

Arctic Bioscience

Presentation of financial results;
Q4 2023 update / prelim. FY 2023 results

March 1st 2024

Christer L. Valderhaug (CEO)

Jone R. Slinning (CFO)

Runhild Gammelsæter (Global Medical Director)



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Developing and commercializing pharmaceutical and nutraceutical products based on **unique bioactive marine compounds**, utilizing proprietary technology and methodology

Agenda

Intro and 2023 operational highlights

2023 operational review

2023 consolidated Group financial review (*prelim.*)

Business outlook

Q&A



Intro and 2023 operational highlights



2023 highlights

Phase IIb clinical trial for HRO350, the HeROPA-study, fully recruited
 6-months primary end-point read-out expected in H2 2024

Liquidity position according to development plans

NOK 109,6 million as of end 2023

22% y/y B2C revenue growth

Implemented measures have had positive effects on B2C development in 2023

Financial results in line with earlier guiding

Gross margin 29% / adj. EBITDA MNOK -38,6

Cellular studies project on Mode of Action of HRO350 completed

Key objectives of this project were to gain a deeper understanding of the cellular mechanisms and structural characteristics of HRO350. Plan to publish results H1 2024

Kotler strategic partnership continues to develop well

End-customer sales doubled in 2023, which is expected to impact revenues in 2024 for Arctic Bioscience

Acquisition of Arctic Algae AS in Q1 2023

Foundation for future expansion of our product portfolio into marine algal oils



Operational review **Nutra**

Global nutra business with distribution via B2C, B2B and partner channels



Based on extracts from the caviar of wild-caught North Atlantic herring
Phospholipid omega-3 products - especially rich in DHA



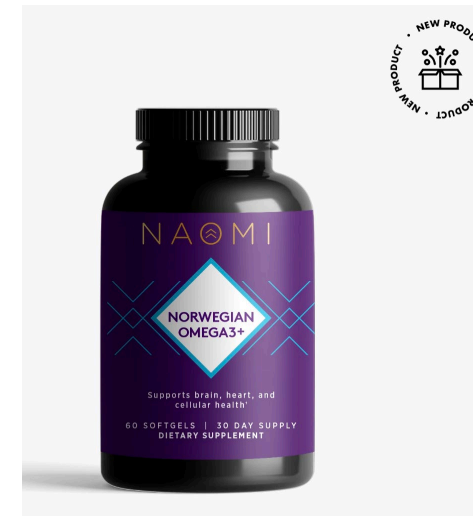
Nutra B2C/B2B Norway

- Arctic Bioscience sells ROMEGA® to consumers in Norway. In 2023 B2C sales revenues increased by 22% y/y
- The primary growth in B2C revenues is driven by sales coming from the new “ROMEGA® Hjerne” product
- The ROMEGA® products are available through e-commerce subscription at romeqa.no
- In addition, the ROMEGA® product is sold at Farmasiet, Sunkost, Life, Arnika and Kinsarvik. The B2B revenue in Norway increased by 20% y/y



Nutra Americas & Europe

- Nutra B2B in general had a revenue growth through 2023 of 12% y/y
 - Revenue in Europe grew by 46%
 - Revenues from Americas dropped by 27%.
 - Affected by changes in customer's delivery plans
- Several new US brands signed in 2023 and are expected to launch through 2024
- More than 40 nutra brands globally contains ROMEGA[®]



Nutra APAC

- The sale of ROMEGA®-products in China was strong and doubled y/y in 2023. However, being reflected in the 2024-revenues for Arctic Bioscience due to stock changes and manufacturing delays end of year
- Arctic Bioscience sales revenue from China in 2023 dropped by 29% y/y
- Key products in China are ROMEGA®Prenatal, ROMEGA®Eye and ROMEGA®Brain
- APAC ex China grew by 30% y/y
- The interest and demand from other large Asian markets are positive and may become key growth drivers going forward





