



# ARCTIC BIOSCIENCE

## Bigger in China

While Arctic Bioscience had guided for good H2 sales prospects for its Nutraceutical business, we still believe the Pharmaceutical business has greater potential. The company previously said it expected the first patient to be enrolled in mid-2022, but it now guides for Q4. Based on small estimate revisions to 2022e Nutraceutical sales and the delay to its phase IIb clinical study, we have cut our target price to NOK15 (17); however, we reiterate our HOLD.

**Financials.** The company recently reported H1 sales of cNOK14.4m (up c20% from the cNOK12m in H1 2021) and EBITDA of cNOK-14.4m (cNOK-19.9m in H1 2021). With the previously announced investment decision on the construction of a manufacturing facility postponed, the company's financial position remains solid in our view, with an end-H1 cash position of cNOK177.8m.

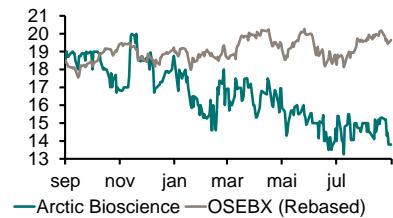
**Nutraceutical business.** The company guides for positive revenue prospects for H2 2022 and increased order intake, indicating 2022 revenue growth of 60–70% YOY. The prospects are particularly strong in China, where the company has a partnership with Kotler Marketing Group, which is reported to have engaged 50+ people to the partnership.

**Pharmaceutical business.** In April, the company said it was largely on track for the phase IIb clinical study on HRO350 in mild-to-moderate psoriasis with the first patient in expected in mid-2022; it now guides for Q4 2022. It expects to submit a Clinical Trial Application (CTA) in Q3 2022 and assumes a 6-month inclusion period followed by 6-month (primary endpoint) and 12-month data readouts.

**HOLD reiterated, but target price cut to NOK15.** Despite the communicated positive prospects for Nutraceuticals, we have made slight revisions on our sales estimates. We still believe the greatest value potential is in Pharmaceutical and have lowered our target price following the delay of expected first patient in.

**HOLD**  
TP: NOK15.0

### ABS versus OSEBX (12m)



Source: Factset

### SUMMARY

Recommendation (prev.)	HOLD (HOLD)
Share price (NOK)	13.8
Target price (previous) (NOK)	15.0 (17.0)
Upside/downside potential (%)	9
Tickers	ABS NO

### CAPITAL STRUCTURE

No. of shares (m)	24.4
No. of shares fully dil. (m)	24.4
Market cap. (NOKm)	336
NIBD adj end-2022e (NOKm)	-132
Enterprise value adj (NOKm)	204
Net debt/EBITDA adj (x)	5.05
Free float (%)	74

Source: Company, DNB Markets (estimates)

Note: Unless otherwise stated, the share prices in this note are the last closing price.

### ESTIMATE CHANGES (NOK)

Year-end Dec	2022e	2023e	2024e
Sales (old)	40.00	50.00	82.50
Sales (new)	37.00	50.00	82.50
Change (%)	-7.5	0.0	0.0
Change (%)	nm	nm	nm

Source: DNB Markets, Bloomberg

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Year-end Dec	2018	2019	2020	2021	2022e	2023e	2024e
Revenue (NOKm)	25	30	20	22	37	50	83
EBITDA adj (NOKm)	-1	-2	-20	-29	-26	-42	-33
EBIT adj (NOKm)	-1	-3	-22	-32	-30	-49	-40
PTP (NOKm)	-2	-4	-23	-43	-38	-57	-48
EPS rep (NOK)	-0.12	-0.27	-1.55	-1.66	-1.47	-2.21	-1.85
DPS (NOK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	35.3	20.9	-31.8	4.9	72.1	35.1	65.0
EV/Sales adj (x)				11.19	6.02	3.82	2.93
Dividend yield (%)	nm	nm	nm	0.0	0.0	0.0	0.0
FCF yield (%)	nm	nm	nm	-8.6	-14.0	-17.1	-13.7

Source: Company (historical figures), DNB Markets (estimates)

## Investment case overview

### Share price performance, DNB Markets' target price, bear- and bull-case scenarios



Source: FactSet, DNB Markets

### Target price methodology

- We continue to use mainly a DCF with a probability-weighted scenario analysis to calculate our target price. We use a base-case LOA of 10%.
- Our bull-case fair value is based on an LOA of 30%.
- Our bear-case fair value is based on an LOA of 3%.

