ArcticZymes Technologies

Annual Report

www.arcticzymes.com

2023

CEO Statement

2023 was a year where the Company faced headwinds due to the macroeconomic environment. We did not manage to deliver on all our objectives but delivered on key strategic initiatives that will be crucial for long term growth.

The Company had sales revenues of NOK 119.0 million in 2023, compared to NOK 137.0 million in 2023. Sales revenues for the business declined 13 % compared to 2023, explained by challenging market conditions, destocking effects, interest rate increase and capital constraints in the general life science market. Net profit after tax for the Group was NOK 19.4 million compared to NOK 32.9 million in 2022.

A key strategic initiative during 2023 was the submission and acceptance of a Drug Master File (DMF) by the FDA to support our SAN HQ GMP product. The DMF will be a key element in penetrating the Bio-manufacturing segment as our customers will be able to reference it when filing their product. Moreover, the year was focused on getting SAN HQ GMP ready for launch. SAN HQ GMP is the company's first GMP grade enzyme and an important vehicle to get access to more customer projects.

The Company is in a transition phase to secure long term growth. The three main growth levers for the Company are innovation, commercial execution, and strengthening the infrastructure to enable scaling and compliance. Several important steps were taken during 2023. Moving into 2024, the Company continuous to focus its efforts into organic growth and partnerships whilst remaining opportunistic in regard to potential M&A and in-licensing opportunities. After a significant organisational expansion during 2022-2023 the Company expects only marginal or declining investments in further organisational changes during 2024.

I would like to seize this moment to extend my appreciation to our shareholders for their support, our valued customers for their loyalty, and importantly, to every member of the ArcticZymes Technologies team. Your dedication and efforts have been instrumental in achieving key goals, and I am grateful for your commitment.

Sincerely
Michael B. Akoh
CEO

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Board of Directors' report 2023

1. About ArcticZymes Technologies

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

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

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

The headquarters and laboratories are located at the SIVA Innovation Centre in Tromsø, Norway. During 2021, the production facilities were relocated from adjacent premises to customised manufacturing facilities at the SIVA Innovation Centre. All Tromsø based employees are now located at a single site which has improved communication. As ArcticZymes is a global supplier of enzymes, most of the sales and marketing team are located remotely in Oslo, Central Europe, North-America and Japan. In addition, the Company has established logistic hubs in the United States and the Netherlands to serve its US and EU customers more efficiently.

ArcticZymes Technologies ASA

ArcticZymes Technologies ASA is the holding company of ArcticZymes AS. All employees in ArcticZymes Technologies were transferred to ArcticZymes AS of 01.01.2023. There are internal agreements between mother and daughter entities regulating allocation of expenses.

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

Subsidiaries

The Company operates the wholly owned subsidiary ArcticZymes AS.

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

2. ArcticZymes AS

Product Offering

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

- **Shrimp Alkaline Phosphatase (SAP)** – For utilisation in clean-up prior to Sanger sequencing and NGS (Next Generation Sequencing) processes. SAP represents the Company´s first product which has been sold since 1995. Even today, SAP still represents the "gold standard" utilised for enzymatic clean-up in Sanger Sequencing processes globally.

- **Cod UNG** – For utilisation in viral and other molecular diagnostic assays for the removal of contaminating dU-DNA providing assurance to avoid false positives tests. Cod UNG has been a key enzyme adopted in numerous commercial diagnostic tests by ArcticZymes´ customers; especially in infectious disease testing such as in viral load testing of HIV, HCV, influenza and Coronavirus.

- **Salt Active Nucleases (SANs)** – For removal of nucleic acids during manufacturing of viral vectors, recombinant proteins, and other reagents. SANs are also used in relation to Next Generation Sequencing (NGS) and other molecular biology applications. ArcticZymes offers several different SAN enzymes optimised to support development and manufacturing of different viruses (e.g. Adenovirus, Adeno-Associated Virus (AAV) and lentivirus) and other biomanufacturing processes. Furthermore, ELISA immunoassay kits are sold to provide our customers with a detection solution required to demonstrate SAN levels are reduced to regulatory acceptable levels for the manufacturing of advanced therapeutic products.

- **Double-strand specific DNases (dsDNases) and derived kits** – enable a broad range of applications and manufacturing processes that require the specific removal of double stranded DNA and genomic DNA. dsDNAses are pivotal to RNA based workflows.

- **DNA/RNA polymerases** – enable technology development for life science, MDx (Molecular Diagnostics), NGS and Synthetic biology (i.e., synthesis of artificial DNA and genomes). ArcticZymes offers several isothermal polymerases each offering different features which can be exploited for different applications. Furthermore, ArcticZymes also has thermostable polymerase and reverse transcriptase that are commonly used in PCR technologies for infectious disease testing. RNA polymerases are used in a variety of molecular applications and molecular diagnostic assays as well as being a core component in the manufacturing of therapeutic RNA.

- **Proteinase** – For breaking down proteins, offering broad applications ranging from: i) direct lysis of cells in nucleic acid sample preparation (i.e., isolation of DNA/RNA from cells). It enables applications in microbiological diagnostics and liquid biopsies (i.e., DNA/RNA tests using blood, saliva and urine); ii) dissociation of cells in cell therapy applications in combination with other proteolytic enzymes used; iii) RNA therapeutic workflows.

- **Ligases** – For joining nucleic acids. Ligases enable a broad range of molecular biology technologies and applications (e.g., synthetic biology, NGS, molecular diagnostics, DNA/RNA therapeutics) and has a broad utility. To support customers with different requirements, the Company provides ligases with different functionality and specificities.

Furthermore, the Company is developing new enzymes and formulations, second generation enzymes and supportive products based on input and collaboration with its customers. The Company has also initiated projects with partners where AI is applied to speed up development of new novel enzymes.

Markets Served

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

- Molecular Tools (Research & Diagnostics)
- Biomanufacturing

Molecular Tools

Molecular enzymes are essential tools that are used in molecular biology workflows to perform specific tasks. Such enzymes have common utility in Molecular Research and Molecular Diagnostic (MDx) applications. This includes the entire range of

ArcticZymes products and those in the innovation pipeline. Molecular Research and MDx represent highly attractive and growing markets with estimated end-user market values of USD 23.2—30.4 billion (CAGR 5.4%).

The classic and most commonplace technologies are PCR-based methods (Polymerase Chain Reaction) where adoption of DNA polymerases is still growing. Many ArcticZymes' enzymes are used to support PCR-based workflows. Alternative amplification technologies such as LAMP (loop-mediated isothermal amplification) are also attracting great commercial interest. With the expiry of global patents, commercial diagnostic test developers are exploiting LAMP and other isothermal amplification technologies to innovate the next generation of MDx tests. An increase in the adoption of LAMP in molecular diagnostics has been seen, largely driven by the high demand for MDx tests in recent years. ArcticZymes Isothermal BST+ range of enzymes is particularly suited to this application because of the high strand displacement activity of this enzyme. In addition, ArcticZymes glycerol-free formulation of enzymes is suited to diagnostic companies wanting to avoid cold chain shipment by adopting lyophilisation of their assays. ArcticZymes is continuing to expand the offering of enzymes towards PCR and other amplification technologies, and in 2023 the Company launched its first *Taq* DNA Polymerase.

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 available for this application and represent integral key components for adoption into NGS technologies by leading international companies. Furthermore, ArcticZymes' ability to customize and tailor enzymes is becoming a more important value driver for NGS platform developers.

Other technology areas ArcticZymes serves through its enzymes include:

- Synthetic Biology - a multidisciplinary area engaged in creating new biological parts, devices, systems relying on a plethora of molecular biology techniques. ArcticZymes' ligase prototypes, polymerases, and pipeline innovations, including DNA assembly, show great promise for future utility in this market.
- Liquid Biopsies – DNA or other diagnostics tests are performed on blood or other body fluids. The market is growing (CAGR 18.1%) with an estimated market size of USD 2.5 Billion. Unlike

traditional invasive biopsies, liquid biopsies require a whole new set of molecular techniques to overcome the challenges of isolating tiny amounts of DNA and amplifying it sufficiently to allow diagnostic insights to be derived. ArcticZymes´ proteinase, DNases, and SAN enzymes are already supporting customer efforts in developing such technologies.

Year-on-year sales in Molecular Tools during 2023 were impacted by strong COVID-related sales in Q1 2022. Adjusted for the COVID impact, the Molecular Tools portfolio grew by a healthy 20%. By including COVID related sales l, Molecular Tools achieved a negative 7% annual growth and a contribution of 52% towards total sales during 2023.

Biomanufacturing

ArcticZymes is serving customers with Salt Active Nuclease (SAN) products who are in different stages of therapeutic or vaccine development. The SAN portfolio of enzymes is used for removing non-encapsulated nucleic acid impurities from therapeutic viruses such as Adenovirus, Adeno-Associated Virus (AAV), and Lentivirus. This reduces the risk of adverse effects in the final vaccine product.

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

ArcticZymes is supplying SAN products directly to more than 170 customers. In addition, ArcticZymes supplies SAN products to further customers via distributors. Most customers are gene therapy-related and represent a mix of academic/hospital laboratories, small/medium biotech companies, contract development manufacturing organizations (CDMOs), and large Pharma. As several gene therapy companies conserved cash in 2023 by pausing or terminating projects, sales directly to CDMOs dropped significantly (-46%). This explains about three-quarters of the drop in year-on-year sales for the Biomanufacturing segment. In 2023, direct sales to pharmaceutical companies comprised about 37.5% of total SAN sales, whereas sales via distributors and OEM channels and sales directly to pharmaceutical CDMOs accounted for 35% and 20% of total sales respectively. The remainder 7.5% of sales were direct sales to academic and hospital accounts, diagnostic companies, pharmaceutical service providers, and non-pharma biotechnology companies.

Either directly or indirectly, ArcticZymes supports at least 7 of the largest pharmaceutical companies with SAN products in viral vaccine and gene therapy developments. Overall, ArcticZymes is leveraging multiple contact points in its business development function to attract new business.

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

- General biomanufacturing tools: Biologics intended for therapeutic use must adhere to strict requirements for ancillary and raw materials used in their GMP-compliant manufacture. To support this market ArcticZymes has undertaken a significant investment in GMP compliance. SAN HQ GMP is ArcticZymes' first GMP-compliant enzyme. In mid-2023, ArcticZymes started pre-marketing activities for SAN HQ GMP, which is scheduled to launch in early 2024. SAN HQ GMP is biochemically identical to SAN HQ but produced under GMP conditions. With the introduction of GMP-grade Salt-Active Nuclease, qualifying the use of this unique nuclease in GMP-compliant manufacturing processes has been greatly simplified for our customers.

- Cell biology/Cell therapy: proteolytic enzymes such as ArcticZymes' Proteinase represent essential tools for the dissociation and isolation of cells from patients for *ex vivo* manipulation and treatment.

- RNA Therapeutics: The Coronavirus pandemic demonstrated the commercial utility and acceptance of mRNA technology as a therapeutic tool in rapid vaccine manufacturing effective and safe RNA-based vaccines. mRNA technology represents a powerful technology that can be extended to the development of other vaccines or gene therapy applications. Unlike viral vector manufacturing, multiple enzymes are required to manufacture therapeutic mRNAs where the need for novel and high-quality enzymes is in high demand. ArcticZymes' proteinase and ArcticZymes' recombinant Shrimp Alkaline

Phosphatase (rSAP) have already attracted interest from customers for potential utility in mRNA manufacturing, supporting the lifecycle extension of our existing products into new market areas. The Company is in the process of exploring these new market segments and what it can develop via external and internal innovations, to support customers in the manufacture of therapeutic mRNAs.

- **Gene Editing:** technologies such as CRISPR are part of ArcticZymes' longer-term ambition. Inorganic growth initiatives will be the likely route for the Company to enter this market.

Biomanufacturing experienced an 18% annual decline but still contributed 48% toward total sales during 2023. Several extraneous factors contributed to the annual decline in this sector. Destocking of SAN products occurred during 2023 after the COVID pandemic while macro-economic uncertainty depressed company valuations creating a tough capital-raising environment which required companies to "tighten their belts". Overall lower pharmaceutical production levels and project delays resulted in reduced demand for compounds used to make therapeutics and vaccines, as did declining economic and business activity in China. North America represented the largest market for SAN sales with 66% of total SAN sales while Europe contributed 28% towards this total. ArcticZymes continues to see good opportunities for further growth in all regions and continues to focus its sales effort on this important segment.

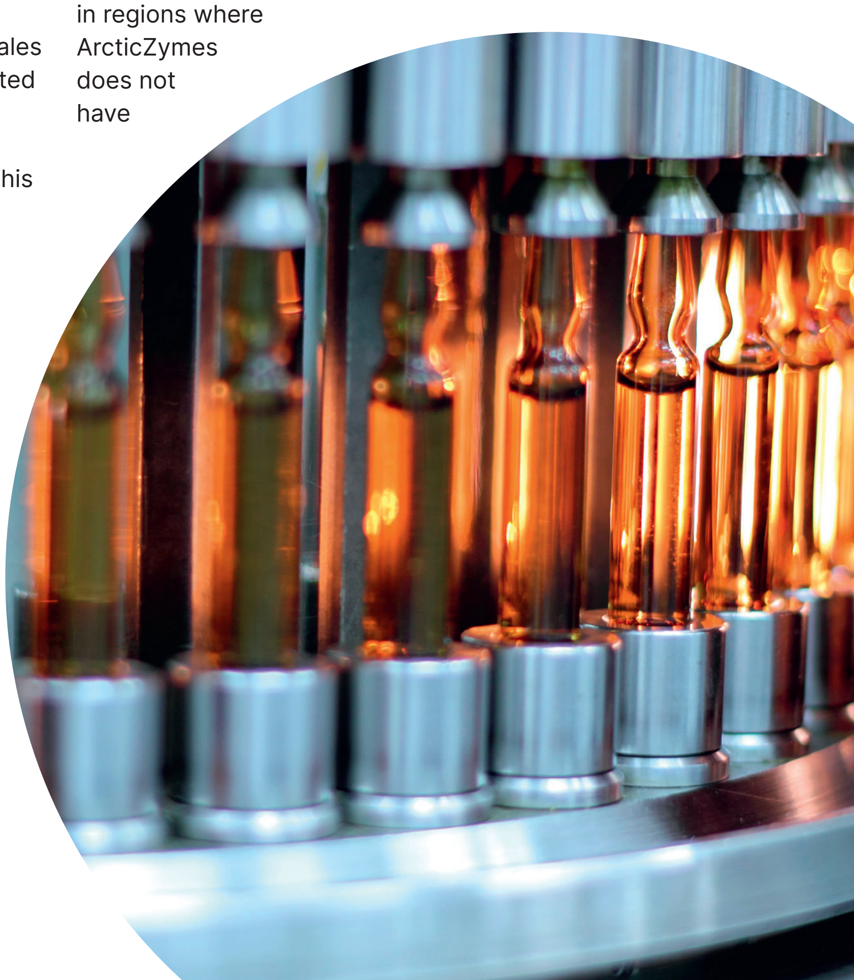
Customer Focus

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

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:

- Improving sales coverage in key markets.
- Entering the market for GMP-compliant products.
- Increasing the customer base.
- Expanding the product range with market-driven, innovative product introductions.
- Serving two attractive and growing markets: molecular tools and biomanufacturing.
- Expanding geographical reach through partnerships.