Operational review **Pharma**

HRO350 market potential in mild-to-moderate psoriasis

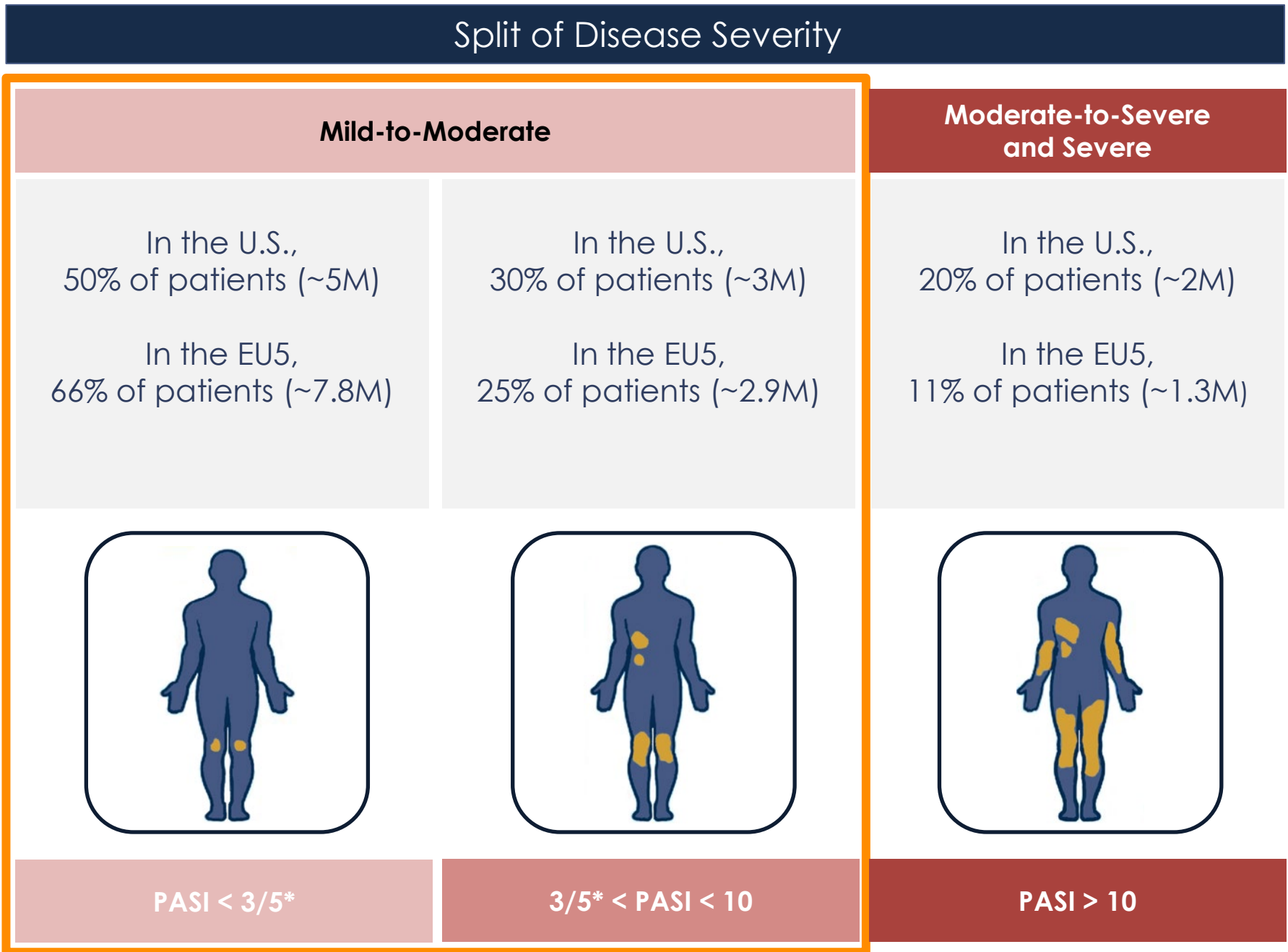
Novel oral product meets an unmet medical need for patients with non-severe psoriasis

Large market potential in mild-to-moderate psoriasis

- ~22.5M total psoriasis patients across severity types (~10.7 U.S. and ~11.8 EU5)
- ~80% of U.S. patients and ~90% of EU5 patients have mild-to-moderate psoriasis
- HRO350 is targeting a total addressable market of ~18.7M mild-to-moderate psoriasis patients

HRO350 has the potential to become a blockbuster drug

- Analysts predict potential for peak annual revenue above 1 billion USD



*Split between mild and moderate patients varies in the literature.

Sources: HRO350 Commercial Opportunity Assessment in Psoriasis, IQVIA; WHO Global Report on Psoriasis; Rendon. Int J Mol Sci. 2019 Mar; 20(6): 1475; UpToDate; American Academy of Dermatology Association; Papp. Dermatol Ther. 11:1053; 2021; National Psoriasis Foundation; Evaluate Pharma 2022 Psoriasis Market Size, November 2022 Analysis. ABG-SC Arctic Bioscience Initiation Report (17th March 2021)

Paediatric indication for HRO350: added potential

Potential first-line treatment for children with mild-to-moderate psoriasis

Paediatric Investigation Plan (PIP) agreed with the Paediatric Committee* of the EMA

- Drug development program for children <18 years of age with psoriasis
- Component of the regulatory drug development journey for HRO350
- Prerequisite for filing for marketing authorization (MA) for new medicines in Europe

Limited approved products in standards of care High unmet medical need

- 1% of children under age 18 suffer from psoriasis
- Plan for expanded indication for HRO350
- Limited treatment options – potential first line treatment for mild-to-moderate psoriasis in children
- A future paediatric indication would increase patient population who could have benefit of HRO350



