

ANNUAL REPORT 2024



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INTRODUCTION

Arctic Bioscience is a clinical stage biotechnology company working to develop drug candidates within the areas of autoimmune and inflammatory diseases. The company's unique proprietary extraction technology is used to extract membrane fats from marine raw materials, such as herring roe and algae.

At the core of Arctic Bioscience is a team of experts with more than 25 years of experience in lipids and marine oils, complemented by a substantial research environment and an internationally experienced commercial and financial apparatus. Since its inception in 2011, the company has demonstrated significant operational prowess, covering the entire spectrum from identifying and analysing lipid sources to manufacturing and quality assurance of the final products.

In 2023, the company started a clinical phase IIb study for the development of the novel oral drug candidate HRO350 for the treatment of mild-to-moderate psoriasis. The study, comprising 519 patients from five countries, was fully recruited in January 2024. The 12-months data read-out will be conducted in 2025. The prevalence of autoimmune and inflammatory diseases is substantial, with mild-to-moderate psoriasis estimated to affect more than 18 million patients in the EU5 and USA alone. Currently, for the mild-to-moderate patient population there are few treatment options except corticosteroid creams and light treatment.

In addition to its major pharmaceutical efforts, the company has a dedicated nutraceutical division that develops and sells phospholipid-DHA omega-3 products under the brand ROMEGA®. There has been a substantial growth in revenues the last years, and the growth potential in the years to come is significant. 2024 had the highest ever recorded revenues from nutraceutical sales.

Arctic Bioscience's comprehensive approach, from cutting-edge research to impactful nutraceuticals, positions the company as a key player in the dynamic landscape of autoimmune and inflammatory indications. By delivering on our mission, we will create value for patients with an unmet need for treatment, the international pharmaceutical community, and our investors.

SUMMARY

- 1 HRO350 – a novel oral drug candidate for mild-to-moderate psoriasis. Significant unmet medical need for new treatment, with a target addressable market of 18 million patients in the US and EU5
- 2 The HeROPA study, an international phase IIb clinical trial with 519 patients, will present data from the 12-months read-out in 2025
- 3 Cash generating global nutraceutical business, with a growing presence in large markets and new products in the short-term pipeline, with significant growth potential the years to come
- 4 Proprietary technology platform with control over value chain underpins both the pharmaceutical and nutraceutical businesses
- 5 Expert management with broad experience within the pharmaceutical and nutraceutical industries



HIGHLIGHTS 2024

- Phase IIb clinical trial in mild-to-moderate psoriasis, the HeROPA-study, reached full recruitment of all 519 patients in January 2024. 12 months data-read-out will be conducted in 2025
- Total sales revenues for 2024 ended at NOK 43.5 million, highest ever recorded sales revenue, representing a total annual growth of almost 30 %
- Very strong development in the European nutraceutical market in 2024, with 50 % annual revenue growth
- Positive prospects and good order backlog for the nutraceutical business, with several new promising customers both in North America, Europe and Asia
- Term sheet agreed to establish a joint venture with the Kotler Group to further develop the Chinese and Sout East Asian nutraceutical markets together to truly realize the business potential
- New long-term debt funding of NOK 30 million in January 2025 secures headroom and will contribute to bring Arctic Bioscience into a positive cash flow position
- Data from cellular studies show that Phospholipid Esters from Herring Roe can have immunomodulatory anti-psoriatic effect by in immune cells and psoriatic skin cells
- Arctic Orphan, a project to develop a novel orphan designation drug candidate for brain development in extremely premature infants, secured a public grant of NOK 2.3 million from Innovation Norway to develop the pre-clinical program
- Arctic Algae AS, acquired in 2023, has continued its positive development to bring the Group in position to explore future commercial opportunities in the microalgae segment

KEY FIGURES

Amounts in NOK	2024	2023
Revenue from sales	43 483 616	33 750 017
Gross profit	11 887 749	9 773 594
Gross margin %	27%	29%
EBIT	-47 789 728	-48 586 164
EBITDA	-42 638 941	-43 203 679
Adjusted gross profit*	14 227 749	9 773 594
Adjusted gross margin %*	33%	29%
Adjusted EBIT*	-41 965 887	-43 979 991
Adjusted EBITDA*	-36 815 100	-38 597 506
Cash flow operating activities	-45 356 778	-30 369 909
Cash flow from investment activities	-50 628 934	-32 473 147
Cash flow from financing activities	19 660 746	-1 706 448
Net cash flow	-76 324 966	-64 549 504
Cash and cash equivalents end of period	3 277 103	79 602 069
Available liquidity including credit facility	7 014 898	109 602 069
Total assets	279 741 030	300 251 576
Total equity	210 730 763	258 557 236
Total liabilities	69 010 267	41 694 340
Equity ratio	75%	86%

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* Adjustment in 2023 relates to pre-concept costs new production line. Adjustments in 2024 relate to pre-concept costs new production line, financial advisory costs and cost provisions recall of goods. Alternative Performance Measures and reconciliations are explained at the end of the Annual Report.





LETTER FROM THE CEO

*Dear investors, customers,
and partners of Arctic Bioscience,*

We are coming into 2025 with a strong tail wind from a good year in 2024 where we realised almost 30 % annual revenue growth in our nutraceutical business and, in addition, developed several new products. We also saw a good progress in the HeROPA phase IIb study. We are now looking forward, and we are excited and optimistic for the utilization of the results from the 12 months readout of the HeROPA study in 2025.

The HeROPA study, targeting mild-to-moderate psoriasis, has been the main focus for Arctic Bioscience' pharmaceutical development the last years. It has been one of the largest clinical studies conducted by a Norwegian company ever. The study was fully recruited in January 2024. In October 2024 we published the data from the 6 months readout. While the high dose active treatment arm showed an effect close to assumed effect level, the placebo rate was unexpectedly high, preventing the achievement of the primary end-point. This was a surprising result after 6 months, but this is a 52-week trial, and we remain optimistic that the results after the 12-months readout can be utilized further by the Company. No safety concerns and no unexpected serious events related to the study medication has been observed during the trial.

In 2024 we had record high B2C sales under challenging market conditions in Norway with a 15 % annual growth, which was mainly subscription based. B2B sales in Norway also reached record high sales, with offline distribution through Sunkost, Life, Kinsarvik and Farmasiet. We launched ROMEGA® Gravid in the Norwegian market, underlining our focus on product development.

Our B2B products are sold globally in Americas, Europe and the APAC region. In the US market we had a decline in relative revenue share in 2024. We entered into a distribution and marketing agreement with a new, strategic partner for the US market during the last quarter in 2024, which we already see positive results from in the market. The European market was very strong in 2024 with a 50 % annual revenue growth. Our sales team is working persistently to ensure that our products are top-of-mind at our customers, which will generate even further opportunities for future growth for the Company. Our B2B-business is largely a recurring business where we gradually expand our business to new customers and new markets.

Our relationship with Kotler Marketing Group China is long and successful. Through the partnership our ROMEGA® products are

currently sold cross-border eCommerce into China from Hong Kong. An approval process is ongoing with the Chinese food authorities to approve herring caviar oil as an ingredient into China. This will open new commercial opportunities with a much broader distribution. Approval is expected in 2026. The partnership has been a success, and a formal strengthening of the partnership is in process through establishing a joint venture for the development of the Chinese and Southeast Asian markets.

In nutraceutical we expect to continue the strong development we saw in 2024 in existing markets as well as entering new geographic markets, both in Asia and in Europe, including B2C sales outside of Norway. We will continue our strong focus on innovation and product developments in 2025, with the launch of one more new product. Our focus on research and production of microalgae, through Arctic Algae, has also significant potential both in the pharmaceutical and nutraceutical areas, and is expected to be a future cornerstone for Arctic Bioscience.

The Company's liquidity situation was strengthened in early 2025 via new long-term debt funding, which will secure funding throughout 2025 and towards profitable and

cash positive operations in 2026. I am very pleased that we secured this new funding which will give us a sufficient financial runway and stability to develop our Company further and build shareholder values. I am also very grateful for the trust both Innovation Norway, our bank and our investors show in us and our strategy going forward.

We will continue our strong focus on operational improvements which we started in 2024, both in terms of R&D improvements to strengthen innovations and product quality, reduce cost and increase profit margins. Finally, I would like to thank all our employees for the hard work and dedication they put in every day to make this happen, and to ensure that Arctic Bioscience will continue its positive development and innovation in the years to come.

Warmly,



Christer Valderhaug,
Arctic Bioscience CEO



THIS IS ARCTIC BIOSCIENCE

History

Founded in 2011, Arctic Bioscience 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 is a very important part of our business.

The company initiated a randomized, double-blind, placebo-controlled pilot clinical trial at Haukeland University Hospital which was completed in 2019. Results from the study were 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, the company initiated a scientific advice procedure with the European Medicines Agency (EMA) to evaluate a clinical development program for Herring Roe Oil in mild-to-moderate psoriasis, including design of a phase IIb clinical trial. Simultaneously, the company was also granted SME Instrument funding from the European Innovation Council to conduct a comprehensive feasibility analysis of the development of HRO350. In 2021, conduct of a large phase IIb clinical trial was contracted to the Clinical Research Organization (CRO) Smerud Medical Research International (Smerud). The clinical trial aims to investigate the efficacy and safety of the investigational product HRO350 in patients with mild-to-moderate psoriasis. The Clinical Trial Application (CTA) was submitted in Q4 2022 and was granted

approval by medicinal authorities in five European countries at the start of 2023. In January 2024 the HeROPA-trial was fully recruited with the 519 patients needed for the study. Twelve months read-out in the study will be conducted in 2025.

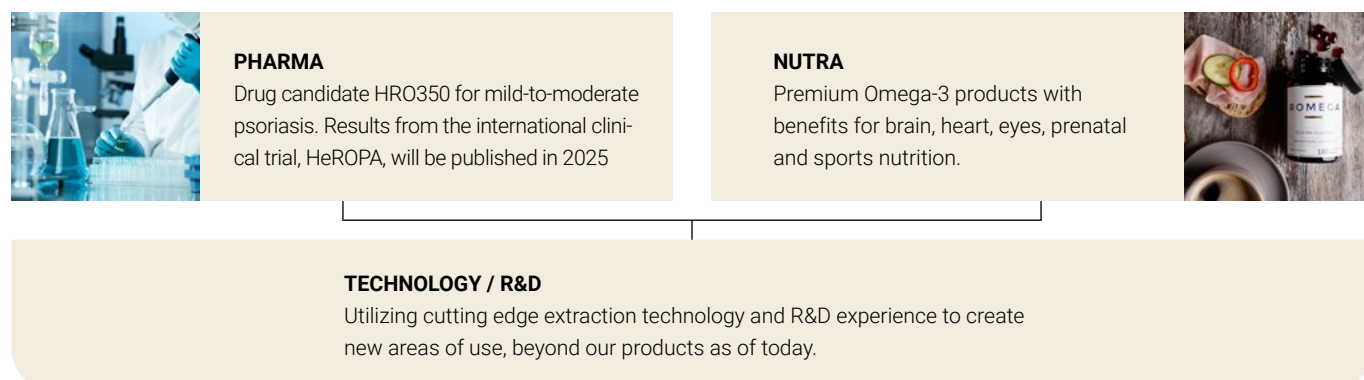
In Q1 2023 Arctic Algae was acquired, a biotechnology company specializing in pro-

duction of microalgae by innovative reactor technologies. With this acquisition Arctic Bioscience stepped into an exciting area in the field of bioscience, where there has been a strong development over the years. In 2024 Arctic Algae has continued its positive development to bring the Group in position to explore future commercial opportunities in the microalgae segment.

