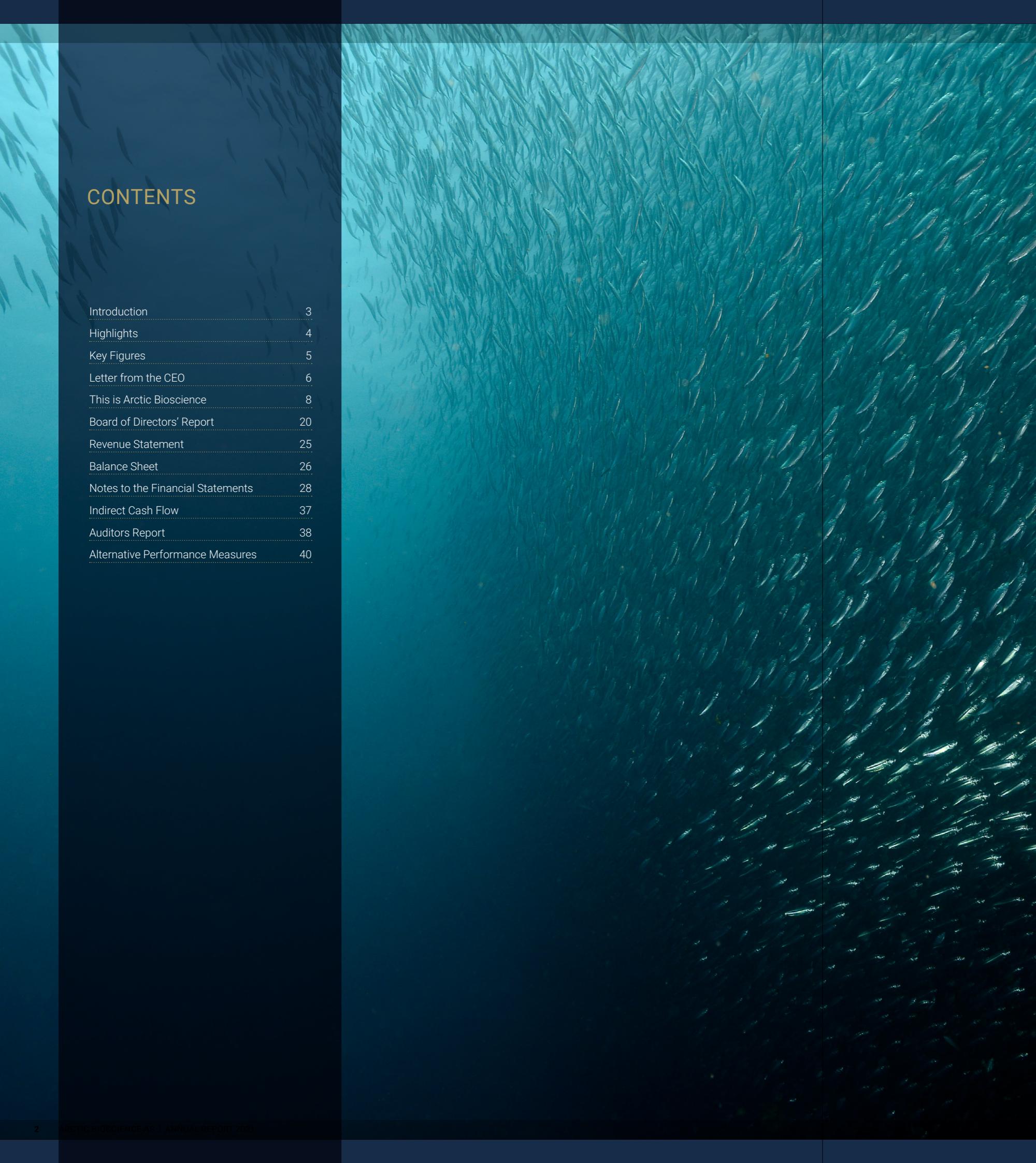




ANNUAL
REPORT
2021



ARCTIC
BIOSCIENCE



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INTRODUCTION

Arctic Bioscience is a biotech company developing and commercializing pharmaceutical and nutraceutical products based on the unique properties of herring roe oil, composed of complex bioactive marine compounds, including lipids essential to maintaining cell membranes.

Our main ambition is developing a novel drug candidate (HRO350) for treatment of mild-to-moderate psoriasis, a large global patient population where there is substantial need for effective, convenient and cost-effective new medicines with beneficial safety profiles. Nutraceuticals from Arctic Bioscience are sold worldwide as bulk ingredients to other companies making dietary supplements (B2B) and as finished goods under the ROMEGA™ brand (B2C), with significant expansion potential in all channels and regions.

To support its long-term growth strategy, Arctic Bioscience engages in significant R&D. Access to the raw material and proprietary production processes secures control of the value chain.

Arctic Bioscience is led by a highly competent team with significant expertise developing marine oils and extensive experience from some of the world's leading pharmaceutical, technology and financial services companies.

SUMMARY

- 1 HRO350 – a novel oral drug candidate for psoriasis. Significant unmet medical need for new treatment and large market opportunity: USD 20bn+ market for moderate psoriasis alone
- 2 Strong scientific rationale and promising clinical effects on mild-to-moderate psoriasis demonstrated in pilot clinical trial. Published in international peer reviewed journals
- 3 Cash generating and growing global nutraceutical business
- 4 Proprietary technology platform with control over value chain underpins both businesses
- 5 Robust ESG footprint
- 6 Strong management team with broad experience within the pharmaceutical and nutraceutical industries

HIGHLIGHTS

- Successful private placement and IPO raising NOK 300 million in growth capital on Euronext Growth, with first day of trading 24 February 2021
- Available cash totalling NOK 227.4 million as of 31 December 2021, giving financial strength to execute ongoing development programs
- Phase IIb clinical study on HRO350 in mild-to-moderate psoriasis remains on track and on budget with site feasibility completed and sufficient number of patients secured
- Announced collaboration to develop new drug candidate for brain development in extremely premature infants with Smerud Medical Research International (Smerud)
- Awarded NOK 4.85 million grant from The Research Council of Norway to elucidate the Mechanism of Action (MOA) in HRO350
- Granted a new patent in the USA in the field of Diabetes type 2 expanding our potential pipeline
- Deployed three products in the Chinese market via e-commerce platforms – ROMEA Prenatal, ROMEA Brain Health and ROMEA Eye Health
- ROMEA Brain launched in B2C market in Norway and largest single B2B order in Company history of NOK 3.4 million

KEY FIGURES

Amounts in NOK	2021	2020
Total Revenue	21 515 433	20 593 085
Gross Profit	5 159 282	5 411 088
Gross Margin %	24%	26%
EBIT	-40 577 616	-21 674 724
EBITDA	-38 059 677	-20 482 772
Adjusted Gross Profit *	5 798 356	5 411 088
Adjusted Gross Margin % *	27%	26%
Adjusted EBIT *	-31 810 230	-21 674 724
Adjusted EBITDA *	-29 292 291	-20 482 772
 Cash flow operating activities	-39 492 950	-21 889 310
Cash flow from investment activities	-36 503 515	-13 432 290
Cash flow from financing activities	290 758 715	23 929 144
Net cash flow	214 762 250	-11 392 456
Cash and cash equivalents end of period	227 362 358	12 600 108
 Assets	341 474 573	93 199 735
Equity	320 554 030	63 939 207
Liabilities	20 920 543	29 260 528
Equity ratio	94%	69%

* Adjustments are made for one off costs during the year related to the private placement and IPO as well as a change of distributor relationship. Alternative Performance Measures and reconciliations are explained at the end of the Annual Report.

LETTER FROM THE CEO

Dear Arctic Bioscience Community,

2021 was undoubtedly a year to remember, with the crowning achievement our successful NOK 300 million private placement and IPO on Euronext Growth this past February, following a roadshow resulting in 4.8 times oversubscription at admission to the marketplace.

We have transformed from a small nutraceutical business on the west coast of Norway to a listed biotech Company. Previously known as Arctic Nutrition, the company name change at the start of 2021 marked the start of our international drug development venture. Impressively, the pilot trial we initiated just four years ago has gained international recognition by demonstrating a statistically significant improvement in mild-to-moderate psoriasis versus placebo with our herring roe-based product, and long-term data from the trial showing sustained effects was published in January 2021. The funds raised in the IPO will enable Arctic Bioscience to proceed with the drug development program on our investigational medicinal product HRO350 in mild-to-moderate psoriasis and carry out a phase IIb trial with 519 patients in five European countries – one of the largest clinical trials ever carried out by a Norwegian Company. The drug development program and design of the phase IIb trial is supported by scientific advice from the European Medicines Agency (EMA) and input from international key opinion leaders.

In 2021 we also established a collaboration to develop a new drug candidate for brain development in extremely premature infants with the Clinical Research Organisation Smerud, which shows the strong commitment of the Arctic team to drive innovation for patients with unmet medical need and building our pipeline of investigational medicines. We are building an international pharmaceutical industry with raw materials, patented technology and production methods. This adventure has been made possible by our entrepreneurial roots, highly skilled research and development team who have a track record of developing and patenting products from marine sources, and our daring spirit with high aims as demonstrated by establishing our own in-house pharmaceutical department manned with PhD-educated experts recruited from big pharma and biotech. In September 2021, ABS hired a Regulatory Manager with a PhD and experience from regulatory authorities to ensure we have a complete pharma department with in-house expertise to conduct clinical trials according to international regulations.

In June, we were rewarded a multi-million grant from the Norwegian Research Council to investigate the mode-of-action in psoriasis of our drug candidate HRO350. This project is a collaboration between the scientists of Arctic Bioscience and the cell biologists and immunologists at Møreforsking and Nofima. The project will deliver invaluable data for our future marketing authorization application.

The investments in science and research shows our dedication to R&D and building a pipeline in several disease states with the possibility to enter multiple international markets. In 2021 we initiated a procedure to design a Paediatric Investigation Plan for

HRO350, which included toxicology reports and advice from clinical experts. This plan is now agreed with the EMA and is an important milestone on our regulatory path to marketing authorization application for HRO350 in both adults and children with psoriasis. In November, Arctic Bioscience was granted a new patent in the USA in the field of Diabetes type 2 expanding our potential pipeline and strategic position. Throughout the year our R&D team have worked with developing production methods according to pharma standard Good Manufacturing Practice (GMP), preparing the clinical materials for the Phase IIb clinical trial and preparing for our planned GMP production facility. The ambition of being a producer of our in-house developed and clinically tested drug candidates is extraordinary and demonstrates the culture and competence of Arctic Bioscience and our employees. We are few and local, but we think big and global.