EUROPEAN MEDICINES AGENCY
SCIENCE MEDICINES HEALTH

*The Paediatric Committee of the EMA provides opinions on the quality, safety and efficacy of a medicine for use in the paediatric population

References: Augustin M, Glaeske G, Radtke MA, Christophers E, Reich K, Schäfer I. Epidemiology and comorbidity of psoriasis in children. Br J Dermatol. 2010 Mar;162(3):633-6. doi: 10.1111/j.1365-2133.2009.09593.x. Epub 2009 Nov 18. PMID: 19922529; Haulig MB, Zachariae C, Skov L. Off-Label Treatments for Pediatric Psoriasis: Lessons for the Clinic. Psoriasis (Auckl). 2021 Feb 11;11:1-20. doi: 10.2147/PTT.S268462. PMID: 33604269; PMCID: PMC7886293.; Menter A, Cordoro KM, Davis DMR, et al. Joint American Academy of Dermatology-National Psoriasis Foundation guidelines of care for the management and treatment of psoriasis in pediatric patients [published correction appears in J Am Acad Dermatol. 2020 Mar;82(3):574]. J Am Acad Dermatol. 2020;82(1):161-201.

HeROPA phase IIb study progress and status per February 2024

To investigate efficacy, safety, and dose of HRO350 versus placebo in mild-to-moderate psoriasis

Recruitment complete: 519 patients

All patients will be treated for 6 months - primary endpoint

Data read-out estimated H2 2024

Base for planning phase 3 clinical program

Secondary endpoints after 52 weeks of placebo-controlled treatment

8 weeks follow-up to investigate rebound and safety

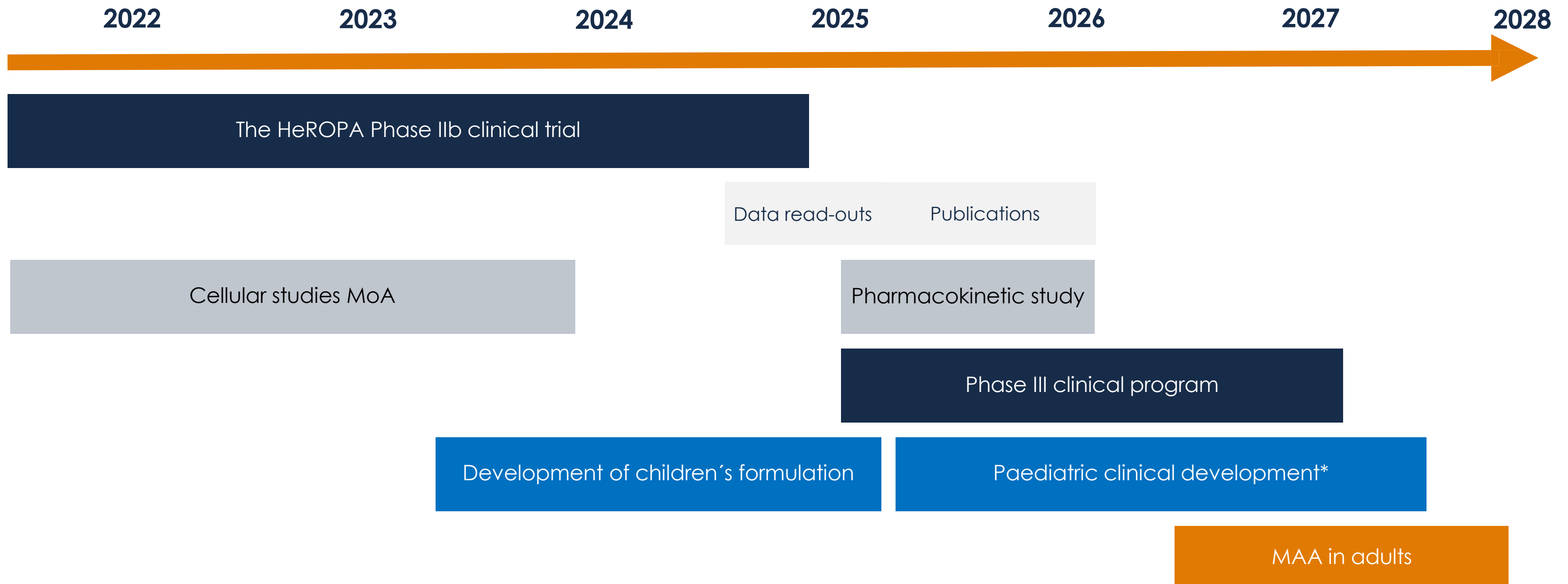
All study data to be published 2025



HeROPA

Herring Roe Oil Phospholipids in Psoriasis by Arctic

HRO350 clinical program progress and timeline update



Cellular data on HRO350 Mechanism-of-Action in psoriasis

“Properties of phospholipids from Herring Roe in Psoriasis” supported by grant from the Research Council of Norway

Most existing treatments for psoriasis work by reducing inflammation, commonly by **inhibiting specific signaling substances** from immune cells which affect skin cells. This includes the cytokines IL17 and IL23. A key symptom of psoriatic skin is overproliferation of keratinocytes, leading to psoriatic plaques with scaling.

