Investor Presentation

16 February 2021

ARCTIC BIOSCIENCE

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ARCTIC BIOSCIENCE

I Introduction to Arctic Bioscience

ARCTIC BIOSCIENCE

Arctic Bioscience | A brief introduction

Two unique businesses shaped around a proprietary platform technology

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Knowledge platform and specialized know-how of bioactive herring roe compounds with unique properties

NUTRA

ROMEGA

Self sustaining nutraceutical business with proven traction and global expansion potential in both B2C and B2B channels

PHARMA

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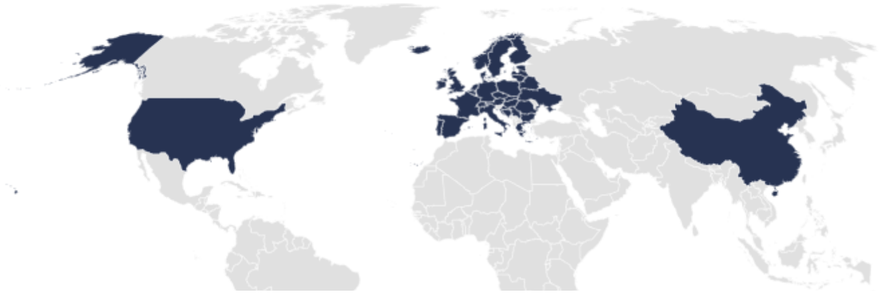
Developing novel oral treatment (HRO350) for mild-to-moderate psoriasis with large randomized Phase IIb study to be initiated

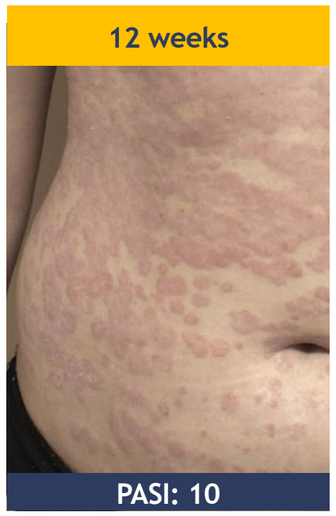
Premium differentiated OTC product set to capture attractive position in the global Omega-3 market

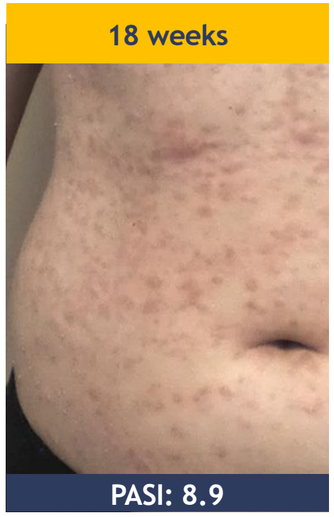
Large unmet medical need for an efficacious, non-invasive, treatment option

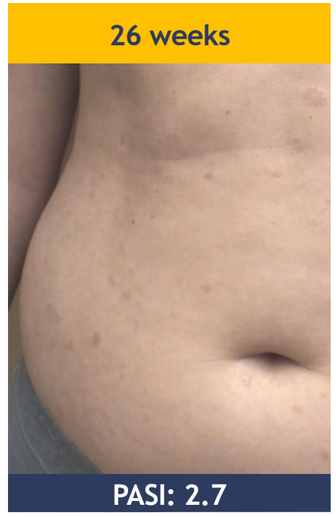
Nutraceutical Romega | Premium Omega-3 products extracted from herring roe, produced and distributed directly to consumers and in bulk (B2B)



Pharmaceutical HRO | Effect on Psoriasis demonstrated in clinical trial



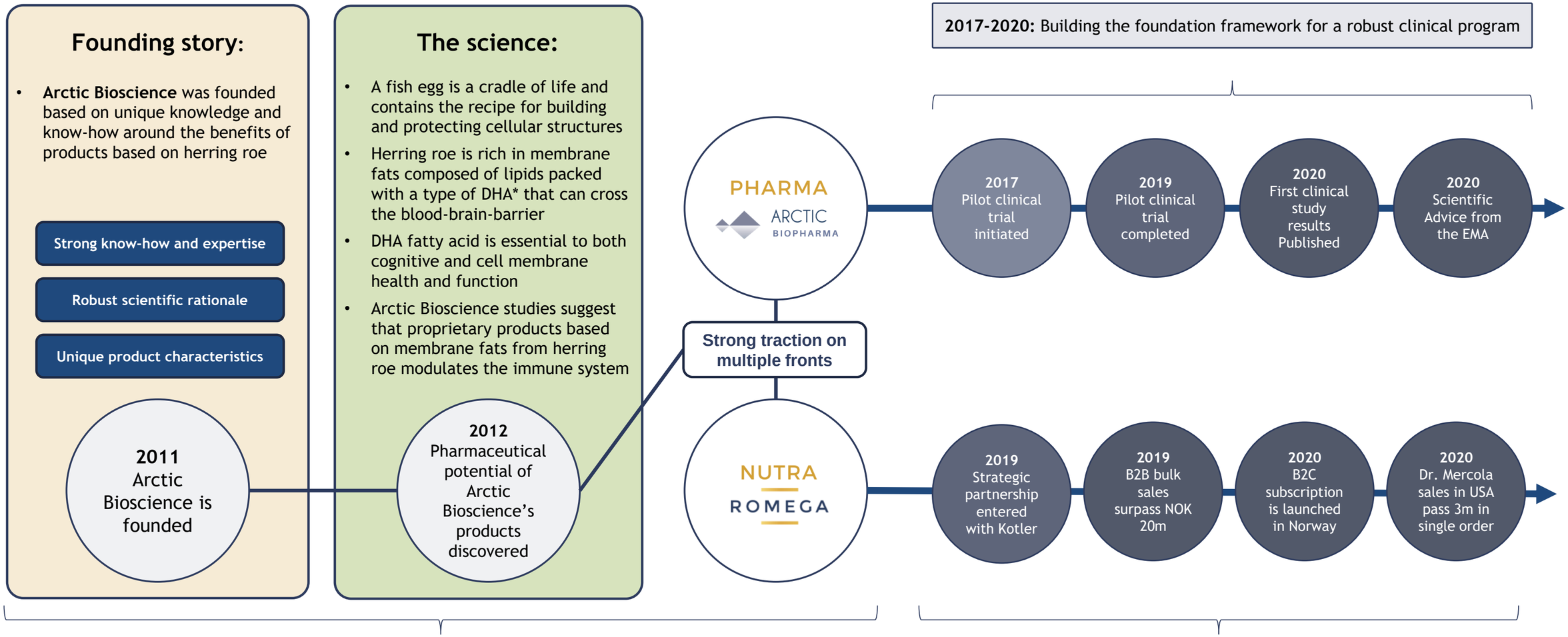




Note: Pictures courtesy of dr. Tveit. Data on file

Our founding story

Key lessons learned through nutra product enables Arctic Bioscience to efficiently develop the pharma product



Investment highlights

Key value proposition

Significant unmet medical need in psoriasis	▪ Large target market with 21m patients across EU and the US in 2019[1] ▪ Few and poor treatment options and a patient population with a high degree of disease-involvement
Strong scientific rationale and promising clinical effect in mild-to-moderate psoriasis	▪ Efficacy signals demonstrated in a completed randomized controlled clinical trial, showing sustained and increased effects over time ▪ Unencumbered asset with worldwide rights retained
Cash generative and growing nutraceutical business	▪ Strong foundation secured through self-sustaining nutraceutical business that supports pharmaceutical development ▪ Revenue of NOK 20.6m for 2020, with strong growth expected through launch in new markets
Proprietary technology platform with control over value chain	▪ In-house manufacturing facility to be constructed and an experienced R&D-team securing attractive gross margins and full control of the value chain ▪ Protected by a comprehensive portfolio of patents, technological know-how, and confirmed freedom to operate
Robust ESG footprint	▪ Sustainable end-product based on immature roe, a by-product of herring capture ▪ Strategically situated to ensure sustainable access to immature roe
Experienced Management Team	▪ Executive team with an average of 20 years of relevant industry experience

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Source: 1) IQVIA HRO350 Commercial opportunity assessment in psoriasis, December 2020

References: Tveit KS et al. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724; Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol. 7, No. 1, 2021, pp. 13-20. doi: 10.11648/j.ijcems.20210701.13.

1

Significant unmet medical need in psoriasis

Psoriasis represents a vast market opportunity with few treatment options for patients with mild-to-moderate disease

Considerable need for a cheaper, less invasive, and effective treatment solution

Mild-to-moderate psoriasis: an enormous patient population

Prevalence statistics[1]

~3% | ~24 million
EU & US prevalence of psoriasis
Worldwide: ~230 million patients

~90% | ~21 million
Patients mild-to-moderately affected (EU & US)
Worldwide: ~210 million patients

Significant unmet medical need with few treatment options available

- Current treatment options are few and dissatisfactory in terms of efficacy, ease-of-use and safety profile
- Systemic non-biologics (Apremilast) can cost USD 30,000+ per year while systemic biologics can cost USD80,000+ per year

KOLs believe there is significant unmet need

> *The biggest unmet need is that of an oral therapy that is totally safe and effective. We have some terrific biologics out there, but the issue is not everybody likes to be injected, not even if it is once in 3 months."*
>
> **– Practicing Dermatologist, US**

> *Otezla is a very expensive drug, I will use it only in exceptional cases, only on patients who have had a history of cancer or infections and need more safety, cannot tolerate MTX."*
>
> **– Senior Physician, Department of Dermatology, Germany**

> *I don't like to use a lot of biologics for moderate patients. Each new generation coming into market is so expensive, it costs so much to the healthcare system. I would prefer non-biologic, oral treatments."*
>
> **– Practicing Dermatologist, US**

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Source: 1) Population based on 2019 WHO figures and IQVIA report

2

HRO350 | Exciting pharma opportunity in mild-to-moderate psoriasis

Arctic Bioscience's development highly encouraged by KOLs and supported in scientific advice by the EMA CHMP

Randomised, controlled clinical trial completed in 2019…

Completed randomised, controlled clinical trial

Patients: 64

Duration: 26 Weeks
Open label extension: 15 months

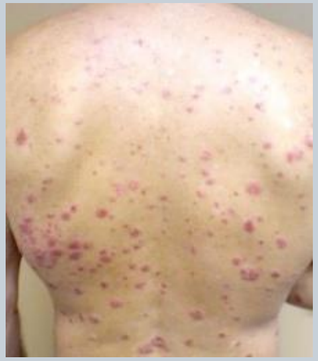
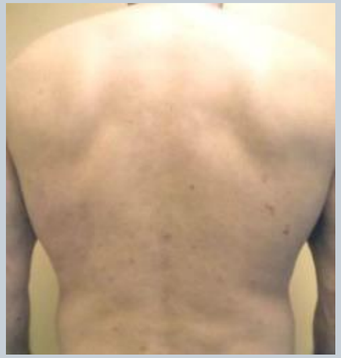
32 patients 6g HRO

32 patients Placebo

Initiated in 2017 and completed in 2019

- HRO350 represent an attractive and differentiated asset through its excellent safety profile and ease of use as an oral treatment
- Placebo controlled clinical study in patients with mild-to-moderate psoriasis completed in Norway in 2017-2019

…sees significant improvement in psoriasis compared to placebo...

Before treatment	After 26 weeks
	

- Strong clinical signals of efficacy combined with beneficial safety profile
- Average reduction in PASI (measure of disease severeness) of 38% in subjects with moderate psoriasis (vs. 7% in placebo group)
- **Further development of HRO350 highly encouraged by KOLs and supported by EMA CHMP[3]**

…that will be further explored in a major phase IIb study to be initiated in 2022

Phase IIb study design

Patients: 519

Duration: 60 Weeks
(Primary endpoint: 26 weeks)

173 patients 6g HRO

173 patients 3g HRO

173 patients Placebo

Phase IIb initiation 1Q 2022 (first patient in)

- Large randomized Phase IIb study to be initiated in 2022
- Given successful Phase IIb study the company will initiate a Phase III study, submit a MMA and prepare for commercialization through partnerships

Potential for a first-in-class therapeutic treatment for a global patient population with few existing treatment alternatives

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2. Tveit KS, Brokstad KA, Berge RK, Sæbø PC, Hallaråker H, Brekke S, Meland N, Bjørndal B. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724. Data on file
3. Scientific advice on drug development program of HRO350 obtained from the EMA CHMP in November 2020

3

Proven nutraceutical business positioned for global expansion

Self-sustaining nutra business (Omega-3) with proven traction in key markets and clear pathway for significant growth

Proven traction in initial markets

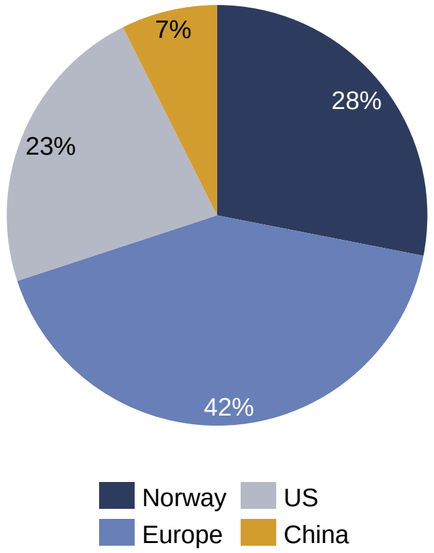
Performance highlights (2020)

Revenue
NOK 20.6m

Subscription revenues
NOK 3.4m

Gross margin
~30%

Geographical revenue distribution (2020)



Positioned for significant global expansion through ambitious go-to-market strategy

B2C

Premium branded goods sold on a subscription basis in Norway, US and UK launch planned in 2021

B2B

Sales of finished goods (branded and private label) as well as bulk sale of ingredients

Strategic partnerships

Kotler Marketing Group agreement in China will be replicated globally

Strong growth trajectory expected going forward

Cash generative and self-sustaining nutraceutical business provides a robust foundation for full utilization of the company's technological platform

Clear-cut and proven strategy targeting the $5.6[1] billion worldwide core nutraceutical market with a premium differentiated product

1) Source: Grand View Research

Proprietary technology platform with control over value chain

Sustainable competitive advantage ensured through vertical integration of the value chain

Arctic Bioscience's comprehensive value chain

Herring capture

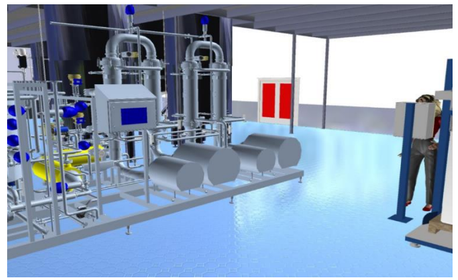
Geographical proximity to Norwegian herring fisheries ensures a sustainable and reliable access to immature roe

By-product: Immature roe

Roe from herring fillet production is used as a valuable source of marine lipids

Extraction

Premium herring roe extracts produced based on patented technology and advanced know how



Production

New state-of-the-art manufacturing facility with GMP standard to be built, which will enable Arctic Bioscience to retain proprietary product know-how, IP and control of the value chain[1]

Sustainable raw material

Investment in manufacturing facility will yield meaningful benefits

Sustainable low carbon footprint

Increases barriers to entry and creates unique competitive position

Significant gross margin improvement

Note: 1) Until this production can be moved to the Company's proposed new factory in Norway, the Company is reliant on its agreement with Naturex S.A. to produce all of its nutraceutical products

5

Robust ESG footprint

UN Sustainable Development Goals

6

World class management team

Broad experience within the pharmaceutical and nutraceutical industries

Management team with top expertise and experience

Ole Arne Eiksund, *MSc, MBA*

CEO

+30 years experience

Former positions include Commercial Director in GSK and VP Global Sales in Hofseth Biocare and EVP Rimfrost.

Danielle Glenn, *BA*

CFO[1]

+20 years experience

Harvard educated, former hedge fund manager at Goldman Sachs and Caxton, CEO, CFO and CSO of multiple startups in US, UK and Norway

Runhild Gammelsæter, *PhD*

Global Medical Director

+15 years experience

Former positions include medical leadership roles in GSK, Abbvie and Abbott, as well as experience from start-up biotech

Hogne Hallaråker, *MSc*

CSO

+15 years experience

Founder of Arctic Bioscience and more than 15 years of experience from nutra industries

Per Christian Sæbø, *MSc*

COO

+20 years experience

Former positions include Lipid Development Director in Natural ASA and Site Manager at EPAX, Hovdebygda

Daniele Mancinelli, *MSc*

CTO

+20 years experience

R&D specialist in omega -3 fatty acids and responsible for concept testing, verification and up-scaling

Yuming Feng, *PhD*

EVP Global Business Dev

+30 years experience

Former positions include Procurement Manager at Campbell's, EVP at Zoneco and CEO at Holley Int.

