

Arctic Bioscience announces private placement and intention to list on Euronext Growth Oslo

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Ørsta, 16 February 2021: Arctic Bioscience AS (“**Arctic Bioscience**” or the “**Company**”), the Norwegian biotechnology company developing a novel treatment for mild-to-moderate psoriasis, has engaged ABG Sundal Collier ASA and DNB Markets, part of DNB Bank ASA (“**DNB Markets**”), as joint global coordinators and joint bookrunners (together the “**Managers**”) to advise on and effect a contemplated private placement raising gross proceeds of NOK 250 million (the “**Private Placement**”) and admission to trading of the Company’s shares on Euronext Growth Oslo (the “**Admission**”).

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 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.

Mild-to-moderate psoriasis represents a large target market with a prevalent pool of around 21 million patients across EU5 and the US¹. Existing treatment alternatives are costly and invasive for large parts of this patient group, and the significant unmet medical need represents an attractive commercial opportunity for Arctic Bioscience. HRO350 reported encouraging efficacy signals with an attractive safety profile in a completed randomised controlled clinical trial, where sustained and increased effect was shown in patients over time. In a commercial setting, HRO is expected to benefit from its profile as a product based on natural extract and the convenient, oral administration. HRO350 is an unencumbered asset where the Company retains worldwide rights.

The Company’s nutraceutical business develops and commercialises high-value marine products and supplies premium and differentiated nutraceutical ingredients and finished products in the global market for dietary supplements. The Group offers a subscription service for its Romega® branded capsules to consumers in Norway, generating recurring B2C revenues. The Company’s also sells intermediary and finished nutraceutical products to domestic and international business customers and distributors. In 2019 Arctic Bioscience entered a strategic partnership with Kotler Marketing Group, a leading sales and marketing firm with strong foothold in Asia, as the Company’s sales and marketing partner for greater China. The Company expects strong growth within this segment driven by the launch of its B2C subscription business outside of Norway, further development of its strategic partnerships, and a shift in focus towards the sale of finished products to its business customers.

¹ Figure for 2019. Source: IQVIA HRO350 Commercial Opportunity assessment in psoriasis, December 2020

Arctic Bioscience plans to invest in a new state-of-the-art manufacturing facility to support the continued progress of its pharmaceutical and nutraceutical businesses. Moving production in-house will ensure full control of the value chain and contribute to increased margin retention. The future facility will be based on the Company's proprietary production process, which is protected by a comprehensive portfolio of patents, technological know-how, and confirmed freedom to operate.

The Private Placement and Admission will support Arctic Bioscience's strategy and ambitions, secure funding beyond the final read out from the upcoming Phase IIb clinical trial with an additional six months buffer, and establish a strong long-term shareholder base that can take part in the Company's future growth and value creation and allow for a more liquid market for the Company's shares.

The Private Placement in brief:

The Private Placement will consist of a new share issue of NOK 250 million in the Company. The price per share in the Private Placement has been set to NOK 31.00 (the "**Subscription Price**"), equivalent to a pre-money equity value of the Company of approximately NOK 450 million based on the 14,622,120 shares currently outstanding in the Company. In addition, the Managers may elect to over-allot additional existing shares equivalent to up to approximately NOK 37.5 million (the "**Additional Shares**"), representing 15 percent of the offering size in the Private Placement pursuant to an over-allotment option (the "**Over-Allotment Option**").

Certain existing shareholders in the Company have pre-committed to subscribe for New Shares for a total subscription amount of approximately NOK 94 million, including the following members of the board of directors of Arctic Bioscience: (i) Ronja Capital II for NOK 20.0 million, represented in the board of directors by Tore Tønseth; (ii) Ajea Invest AS for NOK 8.0 million, represented in the board of directors by Asbjørn Solevågseide; and (iii) Vartdal Holding AS and Nye Brødrene Vartdal AS for a combined NOK 5.5 million, represented in the board of directors by Jan Endre Vartdal.

In addition, Arctic Bioscience has received commitments from strong Nordic investors for a significant share of the Private Placement, and has agreed to provide the following investors a total minimum allocation of approximately NOK 55 million: Fjärde AP-Fonden (AP4) (approximately NOK 35 million) and Altitude Capital AS (NOK 20m).

The net proceeds to the Company from the Private Placement will be invested in (i) the development of the Company's novel treatment against mild-to-moderate psoriasis, (i) state-of-the-art production and process technology and (iii) general corporate purposes.

The Private Placement will be directed towards Norwegian and international investors (a) outside the United States, subject to applicable exemptions from any prospectus and registration requirements and in reliance on Regulation S under the U.S. Securities Act, and (b) to investors in the United States who are QIBs as defined in, and in reliance on, Rule 144A under the U.S. Securities Act, in each case subject to an exemption being available from offer prospectus requirements and any other filing or registration requirements in the applicable jurisdictions and subject to other selling restrictions. The minimum application and allocation amount has been set to the NOK equivalent of EUR 100,000 per investor. The Company may, however, at its sole discretion, allocate an amount below EUR 100,000 to the extent applicable exemptions from the prospectus requirement pursuant to the Norwegian Securities Trading Act and ancillary regulations are available. Further selling restrictions and transaction terms will apply.

Application for Admission on Euronext Growth Oslo:

The Company has applied, and expects, subject to successful completion of the Private Placement and the 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.

Conditions for the Private Placement:

Issuance and delivery of the new shares and payment for the new shares in 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 Company's board of directors' (the "Board") to issue the additional new shares pursuant to the Greenshoe Option (the "AGM Resolutions"), and the Board's resolution to consummate the Private Placement and to allocate the Offer Shares, and (ii) the registration of the AGM Resolutions in the Norwegian Register of Business Enterprises having taken place.

The Company may, in its sole discretion, in consultation with the Managers, cancel and/or modify the terms of the Private Placement, at any time and for any reason, without any compensation to the applicants. Neither the Company nor the Managers will be liable for any losses incurred by applicants if the Private Placement is cancelled and/or modified, irrespective of the reason for such cancellation or modification.

Stabilisation:

Certain existing shareholders are expected to grant DNB Markets, on behalf of the Managers (the "**Stabilisation Manager**"), an option to borrow a number of shares equivalent to the Additional Shares in order to enable the Managers to settle any over-allotments made in the Private Placement. Pursuant to the Over-Allotment Option, the Company is also expected to grant the Stabilisation Manager an option (the "**Greenshoe Option**") to subscribe and have issued, at the Offer Price, a number of new shares up to the number of Additional Shares allocated in the Private Placement to cover short positions resulting from any over-allotments made in the Private Placement not covered through share purchases made as part of any stabilization activities. The Greenshoe Option is exercisable, in whole or in part, by the Stabilisation Manager within a 30-day period commencing at the time trading in the shares commences on Euronext Growth Oslo. The Company will receive the proceeds from any shares issued, if any, following exercise of the Greenshoe Option.

Further announcements relating to the Private Placement and Admission will be made in due course.

Advisers

ABG Sundal Collier ASA and DNB Markets, part of DNB Bank ASA are acting as Joint Global Coordinators and Joint Bookrunners in respect to the Private Placement and the Admission.

Adviso advokatfirma AS and Advokatfirmaet Wiersholm AS are acting as legal counsels in connection with the Private Placement and the Admission.

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