



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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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:	23.03.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*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, 05.07.2022



## Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Annen driftsinntekt		8 416 000	9 664 000
<b>Sum inntekter</b>		<b>8 416 000</b>	<b>9 664 000</b>
<b>Kostnader</b>			
Lønnskostnad		9 799 000	12 954 000
Avskrivning på varige driftsmidler		243 000	259 000
Annen driftskostnad		6 900 000	4 162 000
<b>Sum kostnader</b>		<b>16 942 000</b>	<b>17 375 000</b>
<b>Driftsresultat</b>		<b>-8 526 000</b>	<b>-7 711 000</b>
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap		37 100 000	
Annen renteinntekt		185 000	136 000
<b>Sum finansinntekter</b>		<b>37 285 000</b>	<b>136 000</b>
Verdired. av markedsb. finansielle oml.midler		-47 000	-120 000
Nedskr. av finansielle anleggsmidler		63 774 000	
Annen rentekostnad		220 000	106 000
Annen finanskostnad		-18 000	16 000
<b>Sum finanskostnader</b>		<b>63 929 000</b>	<b>1 000</b>
<b>Netto finans</b>		<b>-26 644 000</b>	<b>134 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-35 170 000</b>	<b>-7 576 000</b>
Skattekostnad på ordinært resultat		-32 302 000	
<b>Ordinært resultat etter skattekostnad</b>		<b>-2 868 000</b>	<b>-7 576 000</b>
<b>Årsresultat</b>		<b>-2 868 000</b>	<b>-7 576 000</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-2 868 000</b>	<b>-7 576 000</b>
<b>Totalresultat</b>		<b>-2 868 000</b>	<b>-7 576 000</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Overføringer og disponeringer</b>			
Fondsemissjon			-7 576 000
Overføringer annen innskutt egenkapital		-2 868 000	
<b>Sum overføringer og disponeringer</b>		<b>-2 868 000</b>	<b>-7 576 000</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel		32 302 000	
<b>Sum immaterielle eiendeler</b>		<b>32 302 000</b>	
<b>Varige driftsmidler</b>			
Leasing IFRS		4 488 000	1 813 000
<b>Sum varige driftsmidler</b>		<b>4 488 000</b>	<b>1 813 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i annet foretak i samme konsern		45 500 000	195 500 000
Andre langsiktige fordringer		6 699 000	11 469 000
<b>Sum finansielle anleggsmidler</b>		<b>52 199 000</b>	<b>206 969 000</b>
<b>Sum anleggsmidler</b>		<b>88 989 000</b>	<b>208 782 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer			1 133 000
Andre kortsiktige fordringer		16 825 000	413 000
Konsernfordringer		37 100 000	26 000
<b>Sum fordringer</b>		<b>53 925 000</b>	<b>1 572 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter o.l.		137 567 000	28 207 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>137 567 000</b>	<b>28 207 000</b>
<b>Sum omløpsmidler</b>		<b>191 492 000</b>	<b>29 779 000</b>
<b>SUM EIENDELER</b>		<b>280 481 000</b>	<b>238 561 000</b>

## BALANSE - EGENKAPITAL OG GJELD



### Balanse

Beløp i: NOK	Note	2020	2019
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		48 335 000	48 335 000
Overkurs		151 039 000	151 039 000
Annen innskutt egenkapital		45 042 000	47 062 000
<b>Sum innskutt egenkapital</b>		<b>244 415 000</b>	<b>246 435 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital			73 476 000
Udekket tap		50 135 000	123 052 000
<b>Sum opptjent egenkapital</b>		<b>-50 135 000</b>	<b>-49 576 000</b>
<b>Sum egenkapital</b>		<b>194 280 000</b>	<b>196 859 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Øvrig langsiktig gjeld		9 595 000	11 154 000
<b>Sum annen langsiktig gjeld</b>		<b>9 595 000</b>	<b>11 154 000</b>
<b>Sum langsiktig gjeld</b>		<b>9 595 000</b>	<b>11 154 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		1 172 000	115 000
Skyldig offentlige avgifter		445 000	442 000
Kortsiktig konserngjeld		69 700 000	23 821 000
Annen kortsiktig gjeld		5 289 000	6 170 000
<b>Sum kortsiktig gjeld</b>		<b>76 607 000</b>	<b>30 548 000</b>
<b>Sum gjeld</b>		<b>86 202 000</b>	<b>41 702 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>280 481 000</b>	<b>238 561 000</b>



### Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		93 449 000	77 247 000
Annen driftsinntekt		4 374 000	7 148 000
<b>Sum inntekter</b>		<b>97 823 000</b>	<b>84 395 000</b>
<b>Kostnader</b>			
Varekostnad		1 131 000	18 900 000
Lønnskostnad		34 564 000	44 388 000
Avskrivninger		2 639 000	5 083 000
Annen driftskostnad		16 696 000	21 780 000
<b>Sum kostnader</b>		<b>55 030 000</b>	<b>90 151 000</b>
<b>Driftsresultat</b>		<b>42 793 000</b>	<b>-5 756 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		349 000	450 000
Annen finansinntekt			191 000
Netto agio/disagio			
<b>Sum finansinntekter</b>		<b>349 000</b>	<b>641 000</b>
Annen finanskostnad		80 000	14 000
Renter leasing forpliktelse		631 000	797 000
Netto disagio		22 000	
<b>Sum finanskostnader</b>		<b>733 000</b>	<b>811 000</b>
<b>Netto finans</b>		<b>-384 000</b>	<b>-170 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>42 409 000</b>	<b>-5 926 000</b>
Utsatt skatt		-33 143 000	
<b>Ordinært resultat etter skattekostnad</b>		<b>75 552 000</b>	<b>-5 926 000</b>
<b>Årsresultat</b>		<b>75 552 000</b>	<b>-5 926 000</b>
Minoritetsinteresser		1 789 000	460 000
<b>Årsresultat etter minoritetsinteresser</b>		<b>73 763 000</b>	<b>-6 386 000</b>



## Konsernets resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Resultat datter solgt 31.12.2020		9 356 000	
Sum resultatkomponenter for IFRS-foretak		9 356 000	
<b>Totalresultat</b>		<b>83 119 000</b>	
<b>Overføringer og disponeringer</b>			
Udekket tap			-6 386 000
Overføring til annen egenkapital		83 119 000	
<b>Sum overføringer og disponeringer</b>		<b>83 119 000</b>	<b>-6 386 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Immaterielle eiendeler		420 000	674 000
Utsatt skattefordel		33 143 000	
<b>Sum immaterielle eiendeler</b>		<b>33 563 000</b>	<b>674 000</b>
<b>Varige driftsmidler</b>			
Maskiner og anlegg		3 057 000	3 875 000
<b>Sum varige driftsmidler</b>		<b>3 057 000</b>	<b>3 875 000</b>
<b>Finansielle anleggsmidler</b>			
Pensjoner		5 000	
Leasing kontrakter		10 515 000	14 469 000
<b>Sum finansielle anleggsmidler</b>		<b>10 520 000</b>	<b>14 469 000</b>
<b>Sum anleggsmidler</b>		<b>47 140 000</b>	<b>19 018 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varebeholdning		3 889 000	5 298 000
<b>Sum varer</b>		<b>3 889 000</b>	<b>5 298 000</b>
<b>Fordringer</b>			
Kunderfordringer		10 575 000	10 049 000
Andre fordringer		20 130 000	4 704 000
Eiendeler og fordringer holdt for salg			7 250 000
<b>Sum fordringer</b>		<b>30 705 000</b>	<b>22 003 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd o.l.		140 178 000	31 289 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>140 178 000</b>	<b>31 289 000</b>
<b>Sum omløpsmidler</b>		<b>174 772 000</b>	<b>58 590 000</b>
<b>SUM EIENDELER</b>		<b>221 912 000</b>	<b>77 608 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital		48 335 000	48 335 000
Overkurs		151 039 000	151 039 000
<b>Sum innskutt egenkapital</b>		<b>199 374 000</b>	<b>199 374 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		-5 009 000	-154 234 000
<b>Sum opptjent egenkapital</b>		<b>-5 009 000</b>	<b>-154 234 000</b>
Minoritetsinteresser		1 966 000	1 336 000
<b>Sum egenkapital</b>		<b>196 331 000</b>	<b>46 476 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Leasing forpliktelser		9 595 000	12 764 000
<b>Sum avsetninger for forpliktelser</b>		<b>9 595 000</b>	<b>12 764 000</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>9 595 000</b>	<b>12 764 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		3 456 000	3 960 000
Skyldig offentlige avgifter		1 301 000	1 670 000
Utbytte		1 159 000	
Annen kortsiktig gjeld		10 070 000	12 022 000
Gjeld eiendeler holdt for salg			716 000
<b>Sum kortsiktig gjeld</b>		<b>15 986 000</b>	<b>18 368 000</b>
<b>Sum gjeld</b>		<b>25 581 000</b>	<b>31 132 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>221 912 000</b>	<b>77 608 000</b>



**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](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-mail: [skatteetaten.no/sendepost](mailto: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

Rune Tystad

*This document has been electronically approved and contains therefore no handwritten signatures*



**ArcticZymes**

**Annual  
Report**

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

2020





## Dear Shareholders

2020 was a transforming year for the Company achieving a new status as a pure enzymes company and rebranded under the new name of ArcticZymes Technologies. As ArcticZymes Technologies, our brand is strengthened and reflects the future direction of the Company.

At the beginning of the year, we made a promise to bring the group into profitability during 2020. We are proud to have achieved this with an EBITDA of NOK 45.4 million as well as strong sales growth of 106% (NOK 93.4 million in 2020 vs. NOK 45.2 Million in 2019). Both the therapeutics and combined molecular diagnostics (MDx)/molecular research segments have contributed towards annual growth. Furthermore, our expanding product range and customer base have been instrumental in fuelling underlying growth.

The coronavirus pandemic had a positive net impact on the business. Whilst not being part of the original 2020 business plan, the Company was nimble and opportunistic in capturing supply demands associated with coronavirus related sales. Such sales are expected to become an integral part of the underlying business in the future.

The divestment of the Biotec BetaGlucans subsidiary was successfully closed and forged new directions for both

Biotec BetaGlucans and ArcticZymes. This transaction thereby allows ArcticZymes Technologies to focus exclusively on the profitable enzyme business.

As a pure enzymes company, the outlook for 2021 will continue to be towards topline sales growth and increasing profitability, as well as investing to leverage the greater growth potential of the business. Ongoing investments in new infrastructure and talented personnel will be core to the Company's organic growth strategy. New product launches will bring the Company closer to achieving its ambition in becoming Europe's leading one-stop-shop supplier for molecular enzymes. M&A activities will also be important to achieve this goal.

I would like to take the opportunity to thank our shareholders for your utmost support, our customers for your continued loyalty, our Board of Directors for your guidance and our greatest asset, all my colleagues at ArcticZymes Technologies who are dedicated and have worked relentlessly in achieving an outstanding performance.

Sincerely  
Jethro Holter  
CEO



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## 1. About ArcticZymes Technologies

ArcticZymes Technologies (hereinafter "ArcticZymes" or "the Company") is a Norwegian life science company focused on the development, manufacturing, and commercialization of novel recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and therapeutics. Listed on the Oslo Stock Exchange since 2005 originally under the [Biotec] ticker, as Biotec Pharmacon, the Company rebranded as ArcticZymes Technologies in June 2020 under the [AZT] ticker.

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 partners to offer niche, high-quality products. ArcticZymes Technologies' products and capabilities are protected via a large portfolio of patents.

### ArcticZymes Technologies ASA

ArcticZymes Technologies ASA is the holding Company providing support functions to the ArcticZymes AS subsidiary including distribution, administration, finance, IT and quality assurance. The headquarters and laboratories are located at the SIVA Innovation Centre in Tromsø Norway, while the production facilities are in adjacent premises. Most employees work in Tromsø except for most of the sales and marketing team who are located in Central Europe, the USA and Japan. In addition, the Company has established distribution centres in the United States and the Netherlands to serve its customers more efficiently.



## 2. ArcticZymes

### Product Offering

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

Products offered include:

- Salt Active Nucleases (SAN) – removal of nucleic acids during manufacturing of viral vectors, recombinant proteins, and other reagents. Also used in Next Generation Sequencing (NGS) and diverse molecular biology applications.
- Shrimp Alkaline Phosphatase (SAP) – utilised in clean-up prior to Sanger sequencing and NGS processes.
- Cod UNG – utilised in viral and other molecular diagnostic assays.
- Double-strand specific DNases and derived kits – enable a broad range of applications and manufacturing processes that require the specific removal of double stranded DNA.
- Polymerases – enable technology development for life science, MDx (Molecular Diagnostics), NGS and Synthetic biology (i.e., building of artificial DNA and genomes).
- Proteinase – direct lysis and nucleic acid sample prep (i.e., isolation of DNA from cells). Enable applications in microbiological diagnostics and liquid biopsies (i.e., DNA tests using blood samples).
- Ligases – join DNA fragments together. Enable a broad range of molecular biology applications (e.g., synthetic biology, NGS and molecular diagnostics).

### Markets & Technologies

The total market for molecular biology enzymes is estimated at USD 986 Million with a CAGR of 5 – 19 % depending on enzyme type.

The Company focuses its efforts in providing molecular biology enzymes into three attractive and growing market segments:

- Molecular Research
- Molecular Diagnostics (MDx)
- Therapeutics (gene therapy and vaccines)





## Molecular Research & MDx

The combined molecular research and MDx market segment is served by common technologies and utilise the whole range of ArcticZymes products.

The classic and most common place technologies are PCR-based methods (Polymerase Chain Reaction) where their adoption 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 in 2020, commercial diagnostic test developers are ready to exploit LAMP technologies to innovate the next generation of MDx tests. In particular, many academic institutes and companies have already started to exploit LAMP for the development of Covid-19 MDx assays during 2020. ArcticZymes is well positioned to serve such assay developers by purposely engineering its IsoPol™ Polymerases for optimal utility in LAMP. ArcticZymes has built a rich opportunity pipeline with many of the leading MDx test developers.