ArcticZymes has local business development and customer support representatives in Europe, North America, Japan, and China to assist with global business coverage. Local support and its highly skilled business development professionals are a prerequisite for driving B2B sales and maintaining long-term customer relationships. Furthermore, efforts to expand into new geographies through establishing a network of sales agents and specialized distributors in regions where ArcticZymes does not have



direct representation are proving fruitful in developing our brand and local presence. Beyond direct representation, ArcticZymes has dedicated sales partners in India, China, Hong Kong, South Korea, and Singapore.

With ArcticZymes’ current geographical reach, the contribution of 2023 product sales between the regions were as follows: 45% Americas, 51% EMEA, and 4% APAC. The Company is looking to strengthen and expand its efforts to grow the APAC region.

To support sales activities, ArcticZymes has established strategically located warehouses and logistic centres in Europe and the United States. These centres have made it possible to build inventories and safety stocks, improve the cost-effectiveness of logistics, and most importantly, ensure on-demand delivery to customers on a global basis.

Operations

A Drug Master File (DMF) for SAN HQ GMP was submitted and accepted by the Food and Drug Administration (FDA). Throughout the year, most resources in Operations have been targeted against planning and production of the SAN HQ GMP validation batches for the DMF. A Good Manufacturing Practice (GMP) audit, resulting in a positive GMP compliance statement for ArcticZymes as a manufacturer of ancillary raw material to the biomanufacturing industry. This audit was performed early in the year and the manufacturing of the validation batches was carried out following GMP requirements. The batches were successfully completed and through this work, the team has gained competence and understanding of the GMP requirements, which is of high value for both GMP and non-GMP products.

The Company went through three customer audits under the ISO 13485 and cGMP standards within both the Biomanufacturing (2) and the Molecular Tools segments (1). There were no major non-conformances revealed during the audits, which indicates that AZT maintains a healthy quality system.

The annual ISO 13485 audit was successfully carried out, and certification was granted for another year. This certificate is essential for the long-term continuity of business with IVD customers and for attracting new business from potential diagnostic test developers.

T7 RNA Polymerase Molecular Tools grade validation batches were completed by the end of the year which marks a key milestone in the delivery of this product project.

Technology transfer for the rSAP fermentation process was initiated with Paras Biopharmaceuticals since the collaboration with Biosentrum had terminated. The work is planned to be completed in 2024.

An ERP system project involving finance, production planning, stockholding, and inventory control was initiated in 2022. This work continued in 2023 and *Jeeves* was approved as supplier, training commenced, and migration of data initiated. Investment in this project is expected to streamline and integrate finance and operations to enable seamless production data tracking with minimal resourcing in the longer term. Implementation of the system is set to conclude in 2024. No expenses on the ERP project were capitalised in 2023.

Innovations

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

- **For Molecular Tools:** ArcticZymes' pipeline innovations are focused on developing products in key enzyme classes currently not on offer to deepen the product range to molecular technologies. Key enzyme classes include DNA/RNA polymerases, reverse transcriptases, DNA/RNA ligases, nucleases and proteinases.

- **For Biomanufacturing:** ArcticZymes has expanded its ambitions beyond serving viral vector-based applications via the SAN products. The Company has initiated an R&D program to develop enzymes tailored for use in RNA therapeutics development and subsequent manufacturing.

In supporting the above ambitions, ArcticZymes launched the following products during 2023:

- **ArcticZymes Proteinase HQ** - This product is a higher quality 'bioprocessing grade' version of our existing ArcticZymes Proteinase which is already made available to the B2B market. It will be used in large scale supply to business customers developing their own industrial processes. Bioprocessing grade includes a more comprehensive quality documentation package demanded by customers in the Biomanufacturing segment such as statements pertaining to endotoxins, bioburden and non-animal origin inputs. The enzyme is a distinct and heat-labile alternative to existing commercial enzymes and is a good alternative when the goal is to reduce protein load to improve handling and sample accessibility without destroying all the associated biological information. These novel features expand the design choices for our customers to resolve certain technical barriers in both molecular and biomanufacturing workflows.

- **AZtaq™ DNA polymerase** - is a high-quality thermostable DNA polymerase suitable for use in Polymerase Chain Reaction (PCR) applications. Launching the AZtaq™ was a natural expansion of the Company's product portfolio and strategy towards a more complete enzyme offering to assay developers in molecular diagnostics. Being an essential enzyme in the PCR technology, the thermostable DNA polymerase plays a pivotal role and enables numerous applications within molecular diagnostics and research. It also creates synergies with existing products supporting PCR workflows such as AZscript™, AZ proteinase, nucleases and Cod UNG.

- **T7 RNA Polymerase** - was designed and launched for molecular research and diagnostics to cater to the specialized needs of our customers in the Molecular Tools segment. The launch of the T7 RNA Polymerase is also an example of exploiting synergies between the business segments as a higher quality grade of this enzyme will allow AZT to tap into a growing market for RNA therapeutics. T7 RNA polymerase will support different research areas and is a key component in various molecular diagnostic applications.

- **SAN HQ GMP** - The new GMP grade salt active nuclease, supported with the filed DMF, was launched January 2024. The SAN HQ GMP has a higher quality grade and documentation reducing the barrier for customers to implement the enzyme into their development and manufacturing processes of viral vector therapeutic products. The SAN HQ GMP enzyme is used for removal of unwanted DNA and RNA from any biological component manufactured using host cells. Its quality grade adheres to the strict requirements for ancillary materials used in advanced therapeutics GMP-compliant manufacturing.

Other innovation activities to support the salt active nuclease (SAN) product portfolio, including SAN HQ GMP, is the development of a new improved version of the SAN HQ ELISA kit. This next-generation product, driven by market trends and voice-of-customer, will be a more sensitive version of our existing SAN HQ ELISA kit with an improved limit of detection and more flexible plate format. Development is ongoing, and the product is scheduled for launch during 2024.

The SAN portfolio also received an independent third-party review in an article published by Mayer *et al.* (DOI: 10.1002/btpr.3342). Two salt-tolerant nucleases from ArcticZymes (SAN HQ and M-SAN HQ) were used for DNA removal in production of recombinant measles virus. Both SAN HQ and M-SAN HQ outperformed the non-salt-tolerant endonucleases in the removal of host-cell chromatin DNA. This host-cell chromatin DNA is a critical impurity in manufacturing of viral vaccines and it's removal is key for regulatory approval of viruses intended for vaccines, oncolytic virus treatment, and other therapeutic uses.

Several new prototype enzymes have been successfully made in R&D in the Company's drive to fuel the innovation pipeline. Throughout the year, a IsoPol BSU+ prototype was given highly positive market feedback from the NGS community (Next Generation Sequencing) within Molecular Tools. Further, a novel RNA-specific ribonuclease prototype has been made to support the strategy in RNA therapeutics. A patent application was filed in Q1-23, and if granted, will strengthen the ArcticZymes IP portfolio. The prototype has gained interest from some key opinion leaders and has been made available to selected customers for testing. Prototypes of two polymerases originating from the in-licensed DNA assembly technology platform from The Arctic University of Tromsø (UiT) in 2022 have been made during 2023. These enzyme prototypes as part of the assembly technology are designed for controlled and efficient assembly of multiple DNA fragments. The two prototypes are now ready for further customer testing. DNA assembly is a work-horse technology serving a growing demand for gene- and vector constructs, enabling innovation in areas such as synthetic biology and in the development of therapeutics.

AZT received a funding grant from Research Council of Norway (RCN) of up to 11.8 MNOK over four years. This is a collaboration project between AZT, the Arctic University of Tromsø, and SINTEF (one of Europe's largest independent research organisations). The grant and project will support AZT's strategy and development of new enzymes for RNA therapeutics. Project initiation is planned within the first quarter of 2024.

Impact of Coronavirus pandemic

The Coronavirus pandemic had a net positive impact on the business in 2020-2021 and the first quarter of 2022 as the Company's products used in Coronavirus diagnostic testing. Following the "end" of the pandemic, Coronavirus-related sales declined and were only marginal for the last 3 quarters of 2022. There were no Coronavirus related sales in 2023.

The war in Ukraine

The war in Ukraine and Middle Eastern instability has not materially affected the Company. The Company does not have any existing nor potential business in the area. It affects the Company indirectly, in that it negatively affects the global investment climate and the overall global economic development.

Strategic Aspects

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

The three growth levers for the Company are Innovation, commercial execution, and strengthening the infrastructure to enable scaling and compliance. Moreover, the Company is actively pursuing strategic partnerships across the value chain to fuel the growth agenda.

The focus on becoming an attractive partner within biomanufacturing has demanded investments in the establishment of a DMF (Drug Master File) as well as a GMP upgrade.

After a significant organisational expansion during 2022-2023 the Company expects only marginal or declining investments in further organisational expansion during 2024.

Moving into 2024, the Company continues to focus its efforts into organic growth and partnerships whilst remaining opportunistic in regard to potential M&A and in-licensing opportunities.

3. Consolidated financial statements

In accordance with the Accounting Act § 3-3a, the financial statements have been prepared under the assumption of a going concern. This assumption is based on profits in 2023, forecasts for the year 2024 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

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

Consolidated statement of profit and loss

The financial statements for the ArcticZymes Technologies group are prepared in accordance with International Financial Reporting Standards (IFRS). The ArcticZymes Technologies group had sales revenues of NOK 119.0 million in 2023, compared to NOK 137.0 million in 2022.

Sales revenues for the business declined 13 % compared to 2023, explained by challenging market conditions, destocking effects, interest rate increases and capital constraints in the general life science market.

Net profit after tax for the Group was NOK 19.4 million compared to NOK 32.9 million in 2022.

The business had a profit before tax of NOK 24.8 million versus NOK 42.1 million in 2022. Unallocated corporate overhead expenses for 2023 were NOK 7.4 million compared to NOK 17.8 million in 2022. Reduction in expenses is explained by transfer of employees from ArcticZymes Technologies ASA to ArcticZymes AS on 01.01.2023.

Total recognised expenses for R&D within the Group in 2023 was NOK 21.2 million, compared to NOK 23.7 million in 2022. The reduction is explained by capitalisation of personnel expenses related to projects eligible for capitalisation in 2023.

NOK 4.6 million was spent on capitalisation of projects related to R&D in 2022, whereas the Company spent NOK 11.5 million in 2023.

Cash Flow

The Group had a cash flow from operating activities of NOK 24.4 million in 2023, compared to NOK 58.4 million in 2022. Cash flow from investing activities in 2023 was NOK -21.0 million against NOK -33.2 million in 2022. For 2023, investing activities is primarily explained by investments in new equipment at SIVA Innovation Centre, capitalisation of prototypes, work on DMF filing and tech transfers of products. Net cash flow from financing activities was NOK -1.3 million in 2023 compared to NOK -1.9 million in 2022.

Net change in cash during 2023 was NOK 2.1 million, compared to NOK 23.2 million in 2022.

Cash and cash equivalents amounted to NOK 180.9 million year to 31.12.2023, compared to NOK 178.8 million at the end of previous year.

Investments in low-risk interest rate mutual fund was reclassified from Cash and cash equivalents to other assets in 2023, with corresponding adjustment in the Cash Flow statement.

Consolidated statement of financial position

Total equity for the Group amounted to NOK 309.3 million at the end of 2023, compared to NOK 284.7 million at the beginning of the year. Increase in equity is primarily explained by underlying positive performance. The equity ratio was 91 %. The Group has no interest-bearing debt that is payable. All interest-bearing debt is related to lease of premises (IFRS 16 calculations).

The parent company

Sales revenues for the parent Company ArcticZymes Technologies ASA were NOK 5.1 million in 2023. Net profit was NOK 18.4 million, explained by group contribution from the subsidiary ArcticZymes AS of NOK 22.6 million. Sales revenues are intercompany sales of services to the subsidiary.

The 2023 profit in the parent company ArcticZymes Technologies ASA of NOK 18.4 million is transferred to retained earnings.

4. Shareholder matters

The ArcticZymes Technologies share ended 2023 with a closing price of NOK 42.00 per share, compared to NOK 71.65 at the end of 2022. NOK 25.65 was the lowest closing price during the fiscal year, while the highest closing price was NOK 73.95 per share.

Share option programs have been offered to certain employees in the Group since 2010. CFO, Børge Sørvoll and former board member, Volker Wedershoven exercised 200,000 and 100,000 options, respectively in June 2023.

A 5-year Long Term Incentive (LTI) programme was initiated in December 2021 after AGM approval in June 2021. 500,000 options were awarded in 2021. 0 options were awarded in 2022 whereas 250,000 options were awarded in 2023. 370,000 options were voided in 2023. The programme has a maximum potential award of 4% of outstanding shares.
The share option program is described in note 21 to the financial statement and in the remuneration report.

Share options may in extraordinary cases be granted to the Board to attract and retain individuals with international industrial expertise and knowledge that will benefit the Company. The Nomination Committee recommended an award of 315,000 options to Board members at the AGM in 2020 and this was supported by the Company's shareholders. 100,000 share options of this award were exercised in 2023. See the Groups Corporate Governance report for further information.

