Arctic Bioscience

Presentation of financial results;

Q4 2024 update / prelim. FY 2024 results

February 27th 2025

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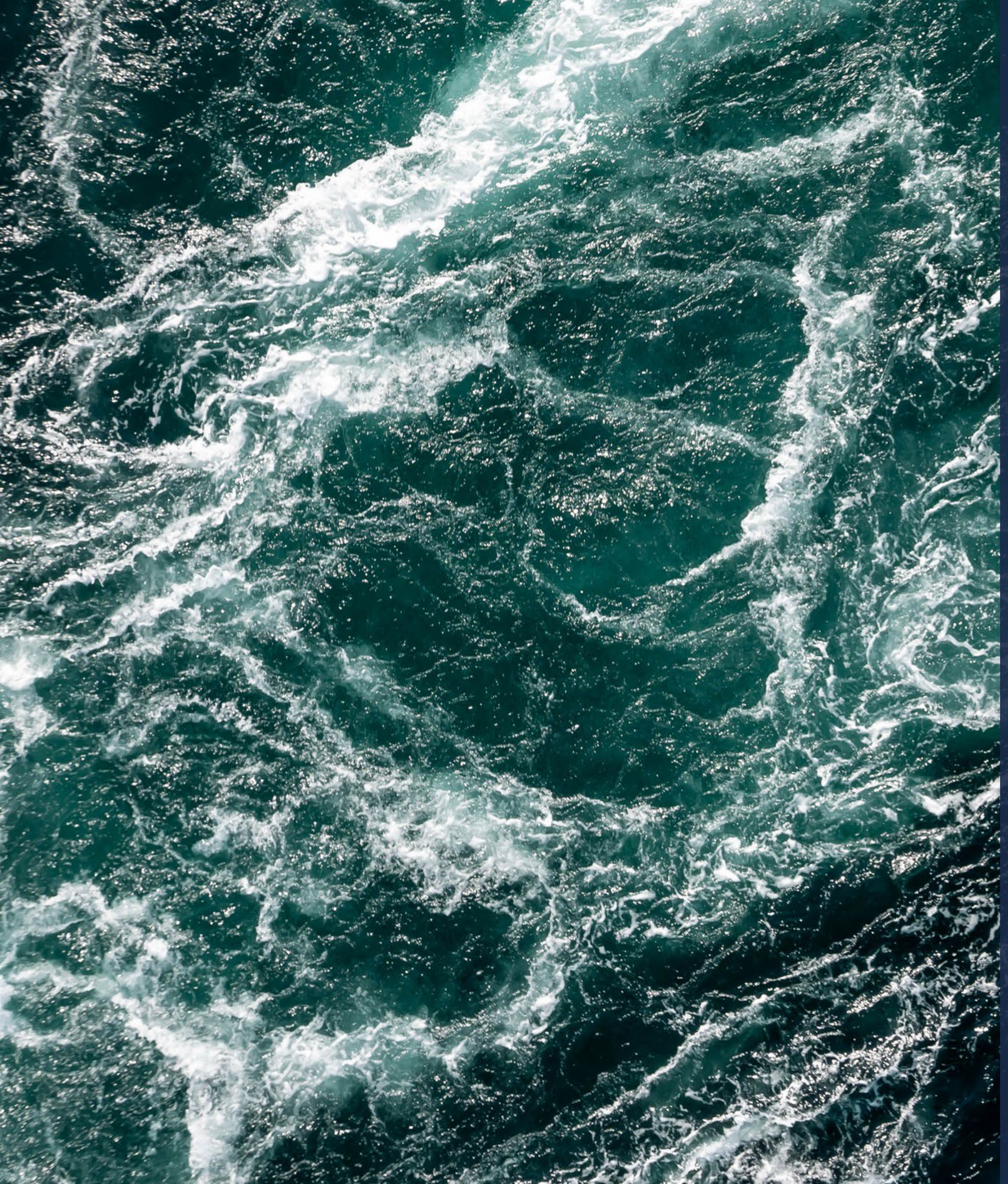

ARCTIC BIOSCIENCE

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

Agenda

Intro and 2024 operational highlights

Operational review Nutra

Operations and Financing

2024 consolidated Group financial review *(prelim.)*

Operational review Pharma

Business outlook

Q&A

Intro and 2024 operational highlights

2024 highlights

Phase IIb clinical trial for HRO350 moving towards 12-months readout
Results from 6-months readout published in October 2024, 12-months readout expected end Q1 2025