At the forefront of the industry are fast-paced innovations around Next Generation Sequencing (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.

Other technology areas ArcticZymes serves through its enzymes include:

- Synthetic Biology - a multidisciplinary area engaged in creating new biological parts, devices, systems, and DNA based therapeutics. ArcticZymes ligases (prototypes) and polymerases 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 (23 % CAGR) with an estimated market size of USD 1.4 billion. Unlike traditional invasive biopsies, liquid biopsies require a whole new set of molecular techniques to overcome the challenges of isolating very small amounts of DNA and amplifying it sufficiently to allow diagnosis. ArcticZymes' proteinase, DNases, and SAN enzymes are already supporting customer efforts in developing such technologies.

Sales in the combined molecular biology and MDx market segment continue to grow.

The key contributors to annual growth include:

- An expanding and synergistic product portfolio which serves a broadening base of over 200 customers.
- The Covid-19 pandemic also had a positive impact where numerous existing and new customers have integrated ArcticZymes' enzymes into their COVID-19 diagnostic tests. An estimated NOK 26 million of product sales can be attributed to such sales during 2020.

Overall, the segment achieved 67 % annual growth and a contribution of 59 % towards total sales during 2020.



## Therapeutics – Gene Therapy & Vaccines

ArcticZymes' business towards serving manufacturers of viral-based gene therapies and vaccines is a relatively new business. All our customers are still in the early stages of their development programs. The Salt Active Nuclease (SAN) portfolio optimally serves customers who utilise SAN for cleaning and removing of unwanted DNA from therapeutic viruses such as Adeno-Associated Virus (AAV) and Lentivirus. This renders them safe for use in patients and greatly 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 only two enzymes, SAN HQ and M SAN, the Company can capitalise on the most commonly utilised vector technologies.

The therapeutics segment is supporting over 100 customers. Most customers are gene therapy-related and represent a mix of academic/hospital laboratories, small/medium biotech companies, contract manufacturing organisations (CMOs) and large Pharma. For viral vaccines, the business is more associated with medium/large companies. Several companies have integrated the SAN enzymes into their Covid-19 vaccine development programs such as ReiThera in Italy. Overall, such initiatives made a small 5 % contribution to therapeutic-related sales because customers are still in the early phases of vaccine development.

Sales to the therapeutics market have grown rapidly since 2016. Overall, the segment achieved 216 % annual growth and a contribution of 41 % towards total sales during 2020.

## Customer Focus

The vast majority of ArcticZymes' commercial efforts continues to be towards growing 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 investment customers put into integrating ArcticZymes' enzymes into their kits/products and manufacturing processes. Once customers have commercialised their products, they have a product life cycle of 5 - 10+ years which translates into mutual long-term value.

Quarterly sales to B2B customers continue to fluctuate. Such fluctuations are normal and will always be inherent risk in the business irrespective of its size. However, the business has experienced annual sales growth for the last 6 consecutive years. 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 300+ customers.
- Expanding product range with regular product introductions.
- Serving the three aforementioned growing market segments.

ArcticZymes has local business development and customer support representatives in Europe, North America, and Asia 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 such as India and China are ongoing with new supply deals and partners.

To support sales activities, ArcticZymes has established strategically located warehouses and logistic centres in Europe and in the United States. These logistics 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 early discussions with potential logistic and warehousing partners.



## Operations

All enzyme manufacturing is performed by recombinant production. Recombinant production is a powerful technology enabling the production of far more consistent, robust, and cleaner enzymes compared to natural sources. It also facilitates scalable manufacturing and caters for growing commercial demand.

In supporting the increase in product demand and an expanding product portfolio, ArcticZymes has been working on several production upscaling projects (see innovations section below). Furthermore, the Company has initiated a project to relocate enzyme production into a new and larger facility at the SIVA Innovation Centre. It will enhance ArcticZymes capacity and capabilities to serve IVD and cGMP requirements demanded by its growing customer base as well as support its rapidly expanding product range. New production lines, automation and new personnel will be part of a gradual investment, ensuring production grows ahead of commercial demand. It will take approximately 1 year before the expansion program is fully operational in the new facility.

The operations team has been expanded during the year with several new hires. Also restructuring is underway to ensure the Company optimally supports its customers in each of the market segments it serves.

For example, positive feedback from a three-day audit from a top tier pharmaceutical company has facilitated further optimization of operations to align with cGMP requirements. Following the audit, the customer started to source small quantities of the SAN HQ enzyme for a new therapeutic development project.

## Innovations

ArcticZymes has an ambitious innovation pipeline to broaden its product range. Its goal over the next 2-3 years is to be able to provide its customers with a complete portfolio offering of synergistic enzymes.

Through both internal- and collaborative-projects with national and internal partners, ArcticZymes has a growing portfolio of new enzyme leads in the pipeline. National funding continues to support such initiatives through grants. ArcticZymes was awarded 2 new grants by Innovation Norway to advance innovation efforts around COVID-19.

Furthermore, EU funding has contributed towards development of the innovation pipeline. The Horizon 2020 funded Virus-X project was successfully concluded. Several commercially attractive prototypes resulting from the project will fuel ArcticZymes product development pipeline over the next few years.

Key innovation achievements during 2020 include:

- Launched a new formulation of dsDNase to support new business opportunities.
- Filed a new patent application related to novel ligases. The ligase offers desirable features specifically requested by customers which are not present in other commercially available ligases today.
- Successfully scaled up the production batch size of the Cod UNG product by a 4-fold factor. This was necessary to capture the growing demand in molecular diagnostics and for entering new geographical territories.
- The SAN upscaling project progressed as planned. The first medium-scale pilot batch (100 L) successfully met the desired specifications. More importantly, it has aided the implementation of changes to infrastructure and tweaking of processes required before advancing to larger-scale SAN production (> 1000 L). Assuming all goes to plan, it is anticipated that ArcticZymes will have its first large-scale SAN HQ production batch commercially available during the 1st half of 2021.
- Other upscaling projects are ongoing IsoPoITM polymerases, proteinase and HL-dsDNase enzymes.



## Innovation pipeline

Much of the internal efforts during 2020 have been towards progressing the innovation pipeline. We anticipate that several products will be ready to launch in 2021. These include:

- **M SAN ELISA kit:** Support sales of the M SAN enzyme to the therapeutic segment. M SAN is optimised for removing contaminating DNA from non-Adeno-Associated Viruses (AAV's) such as Lentiviruses.
- **Taq Polymerase:** 1st thermostable polymerase optimised for robust utility in viral based PCR tests and compatible with our other enzymes.
- **Reverse Transcriptase:** Like Taq Polymerase it will be optimised for use in viral diagnostic assays for both PCR and LAMP based workflows.
- **Other SAN products:** Capture more of the value chain beyond gene therapy and vaccine production.
- **Other enzymes:** Several customer specific projects are ongoing which involve tweaking existing technologies (e.g., IsoPoITM polymerases).

Also, longer-term innovations are in progress including novel ligases, DNase-like enzymes, other novel polymerases and reverse transcriptases, and non-enzyme support products.

Similar to operations, efforts are underway to expand the R&D facilities at the SIVA innovation centre. It will allow the Company to capitalize on ramping up its innovation pipeline and supports its strategic objective in becoming European's leading one-stop-shop for molecular enzymes.

In the meantime, ArcticZymes has continued to hire personnel in R&D to support its innovation efforts. Overall, more than 40 % of the Company's personnel are engaged in R&D activities. Hence, ArcticZymes has a forward leaning stand towards investing to leverage the longer-term growth potential from its innovations.

## Impact of Coronavirus Pandemic

Overall, the Coronavirus pandemic had a positive net impact on the business. Whilst not being part of the original 2020 business plan, the Company was opportunistic and able to capture NOK 26 million in coronavirus-related sales. Predominantly these revenues came from the molecular diagnostics segment, with a small contribution from the therapeutics segment.

Moving forward coronavirus related sales will be considered as an integral part of the underlying business.

## Strategic Aspects

2020 was a defining year for ArcticZymes Technologies where its core enzyme business has been its main focus. Rebranding the Company to ArcticZymes Technologies and the divestment of the Biotech BetaGlucans AS subsidiary has strengthened the Company's brand and market position as a pure enzymes company.

The Company delivered on its promise to bring ArcticZymes Technologies into profitability during 2020. Furthermore, the recent development in financial performance and cash position offers the Company a forward leaning stance towards its organic and inorganic growth strategies.

The main and immediate focus has been towards organic growth. A key activity has been to kickstart the infrastructure expansion of R&D and operations which is expected to be completed within 2021. The project is well underway and progressing as planned. The expansion fits timely to cater for increasing commercial demand for Company's expanding product portfolio. Also, it will allow the Company to capitalize on ramping up its innovation pipeline.

Inorganic growth opportunities remain a focus for ArcticZymes. The Company will resume M&A activities later in 2021 whilst remaining opportunistic in the meantime.

M&A activities will resume later in 2021 and remain important to our longer-term strategic objectives.



### 3. Consolidated 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 93.4 million in 2020, compared to NOK 45.2 million in 2019. These figures exclude revenues from the former subsidiary Biotec BetaGlucans AS, which was divested on 31. December 2020. Sales revenues for the enzyme side of the business grew 107 % compared to 2019, explained by good underlying growth as well as an estimated NOK 26 million in COVID-19 related revenues.

Net profit after tax for the Group was NOK 84.9 million compared to NOK -5.9 million in 2019. The enzyme segment had an operating profit of NOK 53.6 million versus NOK 12.6 million in 2019. Unallocated corporate overhead expenses for 2020 were NOK 8.6 million compared to NOK 7.7 million in 2019, where the increase is primarily driven by less distribution of internal expenses.

Total recognised expenses for R&D within the Group in 2020 was NOK 19.0 million, compared to NOK 10.6 million in 2019.

R&D expenses are increased by NOK 8.4 million compared to 2019 explained by higher personnel expenses and expenses related to third party partners. None of the subsidiary's R&D expenses were capitalised in 2020.

The financial statements for 2020 are prepared under the assumption of going concern. The basis for this assumption is the Company's plans, capital situation and the long-term forecasts.

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



## Cash Flow

The Group had a cash flow from operating activities of NOK 46.9 million in 2020, compared to NOK 4.0 million in 2019. Cash flow from investing activities in 2020 was NOK 64.9 million against NOK -1.1 million in 2019. For 2020, investing activities is primarily explained by divestment of Biotec BetaGlucans AS. Net cash flow from financing activities was NOK -3.3 million compared to NOK -3.2 million in 2019.

Net change in cash during 2020 was NOK 108.5 million, compared to NOK -0.4 million in 2019.

## Consolidated statement of financial position

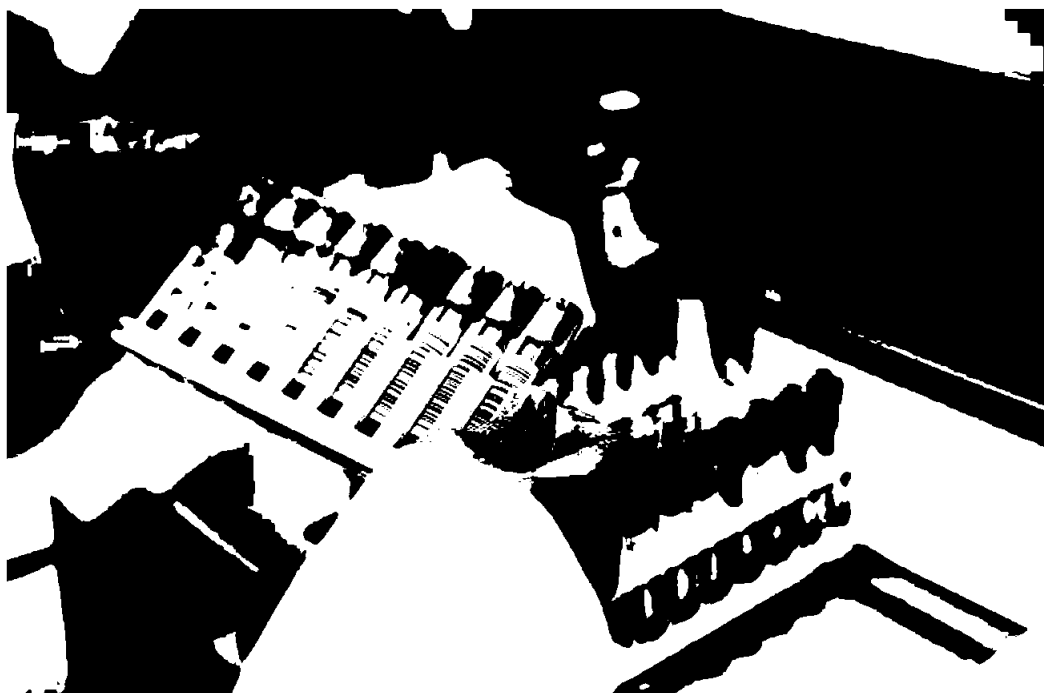
Total equity for the Group amounted to NOK 196.3 million at the end of 2020, compared to NOK 46.5 million at the beginning of the year. Increase in equity is primarily explained by underlying performance and divestment of Biotec BetaGlucans AS. Equity ratio was 88 %. Cash and cash equivalents amounted to NOK 140.2 million per 31. December 2020, compared to NOK 31.3 million at the end of previous year. The Group has no interest-bearing debt.

## The parent company

Sales revenues for the parent company ArcticZymes Technologies ASA was NOK 8.4 million in 2020. Net profit was a loss of NOK -2.9 million. Sales revenues are intercompany sales of services to the subsidiaries.

As of 31. December 2020, the Company has decided to recognise deferred tax assets as part of the consolidated financial position. The justification for this is the financial performance over the last 3 years, expected plans for the future and that it is probable that future profits will be offset against historic tax losses. This recognition will have a corresponding profit & loss effect of NOK 32.3 million for 2020.

The Board proposes that the 2020 loss in the parent Company ArcticZymes Technologies of NOK -2.9 million is covered by allocation from retained earnings.