Lauren Jensen, *MBA*

SVP Sales and Marketing

+15 years experience

Former positions within global marketing, branding and communications for mid-size and large enterprises

The company has talent from leading pharmaceutical firms and from companies specialised in marine products

Advisors with long experience in pharmaceutical development

Åge Nærdal *Cand. Pharm.* Former positions include CEO GlaxoSmithKline AS, 30 years experience from pharmaceutical industry. Advises on pharmaceutical business development

Kari Grønås, *Cand. Pharm.* Broad experience from the pharmaceutical/biotech industry and securing regulatory approvals. Advises on regulatory processes and CMC development of GMP product

Knut Smerud, *MSc, biochemistry.* Owner of the CRO Smerud Medical Research. Advises on clinical development program, clinical trial design and regulatory processes

Kåre Steinar Tveit, *MD.* Dermatologist at the Haukeland University Hospital, Norway. Advises on clinical treatment of psoriasis

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1) The CFO is hired in pursuant to a consultant agreement dated 1 October 2020 between the Company and the CFO's company, KAD Group AS. The consultant agreement expires on 30 September 2021. Pursuant to the consultant agreement the parties shall at the latest during August 2021 discuss continued cooperation after the period ending 30 September 2021

II Nutraceutical business

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Overview of nutraceutical business

Romega | Premium Omega-3 products extracted, produced and distributed directly to consumers and in bulk (B2B)

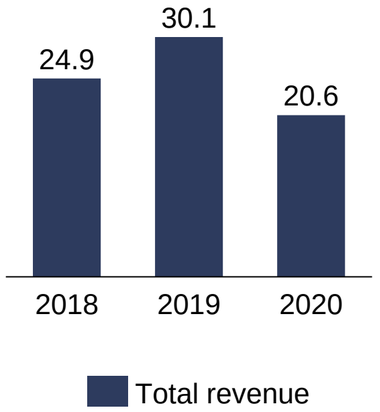
Key highlights

NUTRA ROMEGA

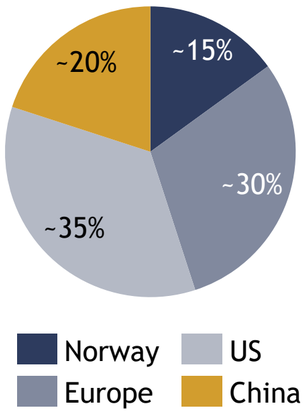
- Cash generative and self-sustaining business with loyal and growing customer base
- Vast global omega-3 market set for further growth, with Romega attractively positioned vs. competition
- Organization ready to execute on proven international go-to-market strategy, with key partnerships already secured
- Multiple avenues for growth through B2C and B2B sales as well as through distribution partners
- Model partnership with Kotler in China validates market potential and strategy

Financials

Historical Nutra sales (NOKm)



Geographical growth focus



Premium differentiated product

- **Bioavailability:** Significant source of Omega-3 in phospholipid form with documented high absorption
- **Rich in essential nutrients for start of life:** DHA & EPA phospholipids, Choline & Vitamin D
- **DHA and EPA ratio of 3:1:** Similar to the ratio in mother's milk

Key performance indicators (2020)

Total revenue	Subscription revenues	Gross margin
NOK 20.6m	NOK 3.4m	~30%

Successful launch in China through Kotler partnership

Partnership with Kotler serves as a precedent for Arctic Bioscience's go-to-market strategy going forward

China – an ideal target market for Romega

- **Massive market** – Several billion dollar Omega-3 market with strong growth expected due to rising middle-class population coupled with strong underlying drivers
- **Attractive selling points** – Unique membrane lipid Omega; Premium quality made in Norway; High status of caviar products in China

China is one of the largest Omega-3 markets in the world

Developed a strong relationship with Kotler for efficient market entry and sales growth

- **Nature of partnership:** Kotler team taking lead in marketing strategy - well-known for its world-class marketing expertise
- Deep **local market insight** and resources available for sales and distribution
- Established diverse **e-commerce platforms** for initial market entry in 2020
- **Ownership stake:** As part of the partnership Kotler has taken an ownership share in Arctic Bioscience

Tailored prenatal product launched in China together with Kotler

Foundation for long-term export success story set – Strategic partnership model to be replicated

- **2020 test launch:** Early sales data have been hugely positive and demonstrates great adoption in the Chinese market – the stage is set for a long-term export success story
- **Model partnership:** The partnership with Kotler is illustrative of the preferred B2B2C go-to-market strategy going forward.
- Further collaborations with Kotler and other partners to be explored in new geographies

Philip Kotler & Ole Arne Eiksund

Source: Company information

Financial targets – Nutraceutical business

Metric	Mid-term	Long-term	Comments
Revenue growth per annum	>40%	Gradual decrease towards ~20%	▪ Highest growth expected in high margin finished product categories (both B2C and B2B) and protein ▪ Strategic sales and marketing partnerships in APAC and US ▪ Normalised growth long-term when scale is established
Gross margin	In the area of ~60%	Gradual increase towards 70%+	▪ Higher gross margin products, improvement driven by investment in new factory, benefits of scale and mix change towards higher margin B2C/B2B Finished Products
B2C subscription revenues (share of total Nutra revenues)	Step increase to ~30%	Similar to end mid-term levels	▪ B2C / subscription based revenues expected to 'step' mid-term and comprise a relatively steady share of revenues thereafter ▪ Focus on US, Scandinavia and selected European markets
B2B Finished Goods sales (share of total B2B revenues)	In the area of ~50%	Continued gradual increase to 70%	▪ Shift towards sales of higher margin products over bulk ingredients in B2B strategy (new channel focus) ▪ Strategic partnerships will focus on B2B2C sales of finished goods and white label products
International focus (share of total Nutra revenues)	70%+	Continued gradual increase towards 80%	▪ Increased focus on the USA and APAC as the fastest growing and least price sensitive markets for nutraceuticals ▪ Introduce and upsell new products

III Pharmaceutical business

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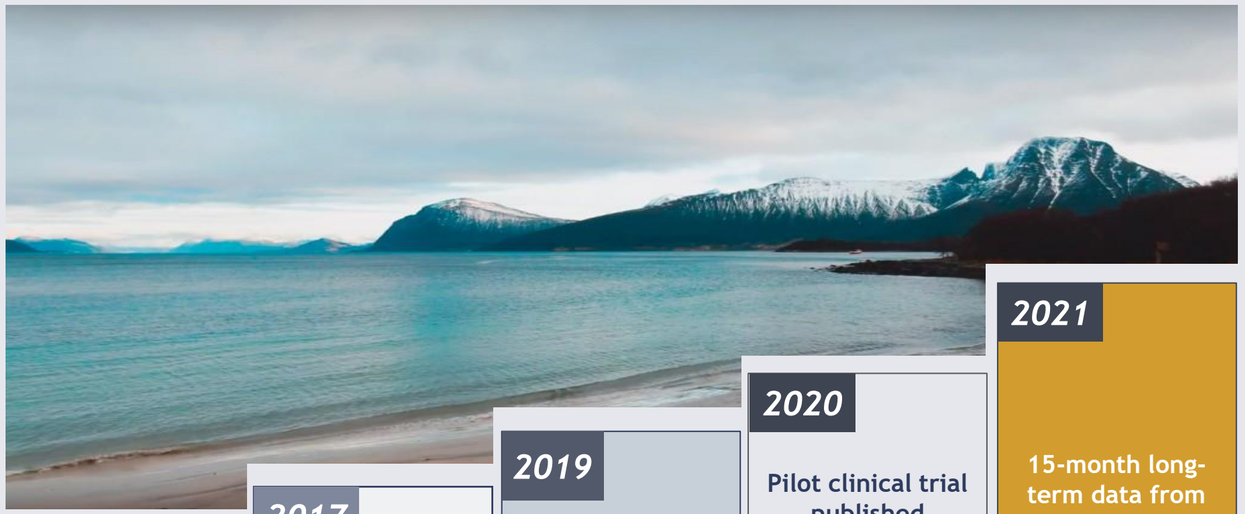
Demonstrated effect on psoriasis in clinical trial

HRO350 positioned to benefit from an environment with few treatment advances for mild psoriasis in recent years

Arctic Pharmaceuticals | Key milestones



2012
Development of nutraceutical product based on herring roe, foundation for HRO350

2017
Pilot clinical trial on HRO in psoriasis initiated

(# patients: 64)

2019
Pilot clinical trial completed

2020
Pilot clinical trial published

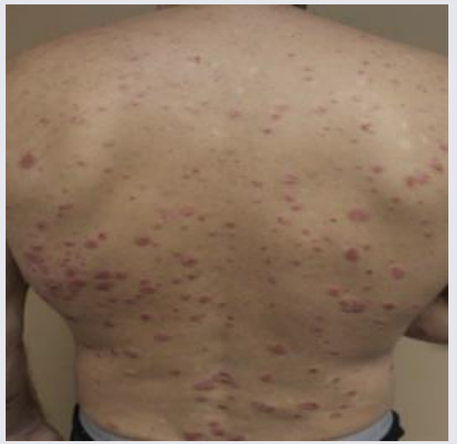
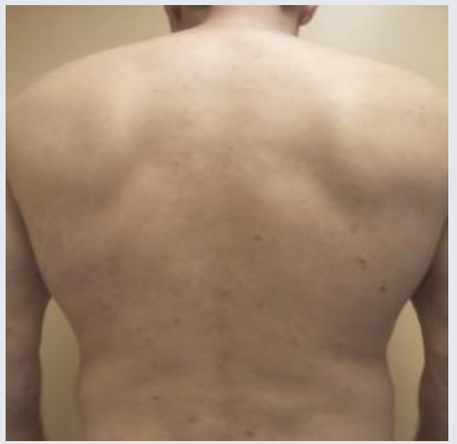
EMA scientific advice received for HRO350 development plan

2021
15-month long-term data from pilot clinical trial published

Further development of HRO350 highly encouraged by KOLs and supported by EMA CHMP[1]

HRO350 | Unencumbered asset with promising effect on Psoriasis

Clinical study with 64 subjects with mild-moderate Psoriasis - HRO showed promising results with significant improvement

Before treatment	After 26 weeks
	

- Reduced disease activity in patients with mild to moderate psoriasis
- Few treatment advances for milder psoriasis in recent years
- HRO350 uniquely positioned, underpinned by the SIVA-award

1) CHMP=Committee for Medicinal Products for Human Use.

References: Tveit KS et al. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. *Acta Derm Venereol*. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724; Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol. 7, No. 1, 2021, pp. 13-20. doi: 10.11648/j.ijcems.20210701.13 . Pictures courtesy of Dr. Tveit

HRO350 | Proprietary natural extract with compelling safety profile

Based on unique know-how throughout proprietary production process, protected by strong IP

Safety profile | Well tolerated

> No serious adverse events were related to the administration of active treatment or placebo
>
> **- Conclusion from pilot clinical study after 26 weeks**

A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the Efficacy of Herring Roe Oil for Treatment of Psoriasis

Natural product | Extract from herring roe

Strong commercialization advantages

- ✓ Demonstrated efficacy from clinical studies
- ✓ First-in-class oral treatment
- ✓ Better safety profile than alternatives
- ✓ Possible prevention of disease progression
- ✓ Plausible effect on comorbidities
- ✓ Low incremental health care cost

High barriers to entry

- ✓ Broad lipids patent portfolio and herring roe extracts
- ✓ Secured access to raw materials
- ✓ Unique know-how in proprietary production process
- ✓ Market protection in EU for 10 years from marketing authorization (MA)

HRO350 - GMP pharmaceutical product extracted from herring roe

Source: 1. Tveit KS, Brokstad KA, Berge RK, Sæbø PC, Hallaråker H, Brekke S, Meland N, Bjørndal B. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724

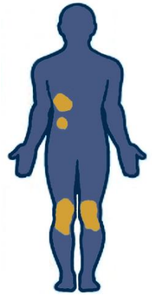
Psoriasis is a common disease which is categorized based on severity

Prevalence between 2-6% of the population in western countries

Arctic Bioscience focus

Patients with Psoriasis			
Country	Incidence rate	Prevalence rate	Prevalent pool (mill)
	0.07%	3.2%	10.5
	0.14%	2.8%	1.9
	0.52%	2.5%	2.1
	NA	5.7%	3.7
	0.23%	3.1%	1.9
	NA	2.3%	1.1
Total number of Psoriasis patients			21.2

Split of disease severity in top 5 largest countries in EU5[1]

Mild	Moderate	Severe
PASI (Psoriasis Area and Severity Index) scores of less than <3 indicates that less than 3% of the body is affected. This usually means isolated patches on limbs and scalp.	PASI scores of more than >3 and less than <10 indicates that 3%-10% of the body is affected. The disease will usually be spread to the arms and legs. It may also affect the patients quality of life.	PASI scores of more than >10 indicates that more than 10% of the body is affected. The disease will usually be spread to the arms, legs, torso and scalp. It is likely affecting the patients quality of life.
		
66% of patients[1]	25% of patients[1]	11% of patients[1]
PASI < 3	3 < PASI < 10	PASI > 10

PASI: Psoriasis Area and Severity Index (0-72 point scale where >10 is moderate-to-severe and severe disease)
Source: HRO350 Commercial Opportunity Assessment in Psoriasis, IQVIA
Notes: 1) Severity split based on figures from the UK, Germany, France, Italy and Spain

Significant improvement in psoriasis demonstrated in randomised, controlled clinical study

Greatest reduction in PASI at week 26 observed in subjects with baseline PASI>5.5 (moderate psoriasis)

High level clinical trial design

Design and inclusion

- Randomised, double-blind, placebo controlled trial
- N = 64
- Patients with PASI < 10

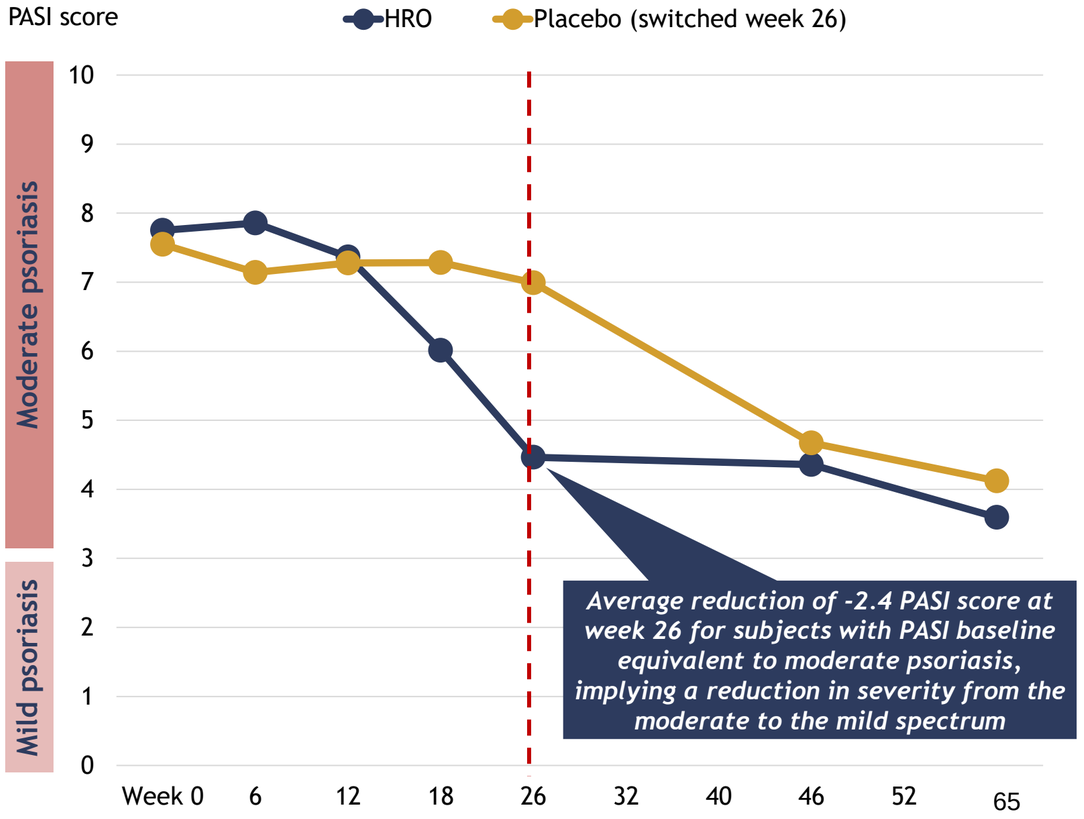
End point

- Primary end-point was comparing the change in mean Psoriasis Area Severity Index (PASI)
- PASI scores in the HRO350 treatment group and the placebo group from baseline to week 26
- Open label extension to 15 months (from week 26)

Avg. PASI reduction in subjects with 5.5 < PASI at baseline < 10

Week 26 (Placebo-controlled phase)	**-7%** in the placebo group (n=32)	**-38%** in the HRO group
Week 65 (Open Label Extension from week 26)	Placebo group received treatment with HRO350 from week 26	**-54%**[1] HRO-HRO week 0-65 Placebo-HRO week 26-65 (n=31)

Subgroup analysis | Subjects with 5.5 > PASI at baseline



Mean change in PASI score at week 26 estimated to -2.4 with a 95% confidence interval <-4.3, - 0.5>, p = 0.0157 (n=31 with PASI>5.5). Week 26 – 65 was an open label extension with no placebo-control (n=28 with PASI>5.5)