Strong ending to 2024

Q4 2024 with highest ever sales revenue, leading to 29 % y/y growth

Positive development in gross margin

Gross margin 32,7 % (2024) vs. 29,0 % (2023)

Joint Venture with Kotler to be established

Term sheet agreed to commonly develop the Chinese and Southeast Asian market together

ABS302: Arctic Orphan

Grant received from Innovation Norway to develop pre-clinical material, and provide further basis for development of the pharmaceutical business

New funding of NOK 30 million secured

Long term funding to bring the Company into cash positive operations

Focus on cost reductions into 2025

Several cost reduction initiatives to reduce operational and capital expenditures already implemented

Operational review Nutra

Nutra Norway – B2C/B2B

Record high B2C sales under challenging market conditions in Norway with a 15 % y/y growth – mainly subscriptions based

B2B sales in Norway also reached record high sales, with offline distribution trough Sunkost, Life, Kinsarvik and Farmasiet

Launched ROMEGA® Gravid in the Norwegian market

Planning to launch ROMEGA® Beauty in H1 2025

Looking to extend B2C sales outside of Norway – infrastructure/supply chain being established

Nutra B2B International

B2B products: sold in Americas, Europe and APAC

- Bulk products (oil, capsules, protein)
- Private label
- Customized products
- The ROMEGA® ingredient present in more than 40 consumer brands globally

Strong sales in the European market with a 50% y/y growth

A somewhat disappointing development in North America, but action taken during Q4 2024 through establishing a sales and distribution agreement with Berkem Group, already showing positive signs

Further expansion in both existing and new markets expected going forward

ROMEGA® in China – a success story

In 2020 ABS entered into an exclusive distribution agreement with Kotler Marketing Group China for sale and distribution of ROMEGA® products in the Chinese market

Kotler Marketing group invested in ABS in 2020 and is currently the 8th largest shareholder

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 up 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

Operations and Financing

Operational improvements

Operational improvements and cost reduction initiatives to reduce operational and capital expenditures under implementation:

- Improve manufacturing process
- Reduce OPEX related to external consultants, services, premises, communication & IT and travel
- Reduce personnel cost
- Reduce CAPEX by prioritizing projects and adjusting ongoing projects

30 MNOK financing solution established in January ’25

Expected to bring the company into a profitable operation in 2026*

Loan from Innovation Norway;

- Growth Loan guaranteed by EIF
- 15 MNOK
- 7,64 % p.a.
- 5 years maturity
- Flexibility with regards to installments

Innovation Norway

Convertible loan from investors;

- Convertible loan
- 15 MNOK
- 10% p.a.
- 3 years maturity
- Conversion possible immediately after tranches paid at 75% of VWAP last 5 trading days
- Max convertible price at 3 NOK/share

* Pharma development beyond the HeROPA phase IIb-study will be financed separately

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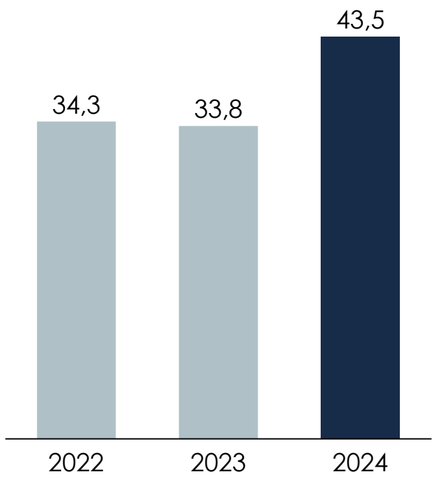
2024 consolidated group financial review

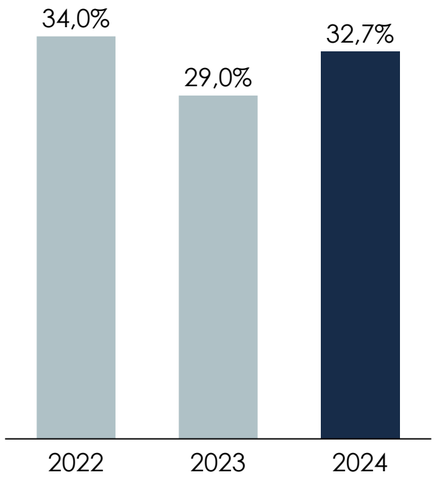
(prelim.)