### Downside risks to our investment case

- If the phase IIb or phase III trials fail due to poor efficacy or safety, it could lead to the discontinuation of its only development project.
- Delayed launch of the next clinical trial due to the pandemic or other factors, and slower than expected market penetration.
- Failing to gain and protect as large a market share as we assume.

Source: DNB Markets

### DNB Markets investment case and how we differ from consensus

- There is no consensus on Arctic Bioscience.

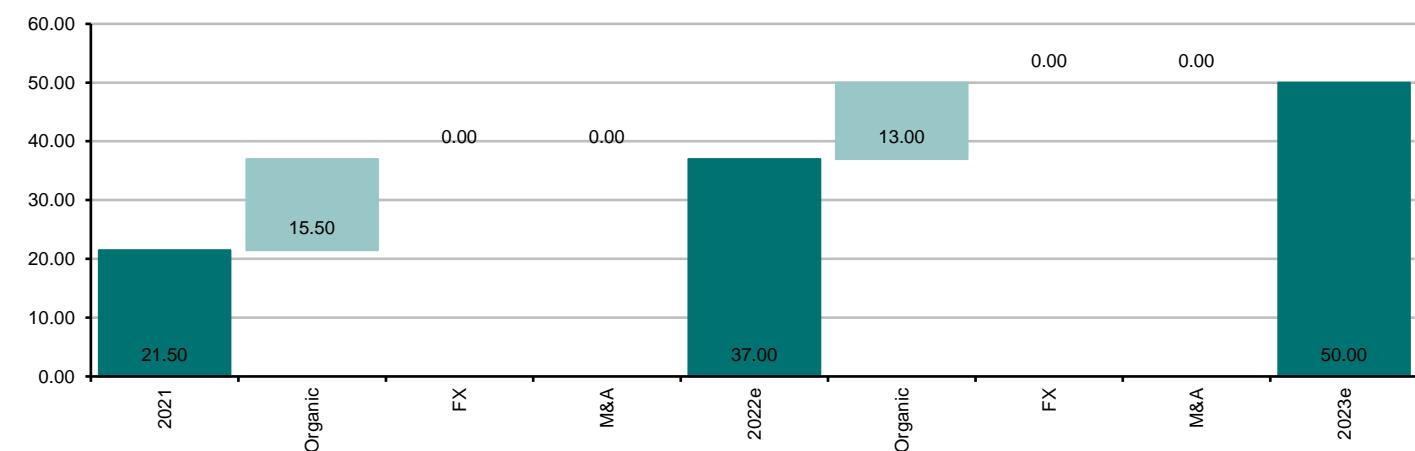
Source: DNB Markets

### Upside risks to our investment case

- Better than expected results (mainly on efficacy) in upcoming trials would increase confidence in its drug candidate.
- Entering more markets than we include in our valuation, e.g. China where it already has a partner selling its omega-3 supplements.
- Tapping into the pool of diagnosed but untreated patients, which would likely give a significant revenue boost.

Source: DNB Markets

### Sales bridge 2021–2023e (NOKm)



Source: DNB Markets (forecasts), company (historical data)

