

SMART YIELD

INCOME FUND

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INITIAL REPORT FEBRUARY 26, 2023

LAST UPDATED February 26, 2023

AMARIN CORPORATION PLC

Common Shares; Recommendation: Buy, target \$5

Several positive events are evolving at Amarin, the company reported positive cash flow in the U.S. for the 3rd quarter, due to cost reductions by new management, and the European launch of VASCEPA began in 4th quarter. Amarin (AMRN) is a biopharmaceutical company and owner of the successful drug VASCEPA. In 2013, subsequent to the [MARINE](#) clinical trial VASCEPA received FDA approval for reduction of high triglyceride levels (HTG). HTG increases risk for coronary heart disease and stroke. In 2019, subsequent to the [REDUCE-IT](#) clinical trial, VASCEPA received a secondary indication for prevention of heart attack and stroke. In the REDUCE-IT trial, VASCEPA lowered adverse cardiovascular events by 25%, including a 20% reduction in death. For this indication VASCEPA is used with a statin (such as Lipitor). In a separate trial VASCEPA also demonstrated a reduction in dangerous types of plaque: [SOURCE](#).

Icosapent ethyl (also known as EPA and eicosapentaenoic acid) is the only active ingredient in VASCEPA. EPA is a marine omega-3 that is derived from a specific fish. Marine omega-3 therapies (fish oil) that are not VASCEPA have failed to show any reduction in plaque or prevention of cardiac events or any other benefit: ([STRENGTH](#) clinical trial, funded by AstraZeneca, [MAYO CLINIC](#): “no benefits to heart health”, [JAMA](#): [fish oil] lacks efficacy across a range of health outcomes, [NEJM](#): “In conclusion: [does nothing for heart attack or cancer]”). So, although as many as 10% of Americans take fish oil, it has no proven benefit for anything and is not a competitor for VASCEPA.

Amarin initiated strategies for a marketing push in the U.S. in 2019, which was to be followed by a European and other countries launch of VASCEPA. However, this was disrupted in 2020 when a U.S. District Court invalidated VASCEPA patents covering the MARINE indication for HTG. This did not affect the patents for the REDUCE-IT or the secondary indication, but generic manufacturers began to introduce their own VASCEPA with labeling only for the primary or MARINE indication. Simultaneously covid erupted and precautions had the effect of dramatically reducing physician visits. This left Amarin with a drug that was on patent for the secondary indication but available in generic form and a launch that was also disrupted by covid. These events wreaked havoc on investors with the shares trading from the

COMPANY STATS \$

Shares Out (In U.S. ADRs)	405 mm
Equity Market Cap	717 mm
2022 Revenues Est.	362 mm
2022 Cash Flow	-85 mm
2023 Revenues Est.	340 mm
2023 Cash Flow	-160 mm
2024 Revenues Est.	459 mm
2024 Cash Flow	21 mm

VASCEPA EU COUNTRY APPROVALS STATUS

Portugal	2023 expected
Denmark	Launched
Austria	Launched
Israel	2023 expected
Switzerland	2023 expected
Sweden	Launched
Germany	On Hold
Italy	2023 expected
Spain	2023 expected
Netherlands	2023 expected
Norway	2023 expected
France	2023-4 expected
Scotland	2023 expected
England	Launched
Finland	Launched
Up to 20 additional international markets	2023-4 expected

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[Company Overview](#)

mid-20s in 2019 to \$4 in March of 2020. Amarin's market value fluctuated from over \$10 billion in 2019 to under \$500 million in 2022.

Amarin came under new management in 2021 and in 2022 initiated strategies to reduce the U.S. marketing push and refocus on international markets where there is no generic threat. Outside the United States VASCEPA is not subject to the U.S. patent ruling and Amarin has stated that no similar litigation involving potential generic versions of VASCEPA are pending outside the United States. The European approval of VASCEPA provides Amarin ten years of market protection in the EU, and the companies' EU patent expires in 2033 with additional pending applications that could extend exclusivity into 2039.