Key financial figures

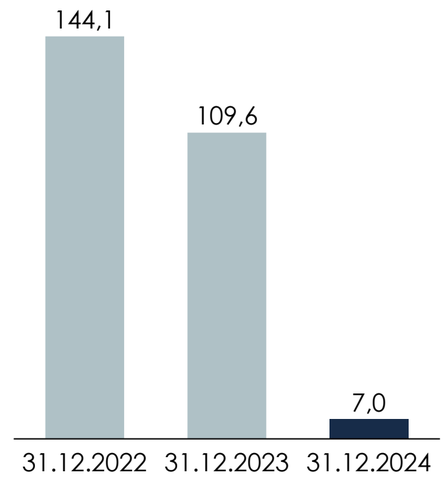
SALES REVENUES



GROSS MARGIN

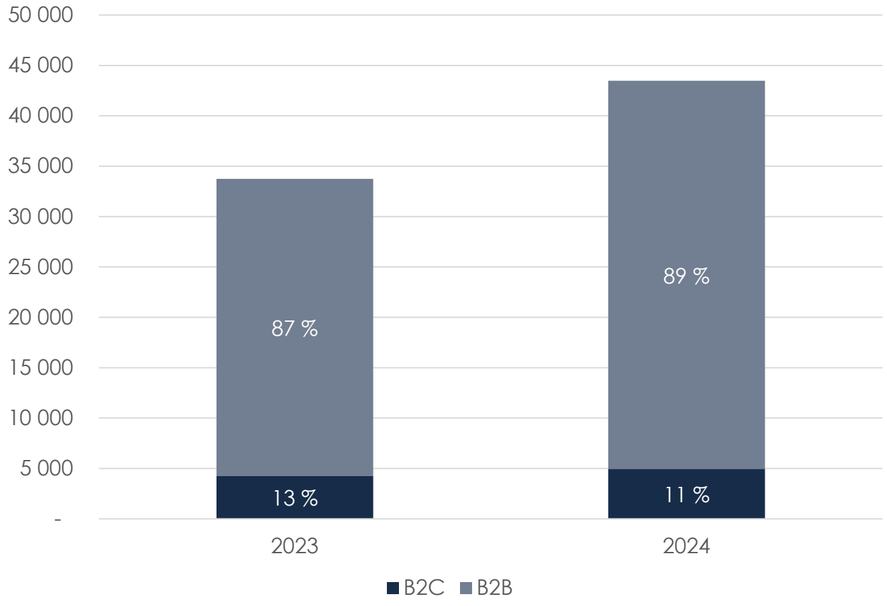


AVAILABLE LIQUIDITY

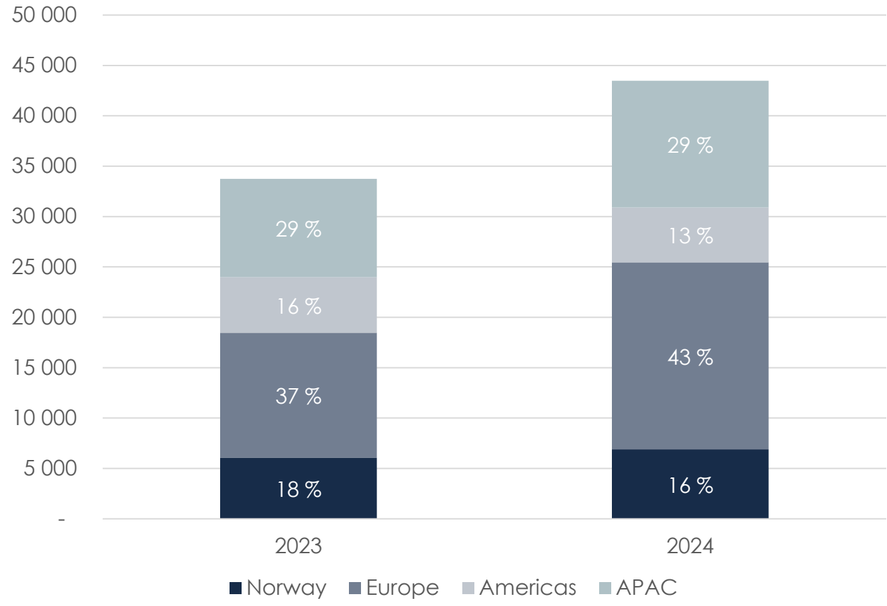


Breakdown of Nutra revenue

REVENUE BY BUSINESS LINE



REVENUE BY REGION



EBITDA results

TNOK	2024	2023
Sales revenue	**43 484**	**33 750**
Other income	920	6
Cost of goods sold	29 256	23 976
Gross profit	**14 228**	**9 773**
Gross margin %	**32,7 %**	**29,0 %**
Employee benefits expenses	25 949	23 513
Other expenses	29 498	29 470
EBITDA	***-40 299***	***-43 204***
One-off costs EBITDA adj.	*3 484*	*4 606*
Adj. EBITDA	***-36 815***	***-38 598***