# ESG overview

## Sustainability assessment

	Positive	Negative
Conclusions	<ul style="list-style-type: none"> <li>■ Arctic Bioscience is developing an innovative psoriasis drug to address an unmet medical need.</li> <li>■ It uses naturally occurring compounds to improve patients' health and contribute to the population's sufficient nutrition.</li> <li>■ Its raw material, immature herring roe, is a residual product of the fish industry and sourced from sustainable fisheries.</li> </ul>	<ul style="list-style-type: none"> <li>■ The outcome of drug development is highly uncertain, as the drug candidate's attributes along with economic and other considerations can affect development. Thus, some drug candidates never reach the market.</li> <li>■ Drugs inevitably have side effects that can hurt patients' health and quality of life.</li> </ul>
Actions being taken by company	<ul style="list-style-type: none"> <li>■ The company's operations are in alignment with UN Sustainability Development Goals 3, 9, 12 and 14. It works towards improved nutrition and health, is engaged in innovation, is committed to responsible consumption and production, and aims to preserve life below water.</li> <li>■ It is committed to operating sustainably.</li> </ul>	<ul style="list-style-type: none"> <li>■ The company has sponsored animal studies and conducts clinical trials in humans.</li> <li>■ Some components that cannot be recycled during the herring roe extraction go to waste waters and can burden the environment.</li> </ul>
<b>Key ESG drivers</b>		
Short-term	<ul style="list-style-type: none"> <li>■ The pharmaceutical industry has strict regulations to ensure the safety of patients and clinical trial participants.</li> <li>■ The company is developing an oral psoriasis drug to address an unmet medical need and to improve patients' health and quality of life.</li> </ul>	<ul style="list-style-type: none"> <li>■ A treatment-related adverse event in a clinical trial.</li> <li>■ Clinical drug development is a time and resource consuming activity with an uncertain outcome.</li> <li>■ The company's entry to the pharmaceutical market depends on the success of a single drug candidate.</li> <li>■ Climate change can increase water temperature and adversely affect herring populations, particularly spawning rates.</li> </ul>
Long-term	<ul style="list-style-type: none"> <li>■ Arctic Bioscience's raw material is immature herring roe, a highly underutilised source of omega-3 fatty acids available in large quantities.</li> <li>■ Omega-3 fatty acids have several benefits to human health, yet the majority of the global population consumes less than is recommended.</li> </ul>	

Source: DNB Markets

## Sustainability assessment

	Risk	Company's risk mitigation
<b>Transition risks</b>		
Policy and legal	<ul style="list-style-type: none"> <li>Drug development and manufacturing is highly regulated; processes and product attributes have to be accurately monitored to comply with laws and regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Communication with authorities and other stakeholders to comply with legislation.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Its development/manufacturing processes and product quality must be documented.</li> </ul>	<ul style="list-style-type: none"> <li>The company has dedicated personnel for quality assurance and regulatory affairs. Its nutritional supplements have minimal levels of environmental contaminants in compliance with the Global Organization for EPA and DHA Omega-3 (GOED) voluntary monograph.</li> </ul>
Market	<ul style="list-style-type: none"> <li>Arctic Bioscience's expansion into the pharmaceutical market depends on the uncertain outcome of its current drug development process.</li> <li>The shipping of products to international markets could have negative environmental effects.</li> </ul>	<ul style="list-style-type: none"> <li>Management has extensive experience in drug development. Furthermore, it has established partnerships to support the development process.</li> <li>Arctic Bioscience has a short supply chain and conducts most of its operations locally to minimise the harmful effects of shipping.</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Scientific evidence about the effects of omega-3 fatty acids is inconclusive in some areas. Negative scientific results and waning public perception of omega-3 health benefits could affect sales.</li> </ul>	<ul style="list-style-type: none"> <li>It is actively engaged in R&amp;D to explore the effects of omega-3 fatty acids. More than 2,400 randomised clinical trials have been conducted about the effects of omega-3 fatty acids.</li> </ul>
<b>Physical risk</b>		
Acute	<ul style="list-style-type: none"> <li>The R&amp;D of new drugs is inherently risky. Development takes many years and requires substantial financial commitment. Projects can be discontinued at any point if a drug candidate does not have sufficient efficacy, or if it causes adverse effects that outweigh the potential benefits of the therapy.</li> </ul>	<ul style="list-style-type: none"> <li>The company collaborates with several partners and stakeholders and actively seeks new connections to support its drug development efforts.</li> </ul>
Chronic	<ul style="list-style-type: none"> <li>Psoriasis therapies and omega-3 nutritional supplements are competitive markets with several companies. The emergence of better drugs and nutritional supplements is a constant risk. Future products could be superior in safety, efficacy and dosing among other factors.</li> </ul>	<ul style="list-style-type: none"> <li>The company aims to constantly improve and develop to prepare for future challenges. Management is experienced in the pharmaceutical and nutraceutical industries with a good grasp of industry-wide trends.</li> </ul>