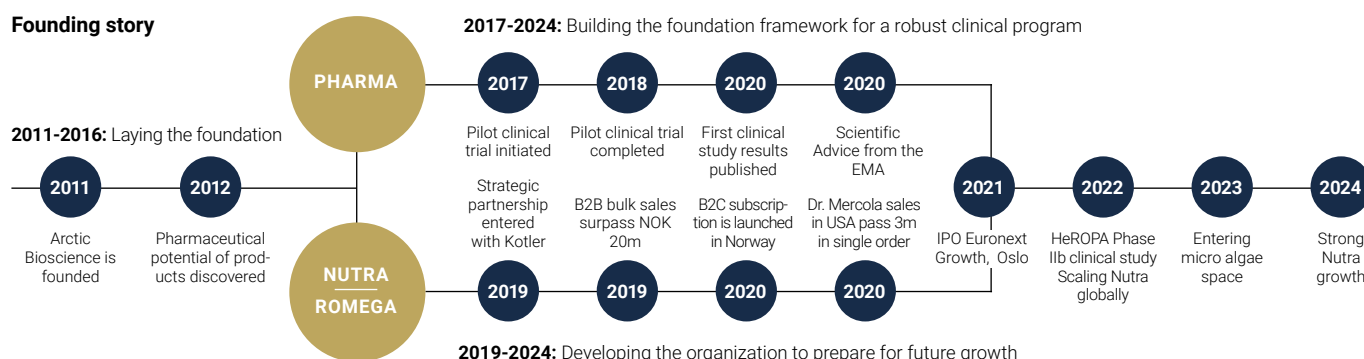
At the end of 2024, the Group had a total of 23 employees and 2 contracted personnel across pharmaceutical development, sales & marketing, operations, quality, regulatory and R&D teams.

Since its foundation in 2011, the Company has evolved from a nutraceutical manufacturer to a clinical-stage biotechnology company.

Company structure



Founding story





PHARMA

Investigational medicinal product HRO350 for mild-to-moderate psoriasis

Executive summary

Arctic Bioscience is developing a novel, oral drug candidate (HRO350) for the treatment of mild-to-moderate psoriasis, a large market with significant unmet medical need. Psoriasis is a chronic, non-communicable, inflammatory skin disorder with no clear cause or cure. Psoriasis is commonly categorized by severity ranging from mild to moderate to severe. Psoriasis affects over 20 million patients in the US and Europe, with 80-90 per-cent having the mild-to-moderate form. It is estimated that psoriasis affects 2-6 per-cent of the population worldwide and can have a profound impact on patient's quality of life ¹. Arctic Bioscience targets the patients in the mild-to-moderate category, the group that makes up the vast majority of psoriasis patients. HRO350 is targeting an

addressable market of approximately 18.7 million mild-to-moderate psoriasis patients in US and EU-5 alone.

Phase IIb clinical trial – the HeROPA study

In late 2022 Arctic Bioscience submitted a Clinical Trial Application (CTA) for the international HeROPA study, a phase IIb randomized, placebo-controlled clinical trial in mild-to-moderate psoriasis with the investigational medicinal product (IMP) HRO350. The HeROPA study is designed to investigate the efficacy, safety and dose of drug candidate HRO350 vs. placebo. The CTA was approved at the start of 2023 in five European countries. These countries were Germany, Poland, Finland, the UK and Norway.

519 patients have been included in the HeROPA study, where the last patient was recruited in January 2024. The 12 months data read-out from the trial will be conducted in 2025.

Cellular data on HRO350 Mode-of-Action in psoriasis

Arctic Bioscience's cellular studies project on Mode of Action of HRO350 was completed in December 2023. The key objectives of this project were to gain deeper understanding of the cellular mechanisms and structural characteristics of HRO350. The project produced data on:

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

Results from this project were presented at international conferences in 2024 and further data will be published in 2025. The cellular

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



data show anti-psoriatic effects from phospholipid esters from herring roe in immune cells and skin cells. These data contribute to the understanding of how the investigational medicinal product HRO350 could impact psoriasis and are supportive data to the clinical development program as well as providing cellular data on effects of SPMs in Arctic Bioscience's products.

Further planned drug development program

A Pediatric Investigational Plan (PIP) for HRO350 was submitted in 2021. In March 2022 Arctic Bioscience received a positive opinion from the Pediatric Committee of the EMA. Based on successful completion of the HeROPA study, the company plans to run a phase III clinical trial in collaboration with a commercial partner, before submitting a Marketing Authorization (MA) application thereafter.

Market opportunity

There is a significant unmet medical need for cost-effective, oral treatment for mild-to-moderate psoriasis. It is estimated that 9/10 patients experience mild-to-moderate disease, resulting in an addressable market of more than 18 million patients in the USA and the EU5 alone. Based on conservative pricing and market share projections, moderate psoriasis alone presents a peak revenue opportunity of \$1.2 billion per annum. If the drug is positioned to treat a segment of the mild psoriasis population in addition to the moderate patient population, the peak revenue opportunity could increase to \$2 billion per year ².

Arctic Orphan - Drug development opportunity for extremely premature infants

Arctic Bioscience has 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 is therefore subject to a high risk of disability and complications. DHA is crucial for normal development of brain and vision in the fetus, and herring roe is a natural and rich source of DHA. Thus, there is a sound scientific rationale for a drug candidate based on phospholipid esters from herring roe extract.

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. In 2024 a grant of NOK 2.3 million was received from Innovation Norway to develop the pre-clinical material.

The drug development program will run in parallel with the HRO350 clinical program for mild-to-moderate psoriasis and will provide a further basis for development of Arctic Bioscience's pharmaceutical business.

² Results represented are based on indicative price and patient share assumptions, subject to achieving optimal price and market access; WAC; weighted average cost. Source: Arctic Bioscience assumptions, IQVIA research and analysis



NUTRA

Arctic Bioscience's nutraceutical product is ROMEGA®, a premium phospholipid-DHA 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, ROMEGA® has benefits for heart health, and its high composition of DHA is especially important for brain health, eye health and prenatal development. Over the last years, the company has produced several new ROMEGA® products, both oil and 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 ever-growing customer base. There is a vast global Omega-3 market set for further growth in coming years, and ROMEGA® is attractively positioned in the market. In 2024 the revenue annual revenue growth was almost 30%, with significant growth especially in the European market with 50% annual revenue growth. Several

promising customers from around the world has been on-boarded the last years. There are positive prospects for our nutraceutical business going forward, both with regards to building our customer base further and by introducing new products into the market. Arctic Bioscience is aiming for solid sales growth in the coming years and forecast a break-even contribution from the nutraceutical business in 2026.

B2B

The majority of the company's nutraceutical business' revenues are from B2B sales of intermediary (bulk) and finished goods (capsules) products in the Americas, Europe and APAC. The last years a larger share of the total revenues has come from finished goods (capsules), an effect of a new implemented sales and distribution strategy. In 2024 the European market accounted for 48% of the total B2B sales. Norway accounted for 5%, the Americas 14% and the APAC region 33% respectively.

B2C

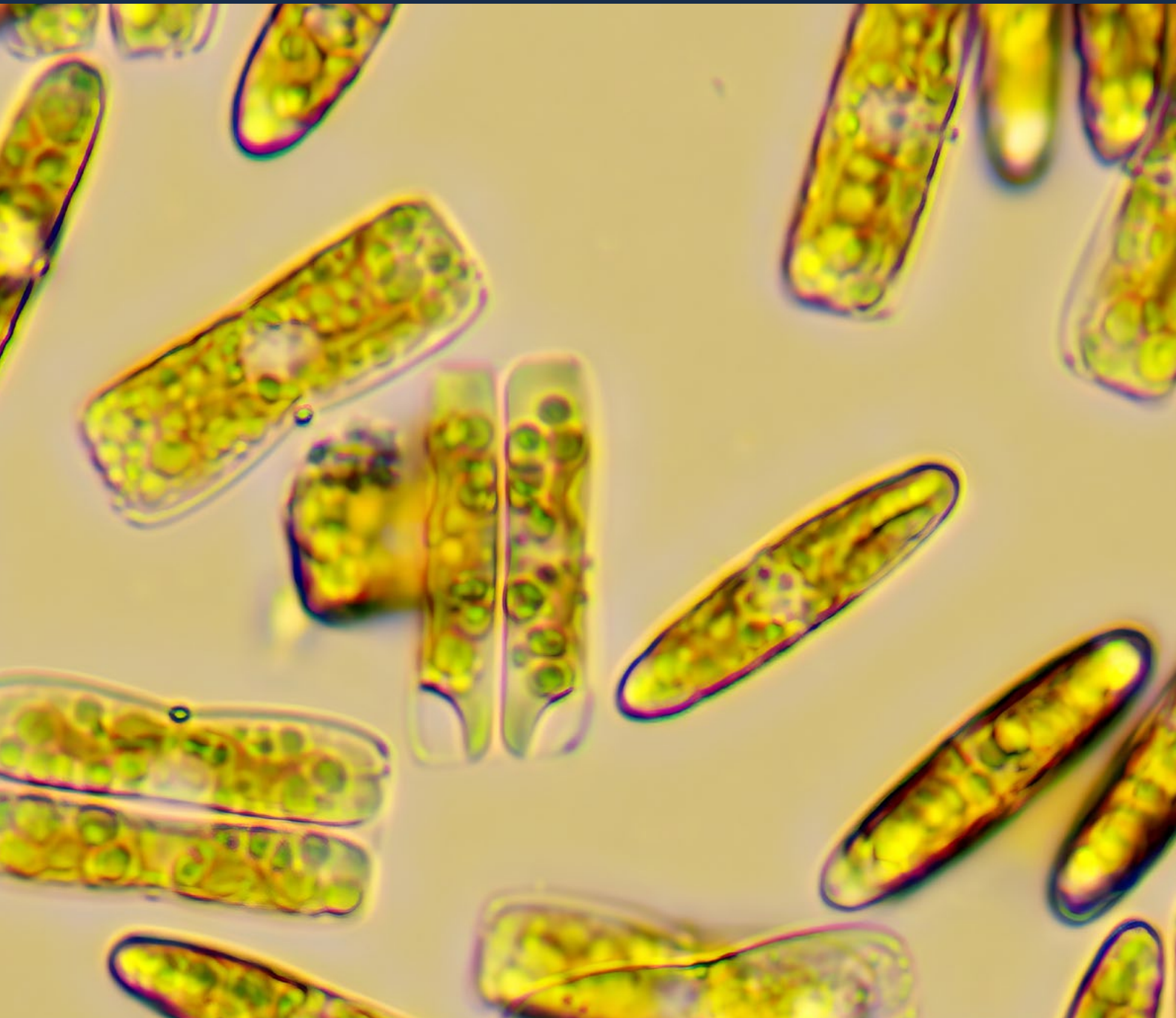
Arctic Bioscience also sells direct to consumers in Norway. Overall, in 2024 B2C accounted for 11% of Arctic Bioscience' total revenues and experienced a positive development with an annual revenue growth of 16%. The ROMEGA® products are available through an e-commerce subscription model.

Long and strong strategic partnership in China

Through a strategic partnership with Kotler Marketing Group, Arctic Bioscience has developed a strong and effective platform for marketing and sales in the Chinese consumer market. China is the second largest Omega-3 market in the world and is considered an ideal market for ROMEGA® with high status attached to caviar products and premium quality "Made in Norway"-products. Kotler Marketing Group is well known for its world class marketing experience and had deep local market insight and significant resources dedicated to sales and distribution of Arctic Bioscience's products. The key products in China are ROMEGA® Prenatal, ROMEGA® Eye and ROMEGA® Brain.

In 2024 the strategic partnership showed further positive development. Annual sales to the Chinese market rose with 41% compared to 2023. A term sheet is agreed to establish a joint venture with the Kotler Group to further develop the Chinese and South East Asian nutraceutical markets together to truly realize the business potential in this long and strategic partnership.





ARCTIC ALGAE

The company Arctic Algae, a biotechnology company specializing in production of micro algae by innovative reactor technologies, was acquired in Q1 2023. In addition to current use of marine ingredients in the Group, Arctic Algae will enhance the product- and technology platform by developing proprietary and scalable ingredients based on micro algae and expand the product portfolio into marine algal oils, products that have a high growth rate in the nutraceutical marketplace.