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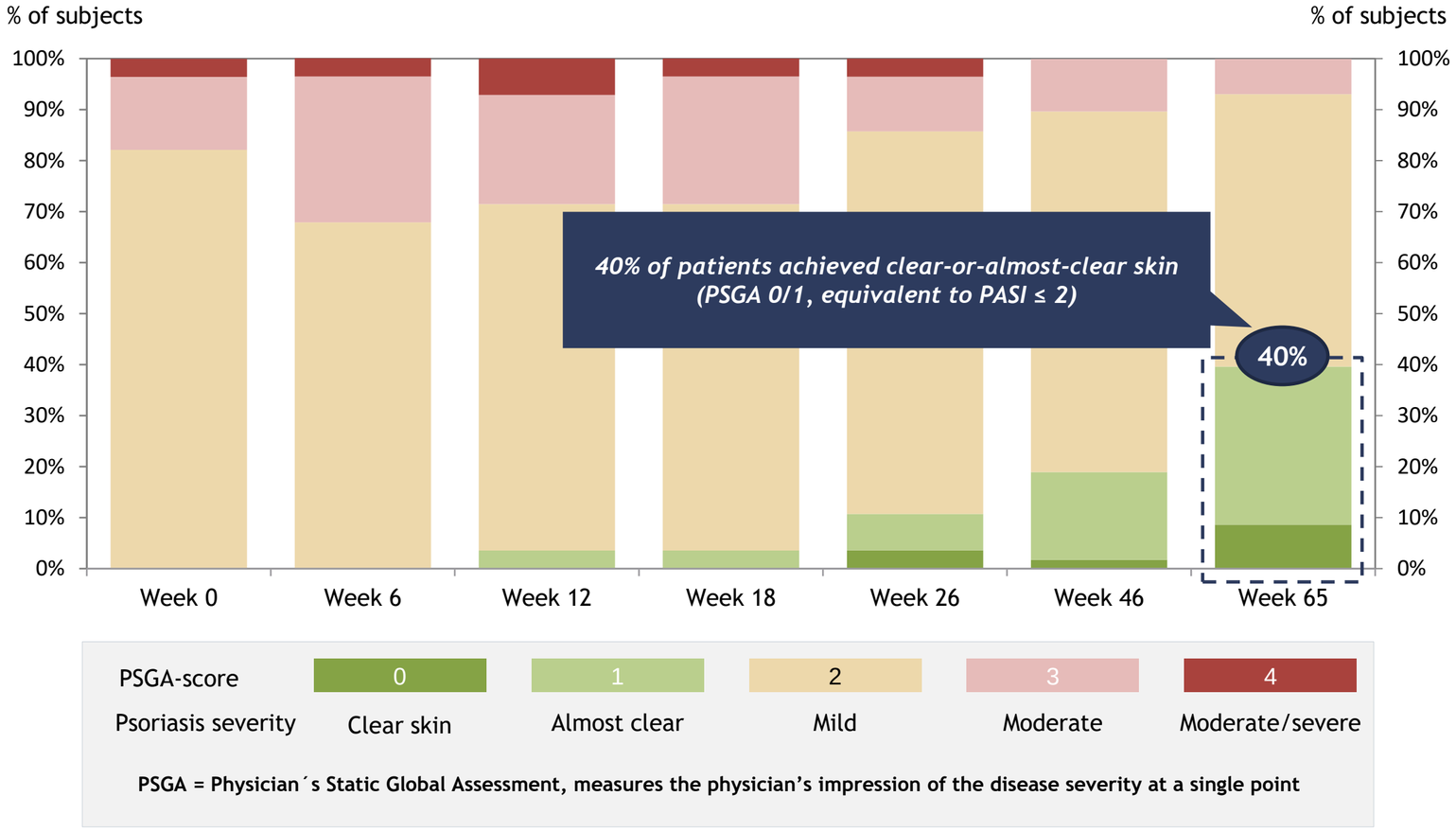
References: Tveit KS, Brokstad KA, Berge RK, Sæbø PC, Hallaråker H, Brekke S, Meland N, Bjørndal B. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724; Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol. 7, No. 1, 2021, pp. 13-20. doi: 10.11648/j.ijcems.20210701.13. 1) Data on file (PASI>5.5 week 26-15 months)

Efficacy is sustained and increases over time

Supported by secondary variable (PSGA) at week 65 (n=58)

Relative change in PSGA score from baseline



PSGA = Physician´s Static Global Assessment, measures the physician's impression of the disease severity at a single point

Improvement in disease severity

- All patients had PSGA scores ≥2 and ≤4 at inclusion
- 40% of patients achieved clear-or-almost clear skin after 65 weeks
- After 65 weeks no patient had a PSGA score higher than 3
- In total, 46.6% of patients had a reduction in their PSGA score

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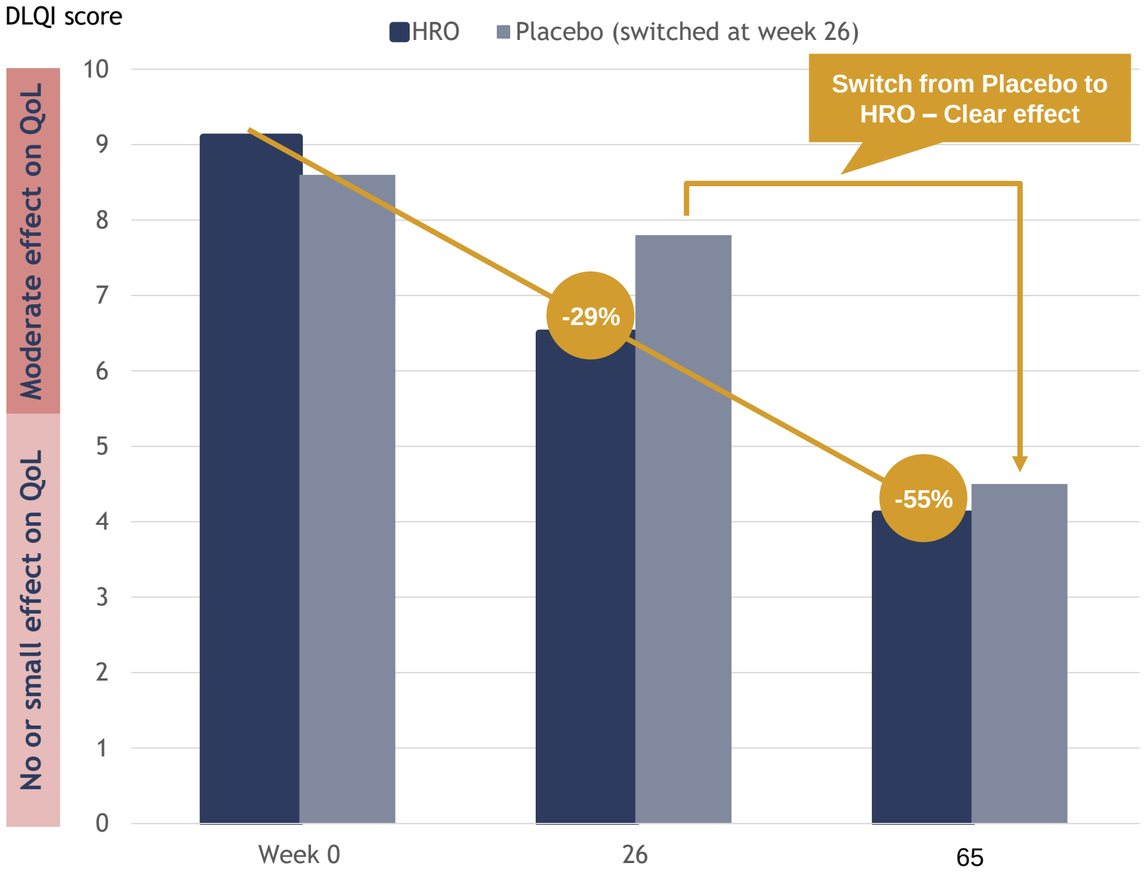
Source: Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol. 7, No. 1, 2021, pp. 13-20. doi: 10.11648/j.ijcems.20210701.13
Notes: 1) PUVA=Psoralen Ultraviolet A light, UVB=ultraviolet B light

Clinically meaningful improvement in Quality of Life

55% reduction in DLQI from baseline (full patient group, n=58)

HRO demonstrated improvement in DLQI (full patient group)



Week 26 – 65 was an open label extension with no placebo-control. All patients who completed the study (n=58). Primary endpoint of randomized controlled trial at week 26 (not statistically significant)

The DLQI Index - tool to measure Quality of Life

Dermatology Life Quality Index (DLQI) is a point scale used to measure the impact of skin disease on the quality of life of an affected person

DLQI score	0-5	6-10
0-30, where 30 is the maximum impact on life	No or small effect on patient's life	Moderate effect on patient´s life

4.9 points DLQI reduction in the HRO-HRO group

4.9 points

The reductions in mean DLQI from baseline to 15 months was 4.5 points in the total population (HRO and placebo to week 26)

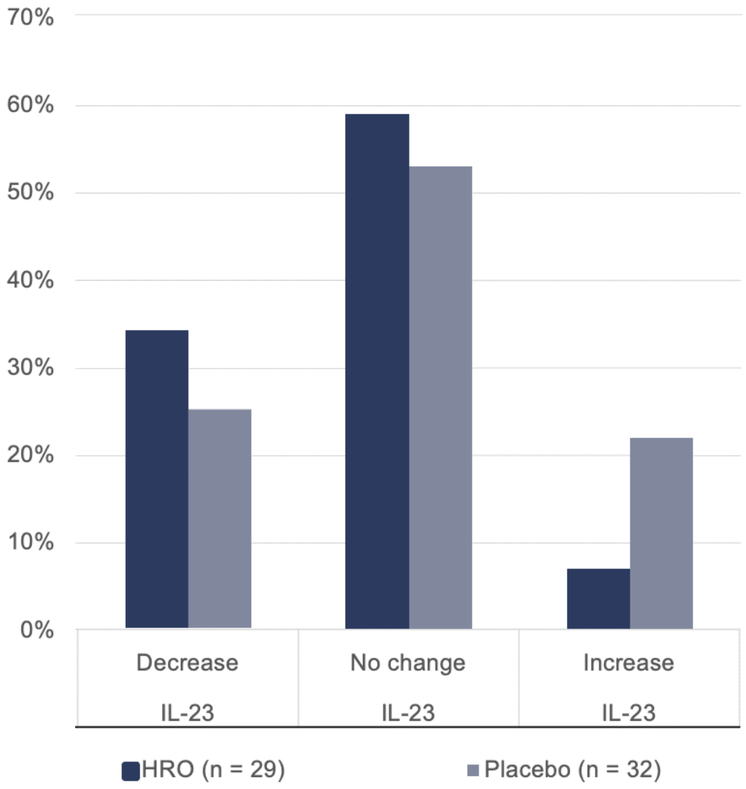
An absolute decrease of 4 points in the DLQI-score has been proposed as MCID (Minimally Clinically Important Difference)

References: Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol. 7, No. 1, 2021, pp. 13-20. doi: 10.11648/j.ijcems.20210701.13. Data on file

Observed change in inflammatory biomarkers associated with psoriasis

Systemic inflammation with increased levels of cytokines is a hallmark of psoriasis

Significantly more patients in the HRO treated group had a decrease than an increase in plasma IL-23 at week 26



Key comments

- **Low baseline serum levels of psoriasis associated cytokines IL-17 and IL-23**
  - Observations of clear reductions may not be expected in patients with mild disease
- **Cytokines associated with psoriasis (IL-17 and IL-23) dropped in the active treatment group**
  - No statistically significant differences were observed when comparing changes of cytokines to the placebo group
- **Significantly more patients in the HRO treated group had a decrease in plasma levels (n=10) than an increase (n=2) of IL-23**
  - Indicating that IL-23 could be involved in the observed disease improvement

HRO350 is a complex mixture of biologically important phospholipids

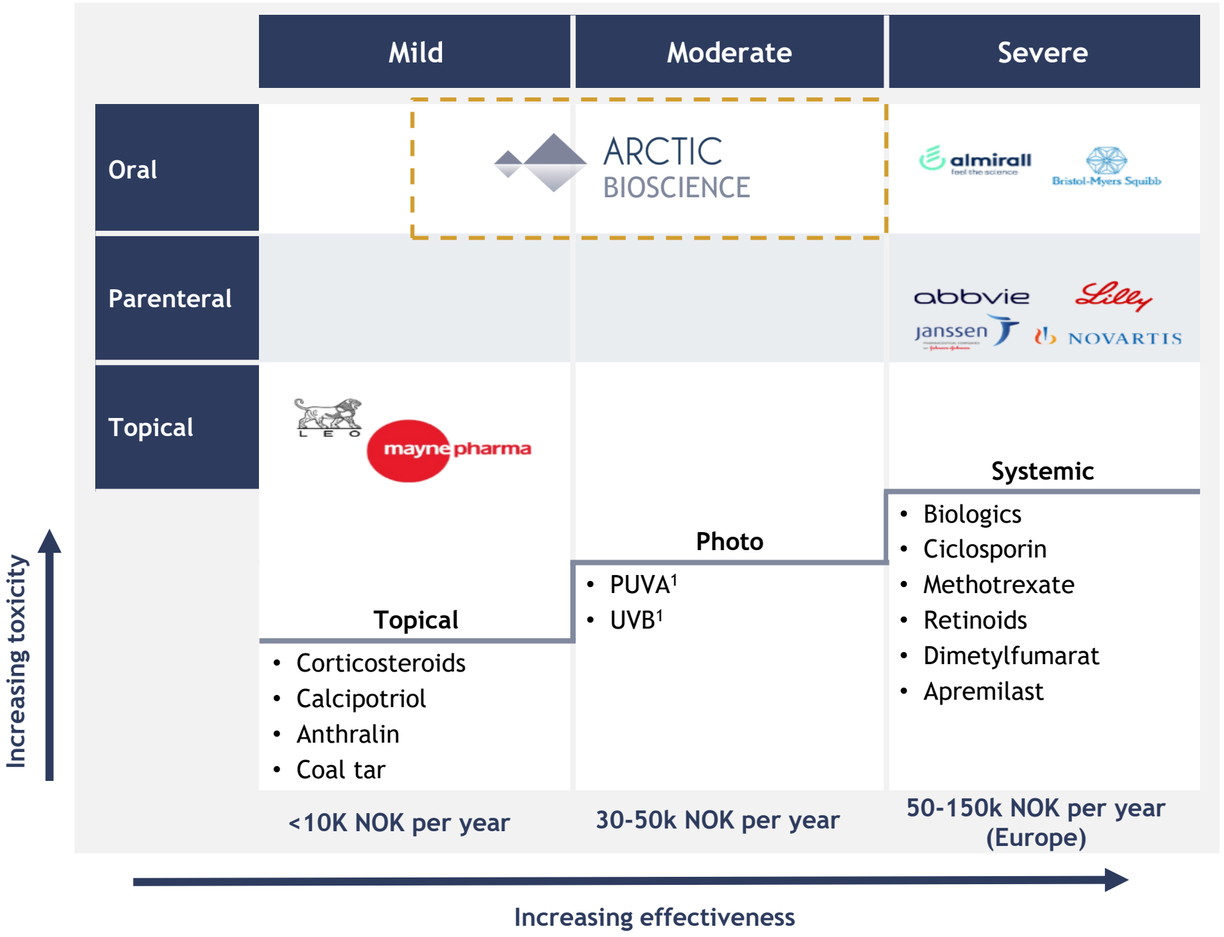
- **Composite effect** from different lipid classes and their significant metabolites lead to clinically relevant immunoresolving properties
- Company conducting cellular studies with Norwegian R&D institutions to further investigate mode-of-action in psoriasis and immune-mediated disease states

Reference: Tveit KS et al. "A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of psoriasis" Acta Dermato—Venereologica, 7. May 2020, doi: 10.2340/00015555-3507

Entering a market with high unmet need and few treatment options

WHO has called for new, safe, and effective medications to treat psoriasis[1]

Competitive landscape - Commercial white space for Arctic Bioscience to cover



> “There is a large proportion of patients who cannot be put on biologics and it is lot trickier and not so straight forward to put them on existing treatments. They need effective new topicals or orals.”
>
> - Clinical lecturer, Dermatology, UK

> “We need cheaper options for moderate patients. We have majority of patients with PASI 5-10 but we do not want to give biologics to all and phototherapy is not feasible for everyone”
>
> Senior Physician, Department of Dermatology, Germany

Clear need for an effective therapy specifically for the moderate psoriasis segment

Source: WHO Global report on psoriasis 2016, Company analysis
Notes: 1) PUVA=Psoralen Ultraviolet A light, UVB=ultraviolet B light

Significant potential as treatment for mild-to-moderate psoriasis

Overall willingness to prescribe HRO350 as an adjunct to topicals and systemics for moderate Psoriasis

Considerable need for a cheaper, yet effective solution for the treatment of mild-to-moderate psoriasis