Source: DNB Markets

## Forecast changes – P&amp;L

(NOKm)	New			Old			Change		
	2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
Revenues	37	50	83	40	50	83	-3	0	0
Cost of sales	-27	-25	-29	-22	-25	-29	-5	0	0
Gross profit	10	25	54	18	25	54	-8	0	0
Operating expenses	-45	-76	-96	-77	-76	-96	32	0	0
EBITDA	-35	-51	-42	-59	-51	-42	24	0	0
EBITDA adj	-26	-42	-33	-50	-42	-33	24	0	0
EBITDA margin (%)	nm	nm	nm	-147.0	-102.0	-50.8	nm	nm	nm
Depreciation	-4	-7	-7	-6	-9	-9	2	2	2
EBITA	-39	-58	-48	-64	-60	-50	26	2	2
EBIT	-39	-58	-48	-64	-60	-50	26	2	2
EBIT adj	-30	-49	-40	-56	-51	-42	26	2	2
Net interest	3	3	3	0	0	0	3	3	3
Other financial items	-2	-2	-2	-2	-2	-2	0	0	0
Net financial items	1	1	1	-2	-2	-2	3	3	3
PBT	-38	-57	-48	-66	-62	-52	29	5	5
Taxes	0	0	0	0	0	0	0	0	0
Net profit	-38	-57	-48	-66	-62	-52	29	5	5
Adjustments to net profit	0	0	0	0	0	0	0	0	0
Net profit adj	-38	-57	-48	-66	-62	-52	29	5	5
<i>Per share data (NOK)</i>									
EPS	-1.47	-2.21	-1.85	-2.58	-2.39	-2.04	1.11	0.18	0.18
DPS ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Other key metrics (%)</i>									
Revenue growth	72.1	35.1	65.0	86.0	25.0	65.0	-14.0	10.1	0.0
EBIT adj growth	nm	nm	nm	74.7	-8.6	-18.0	nm	nm	nm
EPS adj growth	nm	nm	nm	nm	nm	nm	nm	nm	nm
Avg. number of shares (m)	26	26	26	26	26	26	0	0	0
Capex	-20	-8	-5	-30	-8	-5	10	0	0
OpFCF	-46	-50	-38	-80	-50	-38	34	0	0
Working capital	23	26	29	25	26	29	-2	0	0
NIBD adj	-132	-164	-113	-75	-105	-50	-57	-59	-63