The Nutra business continues to develop both from a product and market perspective. In 2021 we have seen a strong entry into the Chinese market for Nutra products through our partnership with Kotler Marketing Group. ROMEA Prenatal, ROMEA Brain Health and ROMEA Eye Health are all products gaining traction in the Chinese market, supported by observational nutraceutical studies. In addition, we are expanding our sales activity in the B2B Nutra market from EU and the US to South America and the APAC-region. We also launched a new brain health focused product – ROMEA Brain – on the Norwegian market, with competitive advantage in the omega-3 marketspace due to the high content of DHA-phospholipids in ROMEA.

In summary, 2021 was the year Arctic Nutrition became Arctic Bioscience – a listed company with attractive prospects in both Nutra and Pharma with two drug candidates under development and nutraceutical sales in the global market.

Our innovative team at Arctic Bioscience is dedicated to improving quality of life for people around the world by bringing sustainable and natural products to the markets. The next couple of years will be about further strengthening the organisation and extending our partnerships to scale the Nutra business, delivering the phase IIb study on Psoriasis (HRO350), developing our new drug candidate on extremely premature infants and further developing our R&D and Technology platform.

I would like to thank our highly competent and dedicated team at Arctic Bioscience, our customers, partners and investors. You all will make this a success and we are committed to making the Company a profitable investment for our shareholders.

Warmly,

Christer Valderhaug,
Arctic Bioscience CEO





THIS IS ARCTIC BIOSCIENCE

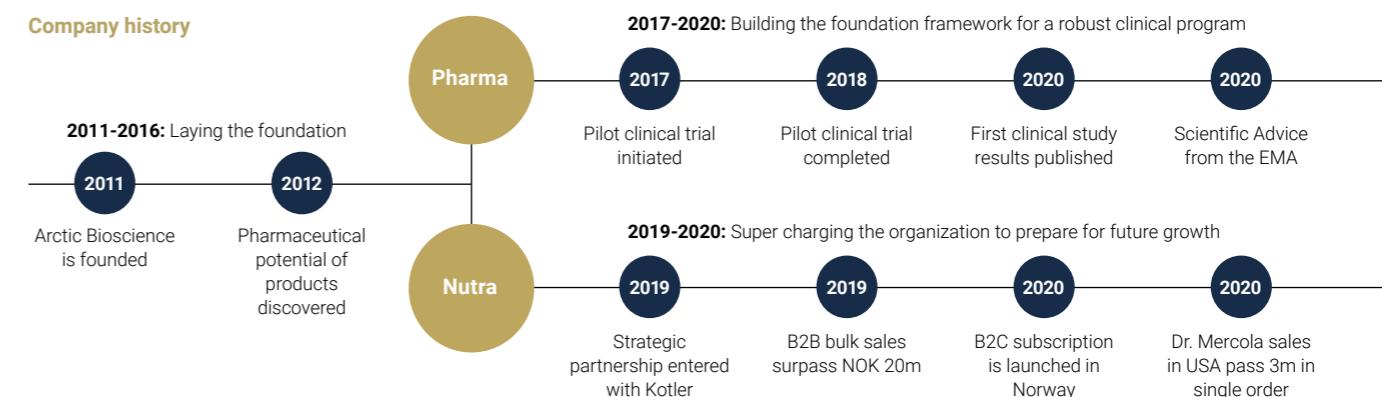
History

Founded in 2011, Arctic Bioscience (originally Arctic Nutrition) began selling its nutraceutical products as bulk ingredients in Europe and the Americas in 2012. In the period 2012-2016, significant resources were deployed into R&D to pursue the most attractive routes to market. Revenue from the nutraceutical business has grown steadily in the past decade and Nutra continues to be an important part of our business.

Based on anecdotal reports of users experiencing improvement in psoriasis when taking ROMEZA, the Company initiated a randomized, double-blind, placebo-controlled pilot clinical trial at Haukeland University Hospital. The study was completed in 2019 and results published in 2020 and 2021 demonstrating promising, statistically significant clinical results in using herring roe oil (HRO) to treat mild-to-moderate psoriasis. In 2019, our Medical Director joined the Company to manage the next phase, a large phase IIb clinical trial contracted to the Clinical Research Organization (CRO) Smerud Medical Research International (SMERUD). This trial will investigate the efficacy and safety of investigational medicinal product HRO350 in patients with mild-to-moderate psoriasis and is due to be initiated in mid-2022.

At the end of 2021, the Company had a total of 19 full-time employee equivalents across the pharmaceutical development, sales & marketing, operations, quality, regulatory and R&D teams.

Company history



Company structure



PHARMA

Drug candidate for mild to moderate psoriasis with demonstrated significant effect in pilot clinical trial.

Orphan drug candidate for brain development in extremely premature children.



NUTRA

Premium Omega-3 products with benefits for brain, heart, eyes, skin, prenatal and sports nutrition



TECHNOLOGY / R&D

Utilizing proprietary technology, methodology and IP to create products leveraging the unique properties of herring roe



PHARMA

Investigational medicinal product

HRO350 for mild-to-moderate psoriasis

Arctic Bioscience is developing a novel, oral drug candidate (HRO350) for the treatment of mild-to-moderate psoriasis, a large market with high unmet medical need. Psoriasis is a chronic, non-communicable, inflammatory skin disorder with no clear cause or cure. It is estimated that psoriasis affects 2-6 % of the population worldwide and can have a profound impact on patient's quality of life ¹. Psoriasis is commonly categorized by severity ranging from mild to moderate to severe.

Pilot clinical trial

Arctic Bioscience conducted a randomized, double-blind, placebo-controlled pilot clinical trial with 64 patients with mild-to-moderate psoriasis, which found a statistically significant improvement in mean PASI (the Psoriasis Area and Severity Index) with HRO vs placebo, with a mean reduction of 38% at week 26. The greatest reduction was in patients with more moderate psoriasis (PASI > 5.5 < 10), who showed an average reduction of -2.4 in PASI score at week 26. The study continued as Open Label Extension (n=58) until week 65, and another important finding was that efficacy was sustained and appeared to increase over time. HRO was generally well tolerated with no serious adverse events reported

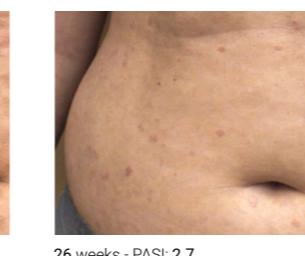
Pictures courtesy of Dr. Tveit. ²



12 weeks - PASI: 10



18 weeks - PASI: 8.9



26 weeks - PASI: 2.7

related to active treatment or placebo ³. This pilot clinical study provided insight into how to design our planned phase IIb clinical trial.

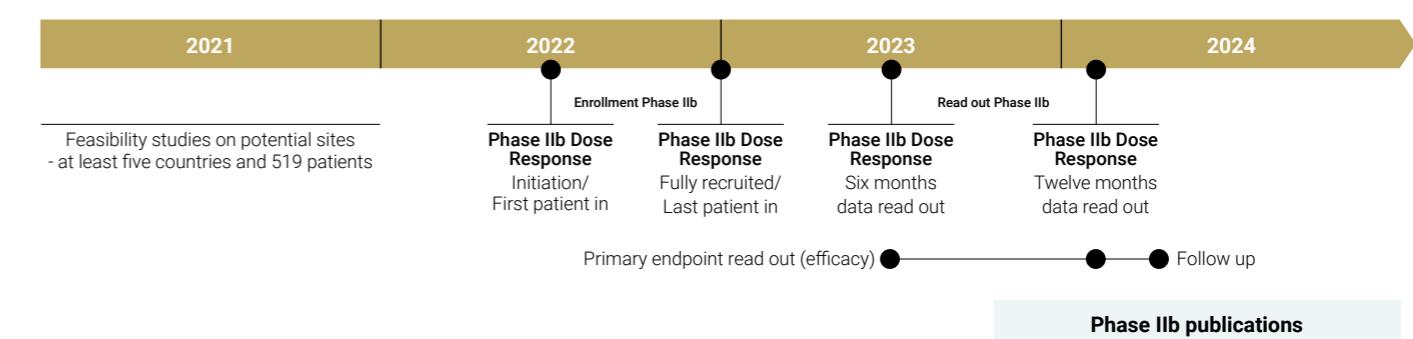
Phase IIb study

Based on the results of the pilot trial, a large, randomized, double-blind, placebo-controlled phase IIb clinical trial has been designed to investigate the efficacy, safety and dose of drug candidate HRO350 vs placebo. The study was designed in accordance with scientific advice received from the EMA and will include 519 patients with mild-to-moderate psoriasis over 60 weeks. Following the positive response from sites in H2 2021, the Company has secured access to sufficient number of patients to initiate the phase II study for HRO350 mid-2022.

Further planned drug development program

A Paediatric Investigation Plan (PIP) for HRO350 was submitted in 2021 and has been agreed with the Paediatric Committee of the EMA. Based on successful completion of the Phase IIb study, the Company currently plans to run a Phase III clinical trial in collaboration with a commercial partner between 2024 to 2026, with a Marketing Authorization (MA) application thereafter. It is expected that market protection in EU would last 10 years post marketing authorization post MA. ³

Milestones overview for Phase IIb clinical trial



Phase IIb publications

Market opportunity

There is a high unmet medical need for cost-effective, oral treatments for mild-to-moderate psoriasis. It is estimated that 90% of patients experience mild-to-moderate disease, resulting in an addressable market of more than 21 million patients in the USA and the EU-5 alone. Using conservative pricing and market share assumptions, this represents a peak revenue opportunity of \$1.2 billion per annum is positioned in moderate psoriasis alone and peak revenue opportunity of \$2 billion per annum if positioned for a segment of the mild psoriasis population alongside the moderate patient population pool. ^{4 5}

Key Opinion Leaders providing advice for the company have said "There is a large proportion of patients who cannot be put on biologics and it is lot trickier and not so straight forward to put them on existing treatments. They need effective new topicals or orals" (Clinical Lecturer in Dermatology, UK) and "We need cheaper options for moderate patients. We have majority of patients with PASI 5-10 but we do not want to give biologics to all and phototherapy is not feasible for everyone" (Senior Physician, Department of Dermatology, Germany) ⁶.