Specialized pro-resolving mediators (SPMs) are a type of bioactive lipids that actively **terminate inflammation and drive the restauration of tissue homeostasis** through activating signs of resolution¹. Lipid mediators are **elevated in lesional psoriatic skin**³. SPMs effects have been demonstrated in-vitro, e.g. Maresin-1 (MaR1) has been shown to **suppress IL-17A production in a murine psoriasis model**.

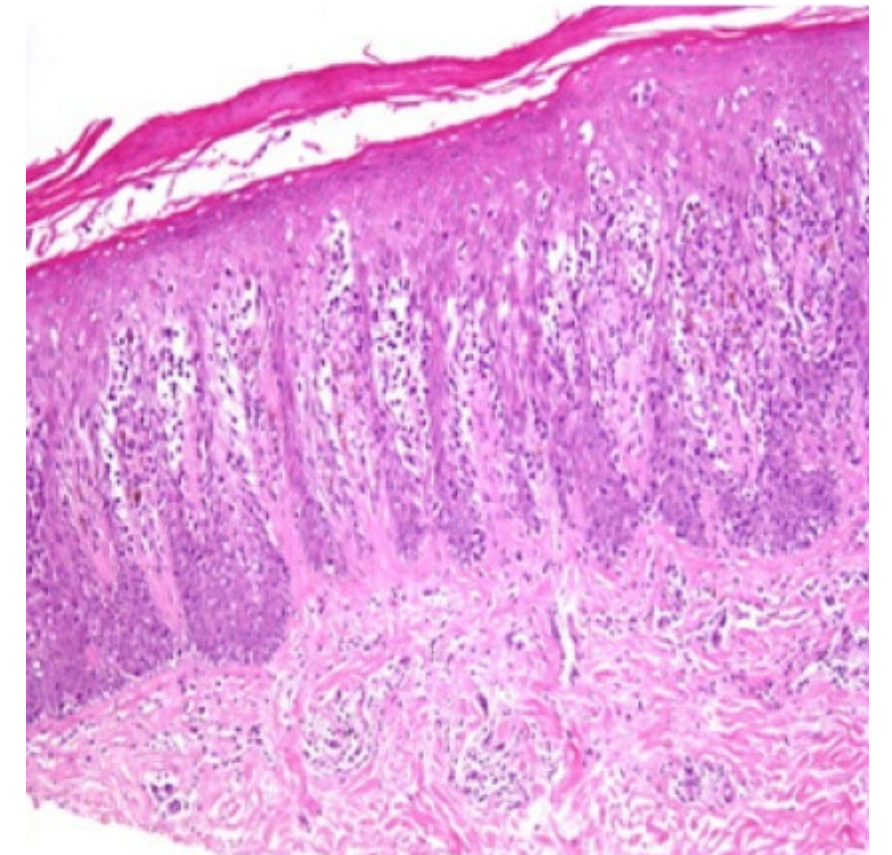
Project has investigated:

- Effects of HRO350 in skin cell cultures, advanced skin cell models and human immune cells
- Effects of HRO350 on response genes and psoriasis markers in skin cells
- Uptake of HRO350 to skin cells and immune cells
- Analysis of Specialized Pro-Resolving Mediators (SPMs)

Data under review for patenting opportunities

Posters will be presented at congresses and multiple peer-reviewed publications estimated Q3-4

These data will be important in the future Marketing Authorization Application for HRO350



Arctic Orphan (ABS302): Novel orphan designation drug candidate for brain development in extremely premature infants

~15 million premature births annually worldwide¹

~5% are **extremely premature** (< 28 weeks)²

Extremely premature infants are **bereaved three months of the normal *in utero* development time**, do not have fully developed brains, and a **high risk of disability and complications**

Lipid drug candidate ABS302 is intended for the support for brain development and prevention of neurodevelopment complications in extremely premature infants