Source: DNB Markets

## Annual P&amp;L

(NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<b>Revenues</b>	<b>8</b>	<b>12</b>	<b>18</b>	<b>25</b>	<b>30</b>	<b>20</b>	<b>22</b>	<b>37</b>	<b>50</b>	<b>83</b>
Cost of sales	-7	-5	-12	-16	-20	-21	-18	-27	-25	-29
<b>Gross profit</b>	<b>1</b>	<b>7</b>	<b>6</b>	<b>9</b>	<b>10</b>	<b>-1</b>	<b>4</b>	<b>10</b>	<b>25</b>	<b>54</b>
Operating expenses	-8	-4	-7	-10	-12	-20	-42	-45	-76	-96
<b>EBITDA</b>	<b>-6</b>	<b>3</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>-20</b>	<b>-38</b>	<b>-35</b>	<b>-51</b>	<b>-42</b>
Depreciation	0	-1	-1	-1	-1	-1	-3	-4	-7	-7
<b>EBITA</b>	<b>-7</b>	<b>2</b>	<b>-1</b>	<b>-1</b>	<b>-3</b>	<b>-22</b>	<b>-41</b>	<b>-39</b>	<b>-58</b>	<b>-48</b>
<b>EBIT</b>	<b>-7</b>	<b>2</b>	<b>-1</b>	<b>-1</b>	<b>-3</b>	<b>-22</b>	<b>-41</b>	<b>-39</b>	<b>-58</b>	<b>-48</b>
Net interest	0	-1	0	-1	0	0	0	3	3	3
Other financial items	0	0	0	0	0	0	-2	-2	-2	-2
Net financial items	0	-1	0	-1	-1	-1	-2	1	1	1
<b>PBT</b>	<b>-7</b>	<b>1</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>-23</b>	<b>-43</b>	<b>-38</b>	<b>-57</b>	<b>-48</b>
Taxes	0	0	0	0	0	0	0	0	0	0
Effective tax rate (%)	0	0	0	0	0	0	0	0	0	0
<b>Net profit</b>	<b>-7</b>	<b>1</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>-23</b>	<b>-43</b>	<b>-38</b>	<b>-57</b>	<b>-48</b>
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0
Net profit adj	-7	1	-2	-2	-4	-23	-43	-38	-57	-48
Dividend paid	0	0	0	0	0	0	0	0	0	0
Avg. number of shares	16	16	16	16	16	16	26	26	26	26
<i>Per share data (NOK)</i>										
EPS	-0.47	0.10	-0.12	-0.12	-0.27	-1.55	-1.66	-1.47	-2.21	-1.85
DPS ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Growth and margins (%)</i>										
Revenue growth	nm	47.0	57.3	35.3	20.9	-31.8	4.9	72.1	35.1	65.0
EPS adj growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Gross margin	13.8	55.4	32.1	35.7	34.1	nm	17.5	27.0	50.0	65.1
EBITDA margin	nm	22.1	nm	nm	nm	nm	nm	nm	nm	nm
EBITDA adj margin	nm	22.1	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation/revenues	-6.0	-5.5	-3.2	-2.1	-3.6	-5.8	-11.6	-9.5	-13.0	-7.9
EBIT margin	nm	16.6	nm	nm	nm	nm	nm	nm	nm	nm
EBIT adj margin	-88.5	15.9	-7.4	-5.0	-10.6	-106.2	-147.8	-80.3	-97.4	-48.0
PBT margin	nm	12.0	nm	nm	nm	nm	nm	nm	nm	nm
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

## Adjustments to annual P&amp;L

(NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<b>EBITDA</b>	<b>-6</b>	<b>3</b>	<b>-1</b>	<b>-1</b>	<b>-2</b>	<b>-20</b>	<b>-38</b>	<b>-35</b>	<b>-51</b>	<b>-42</b>
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBITDA adjustments							9	9	9	9
EBITDA adj	-6	3	-1	-1	-2	-20	-29	-26	-42	-33
<b>EBITA</b>	<b>-7</b>	<b>2</b>	<b>-1</b>	<b>-1</b>	<b>-3</b>	<b>-22</b>	<b>-41</b>	<b>-39</b>	<b>-58</b>	<b>-48</b>
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBITA adjustments							9	9	9	9
EBITA adj	-7	2	-1	-1	-3	-22	-32	-30	-49	-40
<b>EBIT</b>	<b>-7</b>	<b>2</b>	<b>-1</b>	<b>-1</b>	<b>-3</b>	<b>-22</b>	<b>-41</b>	<b>-39</b>	<b>-58</b>	<b>-48</b>
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBIT adjustments							9	9	9	9
EBIT adj	-7	2	-1	-1	-3	-22	-32	-30	-49	-40
<b>Net profit</b>	<b>-7</b>	<b>1</b>	<b>-2</b>	<b>-2</b>	<b>-4</b>	<b>-23</b>	<b>-43</b>	<b>-38</b>	<b>-57</b>	<b>-48</b>
Gains and losses	0	0	0	0	0	0	0	0	0	0
Other EBIT adjustments							9	9	9	9
Net profit adj	-7	1	-2	-2	-4	-23	-43	-38	-57	-48
<i>Per share data (NOK)</i>										
EPS	-0.47	0.10	-0.12	-0.12	-0.27	-1.55	-1.66	-1.47	-2.21	-1.85

Source: Company (historical figures), DNB Markets (estimates)