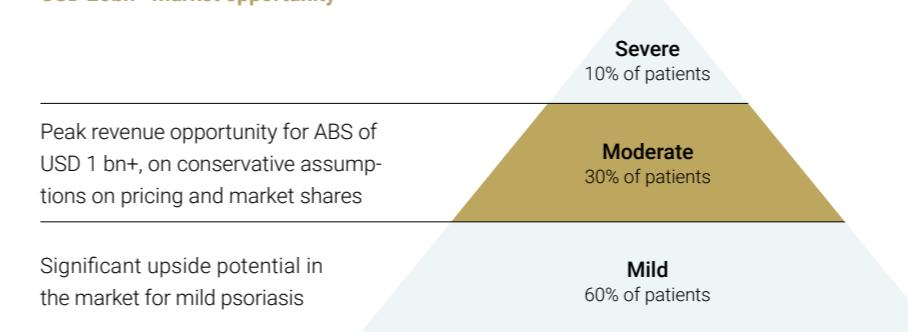
Drug development opportunity for extremely premature infants

In May, Arctic Bioscience also announced a collaboration with Smerud for the development of a novel drug candidate for brain development in extremely premature infants. Babies born this early do not have fully developed brains and therefore a high risk of disability and complications. DHA is important for normal development of brain and vision in the fetus and herring roe is a natural source of DHA. Thus, there is a sound scientific rationale for a drug candidate based on phospholipid esters from herring roe.

Arctic Bioscience plans to apply for orphan designation for the drug candidate. In the collaboration, Smerud will cover the cost of the clinical program and Arctic Bioscience will cover the cost of formulation development and clinical material. The drug development program will run in parallel with the HRO350 clinical program for psoriasis. The program is fully funded and the project is developing according to plan.

The references to the footnotes can be found on page 41.

USD 20bn+ market opportunity





NUTRA

Arctic Bioscience's nutraceutical product is ROMEZA®, a premium omega-3 food supplement with a 3:1 ratio of DHA to EPA. DHA and EPA are present in their phospholipid bound form which increases uptake of these essential fatty acids. Due to its EPA content, ROMEZA has benefits for heart health, and its high composition of DHA is especially important for brain health, eye health and prenatal development. Over the past two years, the Company has produced ten different ROMEZA® products, whereof seven oil products and three protein products.

Arctic Bioscience's strategy for sale of nutraceutical products is multi-dimensional including B2B, B2C and strategic partner sales.

The nutraceutical business is cash generating, with a loyal and growing customer base. There is a vast global Omega-3 market set for further growth in coming years, and ROMEZA is attractively positioned versus the competition.

B2B

The majority of the Company's nutraceutical business' revenue is from B2B sales of intermediary (bulk) and finished goods products in the Americas, EMEA and APAC. In 2021, Norway accounted for 16% of B2B sales, EMEA for 43%, the Americas for 40% and APAC for 1%. Going forward, the USA and APAC market are expected to account for an increasing share of revenue.

B2C

Arctic Bioscience also sells direct to consumers in Norway. Overall in 2021, B2C accounted for 15% of Arctic Bioscience revenue. The original ROMEZA product available through an e-commerce subscription model is marketed ROMEZA for heart, brain and vision. In Q3, the Company launched a new B2C product "ROMEZA Brain" to capitalize on ROMEZA's high content of DHA which has specific properties related to brain health. ROMEZA Brain is expected to drive significant B2C sales growth going forward.

Strategic partnership in China (B2B2C)

Through its strategic partnership with Kotler Marketing Company, Arctic Bioscience has developed a strong relationship for efficient market entry and sales growth in China. China is the second largest Omega-3 market in the world, with a total addressable market for Omega-3 products estimated to be USD 2 billion by 2027, owing to a rising middle-class population. China is an ideal market for ROMEZA with high status attached to caviar products and premium quality "Made in Norway" products. Kotler Marketing Company in China is well-known for its world class marketing expertise, has deep local market insight and significant resources dedicated to sales and distribution of Arctic Bioscience products.

China is an important market for the Company and 2021 saw three products (ROMEZA Prenatal, ROMEZA Eye Health and ROMEZA Brain Health) deployed via e-commerce platforms, five supporting channels and three business partners. Kotler has increased its headcount for the Arctic Bioscience partnership from 12 to 35, indicating substantial resources are invested in the long-term growth strategy.

Finally, Kotler has initiated seven nutraceutical observational studies in prenatal, brain and eye health with data gathered here also expected to contribute to long-term growth in ROMEZA sales. The most important of these studies will recruit 200 pregnant women to observe the benefit of ROMEZA prenatal for pregnant women as well as the brain development of baby and is sponsored by Guangdong Women and Children's Hospital. Recruitment of participants for the study has started.



TECHNOLOGY / R&D

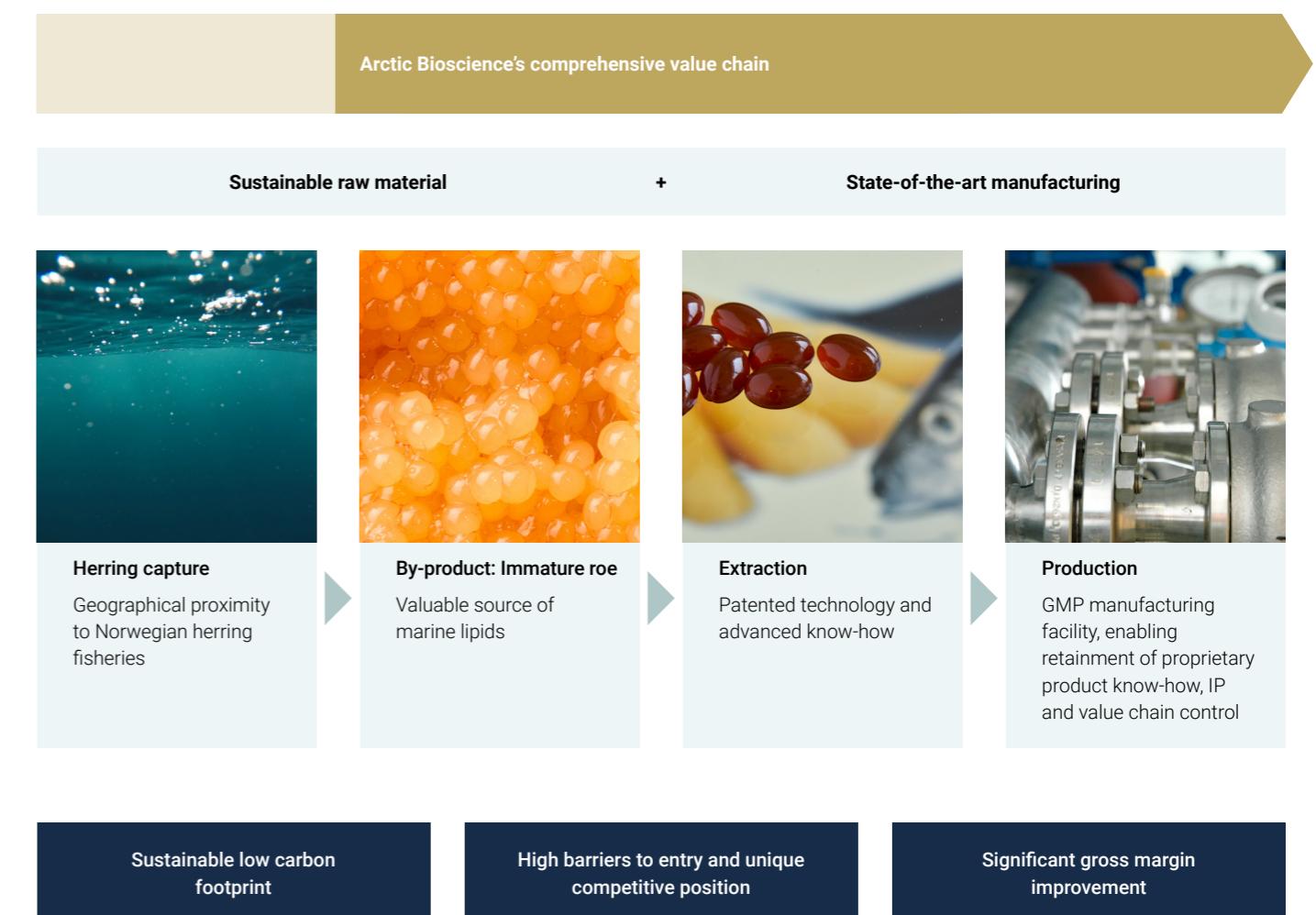
Our scientists at Arctic Bioscience are constantly innovating – developing new products and processes for both Pharma and Nutra.

Securing GMP process and production

As part of the Company's strategy to retain proprietary know-how and IP and secure control of the value chain, Arctic Bioscience has started development of a state-of-the-art GMP manufacturing facility for future manufacture of pharmaceutical and nutraceutical materials. This is expected to significantly improve gross margins by 20%+ and increase long-term Company profitability. More information about future plans are provided in the Business Outlook.

Value chain

Arctic Bioscience's proprietary technology platform underpins both commercial businesses and ensures competitive advantage through vertical integration of the value chain:



MANAGEMENT



Christer Valderhaug
CEO



Danielle Glenn
CFO



Høgne Hallaråker
CSO



Per Christian Sæbø
COO



Runhild Gammelsæter
Medical director



Danielle Mancinelli
CTO



Dr. Yuming Feng
EVP Global Business Development



Stefen Eidal
SVP Sales and Marketing

Mr. Valderhaug (1972) has 25+ years of experience in international business. His most recent role was Partner and Head of Investments at Converto, where he assisted top Management and boards across a range of industries including marine growth companies. Prior to joining Converto in 2016, he was the CEO of ICD Software and worked 15 years as a consultant at Accenture, SINTEF and Gagn Consulting. Valderhaug holds a Master of Economics degree from NHH Norwegian School of Economics and the University of Mannheim in Germany.

Ms. Glenn (1977) has 20+ years of international management experience. She began her career as a portfolio manager with Goldman Sachs, Caxton and Bywater Capital and has more recently served in CEO, CSO and CFO roles with Sensee, Sonitor and Rosalyn AI. Ms. Glenn is a dual US and UK citizen and graduated magna cum laude from Harvard University.

Mr. Hallaråker (1966) is the founder and developer of Arctic Bioscience's business concept. He is an entrepreneur with more than 15 years of experience in the Nutraceutical and Biomarine industries. He holds an MSc in Marine Biology and Aquaculture from the University of Bergen.

Mr. Sæbø (1967) has more than 20 years of experience from manufacturing management and process development, including concept architecture, concept testing, and verification, upscaling and operationalization. He holds an MSc in Chemistry from NTNU.

Dr. Gammelsæter (1976) is highly experienced in the pharmaceutical industry. She has experience from R&D-based entrepreneurship, patenting, leading research units, and as an entrepreneur founding the biotech firm Regenics AS. Former positions include leadership roles in GSK, AbbVie, and Abbot.

Mr. Mancinelli (1973) is experienced in R&D specialized in omega-3 fatty acids. His experience spans: concept architecture, concept testing and verification, up-scaling and operationalization as well as process optimization. He holds an MSc in Chemistry and Pharmaceutical Technologies.