Strong ending to 2024 led to a growth in sales revenues of 29 % compared to 2023

- Continued positive development in B2C-segment in line with expectations, with a y/y revenue growth of 15 %
- Very strong development for the European market, 50 % y/y revenue growth in 2024
- Sales in the American market slower than expected, new distribution partner in the US will contribute positive in 2025

Positive gross margin development in 2024

- 2024 gross margin 3,7 percentage points above 2023 gross margin
- Increased prices and more advantageous product mix of goods sold contributed positive to this development

Operating costs in line with total budget for the year, *but* significant cost reduction initiatives taken, and some already implemented, which will materialize in 2025

Cash flow development

TNOK	2024	2023
Net cash flow from operating activities	**-39 333**	**-40 286**
Net cash flow from investment activities	**-56 760**	**-43 104**
Net cash flow from financing activities	**19 759**	**18 841**
Net change in cash	-76 334	-64 549
Cash at the start of the period (1.1)	79 603	144 152
Cash at the end of the period (31.12)	**3 269**	**79 603**
Unused credit facility	3 738	30 000
Available liquidity at the end of the period (31.12)	**7 007**	**109 603**

Available liquidity end of period of MNOK 7,0

Cash flow from operations MNOK -39,3 mainly driven by negative operating result

Cash flow from investments MNOK -56,8, mainly all related to the HRO350 phase IIb study

Cash flow from financing activities MNOK 19,8, mainly related to use of credit facility

New financing of MNOK 30 secured in January 2025

- MNOK 15 in long-term loan from Innovation Norway
- MNOK 15 in long-term convertible loan from existing and new investors

The new funding, in combination with cost reduction initiatives to reduce both operational and capital expenditures, will give a financial runway and stability towards cash positive operations.

Operational review Pharma

Endpoints analysed at 26 and 52 weeks

HeROPA phase 2b clinical trial in mild-to-moderate psoriasis

Primary endpoint at 26 weeks has been read out:

The proportion of patients with ≥50% reduction in Psoriasis Area and Severity Index (PASI50) from Baseline to Week 26

Endpoint not met due to unexpectedly high placebo

Secondary endpoints at 52 weeks include:

Physical symptom assessments

Comparisons of Psoriasis Area and Severity Index (PASI) scores
Body Surface Area (BSA)
static Physician Global Assessment (sPGA)
Scalp PGA (ScPGA)

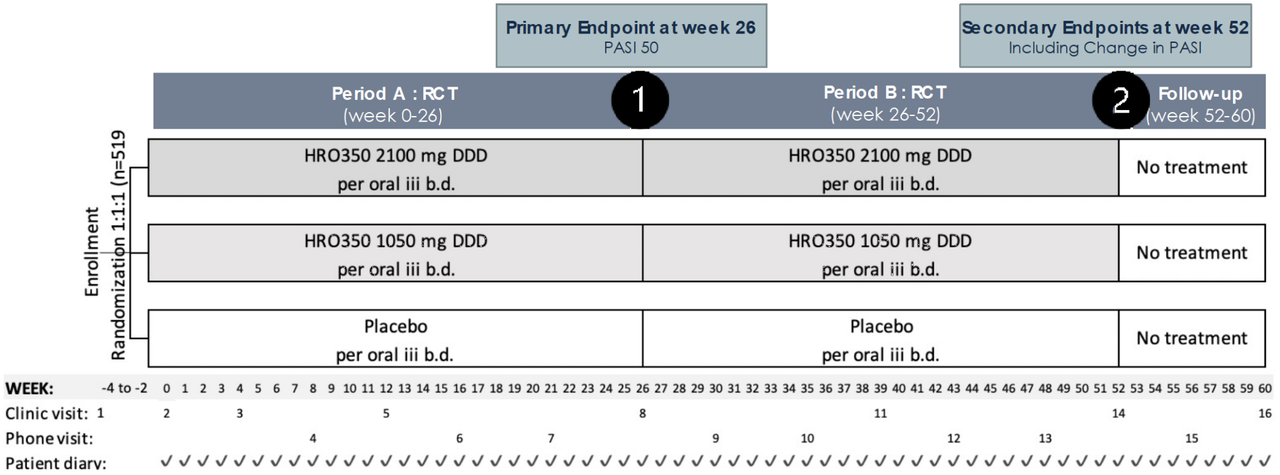
Patient Reported Outcomes

SF-36

Dermatology Life Quality Index (DLQI)