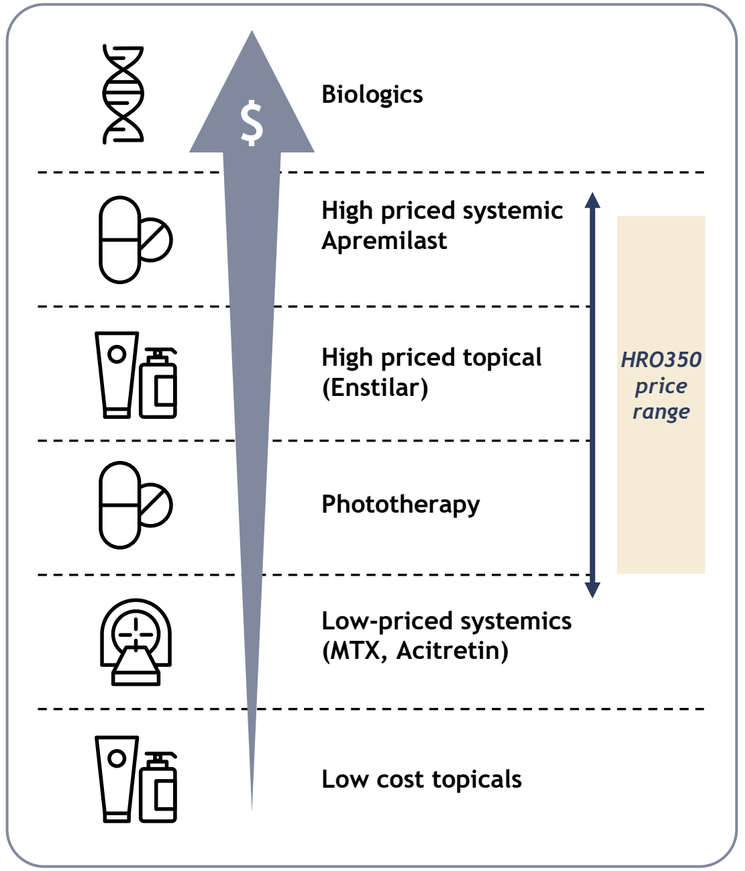
KOLs believe there is significant unmet need…

- **Topical corticosteroids** — *Safety concerns with long term continuous use, inconvenient for patients, limited effectivity in moderate disease*
- **UVB** — *Effective but inconvenient to patients in areas lacking local availability of treatment facilities*
- **Systemic non-biologics** — *Apremilast, with moderate efficacy is too expensive, MTX and ciclosporin are immunosuppressants with safety considerations (especially in COVID context)*
- **Biologics** — *Very expensive, limited to severe patients (PASI>10) and contraindicated for many patients due to safety profile*

…HRO350 scores well against competitors…

✓ Administration	Oral
✓ Active Substance	No other product with active product ingredient
✓ Psoriasis indication	Mild-to-moderate disease
✓ **Severity at inclusion**	**Few treatment options for non-severe disease**
✓ Efficacy level	Documented efficacy in mild-to-moderate disease
✓ Quality of life	Documented improvement in quality of life
✓ **Safety profile**	**Well tolerated with no serious adverse reactions reported**
✓ Monitoring	50% of competitive products require monitoring – not needed for HRO350

… with pricing expected to support uptake



Source: 1) HRO350 Commercial Opportunity Assessment in Psoriasis, IQVIA

HRO350 clinical development plan and path to registration[1]

Ready to enter dose-establishing Phase IIb clinical trial

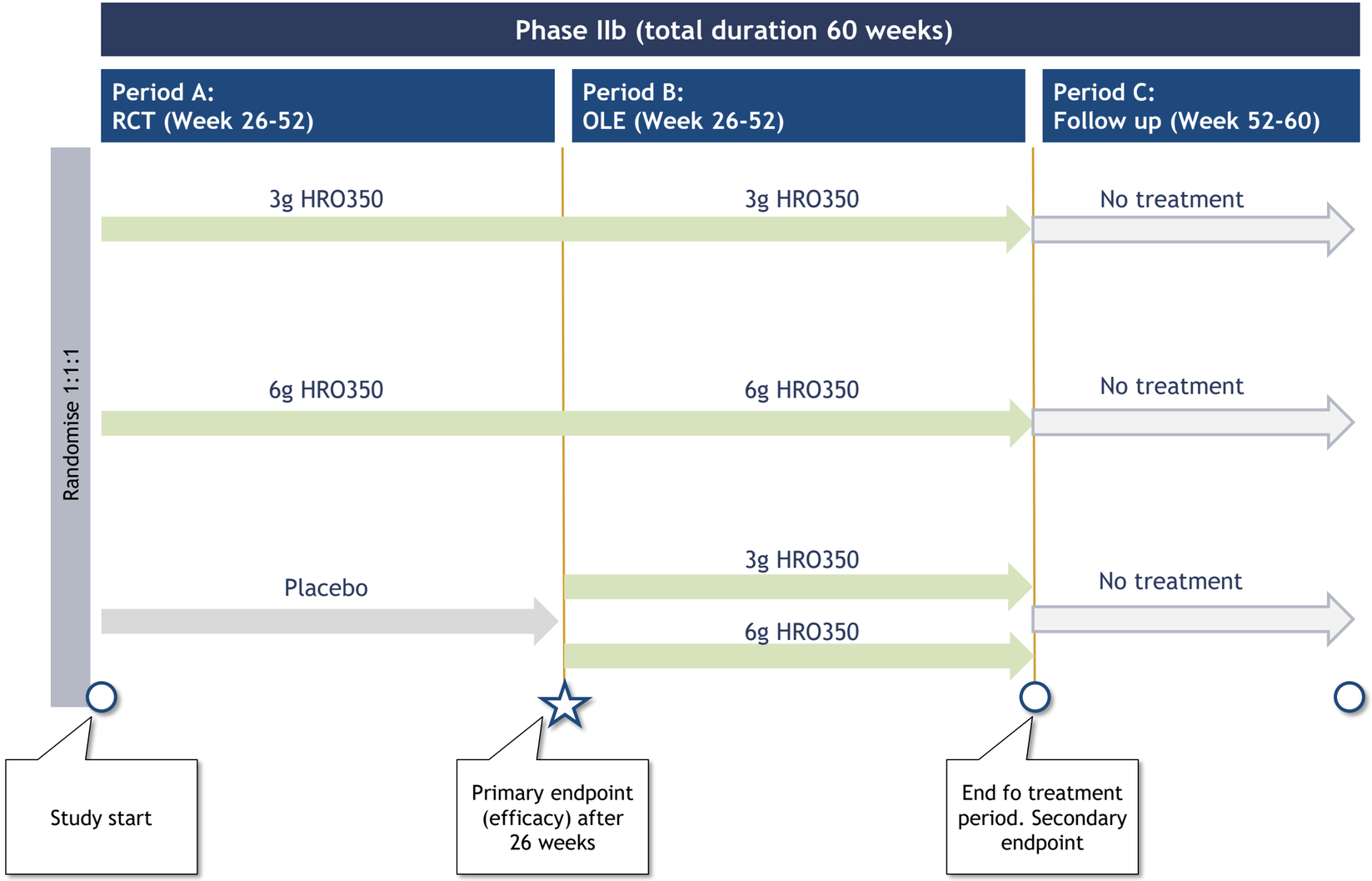
	Randomised, controlled clinical trial ✓	Phase IIb 2022-2024	Phase III 2024-2026
# Patients (Mild/moderate psoriasis)	64	519	400
Duration	26 Weeks 15 Months with OLE[2]	60 Weeks Primary endpoint: 26 weeks	72 Weeks Primary endpoint: 26 weeks
Study design	32 patients 6g HRO 32 patients Placebo	173 patients 6g HRO350 173 patients 3g HRO350 173 patients Placebo	267 patients HRO350 133 patients Placebo
Milestones	Publication 1 (2020) Publication 2 (2021) EMA scientific advice 4Q 2020 ✓	Phase IIb initiation 1Q 2022 (first patient in)	Phase III initiation 2Q 2024 (first patient in)

Notes: 1) Start-up and progression of new clinical trials are subject to customary regulatory reviews and approvals; 2) OLE = Open Label Extension; 3) Dose for Phase III to be established in Phase IIb

HRO350 clinical Phase IIb dose response study

Designed in accordance with scientific advice received from the EMA

Assumptions	
Type	RCT dose-finding study
Design	519 patients with PASI<10 Overall: 60 Weeks Primary end point: 26 Weeks
# Sites (activated)	130
# Countries	7
Recruitment time (# Months)	6
Clinical period per site (# Months)	15
# Monitoring visits	580
Primary objective	Evaluate clinical efficacy of HRO350 in subjects with mild/moderate psoriasis
Secondary objective	Evaluate safety of HRO350 in subjects with mild/moderate psoriasis

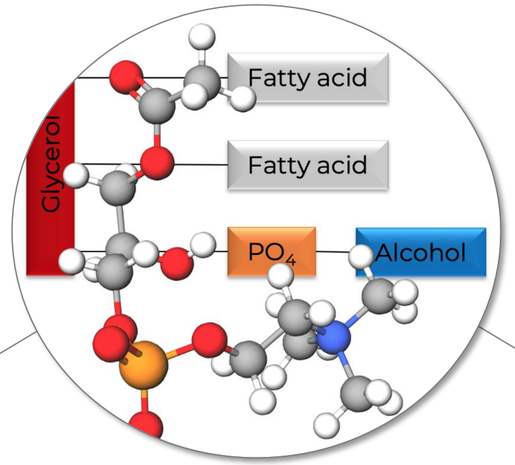


Notes: 1) RCT=Randomized controlled trial, OLE=Open label extension

Platform technology with extensive potential beyond Psoriasis

Anecdotal evidence supporting HRO350's relevance across inflammatory diseases

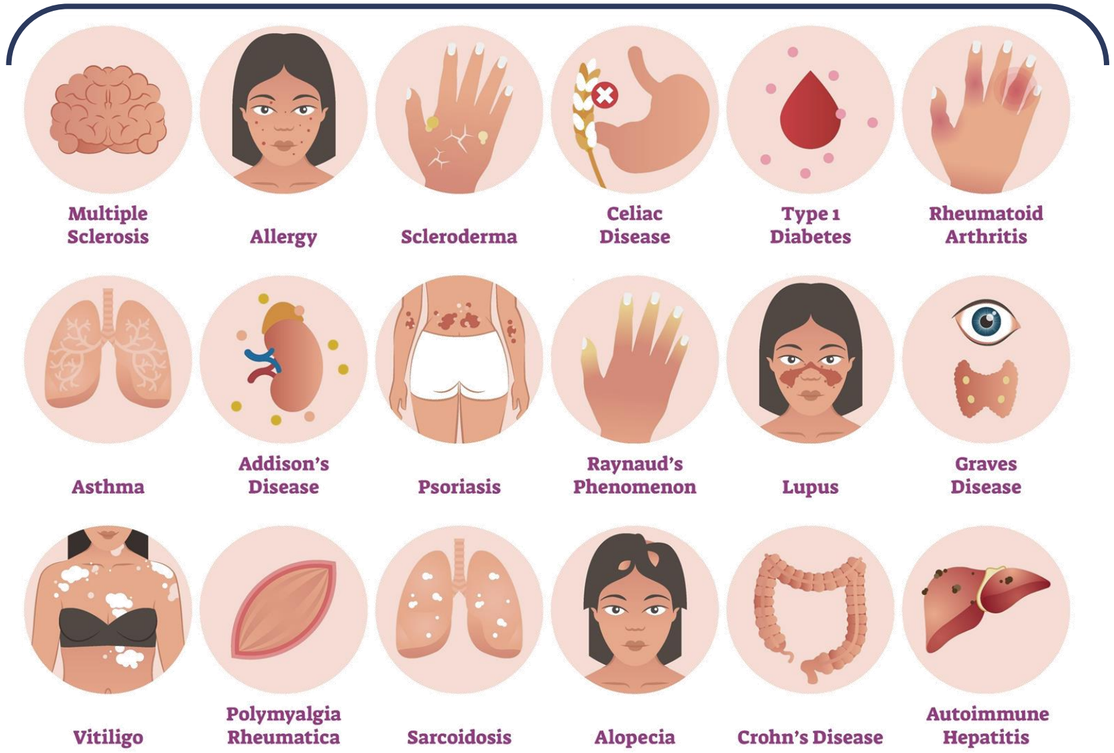
Shared fundamental mechanism opening huge market



HRO350 contains a number of active substances with the potential to affect a number of molecular processes

Potential relevance in diseases associated with inflammatory pathologies

Disease states involving inflammatory processes



Source: Plum Spring Clinic 2020

IV Anticipated newsflow and milestones

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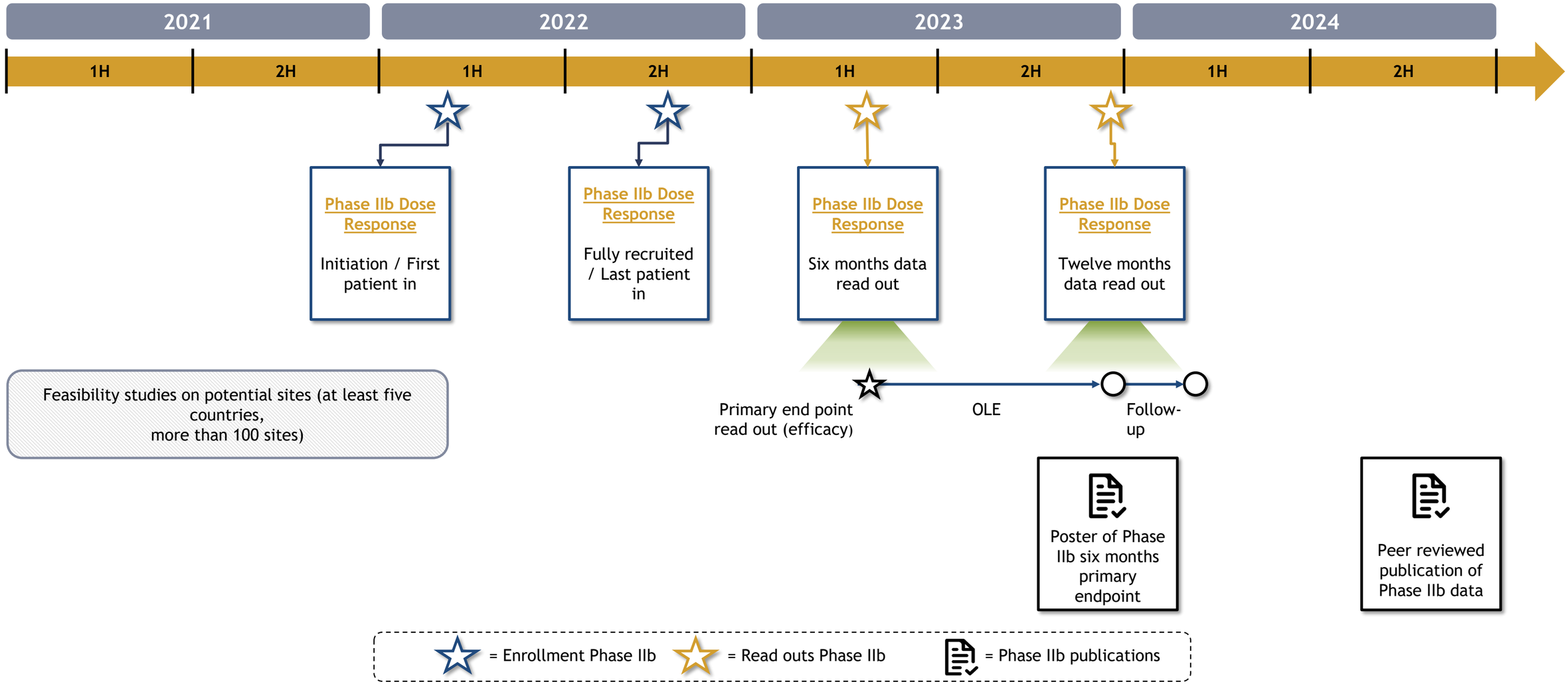
Anticipated newsflow and milestones for Phase IIb clinical trial

Will be supported by news from cell studies and other corporate events



Use of proceeds overview

Primary equity issue		
1	Psoriasis Drug Development	~85%
2	Production & Process Technology	~15%
TOTAL		NOK 250m

Key comments

Research and development of HRO350, primarily comprising execution of clinical studies and manufacturing of required materials in accordance with GMP

Manufacturing facility and technical equipment utilised for production within both business areas. Significantly reduces costs and enables full control process important for clinical trial GMP

Finances Arctic Bioscience **beyond final read out from the Phase IIb study (late 4Q'23) with an additional six months buffer** (assumes cash flow in the period from secured loans and grants)

Additional grants and loans already secured

Grants

Innovasjon Norge

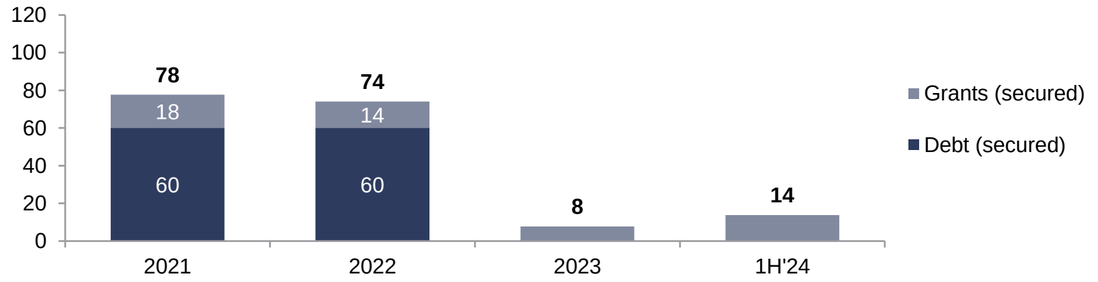
Loans

Innovasjon Norge

SpareBank 1 SMN

The capital need of NOK 250m assumes positive cash flow in the period from already secured grants Innovasjon Norge and loans from Innovasjon Norge and Sparebank1 SMN respectively

Source of funds until data read-out, excl. equity issue (NOKm)



*** At Year End 2020, the company's cash position was approximately NOK 11 million**

Investment highlights

Key value proposition

Significant unmet medical need in psoriasis	▪ Large target market with 21m patients across EU and the US in 2019[1] ▪ Few and poor treatment options and a patient population with a high degree of disease-involvement
Strong scientific rationale and promising clinical effect in mild-to-moderate psoriasis	▪ Efficacy signals demonstrated in a completed randomized controlled clinical trial, showing sustained and increased effects over time ▪ Unencumbered asset with worldwide rights retained
Cash generative and growing nutraceutical business	▪ Strong foundation secured through self-sustaining nutraceutical business that supports pharmaceutical development ▪ Revenue of NOK 20.6m for 2020, with strong growth expected through launch in new markets
Proprietary technology platform with control over value chain	▪ In-house manufacturing facility to be constructed and an experienced R&D-team securing attractive gross margins and full control of the value chain ▪ Protected by a comprehensive portfolio of patents, technological know-how, and confirmed freedom to operate
Robust ESG footprint	▪ Sustainable end-product based on immature roe, a by-product of herring capture ▪ Strategically situated to ensure sustainable access to immature roe
Experienced Management Team	▪ Executive team with an average of 20 years of relevant industry experience

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Source: 1) IQVIA HRO350 Commercial opportunity assessment in psoriasis, December 2020

References: Tveit KS et al. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724; Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol. 7, No. 1, 2021, pp. 13-20. doi: 10.11648/j.ijcems.20210701.13.