Arctic Algae has the infrastructure needed for both heterotrophic and phototrophic production of micro algae, which is the basis for valuable marine oils, protein and other promising ingredients.

In 2024 Arctic Algae has continued its positive development after the initial project of producing oil from selected algae species was successful in 2023. The company received a grant of NOK

2 million from Regionalt Forskningsfond to upscale the algae case from benchtop to pilot production.

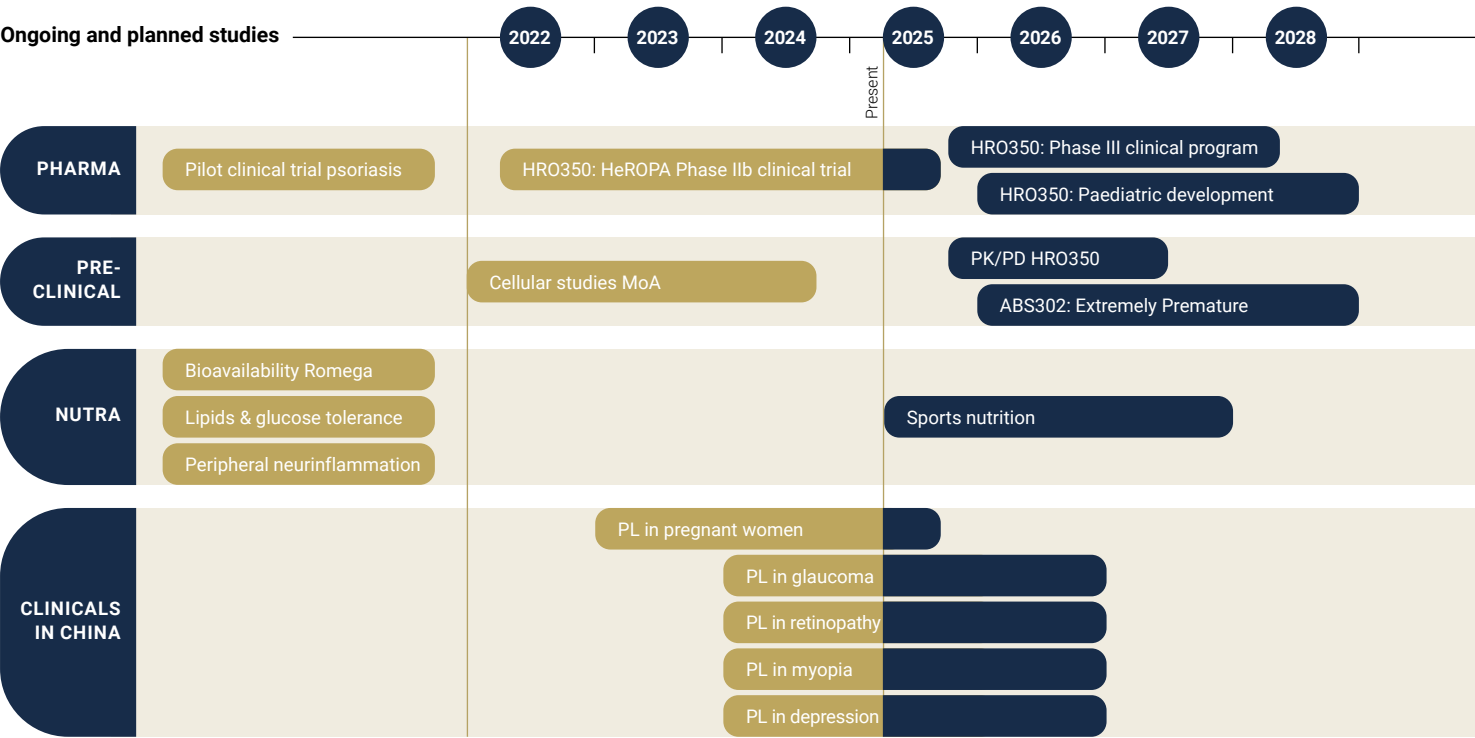


TECHNOLOGY / R&D

Research & development, alongside focus on cutting edge technology, is the foundation of all operations in Arctic Bioscience, both in pharmaceutical and nutraceutical business units. Our experienced team of scientists are constantly innovating, developing new product formulations and processes to be utilized in the company's diverse range of products.

Arctic Bioscience's extraction technology, together with the experience in our R&D department, puts us in a position to explore new areas of use, beyond our core products as of today. We do this by leveraging our proprietary production process, protected by a comprehensive portfolio of patents and technological know-how. Our experts in

this field are highly involved in the positive development Arctic Bioscience has both in the pharmaceutical and nutraceutical market space.



MANAGEMENT



Christer Valderhaug
CEO

Mr. Valderhaug (1972) has 25+ years of experience in international business. His most recent role was Partner and Head of Investments at Convento, where he assisted top Management and boards across a range of industries including marine growth companies. Prior to joining Convento 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.



Jone R. Slinning
CFO

Mr. Slinning (1979) has a broad and long experience from various industries, including auditing, the banking and finance sector, and different CFO positions, latest in the aquaculture industry. Mr. Slinning holds a Master of Economics degree from NHH – Norwegian School of Economics.



Runhild Gammelsæter
Medical director

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. Dr. Gammelsæter holds a Ph.D. in cell physiology from the Medical Faculty at the University in Oslo.



Hogne Hallaråker
CSO

Mr. Hallaråker (1966) is the founder and developer of Arctic Bioscience's business concept. He is an entrepreneur with more than 20 years of experience in the Nutraceutical and Biomarine industries. Mr. Hallaråker holds a MSc in Marine Biology and Aquaculture from the University of Bergen.



Jannicke Bjørkedal
Quality Manager

Mrs. Bjørkedal (1970) has more than 20 years of experience working with marine oils both from the nutraceutical and pharmaceutical industry. Her experience includes working as a Qualified Person (QP) and leading quality unit. She holds a Bachelor's degree in Aquatic Biology.



Per Christian Sæbø
COO

Mr. Sæbø (1967) has more than 25 years of experience from manufacturing management and process development, including concept architecture, concept testing, and verification, upscaling and operationalization. Mr. Sæbø holds a MSc in Chemistry from NTNU.



Para Ghildyal-Palani
Regulatory Manager

Dr. Ghildyal-Palani (1976) has held scientific and advisory roles across academic, public, and private sectors. Her expertise lies in regulatory affairs and safety risk management of nutraceuticals and medicines. She has valuable experience from working at the Norwegian Food Safety Authority, framing nutritional policies and standards, within the EU and globally. She has a Ph.D. in Neurophysiology from the Indian Institute of Technology – Bombay.



Danielle Mancinelli
CTO

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

BOARD OF DIRECTORS



Harald Nordal
Chairman

Harald Nordal 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. 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 an MBA in Project Management from the SKEMA Business School, France.



Jostein Christian Dalland
Board member

Jostein Christian Dalland has served as an independent board member of the Company 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.



Marita Holstad
Board member

Marita Holstad has served as a board member of the company since 2021. She currently holds the role as Global Brand Lead Dermatology for Dupixent at Sanofi. Prior to joining Sanofi Marita held the role as Commercialization Leader Respiratory in GlaxoSmith-Kline (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.



Per Magne Eggesbø
Board member

Per Magne Eggesbø has served as a board member of the Company since 2016. He currently holds the position as CEO of Eros AS and Eggesbø 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 Ålesund. He holds a Master of Science in Business from the Norwegian Business School.



Asbjørn Solevågseide

Board member

Asbjørn Solevågseide 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 A. Tønseth

Board member

Tore A. Tønseth has served as a board member of the Company since January 2021. He currently works as 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: 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. He holds a Master's Degree in Finance from the Norwegian School of Economics.



Jan Endre Vartdal

Board member

Jan Endre Vartdal 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 to a Company employing more than 250 people running seven factories located in all parts of Norway under the Company name Vartdal Plast. 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

Board member

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.

BOARD OF DIRECTORS' REPORT

Operations and locations

Arctic Bioscience AS ("the Company" or "the Group") is a clinical stage biotechnology company developing pharmaceutical and commercializing nutraceutical products based on unique bioactive marine compounds, including lipids essential to maintaining cell membranes. The main office is in Ørsta, but the Group also has an office in Oslo. Due to operational activity in Spain, Arctic Bioscience also has a VAT/fiscal registration in this country with address in Barcelona.

The Group includes, in addition to Arctic Bioscience AS:

- Arctic Algae AS
- Arctic Nutrition AS
- Romega AS
- Arctic Biopharma AS

The Board of Directors' report for Arctic Bioscience 2024 is based on the consolidated financial accounts for 2024 and 2023. Arctic Algae AS was acquired in late Q1 2023, and the consolidated figures for 2023 therefore include effects from this subsidiary from Q2 2023. When "Arctic Bioscience" is referred to throughout this report, it represents the consolidated activity of the Group. Arctic Nutrition AS, Romega AS and Arctic Biopharma AS are established with minimal capital and have limited operations at this point.

Operational review

The phase 2b clinical trial in mild-to-moderate psoriasis, the HeROPA-study, reached full recruitment of all 519 patients in January 2024. The HeROPA-study is a randomized, placebo-control clinical trial with the investigational medicinal product HRO350. The study is designed to investigate the efficacy, safety and dose of the drug candidate HRO350 vs. placebo, and is conducted in 5 European countries. In October 2024 read-out after 6 months of treatment was announced, with focus on the primary end-point, PASI50. While the high dose active treatment arm showed an effect close to the assumed effect level, the placebo rate was unexpectedly high,

preventing the achievement of the primary end-point. The HeROPA-study is a 12 month study, and read-out after 12 months, in April 2025, showed encouraging top-line results on key secondary end-point with increasing durable efficacy up to 52 weeks. The full Clinical Study Report will be ready in June 2025.

Arctic Bioscience's cellular studies project on Mode of Action of HRO350 was completed in December 2023. The key objectives of this project were to gain a deeper understanding of the cellular mechanisms and structural characteristics of HRO350. The results of this project were presented at international conferences in 2024. The cellular data show anti-psoriatic effects from phospholipid esters from herring roe in immune cells and skin cells. These data contribute to the understanding of how HRO350 could impact psoriasis and are supportive data to the clinical development program as well as providing cellular data on effects of SPMs in Arctic Bioscience's products.

The nutraceutical business recorded the highest ever sales revenue, representing a total annual growth of near 30%. It was a very strong development in the European market, with 50% annual revenue growth. Several promising customers from around the world have been on-boarded in the last year. The B2C segment continued its positive trend from last year, with 16% annual revenue growth. Arctic Bioscience has had a long and strong strategic partnership in China, building a solid and effective platform for marketing and sales together with Kotler Marketing Group. In 2024 the strategic partnership showed further positive development, where annual sales to the Chinese market rose with 41% compared to 2023. A term sheet has also been agreed to establish a joint venture with the Kotler Group to further develop the Chinese and Southeast Asian nutraceutical market.

In 2023 Arctic Bioscience acquired Arctic Algae, a biotechnology company specializing in production of micro algae by innovative reactor technologies. During 2024 Arctic

Algae has continued its positive development after its initial project of producing oil from selected algae species was successful in 2023. The company received public grants to upscale the algae case from benchtop to pilot production.

The organization has been stable and further strengthen in 2024 with new employees bringing in valuable know-how. The company has continued to professionalize its operations by developing and further implementing new work- and quality processes. By its employees and technical infrastructure Arctic Bioscience is in a strong position to meet future requirements for both the pharmaceutical and nutraceutical operational activities.

Financial review

Income statement

Arctic Bioscience generated sales revenue of NOK 43,5 million in 2024, up from NOK 33,8 million in 2023. 88% of the sales revenue were related to the B2B segment in 2024.