## 4. Shareholder matters, ArcticZymes Technologies

ArcticZymes Technologies share ended 2020 with a closing price of NOK 63.6, compared to NOK 4.75 at the end of 2019. NOK 4.92 was the lowest closing price during the fiscal year, while the highest closing price was NOK 84.00 per share.

Share option programs have since 2010 been offered to certain employees in the Group. 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. The share option program is described in note 14 to the financial statement.

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. Use of share options for Board members is not in compliance with the Norwegian Corporate Governance Board (NUES) recommendation on good corporate governance for companies listed on the Oslo Stock Exchange. 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.

As of 31. December 2020, the Company has 48,334,673 shares registered with a nominal value of NOK 1.00, distributed on 5,470 VPS-registered shareholders.





## 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 has agreements with large multinational customers, but there are no purchase obligations attached to these agreements. The Company is actively entering new agreements to broaden the revenue base. Success relating to introduction of new products in the portfolio is not guaranteed and sales will be dependent on customer implementation.

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

The Group seeks to protect its intellectual property through patent protection. 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.

ArcticZymes Technologies ASA is a small company, with few employees that are critical to the success of the Company's operations. Key personnel are involved in the development of products, technologies, production processes, quality control, purchasing, and marketing, as well as other activities of the Company. The Company is also dependent on recruiting new, qualified personnel. 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.

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.

The Company has no interest-bearing debt. 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 recognises no losses on accounts receivable neither in 2020 nor 2019.

Covid-19 has in general terms impacted the business positively in 2020, but there is no guarantee that the Company will continue to have positive contributions from Covid-19 moving forward. A reduction in Covid-19 testing is likely to have a negative effect on the molecular diagnostic segment, but the Company expects the Molecular Research segment to have an opposite effect when researchers are back in the research facilities again.

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 2021.



## 6. The working environment and staff

At the end of 2020, there were 35 full and part time employees in the Group. There were 7 employees in the parent Company ArcticZymes Technologies AS, 28 employees in ArcticZymes AS, an increase of 7 employees during the year.

6 employees in Biotec BetaGlucans subsidiary were taken out of the organisation per 31. December 2020.

Lost days due to sick leave in 2020 totalled 185 days, compared to 260 days in the previous year. Accumulated sick leave was 2.4 % compared to 3.6 % in 2019. No specific initiatives were taken during the year to influence the working environment. There were no work accidents causing injury to personnel or damage to machinery during 2020.

The Company is committed to recruit and develop employees of both genders. Equality between the genders is practiced in a way that men and women are considered equal regarding career opportunities and salary. At the end of the year, there were 19 women and 16 men employed within the Group. At the end of 2020, the Board consists of 3 directors, of which 2 are women. The employee-elected representative is a female

## 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.

## 8. Principles of corporate governance

The Board has established principles for corporate governance in line with the Norwegian Accounting Act § 3-3b and the Norwegian Code of Practice for Corporate Governance. The Company is in breach with one of the principles described in NUES. See section 4; Shareholder matters for a description of this. A detailed description of these principles is published on the Company's website [www.arcticzymes.com](http://www.arcticzymes.com) under About Us /Corporate information.



## 9. Corporate social responsibility

The Board of Directors in ArcticZymes has established and adopted ethical guidelines as well as guidelines for corporate governance in line with recommendations for this type of business. ArcticZymes considers the company's environmental contribution and impact to be important and will as far as possible include this in current reporting.

The Company has assessed established standards for sustainability reporting such as GRI and SASB. The actual internal conditions in the company are considered to be too small for these global standards to be used. ArcticZymes has therefore chosen to use only parts of the standards as input to areas that can be highlighted. ArcticZymes has not established separate guidelines, procedures or principles beyond what is presented in this section.

A summary of relevant topics with status for ArcticZymes at the end of 2020 is listed in the below.

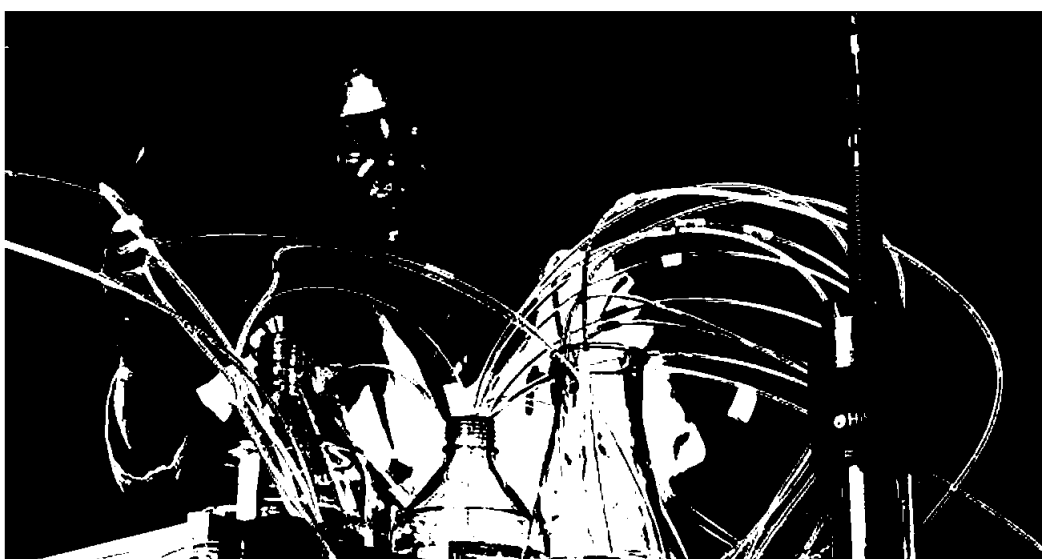
### Enzyme production

Raw materials for ArcticZymes's enzyme production are grown internally in closed systems by cultivating microorganisms that are genetically modified to make the enzymes. The Company thus does not harvest material from nature, nor does it seize natural areas for access to raw materials. Raw materials for internal cultivation are standard inorganic and organic chemicals and protein hydrolysates, a total of less than 100 kg / year. Emissions from upstream production (cultivation) are modest amounts of carbon dioxide and inactivated (autoclaved) microorganisms. After inactivation, organic waste that may contain microorganisms is delivered as hazardous waste to external recipient for correct destruction.

Raw material from the microorganisms undergoes a purification process that involves modest discharges of harmless chemicals, mostly sodium chloride in amounts below 100 kg / year.

Potentially toxic / harmful waste (radioactive isotopes, solvents, etc.) from the laboratory is handled according to instructions in the HSE data sheet, marked and delivered to an external recipient for correct destruction.

ArcticZymes considers its production of enzyme products to have little or no environmental impact and is very proud of its sustainable production methods.





## Shareholders

ArcticZymes is listed on Oslo Stock Exchange. At year end 5470 shareholders were registered by name in VPS. The 20 largest shareholders control 55% of the shares. 48,3 million shares are issued, and every share has equal voting right at the Annual General Meeting where the Board of Directors is appointed. Every shareholder may influence ArcticZymes strategic direction through the election of Directors to the Board, and shareholders interest in the company may be influenced by the company's performance. The Nomination Committee is obliged to consult major shareholders before proposing a nomination of directors to the Board at AGM. This far the shareholders have received no dividends from the Company.

## Customers

ArcticZymes customers are widely spread in Europe, in America, and in Asia. The unique features of the Company's enzymes and the trusted manufacturing capabilities provides the highest quality & robustness demanded. To molecular kit manufacturers, molecular diagnostic companies & therapeutics, ArcticZymes is considered a critical raw material supplier of premium enzymes.

## Employees

The company is strongly dependent on its employees. All innovation and manufacturing are supported by highly educated and committed personnel, as well the control and quality system. The internal procedures include involvement of employees, and the overall main expense item for the Company is employee wages.

The Company is committed to recruit and develop employment for both genders, and salaries are not influenced by gender.

## Society

ArcticZymes is committed to develop socially valuable products, such as health products to improve people's life, and life science products making laboratory processes and diagnosis more efficient and cost effective. The Company avoids using scarce natural resources and emphasizes 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.

## Quality management system

ArcticZymes Technologies has implemented a comprehensive quality management system to ensure that products developed, manufactured, and sold are of high quality and are safe for users and patients. The quality management system is based on the principles of current good manufacturing practice (cGMP) and the requirements defined in the ISO 13485 standard for quality management systems in organizations involved in one or more stages of the life-cycle.

ArcticZymes Technologies' ambition is to be a leading supplier of safe, high-quality products, that meet customers' expectations as well as regulatory requirements in the markets where we operate. We achieve this ambition by maintaining an effective quality management system that systematically identify, manage and control our hazards and risks to continuously improve our performance in product development, manufacturing and sales.

The quality management system ensures that we:

- Select suppliers based on their ability to meet our requirements for safe raw materials according to our specifications.
- Conduct manufacturing and quality control using validated procedures and qualified equipment.
- Continuously follow up on any quality related deviations or customer complaints
- Assess and approve all changes that can potentially affect product quality or external or internal requirements, by following a defined change control procedure.
- Conduct periodic audits to confirm our own, as well as our suppliers' performance according to the certifications that we hold.

## 10. Outlook

ArcticZymes Technologies enters 2021 as a pure enzyme Company. The Company's outlook for 2021 will continue to be towards topline sales growth and increasing profitability. Furthermore, 2021 will be a year for investing to leverage the greater growth potential in the business. Investments in new and expanded facilities as well as talented personnel will be core to the Company's organic growth strategy. New product launches during the year will bring the

Company closer to achieving the ambition in becoming Europe's leading one-stop-shop enzyme supplier over the next 2-3 years. M&A activities will also be important in achieving this ambition.

Overall, it is the Board's view that several important decisions and milestones were achieved during 2020 providing a good foundation for our 2021 ambitions.

The Board would like to thank all employees for their efforts in 2020.

Tromsø, Norway, 23. March 2021



Marie Ann Roskrow

Chairman



Volker Wedershoven

Director



Marit Sjo Lorentzen

Director – Employee elected

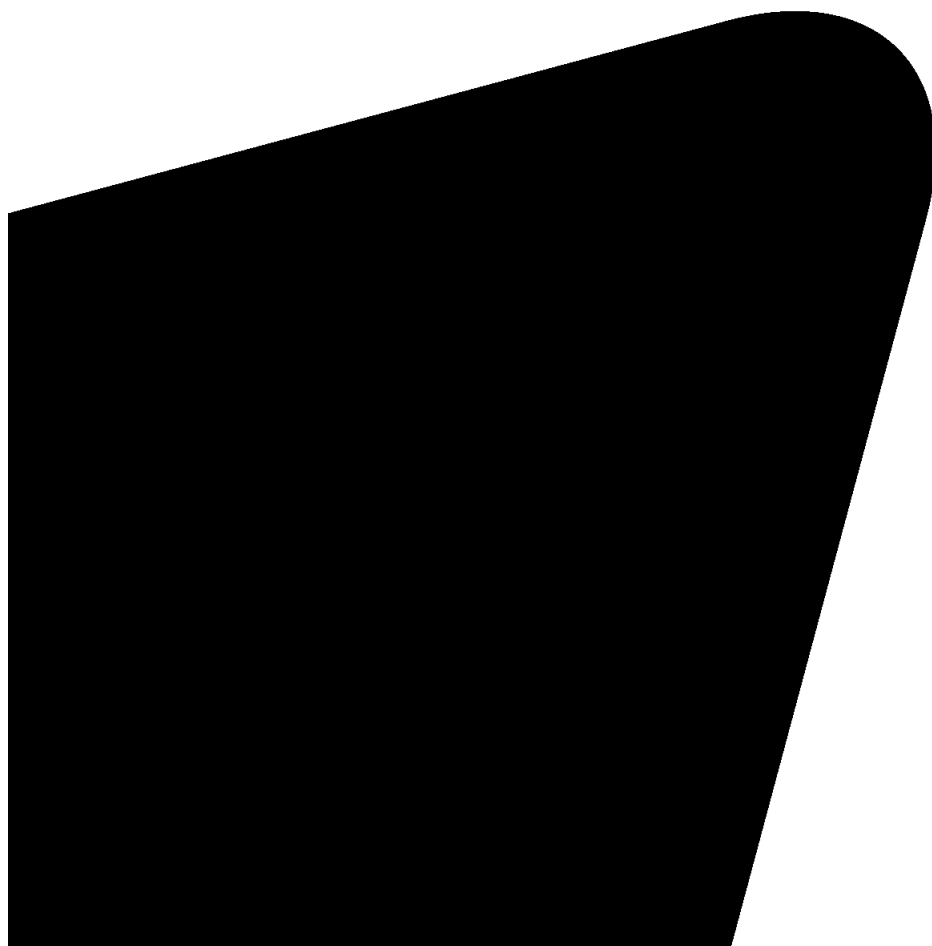


Jethro Holter

CEO



# Financial statements





## Consolidated statement of profit & loss

1. January till 31. December

(Amounts in NOK 1 000)	Note	2020	2019
Sales revenues	5	93 449	45 192
Other income	21	4 374	3 986
<b>Total income</b>		<b>97 823</b>	<b>49 179</b>
Change in inventory	12	903	53
Cost of goods	12	-2 034	-1 252
Personnel expenses	18,20,23	-34 564	-32 171
Depreciation and amortization	6,7,8,22	-2 639	-2 547
Other operating expenses	19,20	-16 696	-13 670
<b>Total operating expenses</b>		<b>-55 029</b>	<b>-49 587</b>
<b>Operating profit/loss(-)</b>		<b>42 793</b>	<b>-410</b>
Financial income	17	1 744	928
Financial expense	7,17	-2 128	-1 089
<b>Financial net</b>		<b>-384</b>	<b>-161</b>
<b>Profit/loss(-) before income tax</b>		<b>42 409</b>	<b>-570</b>
Income tax expense	16	33 143	
<b>Net profit/loss (-) before discontinued operations</b>		<b>75 552</b>	<b>-570</b>
Net profit from "Discontinued operations"	24	9 356	-5 356
<b>Net profit/loss (-)</b>		<b>84 908</b>	<b>-5 926</b>
<b>Net profit/loss(-) attributable to:</b>			
Non-controlling interests		1 789	460
Equity holders of Arcticzymes Technologies ASA		83 119	-6 386
<b>Earnings per share:</b>			
Basic EPS from net profit/loss	10	1,76	-0,12
Diluted EPS from net profit/loss	10	1,73	-0,12