A Appendix A | Supplementary information

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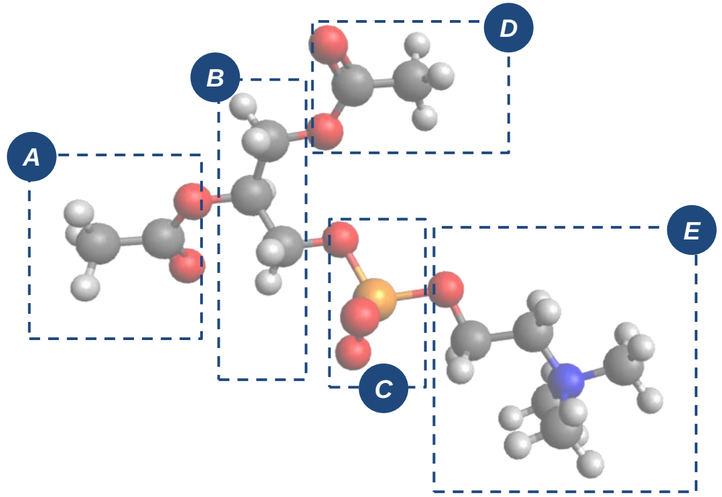
Properties of pharmaceutical product HRO350

A proprietary extract of phospholipid esters from herring roe

HRO350 is a complex mixture of biologically important phospholipids

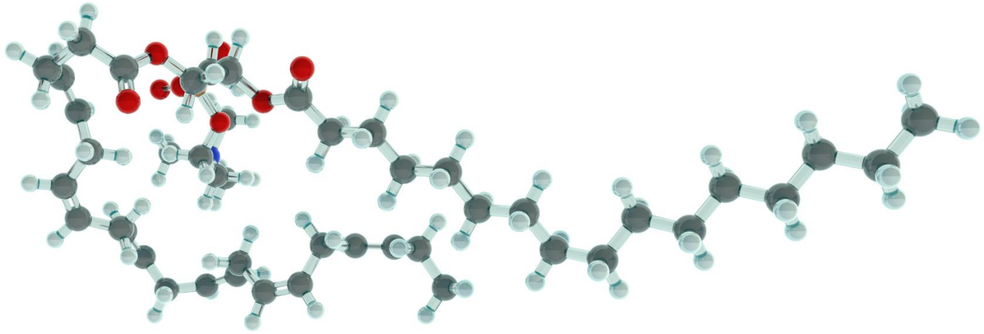
- Composite effect from different lipid classes and their significant metabolites lead to clinically relevant immunoresolving properties
- Company conducting cellular studies with Norwegian R&D institutions to further investigate mode-of-action in psoriasis and immune-mediated disease states

Core structure of phospholipid esters from herring roe



- A FATTY ACID
- B GLYCEROL
- C PO_4
- D FATTY ACID
- E ALCOHOL

Example phospholipid: C16:0-DHA-PC



A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the Efficacy of Herring Roe Oil for Treatment of Psoriasis

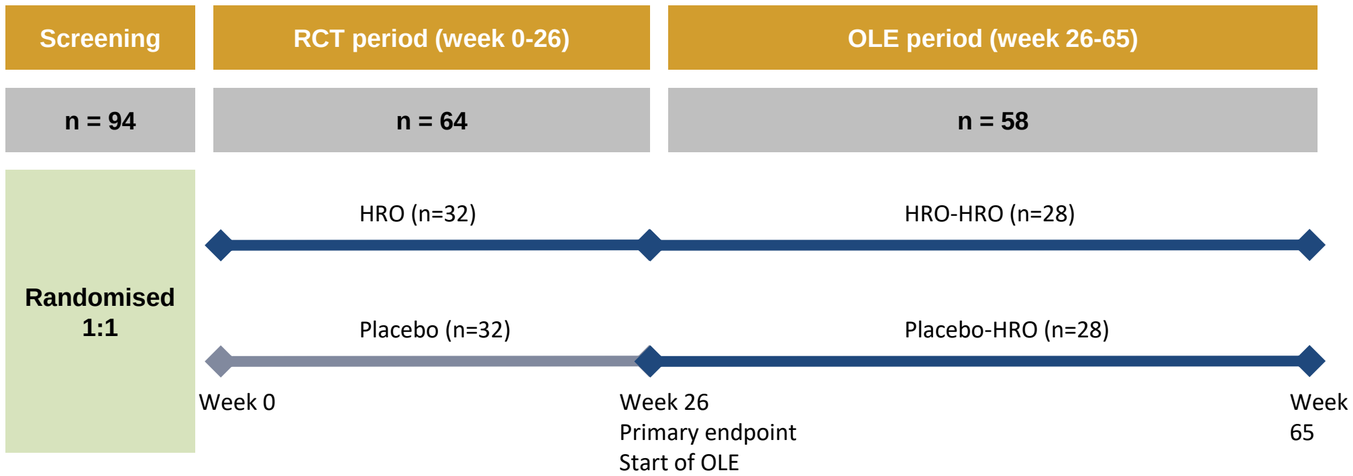
Description of Arctic Bioscience's pilot clinical study

Design and inclusion

- Randomized, double-blind, placebo controlled trial
- N = 64
- Patients with PASI < 10

End point

- Primary end-point was comparing the change in mean Psoriasis Area Severity Index (PASI)
- PASI scores in the HRO350 treatment group and the placebo group from baseline to week 26
- Open label extension to 15 months (from week 26)



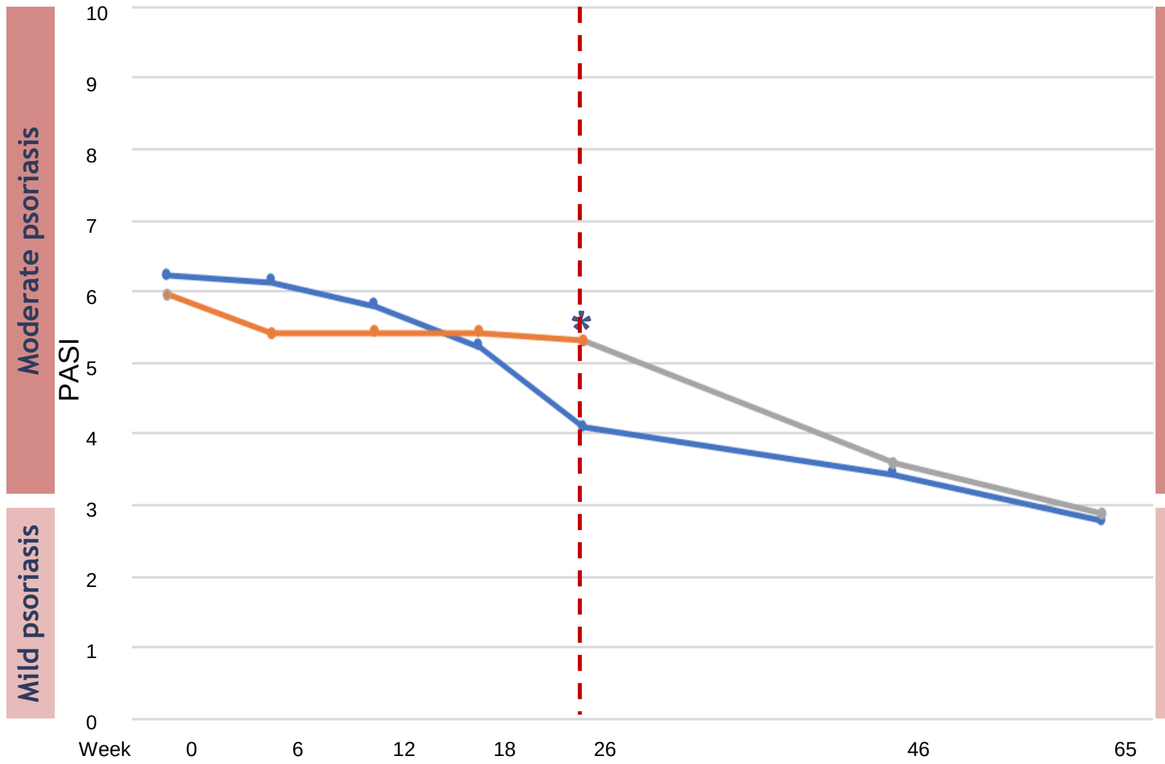
- The effect of HRO350 was tested in patients with psoriasis
- Disease severity is important when determining the appropriate treatment of psoriasis patients. In recent years, several new drugs have become available for the treatment of severe psoriasis whereas there have been few treatment advances for patients with milder psoriasis
- This study demonstrates promise for herring roe oil as a safe treatment option in patients with non-severe psoriasis
- The primary end-point was comparing the change in mean Psoriasis Area Severity Index (PASI) scores in the HRO350 treatment group and the placebo group from baseline to week 26
- In the intention-to-treat population, a statistically significant improvement in the mean PASI score was observed with HRO350 compared to placebo at 26 weeks
- In the recruited patient group, the measured improvement was greatest in patients with a PASI score from 5.5–9.9 at baseline

Reference: Tveit KS et al. "A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of psoriasis" Acta Dermato—Venereologica, 7. May 2020, doi: 10.2340/00015555-3507

Significant improvement in psoriasis demonstrated in pilot clinical study

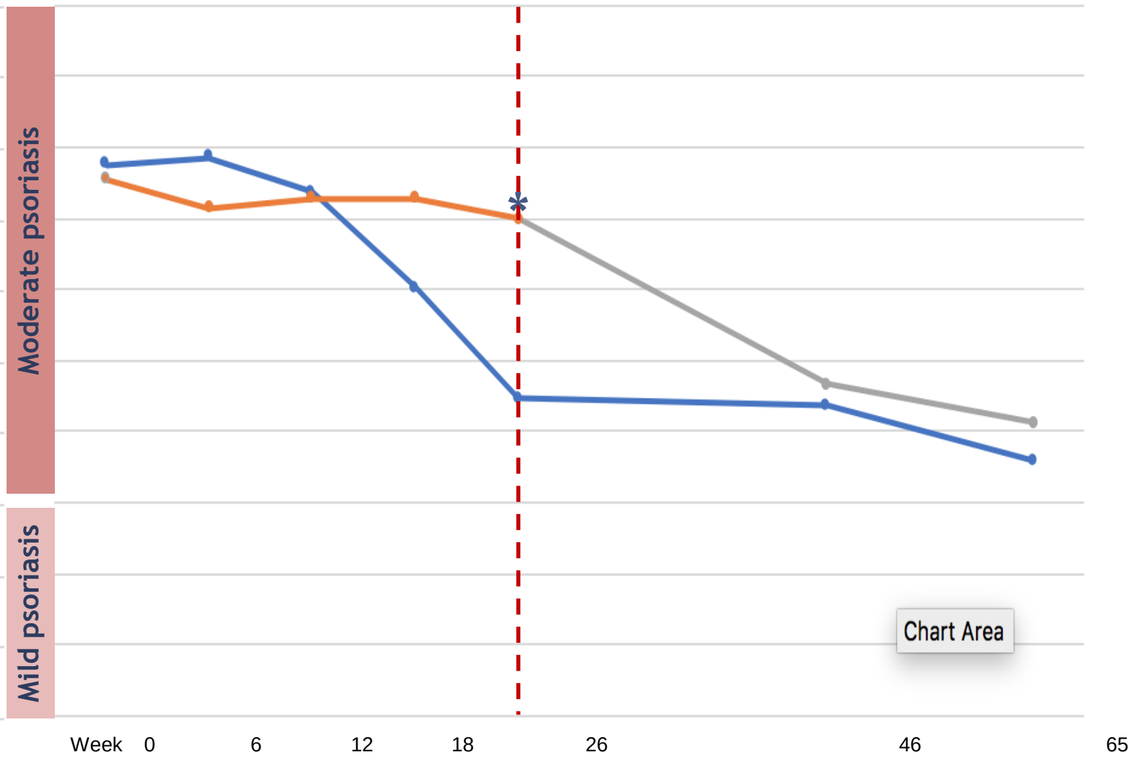
Greatest reduction in PASI at week 26 observed in subjects with baseline PASI>5.5 (moderate psoriasis)

All patients | Subjects with PASI < 10 at baseline



*Mean change in PASI score estimated to -1.1 with a 95% confidence interval (-2.2, - 0.025), p = 0.0451 (n=64)

Subgroup analysis | Subjects with 5.5 > PASI < 10 at baseline



*Mean change in PASI score at week 26 for subjects with PASI baseline equivalent to moderate psoriasis, estimated to -2.4 with a 95% confidence interval <-4.3, -0.5>, p = 0.0157 (n=31 with PASI>5.5)

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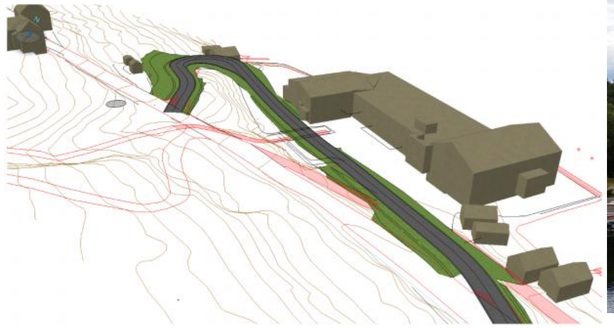
References: Tveit KS, Brokstad KA, Berge RK, Sæbø PC, Hallaråker H, Brekke S, Meland N, Bjørndal B. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724; Tveit KS et al. Long Term Efficacy and Safety of Herring Roe Oil in the Treatment of Psoriasis, a 39-week Open-label Extension Study. International Journal of Clinical and Experimental Medical Sciences. Vol. 7, No. 1, 2021, pp. 13-20. doi: 10.11648/j.ijcems.20210701.13. Data on file (PASI>5.5 week 26-15 months)

Manufacturing facility

State of the art manufacturing facility used for both Pharma and Nutra planned to start commercial production 1Q’23