As of 31.12.2023, the Company has 50,871,390 shares registered with a nominal value of NOK 1.00, distributed on 3,340 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 is actively entering new agreements to broaden the revenue base and secure business as a long-term critical component supplier. Success relating to new product introductions is not guaranteed and sales will be dependent on customer implementation. However, ArcticZymes' innovations process is built around voice of customer and prototype testing to ensure that only commercially relevant innovations reach the market.

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

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

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

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

Financial investments are carried out only in the form of bank deposits, certificates, or money market funds with short maturities. The Group is thus not very exposed to interest rate risk. The Company shall not be exposed to any material financial risk in the stock market. The Group has limited credit risk and recognised insignificant losses on accounts receivable in both 2022 and 2023.

The Coronavirus pandemic has in general terms impacted the business positively in 2021 and 2022, but as expected, there were no sales associated with the Coronavirus pandemic in 2023.

The war in Ukraine is not considered to impact the business in a material way. The Company does not have any customers nor suppliers that origin from either Ukraine, Russia or Belarus. The Company has experienced longer lead times on some of the consumables used in production especially in 2022, but if this was a result of the macroeconomic climate, or the war is hard to determine. Delivery times normalised in 2023.

The Board considers the liquidity situation to be satisfactory. Positive cash flow from operations and limited investment activities gives a solid financial position. If an in-organic event should occur, the Company might have to raise money in the external market to secure funding for this event.

6. The working environment and staff

The Company is dependent on its employees. All innovation, manufacturing, quality oversight and commercial operations are supported by highly educated and committed personnel. The Company is committed to recruit and develop employment for all genders, and salaries shall not be influenced by gender. At the end of 2023, there were 68 full and part time employees in the Group. All employees were hired in ArcticZymes AS. There was an increase of 7 employees during the year.

Lost days due to sick leave in 2023 totalled 891 days, compared to 381 days in the previous year. Accumulated sick leave was 6.6 % compared to 3.6 % in 2022. Two people on long term sickness represented 2.8% of this. There were no work accidents causing injury to personnel or damage to machinery during 2023.

The Company is committed to recruit and develop employees of all genders. Equality between the genders is practiced in a way that all genders are considered equal regarding career opportunities and salary. At the end of 2023, the Board consists of 4 directors, of which 2 are women. The employee-elected representative is a male and there is female employee elected observer.

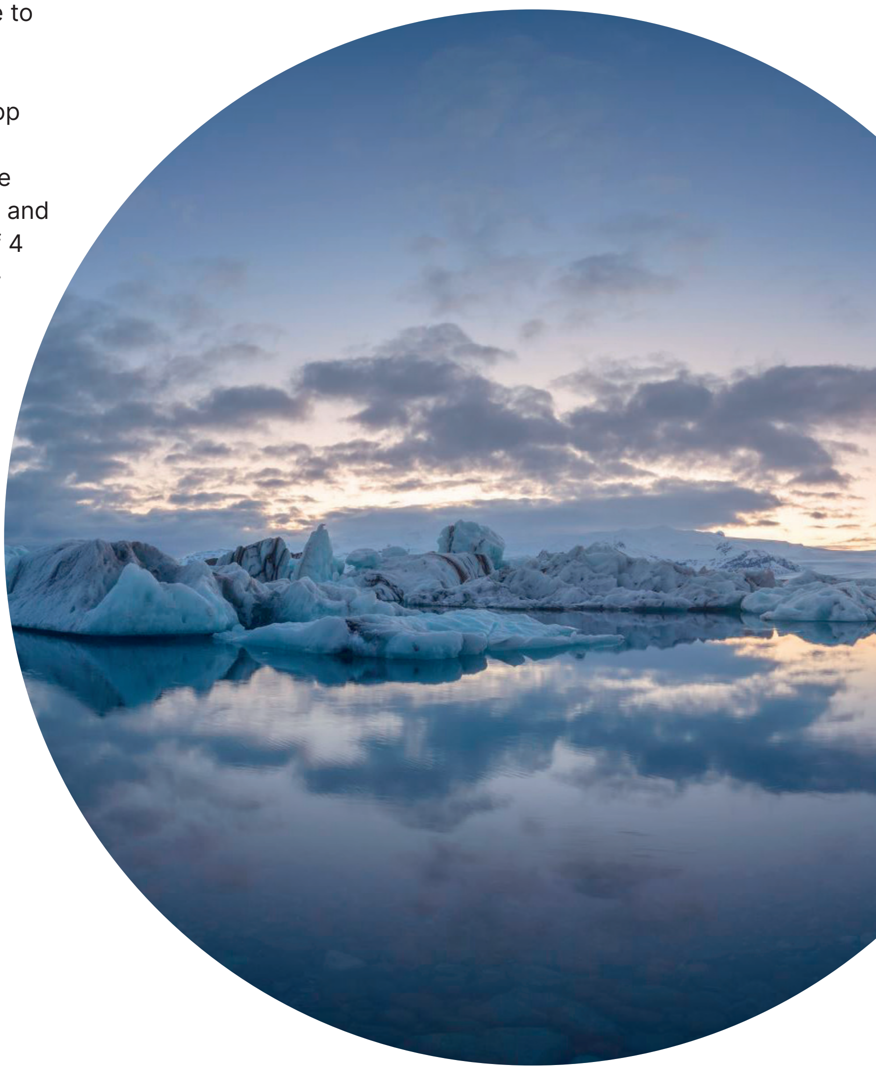
See the Group's "Workplace equality and diversity reporting" (Aktivitets- og redegjørelsesplikt) for further information. This statement can be found on www.arcticzymes.com.

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

7. Natural environment

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

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



8. Principles of corporate governance /equality

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

9. Corporate social responsibility/ESG

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

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

The Company has presented a separate report on the "Transparency Act". The report is published on www.arcticzymes.com. An updated report will be presented prior to 01 July 2024.

10. Outlook

ArcticZymes Technologies remains committed to achieving its strategic goals through organic growth. The Company will during 2024 have an opportunistic approach towards M&A. Identification of strategic partnerships will be an important tool to reach the Company's goals.

The outlook for 2024 will be to capitalize on organic investments carried out in 2023 through further penetration of the Biomanufacturing segment while supporting growth initiatives in the Molecular tools segment.

The Company aims to launch new products during the year while at the same time strengthening the ability to commercialize.

The Company has invested such that the fundamental business remains strong and therefore we expect annual sales to grow from 2024 to 2025.

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

The Board would like to thank all employees for their efforts and achievements in 2023.

Tromsø, Norway, 28 April 2024

Marie Ann Roskrow
Chairman

Jane Theaker
Director

Bernd Striberny
Director – employee elected

Michael B. Akoh
CEO

Principles
of Corporate Governance

1. Statement on corporate governance

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

2. Business

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

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

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

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

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

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

3. Equity and profits

As of 31. December 2023, the Company's equity amounted to NOK 309.3 million. The Board believes that end of year equity is satisfactory.

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

At the Annual General Meeting on 06. June 2023, the Board was authorized to issue up to 515,000 shares in connection with employee share schemes. The authorization is valid until the Annual General Meeting in 2024 but not later than 30. June 2024. As of 01. March 2024, 300,000 shares were issued under this authorization. At the Annual General Meeting in 2024, the Board will propose a one-year renewal of the authorization to cover all exercisable options until the Annual General Meeting in 2025.

At the Annual General Meeting on 06. June 2023, the Board was authorized to issue up to 7,500,000 shares in connection with general capital increases and inorganic growth ambitions. The authorization is valid until the Annual General Meeting in 2024 but not later than 30. June 2024. As of 01. March 2024, no shares were issued under this authorization. At the Annual General Meeting in 2024, the Board will propose to update the current authorisation with a new one-year renewal that fits with current legislation and expected needs for inorganic growth initiatives.

4. Equal treatment of shareholders and transactions with related parties

ArcticZymes Technologies ASA has only one class of shares. Each share carries one vote.
In the event of capital increases, shareholders' pre-emption rights may be waived in accordance with current authorisations, depending on situation and needs. Transactions may deviate from current market price as exercise price on employee options were determined at allocation.

All material or extraordinary transactions between the Company and shareholders, directors, management, or close associates of any such parties shall be evaluated independently by a third party. According to article §3–9 in the Norwegian Accounting Act, all transactions with close associates will be published in both quarterly as well as annual reports.

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

5. Free marketability

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

6. General Meetings

Through General Meetings, shareholders are guaranteed participation in the body that is the highest authority in the Company. This is where the Company's Articles of Association are adopted. Notice of General Meeting's shall be distributed to shareholders no later than 21 days prior to the meeting and shall be posted on the Company's website. In general, supporting documents will only be posted on the Company's website. The registration deadline for General Meetings is normally the day before the meeting. Shareholders who cannot attend the meeting may vote by proxy. The Company will propose a person to vote as a proxy for shareholders and will facilitate proxies at the General Meetings so that shareholders can authorise the proxy in each case. The supporting documents describe procedures that apply for participation, proxy forms, procedures for submitting proposals for discussion and information on where documents are available. Generally, the Chairman of the Board opens the meeting and suggests a person to chair the meeting. Normally, members of the Board, election committee, auditor and management will attend the meeting. Minutes of General Meetings will be made available on the Company website and on the stock exchange.

7. Nomination Committee

The Company has a Nomination Committee consisting of three members elected by the Annual General Meeting for two-year terms. According to article 6 of the Articles of Association, the members of the Committee shall be shareholders or representatives of shareholders. The Nomination Committee shall arrange for shareholders to propose candidates to the Board of Directors. The Annual General Meeting elects the chair of the Nomination Committee and determines the remuneration of its members. At the Annual General Meeting in 2023, Jon Sandberg was elected chairman, while Arne Handeland and David Zetterlund were elected as members. The election committee is independent of the Board and management in the Company. Instructions for the Nomination Committee have been adopted by the Annual General Meeting and are available on the Company's website.

8. Corporate assembly and Board, composition and independence

The Company has no corporate assembly. According to the Articles of Association, the Board must consist of between 3 and 8 members. The Board has currently 4 members, whereas 3 are elected by shareholder and 1 is elected by employees. The Board members are considered independent of the Company's main shareholders.

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

9. The Work of the Board of Directors

The Board has the overall responsibility for managing, supervising the daily management and operations of the Company. Instructions have been prepared for the Board's work. Each year, the Board determines a plan for its work covering matters the Board is required by legislation and regulation to consider and other topics that are essential for the Board to follow-up in the following year. There subsists job descriptions for the CEO and other senior managers. The Board evaluates its own work and competence at least once a year. The evaluation is submitted to the Nomination Committee.

The Board had 9 board meetings in 2023, which were a combination of virtual and physical meetings.

The Board has established a Compensation Committee and an Audit Committee. Both committees have independent members chosen amongst the Board members. The Audit Committee is a preparatory body to assist the Board in meeting its responsibilities with regard to financial reporting, auditing and internal control while the Compensation Committee consider reimbursement for the CEO and senior managers. This includes evaluating the achievement of pre-defined and agreed goals. Specific instructions have been prepared for the work of both Committees.

Senior management representatives of the parent Company have been appointed as Directors of the subsidiary, ArcticZymes AS.

10. Risk management and internal control

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

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

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

11. Remuneration of the Board

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

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

The Annual General Meeting in 2023 set the remuneration for the Chairman of the Board to NOK 500,000 and NOK 275,000 for each of the members. The remuneration of the employee representative constitutes 50% of the remuneration for the regular board member. The employee observer does not receive any remuneration. Remuneration for the Chairman of the Audit Committee is NOK 75,000 whereas compensation for chairman of the Compensation Committee is at NOK 50,000. Members in each committee receives NOK 25,000. Expenses related to meetings are reimbursed on a cost basis. The defined remuneration for the Board and subcommittees shall apply from the decision date until the next Annual General Meeting.

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

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

The Chairman of the board has in absence of a CEO, supported the Company for a limited amount of time in 2023. The Chairman invoiced the Company for 40% time based on same salary as CEO; NOK 0,8 million was paid to the chairman of the board in 2023.

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

12. Remuneration for senior managers

The Board shall establish guidelines for the remuneration of senior executives, which shall be presented to the Annual General Meeting at least every 4th year. The Board shall determine the remuneration of the CEO in accordance with these guidelines. The CEO in consultation with the Board shall determine the remuneration of other senior executives. The Board's decision on remuneration of the CEO and the principles for reimbursement of other senior executives are based on proposals from the Compensation Committee. The Board determines the charter for the Compensation Committee. The Compensation Committee shall seek schemes to encourage long-term value creation in the Company. Overall remuneration shall be competitive with comparable companies. Option schemes have been established.

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

13. Information and communication

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

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

14. Acquisition

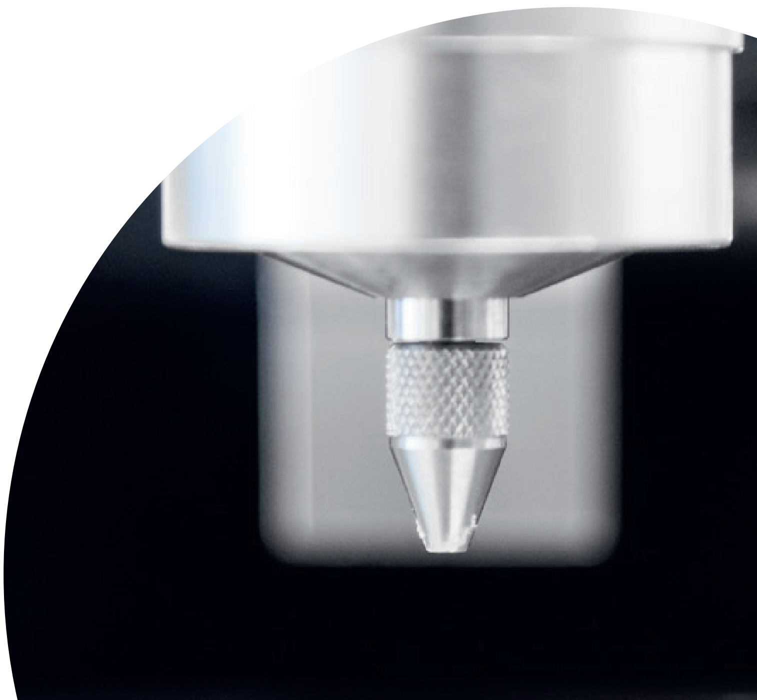
The Board has not implemented measures intended to prevent or impede any offers for the Company's shares. The Board will obtain valuation from an independent expert and issue a recommendation on whether shareholders should accept a takeover offer or not. The Board is committed to ensure that all shareholders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

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

15. Audit

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

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



Remuneration report

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

Introduction - highlights

2023 was a year defined by challenging global market conditions, capital constraints and customer destocking. ArcticZymes experienced negative growth compared to previous years. Organic growth initiatives were completed with a small increase in FTE's

The ArcticZymes Technologies group had sales revenues of NOK 119.0 million in 2023, compared to NOK 137.0 million in 2022. Net profit after tax for the Group was NOK 19.4 million compared to NOK 32.9 million in 2022

Edgar Koster joined the board of directors at the annual general meeting in June 2023. He was elected as the chairman of the Audit Committee and as a member of the Remuneration Committee.

