeting and suggests a person to chair the meeting. Normally, members of the Board, election committee, auditor and management will attend the meeting. Minutes of General Meetings will be made available on the Company website and on the stock exchange.

Nomination Committee

The Company has a Nomination Committee consisting of three members elected by the Annual General Meeting for two-year terms. According to article 6 of the Articles of Association, the members of the Committee shall be shareholders or representatives of shareholders. The Nomination Committee shall arrange for shareholders to propose candidates to the Board of Directors. The Annual General Meeting elects the chair of the Nomination Committee and determines the remuneration of its members. At the Annual General Meeting in 2022, Jon Sandberg was elected chairman, while Arne Handeland and David Zetterlund were elected as members. The election committee is independent of the Board and management in the Company. Instructions for the Nomination Committee have been adopted by the Annual General Meeting and are available on the Company's website.

Corporate assembly and Board, composition and independence

The Company has no corporate assembly. According to the Articles of Association, the Board must consist of between 3 and 8 members. The Board has currently 3 members, whereas 2 are elected by shareholder and 1 is elected by employees. The Board members are considered independent of the Company's main shareholders.

Directors of the Board and the Chairman are elected by the Annual General Meeting in accordance with the Company's Articles of Association. The Director's term (election period) should not exceed two years. Information about the Directors are available on the Company's website.

The Chairman of the Board has supported the Company in a temporary 40 % consultancy position from end of January 2023 when the CEO went on sick leave. The agreement is approved by the board, and it is not considered to impact the Chairman's independency.

The work of the Board of Directors

The Board has the overall responsibility for managing, supervising the daily management and operations of the Company. Instructions have been prepared for the Board's work. At the end of each year, the Board determines a plan for its work covering matters the Board is required by legislation and regulation to consider and other topics that are essential for the Board to follow-up in the following year.

There subsists job descriptions for the CEO and other senior managers. The Board evaluates its own work and competence at least once a year. The evaluation is submitted to the Nomination Committee. The Board, together with the Compensation Committee evaluates the work of the CEO and other senior managers at least once per year. This includes evaluating the achievement of pre-defined and agreed goals.

The Board had 10 board meetings in 2022, which were a combination of virtual and physical meetings.

The Board has established a Compensation Committee and an Audit Committee. Both committees have independent members chosen amongst the Board members. The Audit Committee is a preparatory body to assist the Board in meeting its responsibilities with regard to financial reporting, auditing and internal control while the Compensation



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Committee consider reimbursement for the CEO and senior managers. Specific instructions have been prepared for the work of both Committees.

Senior management representatives of the parent Company have been appointed as Directors of the Group's subsidiary.

Risk management and internal control

Together with the Company's auditor, the Audit Committee and the Board carries out an annual review of the Company's internal controls. A financial handbook describing the Company's financial management is established. The Company's quality system safeguards procedures for risk management and internal control processes and products in accordance with applicable regulations and customer requirements. The enzyme operation and subsidiary ArcticZymes AS was ISO13485 approved in December 2017 and has annual audits to uphold the registration. The Board is of the opinion that the Company's internal control is sufficient.

There exists various levels of risk related to the Company's operations. The Board considers that the Company's main areas of risk relate to:

- General risks associated with government regulation and competition
- Financial risks related to currency fluctuations
- Risks associated with the result and commercial adaptation of long-term product development
- Patent risks
- Risks related to key personnel and the possibility of losing this type of personnel
- Product liability
- Key suppliers and dependence thereon
- Legal disputes which may arise

Procedures have been established for handling insider information and infringement of internal policies and procedures, which apply to all employees. The procedures reflect the guidelines of the Oslo Stock Exchange and MAR regulations implemented 1st March 2021. Procedures have also been established for the regular reporting of financial statements. Furthermore, management reports to the Board on the progress of the Company's development and other operational processes at least once a month. The Board must continuously verify that the Company lives up to its values and follows its ethical guidelines.

Remuneration of the Board

The Annual General Meeting, based on a proposal from the Election Committee, determines the Board's remuneration. The level of remuneration should reflect the Board of Directors' responsibility, expertise, the complexity of the Company, as well as time spent and the level of activity in both the Board of Directors and any board committees.

The remuneration of the Board of Directors shall not be linked to the Company's performance.

The Annual General Meeting in 2022 set the remuneration for the Chairman of the Board to NOK 425,000 and NOK 225,000 for each of the members. The remuneration of the employee representative constitutes 50% of the remuneration for the regular board member. The employee observer does not receive any remuneration. Remuneration for the Chairman of the Audit and Compensation Committee are NOK 50,000 and NOK 25,000 for each member. The board had 10 meetings in 2022 plus some additional work meetings. The defined remuneration for the Board and subcommittees shall apply from the decision date until the next Annual General Meeting.

At the Annual General Meeting in 2020, the Chairman of the Board received 200,000 options whereas the two other board members received 100,000 and 15,000 options, respectively. The options have 5 years to maturity, exercise period from year 3-5 and a strike of NOK 10.19 per share. This award was in breach with NUES recommendation for good corporate governance, but it was proposed and recommended by the Nomination Committee.

Any consideration paid to members of the Board of Directors in addition to their board remuneration are specifically identified in the annual report.

The Chairman of the board has for a limited time in 2023 supported the Company, in absence of CEO. The Chairman invoices the Company for 40% time based on same salary as CEO; MNOK 0.8 (40%).

Severance or pension schemes have not been established for the Board members.

Remuneration for senior managers

The Board shall establish guidelines for the remuneration of senior executives, which shall be presented to the Annual General Meeting at least every fourth year. The Board shall determine the remuneration of the CEO in accordance with these

guidelines. The CEO in consultation with the Board shall determine the remuneration of other senior executives. The Board's decision on remuneration of the CEO and the principles for reimbursement of other senior executives are based on proposals from the Compensation Committee. The Board determines the charter for the Compensation Committee. The Compensation Committee shall seek schemes to encourage long-term value creation in the Company. Overall remuneration shall be competitive with comparable companies. Option schemes have been established.

According to the Public Limited Liabilities Act § 6-16b, remuneration of senior executives is described in a separate report to the annual report.

Information and communication

The Board has established guidelines for information and reporting to the stock exchange. The guidelines have been formulated in accordance with applicable legislation and stock exchange regulations. The Company provides equal and simultaneous information to the stock market. The Company holds investor presentations in connection with the publication of quarterly reports. Generally, these quarterly presentations are published as webcasts. Notifications are posted on the Company's website at the same time the information is disseminated to the market. The Board has also established guidelines for communication with the media.

In addition to the Board of Directors' dialogue with the Company's shareholders in the general meetings, the Board of Directors should make suitable arrangements for shareholders to communicate with the Company at other times to enable the Board of Directors to develop and understand which matters affecting the Company from time to time are of particular concern to its shareholders. Communications with the shareholders should always be in compliance with the provisions of applicable laws and regulations and in consideration of the principle of equal treatment of the Company's shareholders. In accordance with internal procedures, the CEO is the main contact for communication with shareholders.

Acquisition

The Board has not implemented measures intended to prevent or impede any offers for the Company's shares. The Board will obtain valuation from an independent expert and issue a recommendation on whether shareholders should accept a takeover

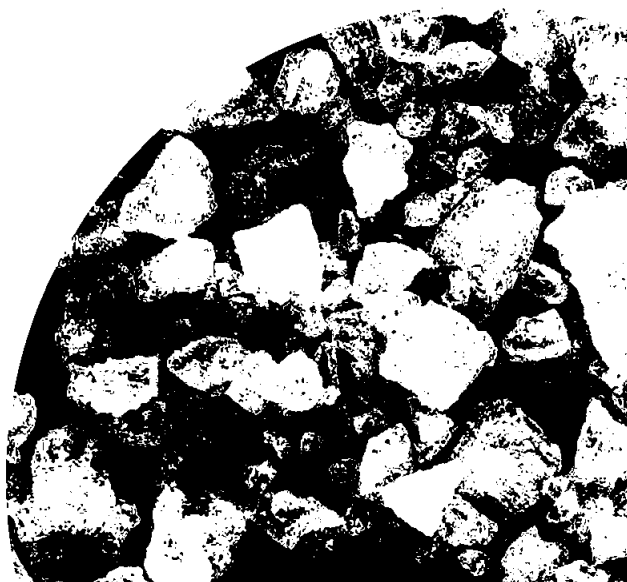
offer or not. The Board is committed to ensure that all shareholders are treated equal.

In a take-over process, the Board of Directors and executive management each have an individual responsibility to ensure that there are no unnecessary interruptions to the Company's business activities. The Board of Directors has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

Audit

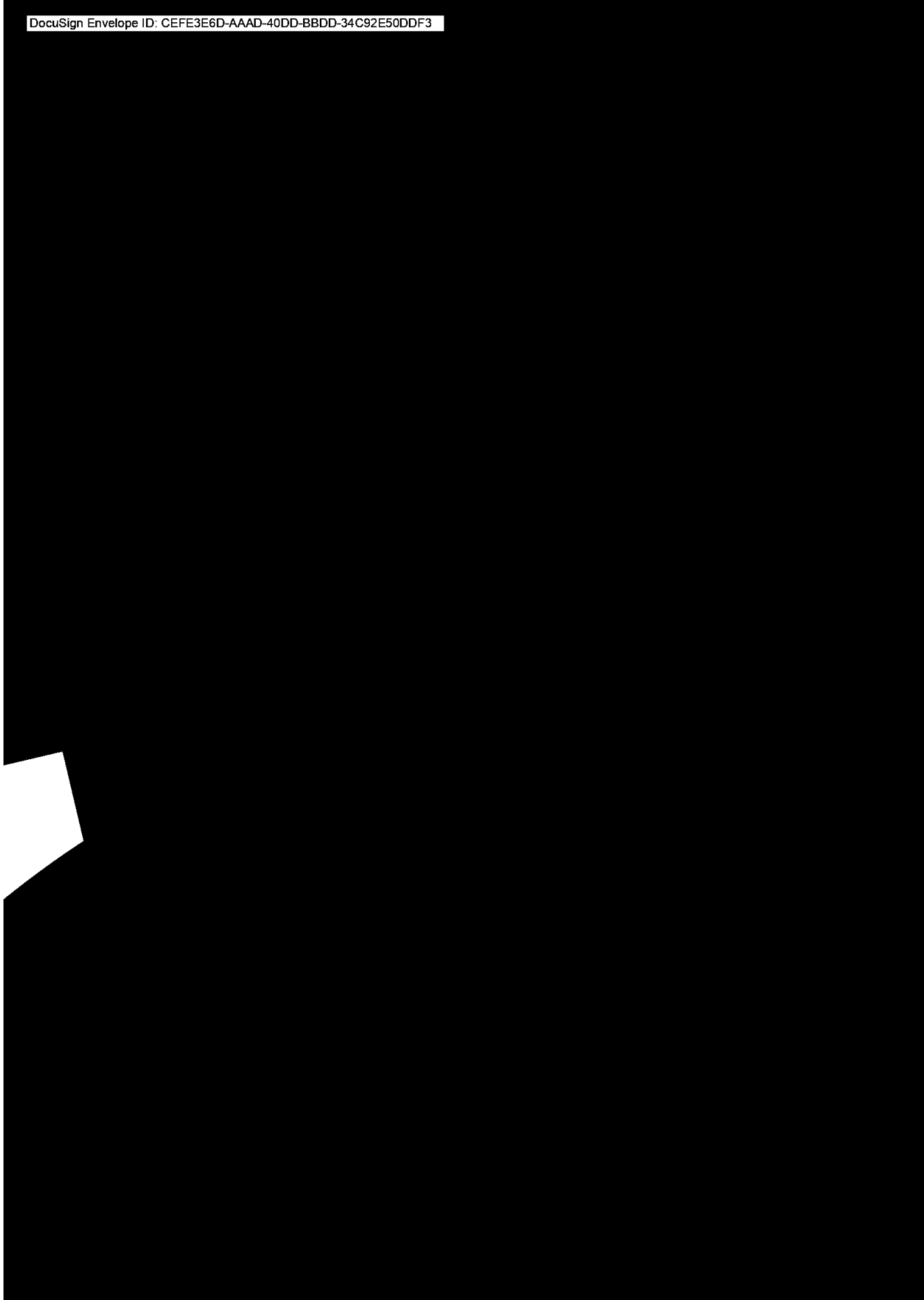
The Company's auditor, PWC, was elected at the Annual General Meeting in 2019. The responsible partner is Ørjan Renø. The auditor's plan for the audit work shall be presented to the Audit Committee. The Company's internal control procedures must be reviewed once a year in a meeting between the auditors, the Board and the Audit Committee. The auditor shall participate in Board meetings concerning the annual report. The Board and auditors shall meet once a year without the presence of the administrative management. The auditor has provided a written statement regarding compliance with independence requirements.