Overview of facility capabilities and benefits

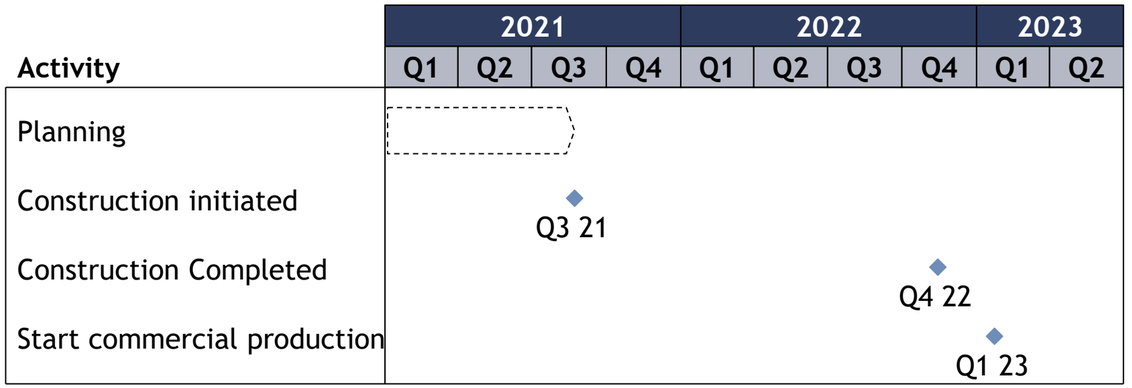
- GMP certified factory tailored to meet all nutraceutical and pharmaceutical production needs to be constructed in Ørsta
- Geographical proximity to raw material leads to superior quality and cost efficiency
- Provides full control of value chain and process - with the additional benefit of increased barrier of entry for potential competition
- Sustainable, low carbon footprint
- Built with optionality for stepwise capacity expansion from initial HRO (MT) of 200,000 up to 1,000,000



Financial highlights of manufacturing facility

Capex	NOK 185m
Capex funded through bank loan and grants	~70 - 75%
Impact on Pharma gross margin	Improved by 30-40%
Impact on Nutra gross margin	Improved by 30-40%

Timeline

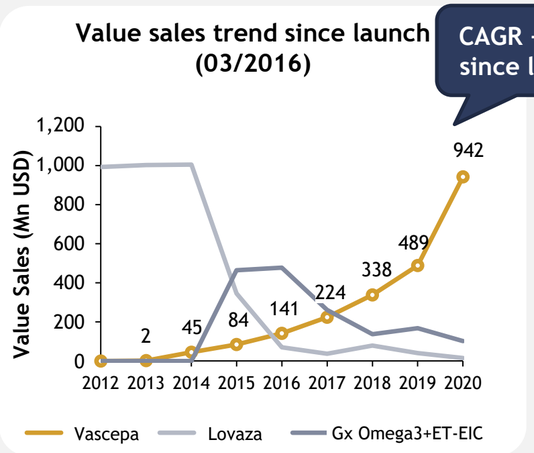


Case study | Vascepa – an Omega 3 pharma product with great success

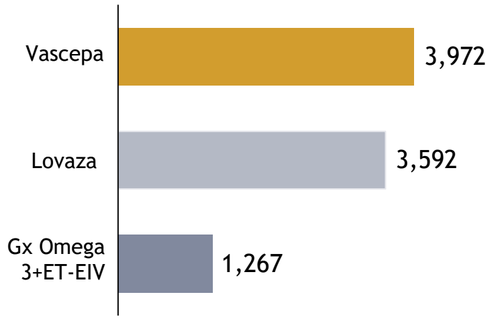
Key highlights

- Vascepa was launched in Q1 2013 as competitor to then blockbuster Lovaza (Omega 3 ethyl ester, GSK), both given as adjunct to diet for high TG
- Since launch, Vascepa has witnessed growth with CAGR of 136% in value sales and 119% in volume sales
- The originator, Amarin, has succeeded in gaining label expansion for Vascepa and is on way to make this drug a blockbuster
  - In 2019 published patient-level cost effective analysis of Vascepa
  - Has **doubled Vascepa sales force and focusing on DTC campaigns since 2019**

Value sales trend since launch (03/2016)



WAC Cost of treatment per patient per year (USD), 2020



Brand Name	Vascepa
Molecule	Ethyl ester of eicosapentaenoic acid (EPA)
Originator	Amarin Pharmaceuticals
Indication	• As an adjunct to diet for reduction of TG levels in adults with TG levels≥500mg/dL • As an adjunct to maximally tolerated statin therapy to reduce the risk of myocardial infarction, stroke, coronary revascularization, and unstable angina requiring hospitalization in adult patients with elevated triglyceride (TG) levels (≥ 150 mg/dL)
Mechanism of action	EPA reduces hepatic VLDL-TG synthesis and/or secretion and enhances TG clearance from circulating VLDL particles
Dosage form and strengths	Oral capsules: 0.5 gram and 1 gram
Administration	The daily dose is 4 grams per day taken as either as four 0.5 gram capsules twice daily with food; or as two 1 gram capsules twice daily with food
Launch Status	US – 2013 UK – Not launched

Source: IQVIA MIDAS; IQVIA Pricing Insights;

Funding to date

Supported by local investors and accessing highly soughy-after soft funding

Funding	**MNOK 147.0** Equity funding	**MNOK 23.8** Soft funding
Grants	Awarded grant to support GMP drug development by Innovation Norway in 2020	Awarded SME Instrument EU-grant for drug development planning in 2019


Eventyret har startet for Arctic Nutrition


INVOLVERT I PROSJKETET: Fra venstre: Administrerende direktør i Arctic Nutrition, Ole Arne Eiksund (t.v), , daglig leder Anja Solevågseide i Pir Invest og regionsdirektør Helge Gjerde i Innovasjon Norge. **Foto:** Arctic Nutrition

PHARMA +

Arctic Nutrition får millionstøtte fra Innovasjon Norge

Intellectual property rights

Attorney Ref	Title	Type	Status	Application No.	Filing Date	Inventors
517.002US1	LIPID COMPOSITIONS WITH HIGH DHA CONTENT	Utility: Non-Provisional	Issued	13/601,626 US 8,846,604	8/31/2012	Hogne HALLARAKER, Jan REMMEREIT, Alvin BERGER
517.002US2	LIPID COMPOSITIONS WITH HIGH DHA CONTENT	Utility: Continuation	Issued	14/498,548 US 9,458,409	9/26/2014	Hogne HALLARAKER, Jan REMMEREIT, Alvin BERGER
517.002US3	LIPID COMPOSITIONS WITH HIGH DHA CONTENT	Utility: Continuation	Issued	15/283,971 US 10,076,530	10/3/2016	Hogne HALLARAKER; Jan REMMEREIT; Alvin BERGER
517.002US4	LIPID COMPOSITIONS WITH HIGH DHA CONTENT	Utility: Continuation	Pending	16/133,185	9/17/2018	Hogne HALLARAKER; Jan REMMEREIT; Alvin BERGER
517.012CAT	ROMEGA	Trademark	Issued	1664152	2/17/2014	
517.012EUT	ROMEGA	Trademark	Issued	12632394	2/25/2014	
517.012UST	ROMEGA	Trademark	Issued	86051594	8/29/2013	
517.014CA1	METHODS FOR OBTAINING PHOSPHOLIPIDS AND COMPOSITIONS THEREOF	Utility: Foreign	Pending	2980043	9/15/2017	Per Christian SAEBO; Daniele MANCINELLI
517.014EP1	METHODS FOR OBTAINING PHOSPHOLIPIDS AND COMPOSITIONS THEREOF	Utility: Foreign	Pending	16765894.7	10/16/2017	Per Christian SAEBO; Daniele MANCINELLI
517.014HK1	METHODS FOR OBTAINING PHOSPHOLIPIDS AND COMPOSITIONS THEREOF	Utility: Foreign	Pending	18109476.4	7/20/2018	Per Christian SAEBO; Daniele MANCINELLI
517.014US1	METHODS FOR OBTAINING PHOSPHOLIPIDS AND COMPOSITIONS THEREOF	Utility: Non-Provisional	Pending	15/559,705	9/19/2017	Per Christian Saebo; Daniele MANCINELLI
517.015PV1-3	LYSOPHOSPHOLIPID COMPOSITIONS	Utility: Provisional	Pending	62/848,855	5/16/2019	Per Christian SAEBO
517.016PV1-2	PHOSPHOLIPID COMPOSITIONS FOR AUTOIMMUNE DISEASES	Utility: Provisional	Pending	62/891,307	8/24/2019	Hogne HALLARAKER; Per Christian Saebo

NOTE: Charge over the Company's IPR: The Company has charged its IPR to Innovasjon Norge, Sparebank 1 SMN and Sparebank Søre Sunnmøre pursuant to the acceptance of a loan in the amount of NOK 6,250,000 by the Company from Innovasjon Norge on 11 June 2013 and acceptance of a loan in the amount of NOK 150,000,000 from SpareBank1 SMN, SpareBank1 Søre Sunnmøre and Innovasjon Norge

Competent board of directors and supportive shareholders

Top 10 shareholders

#	Investor	NOSH	%
1	Pir IV Invest[(1)]	2,188,250	15.0%
2	Capra Invest	1,544,450	10.6%
3	Møre Og Romsdal Såkornfond	1,313,960	9.0%
4	Hawk Invest	1,179,210	8.1%
5	Vartdal Holding	1,145,450	7.8%
6	Ronja Capital	891,770	6.1%
7	Kotler Equity Investment (Dong Guang) Limited	674,570	4.6%
8	Nye Brødrene Vartdal	667,330	4.6%
9	Life Capitol	655,420	4.5%
10	Eggesbø Eiendom	520,240	3.6%
Total top 10		**10,780,650**	**73.7%**
Others		3,841,470	26.3%
Total		**14,622,120**	**100.0%**

Outstanding options

Outstanding	920,200
Vested	344,260
Currently outstanding and vested	**1,264,460**
Authorisation	1,316,591
Net available to be granted under authorisation	**52,131**

Board of Directors

Harald Nordal

Chairman

Co-founder Arctic Bioscience AS

Capra Invest AS

Jostein Dalland

Board member since 2020

Independent board member

Asbjørn Solvågseide

Board member since 2019

PIR IV Invest AS

Jan Endre Vartdal

Board member since 2016

Vartdal Holding AS and Nye Brødrene Vartdal AS

Per Magne Eggesbø

Board member since 2016

Eggesbø Eiendom AS and Eros AS

Tore Tønseth

Board member since 2021

Ronja Capital

Important information

- The current option programme is under review and will be renewed during 1H 2021 (new scheme to be in line with common market practice)
- Saga Corporate Finance AS, which is acting as advisor to the Company, is entitled to a number of options corresponding to 2% of the shares to be issued in the private placement with a strike price per new share equal to the offer price in the private placement
- Certain members of management are entitled to a bonus upon completion of a potential listing on Euronext Growth (total aggregated bonuses of NOK 3.5m to be settled in cash and/or shares, subject to the individual agreements)
- There is currently a Shareholders' Agreement in place between all of the Company's shareholders which will terminate upon successful listing on Euronext Growth

ARCTIC BIOSCIENCE

1) PIR IV Invest AS is in the process of being dissolved. As part of this process the shares in Arctic Bioscience will be distributed to the ultimate owners of PIR IV Invest AS
2) Including options to be granted in connection with the Private Placement

Studies on Arctic Bioscience's herring roe oil products

Trial subject/rationale	Herring Roe Oil	Species	n	Finding	Reference
Investigate if dietary PUFAs might suppress neuroinflammation by inhibiting pro-inflammatory cytokine over-production and promoting inflammatory resolution in the periphery and brain.	Romega30 Premium	Piglet	58	HRO supplementation exerted beneficial effects on inflammation in the periphery	Caputo MP et al. 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.
Assess the bioavailability of eicosapentaenoic acid (EPA), docosahexaenoic acid (DHA), and docosapentaenoic acid (DPA) from two different sources	Romega 30	Human	32	PL-rich herring roe is a well-tolerated and bioavailable source of LC n-3 PUFA	Cook CM et al. 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. 2016 Aug;111:17-24.
To determine if MOPL30 could favorably affect plasma lipid parameters and glucose tolerance in healthy young adults	MOPL™30*	Human	21	Herring roe rich in PL improved the plasma lipid profile and glycemic control in young adults with an overall healthy lifestyle.	Bjørndal B et al. Phospholipids from herring roe improve plasma lipids and glucose tolerance in healthy, young adults. Lipids Health Dis. 2014 May 17;13:82.
Investigate the efficacy and safety of HRO supplementation in 64 patients with plaque psoriasis. Primary end-point was comparing the change in mean Psoriasis Area Severity Index (PASI) scores in the active treatment group and the placebo group from baseline to week 26.	Psorax35	Human	64	Statistically significant improvement in PASI from baseline to week 26 compared to placebo.	Tveit KS, et al.. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507.

B Appendix B | Risk factors

ARCTIC BIOSCIENCE

Risk factors (I/VIII)

An investment in the Company's shares (the "**Shares**") involves inherent risks. Before making an investment decision with respect to the Shares, investors should carefully consider the risk factors set forth below and all information contained in this Presentation, including the Company's financial information and related notes. The risks and uncertainties described in this Presentation are the principal known risks and uncertainties faced by the Company and/or the Group as of the date hereof that the Company believes are relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.
If any of the risks were to materialise, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively. The information in this risk factor section is as of the date of this Presentation.

RISK RELATING TO THE GROUP'S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

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 heavily dependent on the market acceptance of such products and the long-term price development of such products

The Group's business consists primarily of processing, manufacturing, distributing and selling herring roe derived products for the Omega-3 fatty acid (in particular docosahexaenoic acid ("DHA")) and protein markets. Such products account for the majority of the Group's total revenues and the Group's business is heavily dependent on the stability of the market for products containing DHA and other Omega-3 fatty acids and/or phospholipids as well as the markets for herring roe derived DHA and Omega-3 fatty acids and proteins. The Group's products and brand are considered premium and are therefore generally priced accordingly. Shifts in consumer preferences away from premium products such as the Group's products would have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. Furthermore, there can be no assurance that the Group will be successful in establishing its Romega brand in the USA, China and Europe. The Group's brand may fail to obtain sufficient demand in such markets, and the Group's existing white label customers, although currently a relatively minor proportion of the Group's customer base, could react negatively to the Group's establishment of its own brand, which may be considered as a competitor to the customers' brands. The degree of market acceptance for the Group's products will depend upon a number of factors, including consumer perception regarding the quality and safety of the Group's products and Omega-3 fatty acid and protein products generally, and the establishment and demonstration of the potential advantages of the Group's products over new and competing products. Adverse publicity about the Group, other participants in the markets in which the Group operates or the overall market, in the form of published scientific research or otherwise that associates consumption of Omega-3 fatty acid, phospholipid or protein products with illness or other adverse effects, that questions the benefits of such products or that claims such products are ineffective could have a material effect on the Group's ability to generate revenue. For example, any negative articles, studies, reports or other publicity questioning the safety or efficacy of Omega-3 fatty acid or protein products may have a material adverse effect on the Group's reputation, the demand for the Group's nutraceutical products, future pharmaceutical products under development and the Group's revenues.

The markets in which the Group operates may become more competitive, or may not sufficiently accept some of the Group's products

The Group's current or future competitors may develop and commercialise new technologies and products that may gain market share from the Group and cause declines in the Group's revenues and profits. Any business combinations or mergers among the Group's competitors that result in larger competitors with greater resources or distribution networks, or the acquisition of a competitor by a major technology, pharmaceutical or nutrition corporation seeking to enter the markets in which the Group operates, could further increase competition the Group faces and have a material adverse effect on its business, financial condition, results of operations, cash flow and/or prospects. The Group’s current or future operations could be disrupted due to seasonal fluctuations in fisheries, production capacity and market needs. This can have a negative impact on availability of raw materials, lower production capacity, maintaining product quality and the ability to develop new products. The Group's nutraceutical business operates in a more competitive market with more competitors compared to the Group's target pharmaceutical business, which is also a competitive market. The Group's products and brands are considered premium and the relatively higher prices charged compared to some competitors is dependent on the market demanding such premium products. There are potential alternative supplies of phospholipid-bound Omega-3 fatty acids, including but not limited to krill oil and salmon roe oil. Current available krill oil products are much lower in DHA than the Group's products, and salmon roe oil products vary considerably in composition and quality due to the mixture of multiple salmon species from the Pacific Ocean. There is considerable competition to the Group's nutraceutical product offering from lower priced Omega-3 products from other sources. The Group's nutraceutical products are dependent on their acceptance in the premium nutraceutical market, which cannot be guaranteed. The Group bases its price assumptions for its pharmaceutical product candidate, HRO350, on the current market offering for the treatment of psoriasis, as well as the current known market competition. Prices for alternative treatments for psoriasis may come down, and the market for such products may become more competitive, meaning obtainable prices for HRO350 or any other pharmaceutical product candidates may be lower than expected. There is also a risk that the Group's pharmaceutical product candidate HRO350 may not get marketing authorisation, and even if it does, the actual market share achieved may be lower than the expected market share, it may be difficult or prove impossible to acquire a licensing deal and prices obtainable for such product may be lower than expected. Even if HRO350 receives marketing authorisation, it may not be reimbursed by national health services or insurers. If a marketing authorisation is given for HRO350, challenges may be made to marketing and selling the Group's nutraceutical products with similar composition as non-pharmaceutical food supplements.
The Group may not attain sufficient market acceptance of the Group's current pharmaceutical product candidate, HRO350, among physicians, patients or the health care or medical community in the event they are commercialised, if at all. There is a risk that HRO350 is perceived as a "natural product" rather than a "drug". It is unknown whether HRO350 will be perceived in a positive, neutral or negative way by regulators or the market generally. Whilst the Group has conducted searches for ongoing clinical trials for potential competitors to HRO350 and for the pharmaceutical treatment of psoriasis generally, there may be other pharmaceutical product candidates that the Group is not aware of. Whilst there are currently few competitors in the Group's target market for HRO350 (oral treatments for mild to moderate psoriasis), market competition may increase in the future. Further, inflammatory diseases such as psoriasis appear to be becoming prevalent and the population is increasing and growing older, and as the total available market increases, it may attract the focus of larger established pharmaceutical competitors.