In 2023, the main focus and ambition of the Company were towards the following performance targets: Sales, EBITDA, DMF submittal, the release of 5 innovation products, ERP implementation, in licensing, reorganisation of R&D/QA/QC and the release of 4 prototypes. 3 targets were fully completed whereas the other targets were only partially met. Bonus compensations were aligned to these targets with variable compensation awards.

All employees, not part of executive management and individual compensation packages were awarded 20% bonus achievement.

An option program was approved by the Annual General Meeting in May 2021. At any time, the number of allocated options is limited to 4% of the outstanding shares. 250,000 options were awarded to senior executives in 2023 under this program. 795,000 options or 1.6% of outstanding shares are awarded to senior executives and other associates for 31.12.2023

Total remuneration for Board of Directors:

Name, position	Year	1. Fixed Board remuneration	2. Remuneration for committee meetings	3. Extraordinary items	4. Total remuneration
Dr. Marie Roskrow, Chairman	2022	425 000	75 000		500 000
	2023	420 000	67 500	120 000	607 500
Jane Theaker, Director	2022	225 000	55 000	320 000	600 000
	2023	345 000	50 000	180 000	575 000
Edgar Koster, Director					
	2023	165 000	60 000		225 000
Bernd Striberny, Employee Director	2022	56 250			
	2023	138 750			138 750
Marit Sjo Lorentzen, former Employee Director	2022	45 000			45 000
Volker Wedershoven, former Director	2022	180 000	60 000	185 000	425 000
	2023			2 981 000	2 981 000

Senior executive remuneration in 2023 and 2022:

Name, position	Year	1. Fixed Remuneration			2. Variable remuneration	
		Salary paid	Board fees	Fringe benefits	One-year variable (earned, not paid)	Multi-year variable (options)
Michael Akoh, CEO	2023	543 110				129 467
Børge Sørvoll, CFO	2023	1 667 693		10 442	59 907	1 300 643
	2022	1 538 187		10 543	95 091	1 113 060
Olav Lanes, VP R&D and applications	2023	1 190 718		10 937	40 283	856 200
	2022	1 128 536		11 370	42 628	856 200
Dirk Hahneiser, VP BD and marketing	2023	1 932 560		56 207	18 191	
	2022	735 428		25 584	60 060	
Marit S. Lorentzen, VP Operations	2023	1 187 445		13 461	66 244	904 020
	2022	1 074 109	45 000	13 686	42 628	904 020
Grethe Ytterstad, VP Quality	2023	990 653		12 262	157 500	
	2022	828 369		6 632	29 588	
Jeremy Gillespie, VP Corp. Dev. and Prod. mgt.	2023	792 974			20 837	
Jethro Holter, former CEO	2023	2 086 955		8 649		
	2022	2 072 570		10 517	210 000	1 712 400
Darren Ellis, former CSO	2023	1 399 864		9 491		
	2022	116 667				

Explanatory notes:

- CEO, Michael Akoh joined the company in September 2023. He received a NOK 100,000 in the form of a sign on bonus. He was not eligible for bonus in 2023.
- CFO, Børge Sørvoll received a 5% increase in fixed salary on 01 July 2023. He is entitled to 3.75% in performance related pay. He exercised 200,000 options in June 2023, resulting in NOK 6.400.000 as a profit declaration.
- VP Operations, Marit S. Lorentzen received a 5 % increase in fixed salary on 01 July 2023. She is entitled to 5.55% performance related pay.
- VP R&D and Application, Olav Lanes received a 5 % increase in fixed salary on 01 July 2023. He is entitled to 3,0% performance related pay.
- VP Business Development and Marketing, Dirk Hahneiser received a 5 % increase in fixed salary on 01 July 2023. He is entitled to 1.0% performance related pay.
- VP Regulatory, Grethe Ytterstad was promoted on 01 July 2023. She received a 21% increase in salary including annual raise. She is entitled to 15% performance related pay.
- Chairman of the board, Marie Roskrow was rewarded NOK 120,000 for replacing CEO in Jan / Feb 2023. A consultancy agreement was signed after the first two months serving as interim CEO.
- Board member, Jane Theaker, was awarded a reward of NOK 500,000 after AGM in 2022. The remuneration less taxes should be used to purchase shares in AZT. NOK 180,000 was paid to Jane in 2023.
- Former CEO, Jethro Holter resigned from his position in March 2023. Mr. Holter had 6 months' notice with closing in September. Holiday pay for 2023 is included in the final settlement.
- Former CSO, Darren Elllis received a 5 % increase in fixed salary on 01 July 2023. He resigned from his position in October 2023 with 3 months' notice.
- Former board member, Volker Wedershoven exercised 100,000 options in June 2023, resulting in NOK 2,981,000 as personal income declaration.
- Multiyear variable is calculated as annual value of options award with Black Scholes calculations.

3. Extraordinary items	4. Pension expenses	5. Total remuneration	6. Proportion of fixed and variable remuneration	
			% Fixed	% Variable
100 000	38 698	811 275	84 %	16 %
	123 925	3 162 610	57 %	43 %
	105 954	2 862 835	58 %	42 %
	91 886	2 190 024	59 %	41 %
	94 160	2 132 894	58 %	42 %
	34 272	2 041 230	99 %	1 %
	15 600	836 672	93 %	7 %
	93 643	2 264 813	57 %	43 %
	86 534	2 165 977	56 %	44 %
	95 000	1 255 415	87 %	13 %
	61 577	926 166	97 %	3 %
	24 343	838 154	98 %	2 %
	104 459	2 200 063	100 %	0 %
	105 954	4 111 441	53 %	47 %
	146 510	1 555 865	100 %	0 %
50 000		166 667	100 %	0 %

- Fringe benefits consist of taxable portion of insurance and electronic communication for Norwegian employees
- Fringe benefits for Mr. Hahneiser consist of home office allowance, sick and health insurance.
- The board is reimbursed for travel expenses.

Share-Option based remuneration

A share option program was introduced at the Annual General Meeting in 2021 where the Board proposed to introduce an annual LTI scheme to cover new allocations for the senior executive group, as well as for other key positions in the Company. Granted share options shall have a waiting period (no vesting) of 12 months and 36 months vesting period, with 1/36 vested every month. Following the 36-month vesting period, there will be a 12-month exercise period. The exercise price for any new options awarded will be set at the market price of the share at the time of award. At any time, the number of allocated options is limited to 4% of the outstanding shares. In case of termination of employment, all vested options not in the exercise period will lapse without compensation. Options in the exercise period shall be exercised as soon as possible after termination.

250,000 options under this scheme were granted to senior executives in 2023. 50,000 options were granted to CFO, Børge Sørvoll in February whereas CEO, Michael Akoh was awarded 200,000 options as part of his sign on terms.

The Chairman of the Board, Marie Roskrow, former board member Volker Wedershoven and Marit Sjo Lorentzen were awarded 315,000 options at the Annual General Meeting in 2020. These options had a 3-year vesting period from 2020-2023, with an exercise period from 14 May 2023 to 14 May 2025. Former board member Volker Wedershoven exercised his options in June 2023.

CFO, Børge Sørvoll, exercised 200,000 options from a former program in June 2023.

Senior executive and Board of Directors long-term incentives:

Name, position	1. Specification of plan	Main conditions of plan				
		2. Performance period	3.Award date	4. Vesting date	5. End of holding period	6. Excercise period
Michael Akoh, CEO	2023 LTI Award	03.11.2023-30.11.2028	03.11.2023	03.11.2023-02.11.2027	30.11.2028	03.11.2027-30.11.2028
Børge Sørvoll, CFO	2021 LTI Award	17.12.2021-30.11.2026	17.12.2021	17.12.2022-16.12.2025	30.11.2026	17.12.2025-30.11.2026
	2023 LTI Award	23.02.2023-28.02.2028	23.02.2023	23.02.2024-22.02.2027	28.02.2028	23.02.2027-28.02.2028
Olav Lanes, VP R&D and Applications	2021 LTI Award	17.12.2021-30.11.2026	17.12.2021	17.12.2022-16.12.2025	16.12.2025	17.12.2025-30.11.2026
Marit S. Lorentzen, VP Operations	2021 LTI Award	17.12.2021-30.11.2026	17.12.2021	17.12.2022-16.12.2025	16.12.2025	17.12.2025-30.11.2026
	2020 Board award	14.05.2020-14.05.2025	14.05.2020	25.05.2022	14.05.2025	14.05.2023-14.05.2025
Marie Roskrow, Chairman of the board	2020 Board award	14.05.2020-14.05.2025	14.05.2020	25.05.2022	14.05.2025	14.05.2023-14.05.2025

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

The Remuneration Guidelines, which were approved by the Annual General Meeting on 20th May 2021, have served as a framework for all remuneration procedures during the financial year 2023 and the performance criteria decided.

The performance and target driven approach for the management as laid out in the remuneration guidelines is aligned with the strategic ambition for the company. The ambitions for 2023 were extensive and only partially met. The board still believes that the goals set will increase shareholder value and improve the financial standing of the Company in the coming years.

The board of directors is following AZT guidelines 1 (c), a gender pay equity objective for the executive management. The remuneration of the members of the board of directors is following the same objectives which is reviewed from time to time by the nomination committee and documented in the annual recommendations by the nomination committee.

The board of directors has advised the executive management to follow the same objectives for all employees of the group. One member of the board of directors has been nominated for all employees of the group to file complaints against fair treatment according to the guidelines. The group presented its first mandatory equality report (ARP) in 2023 where management and employees equality principles and pay in the Group were reviewed.

	Information regarding the reported financial year					
	Opening balance	During the year		Closing balance		
7. Strike price of the share	8 Share options held at the beginning of the year	9. Share options awarded	10. Share options vested	11. Share options subject to performance condition	12. Share options awarded and unvested	13. Share options subject to holding period
26,94	0	200 000	0	0	200 000	0
89,52	130 000	0	43 333	86 667	0	43 333
42,38	0	50 000	0	0	50 000	0
89,52	100 000	0	33 333	66 667	0	33 333
89,52	100 000	0	33 333	66 667	0	33 333
10,19	15 000	0	0	0	0	15 000
10,19	200 000	0	0	0	0	200 000
Total	**545 000**	**250 000**	**110 000**	**220 000**	**250 000**	**325 000**

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

Senior executives targets and performance in 2023

Name, position	1. Performance criteria	2. Relative weighting of performance criteria	3. Information on performance targets Minimum target/ corresponding award
Børge Sørvoll, CFO	Sales	20 %	Plan achievement 160 MNOK NA
	EBITDA	50 %	Plan achievement 48.5 MNOK NA
	ERP implemented	10 %	ERP solution implemented NA
	In licensing deal	15 %	Deal signed NA
	China BD and strat acct.	5 %	BD hired and acct started NA
Marit Sjo Lorentzen, VP Operations	Sales	10 %	Plan achievement 160 MNOK NA
	EBITDA	25 %	Plan achievement 48.5 MNOK NA
	ERP implemented	10 %	ERP solution implemented NA
	5 new product launches	20 %	3 products launched NOK 13.428
	DMF submitted and approved	20 %	DMF submitted and approved NA
	Reorganisation of QA/QC	15 %	Reorg. QA/QC NA
Olav Lanes, VP R&D and applications	Sales	5 %	Plan achievement 160 MNOK NA
	EBITDA	25 %	Plan achievement 48.5 MNOK/ NA
	Optimisation of R&D org	15 %	Opt. of R&D org. NA
	5 new product launches	30 %	3 products launched NOK 13.428
	App workflow - MDx infc disease	5 %	Project achieved NA
	DMF sub and approved	10 %	DMF submitted and approved NA
	X4 Prototypes	10 %	2 prototypes launced NOK 8.952

Maximum target/ corresponding award	**4. Measured performance/outcome**
Plan achievement 160 MNOK	Sales of MNOK 118
NOK 79.876	NOK 0
Plan achievement 48.5 MNOK	EBITDA of MNOK 22
NOK 199.691	NOK 0
ERP solution implemented	Project delayed, partial achivement
NOK 39.938	NOK 7.988
Deal signed	Partial achivement
NOK 59.907	NOK 39.938
BD hired and acct started	Partial achivement
NOK 19.969	NOK 11.981
Plan achievement 160 MNOK	Sales of MNOK 118
NOK 17.904	NOK 0
Plan achievement 48.5 MNOK	EBITDA of MNOK 22
NOK 44.759	NOK 0
ERP solution implemented	Project delayed, partial achivement
NOK 17.051	NOK 3.410
5 products launched	2 launched and 1 partial launch
NOK 35.807	NOK 0
DMF submitted and approved	Achieved
NOK 35.807	NOK 35.807
Reorg. QA/QC	QC transitioned to QA
NOK 26.852	NOK 26.852
Plan achievement 160 MNOK/	Sales of MNOK 118
NOK 8.952	NOK 0
Plan achievement 48.5 MNOK	EBITDA of MNOK 22
NOK 44.759	NOK 0
Opt. of R&D org.	Partial achivement
NOK 26.856	NOK 8.952
5 products launched	2 launched and 1 partial launch
NOK 26.856	NOK 0
Project achieved	Not achieved
NOK 8.952	NOK 0
DMF submitted and approved	Partial achivement
NOK 17.904	NOK 17.904
4 prototypes launced	3 products launched
NOK 17.904	NOK 13.428

Name, position	1. Performance criteria	2. Relative weighting of performance criteria	3. Information on performance targets Minimum target/ corresponding award
Grethe Ytterstad, VP Quality	DMF submitted on time	100 %	DMF submittal on time NA
Dirk Hahneiser, VP Business Development and Marketing	Sales	90 %	Plan achievement 160 MNOK NA
	China BD and strat acct.	5 %	BD hired and acct started NA
	App worflow- MDx infc. disease	5 %	Project achieved NA
Jeremy Gillespie, VP Corp. Dev and Prod. Mgt.	Sales UK	25 %	Sales of MNOK 6.8 NA
	New customers UK	25 %	1 new customer NOK 13.230
	In licensing deal	50 %	Progressed documentation NA

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

Variable Remunerations point (a). The guidelines include a variable payment for the Management of 15%. The Board of Directors, has in accordance with CEO decided to set performance-related payment for VP Business Development Marketing and VP Corporate Development to 35% and 30%, respectively.