Dr. Feng (1963) has more than 20 years of experience in the food & nutraceutical business globally. He held various positions as Sr. Scientist & Procurement Manager at Campbell's, EVP at Zoneco and CEO at Holley International, with a Ph.D. in Food Science at the University of Massachusetts Amherst.

Mr. Eidal has 25 years experience within the eCommerce / mail order industry with roles spanning from CMO to COO to CEO. His skills include business strategy, business development, concept and product development, logistics and omnichannel marketing specialized within subscription based B2C products. He holds a Master of Business and Marketing degree from Oslo Handelshøyskole.

BOARD OF DIRECTORS



Harald Nordal
Chairman



Jostein Christian Dalland
Board member



Per Magne Egggesbø
Board member



Asbjørn Solevågseide
Board member



Tore Tønseth
Board member



Jan Endre Vartdal
Board member



Hu Cao
Board member



Marita Holstad
Board Member

Mr. Nordal (1958) is a co-founder of the Company and has served at the board of directors since the founding of the Company. He has served as chairman from 2011 to January 2015 and from December 2015. He has extensive experience from national and international senior board and executive management positions in industry and biosciences and currently serves as CEO of Life Capitol AS. He sits on the board of directors of Regenics AS and Hyperthermics AS. He holds a MSc in Civil Engineering from the Norwegian University of Science and Technology (NTNU) and a MBA in Project Management from the SKEMA Business School, France.

Mr. Jostein Christian Dalland (1969) has served as an independent board member since 2020. He currently holds the position of CEO at Axo Group, a leading digital financial brokerage service in the Nordics. Previous experience includes Executive VP both at Storebrand ASA and Sbanken ASA, biotech experience from positions such as CEO of Natural ASA and EVP at Aker BioMarine ASA, after Aker acquisition of Natural, CEO of Spinchip, CEO of Inven2, Board Member in pharmaceutical company Ultimovacs ASA and Chairman of BIOTEK2021 at the Norwegian Research Council. He has an MBA and a Master of Technology Management from NHH/NTNU.

Per Magne Egggesbø (1963) has served as a board member of the Company since 2016. He currently holds the position as CEO of Eros AS and Egggesbø Eiendom AS as well as several other family owned companies. Before he joined the family business in 1998 he worked more than 8 years in Nordea Bank as a Senior Vice President within the Fisheries Division, working out of Oslo, Seattle and Aalesund. Mr. Egggesbø holds a Master of Science in Business from the Norwegian Business School.

Asbjørn Solevågseide (1960) has served as a board member of the Company since 2019. Mr Solevågseide has worked in various senior management positions within fish handling process equipment industries since 1986. He funded Seatech AS in 1997 that merged with Optimar in 2000. In Optimar Mr Solevågseide held the position of CEO and largest owner until Optimar was sold to Franz Haniel & Cie. GmbH in 2019. He currently works as an investor at Ajea Invest AS and serves in several board positions.

Tore Tønseth (1980) has served as a board member of the Company since January 2021. He currently works as an Investment Director at Ronja Capital AS and is chairman of the board in Salmon Evolution ASA, in addition to several board positions in different private and public companies; Norcod AS, Rimfrost AS, Hyperthermics AS and Griff Aviation AS among others. He has also worked as an Equity Analyst at SpareBank 1 Markets and Pareto Securities. Mr Tønseth holds a Master's Degree in Finance from the Norwegian School of Economics.

Jan Endre Vartdal (1971) has served as a board member of the Company since 2015. In 1997, together with his two siblings, Mr. Vartdal took over the family Company Vartdal Plastindustri AS. Since 2008 Mr. Vartdal has been CEO of the Company, which under his leadership has grown from a single factory Company with 70 employees to a Company employing more than 250 people running seven factories located in all parts of Norway under the Company name Vartdal Plast and revenues of 1.2 BNOK in 2021. Mr. Vartdal currently sits on the board of the Confederation of Norwegian Enterprise Møre og Romsdal (NHO). In addition to this, he is involved in the development of several companies and projects as investor and board director.

Hu Cao became a member of the Board in February 2021. Mr. Cao has served since 2012 as a global partner in Kotler Marketing Company (KMG) and CEO of the greater China region. Under his leadership and joint effort with nearly 100 marketing professionals in the KMG team, KMG China has been elected by "China Manager" magazine as the No.1 strategic marketing consulting firm in China. From 2001-2011, Mr. Cao worked for KMG China as a business analyst, consultant, project manager and division director. From 1997-2000 he worked as a production manager in the Cosmetics Division of Henkel Company (China). Mr. Cao currently serves as Chairman of Kotler Medical Park (Song Shan Lake) China and obtained his bachelor degree in biochemistry from Wuhan University.

Marita Holstad has served as a board member of the company since 2021. She currently holds the role as Commercialization Leader Respiratory in GlaxoSmithKline (GSK), based in Chicago, IL. Before joining GSK, Ms. Holstad has 16 years' experience from AbbVie (previously Abbott) from management positions in Norway, UK and the US within Immunology across Rheumatology, Gastrology and Dermatology. Holstad holds an MBA degree in Strategic Leadership from the Norwegian School of Economics and Business Administration (NHH). She has a relevant track-record and capabilities when it comes to developing and bringing pharmaceutical products to market, including within the field of psoriasis. Marita is based in the US, outside Chicago.

BOARD OF DIRECTORS' REPORT

Operations and locations

Arctic Bioscience AS ("the Group") is a biotech company developing and commercializing both pharmaceutical and nutraceutical products based on the unique properties of herring roe oil. The main office is in Ørsta, but the Group also has an office in Oslo.

The Group includes, in addition to Arctic Bioscience AS:

- Arctic Nutrition AS
- Romega AS
- Arctic Biopharma AS

The Board of Directors' report for Arctic Bioscience in 2021 is based on the consolidated financial accounts for 2021 and 2020. When "Arctic Bioscience" is referred to throughout this report, it represents the consolidated activity of the Group. The three subsidiaries are established with minimal capital and have no operations at this point. The consolidation of financial statements has insignificant impacts on the balance sheet in financial fixed assets, short-term receivables, total cash balance and equity. The only effect from consolidation in the income statement are insignificant accounting fees in operating expenditures from these companies.

Operational review

While 2021 had its challenges, Arctic Bioscience has developed well in many business areas and continues to make progress executing its long-term strategy.

In Pharma, Arctic Bioscience remains largely on track and on budget with its planned phase IIb clinical study on HRO350 for the treatment of mild-to-moderate psoriasis. Site feasibility has been completed and the first patient into the study is expected mid-2022, while the Paediatric Investigational Plan for HRO350 was submitted to the EMA. In May, the Group also announced a novel drug candidate for extremely premature infants, continuing to demonstrate our innovative approach in developing new pharma products.

While it was a disappointing year for Nutra, progress was seen – particularly in China where the foundation for growth was laid. On the regulatory side, Kotler and Arctic Bioscience have also established the novel food ingredient application strategy which will allow for importation of bulk products in China and open up a substantially larger addressable market.

In the B2C business, the total number of subscribers in Norway increased by 30% versus 2020. Customer acquisition costs are starting to decline to acceptable levels in pursuit of a long-term profitable subscription business and organic conversion rates are increasing compared to paid conversions. Arctic Bioscience experienced continued growth in bulk oil sales with established US, European and APAC customers. The Group closed its single largest B2B sale of NOK 3.4 million in its history to a US-based customer and contract manufacture of capsules was established in Canada to support North American bulk sales. While restrictions associated with the COVID pandemic continue to impact the Group's ability to meet with clients, the pipeline for both established and new customers is stronger for 2022.

The increase in expenses, which was in line with expectations, resulted in an operating loss of NOK 40.6 million. When taking into

On the technology and R&D side, Arctic Bioscience completed the basic design phase for the Group's GMP manufacturing facility. In November, Arctic Bioscience announced it was granted a U.S. patent related to type II diabetes.

Financial review

Income statement

Arctic Bioscience generated revenues of NOK 21.5 million in 2021, up 4.5% from NOK 20.6 million in 2020 but lower than expectations of 40%+ y/y growth. While B2B sales were up approximately 12% versus 2020, B2C and China sales were disappointing versus expectations at the start of 2021.

Gross profit for the year was NOK 5.2 million, down from NOK 5.4 million in 2020. Adjusted gross profit was NOK 5.8 million, representing an adjusted gross margin of 27%, roughly the same as 26% in 2020 but lower than our initial target of 35%. Adjustments include non-recurring cost of sales of NOK 0.64 million due to a change in distributor relationship in the USA.

Total operating expenditures for the year were up 69% to NOK 45.7 million, of which NOK 8.1 million were non-recurring costs related to the private placement and IPO. Personnel costs increased 60% y/y to NOK 17.3 million, associated with restructuring of personnel and one-off payments to Management. During 2021, approximately NOK 6.3 million of total personnel expenses were capitalized to pharma and GMP process development projects. Other operating expenditures including sales and marketing increased 71% y/y to NOK 25.9 million, primarily linked to increased expenditures on accounting, Investor Relations and consulting expenditures in conjunction with being a listed entity. Depreciation expenses increased from NOK 1.2 million in 2020 to NOK 2.5 million in 2021.

The increase in expenses, which was in line with expectations, resulted in an operating loss of NOK 40.6 million. When taking into

account all non-recurring costs totalling NOK 8.8 million, adjusted EBIT was negative NOK 31.8 million vs a directly comparable loss of NOK NOK 21.7 million in 2020.

While top line revenues and margins were disappointing, revenue of NOK 21.5 million and adjusted EBITDA of negative NOK 29.3 million in 2021 were largely in line with most recent communications.

Including net financial items, the total loss for the year was NOK 42.6 million.

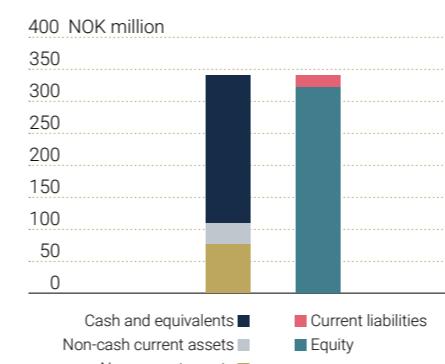
Cash flow statement

Consolidated net cash flow from operating activities was negative NOK 39.5 million in 2021, driven by the negative operating result.

Net cash flow from investment activities was negative NOK 36.5 million during 2021, lower than expected at the start of the year. Major investments included NOK 24.4 million related to the phase IIb HRO350 clinical development program and preparation of clinical material and NOK 8.5 million related to the planning and initial development of the new GMP production facility. The remaining NOK 3.6 million was related to other R&D projects.