An overview of the services the auditor carries out in addition to the audit is presented and approved by the Board in connection with the annual report. The Annual General Meeting shall be informed about how the remuneration of the auditor is divided between auditing and other services. The auditor shall participate in the Annual General Meeting if this is considered necessary.





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According to the Public Limited Companies Act § 6-16b, the Board of Directors shall prepare a report on remuneration to the CEO, other senior executives and employees who are members of the board. The report shall account for the executive remuneration policy and guidelines in the company which were approved by the Annual General Meeting in May 2021. The first remuneration report was approved by the Annual General Meeting on 23 June 2022.

Introduction - highlights

2022 was a year where focus was on organic growth, expanding the organisation by more than 30 percent and with the ambition to secure a M&A deal. The ArcticZymes Technologies group had sales revenues of NOK 137.0 million in 2022, compared to NOK 128.0 million in 2021. Net profit after tax for the Group was NOK 32.9 million compared to NOK 46.4 million in 2021

Volker Wedershoven resigned as a director of the board, chairman of the Audit Committee and as a member of the Remuneration Committee in November 2022.

In 2022, focus and ambition of the Company were towards the following performance targets: Sales/ EBITDA, M&A deal announced, the release of 5 innovation products, 3 upscaling projects, ESG report released, ERP system implemented and the release of 3 prototypes. Two targets were fully completed whereas the other targets were only partially met. Bonus compensations were aligned to these targets with the result of a 25% variable compensation.

An option program was approved by the Annual General Meeting in May 2021. At any time, the number of allocated options is limited to 4 % of the outstanding shares. 500,000 options were awarded to senior executives in December 2021 under this program. No options were awarded in 2022.

Total remuneration of Board of Directors and senior executives:

Name, position	Year	1. Fixed Board remuneration	2. Remuneration for committee meetings	3. Extraordinary items	4. Total remuneration
Dr. Marie Roskrow, Chairman	2021	395 000	75 000		470 000
	2022	425 000	75 000		500 000
Jane Theaker, Director	2021	135 000	30 000		165 000
	2022	225 000	55 000	320 000	600 000
Bernd Striberny, Employee Director	2021				
	2022	56 250			56 250
Marit Sjo Lorentzen, former Emp. Director	2021	97 500	10 000		107 500
	2022	45 000			45 000
Volker Wedershoven, former Director	2021	195 000	75 000		270 000
	2022	180 000	60 000	185 000	425 000



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30 Remuneration report

Senior executive remuneration in 2022 and 2021:

Name, position	Year	1 Fixed Remuneration			2. Variable remuneration
		Salary paid	Board fees	Fringe benefits	One-year variable (earned, not paid)
Jethro Holter, CEO	2021	1 891 713		11 772	752 000
	2022	2 072 570		10 517	210 000
Børge Sørvoll, CFO	2021	1 451 493		11 772	362 250
	2022	1 538 187		10 543	95 091
Darren Ellis, CSO	2021				
	2022	1 16 667			-
Olav Lanes, VP R&D and applications	2021	1 072 061		10 298	130 410
	2022	1 128 536		11 370	42 628
Dirk Hahneiser, VP BD and marketing	2021				
	2022	735 428		25 584	60 060
Marit S. Lorentzen, VP Operations	2021	1 001 306	107 500	10 298	152 145
	2022	1 074 109	45 000	13 686	42 628

Explanatory notes:

- CEO, Jethro Holter's compensation package was changed by 5% per 1. October 2022, to MNOK 2,1 (from MNOK 2,0) in fixed salary. He is entitled to 10% performance related pay.
- CFO, Børge Sørvoll received a 5% increase in fixed salary on 1. July 2022. He is entitled to 6.25% in performance related pay
- VP Operations, Marit S. Lorentzen was promoted in 2022 with salary increase and a 5% general increase. She is entitled to 3,75% performance related pay.
- VP R&D and Application, Olav Lanes received a 4.6% salary increase in 2022. He is entitled to 3,75% performance related pay.
- CSO, Darren Ellis started in his position 1. December 2022. He served as a part-time consultant prior to this. He received NOK 50.000 in sign-on bonus.
- VP Business Development and Marketing, Dirk Hahneiser started in his position on 1. July 2022 and was only entitled to 50% of possible annual compensation.
- Board member, Jane Theaker, was awarded a reward of NOK 500.000 after AGM in 2022. The remuneration less taxes should be used to purchase shares in AZT. NOK 320.000 was paid to Jane in 2022.

- Former board member, Volker Wedershoven received NOK 185.000 in closing remuneration related board and committee work.
- Fringe benefits consist of taxable portion of insurance and electronic communication.
- The board is reimbursed for travel expenses.

Share-Option based remuneration

In 2018, the Board introduced an LTI scheme for the Chief Executive Officer and other senior executives. 200.000 "right to receive options" were awarded to CEO Jethro Holter, CFO Børge Sørvoll and former CSO Rolf Engstad, respectively. The right to receive options had the following performance conditions.

Potential awarded options	Option exercise price	Options earned at share price
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



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3. Extraordinary items	4. Pension expenses	5. Total remuneration	6. Proportion of fixed and variable remuneration	
			% Fixed	% Variable
	83 319	2 738 804	73%	27%
	105 954	2 399 041	91%	9%
	91 215	1 916 730	81%	19%
	105 954	1 749 775	95%	5%
50 000		166 667	100%	0%
	70 821	1 283 590	90%	10%
	94 160	1 276 694	97%	3%
	15 600	836 672	93%	7%
	64 635	1 335 884	89%	11%
	86 534	1 261 957	97%	3%

The right to receive options had a vesting period from 31.12.2018 to 31.05.2021 and an exercise period from 31.05.2021 to 31.12.2022. CEO, Jethro Holter exercised all of his options in December 2021, whereas Rolf Engstad exercised his options in October 2022. CFO, Børge Sørvoll's expiry on "2018 options" was extended by the Board of Directors from 31.12.2022 to 30.06.2023.

A share option program was introduced at the Annual General Meeting in 2021 where the Board proposed to introduce an annual LTI scheme to cover new allocations for the senior executive group, as well as for other key positions in the Company. Granted share options shall have a waiting period (no vesting) of 12 months and 36 months vesting period, with 1/36 vested every month. Following the 36-month vesting period, there will be a 12-month exercise period. The exercise price for any new options awarded will be set at the market price of the share at the time of award. At any time, the number of allocated options is limited to 4% of the outstanding shares.

500.000 options under this scheme were granted on 17.12.2021 to senior executives. In case of termination of employment, all vested options not in the exercise period will lapse without compensation. Options in the exercise period shall be exercised as soon as possible after termination.

The Chairman of the Board, Marie Roskrow, former board member Volker Wederhoven and Marit Sjø Lorentzen were awarded 315,000 options at the Annual General Meeting in 2020. These options had a 3-year vesting period from 2020-2023, with an exercise period from 14.05.2023 to 14.05.2025. Former board member Volker Wedershoven received an accelerated vesting when he left the board. His exercise period started in November 2022 and runs through the Annual General Meeting in 2025.



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32 Remuneration report

Senior executive and Board of Directors long-term incentives:

Name, position	1. Specification of plan	2. Performance period	Main conditions of plan			
			3. Award date	4. Vesting date	5. End of holding period	6. Exercise period
Jethro Holter, CEO	2021 LTI Award	17.12.2021-30.11.2026	17/12/2021	17.12.2022-16.12.2025	30/11/2026	17.12.2025-30.11.2026
Børge Sørvoll, CFO	2018 LTI Award	31.12.2018-31.12.2022	31/12/2018	31/05/2021	31/12/2022	31.05.2021 - 31.12.2022
	2021 LTI Award	17.12.2021-30.11.2026	17/12/2021	17.12.2022-16.12.2025	30/11/2026	17.12.2025-30.11.2026
Olav Lanes, VP R&D and Applications	2021 LTI Award	17.12.2021-30.11.2026	17/12/2021	17.12.2022-16.12.2025	16/12/2025	17.12.2025-30.11.2026
Marit S. Lorentzen, VP Operations	2021 LTI Award	17.12.2021-30.11.2026	17/12/2021	17.12.2022-16.12.2025	16/12/2025	17.12.2025-30.11.2026
	2020 Board award	14.05.2020-14.05.2025	14/05/2020	25/05/2022	14/05/2025	14.05.2023-14.05.2025
Marie Roskrow, Chairman of the board	2020 Board award	14.05.2020-14.05.2025	14/05/2020	25/05/2022	14/05/2025	14.05.2023-14.05.2025
Volker Wedershoven, former Director	2020 Board award	14.05.2020-14.05.2025	14/05/2020	25/05/2022	14/05/2025	14.05.2023-14.05.2025

Information on how the remuneration complies with the remuneration guideline and how performance criteria were applied

The Remuneration Guidelines, which were approved by the Annual General Meeting on 20.05.2021, have served as a framework for all remuneration procedures during the financial year 2022 and the performance criteria decided.

The performance and target driven approach for the management as laid out in the Remuneration Guidelines is aligned with the strategic ambition for the Company. The ambitions for 2022 were extensive and most targets were partially met. The Board still believes that goals set will increase shareholder value and a sound financial standing of the Company in the coming years.

One member of the board of directors has been nominated for all employees of the group to file complaints against fair treatment according to Remuneration Guidelines. The Group will present its first mandatory equality report (ARP) for 2022 in the first half of 2023, where management and employees review equality principles and pay in the Group.

The remuneration committee reviews the remuneration of the executive management from time to time and supplies recommendations to the Board of Directors. The Committee's recommendation for the remuneration of the management is based on individual interviews with the management, the experience and competence of the persons and their position in the Company, as well as a comparison of the geographical and marketplace specifics.