Risk factors (II/VIII)

The Group does not yet have any approved pharmaceutical products, and the nutraceutical side of the Group's business may become a cash contributor to pharmaceutical development
Whilst the Group has completed a small pilot clinical trial regarding herring roe oil extract for the treatment of mild-to-moderate psoriasis, and which yielded statistically significant results on improvement in psoriasis versus placebo which have been published[1], the Group does not yet have any approved pharmaceutical products. Clinical drug development involves a lengthy and expensive process, with an uncertain outcome. The Group may incur additional costs or experience delays in initiating, completing, or ultimately be unable to complete, the development and commercialisation of HRO350. In addition, there may be regulatory changes before HRO350 is launched, which may entail unexpected new barriers to market access or further delay to releasing the pharmaceutical to market. Additionally, the Group is planning to produce the GMP drug product HRO350 in a facility which is yet to be built, and the successful development and production of this GMP product is a prerequisite for the conduct of a future phase III clinical trial, for marketing authorisation and delivering HRO350 to the market after a potential marketing authorisation. The Group's success for the foreseeable future is highly dependent upon the commercialisation of HRO350. No assurance can be given as to whether or when it will be successfully developed or commercialised, and if so, that it will generate revenue. In addition, the Group's nutraceutical side of its business is expected to be a cash contributor to the Group's pharmaceutical development activities. If the Group's nutraceutical business projections do not go to plan, or there is a loss of revenue from the sale of the Group's nutraceutical products, the pharmaceutical development and commercialisation activities of the Group may be put at risk, unless additional funding on terms acceptable to the Group can be found. The Group's success for the foreseeable future is highly dependent upon the commercialisation of HRO350. No assurance can be given as to whether or when it will be successfully developed or commercialised, and if so, that it will generate revenue.

Risk of delays or failures at any stage of the clinical programme may prevent commercialisation of the Group's pharmaceutical product candidate in line with the Group's planned timeline, or at all
The Group is in the early stages of clinical development of its pharmaceutical product candidate, HRO350. Clinical drug development involves a lengthy and expensive process, with clinical trials having an uncertain outcome. The Group may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialisation of its pharmaceutical product candidates. The Group has received scientific advice from the European Medicines Agency's ("**EMA**") Committee for Medicinal Products for Human Use ("**CHMP**") on the planned drug development program and Good Manufacturing Practice ("**GMP**") production of HRO350 proposed for marketing authorisation application, and has received scientific advice in relation to drafting a Phase IIb dose establishing study protocol. The final protocol is under development for submission of a clinical trial application to the EMA. The Phase IIb study aims to establish the efficacy, safety and explore dosage of HRO350. There is a risk that doses chosen for the study are not appropriate to meet statistical significance of endpoints and may result in unexpected safety signals and there is a risk of patient drop-out from the trial or other factors may hinder a significant outcome of the trial. If Phase IIb does not demonstrate statistical significance at any of the doses in the study, the clinical development programme would likely be paused and a Phase III study may not be conducted. If the Group's clinical development programme progresses to Phase III, there is a risk that HRO350 does not demonstrate the required efficacy and safety, that further unexpected safety signals appear, amongst other potential unknowns. The Group's clinical trials may not deliver expected results and may not be indicative of results in later stage trials. The Group plans to submit marketing authorisation applications to both the EMA in Europe and the Food and Drug Administration (FDA) in the USA. There is a risk that any clinical trial in the USA is not able to recruit sufficient numbers of participants, and therefore market authorisation may not be obtained in the USA. There is also a risk that a clinical trial protocol is accepted by the EMA but not by the FDA or vice versa, and that the results from clinical trials may be found sufficient for obtaining marketing authorisation by either the EMA or FDA or both. The Group does not intend to launch its pharmaceutical product until 2027, after completion of one Phase IIb and at least one Phase III clinical trial and eventually marketing authorisation. Any failure or delay in completing clinical trials for any of the Group's drug candidates may prevent it from obtaining marketing authorisation, regulatory approval or commercialising product candidates on a timely basis, or at all, which would require the Group to incur additional costs and delay receipt of any pharmaceutical product revenue. Further, there is a risk that HRO350 does not work as anticipated, and it is possible that the Group may have to abandon its attempts to create a pharmaceutical product as a result, which could have a adverse impact on the Group's business plan and potential to generate revenue.

Risks associated with the late-onset of action of the Group's pharmaceutical product candidate in the market
There is a risk that the Group's pharmaceutical product candidate may have late-onset of action compared to other comparative treatments, which may affect user adherence to treatment and may reduce perceived real-world reported effectiveness. Regulators' and payers perceptions may be affected by the same late onset of action. There is also a risk that post-authorisation trials may uncover adverse events after long term usage, or other unexpected events may cause marketing authorisation to be revoked. GMP production of HRO350 may encounter issues or delays, leading to a temporary or permanent stop in production. This risks the pharmaceutical product being unavailable on the market for a period of time where patients may be switched to other available treatments and may not be re-treated with HRO350 when and if it is made available again. Further, even in the event of commercialisation, the Group may not attain expected market acceptance of HRO350 or any other pharmaceutical product candidate among payers such as insurance companies, health care system providers, physicians, patients or the health care or medical community in general, if at all.

The Group is dependent on the protection of its intellectual property and the Group's drug candidates, products or operations could infringe upon third-party intellectual property rights
The Group's patent portfolio consists of patents, patent applications and patent claims covering composition, processing and method of use regarding treatment of psoriasis. Composition of matter claims are typically the most valuable intellectual property when compared to other types of claims. The Group could be unsuccessful in obtaining method of use claims for indications other than psoriasis. The success, competitive position and future revenues of the Group will depend on its ability to protect its intellectual property and safeguard its know-how and trade secrets. The Group could be unsuccessful in obtaining adequate patent protection for one or more of its drug candidates. Issued patents covering one or more of the Group's drug candidates could be found invalid or unenforceable if challenged. Further, the Group may receive inquiries from holders of patents or other proprietary rights inquiring whether the Group infringe their proprietary rights. Companies holding patents or other intellectual property rights relating to the Group's drug candidates, products or operations may bring suits alleging infringement of such rights or otherwise asserting their rights and seeking licenses. Thus, third parties may assert claims against the Group for infringement of third party intellectual property rights. Any claims that the Group's drug candidates, products or operations infringe the intellectual property rights of third parties, regardless of the merit or resolution of such claims, may result in significant costs, time and focus in defending and resolving such claims.

The Group relies on the supply of raw materials, which may be subject to availability or price fluctuations
The Group generally has raw materials stockpiled that is equivalent to approximately one to two years of manufacture. However, the supply of the Group's raw materials in sufficient quantities and at prices that are acceptable for the Group is subject to variation, and is especially true for products purchased outside of existing agreements the Group has with its suppliers. The effect of low availability and higher prices will negatively affect the profitability of the Group's business.

1) Tveit KS, Brokstad KA, Berge RK, Sæbø PC, Hallaråker H, Brekke S, Meland N, Bjørndal B. A Randomized, Double-blind, Placebo-controlled Clinical Study to Investigate the efficacy of Herring Roe Oil for treatment of Psoriasis. Acta Derm Venereol. 2020 May 28;100(10):adv00154. doi: 10.2340/00015555-3507. PMID: 32378724

Risk factors (III/VIII)

Risks associated with the Group's distributor and partner agreements
Whilst to a limited extent the Group does sell its current nutraceutical product offering directly to consumers via its website, the Group also relies on distribution of its products via international distribution partners. The Group's current distribution arrangements, including but not limited to those it has in China, Europe and the USA, may not achieve expected targets or sale results, and plans to develop new strategic partnerships in new regions may not come to fruition.

Risks associated with the construction of the Group's planned new facility
The Group plans to construct a new facility to manufacture its products, both nutraceutical and pharmaceutical. Whilst the Group has accepted an offer of commitment for a construction loan which purpose is to finance the construction of the new facility together with parts of the proceeds from the Private Placement, the Company may not be able to enter into the final loan agreement or fulfill conditions related to the construction loan, in which case the construction of the new facility may be delayed or not completed at all. There may also be a risk that construction costs may overrun, potentially delaying construction or requiring further financing to be obtained. Further there is a risk that the construction will not be completed due to the Group not being able to enter into all required construction contracts, non performance under such contracts or lack of regulatory approvals. In any such scenario the growth plan of the Group may be severely impacted. Several risks will remain similar to the Group's current risks in relation to the outsourcing of the manufacturing of its nutraceutical products, such as the risk that manufacturing operations may have to be suspended due to serious incidents, and the risk that products are not made according to specifications. Certain new risks will arise as a result of switching production of nutraceutical products to the Group's new facility, such as delays to the start of operations or that the plant does not deliver as expected. The Group expects production at the new facility to bring margin improvements, but this cannot be guaranteed, and if expected margin improvements fail to materialise, there may be a need for the Group to obtain additional financing. The growth plans of the Group for the nutraceutical side of the business, as well as production of HRO350 and the execution of the Phase 3 clinical trial on the pharmaceutical side, is dependent on the Group's expected timeline and business plan for the Group's prospective pharmaceutical business. The Phase 3 clinical trial of HRO350 is dependent on HRO350 being produced at the planned new facility. Any delays in relation to the construction and final sign-off of the planned new facility will lead to a delayed starting of the Phase 3 clinical trial, and will consequently lead to knock-on delays in market authorisation applications and the ultimate granting of market authorisation. Furthermore, the new facility is planned to be the only site that will produce HRO350, in line with GMP, and production issues such as malfunctions, delays or batch recalls may lead to HRO350 not being available in the market for a period of time and, if it causes a significant delay, may lead to the revocation of market authorisation.

The Group's planned new facility and manufacturing plant will be at risk of being damaged or lost, and may increase the exposure of the Group to liability claims
Upon completion of construction of the Group's planned new facility, damage to or loss of the entire plant or parts therein may result in severe loss of revenue. In addition, due to the tailormade process, GMP and other regulatory limitations for the manufacturing of pharmaceutical products, there is currently no backup pharmaceutical manufacturing site. The Group may also experience losses or higher costs resulting from death or injury to its personnel, contractors, repair or new-build costs and/or higher insurance rates. Any environmental accidents and/or non-compliance with applicable laws or permits may result in severe governmental fines, penalties or restrictions on conducting business, or may damage the Group's reputation and customer relationships generally. Any severe happening or accident as described above may cause a stop in the facility operations while being investigated or problems being solved. The costs of unpredicted manufacturing or processing equipment repairs may be substantial and the Group will lose earnings whilst any such repairs take place. In the case of quality failures or errors in production, batches of HRO350 with insufficient quality may not be released to the market, and if such quality issues are discovered after release of the batch, a product recall may be required. There can be no assurance that such events and costs will be covered by the Group's insurance. Any of these consequences could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

Risks related to global economic, political, social and health conditions, including Covid-19
The Group operates on an international level, and may consequently be affected by global economic and political conditions in the markets in which it operates, especially in the USA and EU which the Group considers as its most important markets. The uncertainties and recent downturn of the global economy, including the ongoing Covid-19 situation, and other macroeconomic factors have adversely affected, and may continue to adversely affect, the Group's business. For example, revenues of the Group are down approximately 33% in 2020 compared to 2019 and deliveries of machinery have been delayed. It may also be more difficult to run clinical studies during the Covid-19 pandemic due to pressure on healthcare services and potential limits to the number of clinical trials able to be conducted at any one time. Furthermore, shipping of investigational drug products for conducting the clinical trial in Norway and other countries may be hindered by transport delays due to the Covid-19 pandemic, future pandemics or other global conditions. The prospects for global economic growth remain uncertain with respect to credit, liquidity and interest risk in addition to operational risks and uncertainties relating to, amongst other things, fluctuations in annual herring roe harvesting, onshore production processes, product quality, the ability to develop new products and inherent market risk. Downturns in general economic conditions may affect customer income, capital and liquidity, which in turn could affect the ability of customers to pay for the Group's products. Factors such as consumer spending, business and consumer confidence, employment trends, business investment, government spending, inflation and the volatility and strength of both debt and equity markets may all affect the prices and demand for the Group's products, and thereby affect the revenue, profitability and financial condition of the Group. The ongoing Covid-19 crisis inherently increases many of these risks: markets become more uncertain, operations become more vulnerable to interruptions and policy makers around the world gravitate towards stricter regulations impacting international trade. Without global economic growth, the anticipated growth in the sales of the Group's products could be adversely affected or delayed, especially given the premium branding of some of the Group's products compared to alternative ingredients. For example alternatives to certain of the Group's products, such as other fish oils, with a lower price, could be favoured by end customers and in turn reduce sales to our customers. The outbreak of the Covid-19 virus may have significant negative effects on the Group. The Group may be affected by the global economic conditions of the markets in which it operates. The global economy has been experiencing a period of uncertainty since the recent outbreak of the Covid-19 virus, which was recognized as a pandemic by the World Health Organization in March 2020. The global outbreak of Covid-19, and the extraordinary health measures imposed as a result, risk causing disruptions in the Group's value chain. This may in turn negatively impact future revenues and operations of the Group.

Risk factors (IV/VIII)

The Group is exposed to risks associated with its international operations

The Group's two business areas, nutraceuticals and pharmaceuticals, are regulated by several separate types of regulatory authorities in the countries to which it sells or is planning to sell it products to, including: food safety authorities (including Mattilsynet in Norway, the European Food Safety Authority in the EU and the FDA in the USA and other national or international regulatory authorities) and pharmaceutical authorities (including the Norwegian Medicines Agency in Norway, the European Medicines Agency in the EU and the FDA in the USA and other national or international regulatory authorities). The Group has to follow several regulatory structures in Norway and other markets where the Group sells its products, and as such the Group will need to follow local regulations for market authorisation, sales and the marketing of its products. The Group is currently planning to obtain market authorisation for HRO350 in the USA and the European Economic Area, and thereafter seek market authorisation in the rest of the world.

The Group's revenues are derived from sales in multiple countries around the world, including the United States of America (the "**U.S.**" or the "**United States**"), the European Economic Area (the "**EEA**"), China as well as other markets. The Group's international operations and sales are subject to a number of risks, including: multiple regulatory regimes; potentially longer accounts receivable collection periods and greater difficulties in their collection; disruptions or delays in shipments caused by customs brokers; work stoppages or government agencies; potential imposition by governments of controls that prevent or restrict the transfer of funds; regulatory limitations imposed by foreign governments and unexpected changes in regulatory requirements, tariffs, customs duties, tax laws and other trade barriers; difficulties in staffing and managing foreign operations; laws and business practices favouring local competition and potential preferences for locally produced products; potentially adverse tax consequences; difficulties in protecting or enforcing intellectual property rights in certain foreign countries; fluctuations in exchange rates, as described more fully below; the difficulties and increased expense in complying with multiple and potentially conflicting domestic and foreign laws, regulations, product approvals and trade standards; political or social unrest; economic instability, conflict or war in a specific country or region; and protests by nongovernmental organizations ("**NGOs**"). In relation to the various regulatory environments that the Group is subject to across multiple countries, reimbursement by national health services or insurance companies may be limited or unavailable in certain market segments, which could make it more difficult for the Group to sell its products profitably. Failure to obtain and maintain regulatory approvals may prevent the Company from developing and marketing its products and product candidates. Should HRO350 or any other potential pharmaceutical product candidates be approved in the future, the Group will be subject to ongoing regulatory obligations and continued regulatory overview, which may result in significant additional expense or the imposition of restrictions on marketing and commercialisation, and further the Group's results of operations and sales may be adversely affected by changes in the environment and/or regulations for pharmaceutical products. Further, the Group's operations are consequently subject to risks inherent in international business operations, including compliance with a variety of local laws and regulations (e.g. environmental laws and anti-bribery and anti-corruption laws), international sanctions and other trade restrictions, If the Group fails to overcome the challenges that it encounters in its international sales or operations, as a result of international business risk or a changing regulatory environment, the Group's business, results of operations, financial position, cash flows and/or prospects could be materially adversely affected.

Contamination of raw materials or products may result in supply interruptions and human exposure to hazardous substances and subject the Group to civil or criminal enforcement actions, private litigation or product recall obligations

The Group's products may be subject to contamination by food-borne pathogens, such as Listeria, Salmonella and E. Coli. These pathogens are found in the environment, and there is a risk that one or more of these pathogens could affect the Group's products due to improper handling, failed quality controls, poor processing hygiene or cross-contamination by the Group, the ultimate consumer or any intermediary. The herring roe that the Group purchases, freezes and processes is perishable and may deteriorate due to, among other things, malfunctioning cold storage facilities, delivery delays or poor handling. The Group also has little, if any, control over handling procedures once it ships its products for distribution, which may contribute to the oxidation of the products and therefore their nutritional value and/or active ingredients including DHA concentration levels. Furthermore, the Group may not be able to prevent contamination of its herring roe supply by environmental pollutants such as dioxins or heavy metals. Such contamination is primarily the result of environmental contamination. Residues of environmental pollutants present in the Group's products may pass undetected in its products and may reach consumers due to failure in surveillance and control systems. The industry in general experiences high levels of customer awareness with respect to safety and product quality, information and traceability. Any contamination could therefore have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects. Release of contaminated products to the market may lead to recall and complaints or legal claims from consumers, including potentially future patients.