Cash flow from financing activities during 2021 totalled NOK 290.8 million. This includes proceeds from the successful NOK 300 million private placement that was completed

Balance sheet at 31 December 2021



in February, less transaction cost relating to this transaction.

Statement of financial position

Total assets stood at NOK 341.5 million at the end of 2021, up from NOK 93.2 million at the end of 2020. The increase in assets was driven by an investment of NOK 24.4 million in the phase IIb clinical study and preparation of clinical material and a NOK 8.5 million investment in development of GMP production. The largest contributor to the increase in assets was a rise in cash and cash equivalents from NOK 12.6 million to NOK 227.4 million in 2021 as a result of the private placement and IPO.

The Group has minimal debt with liabilities amounting to NOK 20.9 million, almost entirely consisting of short-term liabilities.

Total liabilities were down from NOK 29.3 million 12 months earlier. Total equity increased from 63.9 million at the end of 2020 to 320.6m at the end of 2021, again driven by the private placement and IPO.

This strong financial position leaves the Group well-situated to complete investments in the planned phase IIb clinical study and other key projects.

Allocation of net profit

Net loss for 2021 was NOK 42.5 million, compared to a net loss of NOK 22.6 million for 2020. The Board proposes that the loss be covered by other equity.

Main corporate events 2021

IPO

On 24 February 2021, Arctic Bioscience had its first trading day on Euronext Growth. In conjunction with the stock exchange listing, the Group completed a successful private placement yielding NOK 300 million in gross proceeds. The private placement attracted strong interest from Norwegian, Nordic, and international high-quality institutional investors and was 4.8x oversubscribed. The net proceeds from the offering will be used to develop the Group's pharmaceutical

candidate (HRO350), GMP manufacturing and invest in global Nutra growth initiatives.

Board composition

In February, Arctic Bioscience elected Kotler Marketing Group (KMG) CEO of China Hu Cao to the Board of Directors. Mr. Cao adds substantial expertise in sales strategy and the Chinese markets, a major growth area for the Group. In November, the Group elected Marita Holstad to its Board. Ms. Holstad is VP, Medicine Commercialization Leader in GlaxoSmithKline (GSK), based in Chicago, IL. Ms. Holstad brings strategic management experience from both the development and launch of pharmaceutical products within dermatology and psoriasis.

Subsequent events

Christer Valderhaug was appointed as new CEO with effect from 1 March 2022 while Danielle Glenn terminated her agreement as CFO with effect from 1 May 2022 with Jone R. Slanning appointed new CFO.

Risks and risk management

Arctic Bioscience is exposed to financial and operational risks. The Group has adopted a risk management policy to identify, measure, and mitigate risks. For a more detailed discussion on risk see the [Information Document](#), published 24 February 2021.

Financial risks

Currency risk: Arctic Bioscience has significant sales to customers outside of Norway but does not currently hedge foreign exchange risk on the income side. However, the company holds significant cash in EUR and USD for known upcoming supplier payments to entities outside of Norway related to the Group's various investment projects and has thus hedged currency risk on the expenditure side.

Credit risk: Relates to receivables from customers and is monitored on a routine basis with credit evaluations being performed on customers when appropriate. Despite some-

times lengthy credit terms, Arctic Bioscience has had low losses on receivables as the sales and accounting departments maintain close contact with each customer, and routine billing and cash collection is performed.

Interest rate risk: The Group does not currently have any borrowings and hence does not have any interest rate risk.

Liquidity risk: Management of liquidity risk is accorded high priority. Due to the private placement completed in February 2021, Arctic Bioscience has significant liquid assets and as such the liquidity risk is deemed to be low. Liquidity will continue to be tightly tracked and managed in future years.

Operational risks

The majority of the Group's revenues derive from sales of products containing herring roe derived Omega-3 fatty acids, phospholipids or proteins, and the Group is dependent on the market acceptance and long-term price development of such product. The markets in which the Group operates may become more competitive, or may not sufficiently accept some of the Group's products

The Group relies on the supply of raw materials, the most important being herring roe, which may be subject to availability or price fluctuations. The Group is reliant upon third party suppliers and there are risks associated with the distributor and partner agreements. There are also risks in implementing new GMP process either internally or externally.

Arctic Bioscience does not yet have any approved pharmaceutical products, and the risk of delays or failures at any stage of the clinical program may prevent commercialisation of the pharmaceutical product candidate in line with the planned timeline, or at all.

Any failures, material delays or unexpected costs related to the implementation of the Group's strategies could have a material adverse effect on business, results, cash flows, financial condition and/or prospects

People risks

The Group has an insurance policy which covers all members of the Board, CEO and members of Group management.

Health, safety, and security

Arctic Bioscience places utmost value in the safety and wellbeing of its people. We are proud that there were no major reportable incidents in 2021. The Group's dedication to health and safety during the Covid-19 pandemic was also shown by several initiatives, including equipment support for work-from-home employees which constituted the majority of staff at some point in 2021, consistent check-ins, and regular online gatherings.

The Group's sick leave rate was 0% of total hours worked in 2021.

Organisation

Arctic Bioscience seeks to be an inclusive employer and believes that diversity among employees and management contributes positively to the work environment and strengthens competitiveness and performance. There is no discrimination due to gender, nationality, culture or religion with respect to remuneration, promotion or recruitment. The Group is committed to recognise diversity and ensure equal opportunities, including fair employment conditions.

As of 31 December 2021, Arctic Bioscience had 13 employees and the Group also worked with a total of 6 consultants on a full-time basis outside of Norway. Out of 19 total full time employee equivalents, 10 are female including the Group's CFO and Medical Director. In addition, Arctic Bioscience added one female to the Board during the year.

The Group's working environment and culture are considered strong with a continuous focus on improvement.

Corporate governance

The Board of Directors has a responsibility to ensure that the Group has sound corporate

governance mechanisms. The Group is not listed on a regulated market and thus not subject to mandatory corporate governance codes. Trading in the Shares on Euronext Growth Oslo does not require implementation of a specific corporate governance code, such as the Norwegian Code of Practice for Corporate Governance (the "Code"). Nonetheless, the Group intends to maintain a high level of corporate governance standard and will consider the implications of the Code going forward.

ESG and impact on external environment

The Group recognises its environmental, social and corporate governance ("ESG") responsibilities and supports the UN Sustainable Development Goals initiative. The Group has a robust ESG footprint, addressing at least four UN Sustainable Development Goals:



Good Health and Well-Being: by improving the quality of life for psoriasis patients.



Gender Equality: by dedication to employee gender balance and having women in key leadership positions.



Industry, Innovation and Infrastructure: by developing new GMP production, by having a dedicated R&D department working on developing novel products and by having a medical department dedicated to running clinical trials.



Responsible Consumption and Production: by producing products from herring roe, a by-product of the herring fishing industry produced in Norway.

Arctic Bioscience's operations have limited impact on the environment. The Group operates in compliance with applicable environmental legislation, without any requirement for waivers or exemptions.

Development in the Group's share capital

Date	Type of change	Change in issued share capital (NOK)	New issued share capital (NOK)	New # of issued shares	Par value per share (NOK)
09-Feb-21	Share capital increase	-	1 387 861.00	1 387 861	1.00
16-Feb-21	Share capital increase	66 733.00	1 454 594.00	1 454 594	1.00
23-Feb-21	Share capital increase	967 741.90	2 429 953.90	24 299 539	0.10

Shareholder information

Share capital increases

The table shows the development in the Group's share capital for the period covered by the Financial Statements.

Share price development and top shareholders

Arctic Bioscience was successfully listed on Euronext Growth on 24 February 2021. As of 31 December 2021, Arctic Bioscience had 24,299,539 issued shares, each with a par

value of NOK 0.10. The Group has one class of Shares, and accordingly there are no differences in the voting rights among the Shares.

From the first day of trading on Euronext growth, 24 February 2021, until year end the shares traded between NOK 30 and NOK 16.30 per share. The closing price for the Group's share at year end was NOK 17.80, which corresponds to a market capitalization of NOK 432.5 million. From the date of listing to 31 December 2021 the average daily, traded

volume was about 30,000 shares. Average daily traded value was about NOK 750,000.

At 31 December the Group had 794 shareholders. Ronja Capital II AS was the largest shareholder holding 2,104,166 shares, representing 8.7% of total shares outstanding.

Dividend and dividend policy

Arctic Bioscience is currently in a growth phase and will seek to deploy available capital towards growth initiatives. Beyond the growth phase, it is the Group's ambition to pay dividends to shareholders as soon as it considers itself to be in a position to do so and when it is considered to be in the general interest of the shareholders.

Analyst coverage

Two investment banks (DNB Markets and ABG Sundal Collier) had coverage of the Arctic Bioscience share at year-end 2021. See Analyst Coverage - Arctic Bioscience (arctic-bioscience.com) for more details and contact information.

General meetings

The General Meeting represents Arctic Bioscience AS's highest authority. The Annual General Meeting is held each year on or before 30 June, with notice of the event and documents available on the Arctic Bioscience website at least 7 days beforehand. Shareholders may participate and vote, in person or by proxy.

Financial calendar 2022

Event	Date
Release of 2021 Annual Report	7 April 2022
Annual General Meeting	5 May 2022
First half year 2022 results	25 August 2022

INCOME STATEMENT

Business outlook

Strategically, the main focus for Arctic Bioscience remains the phase IIb clinical study on HRO350 for the treatment of mild-to-moderate psoriasis. The main goals for 2022 are to deliver the Clinical Trial Application (CTA) and recruit the first patient into the study around mid-2022. With a 6-month inclusion period, the Group expects to have the 6-month data read out around mid-2023, after which a commercial licensing deal will be pursued. Arctic Bioscience will also continue collaborating with Smerud on the new drug candidate for extremely premature infants.

In Nutra, Arctic Bioscience expects strong improvement in all areas. In B2C, the focus will be on doubling the subscriber base while bringing down customer acquisition costs substantially. The B2B pipeline is strong and the focus will be on increasing the pipeline, improving qualified lead conversion rates and entering new geographies. Based on current and forecasted orders, revenue from China will increase substantially in 2022. Arctic Bioscience will invest strongly in sales & marketing as we look to set the stage for longer term growth. The forecast is for Nutra revenue to increase at least 40% y/y in 2022.

From an organizational perspective, Arctic Bioscience will continue to invest in its people and overall headcount is expected to increase by 4-6 FTEs by the end of 2022 as we make important hires in QA, Pharma, Sales and R&D. Arctic Bioscience is continually working to create a culture of excellence and will continue to enhance and develop our Quality focus.