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Remuneration report 33

Information regarding the reported financial year						
7. Strike price of the share	Opening balance	During the year			Closing balance	
	8 Share options held at the beginning of the year	9. Share options awarded	10. Share options vested	11. Share options subject to performance condition	12. Share options awarded and unvested	13. Share options subject to holding period
89,52	170 000			170 000		
8,00	200 000					200 000
89,52	130 000			130 000		
89,52	100 000			100 000		
89,52	100 000			100 000		
10,19	15 000		15 000			15 000
10,19	200 000		200 000			200 000
10,19	100 000		100 000			100 000
Total	1 015 000	0	315 000	500 000	0	515 000



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34 Remuneration report

Senior executives targets and performance in 2022:

Name, position	1. Performance criteria	2. Relative weighting of performance criteria	3. Information on performance targets
			Minimum target/ corresponding award
Jethro Holter, CEO	Group EBITDA and Sales	35%	Plan achievement 65 and 155 MNOK/ NA
	ESG report approved	5%	ESG report approved NA
	ERP implemented	15%	New ERP solution implemented NA
	M&A SPA signed	25%	M&A SPA signed NA
	5 products launched	10%	2 products launched NOK 25.200
	3 prototypes launched	10%	1 prototype launched NOK 33.600
Børge Sørvoll, CFO	Group EBITDA and Sales	35%	Plan achievement 65 and 155 MNOK/ NA
	ESG report approved	10%	ESG report approved NA
	ERP implemented	35%	New ERP solution implemented NA
	M&A SPA signed	20%	M&A SPA signed NA
Marit Sjø Lorentzen, VP Operations	Group EBITDA and Sales	25%	Plan achievement 65 and 155 MNOK/ NOK 11.936
	ERP implemented	20%	New ERP solution implemented NA
	M&A SPA signed	10%	M&A SPA signed NA
	3 scale up projects	10%	1 scale up project achieved NOK 5.115
	DMF		DMF progress NA
	Min waste using Tim Woods. Reduce opex 5%	15%	Reduce opex 1% NA
	5 products launched	20%	2 products launched NOK 10.231



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Remuneration report 35

	Maximum target/ corresponding award	4. Measured performance/outcome
	Plan achievement 65 and 155 MNOK	Target partially achieved /
	NOK 294.000	NOK 75.6000
	ESG report approved	ESG report approved within deadline/
	NOK 42.000	NOK 33.600
	New ERP solution implemented	Delayed /
	NOK 126.000	NOK 0
	M&A SPA signed	M&A LOI signed within EOY/
	NOK 210.000	NOK 42.000
	5 products launched	3 products launched
	NOK 84.000	NOK 25.200
	3 prototypes launched	3 prototypes launched
	NOK 84.000	NOK 33.600
	Plan achievement 65 and 155 MNOK/	Target partially achieved /
	NOK 133.127	NOK 34.233
	ESG report approved	ESG report approved within deadline/
	NOK 38.036	NOK 34.233
	New ERP solution implemented	New payroll implemented/
	NOK 133.127	NOK 11.411
	M&A SPA signed	M&A LOI signed within EOY/
	NOK 76.073	NOK 15.015
	Plan achievement 65 and 155 MNOK	Target partially achieved /
	NOK 42.628	NOK 11.936
	New ERP solution implemented	Delayed /
	NOK 34.102	NOK 0
	M&A SPA signed	M&A LOI signed within EOY/
	NOK 17.051	NOK 0
	3 scale up proejects achieved	1 Scale up project achieved/
	NOK 17.051	NOK 5.115
	DMF progress	DMF progress acceptable/
	NA	NOK 11.936
	Reduce opex 5%	Delayed /
	NOK 25.577	NOK 3.410
	5 products launched	3 products launched
	NOK 34.102	NOK 10.231



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36 Remuneration report

Name, position	1. Performance criteria	2. Relative weighting of performance criteria	3. Information on performance targets
			Minimum target/ corresponding award
Olav Lanes, VP R&D and applications	Group EBITDA and Sales	25%	Plan achievement 65 and 155 MNOK/ NOK 11.936
	ERP implemented	10%	New ERP solution implemented NA
	M&A SPA signed	10%	M&A SPA signed NA
	3 scale up projects	10%	1 scale up project achieved NOK 5.115
	3 prototypes launched	20%	1 prototype launched NOK 13.641
	5 products launched	25%	2 products launched NOK 11.936
Dirk Hahneiser, VP Business Development and Marketing	Group Sales	80%	Plan achievement 155 MNOK NA
	Marketing targets	20%	Marketing strategy NA

Derogations and deviations from the remuneration guidelines and from the procedure for its implementation

The Board of Directors deviated from the remuneration guidelines in reference to chapter 3.3 Variable Remunerations point (a). The guidelines include a variable payment for the CEO of 33%. The Board of Directors decided in 2021 to raise the performance-related payment of the CEO to 40% to further increase motivation to achieve the performance targets. There were no deviations from guidelines in 2022.



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Remuneration report 37

	Maximum target/ corresponding award	4. Measured performance/outcome
	Plan achievement 65 and 155 MNOK	Target partially achieved /
	NOK 42.628	NOK 11.936
	New ERP solution implemented	Delayed /
	NOK 17.051	NOK 0
	M&A SPA signed	M&A LOI signed within EOY/
	NOK 17.051	NOK 0
	3 scale up proejcts achieved	1 Scale up project achieved/
	NOK 17.051	NOK 5.115
	3 prototypes launched	3 prototypes launched
	NOK 34.102	NOK 13.641
	5 products launched	3 products launched
	NOK 42.628	NOK 11.936
	Plan achievement 155 MNOK	Taraget not met/ MNOK 137 achieved
	NOK 300.300	NOK 0
	Marketing strategy	Target achieved
	NOK 60.060	NOK 60.060



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38 Remuneration report

Comparative information on change of remuneration in the company:

Annual change	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	Total remuneration 2022 (TNOK)
Jethro Holter, CEO	3%	13%	36%	19%	-12%	2 399
Børge Sørvoll, CFO	6%	9%	20%	8%	-9%	1 750
Darren Ellis, CSO					NA	
Dirk Hahneiser, VP BD and Marketing					NA	
Marit Sjø Lorentzen, VP Operations	2%	3%	30%	17%	-6%	1 262
Olav Lanes, VP R&D and applications	2%	3%	9%	18%	-1%	1 277
Company performance	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2022
Revenues (TNOK)	0%	-32%	107%	37%	7%	136 997
EBITDA (TNOK)	62%	124%	2024%	36%	-33%	41 495
Net profit (TNOK)	43%	96%	13355%	-39%	-29%	32 860
Average remuneration on a FTE basis of employees	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2022
Employees in the Group	-2%	-11%	15%	33%	38%	52,2
Average salary change ex management (TNOK)	18%	-2%	5%	-2%	-1%	767

Explanatory notes:

- Revenues, EBITDA and Net Profit from 2017 to 2018 includes the divested subsidiary Biotec Betaglacans AS. For ArcticZymes as a standalone company, please look at comparisons from 2019 vs 2020 and onwards
- Historic changes in employees and salaries are based on employees in ArcticZymes Technologies ASA and ArcticZymes AS.
- Darren Ellis was hired as a CSO in December 2022, hence there is no comparison data.
- There is a general reduction in salary for senior management from 2021 to 2022 due to less performance related targets met.
- Revenues grew by 7% in 2022 whereas EBITDA was reduced by 33%. The main reduction in profitability is investments in personnel where the organisation grew from 38 FTEs in 2021 to 52 FTEs in 2022

Adaptations of guidelines and report approved by the Annual General Meeting in May 2021 and June 2022, respectively

At the Annual General Meeting on 20.05.2021, 99.8% of represented shareholders voted for the Remuneration guidelines and 89.5% voted for the binding guidelines with regards to equity instruments.

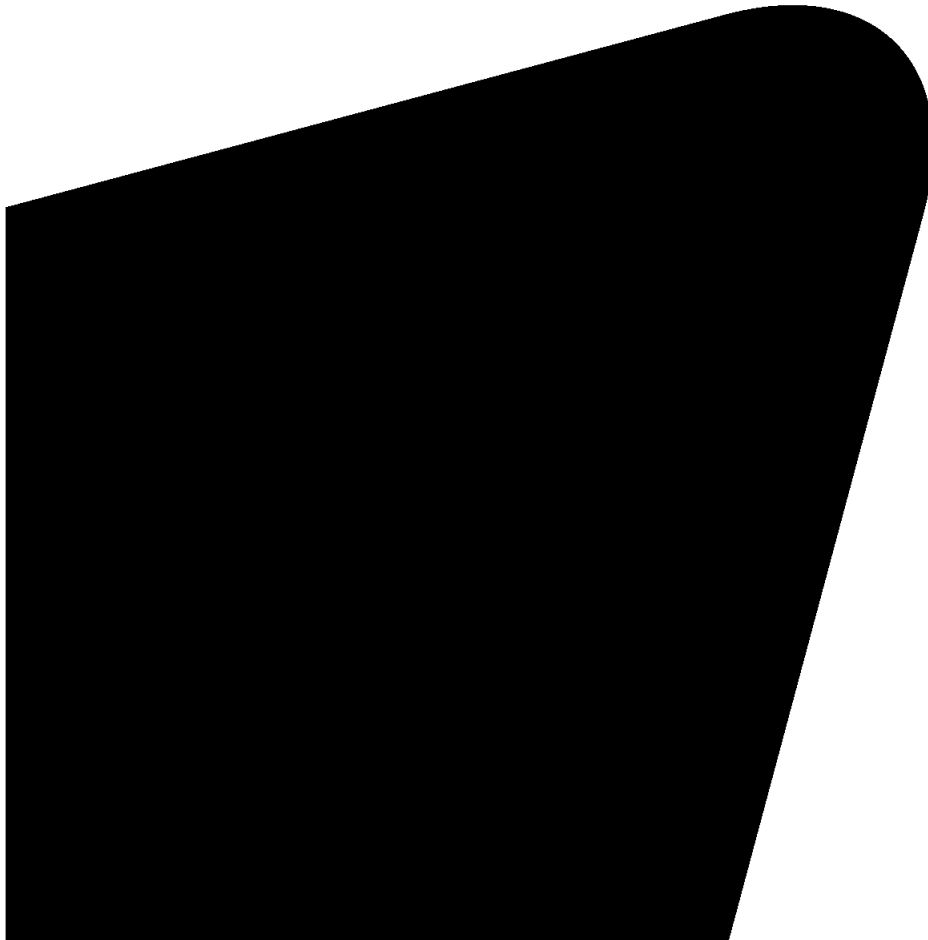
At the Annual General Meeting on 23.06.2022, 71.2% of represented shareholders voted for the Remuneration report.

The Board has not initiated any specific actions based on the votes from the Annual General Meeting in 2022. The Board of Directors will consider further actions based on the vote at the Annual General Meeting in 2023.



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Financial statements – Group





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Consolidated statement of profit & loss – Group

1. January till 31. December

(Amounts in NOK 1 000)	Note	2022	2021
Sales revenues	5	136 971	127 970
Other income	6	694	3 078
Total income		137 664	131 048
Change in inventory	16	196	2 993
Cost of materials	16	-5 376	-6 878
Personnel expenses	7,8,9	-59 185	-46 781
Depreciation and amortization	13,14,15	-5 021	-3 191
Other operating expenses	9,10	-31 804	-18 758
Total operating expenses		-101 191	-72 616
Operating profit		36 474	58 432
Financial income	11	6 352	1 545
Financial expense	11	-684	-975
Financial net		5 668	570
Profit before income tax		42 142	59 002
Income tax expense	12	-9 283	-12 621
Net profit		32 860	46 380
Net profit attributable to:			
Equity holders of ArcticZymes Technologies ASA		32 860	46 380
Earnings per share:			
Weighted basic EPS from net profit	20	0,65	0,94
Weighted diluted EPS from net profit	20	0,65	0,93



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Consolidated statement of other comprehensive income – Group

(Amounts in NOK 1 000)	Note	2022	2021
Net profit for the year		32 860	46 380
Total comprehensive income		32 860	46 380
Comprehensive income attributable to:			
-shareholders of parent company		32 860	46 380
Total comprehensive income		32 860	46 380



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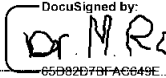
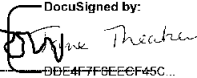
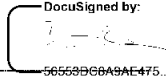
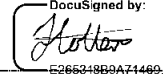
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Consolidated statement of financial position – Group

As of 31. December

(Amounts in NOK 1 000)	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Deferred tax asset	12	11 239	20 522
Intangible assets	13	9 236	1 790
Machinery, equipment and permanent fixtures	14	15 444	12 302
Lease assets	15	13 873	16 079
Total non-current assets		49 792	50 692
CURRENT ASSETS			
Inventory	16	7 078	6 882
Accounts receivable	17	11 593	20 281
Other receivables	17	6 413	5 833
Cash and cash equivalents	18,19	244 161	200 424
Total current assets		269 246	233 420
Total assets		319 037	284 111
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20,21	50 571	50 371
Premium paid-in capital		261 656	260 256
Retained earnings		-27 491	-65 783
Total equity		284 736	244 845
LONG-TERM LIABILITIES			
Lease liabilities	15,18	10 348	14 472
Total long-term liabilities		10 348	14 472
CURRENT LIABILITIES			
Lease liabilities	15,18	3 732	3 097
Accounts payable		5 592	5 795
Other current liabilities	22	14 628	15 902
Total current liabilities		23 953	24 794
Total liabilities		34 301	39 266
Total equity and liabilities		319 037	284 111

Tromsø, 28. April 2023

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Marie Ann Roskrow Chairman	Jane Theaker Director	Bernd K. Striberny Director (employee)	Jethro Holter CEO