## Consolidated statement of other comprehensive income

(Amounts in NOK 1 000)	Note	2020	2019
Net profit/loss for the year		84 908	-5 926
<b>Total comprehensive income</b>		<b>84 908</b>	<b>-5 926</b>
<b>Comprehensive income attributable to:</b>			
-shareholders of parent company		83 119	-6 386
-non-controlling interests		1 789	460
<b>Total comprehensive income</b>		<b>84 908</b>	<b>-5 926</b>



## Consolidated statement of financial position

As of 31. December

(Amounts in NOK 1 000)	Note	2020	2019*
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deferred tax asset	16	33 143	
Machinery and equipment	6	3 058	3 875
Intangible assets	8	420	674
Lease assets	7	10 515	14 469
Other long-term assets		5	
<b>Total non-current assets</b>		<b>47 140</b>	<b>19 018</b>
<b>CURRENT ASSETS</b>			
Inventory	12	3 889	5 298
Accounts receivable	9,11	10 575	10 049
Other receivables	9,11	20 130	4 705
Cash and cash equivalents	9,13	140 178	31 289
<b>Total current assets</b>		<b>174 771</b>	<b>51 341</b>
Assets classified as "Assets held for sale"	22		7 250
<b>Total assets</b>		<b>221 912</b>	<b>77 608</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10,14	48 335	48 335
Premium paid-in capital		151 039	151 039
Retained earnings		-5 009	-154 233
Non-controlling interests		1 966	1 336
<b>Total equity</b>		<b>196 330</b>	<b>46 476</b>
<b>LONG-TERM LIABILITIES</b>			
Lease liabilities interest-bearing	7	9 595	12 764
<b>Total long-term liabilities</b>		<b>9 595</b>	<b>12 764</b>
<b>CURRENT LIABILITIES</b>			
Dividends to non-controlling interests		1 159	
Lease liabilities interest-bearing	7	2 368	3 254
Accounts payable	9,15	3 456	3 960
Other current liabilities	9,15	9 004	10 438
Liabilities attached to "Assets held for sale"	22		716
<b>Total current liabilities</b>		<b>15 987</b>	<b>18 368</b>
<b>Total liabilities</b>		<b>25 582</b>	<b>31 132</b>
<b>Total equity and liabilities</b>		<b>221 912</b>	<b>77 608</b>

\* 31.12.2019 Includes discontinued operations (Biotec BetaGlucans AS)

Tromsø, 23. March 2021

Marie Roskrow  
Chairman

Volker Wedershoven  
Director

Marit Sjø Lorentzen  
Director – employee elected

Jethro Holter  
CEO



## Consolidated statement of changes in equity

1. January till 31. December

(Amounts in NOK 1 000)	Note	Share capital	Premium paid-in capital	Retained earnings	Non-controlling interest	Total equity
<b>Restated equity as of 01.01.2019</b>		<b>48 335</b>	<b>151 039</b>	<b>-147 778</b>	<b>876</b>	<b>52 471</b>
Comprehensive income 2019				-6 386	460	-5 926
Employees' share options	23			-69		-69
<b>Total transactions with owners</b>		<b>0</b>	<b>0</b>	<b>-6 455</b>	<b>460</b>	<b>-5 995</b>
<b>Equity as of 31.12.2019</b>		<b>48 335</b>	<b>151 039</b>	<b>-154 233</b>	<b>1 336</b>	<b>46 476</b>
Comprehensive income 2020				73 762	1 789	75 552
Dividends to non-controlling interests					-1 159	-1 159
Divestment discontinued operations				65 257		65 257
Result from discontinued operations				9 356		9 356
TRANSACTIONS WITH OWNERS:						
Employees' share options	23			848		848
<b>Total transactions with owners</b>		<b>0</b>	<b>0</b>	<b>149 224</b>	<b>630</b>	<b>149 854</b>
<b>Equity as of 31.12.2020</b>		<b>48 335</b>	<b>151 039</b>	<b>-5 009</b>	<b>1 966</b>	<b>196 330</b>

\* 31.12.2019 Includes discontinued operations (Biotec BetaGlucans AS)



## Consolidated statement of cash flow – Group

1. January till 31. December

(Amounts in NOK 1 000)	Note	2020	2019*
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit/loss(-) after tax		84 908	-5 926
Profit/loss adjusted for:			
Taxes, not payable	16	-33 143	
Depreciation and amortization	6,8	7 398	2 565
Depreciation IFRS 16	7	2 556	2 518
Employees' options, share-based payment expense	23	848	-81
Interest expense lease liability		708	797
Changes in working capital:			
Inventory	12	1 932	739
Accounts receivables and other receivables	11	-15 898	2 299
Trade and other payables	15	-2 381	1 054
<b>Net cash flow from operating activities</b>		<b>46 928</b>	<b>3 965</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investment in machinery and equipment	6	-1 912	-688
Investment in intangible assets	8		-412
Divestment of subsidiary (Biotec BetaGlucans)		66 759	
Changes in long-term receivables		4	
<b>Net cash flow from investing activities</b>		<b>64 851</b>	<b>-1 100</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest expense lease liability		-708	-797
Payment and other adjustment on lease liabilities	7	-2 556	-2 441
<b>Net cash flow from financing activities</b>		<b>-3 264</b>	<b>-3 238</b>
Net change in cash during the year		108 516	-372
Cash and cash equivalents as of 01.01		31 662	31 662
<b>Cash and cash equivalents as of 31.12</b>		<b>140 178</b>	<b>31 289</b>

\*Cash flow for 2020 / 2019 includes discontinued operations (Biotec BetaGlucans AS)

## Notes to the financial statements for 2020

### Note 1 General information

ArcticZymes Technologies ASA (the Company) is a Norwegian life sciences company focused on specialised novel enzymes technology.

The ArcticZymes Technologies Group creates value from innovation in life science markets via its subsidiary ArcticZymes. Its technologies capitalise on more than three decades of world-class research at the Arctic University of Tromsø to offer niche and high-tech products in several biotech segments.

ArcticZymes develops, produces and markets novel recombinant enzymes for use in molecular research, In Vitro Diagnostics (IVD) and therapeutics. The enzymes are primarily derived from cold-water marine species and organisms from other relevant environments.

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

The Board approved the consolidated financial statements on 23. March 2021.

### 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.

All new financial standards enforced over the last few years are implemented. The Company does not expect any new standards to have a significant impact on profit & loss or the financial position of the Company.

IFRS 16 Leases, was implemented 01. January 2019 and regulates matters relating to leased assets. It requires all leases to be recognised in the statement of financial position as a right to use asset with subsequent depreciation. At the commencement date, the Group recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The Group has separately recognised the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group has adopted the new standard on the effective date using a full retrospective method and a 3%/4,6% discount rate. The lease period includes options. Overhead expenses on premises are excluded from calculations and is not recognised as a leased asset/liability. There is one contract relating to offices and lab at SIVA Innovation Centre covered in the calculations.

IFRS 15 Revenues from contracts with customers. The core principle is that revenues should be recognized dependent on the transfer of promised goods or services to the customer for an amount that reflects the consideration which should be received in exchange for those goods or services. The objective is to provide a five-step approach to revenue recognition that includes identifying contracts with customers, identifying performance obligations, determining transaction prices, allocating transaction prices to performance obligations, and recognizing revenue when or as performance obligations are satisfied. See note 5.

#### Note 2.2 Principles for consolidation Subsidiaries

The consolidated financial statements include the parent company ArcticZymes Technologies ASA and the 96% owned subsidiary ArcticZymes AS. The wholly owned subsidiary Biotec BetaGlucans AS was divested 31. December 2020. The consolidated statement of financial position 2019 includes Biotec BetaGlucans AS, but in the 2020 consolidated

statement of financial position, numbers for Biotec BetaGlucans AS are excluded according to IFRS 5. In the consolidated statement of profit and loss for 2020, figures associated with discontinued operations (Biotec BetaGlucans AS) is presented as a Net profit from discontinued operations. All internal transactions are eliminated from profit and loss calculations. Figures for 2019 has been recalculated accordingly for comparison purposes.

Reference is made to the parent company's note 9 for details on subsidiaries.

There is a presumption that if the group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has decision over the entity, including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the group and shareholder's agreement or other contractual agreements.

The assessments are done for each individual investment. The group reassesses whether it controls an entity if circumstances indicate that there are changes to control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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.

Foreign exchange gains and losses relating to loans, other operating expenses, cash and cash equivalents are presented (net) as financial income or expenses. Foreign exchange gains and losses relating to sales or cost of goods are presented (net) under sales revenues or cost of goods.

**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 wants to minimise potential adverse effects of any unpredictability of 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 2020 to the Group are mainly denominated in USD and EUR; distributed 37% at USD and 58% at EUR. A majority of the Group's cost base is denominated in NOK with 70%, while expenses in EUR amounts to 18% and for USD 12%.

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.

If NOK relative to USD was 5% stronger / weaker at 31 December 2020 and all other variables held constant, this would lead to a lower / higher operating profit of NOK 75 000 (2019: NOK 147 000). For EUR would such currency changes have affected the result by NOK 331 000 (2019: NOK 148 000). The impact on equity would be correspondingly. The calculated effect is based on 5% change in receivables and payables denominated in USD and EUR as of 31. December 2020.

The Group exchanges foreign currency into NOK when the balance of a foreign currency exceeds outstanding liabilities. The Group tries to minimise the balance of foreign currencies in its accounts. When applicable, the Group aims to match payment terms of revenues to corresponding expenses.

### Note 3.1.2 Interest rate risk

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 3.1.3 Credit risk

The Group is mainly exposed to credit risk related to accounts receivables. 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.

### Note 3.1.4 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 bank deposits or in interest-bearing securities with low risk. A majority of cash is invested in Norwegian bank deposits and money market fund. At the reporting date, the Group had bank deposits and money market fund of NOK 140.2 million.

The Group's debt has maturity shorter than one year and will be settled at maturity:

Maturity	2020	2019
< 3 months	3 456	3 910
3 months – 12 months		50
<b>Total accounts payable</b>	<b>3 456</b>	<b>3 960</b>
Accrued public fees and withdrawals	12 531	13 692
<b>Total accounts payable and other current liabilities</b>	<b>15 987</b>	<b>17 652</b>

### Note 3.2 Capital management

The Group's objectives when managing capital are to safeguard the continued operations of the Group 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 in the future, the Group will consider its capital structure.

To improve the capital structure, the Group may issue new shares or sell assets. The Group has no long-term debt and pays no dividends to shareholders as long as the Group is in a development phase.

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

(Amounts in NOK 1 000)	2020	2019
Cash and cash equivalents	140 178	31 289
Less: Restricted cash equivalents	-1 187	-1 670
<b>Net cash position</b>	<b>138 991</b>	<b>29 619</b>

### 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 or recognition as an intangible asset before the latest stages of the development phase. See note 20 for development projects and note 8 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 beta-glucans. The segment enzymes consists of sales revenues and operating expenses associated with the

subsidiary ArcticZymes AS, while the segment beta-glucans is related to revenues and operating expenses of the subsidiary Biotec BetaGlucans AS. The parent company provides a range of administrative services to the subsidiaries. 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 term for the Company is FCA, where the customer arranges and pays for the main 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. AZT does not have any other significant obligations for returns or refunds. Freight services are included in sale of goods.

ArcticZymes sales revenues are enzymes for use in molecular research, In Vitro Diagnostics and therapeutics. Biotec BetaGlucans has products used for consumer- and animal health and within wound care.

Most of the goods are delivered to 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. Most of the revenues are from quotes or non binding supply agreements where the price has been agreed upon in advance. Other operating income are government tax grants and research grants.

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

(Amounts in NOK 1 000)	2020				2019			
	Enzymes	Beta-glucans	Corporate	Total	Enzymes	Beta-glucans	Corporate	Total
Sales revenues	93 449	49 624		<b>143 072</b>	45 192	32 055		<b>77 247</b>
Cost of goods	-1 131	-20 800		<b>-21 931</b>	-1 199	-17 701		<b>-18 900</b>
Gross profit	92 318	28 821		<b>121 139</b>	43 993	14 354		<b>58 347</b>
Other operating income	4 374	213		<b>4 586</b>	3 986	3 162		<b>7 148</b>
Operating expenses	-40 951	-14 451	-8 283	<b>-63 685</b>	-33 503	-25 213	-7 452	<b>-66 167</b>
Depreciation and amortization	-2 161	-7 550	-243	<b>-9 954</b>	-1 925	-2 900	-259	<b>-5 083</b>
<b>Operating profit/loss(-)</b>	<b>53 580</b>	<b>7 033</b>	<b>-8 526</b>	<b>52 087</b>	<b>12 551</b>	<b>-10 597</b>	<b>-7 711</b>	<b>-5 756</b>
Net financial income	-250	-102	29	<b>-323</b>	-56	-248	134	<b>-170</b>
<b>Profit/loss(-) before tax</b>	<b>53 330</b>	<b>6 931</b>	<b>-8 497</b>	<b>51 764</b>	<b>12 495</b>	<b>-10 845</b>	<b>-7 576</b>	<b>-5 926</b>



## Assets, liabilities and investments distributed to the segments:

(Amounts in NOK 1 000)	2020			2019			
	Enzymes	Corporate	Total	Enzymes	Beta-glucans	Corporate	Total
Assets *	30 497	191 415	<b>221 912</b>	43 620	18 998	7 738	<b>70 357</b>
Liabilities*	15 779	9 804	<b>25 582</b>	12 093	11 911	6 412	<b>30 416</b>

\* 2019: Assets and Liabilities excludes "Assets held for sale". See note 22 for further details.