The Group is reliant on third party suppliers

The Group currently relies on two third party suppliers to supply herring roe, the raw material it uses to produce both its nutraceutical and pharmaceutical products. Other suppliers of herring roe are available, although the number of suppliers is limited. The Group also relies on third party suppliers to supply fish oil carriers for inclusion in final products. Supply of such fish oil carriers is in general good, but the Group is vulnerable to price fluctuations and availability of pacific fish oil, which may impact on the profitability of the Group. The Group relies on a single third party to manufacture its entire intermediary and finished nutraceutical product range, Naturex S.A, and the Group would find it difficult to find an alternative supplier in the short term. Should this supplier experience any disruption to production or terminate its current arrangement with the Group, the Group would be unable to produce its nutraceutical products and which could have a material adverse effect on the Group's business, results of operations, financial condition and cash flows, as well as potential negative effects on its reputation should it not be able to satisfy customer demand. The Group relies on a single third party to manufacture clinical Phase II supplies of its pharmaceutical product candidates. The loss of this supplier, or their failure to provide the Group with sufficient quantities at acceptable quality levels or prices, or at all, would materially and adversely affect the Group's pharmaceutical development, and ultimately, the business prospects of the Group. In addition, the Group relies on a third party supplier to encapsulate its current pharmaceutical product candidate, and any delays or disruptions to this supply in the short-term may lead to delays in proceeding with the Group's clinical testing programme until any such disruptions are resolved, or a satisfactory alternative supplier can be found.

If the Group fails to implement its business strategy or manage its growth effectively, then the business could be disrupted

The Group's ability to implement its strategy and growth, including its ability to develop and commercialise its pharmaceutical product candidates and obtain a licensing partner, and achieve its business and financial objectives is subject to a variety of factors – many of which are beyond the Group's control. In relation to the Group's nutraceutical business, the entering into new regions for sale directly to consumers including in the USA and Europe, increasing focus on finished goods as opposed to the sale of bulk products globally, particularly in China, towards its business to business to consumer market and plans to develop and launch new products may not go as expected.

Risk factors (V/VIII)

The Group's failure to execute its business strategy could adversely affect the Group's business, prospects, financial condition and results of operation. The Group may encounter unforeseen expenses, difficulties, complications, delays or other known or unknown factors in achieving its business objectives. In addition, there can be no guarantee that even if the Group successfully implements its strategy, it would result in the Group achieving its business and financial objectives. The Group's operating results may fluctuate significantly, which makes future operating results difficult to predict and could cause future operating results to fall below expectations. The Group has experienced business growth since its inception, but suffered a setback in 2020 coinciding with the Covid-19 pandemic, and the Group's future financial performance and its ability to commercialise its products and to compete effectively will depend, in part, on its ability to manage any future growth effectively. The Group has made and expects to continue to make significant investments to enable future growth through, among other things, new product innovation and pharmaceutical development. Lower ramp-up of herring roe harvesting or processing capacity than planned could lead to a slower growth curve for the Group. The Group must also be prepared to expand its workforce and to train, motivate and manage additional employees as the need for additional personnel arises. The Group's personnel, facilities, systems, procedures and controls may not be adequate to support its future operations. Any failure to manage future growth effectively could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

The Group's business relies on the experience and expertise of its senior management, as well as on its ability generally to retain existing, or hire additional, skilled personnel

The Group's success depends upon the continued service and performance of its senior management. The loss of the services of any of these individuals could delay or prevent the continued successful implementation of its growth strategy, or could otherwise affect its ability to manage the Group effectively and to carry out its business plan. Members of the senior management team may resign at any time and there can be no assurance that the Group may be able to continue to retain such individuals. The Group is small with few employees, not all managerial positions have delegates or back-up in the case of unexpected leave of absence, and there is no formal succession plan in place. The Group's growth and success also depend on its ability to attract, hire and retain additional highly qualified and skilled technical, research, sales, managerial and finance personnel as well as employees experienced in food science or pharmaceutical development. Competition for such skilled personnel is tough and the unexpected loss of an employee with a particular skill could materially adversely affect the Group's operations until a replacement can be found and trained. If the Group experiences a shortage of skilled personnel the Group may not be able to continue to harvest and process the raw materials it needs, nor sell its products, develop new products or effectively manage its global operations. Further, any failure to effectively integrate new personnel could prevent the Group from successfully growing.

Interruptions in information technology systems could adversely affect the Group's business

The Group relies on the efficient and uninterrupted operation of several information technology systems and networks to operate its business. Any significant disruptions to the Group's systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, facility issues, natural disasters, terrorism, war, telecommunication failures or energy blackouts could have a material adverse impact on the Group's operations, sales and operating results. The Group's third-party service providers and other vendors have access to certain portions of the Group's information technologies system. Certain failure or negligence of these service providers may cause material disruptions in the Group's supply chain, which could affect the Group's ability to deliver its products in a timely manner.

RISK RELATED TO FINANCING

The Group is exposed to currency exchange rate risk

The Group's reporting and functional currency is NOK. Most of the Group's revenues are in USD and EUR. The Group's expenses are predominantly in NOK, USD and EUR and largely evenly split between NOK, USD and EUR. As a result, the Group is exposed to the risks that USD and/or EUR may appreciate or depreciate relative to NOK, which could have material adverse effects on the Group's results of operations, financial position and/or cash flow.

Covenants and clauses in debt agreements and other contracts could limit the Group's flexibility, including regarding the payment of dividends

Terms of debt agreements and other contracts may require the Group to comply with a number of customary financial and other covenants and clauses that may limit the Group's flexibility in its operations, opportunities or obtaining additional financing. For example, the Group's existing loan arrangements contain, and any future borrowing arrangements may contain, covenants and event of default clauses, including restrictive covenants and performance requirements (e.g. financial covenants and working capital requirements and restrictions on its ability to service shareholder debt, pay dividends or otherwise undertake distributions that directly or indirectly benefit any shareholder without consent of its lenders), which could affect the operational and financial flexibility of the Group. The satisfaction of these restrictive covenants and performance requirements could also be affected by factors outside of the Group's control, such as a slowdown in economic activity which could result in a decline in the value of the Group's assets. Such restrictions could affect, and in many respects limit or prohibit, amongst other things, the Group's ability to pay dividends, incur additional indebtedness, create liens, sell assets, or engage in mergers or acquisitions. Any breach of covenants could result in defaults under instruments governing applicable indebtedness and may require the Group to repay or restructure indebtedness. If the Group is unable to refinance indebtedness at maturity or meet payment obligations, the amount of distributable cash flows and the Group's financial condition would be adversely affected.

The Group's indebtedness could limit cash flow available for its operations, or its ability to react to changes in the economy or industry

Subject to the terms of its existing debt arrangements, the Group may incur indebtedness in the future. This level of debt could have important consequences to the Group, including the following:
the Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favourable terms, the Group's costs of borrowing could increase as it becomes more leveraged, the Group may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders, the Group's debt level could make it more vulnerable than its competitors with less debt to competitive pressure, a downturn in its business or the economy generally, and the Group's debt level may limit its flexibility in responding to changing business and economic conditions.

Risk factors (VI/VIII)

The Group's ability to service its future debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all. Any failure to remedy may result in a breach of the terms under the Group's financing agreements.

Increases in interest rates could increase the amount of debt payments
The Group has incurred, and may in the future incur, significant amounts of debt. The Group has a floating interest under its debt arrangements, and is thereby exposed to interest rate risk. Any hedging arrangements entered into by the Group will only combat fluctuations in interest rates in the short term. The longer term cost effects of fluctuations in the floating interest rate will be borne by the Group. As such, movements in interest rates could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and prospects.

The Group's ability to obtain additional capital on commercially reasonable terms in the future may be limited
The Group may need in the future to seek additional financing to compete effectively. If the Group is unable to obtain capital on commercially reasonable terms, it could reduce funds available to the Group for purposes such as working capital, capital expenditures, strategic acquisitions and other general corporate purposes; restrict the Group's ability to introduce new products or exploit business opportunities; increase the Group's vulnerability to economic downturns and competitive pressures in the markets in which it operates; and place the Group at a competitive disadvantage.

RISK RELATING TO LAWS AND REGULATIONS

The Group operates in a legal and regulatory environment that exposes and subjects it to litigation and disputes, which could have a negative impact on the Group's operations
The Group may from time to time be subject to commercial disagreements, contractual disputes and, possibly, litigation with its counterparties, in the ordinary course of its operations such as product and system liability claims, administrative claims and intellectual property claims as well as in relation to insurance matters, environmental issues, and governmental claims for taxes or duties. The Group cannot predict with certainty the outcome or effect of any future disagreement, dispute or litigation involving the Group. The ultimate outcome of any disagreement, dispute or litigation, and the potential costs, time and management focus associated with prosecuting or defending such, could have a material adverse effect on the Group's business, financial condition and cash flows. In addition, the Group might suffer economic and/or reputational damage from involvement in claims or disputes, which could have a material adverse effect on the Group’s business, financial position and profits, as well as lead to the deterioration of existing customer relationships and the Group's ability to attract new customers.

Changes in intellectual property law could diminish the value of the Group's patents
Obtaining and enforcing patents involves technological and legal complexity, and is costly, time consuming, and inherently uncertain. Patent policy also continues to evolve and the issuance, scope, validity, enforceability and commercial value of the Group's patent rights are highly uncertain. Furthermore, decisions by courts could change the laws and regulations governing patents in unpredictable ways that may weaken or undermine the Group's ability to obtain new patents or to enforce its existing or future patents. Any such development could impair the Group's ability to protect its products, which could have a material adverse effect on the Group's results of operations, financial position and/or cash flows.

The Group may fail to comply with data protection and privacy laws, which could negatively affect its business
The Group processes, collects, stores and handles personal data, including customer data, and its operations are accordingly subject to a number of laws relating to data privacy, including the General Data Protection Regulation (EU) 2016/79 in EEA/EU member states, as well as relevant local data protection and privacy laws in jurisdictions in which the Group operates. In the conduct of future clinical trials, the Group will be required to abide by a number of regulations about the handling of personal information, and of processing, analysing and protecting data. The Group does not yet have a complete documented overview of all the personal data it processes, nor has it documented all of its routines and procedures in relation to data protection. There is a risk that the Group is unaware of certain data processing it carries out, and therefore risks carrying out such processing in contravention of data protection and privacy laws. There is also a risk that the Group's technical and organisational measures are not sufficient in order to comply with the requirements set forth in applicable laws, or that its internal policies and procedures fully ensure compliance with applicable laws. Further, there is a risk that the Group has not established adequate data processing agreements and that data processing agreements are outstanding in relation to certain suppliers or customers. Any of these circumstances could result in material administrative fines or other regulatory action. Furthermore, breach of data privacy legislation could result in the Group being subject to claims from its customers, its customers' employees or its own employees that it has infringed their privacy rights, and it could face administrative proceedings (including criminal proceedings) initiated against it by the data protection regulators of the relevant jurisdictions in which the Group operates. Complying with these obligations could cause the Group to incur substantial costs and could increase negative publicity surrounding any incident that compromises customer or other sensitive data. Lack of compliance with data protection, storage or handling during or after the conduct of future clinical trials could lead to regulatory issues. Additionally, if third parties that the Group works with (such as suppliers of data or other service providers) violate applicable laws or agreements, such violations may also put the Group's customer information at risk and could in turn have an adverse effect on the Group's business. In addition, any inquiries made, or proceedings initiated by, regulators or any other claims of non-compliance with data protection and privacy laws, whether correct or not, could lead to negative publicity in addition to potential liability for the Group, which could have a material adverse effect on the Group’s business, financial position and profits.

Risk factors (VII/VIII)

RISKS RELATED TO THE SHARES AND THE ADMISSION TO TRADING ON EURONEXT GROWTH OSLO

The Company will incur increased costs as a result of being listed on Euronext Growth Oslo
As a company with its Shares admitted to trading on Euronext Growth Oslo, the Company will be required to comply with the Euronext Growth Markets Rule Book and related notices issued by Oslo Børs (the "**Euronext Growth Rule Book**") including, but not limited to, specific reporting and disclosure requirements. The Company will incur additional legal, accounting and other expenses in order to ensure compliance with the Euronext Growth Rule Book and other application rules and regulations. The Company anticipates that its incremental general and administrative expenses as a company with its Shares admitted to trading on Euronext Growth Oslo will include, among other things, costs associated with annual and interim reports, general meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. In addition, the Board of Directors and the Management may be required to devote significant time and effort to ensure compliance with the Euronext Growth Rule Book and other applicable rules and regulations for companies with its shares admitted to trading on Euronext Growth Oslo, which may entail that less time and effort can be devoted to other aspects of the business. Any such increased costs, individually or in the aggregate, could have an adverse effect on the Group's business, financial position and profits.

An active trading market on Euronext Growth Oslo may not develop and the Shares may be difficult to sell in the secondary market
Although the Shares in the Company are freely transferable and will be admitted to trading on Euronext Growth Oslo, investors must expect that it may be difficult to sell the Shares in the secondary market. Prior to the expected admission to trading on Euronext Growth Oslo, the Shares have not been traded on any stock exchange, other regulated marketplaces or multilateral trading facilities, and there has, accordingly, been no public market for the Shares. If an active public market does not develop or is not maintained, shareholders may have difficulty in selling their Shares. There can be no assurance that an active trading market will develop or, if developed, that such a market will be sustained at a certain price level. The Company cannot predict at what price the Shares will trade upon following the admission to trading on Euronext Growth Oslo, and the market value of the Shares can be substantially affected by the extent to which a secondary market develops for the Shares following the admission to trading on Euronext Growth Oslo.

Potential volatility of share prices
An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past. The trading volume and price of the Shares may fluctuate significantly in response to a number of factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations, (ii) recommendations by securities research analysts, (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company, (iv) addition or departure of the Company's executive officers, directors and other key personnel, (v) release or expiration of lock-up or other transfer restrictions on outstanding Shares or securities convertible into Shares, (vi) sales or perceived sales of additional Shares or securities convertible into Shares, (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors, and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets. Another factor that may influence the market price of the Shares is the annual yield on the Shares. An increase in market interest rates may lead purchasers of shares to demand a higher annual yield, which accordingly could materially adversely affect the market price of the Shares. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental and governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Shares by those institutions, which could materially adversely affect the trading price of the Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the Company's operations could be materially adversely impacted and the trading price of the Shares may be materially adversely affected.

Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the trading price of the Shares
The proceeds from the contemplated private placement are not expected to be sufficient to fully finance HRO350 until a commercial stage. The Company may in the future decide to offer additional Shares or other securities in order to finance further development of HRO350 and/or new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. The Company cannot predict what effect, if any, future issuances of Shares will have on the price of the Shares (particularly following the admission to trading on Euronext Growth Oslo). Furthermore, depending on the structure of any future offering, existing shareholders may not have the ability to subscribe for or purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, this may result in a significant dilution of the existing shareholders, including in relation to dividends, shareholding percentages and voting rights.

Financial reporting and other public company requirements
As a result of the admission to trading on Euronext Growth Oslo, the Company will become subject to reporting and other obligations under applicable law, including the Norwegian Securities Trading Act and the Continuing Obligations. These reporting and other obligations will place significant demands on the Company's Management, administrative, operational and accounting resources. Any failure of the Company to maintain effective internal controls could cause the inability of the Company to meet its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the trading price of the Shares. The Management does not expect that the Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in any control systems, no evaluation of these controls can provide absolute assurance that all control issues within an organization are detected.

Risk factors (VIII/VIII)

The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Shareholders may not be able to exercise their voting rights for Shares registered on a nominee account
Beneficial owners of the Shares that are registered on a nominee account or otherwise through a nominee arrangement (such as brokers, dealers or other third parties) may not be able to exercise voting rights and other shareholders rights as readily as shareholders whose Shares are registered in their own names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for the Company's general meeting in time to instruct their nominees to either effect a re-registration of their Shares in the manner described by such beneficial owners.

The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions
None of the Shares have been registered under the U.S. Securities Act of 1933 (as amended) (the "**U.S. Securities Act**") or any U.S. state securities laws or any other jurisdiction outside of Norway, and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. In addition, there is no assurance that shareholders residing or domiciled in the United States will be able to participate in future capital increases or right offerings.

Shareholders outside of Norway are subject to exchange rate risk
All of the Shares will be priced in Norwegian Kroner ("**NOK**"), the lawful currency of Norway, and any future payments of dividends on the Shares or other distributions from the Company will be denominated in NOK. Shareholders outside of Norway are subject to exchange rate risk which may affect the value of the shares and dividends paid on the shares.

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