Consolidated statement of changes in equity – Group

1. January till 31. December

(Amounts in NOK 1 000)	Note	Share capital	Premium paid in capital	Retained earnings	Non-controlling interest	Total equity
Equity as of 01.01.2021		48 335	151 039	-5 010	1 966	196 329
Comprehensive income 2021				46 380		46 380
TRANSACTIONS WITH OWNERS:						
Share capital increase		2 037	109 218	-155		111 100
Contribution in kind minority shareholders				-110 203		-110 203
Employees' share options	22			1 238		1 238
Adjustment minority shareholders				1 966	-1 966	
Equity as of 31.12.2021		50 371	260 256	-65 784	0	244 845
Comprehensive income 2022				32 860		32 860
TRANSACTIONS WITH OWNERS:						
Share capital increase		200	1 400			1 600
Employees' share options	22			5 432		5 432
Equity as of 31.12.2022		50 571	261 656	-27 492	0	284 736



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Consolidated statement of cash flow – Group

1. January till 31. December

(Amounts in NOK 1 000)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		42 142	59 002
Profit/loss adjusted for:			
Loss machinery			40
Adjustment, lease premises		-1 435	
Depreciation and amortization	13,14,15	5 021	3 191
Employees' options, share-based payment expense	7	5 432	1 238
Interest expense lease liability	11	499	694
Changes in operating assets and receivables			
Inventory	16	-196	-2 993
Accounts receivables and other receivables	17	8 107	4 592
Account payable and other current liabilities	22	-1 476	9 207
Net cash flow from operating activities		58 094	74 970
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in machinery and equipment	14	-4 791	-10 035
Investment in intangible assets	13	-7 641	-1 563
Divestment of subsidiary (Biotec BetaGlucans)			29
Changes in long-term receivables			5
Net cash flow from investing activities		-12 432	-11 564
CASH FLOW FROM FINANCING ACTIVITIES			
Payment on lease liabilities	15	-3 025	-2 202
Payment on interest lease liabilities		-499	-694
Dividends to minority shareholders			-1 159
Capital increase		1 600	1 600
Payment other financing activities			-703
Net cash flow from financing activities		-1 924	-3 160
Net change in cash during the year		43 738	60 246
Cash and cash equivalents as of 01.01		200 424	140 178
Cash and cash equivalents as of 31.12		244 161	200 424

Notes to the financial statements for 2022

Note 1 General information

The ArcticZymes Technologies group (the Company, the Group) is a Norwegian life science company focused on the development, manufacturing, and commercialisation of novel and high-quality recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and biomanufacturing.

The Company is creating value from innovative enzyme technologies which capitalise on more than three decades of world-class research at the Arctic University of Tromsø and in collaboration with other national and international partners to offer niche and high-quality products.

The Groups products and capabilities are protected via a large portfolio of patents and 20+ years of know-how in innovating and manufacturing enzymes.

ArcticZymes Technologies ASA is headquartered at the SIVA Innovation Centre, Sykehusvegen 23, Tromsø, Norway. Listed on the Oslo Stock Exchange since 2005 under the "AZT" ticker.

The Board of Directors approved the consolidated financial statements on 28. April 2023.

Note 2 Summary of significant accounting policies

The following describes the principal accounting policies applied in the preparation of the consolidated financial statements. These principles have been consistently applied to all periods presented, unless otherwise stated.

Note 2.1 Financial reporting framework

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of IFRS as adopted by the EU. The consolidated financial statements are prepared on a historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of estimates. Furthermore, the application of the Company's accounting principles requires management to exercise judgment. For further information about this, see note 4.

The consolidated financial statements are prepared under the going concern assumption.

The Group has adopted all new and amended standards with mandatory application for the current reporting period. The Group does not expect any new standards to have a significant impact on the profit & loss statement or the financial position statement of the Company.

Note 2.2 Principles for consolidation Subsidiaries

The consolidated financial statements include the parent company ArcticZymes Technologies ASA and the wholly owned subsidiary ArcticZymes AS.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated and may be considered as an impairment indicator for the asset transferred. Accounting policies of subsidiaries will be adjusted when deemed necessary to ensure consistency with the Group's accounting policies.

Note 2.3 Foreign currency translation Functional and presentation currency

The accounts of the individual entities within the Group are measured by using the currency of the main economic environment in which the entity operates (its functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency for all Group companies.

Transactions and financial position items

Foreign currency transactions are translated into the functional currency using the exchange rate at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items (assets and liabilities) in foreign currency at year-end, are recorded in the consolidated statement of profit & loss.

Note 3 Financial risk management

Note 3.1 Financial risk factors

Certain activities expose the Group to financial risks like market risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management is to minimise potential adverse effects of any unpredictability in the financial markets. For the reporting period, the Group had no interest-bearing loans. Financial instruments are not used for trading purposes. Interest-bearing investments beyond bank deposits can be made in certificates or bond funds with short maturities.

Note 3.1.1 Market risk

Foreign currency risk

Revenues for 2022 to the Group are mainly denominated in USD and EUR; distributed 68% at USD and 31% at EUR. A majority of the Group's cost base is denominated in NOK.

A weaker NOK against the USD or EUR will influence the operating profit in a positive direction, while a stronger NOK against the USD or EUR will have the opposite effect.

By using an equivalent exchange rate in 2022 as 2021, sales revenues in 2022 would have been NOK 8.0 million lower for the year as the NOK weakened towards the USD especially.

If NOK relative to USD was 5% stronger/weaker at 31 December 2022 and all other variables held constant, this would lead to a higher/lower operating profit of NOK 174.000. For EUR would such currency changes have affected the result by NOK 114.000. The impact on equity would be correspondingly. The calculated effect is based on a net 5% change in receivables and payables denominated in USD and EUR as of 31.12.2022.

The Group exchanges foreign currency into NOK on a regular basis. The Group tries to minimise the balance of foreign currencies in its accounts.

The Group has little exposure to interest rate risk as the investment of liquid assets are in bank deposits, certificates and / or money market funds with short maturities. The Group has no interest-bearing debt.

Note 3.1.2 Credit risk

The Group is mainly exposed to credit risk related to accounts receivables and some credit risk associated with bank deposits. No single customer represents major outstanding credit records and the associated credit risk is considered to be low. The maximum exposure is expressed at the carrying value of accounts receivable. Losses on accounts receivables was zero in 2022. All bank deposits are in DNB bank ASA. DNB Bank ASA has long-term S&P rating of AA-.

Note 3.1.3 Liquidity risk

Based on planned activities and current cash position, the Group considers the liquidity risk to be low. There are no major investments or investments that will have a major impact on the Company's liquidity. If the Company moves forward with an M&A event, capital will need to be raised in order to reduce any potential liquidity risk in the short and medium term.

The Group has its cash in Norwegian bank deposits and money market funds with low risk. At the reporting date, the Group had bank deposits and money market fund of NOK 244.2 million.

The Group's accounts payable and current liabilities has maturity shorter than one year and will be settled at maturity:

(Amounts in NOK 1 000)	2022	2021
Non-current lease liabilities > 12 months	10 348	14 472
Accounts payable < 3 months	5 592	5 795
Accounts payable 3 months – 12 months	0	0
Total accounts payable	5 592	5 795
Current lease liabilities < 12 months	3 732	3 097
Other current liabilities < 12 months	14 628	15 902
Total accounts payable and other current liabilities	34 301	39 266

Book value of accounts payable and other current liabilities measured by currency:

(Amounts in NOK 1 000)	2022	2021
NOK	27 540	36 409
EUR	5 400	1 173
USD	1 203	1 454
Other	158	230
Total accounts payable and other current liabilities	34 301	39 266

Note 3.2 Capital management

The Group's objectives when managing capital are to safeguard the continued operations of the Group and to provide returns for shareholders and other stakeholders and to maintain an optimal capital structure to reduce capital costs. Presently, the Group is equity financed, but with positive cash flow and potential acquisitions through M&A in the future, the Group will consider its capital structure.

The Group has no long-term debt and pays no dividends to shareholders as long as the Group has ambitions on inorganic growth initiatives.

The table below shows the Group's net cash position as of 31 December:

(Amounts in NOK 1 000)	2022	2021
Cash and cash equivalents	178 795	153 898
Money markets funds	65 366	44 879
Less: Restricted cash equivalents	-2 131	-1 647
Net cash position	242 030	198 777

Note 4 Accounting estimates and judgments

Estimates and judgments undergo continuous evaluation based on historical experience and other factors, including expectations of future events believed to be reasonable under the present circumstances.

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are based on parameters available when the financial statements were prepared, but these assumptions may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in assumptions when they occur.

Estimates and assumptions that might have a significant risk for adjustment in the carrying value in the following years are addressed below:

Assessment of capitalisation of development:

Capitalisation of development expenses of a defined product assumes that future cash flows from sales of this product exceed the expenses of development. The expected future cash flows are still subject to uncertainties, and may, if reduced, result in impairment of capitalised development expenses. During most of the development phase of a new product there is a significant uncertainty whether the product under development will be suitable for commercialisation. Because of this, the development projects will usually not qualify for recognition as an intangible asset before the latest stages of the development phase. See note 9 for development projects and note 13 for projects that are capitalised.

Assessment of useful life of intangible assets:

Useful life of intangible assets are based on an assessment of each individual asset. Maximum expected useful lifetime for capitalised development expense is the remaining lifetime of any related patents.

Assessing start up for amortisation of intangible assets:

Amortisation of intangible assets related to capitalised development costs begins when the product is ready for distribution / sales, including the presence of necessary government approvals. Amortisation of other intangible assets starts with acquisitions.

Options

Options are measured at the fair value of the equity instruments at the grant date. Calculation of fair value involves estimates and assumptions. Measurement inputs include share price on measurement date, strike price, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate. At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Note 5 Segment information

Principles for accounting

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 has divided its business into two operating segments; enzymes and corporate. The segment enzymes consists of sales revenues and operating expenses associated with the subsidiary ArcticZymes AS. The corporate segment provides a range of administrative services to the subsidiary. Invoicing is based on service agreements. Corporate overhead cost within the parent company remains unallocated.

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 delivery terms for the Company is FCA, where the customer arranges and pays for the main



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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 sales revenues.

ArcticZymes sales revenues are from sales of enzymes for use in molecular research, In Vitro Diagnostics and Biomanufacturing. Most of the goods are delivered to warehouses in 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 and agreement. Most of the revenues are from quotes or non binding supply agreements where the price has been agreed upon in advance.

Other income are government tax grants, research grants, other grants and administration services.

Net profit/loss(-) from the operating segments:

(Amounts in NOK 1 000)	2022			2021		
	Enzymes	Corporate	Total	Enzymes	Corporate	Total
Sales revenues	136 971		136 971	127 970		127 970
Cost of materials and change in inventory	-5 180		-5 180	-3 885		-3 885
Gross profit	131 791		131 791	124 084		124 084
Other operating income	667	27	694	1 955	1 123	3 078
Operating expenses	-73 481	-17 508	-90 989	-49 416	-16 123	-65 539
Depreciation and amortization	-4 689	-332	-5 021	-2 442	-749	-3 191
Operating profit/loss(-)	54 288	-17 814	36 474	74 182	-15 749	58 433
Net financial income/loss(-)	3 081	2 587	5 668	787	-217	570
Profit/loss(-) before tax	57 369	-15 227	42 142	74 968	-15 966	59 002

Assets, liabilities and investments distributed to the segments:

(Amounts in NOK 1 000)	31.12.2022			31.12.2021		
	Enzymes	Corporate	Total	Enzymes	Corporate	Total
Assets	125 704	193 333	319 037	49 649	234 461	284 111
Liabilities	13 408	20 893	34 301	11 638	27 629	39 266

Geographical distribution of sales revenues:

(Amounts in NOK 1 000)	2022		2021	
	Enzymes	Corporate	Enzymes	Corporate
Norway	438		496	
Germany	12 032		10 752	
Lithuania	28 035		35 132	
Italy	2 574		3 412	
Other countries in Europe	17 757		11 291	
USA	60 355		50 495	
Rest of world	15 780		16 392	
Total sales revenues	136 971		127 970	

Sales revenues from the largest customer in 2022 are NOK 28.0 million (2021: NOK 35.1 million).