Safety

Treatment-emergent Adverse Events (TEAEs) and Serious Adverse Events (SAEs)



Preparations for 12-month read-out of the HeROPA trial

Process for read-out and communication of results

February	March	April	May	June	Fall 2025
• Last Patient Last Visit • Monitoring Visits at sites to verify data	• **12-Month readout on efficacy endpoints** • **Safety data**	• Database lock • Analyses being conducted on all endpoints	• Full dataset available (Clinical Study Report) • **Announce any endpoint with relevant effects** • Safety database ready • EADV May 22-24th (Prague)	• Prepare posters for scientific conferences on data from study	• **Data presented at congresses** • EADV 17-21st September (Paris)

Path forward after 12-month readout of the HeROPA trial

Data after 52 weeks of treatment will give further information about the **risk-benefit profile of HRO350 and long-term treatment results** versus placebo in a population with chronic and fluctuating disease

Secondary endpoint demonstrates efficacy

Long-term safety is established

Evaluate a phase 3 program with different primary endpoint

- Late onset: Primary endpoint at a later time than 26 weeks (e.g. 39 weeks)
- PASI too difficult to measure in mild patients: Use a different primary endpoint
  - as for apremilast in mild-to-moderate psoriasis in the US
- Combination/cross-over treatments

Placebo still high - obscuring efficacy

Long-term safety is established

Evaluate alternative development route

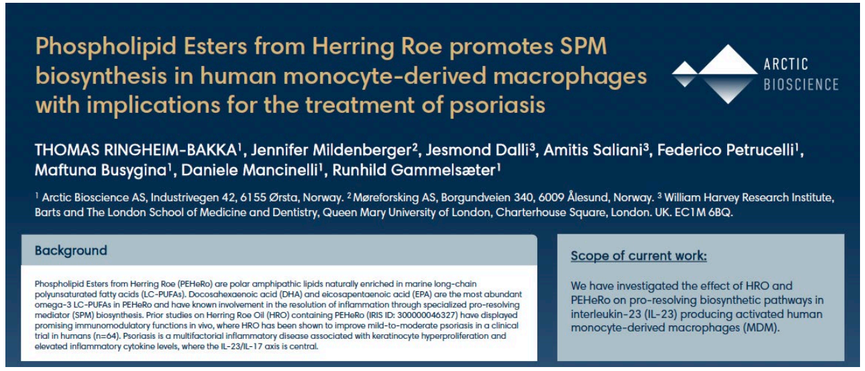
- Develop HRO350 as a non-prescription drug
  - Different regulatory routes in different geographies
  - Further clinical testing may be required
  - Safety data from HeROPA trial important

Evaluate continuation of paediatric clinical program

- Safety data from HeROPA trial important
- Paediatric only

Immunoresolution: a therapeutic frontier

HRO350 promotes SPM biosynthesis in immune cells and skin cells



Phospholipid Esters from Herring Roe promotes SPM biosynthesis in human monocyte-derived macrophages with implications for the treatment of psoriasis

ARCTIC BIOSCIENCE

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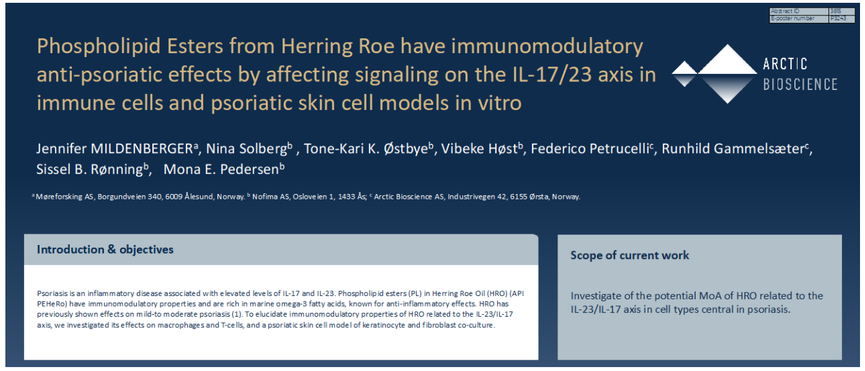
Background