The most significant change in the operational outlook at the start of 2022 is that the final investment decision for construction of our own manufacturing facility has been postponed. There is a great deal of unrest in the world, prices for materials and equipment have climbed significantly higher and delivery times are uncertain. The Group decided it would be best to postpone any decision on the factory until a later date where better confidence in actual construction build cost could be known. The Group will, however, establish GMP manufacturing of materials for the planned phase III clinical trial according to timeline in previously disclosed plans. This manufacturing line will also allow for development of other products in the pipeline, such as the investigational medicinal product for brain development in extremely premature infants.

From a financial perspective, Arctic Bioscience expects the overall budget for the phase IIb clinical study to be slightly higher than original forecasts but by less than 10%. However, as investment in our own manufacturing facility will be postponed, overall capex in Arctic Bioscience during 2022 will be significantly less than originally forecast.

Improved operational performance alongside lower than expected investments outside of pharma and other key projects in 2022 means that Arctic Bioscience expects to be in a strong cash position at the end of the year, with the ability to fund future growth. Most importantly, the phase IIb trial is expected to be fully funded through 2023, and a major value creating milestone expected with the 6-month data readout mid-2023.

Board of Directors statement

The Annual Report and Financial Statements are prepared in accordance with the Norwegian Accounting Act and NRS 8 - Good accounting practice for small enterprises - and additional disclosure requirements for Euronext Growth listed companies.

Going concern

In accordance with section 3-3 of the Norwegian Accounting Act, it is hereby confirmed that the financial statements have been prepared on the assumption that the entity is a going concern.

Board adoption of results

The Board of Directors has today considered and adopted the Annual Report of Arctic Bioscience AS for the financial year 1 January to 31 December 2021.

In our opinion, the Annual Report and Board of Directors Report includes a true and fair account of the important events, operational and financial developments and any material related party transactions in Arctic Bioscience during the year as well as a description of the risks and elements of uncertainty facing the Group.

In our opinion, the Financial Statements of both the Group and Arctic Bioscience AS give a true and fair view of the financial position on 31 December 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ørsta 6. April 2021

The Board of Directors and CEO of Arctic Bioscience AS


Harald Nordal
Chairman


Jostein Christian Dalland
Board member


Per Magne Eggesbø
Board member


Asbjørn Solevågseide
Board member


Jan Endre Vartdal
Board member


Christer Valderhaug
CEO


Tore Tønseth
Board member


Hu Cao
Board member


Marita Holstad
Board member

Arctic Bioscience AS			Arctic Bioscience Group		
2021	2020	Amounts in NOK	Note	2021	2020
Operating income and operating expenses					
21 515 034	20 496 969	Revenue		21 515 034	20 496 969
399	96 116	Other income		399	96 116
21 515 433	20 593 085	Total income		21 515 433	20 593 085
17 732 057	21 356 916	Raw materials and consumables used	7	17 732 057	21 356 916
-1 375 906	-6 174 919	Change in inventories of finished goods and work in progress		-1 375 906	-6 174 919
17 261 068	10 764 185	Employee benefits expense	1, 11	17 261 068	10 764 185
2 517 939	1 191 952	Depreciation and amortisation expenses	5, 6	2 517 939	1 191 952
25 929 241	15 123 652	Other expenses	1	25 957 891	15 129 675
62 064 399	42 261 786	Total expenses		62 093 049	42 267 809
-40 548 966	-21 668 701	Operating profit		-40 577 616	-21 674 724
Financial income and expenses					
118 582	18 386	Other interest income		118 582	18 386
138	1 185 597	Other financial income		138	1 185 597
342 032	509 630	Other interest expenses		342 032	509 630
1 778 757	1 610 289	Other financial expenses		1 778 757	1 610 289
-2 002 068	-915 935	Net financial items		-2 002 068	-915 935
-42 551 034	-22 584 636	Net profit before tax		-42 579 684	-22 590 659
-42 551 034	-22 584 636	Net profit after tax		-42 579 684	-22 590 659
-42 551 034	-22 584 636	Net profit or loss	8	-42 579 684	-22 590 659
Attributable to					
42 551 034	22 584 636	From other equity		42 579 684	22 590 659
-42 551 034	-22 584 636	Total		-42 579 684	-22 590 659

BALANCE SHEET

as at 31 December

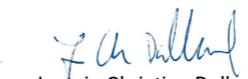
Arctic Bioscience AS				Arctic Bioscience Group	
2021	2020	Amounts in NOK	Note	2021	2020
ASSETS					
Non-current assets					
Intangible assets					
56 220 357	31 902 631	Research and development	3, 5, 12	56 220 357	31 902 631
2 327 415	2 304 458	Concessions, patents, licenses and trademarks	5, 12	2 327 415	2 304 458
58 547 771	34 207 089	Total intangible assets		58 547 771	34 207 089
Property, plant and equipment					
13 000 053	4 431 175	Buildings and land	6, 12	13 000 053	4 431 175
2 992 894	1 931 080	Equipment and other movables	6, 12	2 992 894	1 931 080
15 992 947	6 362 255	Total property, plant and equipment		15 992 947	6 362 255
Non-current financial assets					
99 900	60 000	Investments in subsidiaries		-	-
99 900	60 000	Total non-current financial assets		-	-
74 640 619	40 629 344	Total non-current assets		74 540 719	40 569 344
Current assets					
28 525 893	26 246 067	Inventories	7, 12	28 525 893	26 246 067
Receivables					
7 704 786	11 007 081	Accounts receivable	2, 12, 14	7 704 786	11 007 081
3 363 817	2 771 565	Other current receivables	2	3 340 817	2 777 135
11 068 604	13 778 646	Total receivables		11 045 604	13 784 216
Investments					
227 321 917	12 557 267	Cash and cash equivalents	10	227 362 358	12 600 108
266 916 413	52 581 980	Total current assets		266 933 854	52 630 391
341 557 032	93 211 324	TOTAL ASSETS		341 474 573	93 199 735

Arctic Bioscience AS				Arctic Bioscience Group	
2021	2020	Amounts in NOK	Note	2021	2020
EQUITY AND LIABILITIES					
Equity					
Paid-in capital					
2 429 954	1 289 568	Share capital	9	2 429 954	1 289 568
318 188 355	40 032 014	Share premium reserve		318 124 076	40 011 855
-	22 637 784	Unregistered capital increase	8	-	22 637 784
320 618 309	63 959 366	Total paid-up equity		320 554 030	63 939 207
320 618 309	63 959 366	Total equity	8	320 554 030	63 939 207
Liabilities					
Other non-current liabilities					
-	6 575 584	Debt to credit institutions	2, 12	-	6 575 584
-	6 575 584	Total non-current liabilities		-	6 575 584
Current liabilities					
4 185	1 879 863	Liabilities to financial institutions	12	4 185	1 879 863
8 359 715	9 930 944	Trade payables		8 359 715	9 930 944
2 421 915	1 733 092	Public duties payable		2 421 915	1 733 092
10 152 909	9 132 475	Other current liabilities	13	10 134 729	9 141 045
20 938 724	22 676 374	Total current liabilities		20 920 544	22 684 944
20 938 723	29 251 958	Total liabilities		20 920 543	29 260 528
341 557 032	93 211 324	TOTAL EQUITY AND LIABILITIES		341 474 573	93 199 735

Ørsta 6. April 2021

The Board of Directors and CEO of Arctic Bioscience AS


Harald Nordal
Chairman


Jostein Christian Dalland
Board member


Per Magne Eggesbø
Board member

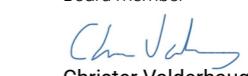

Asbjørn Solevågseide
Board member


Jan Endre Vartdal
Board member


Tore Tønseth
Board member


Hu Cao
Board member


Marita Holstad
Board member


Christer Valderhaug
CEO

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

The annual accounts have been prepared in accordance with the Accounting Act and NRS 8 - Good accounting practice for small enterprises

Currency

Monetary items in foreign currency are valued in accordance with the exchange rate at the end of the financial year. The company does not hedge sales in foreign currency.

Sales revenue

The vesting date for income occurs when risk and control are transferred to the buyer. Depending on the terms of the agreement, this generally applies to delivery. Sales are booked according to the invoice date, and any accruals are made manually. This is reviewed monthly at the same time as the inventory is reviewed.

Tax

The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated at 22% on the basis of the temporary differences that exist between accounting and tax values, as well as tax losses carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or can be reversed in the same period are settled and net. According to the exemption rules for small enterprises, deferred tax assets are not recognized in the balance sheet.

Classification and assessment of balance sheet items

Assets intended for permanent ownership or use are classified as fixed assets. Assets related to the product cycle are classified as current assets. Receivables are classified as current assets if they are to be repaid within one year. For debt, analogous criteria are used as a basis. However, first-year installments on long-term receivables and long-term debt are not classified as current assets and current liabilities.

Intangible assets

The company recognizes development costs in the balance sheet if it is considered probable that these will give the company a future positive cash flow. If there are indicators of impairment, impairment tests are performed. Capitalized development costs are depreciated over their expected useful lives.

Fixed assets

Plots are not depreciated. Property, plant and equipment are capitalized and depreciated on a straight-line basis over the expected useful lives of the fixed assets if they have an estimated useful life of more than 3 years and have a cost price exceeding NOK 15,000. Maintenance

of fixed assets is expensed on an ongoing basis. Package costs or improvements are added to the fixed asset's cost price and depreciated in line with the fixed asset. The difference between maintenance and overhead / improvement is calculated in relation to the condition of the fixed asset when purchasing the fixed asset. Expenses for renting fixed assets are expensed. Prepayments are recognized in the balance sheet as prepaid expenses and are distributed over the rental period.

Impairment of fixed assets

If there is an indication that the carrying amount of a fixed asset is higher than the fair value, a test for impairment is performed. The test is performed for the lowest level of fixed assets that have independent cash flows. If the book value is higher than both sales value and value in use (present value for continued use / ownership), a write-down is made to the higher of sales value and value in use.

Previous write-downs, with the exception of write-downs of goodwill, are reversed if the conditions for the write-down are no longer present.

Shares in subsidiaries

Subsidiaries are companies over which the parent company has control, and thus a decisive influence on the unit's financial and operational strategy, normally by owning more than half of the voting capital.

The following companies are included in the group 31.12: Romega AS 100%, Arctic Nutrition AS 100% and Arctic Biopharma AS 100%

Consolidation principles

Subsidiaries are consolidated from the time control is transferred to the group (acquisition date).

In the consolidated financial statements, the item shares in subsidiaries are replaced by the subsidiary's assets and liabilities. The consolidated financial statements are prepared as if the group were a financial entity. Transactions, unrealized profits and intermediaries between the companies in the group are eliminated.