Gross profit of the year was NOK 11,9 million, up from NOK 9,8 million in 2023. For 2024 this represents a gross margin of 27%, compared to 29% in 2023. Included in the gross profit for 2024 is an extraordinary cost provision of NOK 2,34 million in relation to recall of goods sold in December 2024. Adjusted for this provision, adjusted gross profit in 2024 was NOK 14,2 million, representing a gross margin of 33%.

Total operating expenses excluding cost of goods sold for the year were NOK 54,8 million for the parent company and NOK 60,6 million for the group in total in 2024. The corresponding figures for 2023 were NOK 54,6 million for the parent company and NOK 58,4 million for the group in total. Of the 2024 figures NOK 3,5 million were non-recurring costs related to pre-concept of new production line and financial advisory costs. The non-recurring costs in 2023 were NOK 4,6 million.

Personnel costs in the parent company increased by NOK 1,2 million. Personnel

costs for the group in total increased with NOK 2,4 million compared to 2023, mainly due to more employees in subsidiary and full year effect from the acquired Arctic Algae, bought in Q2 2023. During 2024, NOK 4,4 million of total personnel expenses were capitalized to development projects. The corresponding figures from 2023 were NOK 5,4 million. Other operating expenditures decreased with NOK 0,6 million compared to the last year for the parent company and was stable for the group in total compared to 2023. The group implemented cost reduction initiatives in Q4 2024, and further effects from these are expected to materialize during 2025. Depreciation expenditures were reduced with NOK 0,4 million in 2024 for the parent company and reduced with NOK 0,2 million for the group in total.

The operating loss for 2024 was NOK 42,9 million for the parent company, compared to NOK 44,9 million in 2023. For the group in total operating loss for 2024 was NOK 47,8 million, compared to NOK 48,6 million in 2023.

Including net financial items, the total loss for 2024 for the parent company was NOK 49,1 million, compared to NOK 41,3 million in 2023 for the parent company. Included in financial items was an impairment of investment in subsidiary of NOK 6,3 million in 2024. For the group the total loss for 2024 was NOK 47,9 million, compared to NOK 45,5 million in 2023.

Research and development

Arctic Bioscience is investing in research and development projects in the pharmaceutical and nutraceutical business units. The projects are mainly related to the development of HRO350, the production process, and other product developments. Arctic Bioscience capitalizes development costs as these are considered to form the basis for future earnings.

Arctic Bioscience has in 2024 received a net total payment of NOK 92 600 from The Research Council of Norway to the project

“Properties of phospholipids from Herring Roe in Psoriasis”. In 2024, Arctic Bioscience has been paid NOK 4,75 million in Skatte-Funn for 2023, and has earned an equivalent grant amount for 2024. These amounts have been entered in their entirety as a reduction of capitalized costs related to the projects. Arctic Algae received a total grant of NOK 907 963 in 2024 from Regionalt Forskningsfond Møre & Romsdal connected to two different development projects.

The group will continue to be active in applying for grants from both Norwegian and international organizations.

Cash flow statement

Net cash flow from operating activities was NOK -42,1 million (NOK -32,8 million) for the parent company in 2024, and NOK -45,4 million (NOK -30,4 million) for the group in total, mainly driven by negative operating results. Of other items influencing operating activities, changes in inventory amounted to NOK 3,8 million, and changes in accounts receivable of NOK -5,0 million. Changes in accounts payable amounted to NOK -1,0 million for the parent company and NOK -0,8 million for the group in total. Finally, changes in other accrual items amounted to NOK -0,7 million for the parent company and NOK -0,6 million for the group in total.

Net cash flow from investing activities was NOK -53,2 million for the parent company in 2024 (NOK -34,5 million in 2023). This was mainly related to the phase 2b HRO350 clinical development program. Received public grant of NOK 4,8 million has been netted in the total investing figures. For the group in total net cash flow from investing activities was NOK -50,6 million in 2024.

Cash flow from financing activities during 2024 amounted to NOK 20,2 million for the parent company (NOK 0,5 million in 2023). This relates to net change in credit facility. Cash flow from financing activities for the group in total in 2024 was NOK 19,7 million (NOK -1,7 million in 2023).

Total net cash flow during 2024 ended at NOK -75,1 million for the parent company (NOK -66,8 million in 2023) and NOK -76,3 million for the group in total (NOK -64,5 million in 2023). Total available liquidity at end of 2024 was NOK 6,0 for the parent company (NOK 107,3 million) and NOK 7,0 million (NOK 109,6 million) for the group in total, including unused credit facility. During Q1 2025 the liquidity situation was strengthened with a new long-term financing facility of NOK 30 million.

Financial position – balance sheet as of 31.12.2024

For the parent company total equity as of 31.12.2024 amounted to NOK 213,8 million (NOK 262,8 million), and for the group in total NOK 210,7 million (NOK 258,6 million). This corresponds to an equity ratio of 76% (87%) for the parent company and 75% (86%) at group level.

Total non-current assets as of 31.12.2024 for the parent company amounted to NOK 221,2 million (NOK 171,1 million), and for the group in total NOK 221,9 million (NOK 167,1 million). The increase during the year is mainly allocated to an increase in intangible assets related to the pharmaceutical development program of HRO350.

The parent company has NOK 59,3 million in current assets (NOK 130,3 million), and the group in total has current assets of NOK 57,9 million (NOK 133,2 million), at end of 2024. Inventories amount to NOK 29,0 million, short-term receivables NOK 28,1 million for the parent company and NOK 25,6 million for the group in total, and cash NOK 2,3 million for the parent company and NOK 3,3 million for the group in total.

The parent company has no long-term debt. The group in total has NOK 1,5 million in long-term debt, related to financial leasing contracts. Total liabilities amount to NOK 66,7 million for the parent company (NOK 38,6 million), and NOK 69,0 million for the group in total (NOK 41,7 million).

Allocation of net profit/loss

Net loss for 2024 was NOK 49,1 million for Arctic Bioscience AS and NOK 47,9 million for the consolidated Group, compared to a net loss of NOK 41,3 million for the parent company and net loss of NOK 45,5 million for the consolidated Group in total in 2023. The Board proposes that the loss be covered by share premium reserve.

Subsequent events

In January 2025 new funding was secured of NOK 30 million through a combination of NOK 15 million in long-term loan from Innovation Norway, and NOK 15 million in long-term convertible loan from a consortium of existing and new investors. The long-term loan from Innovation Norway is guaranteed by the European Investment Fund (EIF) and has a duration of 5 years, where the first two years has no installments. The loan has ordinary floating market interest rates. The long-term convertible loan can be paid out in up to 3 tranches during the first 5 months of 2025. The maturity of the loan is 36 months after the date of the last tranche. Annual interest rate is set at 10% p.a. The loan which is not repaid, including accrued interests, is convertible by Lender at any time after the deposit into freely tradable shares delivered T+20 from the date of the conversion notice. Conversion price per share is the lower of 75% x previous 5 trading days VWAP (T+1) from the date the conversion notice is sent, including the coupon make-whole, or NOK 3.

Late in the first quarter of 2025, a need to recall goods from 2 batches was identified through regular quality processes. Root cause analysis is currently ongoing at the Company's contract manufacturer. The company's customers were quickly informed, and no goods have been resold to end customers in the market. There is uncertainty about the total cost of this recall as the liability responsibility is still unclear. The Company has recalled insurance that will cover part of the cost. An extra cost provision for 2024 of NOK 2,34 million has been made to cover this incident.

Measures have been implemented to avoid similar recall incidents going forward.

In April 2025 top-line results from the HeROPA 12 months read-out were announced. These show encouraging results on key secondary endpoint with increasing durable efficacy up to week 52. Data analyses are ongoing for the full Clinical Study Report. This report will be ready in June 2025 and include statistical significance levels for all datapoints and relevant sub-analyses.

Risks and risk management

Arctic Bioscience is exposed to financial, operational and market risks. The Group has adopted a risk management policy to identify, measure, and mitigate risks.

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 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 sometimes 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.

Arctic Bioscience has implemented credit score applications used when evaluating new customers.

Interest rate risk: The Group has both financial leasing contracts and a credit facility established and is therefore exposed to interest fluctuations. The financial leasing contracts are based on floating interest rates, and the credit facility is based on 3 months NIBOR, with addition of a fixed margin.

Liquidity risk: Management of liquidity risk is accorded high priority. The liquidity position is tightly tracked and managed via rolling forecasting models, with continuous assessments of funding possibilities going forward.

Market and 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 processes 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 commercialization 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.

Board liability insurance

The Group has an insurance policy which covers all members of the Board, CEO, members of Group management and employees who can incur an independent management responsibility. Total insurance amount is set at NOK 20 million.

Health, safety, security, and organization

Arctic Bioscience places utmost value in the safety and wellbeing of its people. We are

proud that there were no reportable incidents in 2024. The Group's sick leave rate in 2024 was low. Total reported sick notices amounted to 280 days in 2024, equivalent to 5,3%. None of these were directly linked to working conditions. Arctic Bioscience has established an occupational health service scheme.

Arctic Bioscience seek 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, and religion with respect to remuneration, promotion, or recruitment. The Group is committed to recognize diversity and ensure equal opportunities, including fair employment conditions.

As of 31. December 2024, the parent company had 19 employees and in addition 2 consultants on a full-time basis outside of Norway. Of the 21 in total, 9 are female and 12 are male. In addition, the subsidiaries have 4 employees, 3 female and 1 male. The working environment is internationally orientated with employees and full-time consultants from different nations as Italy, Denmark, USA, Canada, Ukraine, India, Australia, Malaysia and Norway.

The Board has 8 members, 7 men and 1 woman.

The Group's working environment and culture is 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.

ESG and impact on external environment

The Group recognizes 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 people with inflammatory disorders..



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.

Shareholder information

Arctic Bioscience has been listed on Euronext Growth since February 24th, 2021. As of 31.12.2024, the Company had 25 369 552 issued shares, each with a par value of NOK 0,10, divided between 950 shareholders. The Company has one class of shares, and accordingly there are no differences in the voting rights among the shares.

Ronja Capital Investment AS was the largest shareholder as of 31.12.2024, with 3 087 999 shares, representing 12,17%. Note 15 includes a list of the 20 largest shareholders of the Company's shares.

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 2024.

Business outlook

Forward looking statements are always associated with some degree of uncertainty.

Some top line results from the HeROPA clinical study were announced in April 2025. These showed encouraging results on key secondary endpoint with increasing durable efficacy up to week 52. In June 2025 the full Clinical Study Report will be ready, including statistical significance levels for all datapoints and relevant sub-analyses. After this report is finalized, the Company will evaluate further progress for the clinical development program for HRO350. Further development of the HRO350 in mild-to-moderate psoriasis, beyond the phase 2b, will be funded separately through partnerships or specific project funding.

In 2024 the annual revenue growth for the nutraceutical business was strong, and in line with what was foreseen in the annual report for 2023. A strong foundation has been established for the nutraceutical business, both in terms of organizational conditions and in term of dedicated and focused sales operations. Arctic Bioscience has a strong basis for recurring income from existing customers, and the prospect for continuing

revenue growth going forward is positive. In 2025 the Company will continue its work to establish a joint venture operation together with Kotler Investment Ltd. to further develop the Chinese and South Asiatic market. Given the prospects and markets outlook for the nutraceutical business, Arctic Bioscience is aiming for solid sales growth in the coming years and forecasts a break-even contribution from the nutraceutical business during 2026.

When Arctic Bioscience was listed on Euronext Growth in 2021, it was stated that one of the main reasons for both the capital increase and the listing was to fund the phase 2b clinical study. This study is now finalized. The Board has constant focus on ensuring that Arctic Bioscience has satisfactory capitalization to secure progress in the ongoing projects. As noted in the annual report of 2023 the Company has worked with various financing alternatives to secure the future funding of the Company's activities. New funding of NOK 30 million was secured in January 2025. In addition, internal cost reduction initiatives have been implemented. Together this will give Arctic Bioscience runway towards positive cash flow from the nutraceutical business and headroom to evaluate options for further progress for the HRO350 clinical program after finalization of the phase 2b study.