Phospholipid Esters from Herring Roe (PEHeRo) are polar amphipathic lipids naturally enriched in marine long-chain polyunsaturated fatty acids (LC-PUFAs). Docosahexaenoic acid (DHA) and eicosapentaenoic acid (EPA) are the most abundant omega-3 LC-PUFAs in PEHeRo and have known involvement in the resolution of inflammation through specialized pro-resolving mediator (SPM) biosynthesis. Prior studies on Herring Roe Oil (HRO) containing PEHeRo (IRIS ID: 300000460327) have displayed promising immunomodulatory functions in vivo, where HRO has been shown to improve mild-to-moderate psoriasis in a clinical trial in humans (n=64). Psoriasis is a multifactorial inflammatory disease associated with keratinocyte hyperproliferation and elevated inflammatory cytokine levels, where the IL-23/IL-17 axis is central.

Scope of current work:

We have investigated the effect of HRO and PEHeRo on pro-resolving biosynthetic pathways in interleukin-23 (IL-23) producing activated human monocyte-derived macrophages (MDM).

Inflamed primary immune cells treated with HRO350 produced SPMs involved in resolution of inflammation and tissue regeneration *in vitro*



Phospholipid Esters from Herring Roe have immunomodulatory anti-psoriatic effects by affecting signaling on the IL-17/23 axis in immune cells and psoriatic skin cell models in vitro

ARCTIC BIOSCIENCE

Jennifer MILDENBERGER[a], Nina Solberg[b], Tone-Kari K. Østbye[b], Vibeke Høst[b], Federico Petrucelli[c], Runhild Gammelsæter[c], Sissel B. Rønning[b], Mona E. Pedersen[b]

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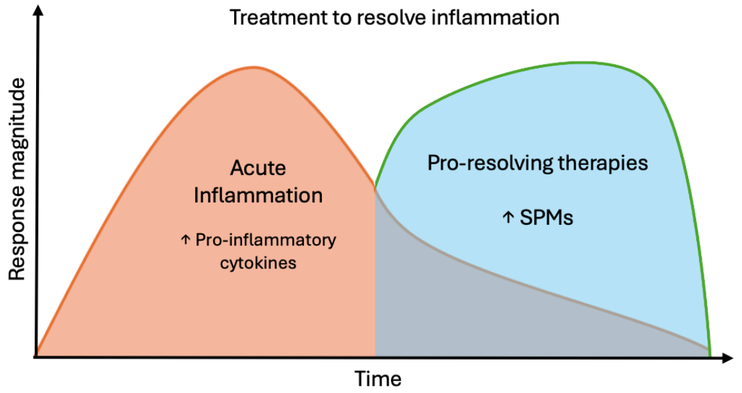
Introduction & objectives

Psoriasis is an inflammatory disease associated with elevated levels of IL-17 and IL-23. Phospholipid esters (PL) in Herring Roe Oil (HRO) (API PEHeRo) have immunomodulatory properties and are rich in marine omega-3 fatty acids, known for anti-inflammatory effects. HRO has previously shown effects on mild-to moderate psoriasis (1). To elucidate immunomodulatory properties of HRO related to the IL-23/IL-17 axis, we investigated its effects on macrophages and T-cells, and a psoriatic skin cell model of keratinocyte and fibroblast co-culture.

Scope of current work

Investigate of the potential MoA of HRO related to the IL-23/IL-17 axis in cell types central in psoriasis.

Phospholipid Esters from Herring Roe can have immunomodulatory anti-psoriatic effects by affecting signaling on the IL-17/23 axis in immune cells and psoriatic skin cell models



Specialized pro-resolving mediators (SPMs) are endogenous molecules that have been proven to stimulate resolution of inflammation

Most existing drugs are designed to reduce inflammation by inhibiting pro-inflammatory cytokines

Immunoresolution seeks to correct lipid mediator and SPM imbalances to allow for self-limitation of inflammation

Push rather than pull: “push” the inflammation towards resolution rather than “pull” away downstream effects through inhibition of pro-inflammatory cytokines