Inventories

Inventories of purchased goods are valued at the lower of acquisition cost and net sales value. Work in progress and finished goods are valued at the lower of variable manufacturing cost and net sales value.

Receivables

Accounts receivable and other receivables are entered as cash after deductions for provisions for expected losses. Provisions for losses are made on the basis of an individual assessment of the individual receivables.

NOTE 1: WAGE COSTS, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES, ETC.

Amounts in NOK	2021	2020
Wage costs		
Wages	13 039 960	7 447 383
Employer's tax	2 886 189	2 291 111
Pension costs	160 878	-
Other salary-related benefits	1 174 041	1 025 691
Sum	17 261 068	10 764 185

Employed people	13	13
-----------------	----	----

	CEO	Board
Benefits for senior executives		
Salary / board fees	1 958 131	2 125 000
Bonuses	1 875 000	-
Distribute redemption options	958 384	-
Pension expenses	-	-
Other allowance	65 940	-
Sum	4 857 455	2 125 000

At the end of 2021, the general manager has earned a bonus of NOK 833,000. Provisions have been made for an obligation. In 2021, 6,295,180 has been capitalized in wage costs related to research and development. The amount has been reduced to salaries above. The corresponding activation in 2020 was 5,559,884. In addition to its own employees, the group has hired consultants corresponding to 7 positions. No loan / security has been granted to the general manager, the chairman of the board or other related parties.

Shares and options owned by senior executives

Name	Position	Shares	Options
Danielle Glenn 1)	Chief Financial Officer	6 774	101 570
Runhild Gammelsæter	Global Medical Director	6 774	101 570
Hogne Hallaråker 2)	Chief Scientific Officer and Founder	450 000	33 030
Per Christian Sæbø	Chief Operating Officer	18 440	57 390
Daniele Mancinelli 3)	Chief Technical Officer	76 180	101 570
Dr. Yuming Feng 4)	EVP Global BD	-	100 000
Lauren Jensen	SVP Sales and Marketing	-	40 000

1) Through KAD Group AS

2) Through company Gold Coast Nutrition

3) Through 60% ownership in company Futuron AS

4) Through company Global Nutrios Consulting LLC, US

The company has granted a total of 648,810 outstanding share options as of 31.12.2021, of which 268,170 have been vested. Former general manager, Ole Arne Eiksund had as of 31.12.2021, 76,180 options which have been declared and exercised in February 2022. New general manager from 1 March 2022, Christer Valderhaug, has been granted 250,000 options.

Some of the share options are not subject to a vesting period and the option holders have the right to exercise such options until 1 March 2023. Some of the options have been exercised and shall be exercised by 1/3 on each of 12 months, 24 months and 35 or 36 months after signing each respective option agreement. Some of these options will be earned by 1/3 on each of March 23, 2021, March 23, 2022 and March 23, 2023, while the remaining options, which were granted in January 2021, will be earned by 1/3 in each of January 2022, January 2023 and December 2023 or January 2024. Redemption price for new shares varies from NOK 9,845 to NOK 27.9 per share with the following split between the granted options:

Options outstanding	Strike price
268 170	9.845
240 640	20.628
140 000	27.900

Each option gives the right to subscribe for one share in the Company. However, the company has the right to settle the options by means of a cash consideration based on the difference between (i) the value of shares that the employee is entitled to subscribe for (based on the price per share in the last share transfers before the employee exercises his options) and (ii) the redemption price multiplied by the number of shares that the employee is entitled to subscribe for. Furthermore, the employee is entitled to the cash consideration if the company does not fulfill its obligation to deliver shares to the employee when the employee exercises his options.

In 2021, the company has adopted a new incentive program for its employees based on a bonus in combination with a share purchase program that will replace the previous option program and apply from 2022 onwards.

NOTE 2: RECEIVABLES AND LIABILITIES

Amounts in NOK	2021	2020
Receivables maturing later than one year	0	0
Long-term debt maturing later than 5 years	0	1 010 998

The group's accounts receivable have different credit terms within certain segments.

NOTE 3: GOVERNMENT GRANTS

The company has several ongoing development projects, which are supported with various public grants. In 2019, the company received a commitment of NOK 14 million in grants from Innovation Norway in connection with the production of the clinical material (GMP production). In 2020, the company has been granted a grant of NOK 12.5 million related to the design of the production unit. In the future, the company will be active in applying for grants from both Norwegian and international organizations. No payments related to these commitments in 2021 have been requested.

In 2021, the company has earned grants related to the SkatteFUNN scheme of NOK 929,002. The amounts have been entered in their entirety as a reduction of capitalized costs related to the projects. The company uses net recognition of public subsidies.

NOTE 4: TAX

Calculation of deferred tax / deferred tax asset:

Amounts in NOK	2021	2020	Change
Temporary differences:			
Fixed assets	-4 402 198	-4 518 360	-116 162
Inventory	-1 013 735	-333 361	680 374
Net temporary differences	-5 456 124	-4 891 912	564 212
Accumulated carry-forward deficit			
	-128 379 851	-65 345 790	63 034 061
Basis for calculation of deferred tax			
	-133 835 975	-70 237 703	63 598 273
Deferred tax asset (22%)			
Of which no deferred tax asset is recognized in the balance sheet	29 443 915	15 452 295	-13 991 620
Deferred tax in the balance sheet	0	0	0

Basis for tax expense, change in deferred tax and tax payable

Amounts in NOK	2021	2020
Taxable income:		
Profit before tax expense	-42 579 684	-22 590 659
Permanent differences	-21 018 589	-235 347
Change in temporary differences	564 212	307 499
Taxable income	-63 034 061	-22 518 508

Payable tax:

Tax payable on profit for the year	0	0
Tax payable in the balance sheet	0	0

Tax expense for the year:

Tax payable on profit for the year	0	0
Too much, little set aside in previous years	0	0

Total tax payable

Withholding tax	0	0
Change in deferred tax asset	0	0
Tax expense for the year	0	0

Reconciliation of this year's tax expense:

Result before taxes	-42 579 684	-22 590 659
Calculated tax on profit before tax	-9 367 530	-4 969 945
Tax expense in the income statement	0	0

Differences

Tax effect of permanent differences	-4 624 090	-51 776
Other differences	13 991 620	5 021 721
Sum explained difference	9 367 530	4 969 945

NOTE 5: INTANGIBLE ASSETS

Amounts in NOK	R&D	Development	Patents	Sum
Acquisition cost 01.01.2021	500 000	33 735 348	2 391 683	36 627 031
Access	-	26 263 175	194 984	26 458 159
Departure	-	-	-	-
Acquisition cost 31.12.2021	500 000	59 998 523	2 586 667	63 085 190
Accumulated depreciation	500 000	3 778 166	259 253	4 537 419
Booked value per 31.12.2021	-	56 220 357	2 327 414	58 547 771
Annual depreciation	-	1 944 665	169 919	2 114 584
Life expectancy	8 years	7-10 years	5-20 years	
Depreciation plan	Linear	Linear	Linear	

In 2021, the group has carried out various development activities. The projects are mainly related to the production process, product development and development of drugs for psoriasis. Several of the projects have been granted various public grants.

The group capitalizes development costs as these are considered to form the basis for future earnings.

Book values related to R&D and patents are always fraught with risk. Should the group not achieve its objectives related to the sale and commercialization of various products, this could lead to write-downs in the accounts. The board is of the opinion that there are no indicators of the obligation to write down at present, and that the development work shows results in line with expectations.

NOTE 6: FIXED ASSETS

Amounts in NOK	Buildings and plots	Equipment and machines	Total
Acquisition cost 01.01.2021	5 462 945	2 760 283	8 223 228
Access	8 709 575	1 335 781	10 045 356
Departure	0	-14 200	-14 200
Acquisition cost 31.12.2021	14 172 520	4 081 864	18 254 384
Accumulated depreciation	-1 172 466	-1 088 970	-2 261 436
Booked value 31.12.2021	13 000 054	2 992 894	15 992 948
Annual depreciation	143 588	259 767	403 355
Life expectancy	2% building and 10% technical facilities	6 years	
Depreciation plan	Linear	Linear	

In 2020, the group started a preliminary project related to the construction of a production unit. 8,709,575 have been activated under buildings and plots associated with this project in 2021.

NOTE 7: INVENTORIES

Amounts in NOK	2021	2020
Raw materials	14 242 123	12 067 065
Goods in progress	2 695 084	6 005 002
Purchased finished goods	0	0
Self-made finished goods	11 558 686	8 174 000
Sum	28 525 893	26 246 067
Amounts in NOK	2021	2020
Inventories valued at acquisition cost	29 539 628	26 579 428
Provision for obsolescence	-1 013 735	-333 361
Sum	28 525 893	26 246 067

The group purchases necessary raw materials and sends these to its contract manufacturer abroad for processing. The group's agreement with the contract manufacturer gives Arctic Bioscience AS the opportunity to settle only when the end customer receives the product. Consequently, a provision is made for accrued costs related to the processed warehouse at the end of the year. The agreed production cost is added to the value of work in progress and finished goods. When pricing stock, the daily price on the production date is used as a basis.

Liabilities related to settlement for production are adjusted for the exchange rate at the end of the year. The obligation to the contract producer at the end of the financial year amounts to NOK 5,729,981. The difference between cost price and production and converted liability is recognized as a currency loss / gain.

Tests carried out on the group's products show good durability and the board considers that there is no risk of reduced quality due to storage time. A provision has been made for obsolescence related to goods that are considered to have a lower value than cost price.