The Group's sales has been impacted by COVID-19 effects. The impact from Coronavirus-related sales has become increasingly more difficult to quantify as further products are being utilised in Coronavirus-

related applications (e.g. rSAP in Sanger sequencing of Coronavirus variants). The Company experienced a sharp drop in Coronavirus-related sales after the first quarter of 2022, and has only experienced marginal sales the last 3 quarters of 2022. The Company does not expect any material Coronavirus-related sales in 2023.



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(Amounts in NOK 1 000)	2022	Whereof COVID-19 related	2021	Whereof COVID-19 related
Sales	136 971	15 000	127 970	33 200

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

Note 6 Other income

Principles for accounting

Other income are primarily different kind of grants. Government grants are recognised at fair value when it is reasonable sure that the grant will be received and that the Company will fulfil the conditions attached to the grant. The grants are recognised as other income in the period in order to

match expenses they are intended to compensate. Government grants relating to the purchase of fixed assets are recorded as a reduction in the carrying cost. They are expressed in the profit and loss statement through lower annual depreciation over the expected life of the relevant fixed assets.

(Amounts in NOK 1 000)	2022	2021
Government grants		
Tax grants "Skattefunn"	140	717
Other grants	817	1 238
Other income	-264	1 123
Total other income	694	3 078

Description of awarded grants:

(Amounts in NOK 1 000)	Grants expiry	2022	2021
FROM UIT - THE ARCTIC UNIVERSITY OF NORWAY			
Cold ligases	2022	817	200
FROM INNOVATION NORWAY:			
Development of components for RNA diagnostics	2021		727
Upscaling of SAN-HQ manufacturing	2021		311
TAX GRANTS "SKATTEFUNN":	Annually	140	717
Total grants		957	1 955

See note 17 for grants in the financial position



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Note 7 Personnel expenses

Principles for accounting

Payroll and related expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided.

The Group has a defined contribution plan for all employees in Norway compliant to requirements for compulsory occupational pension in Norway under which the Group pays a fixed percentage contribution

of members' salaries. The Group has no further payment obligations once the contributions are made.

The Group recognises liabilities and expenses for bonuses based on a review of key personnel achievement. The Group recognises a provision for bonuses based on contractually and probable liabilities.

(Amounts in NOK 1 000)	2022	2021
Salaries	45 205	37 849
Employer's social security contribution	5 588	4 669
Share options granted	5 432	1 238
Pension costs	2 270	1 431
Other benefits	689	1 595
Total personnel expenses	59 185	46 781
Number of employees at 31.12:	61,0	46,0
Number of FTEs:	52,2	38,8

The employer's contribution to the plan was changed 01.july 2021 from 5% to 7% for salaries between 0 G and 7.1 G, and from 8% to 10% for salaries between 7.1

G and 12 G. Per 31 December 2022, the Group paid for 51 members of the scheme.



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Note 8 Related party disclosures

The Group had no transactions with related parties.

Remuneration of Board of Directors and management:

(Amounts in NOK 1 000)	2022				2021			
	Salaries paid	Bonus paid	Pension costs	Other benefits	Salaries paid	Bonus paid	Pension costs	Other benefits
Marie Ann Roskrow, Chairman	500				470			
Jane Theaker, Director	280			320	150			
Bernd K. Striberny, Director / Employee	56							
Volker Wedershoven, former Director	375				270			
Marit Sjo Lorentzen, former Director / Employee	45				108			
Jethro Holter, CEO	2 073	671	131	26	1 892	530	83	16 013
Børge Sørvoll, CFO	1 538	323	123	11	1 451	313	91	12
Marit Sjo Lorentzen, VP Operations	1 074	136	120	13	1 001	43	65	14
Darren Ellis, CSO	117			50				
Dirk Hahneiser, VP Business Dev. and Marketing	735		16	26				
Olav Lanes, VP R&D and Applications	1 129	117	106	12	1 077	43	71	12

The Company has a Board liability insurance covering the Board of Directors and the CEO in case the individual should become personal liable for damages on the basis of negligence. The insurance covers damages up NOK 30.000.000 per claim. See note 21 in reference to share options to executives and management.

Shares and options owned or controlled by directors and senior management per 31.12.2022:

	Options	Shares
Marie Roskrow, Chairman	200 000	
Jane Theaker, Director*		
Bernd K. Striberny, Director (employee)		200
Lill Hege Henriksen, Observer (employee)		3 088
Jethro Holter, CEO	170 000	80 564
Børge Sørvoll, CFO	330 000	25 428
Marit Sjo Lorentzen, VP Operations	115 000	20 331
Olav Lanes, VP R&D and Applications	100 000	2 000

*According to AGM 2022 resolution, Jane Theaker is awarded NOK 500.000 to procure shares for in ArcticZymes Technologies ASA. The shares shall have 3 years lockup before they can be sold. No shares are acquired per 31.12.2022.



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Note 9 Research and development expenses

Principles for accounting

Development expenses are expensed when incurred. Previously expensed development costs are not recognised in subsequent periods. Capitalised development costs are depreciated linearly from the

date of commercialisation over the period in which they are expected to provide economic benefits. Capitalised development costs are tested by indication for impairment in accordance with IAS 36.

(Amounts in NOK 1 000)	2022	2021
RESEARCH AND DEVELOPMENT EXPENSES:		
Personnel expenses	16 673	12 450
Purchase of external services	2 977	1 208
Other operating expenses	4 075	1 867
Total R&D expenses, not capitalised	23 725	15 526

Note 10 Other operating expenses

Principles for accounting

Expenses are recognised in the statement of profit and loss in the period which the related costs are incurred or services are provided. Net currency

related to sales and settlements of other operating expenses are recognised under other operating expenses.

(Amounts in NOK 1 000)	2022	2021
Maintenance premises and materials lab	6 208	3 317
Office equipment and IT	2 779	1 845
External services	12 035	5 343
Marketing expenses	1 148	1 268
Patent and licensing expenses	1 964	2 330
Other operating expenses	7 670	4 656
Total other operating expenses	31 804	18 758

External auditor: Fees and expenses ex VAT:

(Amounts in NOK 1 000)	2022	2021
Statutory audit	511	535
Other attestation services	98	69
Other services beside auditing	1 374	224
Total auditing fees and expenses	1 983	829



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Note 11 Financial income and expense

Principles for accounting

The Groups's interest income and expenses mainly relates to interest received on bank deposits, lease liabilities and short-term interest rate funds.

Net currency relates to gains and losses on bank deposits.

(Amounts in NOK 1 000)	2022	2021
Interest income	3 386	841
Net currency gain/loss (-)	1 806	675
Other financial income	1 161	
Total financial income	6 352	1 516
Write-down/loss financial assets		29
Interest expense lease liabilities	-499	-694
Other financial expense	-185	-281
Total financial expense	-684	-975
Total financial income and expense, net	5 668	570

Note 12 Deferred tax asset

Principles for accounting

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. When considering recognition of profit loss carried forward as a deferred tax asset, there are objective criteria's from IAS 12- 34/35/36 and ESMA that need to be considered before implementation.

There is strong evidence supporting recognition of profit loss carried forward as a deferred tax asset:

- The Group expect further growth in revenues and EBTDA level based on board discussions around the ArcticZymes business case moving forward.
- ArcticZymes Technologies has loss carried forward that can be utilised through the use of group contributions from the subsidiary Arcticzymes.
- ArcticZymes is expected to have taxable income for the next 1-2 years which can be offset through group contribution against the tax loss in the parent company.
- The Group has an increasing and steady customer base with recurring revenues.

Based on listed evidence there are very limited negative criteria's opposing recognition of deferred tax asset according to IAS 12 - 34/35/36 and ESMA.



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(Amounts in NOK 1 000):	2022	2021	Change
Non current assets	2 538	1 787	-751
Other temporary differences	-1 218	-3 374	-2 157
Gains and loss account	6 790	8 487	1 697
Total temporary differences	8 111	6 900	1 210
Financial instruments	274	549	
Adjustment capitalisation Skattefunn	406		
Tax assessment loss carried forward	-59 876	-100 729	
Calculation base deferred tax asset	-51 086	-93 280	
Deferred tax asset, 22%	-11 239	-20 522	-9 283
Profit before income tax	42 142	59 002	
Non deductible expenses	471	-1 128	
Non taxable income	-550	-1 054	
Changes in temporary differences	-1 210	3 193	
Profit before tax loss carried forward	40 853	60 014	
Deferred tax loss carried forward	-40 853	-60 014	
Tax base	0	0	
Tax expense	-9 283	-12 621	



Note 13 Intangible assets

Principles for accounting

Research and development, patents and licenses

Research expenses are expensed when incurred. Development of products are capitalised 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:

Own product development	10 years
License and patents	5-10 years

Capitalised development costs are depreciated linearly from the date of commercialisation over the period in which they are expected to provide economic benefits. Capitalised development costs are tested by indication for impairment in accordance with IAS 36.

The Company has historically capitalised development expenses for rSAP, HL-dsDNase, SAN Elisa-kit, San HQ and Polymerases. Other development costs are expensed when incurred.

(Amounts in NOK 1 000)	Own product development	License and patent	Total
AS OF 01.01.2021			
Historic cost	2 148		2 148
Accumulated depreciation	-1 755		-1 755
Book value at 01.01.2021	393	0	393
FINANCIAL YEAR 2021			
Addition	1 563		1 563
Depreciation	-168		-168
Book value at 31.12.2021	1 790	0	1 790
AS OF 31.12.2021			
Historic cost	3 711		3 711
Accumulated depreciation	-1 923		-1 923
Book value at 31.12.2021	1 790	0	1 790
FINANCIAL YEAR 2022			
Addition	4 585	3 462	8 047
Capitalised grants Skattefunn	-406		-406
Amortization			0
Depreciation	-194	-1	-195
Book value at 31.12.2022	5 775	3 461	9 236
AS OF 31.12.2022			
Historic cost	7 890	3 462	11 352
Accumulated depreciation	-2 117	-1	-2 118
Book value at 31.12.2022	5 775	3 461	9 236



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Note 14 Machinery, equipment and permanent fixtures

Principles for accounting

Machinery, equipment and permanent fixture in the Group includes primarily production equipment, office equipment and furnishing. These assets have a carrying value of historical cost less depreciation and amortisation. Acquisition cost includes expenses directly attributable to the acquisition of the asset. Subsequent expenses are included in the assets carrying value or recognised as a separate asset, when it is deemed probable that future economic benefits will benefit the Group and that expenses can be measured reliably. Other repair and maintenance expenses are recognised in the consolidated profit & loss statement for the period in which they are incurred.

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:

Machinery / Equipment	5-10 years
Permanent fixtures	3-5 years

The actual useful life and residual values of the assets are tested for impairment when there is indication of impairment and adjusted if necessary. If the carrying value of an asset exceeds the estimated fair value, the carrying value is amortised immediately to fair value. Gains and losses on disposals are recognised as the difference between selling price less transaction costs and the carrying value.

(Amounts in NOK 1 000)	Machinery	Equipment	Permanent fixtures	Total
As of 01.01.2021				
Historic cost	6 844	1 914		8 758
Accumulated depreciation	-3 833	-1 869		-5 702
Book value at 01.01.2021	3 013	44	0	3 058
Financial year 2021				
Addition	7 739	558	1 738	10 035
Amortisation	-40			-40
Depreciation	-688	-63		-751
Book value at 31.12.2021	10 023	538	1 738	12 302
As of 01.01.2022				
Historic cost	14 544	2 472	1 738	18 793
Accumulated depreciation	-4 521	-1 932	0	-4 521
Book value at 31.12.2021	10 023	538	1 738	12 302
Financial year 2022				
Addition	1 927	2 757	107	4 791
Amortisation				0
Depreciation	-1 203	-265	-182	-1 650
Book value at 31.12.2022	10 747	3 030	1 663	15 444
As of 31.12.2022				
Historic cost	16 471	5 229	1 845	23 545
Accumulated depreciation	-5 724	-2 197	-182	-8 103
Book value at 31.12.2022	10 747	3 030	1 663	15 444

Management considers that there are no impairment indicators at the group level, and that no write-downs of these assets are necessary.