Board of Directors statement

The Annual Report and Financial Statements are prepared in accordance with the Norwegian Accounting Act, Norwegian GAAP as

applied for other companies and additional disclosure requirements for Euronext Growth listed companies.

Going concern

In the Board's opinion, the Company has had positive development during 2024, where several milestones were met, and is well positioned for further operations and growth. With new funding in place, together with implemented internal cost reduction initiatives, the company has the supporting foundation to finalize the clinical phase 2b study and to evaluate further options thereafter, and at the same time continue the positive growth for the nutra operations. With fully available credit facility the Company is funded to expected cash flow positive nutra operations in 2026. The credit facility is subject to various covenants. These are waived until 30.6.2025, with next measurement point on 30.9.2025. The bank has signaled positivity towards funding further extension of the waiver if needed in the second half of 2025. It is expected that the Company will be in breach with the given covenants in the second half of 2025. If the bank does not waive the covenants further it is a risk that the Company will experience significant liquidity challenges. Further development of the HRO350 in mild-to-moderate psoriasis, beyond the current phase 2b, will be funded separately through partnerships or specific project funding.

In accordance with section 2-2 of the Norwegian Accounting Act, the Board confirms

that the financial statements have been prepared on the assumption that the entity is a going concern. Although the Board believes it is likely that the bank will waive the loan conditions in the second half of the year, and that the positive development in the Company will continue, the Board cannot guarantee this will happen. This means that the Board believes there is material uncertainty that may cast doubt on the Company's ability to going concern.

Board adoption of results

The Board of Directors has today considered and adopted the Annual Report of Arctic Bioscience for the financial year 1 January to 31 December 2024.

In our opinion, the Annual Report and Board of Directors Report include 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 parent company Arctic Bioscience give a true and fair view of the financial position on 31 December 2024.

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

Ørsta, 6. May 2025

The Board of Directors and CEO of Arctic Bioscience AS


Harald Nortal
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

INCOME STATEMENT

Arctic Bioscience AS		Amounts in NOK	Note	Arctic Bioscience Group	
2024	2023			2024	2023
		Operating income and operating expenses			
43 483 616	33 750 017	Revenues	1	43 483 616	33 750 017
0	0	Other income	1, 2	920 516	5 729
43 483 616	33 750 017	Total income		44 404 132	33 755 746
30 449 651	21 795 457	Raw materials and consumables used	3	30 449 651	21 795 457
1 146 216	2 180 966	Change in inventories of finished goods and work in progress	3	1 146 216	2 180 966
23 955 732	22 726 320	Salaries and other personnel expenses	4, 5	25 949 003	23 512 657
3 583 885	4 017 701	Depreciation and amortisation expenses	6, 7	5 150 787	5 382 485
27 259 685	27 883 494	Other expenses	4	29 498 203	29 470 345
86 395 169	78 603 938	Total expenses		92 193 860	82 341 910
-42 911 553	-44 853 921	Operating profit		-47 789 728	-48 586 164
		Financial income and expenses			
71 260	0	Interest income from group companies		0	0
2 052 142	3 735 885	Other interest income		2 052 142	3 735 885
1 528 397	1 682 934	Other financial income		1 528 427	1 683 270
6 300 000	0	Impairment of other financial assets	11	0	0
2 992 960	547 007	Other interest expenses		3 148 616	992 623
574 043	1 355 036	Other financial expenses		575 187	1 355 036
-6 215 204	3 516 777	Net financial items	8	-143 235	3 071 497
-49 126 757	-41 337 144	Net profit before tax	9	-47 932 964	-45 514 667
-49 126 757	-41 337 144	Net profit after tax	9	-47 932 964	-45 514 667
-49 126 757	-41 337 144	Net profit or loss		-47 932 964	-45 514 667
		Attributable			
49 126 757	41 337 144	From share premium reserve	10	47 932 964	45 514 667
-49 126 757	-41 337 144	Total		-47 932 964	-45 514 667
		Earnings pr. share		-1.89	-1.79

BALANCE SHEET

as at 31 December

Arctic Bioscience AS		Amounts in NOK	Note	Arctic Bioscience Group	
2024	2023			2024	2023
		ASSETS			
		Non-current assets			
		Intangible assets			
193 866 520	136 353 277	Development	2, 6, 7	193 866 520	136 353 277
1 591 033	1 779 509	Concessions, patents, licenses and trademarks	6	1 591 033	1 779 509
0	0	Goodwill	6, 11	1 931 453	2 525 745
195 457 553	138 132 786	Total intangible assets		197 389 006	140 658 531
		Property, plant and equipment			
14 047 108	14 117 607	Building and plot	7	14 047 108	14 117 607
0	0	Machines and facilities	7	8 646 974	9 346 591
0	0	Ships and other floating installations	7	0	198 416
1 587 498	2 468 794	Equipment and other movables	7	1 771 978	2 775 497
15 634 606	16 586 401	Total property, plant and equipment		24 466 060	26 438 111
		Non-current financial assets			
10 099 900	16 399 900	Investments in subsidiaries	11	-	-
10 099 900	16 399 900	Total non-current financial assets			
221 192 059	171 119 087	Total non-current assets		221 855 066	167 096 642
		Current assets			
28 987 296	32 793 790	Inventories	3	28 987 296	32 793 790
		Receivables			
14 573 711	9 570 595	Accounts receivable	12	14 573 711	9 570 595
13 495 378	10 610 279	Other current receivables	13	11 047 853	11 188 480
28 069 090	20 180 874	Total receivables		25 621 564	20 759 075
		Investments			
2 251 093	77 340 361	Cash and cash equivalents	14	3 277 103	79 602 069
59 307 479	130 315 025	Total current assets		57 885 963	133 154 934
280 499 538	301 434 112	TOTAL ASSETS		279 741 030	300 251 576

Arctic Bioscience AS		Amounts in NOK	Note	Arctic Bioscience Group	
2024	2023			2024	2023
		EQUITY AND LIABILITIES			
		Equity			
		Paid-in capital			
2 536 955	2 536 955	Share capital	15	2 536 955	2 536 955
211 281 069	260 301 337	Share premium reserve	15	208 193 808	256 020 281
213 818 025	262 838 292	Total paid-in capital		210 730 763	258 557 236
213 818 025	262 838 292	Total equity	4, 10	210 730 763	258 557 236
		Liabilities			
		Non-current liabilities			
0	0	Liabilities to financial institutions	7.16	1 472 338	2 048 730
0	0	Total non-current liabilities		1 472 338	2 048 730
		Current liabilities			
20 237 138	0	Liabilities to financial institutions	16	20 237 138	0
18 743 313	18 329 910	Accounts payables	13	18 975 293	18 375 982
1 922 605	2 196 684	Public duties payables		2 076 650	2 253 032
25 778 457	18 069 226	Other current liabilities	3, 17, 20	26 248 849	19 016 596
66 681 513	38 595 820	Total current liabilities		67 537 929	39 645 610
66 681 513	38 595 820	Total liabilities		69 010 267	41 694 340
280 499 538	301 434 112	TOTAL EQUITY AND LIABILITIES		279 741 030	300 251 576

Ørsta, 6. May 2025

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

CASH FLOW STATEMENT

Arctic Bioscience AS				Arctic Bioscience Group	
2024	2023	Amounts in NOK	Note	2024	2023
Cash flows from operating activities					
-49 126 757	-41 337 144	Profit/loss before tax		-47 932 964	-45 514 667
0	0	Paid taxes	9	0	0
0	0	Profit/loss from sale of tangible assets	7	-12 553	0
3 583 885	4 017 701	Ordinary depreciation	6, 7	5 150 787	5 382 485
6 300 000	0	Impairment of fixed assets	11	0	0
3 806 494	2 668 370	Change in inventory	3	3 806 494	2 668 370
-5 003 116	3 905 581	Change in accounts receivable	12	-5 003 116	3 905 581
-967 516	2 771 802	Change in accounts payable *		-781 608	2 817 874
-730 193	-4 811 588	Change in other accrual items *	17	-583 818	370 448
-42 137 203	-32 785 278	Net cash flow from operating activities		-45 356 778	-30 369 909
Cash flow from investment activities					
0	0	Payments from sale of tangible and intangible assets	6, 7	184 319	2 230 096
-50 689 202	-34 505 743	Payments to buy tangible and intangible assets *	2, 6, 7	-50 813 253	-34 703 243
-2 500 000	0	Payment to group loan receivable	13	0	0
0	0	Payments to buy shares and participation in other companies *		0	0
-53 189 202	-34 505 743	Net cash flow from investment activities		-50 628 934	-32 473 147
Cash flow from financing activities					
0	0	Repayment on long-term debt	7, 16	-576 392	-2 198 694
20 237 138	0	Net change in credit facility	16	20 237 138	0
0	492 246	Proceeds from equity *	10	0	492 246
20 237 138	492 246	Net cash flow from financing activities		19 660 746	-1 706 448
-75 089 267	-66 798 775	Net change in cash and cash equivalents		-76 324 966	-64 549 504
77 340 361	144 139 136	Cash and cash equivalents at the start of the period		79 602 069	144 151 573
2 251 093	77 340 361	Cash and cash equivalents at the end of the period	14	3 277 103	79 602 069
3 737 795	30 000 000	Unused credit facility		3 737 795	30 000 000
5 988 888	107 340 361	Available liquidity at the end of the period		7 014 898	109 602 069

* The 2023 figures have been revised

See principle note for further comments on the revised 2023 figures

NOTES TO THE FINANCIAL STATEMENTS

Accounting principles

The annual accounts have been prepared in accordance with the Accounting Act and Norwegian GAAP as applied for other companies. For the accounting year 2023 the annual accounts have been presented in accordance with the Accounting Act and Norwegian GAAP as applied for small businesses. The transition effect is related to share-based payment, as described in note 4.

Use of estimates

The preparation of financial statements in accordance with the Norwegian Accounting Act requires the use of estimates. Furthermore, the application of the company's accounting principles requires management to exercise judgment. Areas that largely involve such judgments, a high degree of complexity, or areas where assumptions and estimates are material to the financial statements are described in the notes.

Shares in subsidiaries and associated companies

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

The following companies are included in the Group as of 31.12:

Parent company and subsidiaries	Ownership
Arctic Bioscience AS (parent company)	
Arctic Algae AS	100 %
Arctic Nutrition AS	100 %
Arctic Biopharma AS	100 %
Romega AS	100 %

Accounting principles for shares in subsidiaries

The cost method is used as the principle for investments in subsidiaries and associated companies in the company accounts. The cost price is increased when funds are added through capital increases, or when group contributions are made to a subsidiary.

Distributions received are initially recognized as income. Distributions that exceed the share of earned equity after the purchase are recognized as a reduction in the acquisition cost. Dividends/group contributions from a subsidiary are recognized in the same year that the subsidiary allocates the amount.

Consolidation principles

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

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

Acquired subsidiaries are accounted for in the consolidated financial statements based on the parent company's acquisition cost. Acquisition cost is allocated to identifiable assets and liabilities in the subsidiary, which are recorded in the consolidated financial statements at fair value at the acquisition date. Any excess value over and above that attributable to identifiable assets and liabilities is recognized in the balance sheet as goodwill. Goodwill is treated as a residual and is recognized in the balance sheet at the proportion observed in the acquisition transaction. Excess values in the consolidated financial statements are amortized over the expected useful lives of the acquired assets.

Sales revenue

Revenue from the sale of goods and services is measured at the fair value of the consideration, net of VAT, returns, discounts and other rebates. Sales of goods are recognized in the income statement when an entity within the Group has delivered its products to the customer and there are no unfulfilled obligations that could affect the customer's acceptance of the delivery. Delivery is not made until the products have been shipped to the agreed location and the risk of loss

and obsolescence has been transferred to the customer.