## Geographical distribution of sales revenues

(Amounts in NOK 1 000)	2020		2019	
	Enzymes	Betaglucans	Enzymes	Betaglucans
Norway	112	19 160	98	19 321
Europe	45 685	13 545	27 158	10 507
Asia/Australia/Africa	7 207	1 772	2 503	857
Americas	40 445	15 148	15 434	1 369
<b>Total sales revenues</b>	<b>93 449</b>	<b>49 624</b>	<b>45 192</b>	<b>32 055</b>

Sales revenues from the largest customer within each segment in 2020: Beta-glucan segment NOK 14.5 million, enzymes segment NOK 13.6 million.

The consolidated statement of financial position 2019 includes Biotec BetaGlucans AS, but in the 2020 consolidated statement of financial position, numbers for Biotec BetaGlucans AS are excluded according to IFRS 5. In the consolidated statement of Profit & Loss for 2020, figures associated with discontinued operations (Biotec BetaGlucans AS) is presented as a Net profit from discontinued operations. All internal transactions are eliminated from profit and loss

calculations. Figures for 2019 has been recalculated accordingly for comparison purposes.

Reference is made to the parent company's note 9 for details on subsidiaries.

The Group's sales are impacted by COVID-19 effects. Since COVID-19 will continue in the foreseeable future, effects will be presented as underlying business in presentations. Figures for COVID-19 effects are internal estimates based on historic purchasing patterns and communications with customers.

(Amounts in NOK 1 000)	2020	Whereof COVID-19 related
Sales	93 449	25 816

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

## Note 6 Machinery and equipment

### Principles for accounting

Machinery and equipment in the Group include 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 asset's 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
Furniture and office equipment	2-5 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	Total
<b>AS OF 01.01.2019</b>			
Historic cost	35 115	6 822	41 937
Accumulated depreciation	-31 268	-6 072	-37 340
<b>Book value at 01.01.2019</b>	<b>3 847</b>	<b>750</b>	<b>4 597</b>
<b>FINANCIAL YEAR 2019</b>			
Addition	660	29	689
Depreciation	-1 124	-286	-1 410
<b>Book value at 31.12.2019</b>	<b>3 385</b>	<b>492</b>	<b>3 875</b>
<b>AS OF 01.01.2020</b>			
Historic cost	35 775	6 851	42 626
Accumulated depreciation	-32 392	-6 358	-38 750
<b>Book value at 01.01.2020</b>	<b>3 385</b>	<b>492</b>	<b>3 875</b>
<b>FINANCIAL YEAR 2020</b>			
Addition	1 772	22	1 794
Adjustment discontinued operations	-1 599	-384	-1 983
Depreciation	-547	-86	-633
<b>Book value at 31.12.2020</b>	<b>3 011</b>	<b>44</b>	<b>3 058</b>
<b>AS OF 31.12.2020</b>			
Historic cost	6 844	1 914	8 758
Historic cost discontinued operations	48 432	4 448	52 880
Accumulated depreciation discontinued operations	-48 432	-4 448	-52 880
Accumulated depreciation	-3 833	-1 869	-5 702
<b>Book value at 31.12.2020</b>	<b>3 011</b>	<b>44</b>	<b>3 058</b>

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



**Note 7 Leases**

**Principles for accounting**

IFRS 16 Leases was implemented 01. January 2019 and regulates matters relating to leased assets and leased liabilities. The Lease standard requires lessees to recognise right-of-use asset and liabilities, which is a significant change from requirements under the previous accounting standard IAS 17.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset").

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease or the group's incremental borrowing rate.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant

rate on the balance outstanding and are reduced for lease payments made. Right of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

At the commencement date, the Group recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The Group has separately recognised the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group has adopted the new standard on the effective date using a full retrospective method and a 3%/4,6% discount rate.

The lease period includes options. There is only one contract relating to offices and lab at SIVA Innovation Centre which is impacted by IFRS16.

Due to divestment of Biotec BetaGulucans on 31. December 2020, all IFRS16 calculations relating to production facilities at Nordøya is eliminated from leased assets and liabilities.

(Amounts in NOK 1 000)	Lease assets
Historic cost	21 555
Accumulated depreciation including net present value	-5 101
<b>Book value at 31.12.2018</b>	<b>16 454</b>
Adjustment net present value 01.01	533
Depreciation	-2 518
<b>Book value at 31.12.2019</b>	<b>14 469</b>
Adjustment net present value 01.01	208
Adjustment discontinued operations	-1 606
Depreciation	-2 556
<b>Book value at 31.12.2020</b>	<b>10 515</b>
Historic cost	13 070
Adjustment discontinued operations	5 101
Accumulated depreciation	-7 657
<b>Book value at 31.12.2020</b>	<b>10 515</b>

Notes to the financial statements for 2020

(Amounts in NOK 1 000)	Lease liabilities
Book value 31.12.2018	14 688
Interest expense	797
Net present value adjustment 01.01	533
Instalment 2020 presented under current liabilities	-3 254
<b>Book value at 31.12.2019</b>	<b>12 764</b>
Adjustment discontinued operations	-1 965
Interest expense	631
Net present value adjustment 01.01	533
Instalment 2021 presented under current liabilities	-2 368
<b>Book value at 31.12.2020</b>	<b>9 595</b>

Maturity analysis	31.12.2020	31.12.2019
Less than one year	2 368	3 254
One to five years	9 881	14 851
More than five years	2 576	5 133
<b>Total undiscounted lease liabilities at 31.12.</b>	<b>14 825</b>	<b>23 238</b>
<b>Lease liabilities included in the statement on financial position at 31.12.</b>	<b>11 963</b>	<b>16 017</b>
Current	2 368	3 254
Non-current	9 595	12 764
Summary of other leased assets presented in the consolidated Profit & Loss statement	31.12.2020	31.12.2019
Lease of IT equipment	48	
Overhead expenses related to premises	921	494
<b>Total leased assets included in other expenses at 31.12.</b>	<b>969</b>	<b>494</b>

### 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 recognize leases where the underlying asset has a low value, and thus does not recognize 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 8 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                      5-10 years

Other 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.

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	Total
<b>As of 01.01.2019</b>		
Historic cost	11 794	11 794
Accumulated depreciation	-4 243	-4 243
<b>Book value at 01.01.2019</b>	<b>7 551</b>	<b>7 551</b>
<b>FINANCIAL YEAR 2019</b>		
Addition	412	412
Book value transferred to "Assets held for sale"	-6 134	-6 134
Depreciation	-1 155	-1 155
<b>Book value at 31.12.2019</b>	<b>674</b>	<b>674</b>
<b>AS OF 31.12.2019</b>		
Historic cost	2 774	2 774
Historic cost "Asset held for sale"	9 432	9 432
Accumulated depreciation	-8 234	-8 234
Accumulated depreciation "Assets held for sale"	-3 298	-3 298
<b>Book value at 31.12.2019</b>	<b>674</b>	<b>674</b>
<b>FINANCIAL YEAR 2020</b>		
Addition	0	0
Amortization	0	0
Depreciation	-254	-254
<b>Book value at 31.12.2020</b>	<b>420</b>	<b>420</b>
<b>AS OF 31.12.2020</b>		
Historic cost	2 148	2 148
Historic cost discontinued operations	10 032	10 032
Accumulated depreciation	-1 527	-1 527
Accumulated depreciation discontinued operations	-10 233	-10 233
<b>Book value at 31.12.2020</b>	<b>420</b>	<b>420</b>

"Assets held for sale" are fully amortized per 31.12.2020 as Biotec BetaGlucans was divested.

## Note 9 Assets and liabilities

### Principles for accounting

The Groups assets are initially measured at fair value. Transactions costs directly attributable to the financial assets are added to the value of the asset. The assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Financial assets are de-recognised when the right to receive cash flows from the investments have expired or the Group have been transferred all risk and rewards to another party.

The Group's financial assets and debts at amortised cost includes cash, accounts payable and accounts receivable. The Group recognises an allowance for expected credit losses (ECLs) for all debts instruments not held at fair value through profit or loss. ECLs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group

expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors. See note 11.

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

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

(Amounts in NOK 1 000)	2020 Assets at amortised cost	2019* Assets at amortised cost
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	140 178	31 289
Accounts receivable	10 575	10 049
<b>Total financial assets</b>	<b>150 752</b>	<b>41 337</b>

(Amounts in NOK 1 000)	2020 Liabilities at amortised cost	2019* Liabilities at amortised cost
<b>FINANCIAL LIABILITIES</b>		
Leasing longterm	9 595	12 764
Accounts payable	3 456	3 960
Lease liabilities interest-bearing	2 368	3 254
<b>Total financial liabilities</b>	<b>15 419</b>	<b>19 978</b>

\*2019 figures excludes "Assets held for sale"



## Note 10 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 14).

Since the company's net profit was negative in 2019, the earnings per share and diluted earnings per share coincide.

(Amounts in NOK 1 000)	2020	2019
Net profit attributable to ordinary shareholders of the parent	83 416	-6 386
Net profit attributable to non-controlling interests	1 798	460
<b>Net profit</b>	<b>85 214</b>	<b>-5 926</b>
Weighted number of shares used for calculation of basic EPS (1 000 shares)	48 335	48 335
Dilution effect share based payment	784	
Weighted number of shares used for calculation of diluted EPS(1 000 shares)	49 119	48 335
<b>Basic and diluted earnings per share (NOK per share)</b>	<b>1,76</b>	<b>-0,12</b>
<b>Diluted earnings per share (NOK per share)</b>	<b>1,73</b>	<b>-0,12</b>

## Note 11 Receivables

### Principles for accounting

In determining the recoverability of receivables, the company performs risk analysis considering the type and the age of the outstanding receivable.

The Group is also considering historic customer payments in its evaluations.

(Amounts in NOK 1 000)	2020	2019
Accounts receivables	10 575	10 049
Provisions for estimated losses on accounts receivables	0	0
<b>Sum accounts receivables, net</b>	<b>10 575</b>	<b>10 049</b>
Research grants	1 505	1 345
Tax grants	1 138	2 337
Prepayments	470	445
VAT	791	351
Other receivables	16 226	227
<b>Sum other receivables</b>	<b>20 130</b>	<b>4 705</b>
<b>Sum receivables</b>	<b>30 705</b>	<b>14 754</b>

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

except for final settlement of MNOK 16.2 relating to divestment of Biotec BetaGlucans AS.

### Age breakdown of Accounts receivable per 31.12.2020:

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
6 144	3 389	113	510	420	<b>10 575</b>

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

Notes to the financial statements for 2020

**Age breakdown of Accounts receivable per 31.12.2019:**

Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	Total
7 050	2 091	231	399	278	<b>10 049</b>

**Fair value of receivables by currency:**

	2020	2019
USD	7 734	3 818
EUR	19 024	6 386
NOK	3 948	4 551
<b>Total receivables</b>	<b>30 705</b>	<b>14 754</b>

Accounts receivables arise from the sale of goods or services within the 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. The Group losses for 2020 is NOK 0 . The Group has evaluated potential losses on receivables based on historic losses /table below:

(Amounts in NOK 1 000)

Days of maturity	Not overdue	0-30	31-60	61-90	Over 90-
Outstanding 31.12.2020	6 144	3 389	113	510	420
Historical loss - %	0 %	0 %	0 %	0 %	0 %
Future estimation of losses - %	0 %	0 %	0 %	0 %	0 %
Expected loss	0	0	0	0	0
<b>Provision for losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Days of maturity	Not overdue	0-30	31-60	61-90	Over 90-
Outstanding 31.12.2019	7 050	2 091	231	399	278
Historical loss - %	0 %	0 %	0 %	0 %	0 %
Future estimation of losses - %	0 %	0 %	0 %	0 %	0 %
Expected loss	0	0	0	0	0
<b>Provision for losses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 12 Inventory and cost of goods

### Principles for accounting

Inventory are stated at the lower of acquisition expense and net realisable value. Acquisition expense is determined by using the first-in, first-out (FIFO) method. 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). Borrowing costs are not included. Net realisable value is the estimated selling price less variable costs of completion and transaction expenses.

(Amounts in NOK 1 000)	2020	2019 *
Raw materials	284	1 613
Semi-finished goods		639
Finished goods	3 606	3 046
<b>Total inventories</b>	<b>3 889</b>	<b>5 298</b>

\* 2019 includes discontinued operations (Biotec BetaGlucans AS)



## Cost of goods

Total cost of goods 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 13 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 a maturity no more than three months.

(Amounts in NOK 1 000)	2020	2019*
Cash	129 461	20 178
Money market fund	9 530	9 439
Deposits, restricted		3
Tax withdrawal accounts	1 187	1 670
<b>Total cash and cash equivalents</b>	<b>140 178</b>	<b>31 289</b>

\* 2019 includes discontinued operations (Biotec BetaGlucans AS)

## Note 14 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.

value of the options granted, excluding impact of any vesting conditions that are not reflected in the market. Criteria not reflected in the market, affect the assumptions about the number of options expected to be exercised. At the end of each reporting period, the Company revises its estimates of the number of options expected to be exercised. It recognises the importance of the revision of original estimates in the consolidated profit & loss statement with a corresponding adjustment in equity.

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

The net value of proceeds received less directly attributable transaction expenses are credited to the share capital (nominal value) and the share premium when the options are exercised.

(Number of shares)	Shares	Whereof treasury shares
FINANCIAL YEAR 2019:		
Per 01.01.2019	48 334 673	
Purchase/sale own shares & issues	0	
<b>Per 31.12.2019</b>	<b>48 334 673</b>	<b>0</b>
FINANCIAL YEAR 2020:		
Purchase/sale own shares & issues	0	
<b>Per 31.12.2020</b>	<b>48 334 673</b>	<b>0</b>

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

The Annual General meeting held on 15 May 2019, granted three authorisations to the Board:

- 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.
- To increase the share capital with up to 1,300,000 shares at par value. The authorisation may only be used in connection with capital increases relating to share schemes for associates.
- 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 share schemes to associates or by offering shares to employees.

The Annual General meeting held on 14 May 2020, granted three authorisations to the Board:

- 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.

- To increase the share capital with up to 1,300,000 shares at par value. The authorisation may only be used in connection with capital increases relating to share schemes for associates.
- 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 share schemes to associates or by offering shares to employees.