Note 15 Leases

Principles for accounting

At inception of a contract, the Group considers whether or not the contract conveys the right to control the asset for a period of time. At commencement of a contract, the Company recognises a lease liability with a corresponding lease asset. The lease liability is initially recognised at present value of all lease payments for the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, including the expected use of extension options in the contract. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the lease payments made and adjustments to the contract reflecting adjustments in index or rates. The

lease asset is initially measured at cost. The cost of the lease asset includes the corresponding amount of the initial recognition of the lease liability. The lease asset is depreciated from the commencement date through the remaining useful life.

ArcticZymes Technologies has 4 lease contracts in Tromsø and Oslo. One is for leased offices and lab facilities at Siva Innovation Centre in Tromsø originating from 2011. The second contract is from 2021 and is for the production facilities at Siva Innovation Centre in Tromsø. The third contract is from 2022 and relates to expansion offices at Siva Innovation Centre. The last contract of 2022 relates to offices at Oslotech AS in Oslo.

(Amounts in NOK 1 000)		Lease assets
Historic cost		20 879
Accumulated depreciation including net present value adjustment		-4 801
Book value at 31.12.2021		16 079
Adjustment net present value 01.01		44
Additional premises Oslotech AS, Oslo		661
Revised lease and additional premises SIVA, Tromsø		265
Depreciation		-3 176
Book value at 31.12.2022		13 873
Historic cost		21 849
Accumulated depreciation		-7 977
Book value at 31.12.2022		13 873

Lease liabilities	2022	2021
Book value 31.12 (preceding year)	-17 570	-11 963
Net present value adjustment 01.01	-44	-203
Additional premises Oslotech AS, Oslo	-661	
Revised lease and additional premises SIVA, Tromsø	1 170	-7 606
Interest expense	-499	-694
Payments premises	3 524	2 896
Book value at 31.12	-14 080	-17 569
Whereof Current liabilities	-3 732	-3 097
Whereof Non-current liabilities	-10 348	-14 472



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Maturity analysis	2022	2021
Less than one year	3 732	3 097
One to five years	9 494	13 927
More than five years	3 200	3 200
Total undiscounted lease liabilities at 31.12	16 426	20 224

Summary of other leased assets presented in the consolidated profit & loss statement	2022	2021
Lease of IT equipment	263	167
Overhead expenses related to premises	1 002	731
Total leased assets included in other expenses at 31.12	1 265	898

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 recognise leases where the underlying asset has a low value, and thus does not recognise 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 16 Inventory and cost of materials

Principles for accounting

Inventory are stated at the lower of acquisition expense and net realisable value. Inventories are valued at average acquisition cost. Value of finished goods and work in progress comprises the expense

of design, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Work in progress	2 067	3 199
Materials and consumables	131	225
Finished goods	4 880	3 458
Total inventories	7 078	6 882

Cost of materials

Total cost of materials include direct materials, services provided by contract manufactures and packaging suppliers, products freights and distribution costs. Royalties for in licensing of

technology and rights from other parties are excluded from cost of goods and included in other operating expenses.



Note 17 Receivables

Principles for accounting

In determining the recoverability of receivables, the Company performs risk analysis considering the

type, the customer and the age of the outstanding receivable in its evaluations.

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Accounts receivables	11 593	20 281
Provisions for estimated losses on accounts receivables	0	0
Sum accounts receivables, net	11 593	20 281
Research grants	817	2 985
Tax grants	631	1 055
Prepayments	3 936	725
VAT	1 028	1 067
Sum other receivables	6 413	5 833
Sum total receivables	18 006	26 114

Fair value of accounts receivable equals book value. There are no significant concentrations of credit risk.

Age breakdown of Accounts receivable per 31.12.2022:

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
9 757	1 683	31	71	51	11 593

A majority of accounts receivables overdue on 31 December have been settled subsequently.

Age breakdown of Accounts receivable per 31.12.2021:

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
17 873	1 763	201	186	258	20 281

Fair value of receivables by currency:

	31.12.2022	31.12.2021
USD	4 751	15 247
EUR	10 167	4 704
GBP	133	
NOK	2 955	6 162
Total receivables	18 006	26 114

Accounts receivable arise from the sale of goods or services within normal operations. Settlements that are due in 12 months or less are classified as current assets. If this is not the case, they are classified as non current assets.

Historically, the Group has not incurred losses on accounts receivable. Based on this and the fact that there were no losses in 2022, and we expect no future losses, no provisions for loss on receivables were made in 2022.



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Note 18 Financial assets and debts

Principles for accounting

The Groups financial assets and debts are initially measured at fair value except lease liabilities which is at amortised cost.

The financial assets consist primarily of cash and cash equivalents obtained through equity issues and trade receivables.

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
	Assets at fair value	Assets at fair value
FINANCIAL ASSETS		
Cash bank deposits	178 795	155 545
Money market funds	65 366	44 879
Total financial assets	244 161	200 424

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
	Debts at amortised cost	Debts at amortised cost
FINANCIAL DEBTS		
Leasing, non-current liabilities	10 348	14 472
Leasing, current liabilities	3 732	3 097
Total financial debts	14 080	17 569

The Group has no interest-bearing loans or debt other than lease liabilities.

Note 19 Cash and cash equivalents

Principles for accounting

Cash and cash equivalents consist of cash, bank deposits and other short-term liquid investments that

can be converted into cash immediately and with maturity less than three months.

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Cash	176 664	153 898
Money market fund	65 366	44 879
Tax withdrawal accounts	2 131	1 647
Total cash and cash equivalents	244 161	200 424



Note 20 Earnings per share

Principles for accounting

Earnings per share are calculated by dividing net profit/loss to ordinary shareholders by the weighted average number of shares outstanding during the year (see note 21).

(Amounts in NOK 1 000)	2022	2021
Net profit attributable to ordinary shareholders of the parent	32 860	46 380
Net profit to shareholders	32 860	46 380
Weighted number of shares used for calculation of basic EPS (1000 shares)	50 413	49 338
Dilution effect share based payment	515	715
Weighted number of shares used for calculation of diluted EPS (1000 shares)	50 928	50 053
Weighted basic and diluted earnings per share (NOK per share)	0,65	0,94
Weighted diluted earnings per share (NOK per share)	0,65	0,93

Note 21 Share capital, share premium, share options, and other equity

Principles for accounting

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options less taxes are recorded as a reduction in proceeds to equity. When purchasing own shares, the consideration paid including any transaction costs less tax, is deducted from equity (attributable to equity shareholders) until the shares are cancelled, reissued or sold.

(Number of shares)	Shares	Whereof treasury shares
AS OF 01.01.2021	48 334 673	
Share issue - options	200 000	
Share issue - contribution in kind	1 836 717	
As of 31.12.2021	50 371 390	0
Share issue - options	200 000	
As of 31.12.2022	50 571 390	0

All shares are fully paid up. Par value is NOK 1.00 per share.



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The Annual General meeting of 23.06.2022, granted three authorisations to the Board:

1. To increase the share capital with up to 7,500,000 shares at par value. The authorisation may be used for cash capital increases or capital increases in connection with mergers but does not include non-cash share issues. The authorisation was not used in 2022.
2. To increase the share capital with up to 400,000 shares at par value. The authorisation may only be used in connection with capital increases relating to share option programs. 200,000 shares of this authorisation was used in 2022.
3. Authorisation to purchase up to 150,000 treasury shares with a nominal value of NOK 150.000. The authorisation may be used in connection with option programs or by offering shares to employees. The authorisation was not used in 2022.

The Annual General meeting of 20.05.2021, granted three authorisations to the Board:

1. To increase the share capital with up to 4,830,000 shares at par value. The authorisation may be used for cash capital increases or capital increases in connection with mergers but does not include non-cash share issues. The authorisation was not used in 2021.
2. To increase the share capital with up to 600,000 shares at par value. The authorisation may only be used in connection with capital increases relating to share option programs. 200,000 shares of this authorisation was used in 2021.

3.A authorisation to purchase up to 150,000 treasury shares with a nominal value of NOK 150.000.

The authorisation may be used in connection with option programs or by offering shares to employees. The authorisation was not used in 2021.

Share options

Per 31.12.2022, there were 1,015,000 outstanding options in the Group. The Group has a share-based option scheme. The fair value of the services received from the employees in return for the options granted is recognised as an expense in the consolidated profit & loss statement. Total expense for the options is accrued over the vesting period based on the fair value of the options granted, excluding impact of any vesting conditions that are market-based. Vesting conditions that is not market-based, affect the assumptions about the number of options expected to be vested. At the end of each reporting period, the Company revises its estimates of the number of options expected to be vested. It recognises the effect of the revision of original estimates in the consolidated profit & loss statement with a corresponding adjustment in equity. For 2022, the Company expensed NOK 5.4 million in connection with share options and NOK 0.8 million in national insurance contribution on options.

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.

CEO Jethro Holter and CFO Børge Sørvoll has been given the right to receive 200 000 options each with the following assumptions:

Awarded options	Option exercise price	Options earned at share price
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. CFO, Børge Sørvoll's declaration period has been extended by the board of directors by 6 months from 31.12.2022 to 30.06.2023.



Outstanding share options:

	2022		2021	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.	42,12	1 215 000	10,19	315 000
Earned during the year			8,00	600 000
Granted during the year			89,52	500 000
Exercised during the year	8,00	-200 000	8,00	-200 000
Outstanding at 31.12		1 015 000		1 215 000

Expiry date, exercise price, and outstanding options at year end:

Expiry date	Average exercise price	Number of share options 2022	Number of share options 2021
2022, 31 December*	8,00	200 000	400 000
2025, 14. May	10,19	315 000	315 000
2026, 30 November	89,52	500 000	500 000
Outstanding at 31.12.		1 015 000	1 215 000
Exercisable options at 31.12		200 000	400 000

*Expiry date has been adjusted to 30.06.2023

The fair value of employee rights to receive options (2022 program) 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%), exercise price (NOK 8.00 per share) and volatility last 5 years (55.25%). The options were valued at NOK 1.85 per share option at award.

The fair value of the boards options (2025 program) 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%), exercise price (NOK 10.19 per share) and volatility last 5 years (59.02%). The options were valued at NOK 15.94 per share option at award.

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%), exercise price (NOK 89.52 per share) and volatility last 5 years (60.43%). The options were valued at NOK 42.1 per share option at award. 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 authorisation to issue new shares.



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64 Notes to the financial statements for 2022

The 20 largest shareholders as of 31.12.2022:

Ownership information:	Shares	Ownership
Skandinaviska Enskilda Banken AB (nominee)	4 736 345	9,4 %
Skandinaviska Enskilda Banken AB (nominee)	3 806 275	7,5 %
Nordnet Bank AB (nominee)	2 627 562	5,2 %
Skandinaviska Enskilda Banken AB (nominee)	2 312 000	4,6 %
State Street Bank and Trust Comp (nominee)	2 273 618	4,5 %
Avanza Bank AB (nominee)	2 015 939	4,0 %
Pro AS	2 005 216	4,0 %
State Street Bank and Trust Comp (nominee)	1 580 354	3,1 %
Clearstream Bnaking S.A. (nominee)	1 301 574	2,6 %
Belvedere AS	1 015 684	2,0 %
Tellef Ormestad	889 804	1,8 %
Skandinaviska Enskilda Banken AB (nominee)	879 463	1,7 %
Danske Bank AS (nominee)	768 726	1,5 %
Middelboe AS	605 000	1,2 %
Danske Bank AS (nominee)	562 000	1,1 %
Kvantia AS	554 713	1,1 %
Dragesund Invest AS	521 739	1,0 %
Verdipapirfondet KLP Aksjenorge	503 515	1,0 %
Skandinaviska Enskilda Banken AB (nominee)	500 000	1,0 %
Naudholmen AS	480 000	0,9 %
20 largest shareholders aggregated	29 939 527	59,20 %
3.719 other shareholders aggregated	20 631 863	40,80 %
Total shares (3.739 shareholders)	50 571 390	100,00 %

Note 22 Account payable and other current liabilities

Principles for accounting

The Group's liabilities consists of accounts payable, dividends, lease liabilities interest-bearing and other current liabilities and are classified as "current liabilities". Accounts payable are obligations to pay for goods or services that have been acquired in

the ordinary course of business from suppliers and employees. Accounts payable is classified as current liability if payment is due within 12 months. If not, they are presented as long-term liabilities.