The Research Council of Norway

Fullerton, J., Gilroy, D. Resolution of inflammation: a new therapeutic frontier. *Nat Rev Drug Discov* **15**, 551–567 (2016). https://doi.org/10.1038/nrd.2016.39. Park J, Langmead CJ, Riddy DM. New Advances in Targeting the Resolution of Inflammation: Implications for Specialized Pro-Resolving Mediator GPCR Drug Discovery *ACS Pharmacol. Transl. Sci.* 2020, 3, 1, 88–106; . Serhan CN, Chiang N, Dalli J. The resolution code of acute inflammation: Novel pro-resolving lipid mediators in resolution. Seminars in Immunology. 2015 May;27(3):200-215. DOI: 10.1016/j.smim.2015.03.004. PMID: 25857211; PMCID: PMC4515371., Ringheim-Bakka T, Mildenberger J, Dalli J, Saliani A, Petrucelli F, Busygina M, Mancinelli D, Gammelsæter R. Phospholipid Esters from Herring Roe promotes SPM biosynthesis in human monocyte-derived macrophages with implications for the treatment of psoriasis. Poster (37) at the 9th European Workshop on Lipid Mediators, June 26-28th, 2024. Mildenberger J, Solberg N, Østbye TK, Høst V, Petruccelli F, Gammelsæter R, Rønning SB, Pedersen ME. “Phospholipid Esters from Herring Roe promotes SPM biosynthesis in human monocyte-derived macrophages with implications for the treatment of psoriasis”. Poster 3243 at the EADV congress, Amsterdam, September 25-28th, 2024.

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

~15 million premature births annually worldwide[1]

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

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

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

Arctic Bioscience awarded 2.3MNOK grant from Innovation Norway to support development of ABS302 for pre-clinical studies