### Share options

Share options are intended as an incentive to stay with the company, and the assignment is graded according to the ability the employee is believed to have to contribute to a positive value development for the company's shares. In 2016, a total of 519,500 options were allocated to the employees. The options had a 2-year vesting period, and average strike is NOK 11.93. The 2016 options expired in 2019.

Per 31. December 2020, CEO Jethro Holter, CFO Børg Sørvoll and former CSO Rolf Engstad has an agreement giving them the right to receive 200 000 options each, with the following conditions.

Awarded options	Option strike 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).

### Outstanding share options

	2020		2019	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01 January		0	11,93	362 000
Granted during the year	10,19	315 000		
Expired				-362 000
<b>Outstanding at 31 December</b>		<b>315 000</b>		<b>0</b>



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

Expiry date	Average exercise price	Number of share options 2020	Number of share options 2019
2019, 31. May	11,93		362 000
2025, 14. May	10,19	315 000	
<b>Outstanding at 31 December</b>		<b>315 000</b>	<b>0</b>
Exercisable options at 31 December		0	0

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

The fair value of the boards options are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 22.80 per share) , risk free rate (1,49%), expected term of 5 years, expected dividend yield (0%), strike (NOK 10,19 per share) and volatility last 5 years (59,02%). The fair value is expensed over the vesting period. Per 31.12.2020, a total of NOK 18.6 million had been expensed, of which NOK 0,8 million applies to 2020. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly declines to renew its authorization to issue new shares.

## The 20 largest shareholders as of 31. December 2020

Ownership information:	Shares	Ownership
Skandinaviska Enskilda Banken AB	4 259 790	8,81 %
Nordnet Bank AB	2 763 271	5,72 %
Pro AS	2 297 216	4,75 %
Avanza Bank AB	2 266 784	4,69 %
Vinterstua AS	2 066 165	4,27 %
Skandinaviska Enskilda Banken AB	1 655 852	3,43 %
Clearstream Banking S.A.	1 435 613	2,97 %
Danske Bank A/S	1 386 478	2,87 %
Tellef Ormestad	1 331 740	2,76 %
Belvedere AS	1 215 684	2,52 %
Nordea Bank Abp	766 314	1,59 %
Middelboe AS	719 163	1,49 %
State Street Bank and Trust Comp	717 009	1,48 %
Danske Bank A/S	600 000	1,24 %
Dragesund Invest AS	597 891	1,24 %
Avkast Invest AS	568 566	1,18 %
DNB Markets Aksjehandel/-analyse	467 795	0,97 %
Naudholmen AS	461 000	0,95 %
SEB Cmu/Secfin pooled	397 232	0,82 %
Nordnet Livsforsikring AS	377 959	0,78 %
<b>20 largest shareholders aggregated</b>	<b>26 351 522</b>	<b>54,52 %</b>
<b>5450 other shareholders aggregated</b>	<b>21 983 151</b>	<b>45,48 %</b>
<b>Total shares (5470 shareholders)</b>	<b>48 334 673</b>	<b>100,00 %</b>

## Note 15 Accounts payable and other current liabilities

### Principles for accounting

The Group's liabilities consists of accounts payable and other current liabilities 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. Accountspayable is classified as current liability if payment is due within 12 months. If not, they are presented as long-term liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(Amounts in NOK 1 000)	2020	2019
Accounts payable	3 456	3 960
Dividends to non-controlling interests	1 159	
Lease liabilities interest-bearing	2 368	3 254
Other current liabilities		
<i>Accrued holiday pay, bonus, and salaries</i>	6 350	7 378
<i>Accrued public fees and withdrawals</i>	1 301	1 670
<i>Miscellaneous other accrued costs</i>	1 353	1 390
<b>Sum other current liabilities</b>	<b>9 004</b>	<b>10 438</b>
<b>Total accounts payable and other current liabilities</b>	<b>15 987</b>	<b>17 652</b>

Book value of accounts payable and other current liabilities is equal to fair value.

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

(Amounts in NOK 1 000):	2020	2019
NOK	13 491	10 406
EUR	1 257	3 429
USD	1 111	877
GBP	104	144
DKK		2 787
SGD	23	
SEK		9
<b>Total accounts payable and other current liabilities</b>	<b>15 987</b>	<b>17 652</b>

## Note 16 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
- With 2020 turnover and EBITDA levels in the future, the deferred tax asset will be fully utilised within 4 years ArcticZymes is expected to have taxable income for the next 3-4 years which can be offset,through Group contribution against the tax loss in the parent company.
- The subsidiary Biotec BetaGlucans, which was a loss making business, was divested 31. December 2020
- 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 deffered tax asset according to IAS 12 - 34/35/36 and ESMA.

(Amounts in NOK 1 000):	2020	2019	Change
Calculation base deferred tax asset discontinued operations		-11 030	-11 030
Non current assets	473	-553	-1 026
Other temporary differences	-212	-217	-5
Gains and loss account	10 609	13 262	2 652
<b>Total temporary differences</b>	<b>10 094</b>	<b>1 281</b>	<b>-8 813</b>
Discontinued operations		11 030	11 030
<b>Total temporary differences</b>	<b>10 094</b>	<b>12 311</b>	<b>2 217</b>
Tax assessment loss carried forward	-160 744	-457 424	296 680
Discontinued operations		252 285	-252 285
<b>Tax assessment loss carried forward</b>	<b>-160 744</b>	<b>-205 139</b>	<b>44 396</b>
<b>Calculation base deferred tax asset</b>	<b>-150 649</b>	<b>-192 828</b>	<b>42 179</b>
<b>Deferred tax asset, 22%</b>	<b>-33 143</b>	<b>-42 422</b>	<b>-9 279</b>
Profit before income tax	42 409	-5 926	
Non deductible expenses	570	64	
Non taxable income	-800	-2 342	
Changes in temporary differences	2 217	-2 366	
Profit before tax loss carried forward	44 396	-10 570	
Deffered tax loss carried forward	-44 396	-10 570	
<b>Tax base</b>	<b>0</b>	<b>0</b>	
Change in deferred asset	33 143		
<b>Tax expense</b>	<b>33 143</b>	<b>0</b>	

## Note 17 Financial income and expense

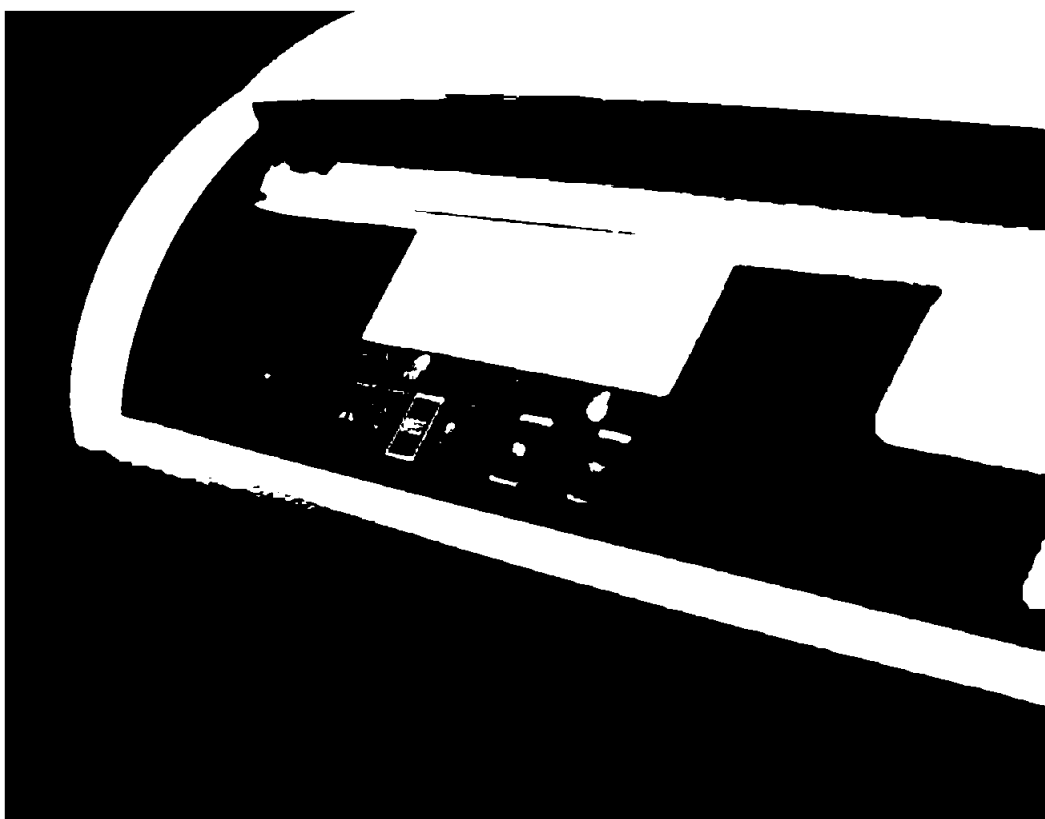
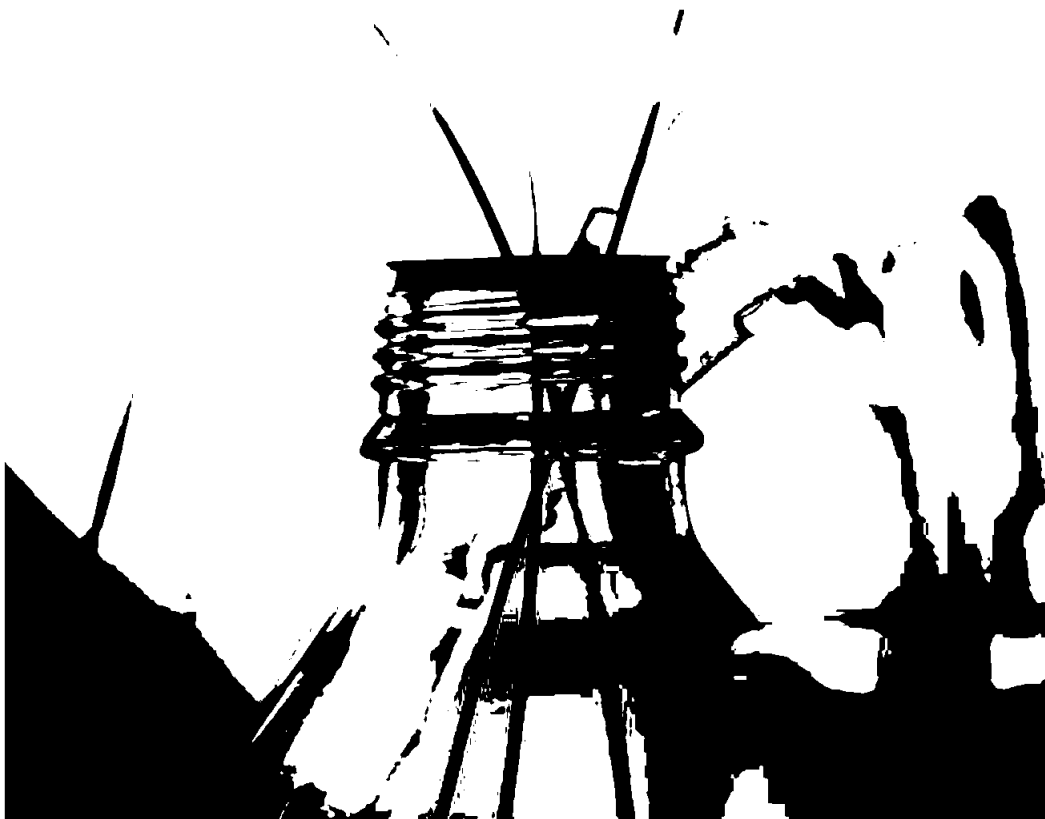
### Principles for accounting

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 settlements of other expenses and bank accounts.

(Amounts in NOK 1 000)	2020	2019
Interest income	349	800
Net currency loss(-)/gain	-22	128
Interest expense lease liabilities	-631	-697
Other financial expense	-80	-392
<b>Total financial income and expense, net</b>	<b>-384</b>	<b>-161</b>



## Note 18 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)	2020	2019
Salaries	29 888	28 094
Employer's social security contribution	1 620	1 709
Employees options, share-based payment expense	848	-81
Pension costs	900	879
Other benefits	1 307	1 571
<b>Total personnel expenses</b>	<b>34 564</b>	<b>32 171</b>
Numbers are adjusted for discontinued operations		
Number of employees at 31 December:	35,0	32,0
Number of FTEs:	30,9	27,1

The employer's contribution to the plan is 5% for salaries between 0 G and 7.1 G, and 8% for salaries between 7.1 G and 12 G. In addition, employees

pay 2% of their salary to the pension plan. As of 31.12.2020 the Group paid for 28 members of the scheme.

## Note 19 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.

(Amounts in NOK 1 000)	2020	2019
Marketing	535	209
Patent and licensing	2 884	1 965
Operating expenses of premises	2 880	1 693
Other operating expenses	10 397	9 803
<b>Total other operating expenses</b>	<b>16 696</b>	<b>13 670</b>

## Note 20 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.

## Notes to the financial statements for 2020

(Amounts in NOK 1 000)	2020	2019
<b>RESEARCH AND DEVELOPMENT EXPENSES:</b>		
Personnel expenses	10 889	7 730
Purchase of external services	2 181	1 216
Other operating expenses	5 980	1 657
<b>Total research and development expenses, not capitalized</b>	<b>19 049</b>	<b>10 603</b>

According to the Group's accounting policies (note 8), no project met the criteria for capitalization in 2020.