NOTE 8: EQUITY

Amounts in NOK	Share capital	Premium	Other paid-in capital	Other equity	Sum equity
Equity 01.01.2021	1 289 568	40 011 855	22 637 784	0	63 939 207
Results for the year	0	-42 579 684	0	0	-42 579 684
Purchase of subsidiary	0	-15 470	0	0	-15 470
Capital increases 2021	1 140 386	340 865 831	-22 637 784	0	319 368 433
Issue costs	0	-20 158 456	0	0	-20 158 456
Equity 31.12.2021	2 429 954	318 124 076	0	0	320 554 030

NOTE 9: SHAREHOLDERS

The share capital in Arctic Bioscience AS pr. 31.12 consists of:

	Quantity	Denomination	Booked
Ordinary shares	24 299 539	0.10	2 429 954
Sum	24 299 539		2 429 954

Shareholder	Total shares	% owned
RONJA CAPITAL II AS	2 104 166	8.66%
CAPRA INVEST AS	1 544 450	6.36%
MØRE OG ROMSDAL SÅKORNFOND AS	1 313 960	5.41%
FJARDE AP-FONDEN	1 200 000	4.94%
HAWK INFINITY AS	1 045 450	4.30%
VARTDAL HOLDING AS	988 543	4.07%
ALTITUDE CAPITAL AS	941 670	3.88%
VERDIPAPIRFONDET DELPHI NORDIC	839 730	3.46%
BRØDRENE VARTDAL AS	803 601	3.31%
Kotler Equity Investment Limited	667 330	2.75%
LIFE CAPITOL AS	655 420	2.70%
STETTE INVEST AS	602 375	2.48%
KJØLÅS STANSEKNIVER AS	574 859	2.37%
AJEA INVEST AS	555 359	2.29%
EGGESBØ EIENDOM AS	520 240	2.14%
EROS AS	520 240	2.14%
STRAND FISKERISELSKAP AS	473 342	1.95%
GOLD COAST NUTRITION	450 000	1.85%
TRIPLENINE VEDDE AS	340 000	1.40%
MELESIO INVEST AS	315 000	1.30%
Other	7 843 804	32.28%
Sum	24 299 539	100%

Saga Corporate Finance AS holds 464,814 options following capital raising processes. The options have a duration of 3 years after allotment (respectively 2020 and 2021) and have a redemption price from NOK 20.63 per share to NOK 31 per share.

Chairman of the Board Harald Nordal does not own any shares personally, but owns 50% of the shares in Capra Invest AS, which in turn owns 1,544,450 shares in the company.

Board member Asbjørn Solevågseide does not own any shares personally, but owns 100% of the shares in Ajea Invest AS, which owns 555,359 shares in the company.

Board member Jan Endre Vartdal does not own any shares personally, but owns 100% of the shares in Sustainability Invest AS, which itself has a 50% ownership interest in Brødrene Vartdal AS which owns 803,601 of the shares in the company and 100% of the shares in Future Invest AS, which itself has an ownership interest of 33.33% in Vartdal Holding AS, which owns 988,543 of the shares in the company.

Board member Per Magne Eggesbø does not own any shares personally, but owns 50.5% of the shares in Eros AS, which owns 520,240 of the shares in the Company and 21% of the shares in Eggesbø Eiendom AS, which owns 520,240 of the shares in the company.

Board member Hu Cao does not own any shares personally, but owns 8.02% of the shares in Kotler Equity Investment (Dong Guan) Limited, which owns 667,330 shares in the company.

NOTE 10: RESTRICTED FUNDS

Amounts in NOK	2021	2020
Of which restricted bank deposits	2 231 037	1 173 440

NOTE 11: PENSION

Arctic Bioscience AS has a group pension insurance that covers all of the company's employees. The scheme is a defined contribution scheme. This year's pension premium, adjusted for any contributions to or deductions from the defined contribution fund, is accounted for as a pension expense. Premium paid in 2021 amounts to NOK 933,938.

NOTE 12: PLEDGES AND GUARANTEES, ETC.

Amounts in NOK	2021	2020
Debts secured by mortgages and the like		
Debt to finance institutions	0	8 455 447
Other long-term debt	0	-
Sum	0	8 455 447
Book value of assets pledged for own debt		
Plots, buildings	0	3 016 154
Goods	0	26 579 428
Operating accessories	0	120 880
Accounts receivable	0	11 007 081
Intangible assets	0	34 207 089
Sum	0	74 930 631

INDIRECT CASH FLOW

NOTE 13: OTHER SHORT-TERM LIABILITIES

Amounts in NOK	2021	2020
Holiday pay due	1 740 224	1 260 306
Provision for accrued production cost	5 729 981	6 684 498
Accrued salary	1 395 554	375 000
Provision for accrued costs	1 268 970	821 241
Sum	10 134 729	9 141 045

NOTE 14: ACCOUNTS RECEIVABLE

Amounts in NOK	2021	2020
Accounts receivable at face value	7 744 988	11 047 272
Provision for losses	40 191	40 191
Book value of trade receivables 31.12	7 704 797	11 007 081

For significant parts of the customer portfolio, the company has agreed a credit period. However, a larger share of overdue receivables at the turn of the year remains unpaid. The company has regular and stable customers and the board is of the opinion that overdue claims do not represent a risk of loss beyond what has been allocated in the accounts. For all significant receivables, there is a good dialogue with the customer about the background for the delay and the plan for payment.

NOTE 15: GOING CONCERN

Arctic Bioscience AS has met several important milestones in 2021. In February, capital was raised prior to the listing of the company's shares on Euronext Growth, which ensures financing of the company's operations in accordance with strategic goals.

The company's organization and management have been strengthened and the development of the company's drug candidate HRO 350, for the treatment of mild and moderate psoriasis with preparation for phase IIB study has been completed. Sales of dietary supplement products, under the brand name Romega, are somewhat weaker than expected and are affected by the Corona pandemic, which has posed challenges in marketing and sales. However, a good foundation has been laid for growth in most segments and markets.

The development of the necessary GMP process to produce HRO 350 has been completed and this is also expected to contribute to increased margins for dietary supplement products in the long term.

In the Board's opinion, the company is well positioned for further operations and growth. The company has good liquidity and established financing for the development processes that are underway.

Arctic Bioscience AS		Arctic Bioscience Group	
2021	2020	Amounts in NOK	
Cash flows from operating activities			
-42 551 034	-22 584 636	Profit/loss before tax	-42 579 684
2 517 939	1 191 952	Ordinary depreciation	2 517 939
-2 279 826	-8 781 137	Change in inventory	-2 279 826
3 302 294	697 997	Change in accounts receivable	3 302 294
-1 571 228	3 464 590	Change in accounts payable	-1 571 228
1 131 205	4 133 517	Change in other accrual items	1 117 555
-39 450 650	-21 877 718	Net cash flows from operating activities	-39 492 950
Cash flows from investment activities			
36 503 515	13 432 290	Payments to buy tangible and intangible assets	36 503 515
39 900	30 000	Payments to buy shares and participations in other companies	0
-36 543 415	-13 462 290	Net cash flows from investment activities	-36 503 515
Cash flows from financing activities			
6 575 584	582 933	Repayment of long-term liabilities	-6 575 584
-1 875 678	1 879 863	Net change in bank overdraft	-1 875 678
299 209 977	22 637 784	Proceeds from equity	299 209 977
290 758 715	23 934 714	Net cash flows from financing activities	290 758 715
214 764 650	-11 405 294	Net change in cash and cash equivalents	214 762 250
12 557 267	23 962 561	Cash and cash equivalents at the start of the period	12 600 108
227 321 917	12 557 267	Cash and cash equivalents at the end of the period	227 362 358
			12 600 108

AUDITORS REPORT

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To the General Meeting of Arctic Bioscience AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Arctic Bioscience AS showing a loss of NOK 42 551 034 in the financial statements of the parent company and a loss of NOK 42 579 684 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Arctic Bioscience AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Arctic Bioscience AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 laws and regulations 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.

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.

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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 legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisionsberetninger>

Ålesund, 6 April 2022
Contabile AS



Oddvar Sandnes
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Alternative performance measures, meaning financial performance measures not included within the applicable financial reporting framework, are used by Arctic Bioscience to provide supplemental information by excluding items that in management's view, does not give indications of the periodic operating results. Financial APMs are used to enhance comparability of the results from a period to the next, and management uses these measures internally when driving performance in terms of long- and short-term forecasts. The measures are adjusted Norwegian GAAP for small enterprises measures, and are defined, calculated and consistently applied in the Group's financial reporting. Arctic Bioscience focuses on EBITDA and adjusted EBITDA when presenting the period's financial result internally and externally. Adjusted EBITDA is adjusted for special operating items.

Financial APMs should not be considered as substitute for measures of performance in accordance with applicable financial reporting framework.

Arctic Bioscience uses the following APMs in the reporting:

- EBITDA: Operating profit before depreciation, amortization, write-downs and impairments
- Adjusted EBITDA: Operating profit before depreciation, amortization, write-downs and impairment, and special operating items
- EBIT: Operating profit
- Adjusted EBIT: Operating profit before special operating items
- Gross profit: Total revenue minus cost of sales
- Adjusted gross profit: Total revenue minus cost of sales before special operating items
- Gross margin %: Gross profit as a % of Total revenue
- Adjusted gross margin %: Gross profit as a % of total revenue before special operating items

"EBITDA" and "Adjusted EBITDA" are used as APMs to facilitate operating performance comparisons from period to period, and the others are relevant key figures mainly in connection with the mentioned performance measures. The significant items of income and expenditure represent the difference between EBITDA and adjusted EBITDA and are labelled "special operating items".

The following table reconciles adjusted EBITDA to operating profit and net income (loss) in the condensed consolidated statements of profit or loss.

Amounts in NOK	2021	2020
Adjusted EBITDA		
Net Income	-42 579 684	-22 590 659
Net financial items	-2 002 068	-915 935
Operating profit	-40 577 616	-21 674 724
Depreciation	2 517 939	1 191 952
EBITDA	-38 059 677	-20 482 772
Special operating items	8 767 386	0
Adjusted EBITDA	-29 292 291	-20 482 772
Adjusted EBIT		
Adjusted EBITDA	-29 292 291	-20 482 772
Depreciation	2 517 939	1 191 952
Adjusted EBIT	-31 810 230	-21 674 724
Adjusted gross profit		
Revenue	21 515 433	20 593 085
Cost of sales	16 356 151	15 181 997
Gross profit	5 159 282	5 411 088
Special operating items	639 074	0
Adjusted gross profit	5 798 356	5 411 088
Special operating items include:		
Listing related costs	-8 128 312	0
Cost of sales	-639 074	0
Sum	-8 767 386	0

Endnotes:

① World Health Organization. Global report on psoriasis. World Health Organization 2016. <https://apps.who.int/iris/handle/10665/204417>

Yeung H, et al. Psoriasis severity and the prevalence of major medical co-morbidities: a population-based study. *JAMA Dermatol.* 2013 October 1; 149(10):1173-1179

② Tveit KS, Brokstad KA, Berge RK, Sæbø PC, Hallaråker H, Brekke S, Meland N, Bjørndal B. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. *Acta Derm Venereol.* 2020 May 28;100(10):adv 00154. doi: 10.2340/00015555-3507. PMID: 32378724; Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. *International Journal of Clinical and Experimental Medical Sciences.*

③ "HCO350 Commercial Assessment in Psoriasis" (IQVIA, December 2020)

④ Results represented are based on indicative price and patient share assumptions, subject to achieving optimal price and market access; WAC: weighted average cost

⑤ Source: Arctic Bioscience assumptions, IQVIA research and analysis

⑥ "HCO350 Commercial Assessment in Psoriasis" (IQVIA, December 2020)



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