Services are recognized as revenue as they are performed.

Classification of balance sheet items

Assets intended for permanent ownership or use are classified as fixed assets. Assets associated with the product cycle are classified as current assets. Receivables are otherwise classified as current assets if they are to be repaid within one year. Analogous criteria are used for liabilities. However, first-year installments on long-term receivables and long-term liabilities are not classified as current assets and short-term liabilities.

Acquisition cost

The acquisition cost of assets includes the purchase price of the asset, less bonuses, discounts and the like, plus purchase expenses (freight, customs, non-refundable government taxes and any other direct purchase expenses). When purchased in a foreign currency, the asset is recorded at the exchange rate at the transaction date, but at the forward rate when using a forward contract.

For property, plant and equipment and intangible assets, acquisition cost also includes direct expenses incurred in preparing the asset for use, such as expenses for testing the asset.

Intangible assets and goodwill

Goodwill has arisen in connection with the acquisition of a subsidiary. Goodwill is amortized over its expected useful life.

Development costs are capitalized to the extent that a future economic benefit related to the development of an identifiable intangible asset can be identified and the costs can be measured reliably. Otherwise, such costs are expensed on an ongoing basis. Capitalized development is amortized on a straight-line basis over its useful life.

Fixed assets

Plot is not depreciated. Other fixed assets are recognized in the balance sheet and

depreciated on a straight-line basis to their residual value over the expected useful life of the assets. In the event of a change in the depreciation schedule, the effect is distributed over the remaining depreciation period ("breaking point method"). Maintenance of fixed assets is expensed on an ongoing basis under operating expenses. Expenses and improvements are added to the cost price of the asset and depreciated in line with the asset. The difference between maintenance and expenses/improvements is calculated in relation to the condition of the asset at the time of acquisition.

Leased fixed assets are recognized in the balance sheet as fixed assets if the lease is considered financial.

Impairment of fixed assets

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

Previous impairments, apart from impairment of goodwill, are reversed if the conditions for the impairment no longer exist.

Inventories

Goods are valued at the lower of acquisition cost (FIFO) and fair value. For finished goods and work in progress, cost comprises design costs, material consumption, direct labor, and other direct and indirect production costs (based on normal capacity). Fair value is the estimated selling price less costs of completion and sale. Only variable costs are considered necessary to sell finished goods, while fixed production costs are also included as necessary for goods that are not yet finished.

Receivables

Accounts receivables are entered into the balance sheet after deduction of provisions

for expected losses. Provisions for losses are made based on an individual assessment of the receivables and an additional provision to cover other foreseeable losses. Significant financial problems with the customer, the likelihood that the customer will go bankrupt or undergo financial restructuring, and delays and defaults in payments are considered indicators that trade receivables must be written down.

Other receivables, both current and fixed receivables, are entered at the lower of nominal and fair value. Fair value is the present value of expected future payments. However, no discount is made when the effect of discounting is immaterial to the accounts. Provisions for losses are assessed in the same way as for accounts receivable.

Foreign currency

Receivables and liabilities in foreign currency are valued at the exchange rate at the end of the financial year. Exchange gains and losses related to the sale and purchase of goods in foreign currency are recorded as financial expenses and financial income.

Debt

Debt, except for certain provisions for liabilities, is recorded in the balance sheet at the nominal debt amount.

Pensions

Defined contribution plans

Under defined contribution plans, the company pays contributions to an insurance company. The company has no further payment obligation after the contributions have been paid. The contributions are recognized as salary expense. Any prepaid contributions are recognized as an asset (pension funds) to the extent that the contribution can be refunded or reduce future payments.

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 based on the temporary differences that exist between the account-

ing and tax values, as well as any tax loss carryforwards at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset. The recognition of deferred tax assets on net tax-reducing differences that have not been offset and tax loss carryforwards is justified by assumed future earnings. Deferred tax and tax assets that can be recognized are entered net in the balance sheet.

Tax reductions on group contributions made, and tax on group contributions received that are recognized as a reduction of the balance sheet amount of investments in subsidiaries, are recognized directly against tax in the balance sheet (against tax payable if the group contribution has an effect on tax payable, and against deferred tax if the group contribution has an effect on deferred tax). Deferred tax in both the company accounts and the group accounts is recognized at nominal amount.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that are readily convertible to known amounts of cash with an insignificant exchange rate risk and have a remaining maturity of less than three months from the acquisition date. The company has restated the cash flow statement for 2023, as a result of the company having identified some classification errors. The overall effect of the corrections is that cash flow from operating activities has increased by NOK 9 916 579, cash flow from investing activities has increased by NOK 10 630 845, and cash flow from financing activities has been reduced by NOK 20 547 424.

NOTE 1: OPERATING INCOME AND REVENUE SEGMENTS

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Total operating income		
43 483 616	33 750 017	Sales revenue	43 483 616	33 750 017
0	0	Public grants and sale of fixed assets	920 516	5 729
43 483 616	33 750 017	Sum	44 404 132	33 755 746

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Sales revenue - distribution by business area		
4 954 544	4 275 159	B2C	4 954 544	4 275 159
38 529 072	29 474 858	B2B	38 529 072	29 474 858
43 483 616	33 750 017	Sum	43 483 616	33 750 017

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Sales revenue - geographical distribution		
6 890 486	6 039 453	Norway	6 890 486	6 039 453
5 470 144	5 524 188	Americas	5 470 144	5 524 188
18 554 333	12 420 941	Europe	18 554 333	12 420 941
12 568 653	9 765 435	APAC	12 568 653	9 765 435
43 483 616	33 750 017	Sum	43 483 616	33 750 017

The company generates sales revenue through global sales of dietary supplements. Dietary supplements from Arctic Bioscience are sold as bulk ingredients as well as finished products under the Romega brand.

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Other operating income		
0	0	Public grants	907 963	0
0	0	Profit sale of fixed assets	12 553	5 729
0	0	Sum	920 516	5 729

The Group, through its subsidiary Arctic Algae AS, has received public grants from Regional Research Fund Møre og Romsdal. The funds are earmarked for development projects in accordance with letters of commitment received in 2023 and 2024. See also note 2.

NOTE 2: GOVERNMENT GRANTS AND DEVELOPMENT PROJECTS

The company has several ongoing development projects, which are supported with various public grants.

The company has in 2024 received a net total payment of NOK 92 600 from The Research Council of Norway related to the project "Properties of phospholipids from Herring Roe in Psoriasis".

In 2024, the company has earned grants related to the SkatteFUNN scheme of NOK 4.75 million.

The amounts have been entered in their entirety as a reduction of capitalized costs related to these projects. The company uses net recognition of these public subsidies.

Arctic Bioscience is active in applying for grants from both Norwegian and international organizations.

Arctic Algae AS, which is a company in the group, received total grants of NOK 907 963 from Regional Forskningsfond in 2024 connected to two different development projects. The public grants in Arctic Algae AS are recognized in the income statement on the basis that the company's development projects are not recognized in the balance sheet.

NOTE 3: INVENTORIES

Arctic Bioscience Group & Parent Company

Amounts in NOK	2024	2023
Raw materials	8 382 675	11 042 953
Goods in progress	9 026 843	9 313 717
Self-made finished goods	11 577 778	12 437 120
Sum	28 987 296	32 793 790

Arctic Bioscience Group & Parent Company

Amounts in NOK	2024	2023
Inventories valued at acquisition cost	29 992 343	33 078 099
Provision for obsolescence	-1 005 047	-284 309
Sum	28 987 296	32 793 790

The inventory is entirely affiliated with Arctic Bioscience as the parent company. The group purchase necessary raw materials and sends these to its contract manufacturer abroad for processing. The group's agreement with the contract manufacturer gives Arctic Bioscience 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 exchange rate 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 fiscal year amounts to NOK 10 109 438 and is classified as other current liabilities.

A provision has been made for obsolescence related to goods that are considered to have a lower value than cost price.

NOTE 4: WAGE COSTS, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES, ETC.

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Wage costs		
22 246 351	21 294 238	Wages	23 869 904	21 975 180
3 796 965	4 365 241	Employer's tax	4 035 873	4 432 764
1 580 123	1 754 416	Pension costs	1 674 878	1 781 404
705 569	687 004	Other salary-related benefits	741 624	697 888
-4 373 276	-5 374 579	of which capitalized wages	-4 373 276	-5 374 579
23 955 732	22 726 320	Sum	25 949 003	23 512 657
19	18	Number of full time employees	22	20

In 2024, NOK 4 373 276 has been capitalized in wage costs related to development projects. The amount has been reduced to salaries above. The corresponding capitalized amount in 2023 was NOK 5 374 579.

Arctic Bioscience Group & Parent Company

	CEO	Board
Benefits for senior executives		
Salary / board fees	2 777 013	2 250 000
Pension expenses	91 304	
Other allowance	22 198	
Sum	2 890 515	2 250 000

The CEO has a bonus agreement that is based on the achievement of extraordinary results and milestones for the company. The bonus is assessed annually according to established criteria approved by the board.

No loan or security has been granted to the CEO, the Chairman of the board or other related parties.

Shares and options owned by senior executives

As of 31.12.2024, the company has granted a total of 593 560 options. The options are fully vested on the balance sheet date, with the exception of the options of Christer L. Valderhaug, where vesting is conditional on future share price, cf. description below. 243 560 options were also fully vested on 1.1.2024.

Name	Position	Shares	Options
Christer L. Valderhaug	CEO	57 630	250 000
Jone R. Slinning	CFO	13 200	0
Runhild Gammelsæter	Medical Director	34 774	101 570
Hogne Hallaråker 1)	CSO	465 000	33 030
Per Christian Sæbø	COO	22 940	57 390
Daniele Mancinelli 2)	CTO	135 020	51 570
Para Ghildyal-Palani	Regulatory Manager	8 000	0
Dr. Yuming Feng 3)	EVP Global Business Dev.	0	100 000
Sum		736 564	593 560

- 1) Personally and through company Gold Coast Nutrition
- 2) Personally and through 60% ownership in company Futuron AS
- 3) Through company Global Nutrios Consulting LLC

Some of the share options are subject to a vesting period, typically right to exercise 1/3 each of 12 months, 24 months, and 35 or 36 months after signing each respective option agreement. There is different end dates on the options related to the different agreements. Redemption price for new shares varies from NOK 9.845 to NOK 27.90 per share.

In March 2024 the Board of Directors resolved to extend the share options agreements for the following members of the management group; Yuming Feng (EVP Global Business Development), Daniele Mancinelli (CTO), Hogne Hallaråker (CSO) and Per Christian Sæbø (COO). The exercise price in these agreements for Feng was maintained at NOK 27.90 per share, and maintained at NOK 9.845 per share in the agreements for Mancinelli, Hallaråker and Sæbø. The duration of the option agreement was extended by 12 months, to February 28th 2025. All options being exercised into shares during the duration period will be subject to a lock-in period of 12 months from the time of exercise, where shares cannot be sold or transferred without the consent of the Board.

Options granted to the CEO has an exercise price of NOK 17.798 per share. The share options to the CEO may be exercised when the share price is above NOK 31 for 10 executive trading days on Euronext Growth. Duration of the options to the CEO is set to three years from the start of the exercising period. Shares acquired by the CEO from exercise of the options are subject to a 3-year lock in.

Options outstanding	Strike price
141 990	9.845
250 000	17.798
101 570	20.628
100 000	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 or her 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 or her options.

In 2021, the company adopted a new incentive program for its employees based on a bonus in combination with a share purchase program that replaced the previous option program and has applied since 2022.