**Note 21 Other operating income**

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)	2020	2019
Government grants	755	1 317
Tax grants "Skattefunn"	1 124	659
Other grants	2 496	2 009
<b>Total other operating income</b>	<b>4 374</b>	<b>3 986</b>

**Description of awarded grants:**

(Amounts in NOK 1 000)	Grants expiry	2020	2019
<b>FROM RESEARCH COUNCIL OF NORWAY (FORSKNINGSRÅDET):</b>			
X-press	2020	755	1 317
Cold ligases	2022	57	34
Development of components for RNA diagnostics	2021	873	
<b>FROM MABIT:</b>			
Screening Pipeline for exploring a unique marine Fungi collection	2019		59
<b>FROM INNOVASJON NORGE:</b>			
Increased protection against sea lice infestation with an activated immune system	2020	7	39
Upscaling of SAN-HQ manufacturing	2020	595	
Customer projects	2020	132	
<b>FROM HORIZON 2020 (EU):</b>			
Virus X	2020	833	1 878
TAX GRANTS "SKATTEFUNN":	Annually	1 124	659
<b>Total grants</b>		<b>4 374</b>	<b>3 986</b>

See note 11 Accrued revenues in association with grants in the financial position



## Note 22 Assets held for sale

### Principles for accounting

In December 2019, the Group announced its intention to divest Woulgan and initiated a process with external business developers to find new owners for the wound care product. According to IFRS 5, the Group evaluated whether or not Woulgan met criterias for Assets held for sale and concluded that it should be defined as Assets held for sale. Following classification of Woulgan as an Asset held for sale, the Group conducted an initial measurement of Woulgan by impairment testing and concluded that no impairment was necessary as discounted cash flow of Woulgan exceeds booked values relating to this asset.

The Group did not consider Woulgan as a separate cash generating unit or that the product had material impact on the financial statements for the Group, hence it should not be considered as discontinued operations.

On 31. December 2020, Biotec BetaGlucans AS, including Woulgan, was divested to Danstar Ferment AG. See note 24 for complete details on discontinued operations.

Financial information relating to "Assets held for sale" in 2019 is presented in the tables below for information purposes.

(Amounts in NOK 1 000)	2019
Revenues	4 810
Other revenues	2 511
<b>Sum revenues</b>	<b>7 321</b>
Operating expenses	-11 686
<b>Operating profit/loss (-) (EBIT)</b>	<b>-4 365</b>
Financial income, net	
<b>Profit/loss (-) before income tax (EBT)</b>	<b>-4 365</b>
Tax	
<b>Net profit "Assets held for sale"</b>	<b>-4 365</b>

	2019
<b>ASSETS CLASSIFIED AS "ASSETS HELD FOR SALE"</b>	
Intangible assets	6 134
Inventories	523
Account receivables and other receivables	593
<b>Total assets</b>	<b>7 251</b>
<b>LIABILITIES ATTACHED TO "ASSETS HELD FOR SALE"</b>	
Accounts payable and other current liabilities	716

**Note 23 Related party disclosures**

Former Director Martin Hunt was a member of the Board up to Annual General Meeting in 2019. Martin Hunt owns and operates Invictus Management Ltd in London. For services and expenses beyond his board

remuneration, Invictus Management Ltd has invoiced NOK 0.04 million in 2019. Beyond this, the Group had no transactions with related parties.

**Remuneration of Board of Directors and Management:**

(Amounts in NOK 1 000)	2020				2019			
	Salaries paid	Bonus paid	Pension costs	Other benefits	Salaries paid	Bonus paid	Pension costs	Other benefits
Marie Ann Roskrow, Chairman	425				425			
Volker Wedershoven, Director	220				105			
Marit Sjo Lorentzen, Director / Employee	120							
Ingrid Skjæveland, former Director / Employee	30				75			
Inger Rydin, former Director					180			
Martin Hunt, former Director					70			
Arne Reinemo, former Director					180			
Jethro Holter, CEO	1 635	280	98	15	1 381		96	10
Børge Sørvoll, CFO	1 340	138	101	11	1 224		96	11
Marit Sjo Lorentzen, Director Operations	1 028		92	13	819		78	13
Olav Lanes, VP R&D and applications	972		84	11	932		81	11
Christian Jørgensen, former CEO *	2 499		42	3	2 572		96	10

\* Salaries earned in 2020 were set aside in 2019 and paid out in 2020.

**Shares owned or controlled by directors and senior management per 31.12.2020:**

	Options	Shares
Jethro Holter, CEO	*	564
Børge Sørvoll, CFO	*	25 428
Marit Sjo Lorentzen	15 000	20 331
Olav Lanes		2 000

\* has the right to receive 200 000 options.

See note 14 in reference to share options to executives and management.

**External auditor: fees and expenses ex VAT:**

(Amounts in NOK 1 000)	2020	2019
Statutory audit	330	201
Attestation of tax papers		12
Other attestation services	43	3
Other services beside auditing	29	29
<b>Total auditing fees and expenses</b>	<b>401</b>	<b>245</b>



## Note 24 Discontinued operations

Figures adjusted for discontinued operations in the fiscal year 2020.

(Amounts in NOK 1 000)	Continued operations	Discontinued operation	Elimination	Group before reclass,	Reclas. to disc. operations	Group
Sales	93 449	49 624		143 073	-49 624	93 449
Other revenues	4 374	213		4 587	-213	4 374
<b>Sum revenues</b>	<b>97 823</b>	<b>49 837</b>	<b>0</b>	<b>147 660</b>	<b>-49 837</b>	<b>97 823</b>
Cost of goods	1 131	20 803		21 933	-20 803	1 131
Personnel expenses	33 118	8 172	-1 446	41 290	-6 726	34 564
Other operating expenses	16 115	6 280	-580	22 395	-5 699	16 695
<b>Sum expenses</b>	<b>50 364</b>	<b>35 254</b>	<b>-2 026</b>	<b>85 617</b>	<b>-33 228</b>	<b>52 390</b>
<b>EBITDA</b>	<b>47 459</b>	<b>14 583</b>	<b>2 026</b>	<b>62 041</b>	<b>-16 609</b>	<b>45 432</b>
Depreciation and amortization	2 405	7 549	-234	9 954	-7 315	2 639
<b>Operating profit</b>	<b>45 055</b>	<b>7 034</b>	<b>2 260</b>	<b>52 087</b>	<b>-9 294</b>	<b>42 793</b>
Financial income, net	-220	102	-164	323	62	384
<b>Profit/loss (-) before interest &amp; tax</b>	<b>44 835</b>	<b>6 932</b>	<b>2 424</b>	<b>51 765</b>	<b>-9 356</b>	<b>42 409</b>
Taxes	33 143			33 143		33 143
<b>Net profit</b>	<b>77 978</b>	<b>6 932</b>	<b>2 424</b>	<b>84 908</b>	<b>-9 356</b>	<b>75 552</b>

Figures adjusted for discontinued operations in the fiscal year 2019

(Amounts in NOK 1 000)	Continued operations	Discontinued operation	Elimination	Group before reclass,	Reclas. to disc. operations	Group
Sales	45 192	32 055		77 247	-32 055	45 192
Other revenues	3 986	3 162		7 148	-3 162	3 986
<b>Sum revenues</b>	<b>49 179</b>	<b>35 217</b>	<b>0</b>	<b>84 395</b>	<b>-35 217</b>	<b>49 179</b>
Cost of goods	1 199	17 701		18 900	-17 701	1 199
Personnel expenses	27 794	16 594	-4 377	44 388	-12 218	32 171
Other operating expenses	13 161	8 618	-509	21 779	-8 109	13 670
<b>Sum expenses</b>	<b>42 154</b>	<b>42 914</b>	<b>-4 886</b>	<b>85 067</b>	<b>-38 027</b>	<b>47 040</b>
<b>EBITDA</b>	<b>7 025</b>	<b>-7 697</b>	<b>4 886</b>	<b>-673</b>	<b>-2 811</b>	<b>2 139</b>
Depreciation and amortization	2 184	2 900	-364	5 083	-2 536	2 546
<b>Operating profit</b>	<b>4 841</b>	<b>-10 597</b>	<b>5 250</b>	<b>-5 756</b>	<b>-5 347</b>	<b>-409</b>
Financial income, net	78	-248	-239	170	-9	161
<b>Profit/loss (-) before interest &amp; tax</b>	<b>4 919</b>	<b>-10 845</b>	<b>5 489</b>	<b>-5 926</b>	<b>-5 356</b>	<b>-570</b>
Taxes	0					
<b>Net profit</b>	<b>4 919</b>	<b>-10 845</b>	<b>5 489</b>	<b>-5 926</b>	<b>-5 356</b>	<b>-570</b>



Notes to the financial statements for 2020

## Cash flow statement of discontinued operations.

1. January till 31. December

(Amounts in NOK 1 000)	Note	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / loss(-) before tax		9 356
Profit / loss(-) adjusted for:		
Depreciation		377
Amortization		6 134
Depreciation IFRS 16		803
Interest expense lease liability		77
Changes in working capital		
Inventory		145
Account receivables and other receivables		5 866
Trade and other payables		-2 606
<b>Net cash flow from operating activities</b>		<b>20 153</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment machinery and equipment		-118
Changes in long-term receivables		4
<b>Net cash flow from investing activities</b>		<b>-114</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest expense lease liability		-77
Payment and other adjustment on lease liabilities		-830
<b>Net cash flow from financing activities</b>		<b>-907</b>
Net change in cash during the year		19 132
Cash and cash equivalents as of 01.01.		335
<b>Cash and cash equivalents as of 31.12.</b>		<b>19 467</b>

### Note 25 Events after balance sheet date, 31. December 2020

There are no events of significance to the financial statements for the period from the financial position date to the date of approval; 23. March 2021.



# Financial statements

–

parent company



## Financial statement of profit & loss — parent company

1. January till 31. December

(Amounts in NOK 1 000)	Note	2020	2019
Sales revenues	5	8 416	9 664
<b>Total revenues</b>		<b>8 416</b>	<b>9 664</b>
Personnel expenses	7	9 799	12 954
Depreciation and amortization	2	243	259
Other operating expenses	7	6 900	4 162
<b>Total operating expenses</b>		<b>16 942</b>	<b>17 375</b>
<b>Operating profit / loss (-)</b>		<b>-8 526</b>	<b>-7 711</b>
Financial income, net	12	37 332	256
Write-down /loss financial assets	12	-63 774	
Financial expenses, net	12	-202	-121
<b>Financial net</b>		<b>-26 644</b>	<b>135</b>
<b>Profit/loss(-) before income tax</b>		<b>-35 170</b>	<b>-7 575</b>
Income tax expense	3	32 302	
<b>Net profit/loss(-)</b>		<b>-2 868</b>	<b>-7 575</b>
<b>Transferrals</b>			
Transferred to other equity		-2 868	-7 575

## Financial statement of comprehensive income — parent company

(Amounts in NOK 1 000)	Note	2020	2019
Net profit/loss for the year		-2 868	-7 575
Other income & costs after tax		0	0
<b>Comprehensive income</b>		<b>-2 868</b>	<b>-7 575</b>



## Statement of financial position — parent company

As of 31. December

(Amounts in NOK 1 000)	Note	2020	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deferred tax asset	3	32 302	
Lease assets	2	4 488	1 813
Long term receivables	2,1	6 699	11 469
Investments in subsidiaries	9	45 500	195 500
<b>Total non-current assets</b>		<b>88 989</b>	<b>208 782</b>
<b>CURRENT ASSETS</b>			
Group receivables subsidiaries	1	37 100	1 133
Other receivables	1,6	16 825	439
Cash and cash equivalents	4,6	137 567	28 207
<b>Total current assets</b>		<b>191 492</b>	<b>29 779</b>
<b>Total assets</b>		<b>280 481</b>	<b>238 562</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	48 335	48 335
Premium paid-in capital		151 039	151 039
Other paid-in capital		47 910	47 062
Retained earnings		-53 005	-49 576
<b>Total equity</b>		<b>194 279</b>	<b>196 859</b>
<b>LONG-TERM LIABILITIES</b>			
Lease liabilities interest-bearing	2	9 595	11 154
<b>Total long-term liabilities</b>		<b>9 595</b>	<b>11 154</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	6,11	1 172	115
Public fees and tax withholdings	6,11	445	484
Liabilities subsidiaries	6,11	69 700	23 821
Other current liabilities	6,11	5 289	6 129
<b>Total current liabilities</b>		<b>76 607</b>	<b>30 548</b>
<b>Total liabilities</b>		<b>86 202</b>	<b>41 702</b>
<b>Total equity and liabilities</b>		<b>280 481</b>	<b>238 562</b>

Tromsø, 23. March 2021

Marie Roskrow  
Chairman

Volker Wedershoven  
Director

Marit Sjo Lorentzen  
Director – Employee elected

Jethro Holter  
CEO



## 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
<b>Equity as of 01.01.2019</b>	<b>48 335</b>	<b>151 039</b>	<b>47 143</b>	<b>-42 004</b>	<b>204 513</b>
Employees' share options			-81		-81
Net profit for the year 2019				-7 576	-7 576
<b>Equity as of 31.12.2019</b>	<b>48 335</b>	<b>151 039</b>	<b>47 062</b>	<b>-49 577</b>	<b>196 859</b>
Employees' share options			848		848
IFRS discontinued operations				-559	-559
Net profit for the year 2020				-2 868	-2 868
<b>Equity as of 31.12.2020</b>	<b>48 335</b>	<b>151 039</b>	<b>47 910</b>	<b>-53 005</b>	<b>194 279</b>

The Company's share capital consists of 48,334,673 shares as of 31.12.2020.



## Statement of cash flow — parent company

1. January till 31. December

(Amounts in NOK 1 000)	Note	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / loss(-) after tax:		-2 868	-7 576
Profit / loss(-) after tax adjusted for:			
Taxes, not payable	3	-32 302	
Amortization investment subsidiary	12	63 774	
Group contributions	1, 10	-37 100	
Depreciation IFRS 16	2	243	259
Employees' options, share-based payment expense	7	848	-81
Interest expense lease liability	1	88	105
Changes in working capital			
Account receivables and other receivables	1, 10	-15 253	-565
Trade and other payables	6, 11	46 059	7 810
<b>Net cash flow from operating activities</b>		<b>23 490</b>	<b>-48</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Divestment subsidiary		86 226	
Changes in long-term receivables		2 002	1 955
<b>Net cash flow from investing activities</b>		<b>88 228</b>	<b>1 955</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest expense lease liability		-631	-105
Payment and other adjustment on lease liabilities		-1 726	-2 195
<b>Net cash flow from financing activities</b>		<b>-2 358</b>	<b>-2 300</b>
Net change in cash during the year	4, 6	109 360	-392
Cash and cash equivalents as of 01.01	4, 6	28 207	28 600
<b>Cash and cash equivalents as of 31.12</b>		<b>137 567</b>	<b>28 207</b>

## Notes to the financial statements for 2020 — parent company

### ACCOUNTING PRINCIPLES

Arcticzymes Technologies ASA has decided to adopt 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.