Project plan ABS302

Quality/CMC/regulatory preparations

Process and formulation development

GLP manufacture for pre-clinical program

Preclinical program

GMP manufacture of clinical materials

Clinical development with Smerud of ABS302



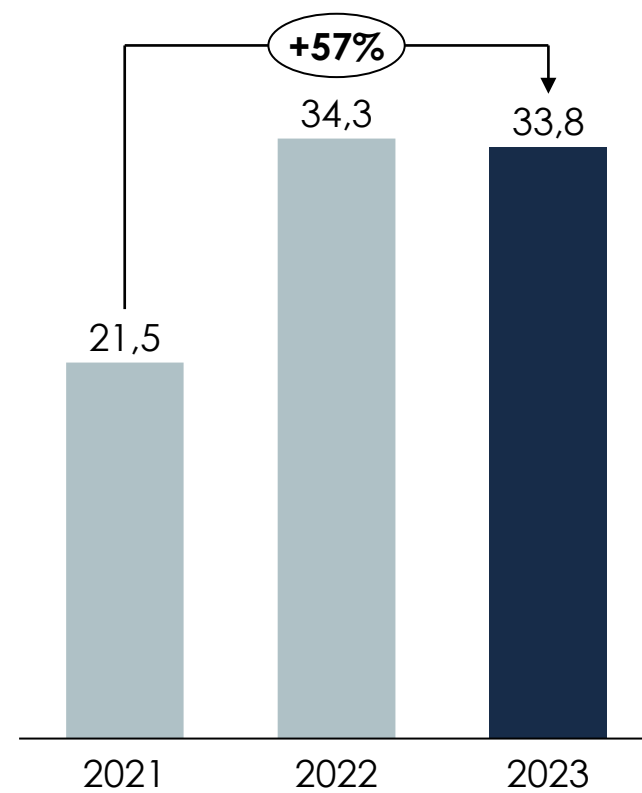


2023 consolidated group **financial review** *(prelim.)*

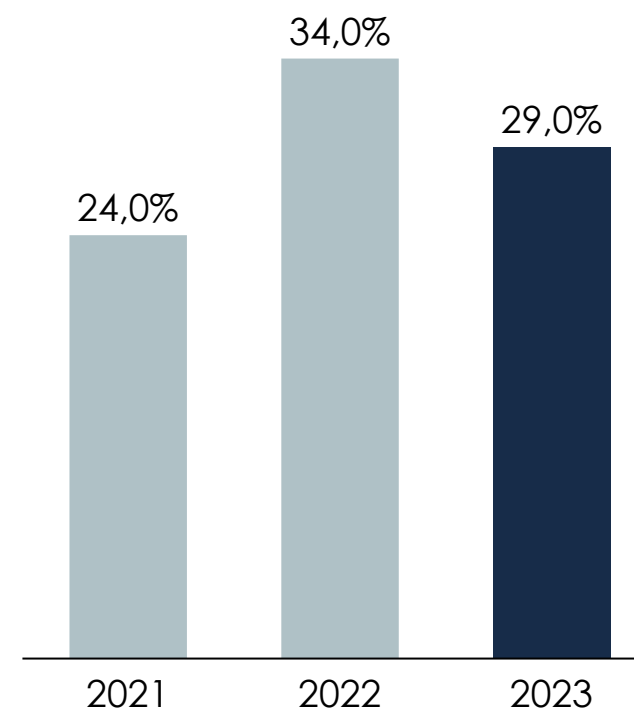


Key financial figures

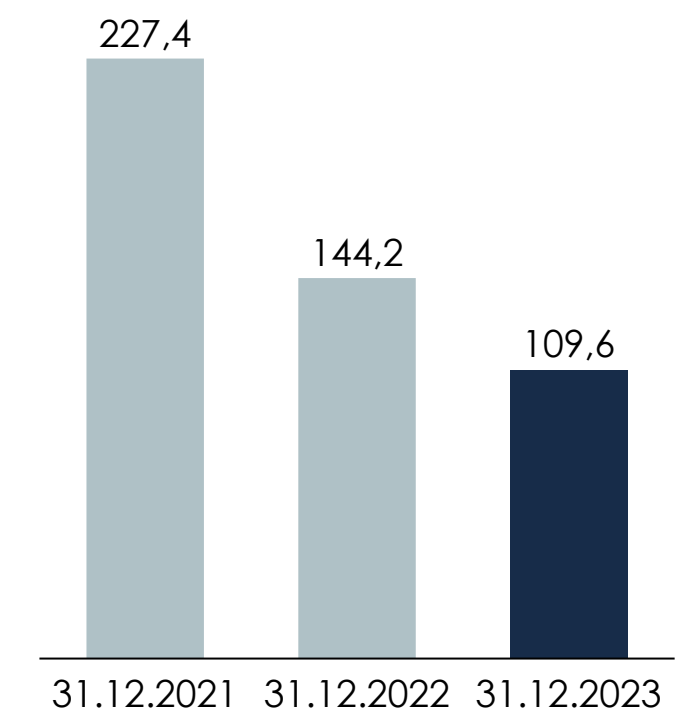
SALES REVENUES



GROSS MARGIN



AVAILABLE LIQUIDITY



TNOK	2023	2022
Sales revenue	33 750	34 272
Other revenues	6	197
Cost of goods sold	23 976	22 626
Gross profit	9 774	11 646
Gross margin %	29,0 %	34,0 %
Employee benefits expenses	23 513	24 355
Depreciation and amortisation expenses	5 382	3 730
Other expenses	29 470	21 147
Operating profit (loss)	-48 586	-37 389
Net financial items	3 072	3 364
Net profit (loss) for the period	-45 514	-34 025
EBITDA	-43 204	-33 659
Adj. EBITDA	-38 597	-30 996

