Arctic Bioscience announces full year 2021 results

Highlights

- Successful private placement and IPO raising NOK 300 million in growth capital on Euronext Growth
- Phase IIb clinical study on HRO350 in mild-to-moderate psoriasis remains on track and on budget with site feasibility completed and sufficient number of patients secured
- Announced collaboration to develop new drug candidate for brain development in extremely premature infants with Smerud Medical Research International (Smerud)
- Awarded NOK 4.85 million grant from The Research Council of Norway to elucidate the Mechanism of Action (MOA) in HRO350
- Granted a new patent in the USA in the field of Diabetes type 2, expanding our potential pipeline
- Deployed three products in the Chinese market via e-commerce platforms – ROMEGA Prenatal, ROMEGA Brain Health and ROMEGA Eye Health. ROMEGA Brain launched in B2C market in Norway.
- Available cash totaling NOK 227 million as of 31 December 2021, securing financial strength to execute ongoing development programs

Financials

(NOK million)	2021	2020
Revenues	21.5	20.6
Gross profit	5.2	5.4
Adjusted gross profit*	5.8	5.4
EBITDA	-38.1	-20.5
Adjusted EBITDA*	-29.3	-20.5
CAPEX	-36.5	-13.5
Cash holdings	227.3	12.6

** Adjustments to operating expenditures are made for costs associated with the listing on Euronext Growth*

CEO Christer Valderhaug comments:
"2021 was undoubtedly a year to remember, with the crowning achievement our successful NOK 300 million private placement and IPO on Euronext Growth this past February.

2021 also marked the start of our international pharmaceutical development venture as we proceed with the drug development program on our investigational medicinal product HRO350 in mild-to-moderate psoriasis. In 2022, 519 patients in five European countries are to be recruited in our phase IIb clinical trial – one of the largest clinical trials ever carried out by a Norwegian Company.

Our Nutra business continues to develop both from a product and market perspective. In 2021 we have seen a strong entry into the Chinese market for Nutra products through our partnership with Kotler Marketing Group, and we expect strong improvement in the B2B, B2C and China nutra business segments in the coming years.

Our investments in science and research shows our dedication to R&D and building a pipeline in several disease states with the possibility to enter multiple international markets. Throughout the year our R&D team have also worked with developing production methods according to pharma standard Good Manufacturing Practice (GMP), preparing the clinical materials for the Phase IIb clinical trial and preparing for our planned GMP production facility.

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

Outlook

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

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

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

Webcast presentation of 2021 annual report and full year results

At 12:00 CEST today, the company will host a webcast and Q&A to present the results.

Webcast Details:

Arctic Bioscience AS FY 2021 webcast presentation:

Date: Thursday April 7, 2022

Time: 12.00 CEST

Format: Webcast and Q&A

Language: English

Link: https://streams.eventcdn.net/arcticbioscienceas/financial-results-fy-2021

Participants will be required to register to view the webcast and participate in the Q&A.

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

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

Herring roe contains lipids that are essential in maintaining cell membranes and omega -3 fatty acids that contribute to the normal functioning of brain, heart, and vision. Nutraceuticals from Arctic Bioscience are sold globally as bulk ingredients as well as finished goods under the ROMEGA® brand. The strategy is to switch sales from bulk to finished goods and focus markets are USA and China.

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

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.