



ARCTIC BIOSCIENCE

Press Release

31. October 2022

Q3-2022 OPERATIONAL UPDATE - POSITIVE PROGRESS IN BOTH PHARMA AND NUTRA

Highlights Q3 2022:

- HRO350 development on track with CTA submitted start of October 2022
- First patient expected to be enrolled in Q4 2022
- Record high deliveries of Nutra products to the Asian market during Q3 2022
- Total revenues almost doubled in Q3 2022 compared to Q3 2021, and YTD revenues has already surpassed full year revenues in 2021
- YTD revenues of NOK 23,9 million as of Q3 2022, compared to NOK 16,8 million as of Q3 2021
- Solid financial position with NOK 171,0 million in cash by 30. September 2022

During Q3 2022 Arctic Bioscience had a positive progress both in the pharmaceutical development program and in the nutraceutical segment. In both areas important milestones were reached during this quarter.

"Q3 was eventful for Arctic Bioscience. On the pharma side, we have concluded on significant work packages to make sure we are in line with earlier communicated milestones. With the submission of the Clinical Trial Application at the beginning of October, we expect the first patient enrolled in the clinical trial in Q4. Sales of our nutraceutical products was strong, and we have delivered a record high volume to the Asian market. We are well situated to reach a total year-on-year revenue growth of 60-70 %", says CEO Christer L. Valderhaug.

In the quarter a significant effort was made to finish the Clinical Trial Application and preparing it for submission. During Q3 2022 a new pharma Quality Assurance system has been implemented, making the Company prepared for the next steps in the pharmaceutical development program.

The Nutra segment is developing well with a steady increase in total subscribers in the B2C market in Norway, as well as strong growth in the B2B market. The B2B Nutra segment materialized on the large order intake from the first half of 2022, which gave record high deliveries of nutraceutical products to the Asian market. The overall development is positive and in line with the Company's sales forecasts. The Nutra-team was strengthened in September with a new EVP Nutra Sales B2B, Kim Thorup.

Financials

Key financial figures (NOK mill)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Revenues from sales	9,3	4,8	23,7	16,8
Other income	0,2	0,0	0,2	0,0
Gross profit	2,9	1,0	6,9	4,4
Gross margin %	31,5 %	20,8 %	29,1 %	26,2 %
EBITDA	-7,8	-7,4	-22,2	-27,4
Capex	2,3	3,9	33,7	25,7
Cash end period	171,0	246,5	171,0	246,5

Sales revenues amounted to NOK 9,3 mill. in Q3 2022, a growth of 94 % compared to the same period in 2021. YTD sales revenues amounted to NOK 23,7 mill. as of end September, NOK 6,9 mill. higher than YTD revenue as of end Q3 2021. The B2B-segment accounted for 91 % of the total revenues in Q3 2022.

The gross margin was 31,5 % in Q3 2022, compared to 20,8 % for the same period in 2021. The Company has experienced some cost increases during the year, but to some extent these cost increases has been managed through increased product prices.

YTD EBITDA as of end Q3 2022 of NOK -22,2 mill. is in line with expectations.

Total YTD capital expenditures (Capex) amounts to MNOK 33,7 mill., mainly related to the pharmaceutical development program. It is expected that these expenditures will increase during Q4 2022 based on the progress in the development program.

The liquidity position is strong, ending at NOK 171,0 million by end September 2022.

Subsequent events

10. October 2022 the Company announced that the Clinical Trial Application (CTA) for the Phase IIb clinical trial had been submitted. The CTA contains key information about the Investigational Medicinal Product (IMP) HRO350 and the planned clinical trial activities.

Outlook

Approval of the Clinical Trial Application by authorities will allow for the first patient to be enrolled in the Phase IIb clinical trial as planned in Q4 2022. Sites for the clinical trial with access to sufficient number of patients to conduct the studies are localized in five European countries. With a 6-month inclusion period, it is expected that the 6-months data read out will be available in second half of 2023. A process regarding pursuing a commercial partner for HRO350 has started as planned and as earlier communicated.

Arctic Bioscience will continue to pursue opportunities in several drug-development projects in the pipeline, including a novel drug candidate for support for brain development in extremely premature infants. The Company is also working closely with Møreforskning and Nofima in an ongoing research project funded by the Norwegian Research Council to

investigate underlying mechanisms of action for HRO350, research relevant for the treatment of other inflammatory diseases.

The Company maintains the earlier communicated financial outlook of a y/y revenue growth in 2022 of 60-70 %, and a FY EBITDA in the range of MNOK -35 to MNOK -30.

The company's liquidity situation at the end of the year is expected to be strong and expected to be sufficient to handle the pharmaceutical Phase IIb clinical trial.

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About Arctic Bioscience

Arctic Bioscience is a biotech company developing and commercializing pharmaceutical and nutraceutical products based on unique bioactive marine compounds.

The company is developing HRO350 - a novel oral drug candidate. HRO350 is being developed for treatment of patients with mild-to-moderate psoriasis. This is a large patient group in need of new effective medicines with beneficial safety profile.

Nutraceuticals from Arctic Bioscience are sold globally as bulk ingredients as well as finished goods under the ROMEA brand.

Arctic Bioscience is led by a team of highly competent people with experience in developing marine oils and experience from global pharmaceutical companies.