Income statement

Sales revenues down 1,5% y/y, mainly driven by postponement in delivery plans into 2024 from some of our largest customers

- Positive development in B2C-segment in line with expectations, with a y/y revenue growth of 22,4%
- Strong growth in y/y revenues also on the European B2B-segment, in total a growth of 46% y/y
- End-customer sales in China doubled in 2023, effects from this trend expected to be affected in the revenues for 2024

Positive development in gross margin the last couple of years

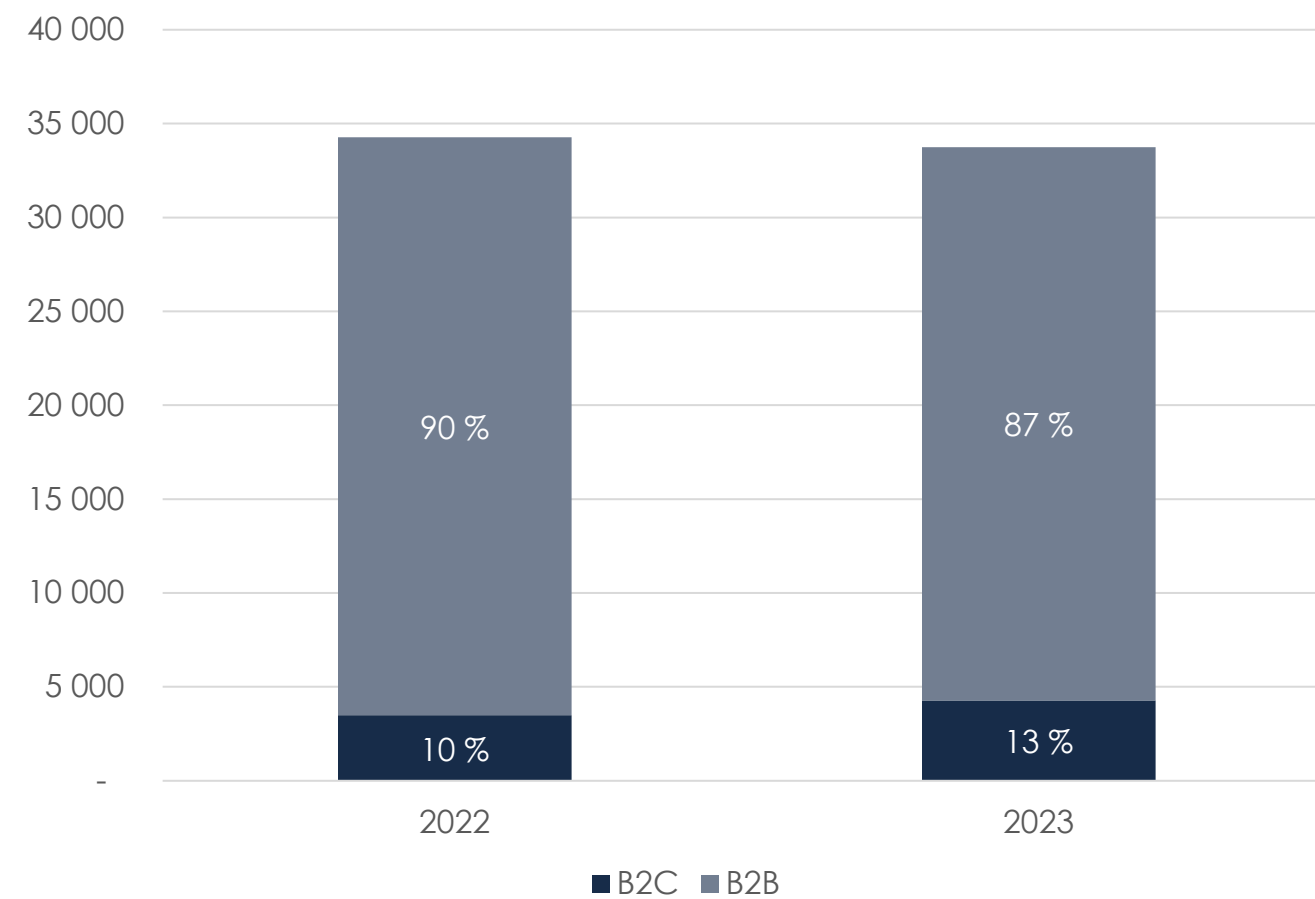
- Increased in total 5 p.p. compared to 2021
- Gross margin in 2023 influenced by mix of sold products compared to 2022, together with a larger part of deliveries of finished goods has been moved into 2024