## Cash flow

(NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Net profit	-7	1	-2	-2	-4	-23	-43	-38	-57	-48
Other non-cash adjustments	0	0	0	0	0	0	0	0	0	0
Change in net working capital	5	-2	-1	-3	-11	1	1	5	-3	-2
<b>Cash flow from operations (CFO)</b>	<b>1</b>	<b>-5</b>	<b>-2</b>	<b>-5</b>	<b>-14</b>	<b>-20</b>	<b>-39</b>	<b>-30</b>	<b>-53</b>	<b>-43</b>
Capital expenditure	0	0	0	0	0	-10	0	-20	-8	-5
Acquisitions/Investments	-2	-1	-1	-4	-7	-9	-37	-15	-3	-3
Divestments	0	0	0	0	0	0	0	0	0	0
<b>Cash flow from investing (CFI)</b>	<b>-2</b>	<b>-1</b>	<b>-1</b>	<b>-4</b>	<b>-7</b>	<b>-19</b>	<b>-37</b>	<b>-35</b>	<b>-11</b>	<b>-8</b>
<b>Free cash flow (FCF)</b>	<b>-1</b>	<b>-7</b>	<b>-3</b>	<b>-9</b>	<b>-21</b>	<b>-39</b>	<b>-76</b>	<b>-65</b>	<b>-64</b>	<b>-51</b>
Net change in debt	0	-1	0	-1	-1	-3	-8	-3	15	5
Dividends paid	0	0	0	0	0	0	0	0	0	0
Other	1	0	0	-1	-1	11			-5	-5
<b>Cash flow from financing (CFF)</b>	<b>8</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>44</b>	<b>27</b>	<b>291</b>	<b>-3</b>	<b>110</b>	<b>0</b>
<b>Total cash flow (CFO+CFI+CFF)</b>	<b>7</b>	<b>-5</b>	<b>4</b>	<b>-5</b>	<b>23</b>	<b>-11</b>	<b>215</b>	<b>-68</b>	<b>47</b>	<b>-51</b>
<i>FCFF calculation</i>										
Free cash flow	-1	-7	-3	-9	-21	-39	-76	-65	-64	-51
Less: net interest	0	1	0	1	0	0	0	-3	-3	-3
Less: acquisitions	2	1	1	4	7	9	37	15	3	3
Less: divestments	0	0	0	0	0	0	0	0	0	0
<b>Growth (%)</b>										
CFO	nm	-947.4	60.6	-116.3	-204.5	-45.9	-97.4	24.9	-77.9	17.7
CFI	nm	19.9	26.9	-323.6	-67.6	-162.8	-96.4	4.1	68.6	27.3
FCF	nm	-517.5	53.7	-183.4	-138.3	-85.7	-96.9	14.9	1.4	19.3
CFF	nm	-75.7	265.0	-51.7	1189.0	-38.1	968.8	-101.0	3776.9	-99.7
FCFF	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

**Balance sheet**

(NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<b>Assets</b>	37	31	34	45	82	93	341	301	360	315
Inventories	13	9	8	16	17	26	29	26	28	25
Trade receivables	1	2	2	6	12	11	8	9	10	12
Other receivables	1	1	1	1	1	3	3	1	1	1
Cash and cash equivalents	7	2	6	1	24	13	227	136	183	137
<b>Current assets</b>	<b>21</b>	<b>14</b>	<b>17</b>	<b>24</b>	<b>54</b>	<b>53</b>	<b>267</b>	<b>171</b>	<b>221</b>	<b>176</b>
Property, plant and equipment	4	3	3	3	3	6	16	46	52	49
Other intangible assets	12	13	14	18	25	34	59	84	87	90
<b>Non-current assets</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>21</b>	<b>28</b>	<b>41</b>	<b>75</b>	<b>130</b>	<b>139</b>	<b>139</b>
<b>Total assets</b>	<b>37</b>	<b>31</b>	<b>34</b>	<b>45</b>	<b>82</b>	<b>93</b>	<b>341</b>	<b>301</b>	<b>360</b>	<b>315</b>
<b>Equity and liabilities</b>	<b>37</b>	<b>31</b>	<b>34</b>	<b>45</b>	<b>82</b>	<b>93</b>	<b>341</b>	<b>301</b>	<b>360</b>	<b>315</b>
Total equity to the parent	14	13	19	22	64	64	321	283	326	278
<b>Total equity</b>	<b>14</b>	<b>13</b>	<b>19</b>	<b>22</b>	<b>64</b>	<b>64</b>	<b>321</b>	<b>283</b>	<b>326</b>	<b>278</b>
Trade payables	1	2	2	6	6	10	8	13	13	10
Other payables and accruals	1	1	1	1	1	2	2	2	2	2
Short-term debt	6	5	4	5	4	9	10	6	7	7
<b>Total current liabilities</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>11</b>	<b>11</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>20</b>
Long-term debt	14	10	9	12	7	8	0	-3	12	17
<b>Total non-current liabilities</b>	<b>14</b>	<b>10</b>	<b>9</b>	<b>12</b>	<b>7</b>	<b>8</b>	<b>0</b>	<b>-3</b>	<b>12</b>	<b>17</b>
<b>Total liabilities</b>	<b>22</b>	<b>18</b>	<b>15</b>	<b>24</b>	<b>19</b>	<b>29</b>	<b>21</b>	<b>19</b>	<b>34</b>	<b>37</b>
<b>Total equity and liabilities</b>	<b>37</b>	<b>31</b>	<b>34</b>	<b>45</b>	<b>82</b>	<b>93</b>	<b>341</b>	<b>301</b>	<b>360</b>	<b>315</b>
<i>Key metrics</i>										
Net interest bearing debt	14	13	7	16	-13	5	-217	-132	-164	-113