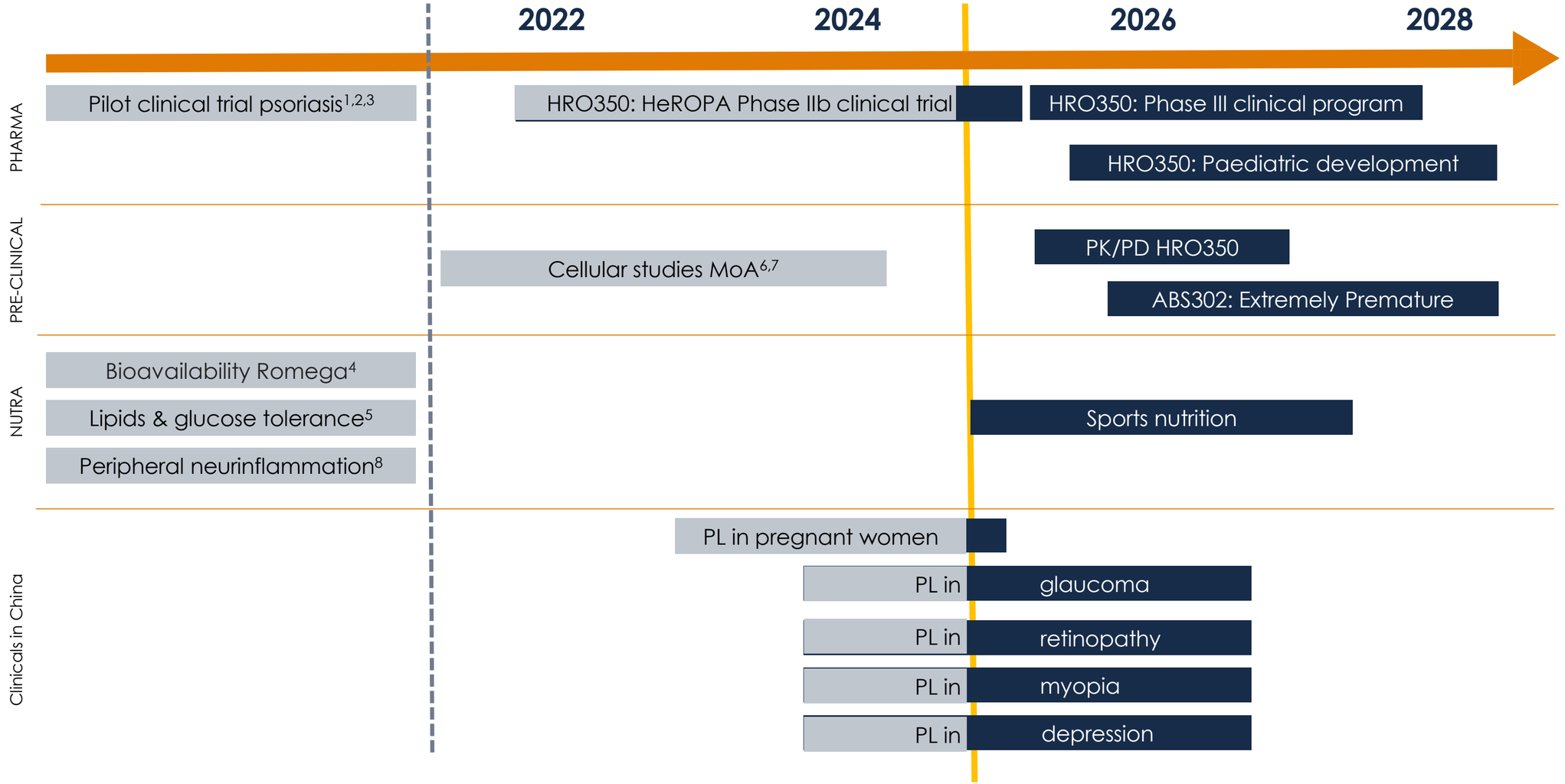
Activities covered

- Pharmaceutical development of a dual API
- Pharmaceutical development of drug product ABS302
- In-house capabilities for GLP manufacture
- Manufacture of ABS302 for pre-clinical studies

References: 1) Blencowe et al. Reproductive Health, 2013, 2) Torchin et al. J Gynecol Obstet Biol Reprod, 2013

Innovation Norway

Ongoing and planned studies



PL: Omega-3 Phospholipids from Herring Roe. PK/PD: Pharmakinetics/Pharmacodynamics

References: 1) Tveit, K. S. et al. (2020). A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the Efficacy of Herring Roe Oil for Treatment of Psoriasis. Acta Dermato-Venereologica. 2) Tveit, K. S. et al. (2021).Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol 7, No. 1, pp. 13-20. 3) Petrovic A, Bueide I, Tveit KS, Hallaråker H, Bjørndal B, Holmes TD, Davies R, Brokstad KA, Bergum B, Appel S. Herring roe oil in treatment of psoriasis - influence on immune cells and cytokine network. Front Immunol. 2023 Sep 8;14:1128986. doi: 10.3389/fimmu.2023.1128986. PMID: 37744329; PMCID: PMC10515196. 4) Cook, C. M. et al. (2016).Bioavailability of long-chain omega-3 polyunsaturated fatty acids from phospholipid-rich herring roe oil in men and women with mildly elevated triacylglycerols. Prostaglandins Leukot. Essent. Fatty Acids, 111, 17–24. 5) Bjørndal, B. et al. (2014). Phospholipids from herring roe improve plasma lipids and glucose tolerance in healthy, young adults. Lipids Health Dis., 13. 6) Mildenberger J, Solberg N, Østbye TK, Høst V, Petruccelli F, Gammelsæter R, Rønning SB, Pedersen ME. "Phospholipid Esters from Herring Roe promotes SPM biosynthesis in human monocyte-derived macrophages with implications for the treatment of psoriasis". Poster 3243 at the EADV congress, Amsterdam, September 25-28th, 2024. 7) Ringheim-Bakka T, Mildenberger J, Dalli J, Saliani A, Petrucelli F, Busygina M, Mancinelli D, Gammelsæter R. Phospholipid Esters from Herring Roe promotes SPM biosynthesis in human monocyte-derived macrophages with implications for the treatment of psoriasis. Poster (37) at the 9th European Workshop on Lipid Mediators, June 26-28th, 2024. 8) Caputo MP, Radlowski EC, Lawson MA, Antonson AM, Watson JE, Matt SM, Leyshon BJ, Das A, Johnson RW. Herring roe oil supplementation alters microglial cell gene expression and reduces peripheral inflammation after immune activation in a neonatal piglet model. Brain Behav Immun. 2019 Oct;81:455-469. doi: 10.1016/j.bbi.2019.06.046. Epub 2019 Jul 2. PMID: 31271868; PMCID: PMC6754775.

Business outlook

Outlook 2025

HeROPA 12 months readout

12 months readout expected end of Q1 2025 when all patients have completed 52 weeks of treatment

Liquidity situation strengthen

New funding in January 2025 estimated to bring the company into a positive cash flow position

Further development of HRO350, beyond phase IIb, will be funded separately through partnership or specific project funding

Positive nutra growth potential

In 2025 the work to establish a JV operation will continue to further develop the Chinese and Southeast Asian market

Continue product innovations and further market introductions

Operational improvement

Continue to focus on operational and R&D improvements to strengthen innovation and product quality, reduce cost and increase profit margins

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Q&A

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