Arctic Algae AS fully incorporated in the consolidated figures from Q2-2023

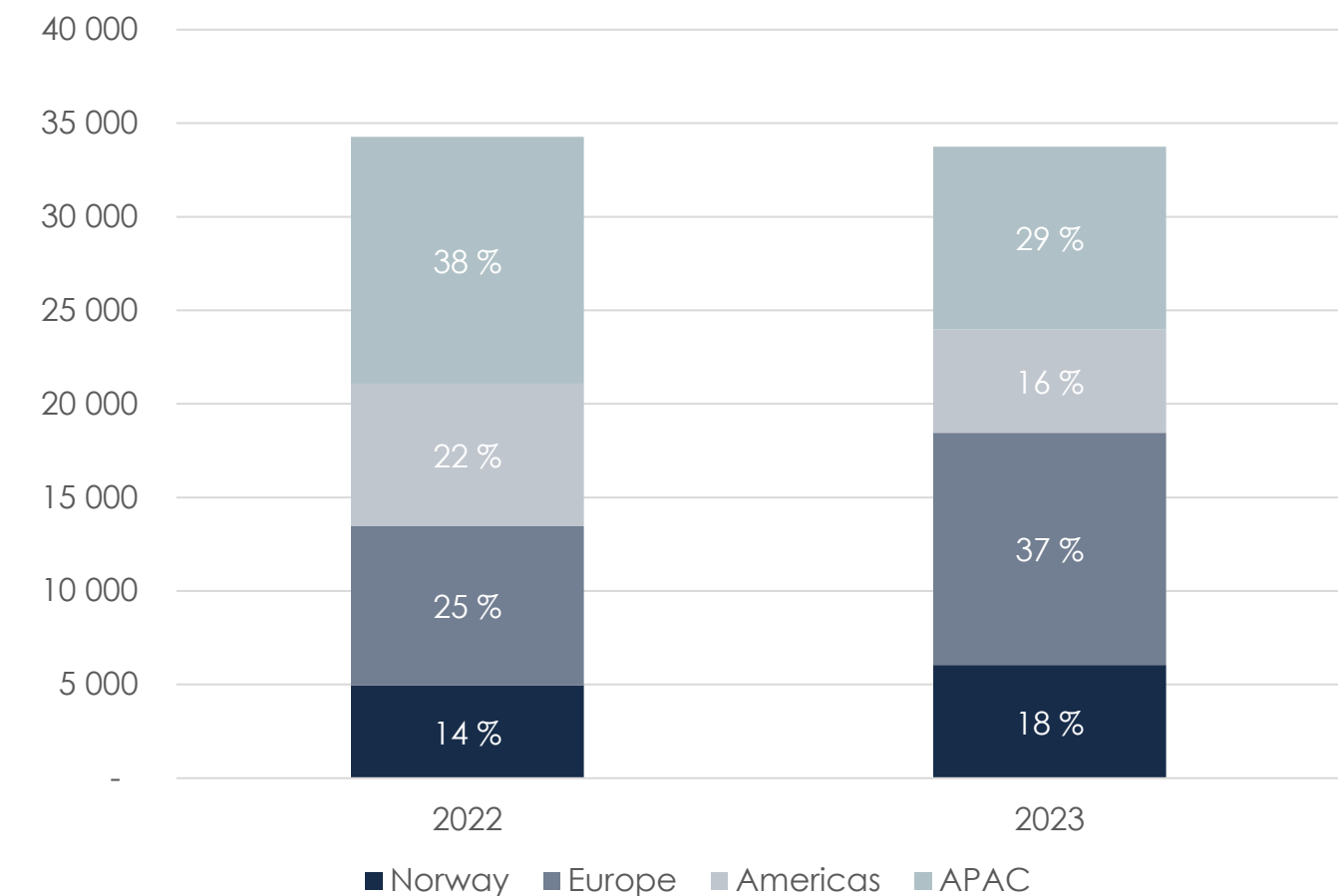
FY adjusted EBITDA in line with expectations and earlier guiding

Breakdown of Nutra revenue

REVENUE BY BUSINESS LINE



REVENUE BY REGION



TNOK	2023	2022
Profit/loss before tax	-45 515	-34 024
Ordinary depreciation	5 382	3 731
Change in inventory	2 668	-6 936
Change in accounts receivable	3 905	-5 771
Change in accounts payable	123	9 893
Change in other accrual items	-6 850	7 712
Net cash flow from operating activities	-40 287	-25 395
Investments in tangible and intangible assets	-45 334	-58 565
Payment from sale of tangible assets	2 230	0
Net cash flow from investment activities	-43 104	-58 565
Net new long-term liabilities	2 049	0
Proceeds from equity	16 792	750
Net cash flow from financing activities	18 841	750
Net change in cash	-64 550	-83 210
Cash at the start of the period	144 152	227 362
Cash at the end of the period	79 602	144 152
Unused credit facility	30 000	0
Available liquidity at the end of the period	109 602	144 152