Source: Company (historical figures), DNB Markets (estimates)

## Valuation ratios

(NOKm)	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<i>Enterprise value</i>										
Share price (NOK)							17.80	13.80	13.80	13.80
Number of shares (m)	14.62	14.62	14.62	14.62	14.62	14.62	25.72	25.72	25.72	25.72
Market capitalisation							458	355	355	355
Net interest bearing debt	14	13	7	16	-13	5	-217	-132	-164	-113
Adjustments to NIBD	0	0	0	0	0	0	0	0	0	0
Net interest bearing debt adj	14	13	7	16	-13	5	-217	-132	-164	-113
EV							241	223	191	242
EV adj							241	223	191	242
<i>Valuation</i>										
EPS	-0.47	0.10	-0.12	-0.12	-0.27	-1.55	-1.66	-1.47	-2.21	-1.85
DPS ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
P/E							-10.8	-9.4	-6.3	-7.4
Average ROE	10.4%	-11.0%	-8.4%	-9.4%	-35.3%	-22.2%	-12.5%	-18.7%	-15.8%	
Dividend yield						0.0%	0.0%	0.0%	0.0%	0.0%
EV/SALES							11.19	6.02	3.82	2.93
EV/SALES adj							11.19	6.02	3.82	2.93
EV/EBITDA							-6.3	-6.4	-3.7	-5.8
EV/EBITDA adj							-8.2	-8.5	-4.5	-7.3
EV/EBIT							-5.9	-5.8	-3.3	-5.0
EV/EBIT adj							-7.6	-7.5	-3.9	-6.1
EV/NOPLAT							-5.9	-5.8	-3.3	-5.0
EV/OpFCF (taxed)							-8.2	-4.8	-3.8	-6.4

Source: Company (historical figures), DNB Markets (estimates)

