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Arctic Bioscience AS: NOK 300 million Private Placement successfully placed

Reference is made to the announcement from Arctic Bioscience AS ("Arctic Bioscience" or the "Company") published on 16 February 2021 regarding a contemplated Private Placement (as defined below) and admission to trading on Euronext Growth Oslo (the "Admission").

The Company is pleased to announce that the Private Placement (as defined below) has been successfully placed through the allocation of 9,677,419 new shares in the Company (the "New Shares") at a price of NOK 31.00 per share (the "Subscription Price"), raising gross proceeds of NOK 300 million. In addition, the Managers (as defined below) have over-allocated 1,451,612 additional existing shares (the "Additional Shares" and, together with the New Shares the "Offer Shares") (the "Private Placement").

The Private Placement attracted very strong interest from Norwegian, Nordic and international high-quality institutional investors and family offices and was multiple times oversubscribed. On this basis, the Private Placement was upsized from NOK 250 million at launch to NOK 300 million.

Two named anchor investors subscribed for and were allocated Offer Shares for approximately NOK 57 million in the Private Placement: (i) Fjärde AP Fonden (AP4): approximately NOK 37 million / 1.2 million New Shares; and (ii) Altitude Capital AS: approximately NOK 20 million / 0.65 million New Shares.

Furthermore, certain existing shareholders in the Company pre-committed to subscribe for and be allocated a significant share of the Private Placement. Members of the Company's Board of Directors (the "Board") have been allocated Offer Shares as follows: (i) Ronja Capital II AS for approximately NOK 20.0 million / 0.65 million Offer Shares (represented in the Board by Tore Tønseth); (ii) Ajea Invest AS for approximately NOK 8.0 million / 0.26 million New Shares (represented in the Board by Asbjørn Solevågseide); and (iii) Vartdal Holding AS and Brødrene Vartdal AS for a combined approximately NOK 7.0 million / 0.23 million Offer Shares (represented in the Board by Jan Endre Vartdal).

The net proceeds to the Company from the Private Placement will be used to (i) invest in the development of the Company's novel treatment against mild-to-moderate psoriasis, (ii) invest in state-of-the-art production and process technology, (iii) further strengthen the balance sheet to optimally position the Company for maximizing shareholder value, (iv) selected pre-clinical trials to broaden the pipeline and (v) general corporate purposes.

The Company has given a customary lock-up undertaking to the Managers that will restrict, subject to certain customary exceptions, its ability to, without the prior written consent of the Managers, issue new shares for a period of 12 months. In addition, members of the Company's management and board and certain existing shareholders have entered into customary lock-up arrangements with the Managers, that will restrict their ability to transfer or sell shares, subject to certain customary exceptions, for a period of 12 months.

The Additional Shares will be settled by existing shares borrowed from two existing shareholders by the Managers (the "Over-allotment Option"), and which will be redelivered to the two existing shareholders upon expiry of the stabilization period described below. The Company has granted DNB Markets, a part of DNB Bank ASA, acting as stabilization manager on behalf of the Managers (the "Stabilization Manager"), an option to subscribe, at a price of NOK 31.00 per share (which is equal to the Subscription Price in the Private Placement), up to a number of additional new shares equal to the number of Additional Shares to cover any short positions resulting from the over-allotment of the Additional Shares (the "Greenshoe Option"). The Company will only receive the proceeds from the sale of the Additional Shares to the extent that the Greenshoe Option is exercised.

Completion of the Private Placement is subject to (i) the necessary corporate resolutions, including the resolution by the Annual General Meeting of the Company (to be held on or about 22 February 2021, the "AGM") to issue the New Shares and to authorise the Board to issue the additional new shares pursuant to

the Greenshoe Option (the "AGM Resolutions"), and (ii) the registration of the AGM Resolutions in the Norwegian Register of Business Enterprises having taken place.

There will be in total 24,299,539 shares in issue in Arctic Bioscience following the issuance of the New Shares, each with a nominal value of NOK 0.1, resulting in a post-money market capitalisation of the Company of approximately NOK 753 million based on the Subscription Price.

Notification of conditional allocation to investors is expected to be communicated on or about 19 February 2021. The Private Placement is expected to be settled by the Managers on a delivery-versus-payment basis on or about 24 February 2021 following the registration of the new share capital in the Norwegian Register of Business Enterprises and the issuance of the new shares in VPS. The delivery-versus-payment settlement in the Private Placement is facilitated by a pre-funding agreement between the Company and the Managers.

The Stabilization Manager, on behalf of the Managers, may carry out stabilization activities during the period commencing on the first day of trading of the Company's shares (the "Shares") on Euronext Growth Oslo and ending at the close of trading on the 30th calendar day following such day. Any stabilization activities will be conducted based on the same principles as set out in Section 3-12 of the Norwegian Securities Trading Act section 3-12 and the EC Commission Regulation 2273/2003 regarding buy-back programmes and stabilization of financial instruments, as well as, to the extent applicable, article 5(4) of the EU Market Abuse Regulation and chapter III of the supplemental rules set out in the Commission Delegated (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilization measures, in order to support the market price of the Shares. The Company will receive the proceeds from any shares sold under the Over-Allotment Option if, and to the extent, that the Greenshoe Option is exercised.

The Company has applied, and expects, subject to the conditions for completion of the Private Placement being fulfilled and necessary approvals from the Oslo Stock Exchange, to have its shares admitted to trading on Euronext Growth Oslo. The first day of trading on Euronext Growth Oslo is expected to be shortly after completion of the Private Placement and is currently anticipated to be on or about 24 February 2021.

Advisors:

ABG Sundal Collier ASA and DNB Markets, part of DNB Bank ASA, acted as Joint Global Coordinators and Joint Bookrunners in the Private Placement and as Euronext Growth advisors in relation to the Admission (the "Managers"). Advoso advokatfirma AS and Advokatfirmaet Wiersholm AS are acting as legal counsels in connection with the Private Placement and the Admission.

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About Arctic Bioscience:

Arctic Bioscience is a biotech company founded based on specialised know-how and competence on the unique properties of bioactive marine compounds, and has developed a proprietary platform technology that serves two unique businesses developing products for pharmaceutical and nutraceutical application, respectively. The Company is strategically located in Ørsta on the West Coast of Norway providing direct access to the raw material, and is led by a team with 30+ years of pharma and marine extracts experience.

Arctic Bioscience is in the process of developing a novel, oral pharmaceutical treatment for mild-to-moderate psoriasis named HRO350. A clinical Phase IIb study, designed in line with recommendations received from the European Medicines Agency, is scheduled to be initiated in the first quarter of 2022.

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