Maximum target/ corresponding award	4. Measured performance/outcome
DMF submittal on time	DMF sumbitted on time
NOK 157.500	NOK 157.500
Plan achievement 160 MNOK/	Sales of MNOK 118
NOK 545.738	NOK 0
BD hired and acct started	Partial achivement
NOK 30.319	NOK 18.191
Project achieved	Not achieved
NOK 30.319	NOK 0
Sales of MNOK 8.5	Sales of MNOK 6.4
NOK 52.093	NOK 0
6 new customers	0 new customers
NOK 52.093	NOK 0
Deal signed	Partial achivement
NOK 104.186	NOK 20.837

Comparative information on change of remuneration in the company:

Annual change	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	Total remuneration 2023 (TNOK)
Michael Akoh, CEO						811
Børge Sørvoll, CFO	9 %	23 %	11 %	43 %	10 %	3 163
Dirk Hahneiser, VP BD and Marketing					22 %	2 041
Grethe Ytterstad, VP Regulatory				-2 %	36 %	1 255
Jeremy Gillespie, VP Corporate dev.						838
Marit Sjo Lorentzen, Director of Operations	3 %	33 %	22 %	53 %	5 %	2 265
Olav Lanes, VP R&D and application	3 %	9 %	22 %	62 %	3 %	2 190
Jethro Holter, former CEO	13 %	38 %	19 %	46 %	-46 %	2 200
Darren Ellis, former CSO					7 %	1 556
Company performance	**2019 vs 2018**	**2020 vs 2019**	**2021 vs 2020**	**2022 vs 2021**	**2023 vs 2022**	**2023**
Revenues (TNOK)	-32 %	107 %	37 %	7 %	-13 %	118 939
EBITDA (TNOK)	124 %	2024 %	36 %	-33 %	-47 %	22 128
Net profit (TNOK)	96 %	13355 %	-39 %	-29 %	-41 %	19 424
Average remuneration on a FTE basis of employees	**2019 vs 2018**	**2020 vs 2019**	**2021 vs 2020**	**2022 vs 2021**	**2023 vs 2022**	**2023**
Employees in the Group	-11 %	15 %	33 %	38 %	18 %	61,8
Average salary change ex management (TNOK)	-2 %	5 %	-2 %	-1 %	0 %	767

Explanatory notes:

- Revenues, EBITDA and Net Profit from 2018 includes the divested subsidiary Biotec Betaglucans AS. For ArcticZymes Technologies as a standalone company, please look at comparisons from 2019 vs 2020 and onwards
- Historic changes in employees and salaries are based on employees in ArcticZymes Technologies ASA and ArcticZymes AS.
- Jeremy Gillespie was hired as a VP Corporate Development in June 2023, hence there is no comparison data.
- VP Business Development and Marketing, Dirk Hahneiser worked for 7 months in 2022. Numbers are annualised for comparison.
- Former CSO, Darren Ellis worked for 1 month in 2022. Numbers are annualised for comparison

Adaptations of guidelines and report approved by the Annual General Meeting in May 2021 and June 2023. respectively

At the Annual General Meeting on 20th May 2021, 99.8% of represented shareholders voted for the Remuneration guidelines and 89.5% voted for the binding guidelines with regards to equity instruments.

At the Annual General Meeting on 06 June 2023, 81.7% of represented shareholders voted for the Remuneration report. This is an increase of 10.5% compared to votes at the Annual General Meeting in 2022

The Board has not initiated any specific actions based on the votes from the Annual General Meeting as 2023. The Board of Directors will consider further actions based on the vote at the Annual General Meeting in 2024.

Financial statements – Group

Consolidated statement of profit & loss – Group

1. January till 31. December

(Amounts in NOK 1 000)	Note	2023	2022
Sales revenues	5	118 939	136 971
Other income	6	711	694
Total income		**119 650**	**137 664**
Change in inventory	16	-5 795	-196
Cost of materials	16	11 721	5 376
Personnel expenses	7,8,9	58 852	59 185
Depreciation and amortization	13,14,15	6 381	5 021
Other operating expenses	9,10	32 745	31 804
Total operating expenses		**103 905**	**101 191**
Operating profit		**15 746**	**36 474**
Financial income	11	9 516	6 352
Financial expense	11	497	684
Financial net		**9 019**	**5 668**
Profit before income tax		**24 765**	**42 142**
Income tax expense	12	5 340	9 283
Net profit		**19 425**	**32 860**
Net profit attributable to:			
Equity holders of ArcticZymes Technologies ASA		19 425	32 860
Earnings per share:			
Weighted basic EPS from net profit	20	0,38	0,65
Weighted diluted EPS from net profit	20	0,38	0,65

Consolidated statement of other comprehensive income – Group

(Amounts in NOK 1 000)	Note	2023	2022
Net profit for the year		19 425	32 860
Total comprehensive income		**19 425**	**32 860**
Comprehensive income attributable to:			
-shareholders of parent company		19 425	32 860
Total comprehensive income		**19 425**	**32 860**

Consolidated statement of financial position – Group

As of 31. December

(Amounts in NOK 1 000)	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Deferred tax asset	12	5 899	11 239
Intangible assets	13	26 096	9 236
Machinery, equipment and permanent fixtures	14	15 020	15 444
Lease assets	15	12 314	13 873
Total non-current assets		**59 329**	**49 792**
CURRENT ASSETS			
Inventory	16	12 873	7 078
Accounts receivable	17	13 784	11 593
Other assets	17	72 442	71 779
Cash and cash equivalents	18,19	180 894	178 795
Total current assets		**279 994**	**269 245**
Total assets		**339 323**	**319 037**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20,21	50 871	50 571
Premium paid-in capital		263 947	261 656
Retained earnings		-5 521	-27 491
Total equity		**309 297**	**284 737**
LONG-TERM LIABILITIES			
Lease liabilities	15,18	8 414	10 348
Total long-term lialilities		**8 414**	**10 348**
CURRENT LIABILITIES			
Lease liabilities	15,18	4 174	3 732
Accounts payable		4 539	5 592
Other current liabilities	22	12 898	14 628
Total current liabilities		**21 611**	**23 953**
Total liabilities		**30 026**	**34 301**
Total equity and liabilities		**339 323**	**319 037**

Tromsø, 28. April 2024

Marie Ann Roskrow	Jane Theaker	Bernd K. Striberny	Michael B. Akoh
Chairman	Director	Director (employee)	CEO

Consolidated statement of changes in equity – Group

1. January till 31. December

(Amounts in NOK 1 000)	Note	Share capital	Premium paid-in capital	Retained earnings	Total equity
Equity as of 01 Jan 2022		**50 371**	**260 256**	**-65 784**	**244 845**
Comprehensive income 2022				32 860	**32 860**
TRANSACTIONS WITH OWNERS:					
Share capital increase		200	1 400		**1 600**
Employees' share options	22			5 432	**5 432**
Equity as of 31 Dec 2022		**50 571**	**261 656**	**-27 491**	**284 736**
Comprehensive income 2023				19 424	**19 424**
TRANSACTIONS WITH OWNERS:					
Share capital increase		300	2 291	-8	**2 584**
Employees' share options				2 553	**2 553**
Equity as of 31 Dec 2023		**50 871**	**263 947**	**-5 521**	**309 297**

Consolidated statement of cash flow – Group

1. January till 31. December

(Amounts in NOK 1 000)	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		24 765	42 142
Profit/loss adjusted for:			
Adjustment, lease premises		-97	-1 435
Depreciation and amortization	13,14,15	6 381	5 021
Employees' options, share-based payment expense	7	2 553	5 432
Interest expense lease liability	11	465	499
Changes in operating assets and receivables:			
Inventory	16	-5 795	-196
Accounts receivables and other receivables	17	746	8 106
Changes in fair value for financial investment		-1 805	275
Account payable and other current liabilities	22	-2 783	-1 476
Net cash flow from operating activities		**24 430**	**58 368**
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in machinery and equipment	14	-1 673	-4 791
Investment in intangible assets	13	-17 546	-7 641
Short term investments		-1 796	-20 763
Net cash flow from investing activities		**-21 015**	**-33 195**
CASH FLOW FROM FINANCING ACTIVITIES			
Payment on lease liabillities	15	-3 435	-3 025
Payment interest on lease liabillities	15	-465	-499
Captial increase		2 584	1 600
Net cash flow from financing activities		**-1 316**	**-1 924**
Net change in cash during the year		2 099	23 249
Cash and cash equivalents as of 01.01		178 795	155 546
Cash and cash equivalents as of 31.12		**180 894**	**178 795**

Notes to the financial statements for 2023

Note 1 General information

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

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

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

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

The Board of Directors approved the consolidated financial statements on 28. April 2024.

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 IFRS®Accounting Standards as adopted by the EU. The consolidated financial statements are prepared on a historical cost basis.

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

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

The Company has adopted all new and amended standards with mandatory application for the current reporting period. The Company does not expect any new, nor newly amended standards to have a material impact on the profit & loss statement or the financial position statement of the Company.

Note 2.2 Principles for consolidation

Subsidiaries

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

Note 2.3 Foreign currency translation

Functional and presentation currency

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

Transactions and financial position items

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

Note 3 Financial risk management

Note 3.1 Financial risk factors

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

Note 3.1.1 Market risk / Foreign currency risk

Revenues for 2023 to the Group are mainly denominated in USD and EUR; distributed 75% at USD and 24% at EUR. A majority of the Group's cost base is denominated in NOK.

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

By using an equivalent exchange rate in 2023 as 2022, sales revenues in 2023 would have been NOK 12.3 million lower for the year as the NOK weakened towards the USD especially.

If NOK relative to USD was 5% stronger / weaker at 31 December 2023 and all other variables held constant, this would lead to a higher/lower operating profit of NOK 380.000. For EUR would such currency changes have affected the result by NOK 130.000. The impact on equity would be correspondingly. The calculated effect is based on a net 5% change in receivables and payables denominated in USD and EUR as of 31.12.2023.

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

Book value of current liabilities and receivables/ assets measured by currency:

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

Note 3.1.2 Credit risk

The Group is mainly exposed to credit risk related to accounts receivables and some credit risk associated with bank deposits. No single customer represents major outstanding credit records and the associated credit risk is considered to be low. The maximum exposure is expressed at the carrying value of accounts receivable. Losses on accounts receivables were insignificant in 2023. All bank deposits are in DNB Bank ASA. DNB Bank ASA has long-term S&P rating of AA-.

Note 3.1.3 Liquidity risk

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

The Group has its cash in Norwegian bank deposits. At the reporting date, the Group had bank deposits of NOK 180.9 million. In addition, the Company had NOK 69.0 million in low risk, highly liquid mutual funds defined as short term assets in the financial position statement.

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

Note 3.1.3

(Amounts in NOK 1 000)	2023	2022
Non-current lease liabilities > 12 months	**8 414**	**10 348**
< 3 months	4 539	5 592
3 months – 12 months	0	0
Total accounts payable	**4 539**	**5 592**
Current lease liabilities < 12 months	4 174	3 732
Other current liabilities < 12 months	12 898	14 628
Total liabilities	**30 026**	**34 301**

Note 3.1.1

(Amounts in NOK 1 000)	2023		2022	
	Receivables/asset	Liabilities	Receivables/asset	Liabilities
NOK	71 373	25 152	68 321	27 540
EUR	6 449	3 238	10 167	5 400
USD	8 313	1 065	4 751	1 203
Other	91	571	133	158
Total	**86 226**	**30 026**	**83 372**	**34 301**

Note 3.2 Capital management

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

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

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

(Amounts in NOK 1 000)	2023	2022
Cash and cash equivalents	180 894	178 795
Less: Restricted cash equivalents	-2 281	-2 131
Net cash position	**178 613**	**176 664**

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 9 for development projects and note 13 for projects that are capitalised.

Assessment of useful life of intangible assets:
Useful life of intangible assets is based on an assessment of each individual asset. Maximum expected useful lifetime for capitalised development expense and patents are 10 years, which is the estimated useful life for each asset.

Assessing start up for amortisation of intangible assets:
Amortisation of intangible assets related to capitalised development costs begins when the prototype is ready for distribution / sales. Amortisation of other intangible assets starts with acquisitions.

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

Note 5 Segment information

Principles for accounting
The operating segments in these statements are consistent with the internal reporting provided to the chief operating decision maker. The operating decision maker, who is responsible for allocating resources and for assessing performance of the business segments, has been identified as the Board of Directors. An operating segment is engaged in providing products or services that are subject to risks and returns that are different from other operating segments.

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

The Group recognise revenues according to IFRS 15 when it transfers control over a good or service to a customer. Control is transferred to the customer according to the agreed delivery terms for each order. Delivery terms are based on Incoterms 2020 issued by International Chamber of Commerce, and the main delivery terms for the Company is FCA, where the customer arranges and pays for the main carriage. Control is transferred when the goods are collected by the carrier engaged by the customer.The goods are normally sold with standard warranties where the goods comply with agreed-upon specifications. ArcticZymes does not have any other significant obligations for returns or refunds. Freight services are included in sales revenues. ArcticZymes sales revenues are from sales of enzymes for use in molecular research, In Vitro Diagnostics and Biomanufacturing. Most of the goods are delivered to warehouses in USA and Europe. All goods are invoiced when the Group transfers control of the goods to a customer, normaly when they leave the warehouse. The maturity of the invoices range from 30 to 90 days, depending on customer and agreement. Most of the revenues are from quotes or non binding supply agreements where the price has been agreed upon in advance. Other income are government tax grants, research grants, other grants and administration services.