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

### Note 1 Receivables

(Amounts in NOK 1 000)	2020	2019
Group receivables subsidiaries	37 100	1 133
Receivables associated with divestment of subsidiary	16 226	
Other receivables	599	439
<b>Total receivables</b>	<b>53 925</b>	<b>1 572</b>

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

### Note 2 Leases

#### Principles for accounting

IFRS 16 Leases was implemented 01.01.2019 and regulates matters relating to leased assets. It requires all leases to be recognised in the statement of financial position as a right to use asset with subsequent depreciation. At the commencement date the Group recognised a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The Group has separately recognised the interest expense on the lease liability

and the depreciation expense on the right-of-use asset. The Group has adopted the new standard on the effective date using a full retrospective method and a 3%/4,6% discount rate. The lease period includes options. Variable expenses are excluded from lease period and is not recognised. The contract is relating to offices and lab at SIVA Innovation Centre. Arcticzymes Technologies has subleased the majority of premises to subsidiaries.



(Amounts in NOK 1 000)	Lease assets
<b>Book value at 31.12.2018</b>	<b>1 568</b>
Adjustment net present value 01.01.	503
Depreciation	-259
<b>Book value at 31.12.2019</b>	<b>1 813</b>
Historic cost	3 498
Accumulated depreciation	-1 685
<b>Book value at 31.12.2019</b>	<b>1 813</b>
Adjustment discontinued operations	3 030
Adjustment net present value 01.01.	-112
Depreciation	-243
<b>Book value at 31.12.2020</b>	<b>4 488</b>
Historic cost	6 416
Accumulated depreciation	-1 927
<b>Book value at 31.12.2020</b>	<b>4 488</b>

(Amounts in NOK 1 000)	Lease liabilities
Book value at 31.12.2018	-12 375
Interest expense	-697
Net present value adjustment 01.01.	-421
Instalment 2020 presented under current liabilities	2 339
<b>Book value at 31.12.2019</b>	<b>-11 154</b>
Interest expense	-631
Net present value adjustment 01.01.	-177
Instalment 2021 presented under current liabilities	2 368
<b>Book value at 31.12.2020</b>	<b>-9 595</b>

#### Maturity analysis - contractual undiscounted cash flow

(Amounts in NOK 1 000)	31.12.2020	31.12.2019
Less than one year	2 368	2 339
One to five years	9 881	9 705
More than five years	2 576	5 109
<b>Total undiscounted lease liabilities at 31.12.2020</b>	<b>14 825</b>	<b>17 153</b>
<b>Lease liabilities included in the statement on financial position at 31.12.2020</b>	<b>11 963</b>	<b>13 493</b>
Current	2 368	2 339
Non-current	9 595	11 154

**Note 3 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 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.
- With 2020 turnover and EBITDA levels in the future, the deferred tax asset will be fully utilised within 4 years. The subsidiary
- Biotec BetaGlucans, which was a loss making business, was divested 31.12.2020.
- 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. ArcticZymes Technologies has loss carried forward that can be utilized through the use of group contributions from the subsidiary Arcticzymes. The subsidiary is expected to have taxable income for the next 3-4 years which can be offset against the tax loss in the parent company. Therefore, deferred tax has been incorporated in the accounts as of 31. December 2020.

(Amounts in NOK 1 000)	2020	2019	Change
<b>TEMPORARY DIFFERENCES</b>			
Non current assets	-2 557	-3 191	634
Other temporary differences	305	257	48
Gains and loss account	-10 609	-13 262	2 652
<b>Total temporary differences</b>	<b>-12 861</b>	<b>-16 195</b>	<b>3 335</b>
Tax assessment loss carried forward	159 688	192 182	-32 494
<b>Calculation base deferred tax asset</b>	<b>146 827</b>	<b>175 987</b>	<b>-29 160</b>
<b>Deferred tax asset, 22%</b>	<b>32 302</b>	<b>38 717</b>	<b>-6 415</b>
Profit before income tax	-35 170	-7 576	
Permanent differences	27 230	12	
Group contributions	37 100		
Change temporary differeces	3 335	4 249	
Profit before tax loss carried forward	32 494	-3 315	
Deferred tax loss carried forward	-32 494		
<b>Tax base</b>	<b>0</b>	<b>0</b>	
Change in deferred tax asset	32 302		
<b>Tax expense</b>	<b>32 302</b>	<b>0</b>	



## Note 4 Cash and cash equivalents

(Amounts in NOK 1 000)	2020	2019
Cash and cash equivalents	136 896	27 334
Tax withdrawal accounts	672	873
<b>Total cash and cash equivalents, net</b>	<b>137 567</b>	<b>28 207</b>

The Company's bank deposits are included in the group account agreement with DNB. See note 13 for the Group showing the Group's net cash equivalents.

## Note 5 Sales revenue

(Amounts in NOK 1 000)	2020		2019	
GEOGRAPHICAL DISTRIBUTION:				
Norway	100 %	8 416	100 %	9 664
<b>Total sales revenues</b>	<b>100 %</b>	<b>8 416</b>	<b>100 %</b>	<b>9 664</b>

All revenues are associated with internal group sales.

## Note 6 Financial assets and liabilities

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

### Assets

(Amounts in NOK 1 000)	2020	2019
DEPOSITS AND RECEIVABLES AT AMORTISED COST:		
Group receivables subsidiaries	37 100	1 133
Cash and cash equivalents	137 567	28 207
<b>Total financial assets 31.12</b>	<b>174 667</b>	<b>29 340</b>

### Liabilities

(Amounts in NOK 1 000)	2020	2019
LIABILITIES AT AMORTISED COST:		
Leasing long term	9 595	11 154
Accounts payable	1 172	115
Liabilities subsidiaries	69 700	23 821
Lease liabilities interest-bearing	2 368	2 339
<b>Total financial current liabilities 31.12</b>	<b>82 835</b>	<b>37 429</b>

**Note 7 Personnel expenses**

(Amounts in NOK 1 000)	2020	2019
Salaries	6 902	10 634
Employer's social security contribution	678	719
Pension costs	304	342
Employees options, share-based payment expense	848	-81
Other benefits	1 067	1 341
<b>Total personnel expenses</b>	<b>9 799</b>	<b>12 954</b>

2020: 5.8 man-years, split between 2.9 men and 2.9 women. 2019: 6.8 man-years, split between 2.5 men and 4.3 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 5% for salaries between 0 G and 7.1 G, and 8% for salaries between 7.1 G and 12 G. In addition employees pay 2% of their salary to the pension plan. As of 31.12.2020 the Company paid for 6 members of the scheme.

(Amounts in NOK 1 000)	2020	2019
<b>Total pension costs</b>	<b>304</b>	<b>342</b>

**External auditor: fees and expenses, ex VAT**

(Amounts in NOK 1 000)	2020	2019
Statutory auditing	259	169
TAX provision		12
Other services beside auditing	29	28
<b>Total auditing expenses</b>	<b>287</b>	<b>209</b>

**Remuneration of the Board of Directors and Management:**

	2020				2019			
	Salaries paid	Bonus paid	Pension costs	Other benefits	Salaries paid	Bonus paid	Pension costs	Other benefits
Marie Ann Roskrow, Chairperson	425				425			
Volker Wedershoven, Director	220				105			
Ingrid Skjæveland, former Director / Employee	30				75			
Marit Sjø Lorentzen, Director / Employee	120							
Inger Rydin, former Director					180			
Martin Hunt, former Director					70			
Arne Reinemo, former Director					180			
Jethro Holter, CEO	1 510	280	98	15				
Børge Sørvoll, CFO	1 340	138	101	11	1 224	0	96	11
Christian Jørgensen, former CEO*	2 499		49	3	2 572	0	96	10

\* Salaries earned in 2020 were set aside in 2019 and paid out in 2020.

See note 14 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 8 Share capital**

(Actual number of shares, other amounts in NOK 1 000)	Number of shares	Whereof treasury shares
Share capital as of 31.12.2018	48 334 673	
No changes during 2019	0	
<b>Share capital as of 31.12.2019</b>	<b>48 334 673</b>	<b>0</b>
No changes during 2020	0	
<b>Share capital as of 31.12.2020</b>	<b>48 334 673</b>	<b>0</b>

The Annual General meeting held on 14. May 2020, 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 does but does not include non-cash share issues.
2. To increase the share capital with up to 1,300,000 shares at par value. The authorisation may only

- be used in connection with capital increases relating to share option programs
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 14 for an overview over largest shareholdings.

**Note 9 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	96 %	45 500	44 727	48 610

ArcticZymes Technologies ASA divested its subsidiary Biotec BetaGlucans AS to Danstar Ferment AG on 14 December 2020 with final closing of the agreement on 31. December 2020. Biotec BetaGlucans AS was sold based on a Enterprise Valuation of NOK 70 million, cash free, debt free and with normalised working capital.

Final valuation with all adjustments is estimated at NOK 86,226 million.

Biotec BetaGlucans had a book value of NOK 150 million at 31. December 2019, hence the divestment resulted in a loss of NOK 63,774 million.

**Note 10 Group internal accounts**

(Amounts in NOK 1 000)	2020	2019
Receivables from subsidiaries as of 31 December	37 100	1 159
Liabilities to subsidiaries as of 31 December	69 700	23 821
Long-term receivables	6 699	11 469

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. Liabilities to subsidiaries is a result of common Group liquidity. ArcticZymes Technologies ASA has long-term receivables from subsidiaries related to sublease of premises.



Notes to the financial statements – parent company

**Note 11 Other current liabilities**

(Amounts in NOK 1 000)	2020	2019
Accrued salaries and holiday payment	2 077	4 273
Liabilities to trade creditors	1 172	115
Liabilities to subsidiaries	69 700	23 821
Other accrued costs	3 657	2 339
<b>Total current liabilities</b>	<b>76 607</b>	<b>30 548</b>

Other accrued cost covers instalment on leasing by NOK 2.4 million in 2020 and NOK 2.3 million in 2019  
Book value of current liabilities equals fair value.

**Note 12 Financial income and expense**

(Amounts in NOK 1 000)	2020	2019
Group contributions	37 100	
Interest income	232	256
<b>Total financial income</b>	<b>37 332</b>	<b>256</b>
Net loss on currencies, not realised	18	-16
Write-down/loss financial assets*	-63 774	
Interest expense lease liabilities	-88	-105
Interest expense	-132	-1
<b>Total financial expense</b>	<b>-63 976</b>	<b>-121</b>
<b>Total financial income and expense, net</b>	<b>-26 644</b>	<b>135</b>

\* Losses on financial assets are due to the sale of subsidiary Biotec Betaglacans AS on 31.12.2020.

**Note 13 Events after balance sheet date, 31. December 2020**

See Group note 25 for events after balance sheet date 31. December 2020

## 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 2020 have been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the Company and the Group's assets, liabilities, financial position and results of 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, 23. March 2021  
Board of Directors  
ArcticZymes Technologies ASA

Marie Roskrow  
Chairman

Volker Wedershoven  
Director

Marit Sjo Lorentzen  
Director – Employee elected

Jethro Holter  
CEO



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 financial position as at 31 December 2020, the statements of profit and loss, other comprehensive income, changes in equity and cash flows 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 financial position as at 31 December 2020, the statements of profit and loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

##### *In our opinion:*

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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.

##### *Basis for Opinion*

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws and regulations, and we have fulfilled our other ethical responsibilities in

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Independent Auditor's Report - ArcticZymes Technologies ASA



accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, 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. Last year's Key Audit Matters consisted of impairment evaluation of investment in Biotec BetaGlucans AS and assets held for sale. In the current period, ArcticZymes Technologies ASA have divested its subsidiary Biotec BetaGlucans AS and its belonging assets that were classified as assets held for sale in the financial statement of 2019. Consequently, these matters have not been relevant in the current period.

Key Audit Matter	How our audit addressed the Key Audit Matter
------------------	--

As of 31.12.2020 deferred tax assets were recognized in the balance sheet with a net amount of MNOK 32,3 in ArcticZymes Technologies ASA's separate financial statement, and MNOK 33,1 in the consolidated balance sheet for the group. Recognition of the deferred tax asset was made on the basis that the entity considers it probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized. Management expects to utilize the deferred tax assets in the course of four years.

We focused on the recognition of the deferred tax assets due to the level of judgement inherent in recognising the tax assets, and the significance of the amounts in the balance sheet.

We refer to the disclosures in note 16 where management explain their assessment and recognition of deferred tax assets.

We evaluated and challenged management's assessment and the process by which the deferred tax assets were recognized. We assessed management's accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 12 – Income taxes and public notes from ESMA, were met. Our work consisted, amongst others, of:

- Challenging management's assumptions regarding future financial performances, and comparisons to historical performance, management's internal forecasts and long-term strategic plans approved by the Board of Directors.
- Assessing whether convincing evidence supports the expectations of future taxable profits, when applying the recognition criteria for deferred tax assets under IAS 12 and public statements from ESMA.
- We interviewed management and challenged their assessment, in order to assess the probability of the entity making future use of the tax loss carry-forwards generated to date.
- Assessing the possibility to utilize deferred tax assets, for instance by group contributions.

We lastly evaluated the adequacy of the disclosures made on deferred tax assets and found that disclosures appropriately explained management's process and plan to utilise the deferred tax asset.

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Independent Auditor's Report - ArcticZymes Technologies ASA



*Other information*

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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Independent Auditor's Report - ArcticZymes Technologies ASA



- 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 or 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 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 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 Board of Directors 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.

(4)



Independent Auditor's Report - ArcticZymes Technologies ASA



*Report on Other Legal and Regulatory Requirements*

*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Tromsø, 23 March 2021  
**PricewaterhouseCoopers AS**

Bjørn Rensø  
State Authorised Public Accountant

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**ArcticZymes**  
Technologies

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