In connection that Arctic Bioscience has changed to preparing the accounts in accordance with the requirements for other companies in the Norwegian Accounting Act, and no longer use the simplification rules for small businesses, the company has implemented NRS 15A. In connection with the transaction, the simplification rules in NRS 8 section 9.1.1 have been applied, which entail the following:

- 1) Agreements entered into regarding share value-based remuneration that have not previously been expensed at fair value are accounted for at fair value as of 1. January 2024
- 2) Comparative figures for the income statement, cash flow statement and note information have not been revised

The following assumptions are made:

The share-based plans that are open as of 1.1.2024 are valued at fair value on 1.1.2024 based on the share price on 1 January 2024, remaining time to maturity and volatility in the last year. The share-based plans that have been fully vested before 1.1.2024 are not expensed after transition (they would have been expensed in previous periods). Provisions for deferred tax and employer's tax on plans that have not matured and are "in the money" are made.

The company has valued the options that were not fully vested as of 1.1.2024.

Number of options	Strike price (NOK)	Date of vesting	Settlement
137 500	NOK 9.85 to 31.00	Q1 2024	Equity
250 000	NOK 17.80	Q1 2025	Equity

Fair value calculated as of 1. January 2024: 110 272

The fair value of the options that vested in and expired in Q1 2024 was immaterial. The fair value of the options granted to the CEO as of 1.1.2024 was NOK 110 272 and is expensed on a straight-line basis until January 2025. In 2024, NOK 106 490 has been expensed related to share-based payment.

Expenses for auditor's fee

Amounts in NOK	Parent company	Arctic Bioscience Group
Audit	250 000	272 000
Other certification services	11 000	16 250
Tax advice (incl. technical assistance with tax papers)	9 000	17 250
Other services (incl. technical assistance with annual accounts)	86 500	94 750
Sum	356 500	400 250

NOTE 5: PENSIONS

Both the Arctic Bioscience Group and the Parent company has a group pension insurance that covers all the employees. The scheme is a defined contribution scheme. This year's premium, adjusted for any contributions to or deductions from the defined contribution fund, is accounted for as a pension expense. Premium paid in 2024 amounts to NOK 1 529 561 for the Parent company and NOK 1 620 200 for the total Arctic Bioscience Group.

The Company's and the Group's pension scheme satisfy the requirements of the act on mandatory occupational pensions.

NOTE 6: INTANGIBLE ASSETS AND GOODWILL

Arctic Bioscience Group

Amounts in NOK	Development	Patents and trademarks	Goodwill	Sum
Acquisition cost 1.1.2024	145 186 223	2 731 889	2 971 465	150 889 577
Access	59 776 128	163 196	0	59 939 324
Departure	0	0	0	0
Acquisition cost 31.12.2024	204 962 351	2 895 085	2 971 465	210 828 901
Accumulated depreciation	-11 095 832	-1 304 051	-1 040 012	-13 439 895
Booked value per 31.12.2024	193 866 519	1 591 034	1 931 453	197 389 006
Annual depreciation	2 262 886	351 671	594 292	3 208 849
Life expectancy	7-10 years	5-20 years	5 years	
Depreciation plan	Linear	Linear	Linear	

Parent Company

Amounts in NOK	Development	Patents and trademarks	Sum
Acquisition cost 1.1.2024	145 186 223	2 731 889	147 918 112
Access	59 776 128	163 196	59 939 324
Departure	0	0	0
Acquisition cost 31.12.2024	204 962 351	2 895 085	207 857 436
Accumulated depreciation	-11 095 832	-1 304 051	-12 399 883
Booked value per 31.12.2024	193 866 519	1 591 034	195 457 553
Annual depreciation	2 262 886	351 671	2 614 557
Life expectancy	7-10 years	5-20 years	
Depreciation plan	Linear	Linear	

In 2024, the group carried out various research and development projects in connection to the pharma segment and nutraceutical segment. The projects are mainly related to the development of HRO350, production process and other product developments. As of 31.12.2024 NOK 186 330 164 is booked under the accounting line intangible assets in relation to HRO350. All accesses under "Development" in the note above is related to this development project.

During the financial year, the Group conducted research and development projects. The public grants have been entered in their entirety as a reduction of capitalized costs related to these projects. Access under Development therefore include grants from Innovation Norway, related to the group's development projects.

Booked values related to development 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 company 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.

The acquiring of Arctic Algae AS in Q1 2023 identified a commercial added value of NOK 2 971 465 not attributable to other balance values at the date of the acquisition. This value is booked as goodwill in the group accounts and is depreciated over a period of 5 years.

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

The difference between total access listed in the note and the line "Payments to buy intangible and tangible assets" in the cash flow statement of NOK 9 267 655 (2024) does apply to not-paid fixed assets as of 31.12.2024 and 31.12.2023. For 2023 the difference does apply to not-paid fixed assets as of 31.12.2023 and 31.12.2002, and the difference between booked and paid public grants.

NOTE 7: FIXED ASSETS

Arctic Bioscience Group

Amounts in NOK	Buildings and plots	Machines and facilities	Ships and other floating instal.	Equipment and other movables	Total
Acquisition cost 1.1.2024	15 560 667	11 152 839	291 493	5 963 687	32 968 686
Access	0	124 051	0	17 533	141 584
Departure	0	0	-291 493	0	-291 493
Acquisition cost 31.12.2024	15 560 667	11 276 890	0	5 981 220	32 818 777
Accumulated depreciation	-1 513 559	-2 629 916	0	-4 209 241	-8 352 716
Booked value per 31.12.2024	14 047 108	8 646 974	0	1 771 979	24 466 060
Annual depreciation	70 499	823 668	26 720	1 021 051	1 941 938
Life expectancy	10 - 50 years	10 - 20 years	10 years	3 - 6 years	
Depreciation plan	Linear	Linear	Linear	Linear	

Parent Company

Amounts in NOK	Buildings and plots	Equipment and other movables	Total
Acquisition cost 1.1.2024	15 560 667	5 288 001	20 848 668
Access	0	17 533	17 533
Departure	0	0	0
Acquisition cost 31.12.2024	15 560 667	5 305 534	20 866 201
Accumulated depreciation	-1 513 559	-3 718 036	-5 231 595
Booked value per 31.12.2024	14 047 108	1 587 498	15 634 606
Annual depreciation	70 499	898 829	969 328
Life expectancy	10 - 50 years	3 - 6 years	
Depreciation plan	Linear	Linear	

The group has two leasing agreements at end of 2024 which are booked as financial leasing. Booked value of the leasing objects as of 31.12.2024 is NOK 2 691 277 and is presented under Machines and facilities in the group balance sheet. Annual depreciation and interest expenses for the leased assets are expensed during the year and constitute respectively NOK 230 832 and NOK 154 772.

Residual liability as of 31.12.2024 related to the financial lease agreements is NOK 1 472 338 and is presented as non-current liabilities in the balance sheet. The lease agreements have a duration from 2021 until 2027.

Capitalized leases

Future obligation	Rent	Present value
Next 12 months	729 108	696 435
Next 2 - 5 years	871 285	775 903

NOTE 8: SPECIFICATIONS OF FINANCIAL INCOME AND EXPENSES

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Financial income		
71 260	0	Interest income from group companies	0	0
2 052 142	3 719 680	Other interest income	2 052 142	3 719 680
1 471 529	1 682 931	Currency gain	1 471 559	1 683 270
56 868	16 208	Other financial income	56 868	16 205
3 651 799	5 418 819	Sum	3 580 569	5 419 155

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Financial expenses		
6 300 000	0	Impairment investment in subsidiary*	0	0
2 992 960	547 007	Other interest expenses	3 148 616	992 623
574 043	1 051 343	Currency loss	575 188	1 051 343
0	303 693	Other financial expenses	0	303 693
9 867 003	1 902 043	Sum	3 723 804	2 347 659

* See also note 11 for specification of impairment of shares in subsidiary

NOTE 9: TAX

Parent Company		Calculation of deferred tax / deferred tax asset:	Arctic Bioscience Group	
2024	2023	Amounts in NOK	2024	2023
		Temporary differences:		
-6 687 063	-11 543 191	Fixed assets	-4 504 184	-9 635 686
-1 005 047	-284 309	Inventory	-1 005 047	-284 309
425 910	-40 191	Receivables	425 910	-40 191
0	0	Capitalized leasing agreements	1 218 939	873 379
0	0	Profit & loss accounts	72 618	87 040
-7 266 200	-11 867 691	Net temporary differences	-3 791 764	-8 999 767
-255 955 123	-203 721 677	Accumulated carry-forward deficit	-280 397 080	-223 377 822
-263 221 323	-215 589 368	Basis for calculation of deferred tax	-284 188 844	-232 377 589
-57 908 691	-47 429 661	Deferred tax asset (22 %)	-62 521 546	-51 123 070
57 908 691	47 429 661	Of which no deferred tax asset is recognized in the balance sheet	62 521 546	51 123 070
0	0	Deferred tax in the balance sheet	0	0

The reason why deferred tax assets are not recognized in the balance sheet is that historical results cast doubt on whether future taxable profits will be sufficient to utilize the tax asset.

Parent Company		Basis for tax expense, change in deferred tax and tax payable	Arctic Bioscience Group	
2024	2023	Amounts in NOK	2024	2023
		Taxable income:		
-49 126 757	-41 337 144	Profit before tax expense	-47 932 964	-45 514 667
1 494 805	-4 423 170	Permanent differences	1 504 408	-4 416 970
-4 601 491	4 078 515	Change in temporary differences	-5 208 003	3 613 952
-52 233 443	-41 681 799	Taxable income	-51 636 559	-46 317 685
		Payable tax:		
0	0	Tax payable on profit of the year	0	0
0	0	Tax payable in the balance sheet	0	0
		Tax expense for the year:		
0	0	Tax payable on profit for the year	0	0
0	0	Change in deferred tax assets	0	0
0	0	Tax expense for the year	0	0

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
		Reconciliation of this year's tax expense:		
-49 126 757	-41 337 144	Profit before taxes	-47 932 964	-45 514 667
-10 807 887	-9 094 172	Calculated tax on profit before tax	-10 545 252	-10 013 227
0	0	Tax expense in the income statement	0	0
-10 807 887	-9 094 172	Differences	-10 545 252	-10 013 227
328 857	-973 097	Tax effect of permanent differences	330 970	-971 733
10 479 029	10 067 269	Change in deferred tax assets	10 214 282	10 984 960
10 807 887	9 094 172	Sum explained difference	10 545 252	10 013 227
		Payable tax in the balance sheet:		
0	0	Payable tax in tax expense	0	0
0	0	Tax impact of group contributions	0	0
0	0	Payable tax in the balance sheet	0	0

NOTE 10: EQUITY

Arctic Bioscience Group

Amounts in NOK	Share capital	Share premium reserve	Sum equity
Equity 01.01.2024	2 536 955	256 020 281	258 557 236
Options scheme effect 2024	0	106 490	106 490
Profit/loss for the year	0	-47 932 964	-47 932 964
Equity 31.12.2024	2 536 955	208 193 808	210 730 763

Parent Company

Amounts in NOK	Share capital	Share premium reserve	Sum equity
Equity 01.01.2024	2 536 955	260 301 337	262 838 292
Options scheme effect 2024	0	106 490	106 490
Profit/loss for the year	0	-49 126 757	-49 126 757
Equity 31.12.2024	2 536 955	211 281 069	213 818 025

NOTE 11: INVESTMENT IN SUBSIDIARIES**Parent Company**

Amounts in NOK	Located	Ownership share	Equity last year (100 %)	Results last year (100 %)	Booked value
Arctic Biopharma AS	Ørsta	100%	-39 629	-13 840	30 000
Arctic Nutrition AS	Ørsta	100%	-14 945	-11 250	39 900
Romega AS	Ørsta	100%	-31 002	-13 840	30 000
Arctic Algae AS	Sande	100%	5 166 761	-4 472 985	10 000 000
Booked value 31.12					10 099 900

At end of 2024 there is no operations in the 3 subsidiaries Arctic Biopharma AS, Arctic Nutrition AS and Romega AS.