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

(Amounts in NOK 1 000)	2023			2022		
	Enzymes	Corporate	Total	Enzymes	Corporate	Total
Sales revenues	118 939		**118 939**	136 971		**136 971**
Cost of materials and change in inventory	-5 926		**-5 926**	-5 180		**-5 180**
Gross profit	**113 012**		**113 012**	**131 791**		**131 791**
Other operating income	711		**711**	667	27	**694**
Operating expenses	-84 227	-7 369	**-91 597**	-73 481	-17 508	**-90 989**
Depreciation and amortization	-6 339	-42	**-6 381**	-4 689	-332	**-5 021**
Operating profit/loss(-)	**23 157**	**-7 411**	**15 746**	**54 289**	**-17 814**	**36 475**
Net financial income/loss (-)	586	8 433	**9 019**	3 081	2 587	**5 668**
Profit/loss(-) before tax	**23 743**	**1 021**	**24 765**	**57 369**	**-15 227**	**42 142**

Assets, liabilities and investments distributed to the segments:

(Amounts in NOK 1 000)	31.12.2023			31.12.2022		
	Enzymes	Corporate	Total	Enzymes	Corporate	Total
Assets	107 885	231 437	**339 323**	125 704	193 333	**319 037**
Liabilities	16 765	13 261	**30 026**	13 408	20 893	**34 300**

Geographical distribution of sales revenues:

(Amounts in NOK 1 000)	2023	2022
	Enzymes	Enzymes
Norway	224	438
Germany	7 161	12 032
Lithuania	34 524	28 035
France	3 476	3 334
Italy	2 827	2 574
Other countries in Europe	13 056	14 423
USA	53 149	60 355
Rest of world	4 522	15 780
Total sales revenues	**118 939**	**136 971**

Sales revenues from the largest customer in 2023 are NOK 34.5 million (2022: NOK 28.0 million).

The Company experienced a sharp drop in Coronavirus-related sales after the first quarter of 2022, and had only marginal sales the last 3 quarters of 2022. There were no Coronavirus-related sales in 2023.

(Amounts in NOK 1 000)	2023	Whereof COVID-19 related	2022	Whereof COVID-19 related
Sales	118 939	0	136 971	15 000

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

Note 6 Other income

Principles for accounting

Other income are different kind of grants. Government grants are recognised at fair value when it is reasonable sure that the grant will be received and that the Company will fulfil the conditions attached to the grant. The grants are recognised as other income in the period in order to match expenses they are intended to compensate. Government grants relating to the purchase of fixed assets are recorded as a reduction in the carrying cost. They are expressed in the profit and loss statement through lower annual depreciation over the expected life of the relevant fixed assets.

(Amounts in NOK 1 000)	2023	2022
Tax grants "Skattefunn"	741	140
Other grants		817
Adjustments grants	-30	-264
Total other income	**711**	**694**

Description of awarded grants:

(Amounts in NOK 1 000)	Grants expiry	2023	2022
From UiT - The Arctic University of Norway			
Cold ligases	2022		817
Tax grants "Skattefunn":	Annually	741	140
Total grants		**741**	**957**

See note 17 for grants in the financial position

Note 7 Personnel expenses

Principles for accounting

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

The Group has a defined contribution plan for all employees in Norway compliant to requirements for compulsory occupational pension in Norway under which the Group pays a fixed percentage contribution of members' salaries. The Group has no further payment obligations once the contributions are made.

The employer's contribution plan are 7% for salaries between 0 G and 7.1 G, and 10% for salaries between 7.1 G and 12 G. Per 31 December 2023, the Group paid for 60 members of the scheme.

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)	2023	2022
Salaries	46 213	45 205
Employer's social security contribution	4 589	5 588
Share options granted	2 553	5 432
Pension costs	3 058	2 270
Other benefits	2 439	689
Total personnel expenses	**58 852**	**59 185**
Number of employees at 31.12:	68,0	61,0
Number of FTEs:	63,1	52,2

Note 8 Related party disclosures

Marie Roskrow worked for the Company in a 40% position after former CEO, Jethro Holter went on sick leave in January 2023. When CEO, Michael Akoh joined the company in September, Marie Roskrow ended the temporary consultancy work. For the year, the Company disbursed NOK 487,500 in board remuneration and NOK 631,000 in consulting fee to Marie Roskrow Travels are reimbursed on a cost basis

Remuneration of Board of Directors and senior management:

(Amounts in NOK 1 000)	2023				2022			
	Salaries paid	Bonus paid	Pension costs	Other benefits	Salaries paid	Bonus paid	Pension costs	Other benefits
Marie Ann Roskrow, Chairman	488			120	500			
Jane Theaker, Director	395			180	280			320
Edgar Koster, Director	225							
Bernd K. Striberny, Director / Employee	139				56			
Volker Wedershoven, former Director				2 981	425			
Marit Sjo Lorentzen, former Director / Employee					45			
Michael Akoh, CEO	543		39	100				
Børge Sørvoll, CFO	1 668	85	124	6 411	1 538	323	123	11
Marit Sjo Lorentzen, VP Operations	1 187	38	94	13	1 074	136	120	13
Grethe Ytterstad, VP Quality	991	30	95	12	828		62	7
Dirk Hahneiser, VP Business Dev.and Markting	1 933		34		735		16	26
Olav Lanes, VP R&D and Applications	1 191	38	92	11	1 129	117	106	12
Jeremy Gillespie, VP Corp. Dev. and Prod.mgt	793		24					
Jethro Holter, former CEO	2 087	188	104	9	2 073	671	131	26
Darren Ellis, former CSO	1 380		147	9	117			50

The Company has a Board liability insurance covering the Board of Directors and the CEO in case the individual should become personal liable for damages on the basis of negligence. The insurance covers damages up NOK 30,000,000 per claim.

See note 21 in reference to share options to executives and management.

Shares owned or controlled by directors and senior management per 31.12.2023:

	Options	Shares
Marie Roskrow, Chairman	200 000	
Jane Theaker, Director*		10 044
Bernd K. Striberny, Director (employee)		200
Lill Hege Henriksen, Observer (employee)		3 088
Michael Akoh, CEO	200 000	
Børge Sørvoll, CFO	180 000	95 428
Marit Sjo Lorentzen, VP Operations	115 000	20 331
Olav Lanes, VP R&D and Applications	100 000	2 000
Grethe Ytterstad, VP Quality		7 269
Dirk Hahneiser, VP Business dev & market		150

*According to AGM 2022 resolution, Jane Theaker was awarded NOK 500.000 to procure shares for in ArcticZymes Technologies ASA. The shares shall have 3 years lockup before they can be sold. 10,044 shares were acquired in 2023.

Note 9 Research and development expenses

Principles for accounting

Development expenses are expensed when incurred. Previously expensed development costs are not recognised in subsequent periods. Capitalised development costs are depreciated linearly from the date of commercialisation over the period in which they are expected to provide economic benefits. Capitalised development costs are tested by indication for impairment in accordance with IAS 36.

(Amounts in NOK 1 000)	2023	2022
Research and development expenses:		
Personnel expenses	14 725	16 673
Purchase of external services	818	2 977
Other operating expenses	5 666	4 075
Total R&D expenses, not capitalised	**21 209**	**23 725**

Note 10 Other operating expenses

Principles for accounting

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

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

(Amounts in NOK 1 000)	2023	2022
Maintenance premises and materials lab	7 297	6 208
Office equipment and IT	4 415	2 779
External services	8 207	12 035
Marketing expenses	1 369	1 148
Patent and licensing expenses	2 549	1 964
Other operating expenses	8 907	7 670
Total other operating expenses	**32 745**	**31 804**

External auditor: Fees and expenses ex VAT:

(Amounts in NOK 1 000)	2023	2022
Statutory audit	530	511
Other attestation services	62	98
Other services beside auditing		1374
Total auditing fees and expenses	**592**	**1983**

Note 11 Financial income and expense

Principles for accounting

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

Net currency relates to gains and losses on bank deposits.

(Amounts in NOK 1 000)	2023	2022
Interest income	8 131	3 386
Changes in fair value for financial investments	1 806	-275
Net currency gain/loss (-)	-421	1 806
Other financial income		1 436
Total financial income	**9 516**	**6 352**
Other financial expense	-498	-684
Total financial expense	**-497**	**-684**
Total financial income and expense, net	**9 019**	**5 668**

Note 12 Deferred tax asset

Principles for accounting

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year or from earlier year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

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

(Amounts in NOK 1 000):	2023	2022	Change
Non current assets	2 950	2 538	-412
Other temporary differences	-801	-1 218	-417
Gains and loss account	5 432	6 790	1 358
Total temporary differences	**7 582**	**8 111**	**-529**
Financial instruments	2 079	274	
Adjustment capitalisation Skattefunn	506	406	
Tax assessment loss carried forward	-36 980	-59 876	
Calculation base deferred tax asset	**-26 812**	**-51 086**	
Deferred tax asset, 22%	**-5 899**	**-11 239**	**-5 340**

	2023	2022
Profit before income tax	24 765	42 142
Non deductable expenses	-1 686	471
Non taxable income	-711	-550
Changes in temporary differences	529	-1 210
Profit before tax loss carried forward	22 897	40 853
Deferred tax loss carried forward	-22 897	-40 853
Tax base	**0**	**0**
Tax expense	**-5 340**	**-9 283**

Note 13 Intangible assets

Principles for accounting

Intangible assets as research and development, patents and licenses are treated in accordance with IAS 38.

The assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets:

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

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

The Company has capitalised development expenses for projects as rSAP, HL-dsDNase, SAN Elisa-kit, San HQ, Polymerases, patents and DMF-filing SAN HQ GMP. Other development costs are expensed when incurred.

(Amounts in NOK 1 000)	Own product development	License and patent	Total
AS OF 01.01.2022			
Historic cost	3 711		3 711
Accumulated depreciation	-1 923		-1 923
Book value at 01.01.2022	**1 788**	**0**	**1 788**
FINANCIAL YEAR 2022			
Addition	4 179	3 462	7 641
Depreciation	-194	-1	-195
Book value at 31.12.2022	**5 775**	**3 461**	**9 236**
AS OF 31.12.2022			
Historic cost	7 890	3 462	11 352
Accumulated depreciation	-2 117	-1	-2 118
Book value at 31.12.2022	**5 775**	**3 461**	**9 236**
FINANCIAL YEAR 2023			
Addition	11 533	6 154	17 687
Capitalised grants Skattefunn	-141		-141
Amortisation			0
Depreciation	-683	-3	-686
Book value at 31.12.2023	**16 485**	**9 612**	**26 096**
AS OF 31.12.2023			
Historic cost	19 423	9 616	29 039
Accumulated depreciation	-2 941	-4	-2 945
Book value at 31.12.2023	**16 485**	**9 612**	**26 096**

Note 14 Machinery, equipment and permanent fixtures

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

Assets are depreciated by the linear method, depreciating the acquisition expense to the residual value over the estimated useful life, which are for each group of assets:

Machinery / Equipment	3-10 years
Permanent fixtures	10 years

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

(Amounts in NOK 1 000)	Machinery	Equipment	Permanent fixtures	Total
As of 01.01.2022				
Historic cost	14 334	2 684	1 738	18 756
Accumulated depreciation	-4 521	-1 932	0	-6 453
Book value at 01.01.2022	**9 815**	**750**	**1 738**	**12 304**
Financial year 2022				
Addition	1 927	2 757	107	4 791
Amortisation				0
Depreciation	-1 203	-265	-182	-1 650
Book value at 31.12.2022	**10 539**	**3 242**	**1 663**	**15 444**
As of 31.12.2022				
Historic cost	16 261	5 441	1 845	23 547
Accumulated depreciation	-5 724	-2 197	-182	-5 906
Book value at 31.12.2022	**10 539**	**3 242**	**1 663**	**15 444**
Financial year 2023				
Addition	1 314	359		1 673
Amortisation				0
Depreciation	-1 391	-520	-184	-2 095
Book value at 31.12.2023	**10 462**	**3 080**	**1 478**	**15 020**
As of 31.12.2023				
Historic cost	17 575	5 800	1 845	25 220
Accumulated depreciation	-7 115	-2 717	-366	-10 199
Book value at 31.12.2023	**10 462**	**3 080**	**1 478**	**15 020**

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

Note 15 Leases

Principles for accounting

At inception of a contract, the Group considers whether or not the contract conveys the right to control the asset for a period of time. At commencement of a contract, the Group recognises a lease liability with a corresponding lease asset. The lease liability is initially recognised at present value of all lease payments for the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, including the expetected use of extension options in the contract. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the lease payments made and adjustments to the contract reflecting adjustments in effect of index regiulation. The lease asset is initially measured at cost. The cost of the lease asset includes the corresponding amount of the initial recognition of the lease liability. The lease asset is depreciated from the commencement date through the remaining useful life.

ArcticZymes Technologies has 5 lease contracts in Tromsø and Oslo. One is for leased offices and lab facilities at Siva Innovation Centre in Tromsø originating from 2011. The second contract is from 2021 and is for the production facilities at Siva Innovation Centre in Tromsø. The third contract is from 2022 and relates to expansion offices at Siva Innovation Centre and the fourth from 2023 is due to our need for additional space. The last contract relates to offices at Oslotech AS in Oslo, the contract was re-negotiated in 2023.