Cash flow statement

Available liquidity end of period of MNOK 109,6

Cash flow from operations MNOK -40,3 mainly driven by negative operating result

Cash flow from investments MNOK -43,1

- Of this net MNOK 34,1 are related to the HRO350 phase IIb study
- Investment activities also affected by the Arctic Algae-transaction in late Q1-2023

Cash flow from financing activities MNOK 18,8

- New net long-term liabilities of MNOK 2,0 as part of the Arctic Algae-transaction
- Proceeds from equity includes exercise of share options, and debt conversion into shares related to the Arctic Algae-transaction

By end of 2023 Arctic Bioscience also has an unused credit facility of MNOK 30, established in August 2023

TNOK	31.12.2023	31.12.2022
ASSETS		
Non-current assets:		
Intangible assets	140 658	107 043
Property, plant and equipment	26 438	22 332
Total non-current assets	167 096	129 375
Current assets:		
Inventories	32 794	35 462
Accounts receivable	9 571	13 476
Other current assets	11 188	5 237
Cash	79 602	144 152
Total current assets	133 155	198 327
TOTAL ASSETS	300 251	327 702
EQUITY & LIABILITIES		
Equity:		
Share capital	2 537	2 438
Share premium reserve	256 020	284 842
Total equity	258 557	287 280
Liabilities		
Liabilities to financial institutions	2 049	-
Total liabilities	2 049	-
Current liabilities		
Accounts payable	18 376	18 253
Public duty payables	2 253	1 741
Other current liabilities	19 016	20 428
Total current liabilities	39 645	40 422
TOTAL EQUITY & LIABILITIES	300 251	327 702

Financial position

Solid financial position at end of period

Total assets MNOK 300,3

- Fixed assets of MNOK 167,1 mainly comprised of intangible assets related to pharma development
- Current assets of MNOK 133,1 mainly comprised of MNOK 79,6 in cash and MNOK 32,8 in inventory
- Additional MNOK 30 in available liquidity due to unused credit facility as of end 2023

Total equity MNOK 258,6, corresponding to an equity ratio of 86%

Long term liabilities relates to financial leasing agreements



Business outlook



New inhouse manufacturing line in Ørsta

- Earlier plans to build a full-scale manufacturing facility were set on hold at the beginning of 2022
- Since then, Arctic Bioscience has worked with alternative inhouse manufacturing solutions which are better adapted to future operations and demands
- A concept development project has decided to go forward with a GMP manufacturing line established in Ørsta
- The decided solution will secure production volumes in the years to come, both for our pharmaceutical and nutraceutical operations

External debt funding secured:

- In February 2024, an agreement with the company's primary bank and with Innovation Norway was reached
- Debt funding of MNOK 65 + MNOK 3 in additional soft funding

**Next phase in the project is estimated to commence in Q4 2024
depending on timing of other key processes and projects**



Business outlook

HeROPA clinical trial will be the main focus in 2024

- With all needed patients now recruited the 6-months primary end-point read-out is expected in H2 2024
- We continue pursuing potential commercial partnership for HRO350 – will have strong focus in the forthcoming periods

Positive prospects for our nutraceutical business

- We will continue to build our customer base
- New products will be introduced into the market in 2024
- We are aiming for solid sales growth in the coming years
- Given the prospects and market outlook we see today, we forecast a break-even contribution from the nutraceutical business by end of 2025

Arctic Algae development

- Initial project of producing oil from selected algae species successful. Support of NOK 500 000 from Regionalt Forskningsfond (RFF) granted in project involving NORCE and NIVA as collaborating partners
- The phase 2 of the project continues in 2024 and recently received funding of NOK 2 mill from Regionalt Forskningsfond (RFF 50%) to upscale algae case from benchtop to pilot production

Financing outlook

Financing of future activities

- When Arctic Bioscience was listed on Euronext Growth in 2021, it was stated that one of the main reasons for both the capital increase and the listing was to fund the HRO350 phase IIb study. This study is now well underway
- At the end of 2023 the financial position is satisfying
- Arctic Bioscience has constant focus on ensuring a satisfactory capitalization to secure progress in the ongoing projects. In 2024 the company will work with various financing alternatives to secure the future funding of the company's activities post the 6 months data readout, including commercial partner search for HRO350



Q&A





Contact

CEO - Christer L. Valderhaug:
christer@arctic-bioscience.com

CFO - Jone R. Slinning
jone@arctic-bioscience.com

Medical Director - Runhild Gammelsæter:
runhild@arctic-bioscience.com

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