Specification of other current liabilities:

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Unpaid holiday pay	3 947	2 680
Bonus	2 055	4 392
Other personnel	2 025	2 634
Accrued public fees and withdrawals	2 883	3 984
Miscellaneous other accrued costs	3 717	2 214
Other current liabilities	14 628	15 902

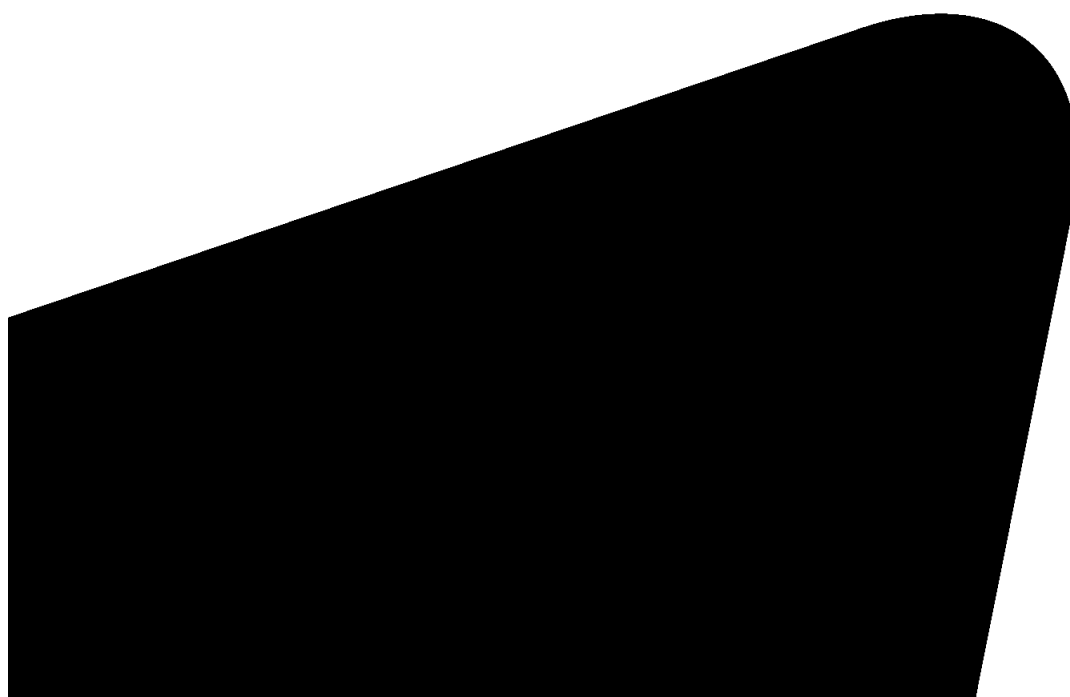
Note 23 Events after balance sheet date, 31.12.2022

There are no events to the financial statements for the period from the financial position date to the date of approval ; 28 april 2023.



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Financial statements – parent company





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66 Financial statements — parent company

Financial statement of profit & loss — parent company

1. January till 31. December

(Amounts in NOK 1 000)	Note	2022	2021
Sales revenues	1	11 440	10 275
Total revenues		11 440	10 275
Personnel expenses	2	16 429	17 300
Depreciation and amortisation	6,7	332	749
Other operating expenses	3	12 492	7 975
Total operating expenses		29 254	26 024
Operating profit / loss (-)		-17 814	-15 749
Financial income, net	4	58 133	72 216
Write-down /loss financial assets	4		29
Financial expenses, net	4	-240	-508
Financial net		57 893	71 737
Profit before income tax		40 079	55 988
Income tax expense	5	-8 831	-11 975
Net profit		31 248	44 013
Transferrals			
Transferred to retained earnings		31 248	44 013

Financial statement of comprehensive income — parent company

(Amounts in NOK 1 000)	Note	2022	2021
Net profit/loss for the year		31 248	44 013
Other income & costs after tax		0	0
Comprehensive income		31 248	44 013



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Financial statements — parent company 67

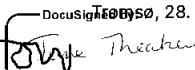
Statement of financial position — parent company

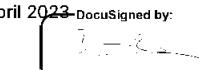
As of 31. December

(Amounts in NOK 1 000)	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Deferred tax asset	5	11 496	20 327
Equipment	6	175	87
Lease assets	7	229	3 431
Long-term receivables subsidiaries		13 333	13 398
Investments in subsidiaries	8	155 703	155 703
Total non-current assets		180 936	192 947
CURRENT ASSETS			
Receivables subsidiaries	9	58 640	74 658
Other receivables	10	762	730
Cash and cash equivalents	11,12	167 751	197 238
Total current assets		227 153	272 627
Total assets		408 089	465 573
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	50 571	50 371
Premium paid-in capital		261 656	260 256
Other paid-in capital		52 867	49 148
Retained earnings		22 102	-9 145
Total equity		387 197	350 629
LONG-TERM LIABILITIES			
Lease liabilities interest-bearing	7,12	10 227	14 472
Total long-term liabilities		10 227	14 472
CURRENT LIABILITIES			
Accounts payable		1 863	1 731
Public fees and tax withholdings		593	2 905
Liabilities subsidiaries			87 315
Other current liabilities	7,12,14	8 210	8 521
Total current liabilities		10 666	100 472
Total liabilities		20 893	114 944
Total equity and liabilities		408 089	465 573

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Marie Roskrow
Chairman

DocuSigned by:

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Jane Theaker
Director

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Bernd K. Striberny
Director (employee)

DocuSigned by:

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Jethro Holter
CEO

Tillegget, 28. April 2023



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68 Financial statements — parent company

Statement of changes in equity — parent company

1. January till 31. December

(Amounts in NOK 1 000)	Share capital	Premium paid-in capital	Other paid-in capital	Retained earnings	Total
Equity as of 01.01.2021	48 335	151 039	47 910	-53 005	194 279
Employees' share options			1 238		1 238
Share capital increase	2 037	109 217		-155	111 099
Net profit for the year 2021				44 013	44 013
Equity as of 31.12.2021	50 371	260 256	49 148	-9 145	350 629
Employees' share options			3 720		3 720
Share capital increase	200	1 400			1 600
Net profit for the year 2022				31 248	31 248
Equity as of 31.12.2022	50 571	261 656	52 867	22 103	387 197

The Company's share capital consists of 50,571,390 shares as of 31.12.2022.



Statement of cash flow — parent company

1. January till 31. December

(Amounts in NOK 1 000)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / loss(-) before tax:		40 079	55 988
Profit / loss(-) adjusted for:			
Adjustment, lease premises		-750	
Amortization investment subsidiary	4		-29
Group contributions	9,12	-55 306	-71 500
Depreciation	7	332	749
Employees' options, share-based payment expense	2	3 720	1 238
Interest expense lease liability	4	22	239
Changes in operating assets and receivables			
Account receivables and other receivables	9, 10	-207	12 937
Account payable and other current liabilities	14	-90 131	23 135
Net cash flow from operating activities		-102 241	22 757
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	6	-120	-101
Divestment subsidiary			29
Changes in long-term receivables		3 050	1 887
Net cash flow from investing activities		2 930	1 815
CASH FLOW FROM FINANCING ACTIVITIES			
Payment on lease liabilities	7	-3 254	-2 657
Payment interest on lease liabilities	7	-22	-239
Group Contributions	9	71 500	37 100
Capital increase		1 600	1 600
Payment other financing activities			-703
Net cash flow from financing activities		69 824	35 100
Net change in cash during the year	11, 12	-29 487	59 672
Cash and cash equivalents as of 01.01.	11, 12	197 238	137 567
Cash and cash equivalents as of 31.12		167 751	197 238



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70 Notes to the financial statements – parent company

Notes to the financial statements for 2022 — parent company

ACCOUNTING PRINCIPLES

Arcticzymes Technologies ASA has adopted simplified IFRS in the Company accounts according to the Norwegian Accounting Act § 3-9. Simplified adoption of IFRS in the Company accounts means that value estimates and accounting principles applied in the consolidated financial statements for the Group also apply to the parent company Arcticzymes Technologies ASA. Reference is made to the accounting principle note for the Group. Regarding lay-out and note information, a simplified adoption of IFRS allows this to be in accordance with

the Norwegian Accounting Act. The lay-out of the statement and the notes for the parent company are thus prepared in accordance with the above mentioned, with the exception of comprehensive income which is in accordance with IFRS and group contributions which is in accordance with IFRS § 3-1 nr 3 (IAS 10 nr. 12 og 13, IAS 27.12, IFRS 9.5.7.1 A og IFRIC 17 nr. 10).

Shares held in subsidiary are valued according to historical cost in the annual accounts.

Note 1 Sales revenue

(Amounts in NOK 1 000)	2022		2021	
GEOGRAPHICAL DISTRIBUTION:				
Norway	100 %	11 440	100 %	10 275
Total sales revenues	100 %	11 440	100 %	10 275

Revenues for 2022 are internal Group sales.

Note 2 Personnel expenses

(Amounts in NOK 1 000)	2022	2021
Salaries	7 094	11 152
Employer's social security contribution	3 079	3 213
Pension costs	568	431
Share options granted to employees	3 720	1 238
Other benefits	1 969	1 267
Total personnel expenses	16 429	17 300

2022: 7.8 man-years, split between 2.2 men and 5.6 women. 2021: 7.2 man-years, split between 3.2 men and 4.0 women. The Company's pension scheme complies with the requirements in regard to compulsory occupational pensions in Norway. The Company has established a defined contribution pension plan

compliant to requirements for compulsory occupational pension in Norway. The employer's contribution to the plan is 7% for salaries between 0 G and 7.1 G, and 10% for salaries between 7.1 G and 12 G. As of 31. December 2022, the Company paid for 9 members of the scheme.

External Auditor: Fees and expenses ex VAT:

(Amounts in NOK 1 000)	2022	2021
Statutory auditing	290	459
Statutory certification	51	34
Other services beside auditing	1 371	224
Total auditor expenses	1 712	717



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Notes to the financial statements – parent company 71

Remuneration of the Board of Directors and management:

(Amounts in NOK 1 000)	2022				2021			
	Salaries paid	Bonus paid	Pension costs	Other benefits	Salaries paid	Bonus paid	Pension costs	Other benefits
Marie Ann Roskrow, Chairman	500				470			
Bernd K. Striberny, Director / Employee	56							
Jane Theaker, Director	280			320	150			
Volker Wedershoven, former Director	425				270			
Marit Sjø Lorentzen, former Director / Employee	45				108			
Jathro Holter, CEO	2 073	671	131	26	1 892	530	103	16 013
Børge Særvoll, CFO	1 538	323	123	11	1 451	313	104	12

See note 21 in the Group notes regarding share options to employees. There are no loans, prepayments or guarantees in favour of senior executives in the Company.

Note 3 Other operating expenses

(Amounts in NOK 1 000)	2022	2021
Maintenance premises and materials lab	1 281	1 086
Office equipment and IT	1 915	1 466
External services	6 302	2 941
Marketing expenses	146	135
Patent and licensing expenses	104	341
Other operating expenses	2 745	2 006
Total other operating expenses	12 492	7 975

NOK 2.8 million of external services relates to legal and financial support in a due diligence for potential acquisition of a company.

Note 4 Financial income and expense

(Amounts in NOK 1 000)	2022	2021
Group contributions	55 306	71 500
Other financial income	750	
Net income on currencies, not realised		40
Interest income	2 076	677
Total financial income	58 133	72 216
Write-down/loss financial assets		29
Net loss on currencies, not realised	-51	
Interest expense lease liabilities	-22	-239
Interest expense	-166	-269
Total financial expense	-240	-508
Total financial income and expense, net	57 893	71 737



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72 Notes to the financial statements – parent company

Note 5 Tax expense

Principles for accounting

When considering recognition of profit loss carried forward as a deferred tax asset, there are objective criteria's from IAS 12- 34/35/36 and ESMA that need to be considered before implementation. There is continued strong evidence supporting recognition of profit loss carried forward as a deferred tax asset:

The Group expect further growth in revenues and EBTDA level based on board discussions around the ArcticZymes business case moving forward.