(Amounts in NOK 1 000)	Lease assets
Historic cost	21 849
Accumulated depreciation including net present value	-7 977
Book value at 31.12.2022	**13 873**
Adjustment net present value 01.01	390
Additional premises Oslotech AS, Oslo	1 105
Revised lease and additional premises SIVA, Tromsø	546
Depreciation	-3 599
Book value at 31.12.2023	**12 314**
Historic cost	23 890
Accumulated depreciation including net precent value	-11 576
Book value at 31.12.2023	**12 314**

Lease liabilities	2023	2022
Book value 31.12 (preceding year)	**-14 080**	**-17 570**
Net present value adjustment 01.01	-390	-44
Additional premises Oslotech AS, Oslo	-1 105	-661
Revised lease and additional premises SIVA, Tromsø	-449	1 170
Interest expense	-465	-499
Payments premises	3 900	3 524
Book value at 31.12	**-12 588**	**-14 080**
Where of Current liabilities	-4 174	-3 732
Where of Non-current liabilities	-8 414	-10 348

Maturity analysis	2023	2022
Less than one year	4 174	3 732
One to five years	7 984	9 494
More than five years	2 180	3 200
Total undiscounted lease liabilities at 31.12	**14 338**	**16 426**

Summary of other leased assets presented in the consolidated profit & loss statement	2023	2022
Lease of IT equipment	381	263
Overhead expenses related to premises	1 173	1 002
Total leased assets included in other expenses at 31.12	**1 554**	**1 265**

Short-term leases

The Group also lease computers and IT equipment with contract terms from 1 to 3 years. The Group has decided not to recognise leases where the underlying asset has a low value, and thus does not recognise lease obligations and lease assets for any of these assetes. Instead, payments for leases are expensed when they occur.

Overhead expenses related to premises in the contracts are expensed when they occur.

Note 16 Inventory and cost of materials

Principles for accounting

Inventory are stated at the lower of acquisition expense and net realisable value. Inventories are valued at average acqustition cost. Value of finished goods and work in progress comprises the expense of design, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

(Amounts in NOK 1 000)	31.12.2023	31.12.2022
Work in progress	7 316	2 067
Materials and consumables	101	131
Finished goods	5 455	4 880
Total inventories	**12 873**	**7 078**

Cost of materials

Total cost of materials include direct materials, services provided by contract manufactures and packaging suppliers, products freights and distribution costs. Royalties for in licensing of technology and rights from other parties are excluded from cost of goods and included in other operating expenses.

Note 17 Receivables and other assets

Principles for accounting

In determining the recoverability of receiveables, the Company performs risk analysis considering the type, the customer and the age of the outstanding receivable in its evaluations.

(Amounts in NOK 1 000)	31.12.2023	31.12.2022
Accounts receivables	13 784	11 593
Provisions for estimated losses on accounts receivables	0	0
Sum accounts receivables, net	**13 784**	**11 593**
Research grants		817
Tax grants	853	631
Prepayments	2 004	3 936
Mutal funds	68 968	65 366
VAT	618	1 028
Sum other assets	**72 442**	**71 779**
Sum total receivables and other assets	**86 226**	**83 372**

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

Age breakdown of Accounts receivable per 31.12.2023:					
Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	**Total**
12 768	704	213	17	82	**13 784**

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

Age breakdown of Accounts receivable per 31.12.2022:					
Not yet due	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days	**Total**
9 757	1 683	31	71	51	**11 593**

Fair value of receivables by currency:	31.12.2023	31.12.2022
USD	8 313	4 751
EUR	6 449	10 167
GBP	91	133
NOK	71 373	68 321
Total receivables	**86 226**	**83 372**

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

Historically, the Group has not incurred losses on accounts receivable. Based on this and the fact that there were no losses in 2023, and we expect no future losses, no provisions for loss on receivables were made in 2023.

Note 18 Financial assets and debts

Principles for accounting

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

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

(Amounts in NOK 1 000)	31.12.2023 Assets at fair value	31.12.2022 Assets at fair value
FINANCIAL ASSETS		
Cash bank deposits	180 894	178 795
Mutal funds	68 968	65 366
Total financial assets	**249 862**	**244 161**

(Amounts in NOK 1 000)	31.12.2023 Debts at amortised cost	31.12.2022 Debts at amortised cost
FINANCIAL DEBTS		
Leasing (long-term)	8 414	10 348
Leasing (current)	4 174	3 732
Total financial debts	**12 588**	**14 080**

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

Note 19 Cash and cash equivalents

Principles for accounting

Cash and cash equivalents consist of cash and bank deposits.

(Amounts in NOK 1 000)	31.12.2023	31.12.2022
Cash	178 613	176 664
Tax withdrawal accounts	2 281	2 131
Total cash and cash equivalents	**180 894**	**178 795**

Note 20 Earnings per share

Principles for accounting

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

(Amounts in NOK 1 000)	2023	2022
Net profit attributable to ordinary shareholders of the parent	19 424	32 860
Net profit to shareholders	**19 424**	**32 860**
Weighted number of shares used for calculation of basic EPS(1000 shares)	50 709	50 413
Dilution effect share based payment	132	515
Weighted number of shares used for calculation of diluted EPS (1000 shares)	**50 841**	**50 928**
Weighted basic and diluted earnings per share (NOK per share)	0,38	0,65
Weighted diluted earnings per share (NOK per share)	0,38	0,65

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

Principles for accounting

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

(Number of shares)	Shares	Whereof treasury shares
AS OF 01.01.2023	50 371 390	
Share issue - options	200 000	
As of 31.12.2022	**50 571 390**	**0**
Share issue - options	300 000	
As of 31.12.2023	**50 871 390**	**0**

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

The Annual General meeting of 6. June 2023, granted three authorisations to the Board:

1. To increase the share capital with up to 7,500,000 shares at par value. The authorisation may be used for cash capital increases or capital increases in connection with mergers but does not include non-cash share issues. The authorisation was not used in 2023.
2. To increase the share capital with up to 515,000 shares at par value. The authorisation may only be used in connection with capital increases relating to share option programs. 300,000 shares of this authorisation was used in 2023.

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

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

Share options

Per 31.12.2023, there were 795,000 outstanding options options in the Group. The Group has a share-based option scheme. The fair value of the services received from the employees in return for the options granted is recognised as an expense in the consolidated profit & loss statement. Total expense for the options is accrued over the contract period based on the fair value of the options granted, excluding impact of any vesting conditions. Criteria not reflected in the market, affect the assumptions about the number of options expected to be vested. At the end of each reporting period, the Company revises its estimates of the number of options expected to be vested. It recognises the importance of the revision of original estimates in the consolidated profit & loss statement with a corresponding adjustment in equity. For 2023, the Company expensed NOK 2.6 million in connection with share options and a reversal of NOK 0.5 million in previously booked national insurance contribution on options.

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

Outstandig share options:

	2023		2022	
	Average exercise price	Number of share options	Average exercise price	Number of share options
As of 01.01.	48,84	1 015 000	42,12	1 215 000
Granted during the year	35,52	450 000		
Exercised during the year	8,73	-300 000	8,00	-200 000
Forfeited during the year	64,04	-370 000		
Outstanding at 31.12		**795 000**		**1 015 000**

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

Expiry date	Average exercise price	Number of share options 2023	Number of share options 2022
2022, 31 December*	8.00		200 000
2025, 14. May	10,19	215 000	315 000
2026, 30 November	89,52	330 000	500 000
2028, 28 February	42,38	50 000	
2028, 30 November	26,94	200 000	
Outstanding at 31.12.		**795 000**	**1 015 000**
Exercisable options at 31.12		**215 000**	**200 000**

*Expiry date has been adjusted to 30.06.2023

The fair value of employee options (2028 Feb award) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 27.70 per share), risk free rate (3.69%), expected term of 5 years, expected dividend yield (0%), excercise price (NOK 38.23 per share) and volatility last 5 years (63.21%). The options were valued at NOK 13.49 per share option at award. The fair value of employee options (2028 Nov award) are calculated according to the Black-Scholes method. The most important parameters are share price at grant date (NOK 32.00 per share), risk free rate (3.82%), expected term of 5 years, expected dividend yield (0%), excercise price (NOK 26.94 per share) and volatility last 5 years (62.88%). The options were valued at NOK 19.42 per share option at award. The fair value is expensed over the vesting period. The Company has no obligations, legal nor implied, to repurchase or settle the options in cash unless general assembly declines to renew its authorisation to issue new shares.

The 20 largest shareholders as of 31.12.2023:

Ownership information:	Shares	Ownership
Skandinaviska Enskilda Banken AB (nominee)	6 493 000	12,8 %
Skandinaviska Enskilda Banken AB (nominee)	3 705 315	7,3 %
Skandinaviska Enskilda Banken AB (nominee)	2 740 253	5,4 %
State Street Bank and Trust Comp (nominee)	2 431 197	4,8 %
Pro AS	2 150 231	4,2 %
Clearstream Banking S.A. (nominee)	1 832 351	3,6 %
Avanza Bank AB (nominee)	1 822 316	3,6 %
State Street Bank and Trust Comp (nominee)	1 713 091	3,4 %
Nordnet Bank AB (nominee)	1 409 546	2,8 %
Vinterstua AS	1 383 214	2,7 %
Belvedere AS	1 015 684	2,0 %
Skandinaviska Enskilda Banken AB (nominee)	950 024	1,9 %
J.P. Morgan SE (nominee)	719 040	1,4 %
Riise Invest Nord AS	619 000	1,2 %
Middelboe AS	612 400	1,2 %
Danske Bank AS (nominee)	577 565	1,1 %
Kvantia AS	554 713	1,1 %
Nordnet Livsforsikring AS	542 233	1,1 %
Naudholmen AS	525 000	1,0 %
Verdipapirfondet KLP Aksjenorge	524 511	1,0 %
20 largest shareholders aggregated	**32 320 684**	**63,5 %**
3.410 other shareholders aggregated	**18 550 706**	**36,5 %**
Total shares (3.430 shareholders)	**50 871 390**	**100,0 %**

Note 22 Account payable and other current liabilities

Principles for accounting

The Group's liabilities consistes of accounts payable, dividends, lease liabilities interest-beearing and other current liabilities and are classified as "current liabilities". Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and employees. Accounts payable is classified as current liability if payment is due within 12 months. If not, they are presented as long-term liabilities.

Specification of other current laibilities:

(Amounts in NOK 1 000)	31.12.2023	31.12.2022
Unpaid holiday pay	4 457	3 947
Bonus	1 781	2 055
Other personnel	1 277	2 025
Accrued public fees and withdrawals	3 460	2 883
Miscellaneous other accrued costs	1 922	3 717
Other current liabilities	**12 898**	**14 628**

Note 23 Events after balance sheet date, 31.12.2023

There are no events to the financial statements for the period from the financial position date to the date of approval ; 28 april 2024.

Financial statements

– parent company

Statement of profit & loss — parent company

1. January till 31. December

(Amounts in NOK 1 000)	Note	2023	2022
Sales revenue	1	5 128	11 440
Total revenues		**5 128**	**11 440**
Personnel expenses	2	1 930	16 429
Depreciation and amortisation expenses	3, 4	42	332
Other operating expenses	2, 5	10 567	12 492
Total operating expenses		**12 539**	**29 254**
Operating profit/ loss(-)		**-7 411**	**-17 814**
Financial income and expenses			
Other financial income	3	31 675	58 592
Other financial expenses		632	699
Net financial items	6	**31 043**	**57 893**
Net profit before tax		**23 632**	**40 079**
Income tax expense	7	5 194	8 831
Net profit/loss (-)		**18 437**	**31 248**
Transfers and disposision			
Other equity		18 437	31 248
Total allocation		**18 437**	**31 248**

Statement of other comprehensive income — parent company

(Amounts in NOK 1 000)	2023	2022
Net profit/loss for the year	-18 437	-31 248
Other income & costs after tax	-	-
Total comprehensive income	**18 437**	**31 248**

Statement of financial position — parent company

As of 31. December

(Amounts in NOK 1 000)	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Deferred tax assets	7	6 302	11 496
Total intangible assets		**6 302**	**11 496**
PROPERTY, PLANT AND EQUIPMENT			
Equipment		165	175
Lease assets	4		229
Total property, plant and equipment		**165**	**405**
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	8	155 703	155 703
Other long-term receivables	9	11 305	13 333
Total non-current financial assets		**167 008**	**169 036**
Total non-current assets		**173 475**	**180 936**
DEBTORS			
Other assets	9, 11	69 952	66 128
Receivables from group companies	9, 10	25 683	58 640
Total receivables		**95 635**	**124 768**
INVESTMENTS			
Cash and cash equivalents	10, 12	155 018	102 385
Total current assets		**250 653**	**227 153**
Total assets		**424 129**	**408 089**

Statement of financial position — parent company

As of 31. December

(Amounts in NOK 1 000)	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	50 871	50 571
Premium paid-in capital		263 947	261 656
Other paid-in capital		52 243	52 867
Total paid-in capital		**367 062**	**365 094**
Retained earnings		40 532	22 102
Total retained earnings		**40 532**	**22 102**
Total equity		**407 593**	**387 197**
LIABILITIES			
Lease agreements	3, 10	7 562	10 227
Total non-current liabilities		**7 562**	**10 227**
Accounts payable	9	741	1 863
Public duties payable		69	593
Other current liabilities	3, 9, 14	8 163	8 210
Total current liabilities		**8 974**	**10 666**
Total liabilities		**16 535**	**20 893**
Total equity and liabilities		**424 129**	**408 089**

Tromsø, 28. April 2024

Marie Ann Roskrow	**Jane Theaker**	**Bernd K. Striberny**	**Michael B. Akoh**
Chairman	Director	Director (employee)	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
Equity capital 01.01.2022	**50 371**	**260 256**	**49 148**	**-9 145**	**350 629**
Capital increase	200	1 400			1 600
Result for the year				31 248	31 248
Employees`share options			3 720		3 720
Equity capital 31.12.2022	**50 571**	**261 656**	**52 867**	**22 102**	**387 197**
Capital increase	300	2 291		-8	2 584
Result for the year				18 437	18 437
Employees`share options			-624		-624
Equity capital 31.12.2023	**50 871**	**263 947**	**52 243**	**40 532**	**407 593**

Statement of cash flow — parent company

1. January till 31. December

(Amounts in NOK 1 000)	Note	2023	2022
CASH FROM OPERATING ACTIVITIES			
Profit/loss before tax		23 632	40 079
Adjustment, lease premises		-106	-750
Intra-group contribution given		-22 610	-55 306
Ordinary depreciation		42	332
Employees' options, share-based payment expense		-624	3 720
Interest expense lease liability		-226	22
Changes in operating assets and receivables		38	68
Changes in in fair value for financial investments		-1 806	275
Account payable and other current liabilities		-1 943	-90 131
Net cash flows from operating activities		**-3 603**	**-101 692**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments to buy tangible assets		32	120
Intra-group contribution received		-55 306	-71 500
Payments to buy other investments		1 796	20 763
Changes in long-term receivables		-3 660	-3 050
Net cash flows from investment activities		**57 138**	**53 667**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment on lease liabilities		3 712	3 254
Payment interest on lease liabilities		-226	22
Proceeds from equity		-2 584	-1 600
Net cash flows from financing activities		**-902**	**-1 676**
Net change in cash and cash equivalents		52 634	-49 701
Cash and cash equivalents at the start of the period		102 385	152 086
Cash and cash equivalents at the end of the period		**155 018**	**102 385**

Notes to the financial statements for 2023 — parent company

ACCOUNTING PRINCIPLES

ArcticZymes Technologies ASA has 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 and group contributions which is in accordance with IFRS § 3-1 nr 3 (IAS 10 nr. 12 og 13, IAS 27.12, IFRS 9.5.7.1 A og IFRIC 17 nr. 10).