## Key accounting ratios

	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
<i>Profitability (%)</i>										
ROA		4.2	-5.3	-4.3	-6.3	-25.7	-19.6	-11.8	-17.2	-14.1
<i>Return on invested capital (%)</i>										
Net PPE/revenues	46.3	29.0	17.1	12.9	10.5	31.0	74.4	125.7	104.0	60.0
Working capital/revenues	169.7	84.7	49.9	69.9	78.8	146.8	145.1	61.6	51.6	34.6
<i>Cash flow ratios (%)</i>										
FCF/revenues	-13.6	-57.0	-16.8	-35.1	-69.2	-188.3	-353.5	-174.8	-127.6	-62.4
FCF yield (%)	nm	nm	nm	nm	nm	nm	-8.6	-14.0	-17.1	-13.7
CFO/revenues	7.9	-45.3	-11.3	-18.1	-45.7	-97.6	-183.7	-80.2	-105.6	-52.7
CFO/market capitalisation							-8.6	-8.4	-14.9	-12.2
CFO/capex						-200.1		-148.4	-659.9	-869.2
CFO/current liabilities	7.8	-69.9	-33.4	-39.3	-120.2	-96.2	-188.8	-136.8	-242.8	-221.7
Cash conversion ratio	15.6	-475.8	178.1	510.1	517.5	170.8	178.4	171.2	112.4	108.0
Capex/revenues	0.0	0.0	0.0	0.0	0.0	48.8	0.0	54.1	16.0	6.1
Capex/depreciation	0.0	0.0	0.0	0.0	0.0	838.9	0.0	571.4	123.1	76.9
OpFCF margin	-81.3	22.1	-3.7	-2.5	-6.7	-148.7	-136.1	-124.9	-100.4	-46.2
Total payout ratio	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Leverage and solvency (x)</i>										
Interest cover	nm	3.75	-3.10	-2.19	-6.12	-42.46	nm	-71.00	nm	nm
EBIT/interest payable	nm	3.71	nm	nm	nm	nm	nm	nm	nm	nm
EBITA adj/interest payable	nm	3.55	nm	nm	nm	nm	nm	nm	nm	nm
Cash coverage	307.76	5.16	-1.81	-1.22	-4.47	-41.63	-158.62	14.00	20.40	16.75
Net debt/EBITDA	-2.17	4.97	-10.20	-25.38	6.42	-0.24	5.71	3.78	3.22	2.70
Total debt/total capital (BV)	0.57	0.49	0.38	0.37	0.13	0.19	0.03	0.01	0.05	0.08
LTD / (LTD + equity (MV))							0.00	-0.01	0.03	0.05
<i>Cash conversion cycle</i>										
Inventory turnover days	711.7	635.5	241.0	364.4	322.2	448.6	587.1	350.1	401.5	313.7
Receivables turnover days	53.2	99.8	52.5	107.2	154.1	245.5	187.4	97.1	78.9	60.7
Credit period	55.0	166.5	49.9	133.9	119.3	169.7	172.1	175.1	182.5	125.5
Cash conversion cycle	709.9	568.9	243.5	337.7	357.0	524.3	602.4	272.2	297.9	248.9

Source: Company (historical figures), DNB Markets (estimates)

## Important Information

Company: Arctic Bioscience  
 Coverage by Analyst: Geir Hiller Holom  
 Date: 06.9.2022

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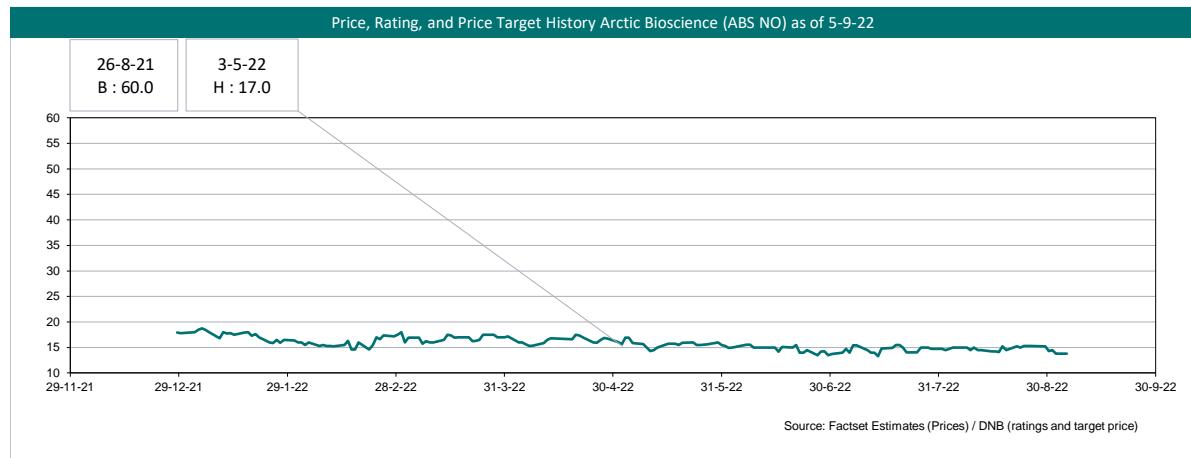
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