A write-down of the shares in Arctic Algae AS has been carried out as of 31.12.2024. The original value of the investment was NOK 16 300 000, and the write-down amount for 2024 is NOK 6 300 000. The book value as of 31.12.2024 is NOK 10 000 000. The assessment is based on Arctic Algae AS's equity, the results of recent years, as well as a qualitative assessment of the added value the subsidiary adds to the parent company.

NOTE 12: ACCOUNTS RECEIVABLE**Arctic Bioscience Group & Parent Company**

Amounts in NOK	2024	2023
Accounts receivable at face value	14 613 902	9 610 784
Earned, not invoiced revenue	0	0
Provision for losses	-40 191	-40 191
Booked value accounts receivable 31.12	14 573 711	9 570 593

For significant parts of the customer portfolio, the company has agreed a credit period. A share of the accounts receivable at year end is overdue. The company has a regular and stable customer base with established long-term relationships, and the company is of the opinion that overdue accounts receivable does 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 delays and the plan for payment.

NOTE 13: SHORT-TERM RECEIVABLES AND SHORT-TERM LIABILITIES WITH GROUP COMPANIES**Parent Company**

Amounts in NOK	2024	2023
Receivables		
Other short-term receivables Group	2 659 205	54 195
Total receivables	2 659 205	54 195
Liabilities		
Accounts payable	0	156 688
Other short-term liabilities Group	0	0
Total liabilities	0	156 688

NOTE 14: RESTRICTED FUNDS, CREDIT FACILITY

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
1 028 387	1 101 280	Of which restricted bank deposits (withholding tax)	1 117 956	1 131 282
1 028 387	1 101 280	Sum restricted funds	1 117 956	1 131 282

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
3 737 795	30 000 000	Unused credit facility	3 737 795	30 000 000
3 737 795	30 000 000	Sum unused credit facility	3 737 795	30 000 000

NOTE 15: SHAREHOLDERS

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

	Quantity	Denomination	Booked
Ordinary shares	25 369 552	0.10	2 536 955
Sum	25 369 552		2 536 955

Shareholder	Total shares	% owned
Ronja Capital Investment AS	3 087 999	12.17%
Capra Invest AS	1 544 450	6.09%
MRFK Holding AS	1 313 960	5.18%
Altitude Capital AS	1 057 713	4.17%
Vartdal Holding AS	1 040 286	4.10%
Brødrene Vardal	803 601	3.17%
Kotler Equity Investment Limited	667 330	2.63%
Life Capitol AS	650 419	2.56%
Hawk Infinity AS	621 451	2.45%
Stette Invest AS	602 375	2.37%
Kjølås Stansekniver AS	574 859	2.27%
Ajea Invest AS	555 359	2.19%
Eros AS	520 240	2.05%
Nordnet Livsforsikring AS	482 235	1.90%
Strand Fiskeriselskap AS	473 342	1.87%
Gold Coast Nutrition	460 000	1.81%
Triplenine Vedde AS	340 000	1.34%
Melesio Invest AS	315 000	1.24%
EM-KA AS	292 771	1.15%
Høgnaabben AS	252 949	1.00%
Other	9 713 213	38.29%
Sum	25 369 552	100%

Chairman of the Board Harald Nordal does not own any shares personally, but owns 100% of the shares in Siglar AS which owns 20 000 shares in the company. Siglar AS owns 50% of the shares in Capra Invest AS that owns 1 544 450 shares in the company.

Board member Asbjørn Solevågseide does not own any shares personally, but owns 34% 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 in Brødrene Vartdal AS which owns 803 601 shares in the company. Further, Mr. Vartdal owns 100% of the shares in Future Invest AS, which itself has an ownership of 33.33% in Vartdal Holding AS, which owns 1 040 286 shares in the company.

Board member Per Magne Eggesbø does not own any shares personally, but owns 100% of PME AS, which itself has a 50.5% ownership in Eros AS which owns 520 240 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 Limited, which owns 667 330 shares in the company.

Board member Tore A. Tønseth does not own any shares personally, but owns 100% of the shares in Tønseth AS which itself has a 6.9% ownership in Ronja Capital Investment AS which owns 3 087 999 shares in the company. Mr. Tønseth is also the CEO of Ronja Capital Investment AS.

North Star Ingredients Inc. holds 37 500 options. The options have a duration of 3 years after allotment in 2021 and have a redemption price of NOK 20.63 per share.

NOTE 16: NON-CURRENT LIABILITIES AND ESTABLISHED CREDIT FACILITY

No part of the non-current liabilities to financial institutions falls due more than 5 years after the end of 2024. The non-current liabilities are related to financial leasing agreements, see also note 7. The Parent Company has provided a self-debtor guarantee for these liabilities, for an amount up to NOK 4.55 million.

Parent Company

Amounts in NOK	2024	2023
Debt secured by pledged assets:	20 237 138	0
Booked value pledged assets:		
Building and plot	4 452 694	4 523 194
Equipment and other movables	1 587 498	2 468 794
Inventories	28 987 296	32 793 790
Accounts receivable	14 613 902	9 610 784
Total booked values	49 641 390	49 396 562
The assets are also pledged as collateral for:		
Unused credit facility	3 737 795	30 000 000

In addition, Export Finance Norway, has provided additional security via an export guarantee, corresponding to 50% of the size of the credit facility, NOK 15 million.

NOTE 17: OTHER CURRENT LIABILITIES

Parent Company		Amounts in NOK	Arctic Bioscience Group	
2024	2023		2024	2023
2 207 896	2 283 152	Holiday pay due	2 425 086	2 383 909
10 109 438	9 295 223	Provision for accrued production costs	10 109 438	9 295 223
2 565 748	3 232 842	Accrued salary and bonuses	2 566 517	3 806 842
10 895 374	3 258 009	Provision for accrued costs and other short-term debt	11 147 807	3 530 622
25 778 456	18 069 226	Sum other current liabilities	26 248 849	19 016 596

NOTE 18: RELATED PARTY TRANSACTIONS

Benefits to senior executives are disclosed in note 4, and balances with group companies are disclosed in note 13.

The company has not had any transactions with other related parties during the financial year.

NOTE 19: GOING CONCERN

In February 2021 Arctic Bioscience AS was listed on Euronext Growth Oslo, and prior to the listing capital was raised to ensure financing of the company's operations in accordance with the strategic goals. During the last years the company has continued to meet several important milestones according to its strategic plan. Latest by completing the HeROPA phase 2b clinical trial in the first quarter of 2025. Final results from this clinical trial will be published in June 2025.

Sales of dietary supplement products, under the brand name Romega, have also shown positive development the last years. In 2024 the company experienced a year-over-year revenue growth of 29 %, and the outlook going forward is positively supported by a strong order backlog and recurring business from existing customers.

In January 2025 new funding of NOK 30 million was secured in a combination of a convertible loan of NOK 15 million and long-term loan from Innovation Norway. With this funding in place, and also based on other implemented cost reduction initiatives, the company is funded to expected cash flow positive nutra operations in 2026. Further development of the HRO350 in mild-to-moderate psoriasis, beyond the current phase 2b, will be funded separately through partnerships or specific project funding.

The Company has a NOK 30 million credit facility, which is subject to various covenants. The bank has waived the covenants until 30.6.2025, with the next measurement point on 30.9.2025. The bank has signaled positivity towards further extension of the waiver if needed in the second half of 2025. It is expected that the Company will be in breach with the given covenants in the second half of 2025. If the bank does not waive the covenants further and decides to terminate the credit facility it is a risk that the Company will experience significant liquidity challenges.

In the Board's opinion, the company has had positive development during 2024, where several milestones were met, and is well positioned for further operations and growth. With the new funding in place, together with the implemented internal cost initiatives, the company has the supporting foundation to finalize the clinical phase 2b study and to evaluate further options thereafter, and at the same time continue the positive growth for the nutra operations.

In accordance with section 2-2 of the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared on the assumption that the entity is a going concern. Although the Board believes it is likely that the bank will waive the loan conditions in the second half of the year, and that the positive development in the Company will continue, the Board cannot guarantee this will happen. This means that the Board believes there is material uncertainty that may cast doubt on the Company's ability to going concern.

NOTE 20: EVENTS AFTER THE BALANCE DATE

In January 2025 new funding was secured of NOK 30 million through a combination of NOK 15 million in long-term loan from Innovation Norway, and NOK 15 million in long-term convertible loan from a consortium of existing and new investors. The long-term loan from Innovation Norway is guaranteed by the European Investment Fund (EIF) and has a duration of 5 years, where the first two years has no installments. The loan has ordinary floating market interest rates. The long-term convertible loan can be paid out in up to 3 tranches during the first 5 months of 2025. The maturity of the loan is 36 months after the date of the last tranche. Annual interest rate is set at 10% p.a. The loan which is not repaid, including accrued interests, is convertible by Lender at any time after the deposit into freely tradable shares delivered T+20 from the date of the conversion notice. Conversion price per share is the lower of 75% x previous 5 trading days VWAP (T+1) from the date the conversion notice is sent, including the coupon make-whole, or NOK 3.

Late in the first quarter of 2025, a need to recall goods from 2 batches was identified through regular quality processes. Root cause analysis is currently ongoing at the Company's contract manufacturer. The company's customers were quickly informed, and no goods have been resold to end customers in the market. There is uncertainty about the total cost of this recall, as the liability responsibility is still unclear. The company has recall insurance that will cover part of the cost. An extra cost provision for 2024 of NOK 2.34 million has been made to cover this incident. Measures have been implemented to avoid similar recall incidents going forward.

In April 2025 top-line results from the HeROPA 12 months read-out were announced. These show encouraging results on key secondary endpoint with increasing durable efficacy up to week 52. Data analyses are ongoing for the full Clinical Study Report. This report will be ready in June 2025 and include statistical significance levels for all datapoints and relevant sub-analyses.

INDEPENDENT AUDITOR'S REPORT



To the General Meeting of Arctic Bioscience AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Arctic Bioscience AS, which comprise:

- the financial statements of the parent company Arctic Bioscience AS (the Company), which comprise the balance sheet as at 31 December 2024, 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 2024, 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 2024, 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 19 in the financial statements, which indicates that the Company has a NOK 30 million credit facility, which is subject to various covenants. The bank has waived the covenants until 30.6.2025, with the next measurement point on 30.9.2025. It is expected that the Company will be in breach with the given covenants in the second half of 2025. If the bank does not waive the covenants further and decides to terminate the credit facility it is a risk that the Company will experience significant liquidity challenges. As stated in Note 19, this condition indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

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

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

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

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/revisjonsberetninger>

Ålesund, 6 May 2025
PricewaterhouseCoopers AS

Håkon Hellebust
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 other companies 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 sales revenue
- Adjusted gross margin %: Gross profit as a % of total sales 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 labeled "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	2024	2023
Adjusted EBITDA		
Net income	-47 932 964	-45 514 667
Net financial items	-143 234	3 071 497
Operating profit	-47 789 728	-48 586 164
Depreciation	5 150 787	5 382 485
EBITDA	-42 638 941	-43 203 679
Special operating items	5 823 841	4 606 173
Adjusted EBITDA	-36 815 100	-38 597 506
Adjusted EBIT		
Adjusted EBITDA	-36 815 100	-38 597 506
Depreciation	5 150 787	5 382 485
Adjusted EBIT	-41 965 887	-43 979 991
Adjusted gross profit		
Revenue from sales	43 483 616	33 750 017
Cost of goods sold	31 595 867	23 976 423
Gross profit	11 887 749	9 773 594
Special operating items	2 340 000	0
Adjusted gross profit	14 227 749	9 773 594
Adjusted gross margin %	32.7 %	29.0 %
Special operating items include:		
Pre-concept new production line	3 062 804	4 606 173
Financial advisory costs	421 037	0
Cost provision recall of goods	2 340 000	0
Sum	5 823 841	4 606 173





**ARCTIC
BIOSCIENCE**

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Norsk produkt

Kosttilskudd
120 kapsler