Note 1 Sales revenue

(Amounts in NOK 1 000)	2023		2022	
GEOGRAPHIC BREAKDOWN				
Norway	100 %	5 128	100 %	11 440
Total sales revenue	**100 %**	**5 128**	**100 %**	**11 440**

Sales revenues for 2023 are internal Group sales.

Note 2 Personnel expenses

(Amounts in NOK 1 000)	2023	2022
Salaries	1 577	7 094
Employer's social security contribution	-683	3 079
Pension costs	32	568
Share options granted to employees	-624	3 720
Other benefits	1 628	1 969
Total personnel expenses	**1 930**	**16 429**
Average number of man-years	0	8

All employees were transferred to the subsidiary ArcticZymes AS 01.01.2023.

Remuneration of the Baard of Directors and senior management:

(Amounts in NOK 1 000)	2023				2022			
	Salaries paid	Bonus paid	Pension costs	Other benefits	Salaries paid	Bonus paid	Pension costs	Other benefits
Marie Ann Roskrow, Chairman	488			120	500			
Edgar Koster, Director	225							
Bernd K. Striberny, Director / Employee	139				56			
Jane Theaker, Director	398			180	280			320
Volker Wedershoven, former Director				2981	425			
Marit S. Lorentzen, former Director / Employee					45			
Michal Akoh, CEO								
Børge Sørvoll, CFO					1 538	323	123	11
Jethro Holter, former CEO					2 073	671	131	26

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

Auditor

Remuneration to the auditor is distributed as follows (amounts are before vat):

(Amounts in NOK 1 000)	2023	2022
Statutory audit	342	290
Other attestation services	45	51
Other non-audit services		1 371
Total auditor expenses	**387**	**1 712**

Note 3 Financial assets and liabilities leasing

Principles for accounting

At inception of a contract, the Company considers whether or not the contract conveys the right to control the asset for a period of time. The lease liability is initially recognised at present value of all lease payments for the underlying asset during the lease term including the expected use of extension options in the contract. The lease asset is initially measured at cost and is depreciated from the commencement date through the remaining useful life.

ArcticZymes Technologies has 4 lease contracts in Tromsø. One is for leased offices and lab facilities at Siva Innovation Centre in Tromsø originating from 2011. The second contract is from 2021 and is for the production facilities at Siva Innovation Centre in Tromsø. The third contract is from 2022 and relates to expansion offices at Siva Innovation Centre and the fourth from 2023 is due to our need for additional space.

(Amounts in NOK 1 000)	Lease assets
Historic cost	4 138
Accumulated depreciation	-3 908
Book value at 31.12.2022	**229**
Adjustment net present value 01. 01	229
Revised lease and additional premises SIVA, Tromsø	422
Revised lease and additional premises subsidiary	-881
Book value at 31.12.2023	**0**
Historic cost	3908
Accumulated depreciation	-3908
Book value at 31.12.2023	**0**

Lease liability

(Amounts in NOK 1 000)	2023	2022
Book value at 31.12 (preceding year)	**-13 650**	**-17 570**
Net present value adjustment 01.01	-230	-44
Revised lease and additional premises SIVA, Tromsø	-422	1 237
Interest expense	-419	-481
Lease paymentes additional premises SIVA	3 486	3 276
Book value at 31.12	**-11 235**	**-13 583**
Where of Current liability	-3 673	-3 422
Where of Non-current liability	-7 562	-10 227

Maturity analysis - contractual undiscounted cash flow

(Amounts in NOK 1 000)	2023	2022
Less than one year	3 673	3 422
One to five years	6 945	9 172
More than five years	2 180	3 200
Total undiscounted lease liabilities at 31.12	**12 798**	**15 795**

Note 4 Equipment

Principles for accounting

Equipment in the Company is office equipment. The acquisition expense is depreciated over the estimated useful life, for each group of assets:

Furniture and office equipment	3-5 years

(Amounts in NOK 1 000)	Equipment
As of 01.01.2022	87
Addition	120
Depreciation	-32
Book value at 31.12.2022	**175**
Historic cost	221
Accumulated depreciation	-46
Book value at 31.12.2022	**175**
Addition	32
Depreciation	-42
Book value at 31.12.2023	**165**
Historic cost	253
Accumulated depreciation	-88
Book value at 31.12.2023	**165**

Note 5 Other operating expenses

(Amounts in NOK 1 000)	2023	2022
Maintenance premises	1 882	1 281
Office equipment and IT	2 608	1 915
External services	4 164	6 302
Marketing expenses	77	146
Patent and licensing expenses	27	104
Other operating expenses	1 809	2 745
Total other operating expenses	**10 567**	**12 492**

Note 6 Financial income and expense

(Amounts in NOK 1 000)	2023	2022
Group contributions	22 610	55 306
Other financial income		750
Interest income	7 259	2 810
Changes in fair value for financial investments	1 806	-275
Total financial income	**31 675**	**58 592**
Net loss on currencies, not realised	-214	-51
Interest expense	-419	-647
Total financial expense	**-632**	**-699**
Total financial income and expense, net	**31 043**	**57 893**

Note 7 Tax expense

(Amounts in NOK 1 000)	2023	2022	Difference
Change in deferred tax	5 194	8 831	
Total tax charge	**5 194**	**8 831**	
CALCULATION OF THE TAX BASE FOR THE YEAR			
Result before tax	23 632	40 079	
Permanent differences	-24 437	-54 967	
Group contribution	22 610	55 306	
Changes in temporary differences	1 092	435	
Allocation of loss to be carried forward	-22 897	-40 853	
The year's tax base	**0**	**0**	
PAYABLE TAX IN THE BALANCE:			
Payable tax on this year's result	-4 974	-12 167	
Payable tax on received Group contribution	4 974	12 167	
Total payable tax in the balance	**0**	**0**	

(Amounts in NOK 1 000)	2023	2022	Difference
OVERVIEW OF TEMPORARY DIFFERENCES:			
Tangible assets	1 363	1 682	319
Gains and losses account	5 432	6 790	1 358
Other temporary differences	-1 144	-1 729	-585
Total temporary differences	**5 650**	**6 742**	**1 092**
Accumulated loss to be carried forward	-36 374	-59 270	-22 897
Financial instruments	2 079	274	-1 806
Calculation base deferred tax asset	**-28 644**	**-52 254**	**-23 610**
Deferred tax assets (22 %)	**-6 302**	**-11 496**	**-5 194**

(Amounts in NOK 1 000)	2023	2022	Difference
EXPLANATION WHY THE TAX CHARGE FOR THE RESULT BEFORE TAX IS UNLIKE 22%:			
Result before tax	23 632	40 079	
22 % % tax on the result before tax	5 199	8 817	
Tax effect of permanent differences	-402	75	
Changes i mutal funds	397	-60	
Calculated tax charge	**5 194**	**8 831**	
Effective tax rate	22 %	22 %	

Note 8 Subsidiaries

(Amounts in NOK 1 000)	Main office location	Share capital & premium	Shareholding	Book value	Net profit	Equity
ArcticZymes AS	Tromsø	24 296	100 %	155 703	23 597	57 323

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

Note 9 Group internal accounts

(Amounts in NOK 1 000)	Customer receivables		Other receivables	
	2023	2022	2023	2022
Companies in the same group	3 073	3 334	22 610	55 306
Total internal receivables	**3 073**	**3 334**	**22610**	**55 306**

(Amounts in NOK 1 000)	Debt to suppliers		Other long-term liabilities	
	2023	2022	2023	2022
Companies in the same group	-3 275			
Total internal receivables	**-3 275**	**0**	**0**	**0**

The Company has entered into service agreement with the subsidiary ArcticZymes AS where the subsidiary purchase services within IT and administration.

Note 10 Financial assets and liability

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

Assets per 31.12:

(Amounts in NOK 1 000)	2023	2022
DEPOSITS AND RECEIVABLES AT AMORTISED COST:		
Group receivables subsidiaries	25 683	58 640
Cash and cash equivalents	155 018	102 385
Short therm investments	68 968	65 366
Total financial assets	**249 669**	**226 391**

Liabilities per 31.12:

(Amounts in NOK 1 000)	2023	2022
LIABILITIES AT AMORTISED COST:		
Leasing (long-term)	7 562	10 227
Lease (current)	3 673	3 422
Total financial liabilities	**11 235**	**13 650**

Note 11 Other assets

(Amounts in NOK 1 000)	2023	2022
Mutual funds	68 968	65 366
Prepaid east	852	433
VAT	133	329
Book value of other assets 31.12	**69 952**	**66 128**

MNOK 69 in mutual funds have been reclassified from cash and cash equivalent to other assets.

Note 12 Cash and cash equivalents

(Amounts in NOK 1 000)	2023	2022
Cash and cash equivalents	154 633	101 671
Tax withdrawal accounts	385	714
Total cash and cash equivalents, net 31.12	**155 018**	**102 385**

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

Note 13 Share capital

(Actual number of shares, other amounts in NOK 1 000)	Number of shares	Whereof treasury shares
As of 01.01.2022	50 371 000	
Share issue - options	200 000	
As of 31.12.2022	**50 571 000**	
Share issue - options	300 000	
As of 31.12.2023	**50 871 000**	

The Annual General meeting held on 06. June 2023, granted two authorisations to the Board:

1. To increase the share capital with up to 7,500,000 shares at par value. The authorisation may be used for cash capital increases or capital increases in connection with mergers but does not include non-cash share issues. The authorisation has not been used in 2023.
2. To increase the share capital with up to 515,000 shares at par value. The authorisation may only be used in connection with capital increases relating to share option programs. 300,000 shares of this authorisation was used in 2023.

See Group note 21 for an overview over largest shareholders.

Note 14 Other current liabilities

(Amounts in NOK 1 000)	2023	2022
Accrued salaries and holiday payment	1 215	3 006
Bonus		386
Lease paymentes additional premises SIVA	3 673	3 422
Liabillities to group companies	3 275	
Other accrued costs		1 396
Total other current liabilities	**8 163**	**8 210**

Note 15 Events after balance sheet date

See Group note 23 for events after balance sheet date 31.12.2023.

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 2023 have been prepared in accordance with current accounting standards and that the information in the accounts gives a true and fair view of the Company and the Group's assets, liabilities, financial position and results of operations.

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

Tromsø, 28 April 2024
Board of Directors /CEO
ArcticZymes Technologies ASA

Marie Ann Roskrow Chairman	**Jane Theaker** Director	**Bernd Striberny** Director- employee representative	**Michael B. Akoh** 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 statement of financial position as at 31 December 2023, the statements of profit & loss, other comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of ArcticZymes Technologies ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statements of profit & loss, other comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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

Basis for Opinion

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

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

We have been the auditor of the Company for 5 years from the election by the general meeting of the shareholders on 15 May 2019 for the accounting year 2019.

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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Capitalisation of Development Costs has the same characteristics and risks as in the prior year, and therefore continues to be an area of focus this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
Capitalisation of Development Costs	
The Group's intangible assets amounted to NOK 26 096 thousand at the balance sheet date, out of which NOK 17 546 thousand was related to development costs capitalised during 2023. Development costs are capitalised when management considers them to be clearly associated with identifiable products which will be controlled by the Group and have a profitable benefit in coming years. Costs that do not meet these criterias are recognised as an expense as they are incurred. We considered capitalisation of development costs to be a key audit matter due to the level of judgement applied by management in assessing whether direct development costs, such as employee expenses and contractor costs, met the capitalisation criterias in IAS 38, and due to the magnitude of capitalised development costs in the balance sheet. Refer to note 4 and note 13 to the consolidated financial statements where management explains the accounting principles and the use of judgement.	We obtained an understanding of management's accounting policy for capitalisation of development costs. Through discussions with management, we assessed management's accounting policy against IFRS requirements, and obtained explanations from management as to how the accounting policy aligned with the capitalisation criterias of IAS 38. We also obtained an understanding of management's routines and internal controls, specifically as it relates to: • management's assessment of whether identified products and related costs met the capitalisation criterias as set out in the accounting policies, • calculation and capitalisation of internal time-based expenditures, and • capitalisation of external development costs. Further, we performed among others, the following audit procedures over the capitalisation of development cost: • We evaluated the appropriateness of management's rationale for capitalisation, and considered the nature of the costs that were capitalised for each product identified by management. • On a sample basis, we tested the application of management's accounting policy to capitalised development costs during the year. • For a sample of capitalised time-based expenditures, we recalculated the capitalised costs by multiplying the capitalisation rate per hour to the development hours recorded as according to approved time-sheets. We also considered the level of the capitalisation rate applied. • On a sample basis, we tested the accuracy and relevance of capitalised external costs against supporting external invoices. We noted no material errors during the course of our procedures.

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We evaluated the adequacy and appropriateness of the disclosures provided in the notes, and found them to be in accordance with relevant IFRS requirements. .

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

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Report on Other Legal and Regulatory Requirements

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

Opinion
As part of the audit of the financial statements of ArcticZymes Technologies ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name ArcticZymes Technologies ASA-2023-12-31-EN.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

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

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

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

Tromsø, 28 April 2024
PricewaterhouseCoopers AS

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

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