The Group has an increasing and steady customer base with recurring revenues.

ArcticZymes Technologies has loss carried forward that can be utilised through the use of group contributions from the subsidiary Arcticzymes. The subsidiary is expected to have taxable income for the next 1-2 years which can be offset against the tax loss in the parent company.

Based on listed evidence there are limited negative criteria's opposing recognition of deferred tax asset according to IAS 12 - 34/35/36 and ESMA.

(Amounts in NOK 1 000)	2022	2021	Change
TEMPORARY DIFFERENCES			
Non-current assets	1 682	2 064	-382
Other temporary differences	-1 729	-3 374	1 645
Gains and loss account	6 790	8 487	-1 697
Total temporary differences	6 742	7 178	-435
Financial instruments	274	549	
Tax assessment loss carried forward	-59 270	-100 124	
Calculation base deferred tax asset	-52 254	-92 397	
Deferred tax asset, 22%	-11 496	-20 327	- 8 831
Profit before income tax	40 079	55 988	
Permanent differences	-54 967	-72 665	
Group Contributions	55 306	70 558	
Change temporary differences	435	5 683	
Profit before tax loss carried forward	40 853	59 564	
Deferred tax loss carried forward	-40 853	-59 564	
Tax base	0	0	
Tax expense	- 8 831	- 11 975	
RECONCILIATION OF THE YEAR'S TAX EXPENSE:			
Profit before income tax	40 079	55 988	
Calculated tax, 22%	8 817	12 317	
Taxes in profit & loss statement	8 831	11 975	
Difference	-14	342	
DIFFERENCE CONSISTS OF THE FOLLOWING:			
22% of permanent differences	-12 093	-15 986	
Tax Group Contributions	12 167	15 523	
Financial instruments	-60	121	
Sum explanation difference	14	-342	



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Notes to the financial statements – parent company 73

Note 6 Equipment

Principles for accounting

Equipment in the Company is office equipment. Acquisition cost includes expenses directly attributable to the acquisition of the asset. Subsequent expenses are included in the asset's carrying value or recognised as a separate asset, when it is deemed probable that future economic benefits will benefit the Company and that expenses can be measured reliably. Other repair and maintenance expenses are recognised in the

profit & loss statement for the period in which they are incurred.

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:

Furniture and office equipment 3-5 years

(Amounts in NOK 1 000)	Equipment
As of 01.01.2021	0
Addition	101
Depreciation	-14
Book value at 31.12.2021	87
Historic cost	101
Accumulated depreciation	-14
Book value at 31.12.2021	87
Addition	120
Depreciation	-32
Book value at 31.12.2022	175
Historic cost	221
Accumulated depreciation	-46
Book value at 31.12.2022	175



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74 Notes to the financial statements – parent company

Note 7 Financial assets and liabilities

Principles for accounting

At inception of a contract, the Company considers whether or not the contract conveys the right to control the asset for a period of time. At commencement of a contract, the Company recognises a lease liability with a corresponding lease asset. The lease liability is initially recognised at present value of all lease payments for the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, including the expected use of extension options in the contract. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the lease payments made and adjustments to the contract reflecting adjustments

in index or rates. The lease asset is initially measured at cost. The cost of the lease asset includes the corresponding amount of the initial recognition of the lease liability. The lease asset is depreciated from the commencement date through the remaining useful life.

ArcticZymes Technologies has 3 lease contracts in Tromsø. One is for leased offices and lab facilities at Siva Innovation Centre in Tromsø originating from 2011. The second contract is from 2021 and is for the production facilities at Siva Innovation Centre in Tromsø. The third contract is from 2022 and relates to expansion offices at Siva Innovation Centre.

(Amounts in NOK 1 000)	Lease assets
Historic cost	6 097
Accumulated depreciation	-2 665
Book value at 31.12.2021	3 431
Adjustment net present value 01.01	-2
Revised lease and additional premises SIVA, Tromsø	-1 956
Depreciation	-1 243
Book value at 31.12.2022	229
Historic cost	4 138
Accumulated depreciation	-3 908
Book value at 31.12.2021	229

Lease liability

(Amounts in NOK 1 000)	2022	2021
Book value at 31.12 (preceding year)	-17 570	-11 963
Net present value adjustment 01.01	-44	-203
Revised lease and additional premises SIVA, Tromsø	1 237	-7 606
Interest expense	-481	-694
Lease payments additional premises SIVA	3 276	2 896
Book value at 31.12	-13 583	-17 570
Where of Current liability	-3 422	-3 097
Where of Non-current liability	-10 227	-14 472

Maturity analysis - contractual undiscounted cash flow

(Amounts in NOK 1 000)	2022	2021
Less than one year	3 422	3 097
One to five years	9 172	13 927
More than five years	3 200	3 200
Total undiscounted lease liabilities at 31.12	15 795	20 224



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Notes to the financial statements – parent company 75

Note 8 Investments in subsidiaries

(Amounts in NOK 1 000)	Main office location	Share capital & premium	Shareholding	Book value	Net profit	Equity
ArcticZymes AS	Tromsø	24 296	100 %	155 703	56 918	53 158

Note 9 Group internal accounts

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Receivables related to service agreement	3 334	3 158
Group contributions	55 306	71 500
Sum short-term receivables	58 640	74 658

The Company has entered into service agreement with the subsidiary ArcticZymes AS where the subsidiary purchase services within management,

finance, administration, quality assurance, IPR and business development.

Note 10 Other receivables

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Account receivables		212
Other receivables	762	518
Total other receivables	762	730

The fair value of accounts receivable and other receivables equals book value.

Note 11 Cash and cash equivalents

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Cash and cash equivalents	101 671	151 539
Money Marked Funds	65 366	44 879
Tax withdrawal accounts	714	820
Total cash and cash equivalents, net	167 751	197 238

See Group note 19 for the Group's net cash equivalents.

Note 12 Financial assets and liability

The financial instruments in the financial position have been grouped as follows for subsequent measurement:

Assets per 31.12:

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
DEPOSITS AND RECEIVABLES AT AMORTISED COST:		
Group receivables subsidiaries	58 640	74 658
Cash and cash equivalents	167 751	197 238
Total financial assets	226 391	271 896



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76 Notes to the financial statements – parent company

Liabilities per 31.12:

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
LIABILITIES AT AMORTISED COST:		
Leasing, non-current liabilities	10 227	14 472
Leasing, current liabilities	3 422	3 097
Total financial current liabilities	13 650	17 570

Note 13 Share capital

(Actual number of shares, other amounts in NOK 1 000)	Number of shares	Whereof treasury shares
As of 01.01.2021	48 334 673	
Share issue - options	200 000	
Share issue - contribution in kind	1 836 717	
As of 31.12.2021	50 371 390	0
Share issue - options	200 000	
As of 31.12.2022	50 571 390	0

The Annual General meeting held on 23. June 2022, granted three authorisations to the Board:

1. To increase the share capital with up to 7,500,000 shares at par value. The authorisation may be used for cash capital increases or capital increases in connection with mergers but does not include non-cash share issues.
2. To increase the share capital with up to 400,000 shares at par value. The authorisation may only be used in connection with capital increases

- relating to share option programs. 200,000 shares of this authorisation was used in 2022.
3. Authorisation to purchase up to 150,000 treasury shares with a nominal value of NOK 150.000. The authorisation may be used in connection with option programs or by offering shares to employees.

See Group note 21 for an overview over largest shareholdings.

Note 14 Other current liabilities

(Amounts in NOK 1 000)	31.12.2022	31.12.2021
Accrued salaries and holiday payment	3 006	3 529
Bonus	386	1 508
Lease paymentes additional premises SIVA	3 422	3 097
Other accrued costs	1 396	387
Total other current liabilities	8 210	8 521

Book value of current liabilities equals fair value.

Note 15 Events after balance sheet date, 31.12 2022

See Group note 23 for events after balance sheet date 31.12 2022



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Independent auditor's report 77

Statement by the Board of Directors and CEO

We confirm, to the best of our knowledge, that the financial statements for the period 1. January to the 31. December 2022 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 operations.

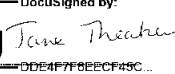
We also confirm, to the best of our knowledge, that the annual report includes a true and fair overview of the Company's and the Group's development, results and position, together with a description of the most important risks and uncertainty factors the Company and the Group are facing.

Tromsø, 28 April 2023
Board of Directors / CEO
ArcticZymes Technologies ASA

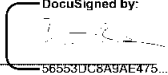
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Marie Ann Roskrow
Chairman

DocuSigned by:

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Jane Theaker
Director

DocuSigned by:

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Bernd Striberny
Director- employee
representative

DocuSigned by:

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Jethro Holter
CEO



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78 Independent auditor's report



To the General Meeting of ArcticZymes Technologies ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ArcticZymes Technologies ASA, which comprise:

- the financial statements of the parent company ArcticZymes Technologies ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the statements of profit & loss, other comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of ArcticZymes Technologies ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statements of profit & loss, other comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and notes to the financial statements.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 15 May 2019 for the accounting year 2019.

PricewaterhouseCoopers AS, Muségata 1, Postboks 6128, NO-9291 Tromsø
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of deferred tax assets was no longer considered to be a key area for our audit mainly due to prior years' taxable profit and its effect on the probability of future utilisation of prior year tax loss. *Capitalisation of development costs* was identified as a new key audit matter due to the application of management judgement as well as the magnitude of capitalised development cost during 2022.

Key Audit Matters	How our audit addressed the Key Audit Matter
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Capitalisation of development costs

The Group's intangible assets amounted to NOK 9 222 365 at the balance sheet date, out of which NOK 7 626 723 was related to development costs capitalised during 2022.

Development costs are capitalised when management considers them to be clearly associated with identifiable products which will be controlled by the Group and have a profitable benefit in coming years. Costs that do not meet these criteria are recognised as an expense as they are incurred.

We considered capitalisation of development costs to be a key audit matter due to the level of judgement applied by management in assessing whether direct development costs, such as employee expenses and contractor costs, met the capitalisation criteria in IAS 38, and due to the magnitude of capitalised development costs in the balance sheet.

Refer to note 4 and note 13 to the consolidated financial statements where management explains their use of judgement and accounting principles.

We obtained an understanding of management's accounting policy for capitalisation of development costs. Through discussions with management, we assessed management's accounting policy against IFRS requirements, and obtained explanations from management as to how the accounting policy aligned with the capitalisation criteria of IAS 38.

We also obtained an understanding of management's routines and internal controls, specifically as it relates to:

- management's assessment of whether identified products and related costs met the capitalisation criteria as set out in the accounting policies,
- calculation and capitalisation of internal time-based expenditures, and
- capitalisation of external development costs.

Further, we performed among others, the following audit procedures over the capitalisation of development cost:

- We evaluated the appropriateness of management's rationale for capitalisation and considered the nature of the costs that were capitalised for each product identified by management.
- On a sample basis, we tested the application of management's accounting policy to capitalised development costs during the year.



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- For a sample of capitalised time-based expenditures, we recalculated the capitalised costs by multiplying the capitalisation rate per hour to the development hours recorded as according to approved timesheets. We also considered the level of the capitalisation rate applied.
- On a sample basis, we tested the accuracy and relevance of capitalised external costs against supporting external invoices.

We noted no material errors during the course of our procedures.

We read the notes relevant to capitalisation of development costs and found that they gave adequate descriptions of how the Group applies IFRS and management's use of judgement.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting

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Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial



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statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of ArcticZymes Technologies ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name ArcticZymes Technologies ASA_ESEF 2022, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Tromsø, 28 April 2023

PricewaterhouseCoopers AS

Ørjan Renø
State Authorised Public Accountant
(This document is signed electronically)

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ArcticZymes Technologies ASA

Sykehusveien 23
N-9294 Tromsø, Norway

(47) 7764 8900
ir@arcticzymes.com
www.arcticzymes.com

www.arcticzymes.com