As of the third quarter of 2022, management indicated that cost cutting in the U.S. had returned the company to slight positive cash flow and that they project that VASCEPA sales are stabilized with a 60% market share (Q3 U.S. revenues: roughly \$87 million). As of 3rd quarter 2022 Amarin has over \$300 million in cash and management estimates that this will adequately cover the European launch. Currently, VASCEPA is being sold in 5 European countries and expects to launch in 8 more including Israel (Germany is on hold). Amarin is also planning to launch in an additional 20 countries such as Dubai and Australia in 2023 and 2024.

There is little doubt that VASCEPA will achieve blockbuster status worldwide. Amarin estimates that in Europe there are 4 million deaths per year due to cardiovascular disease (CVD) and annual CVD costs exceed 200 billion euro. We estimate the addressable patient population for VASCEPA in Europe to be in excess of 7 million. We see 2023 as a pivot year with revenue reductions continuing in the U.S. and meaningful sales beginning in the EU. We see positive operating income beginning in 2024 and continuing improvements for international sales in 2025 and beyond. Our \$5 price target is based on the EU launch, further international launches over the next 36 months and the probable blockbuster status of VASCEPA.

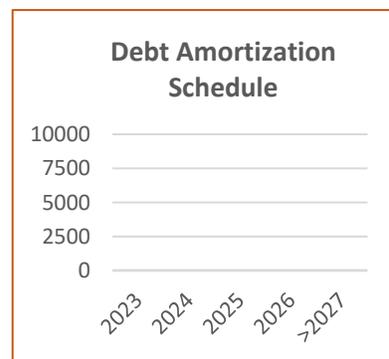
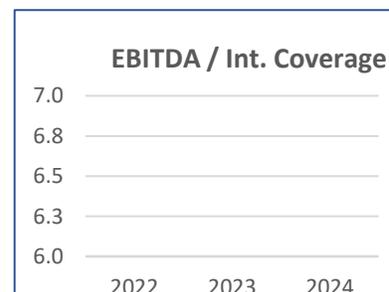
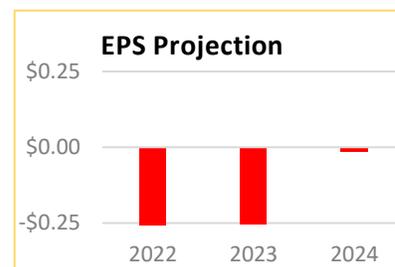
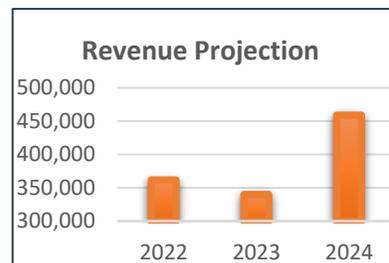
BROXTON CAPITAL ADVISORS Amarin as of 9/30/2022

Sunday, February 26, 2023

share price	\$1.77		
PROJECTIONS IN 1,000s	2022	2023	2024
Income Statement			
Revenue	361,576	339,881	458,840
Gross Profit	238,719	244,715	357,895
Operating Income	-100,240	-94,482	2,718
Pre-Tax Income	-101,440	-95,582	1,618
Net Income	-111,440	-102,582	-5,382
EPS	-\$0.28	-\$0.25	-\$0.01
Revenue growth	-38.00%	-6%	35%
EBITDA	-73,340	-68,882	28,318
Interest	0	0	0
Capitalized Expense	0	0	0
Cash Flow	-84,540	-75,882	21,318
Equity Dividends	0	0	0
Cash Flow Dividend Coverage	NA	NA	NA
Retained Cash Flow	-84,540	-75,882	21,318
Retained Cash Flow Sum	-84,540	-160,422	-139,104
Valuations			
Cash Flow Yield Vs. Equity	-11.8%	-10.6%	3.0%
EV/EBITDA	-9.8	-10.4	25.3
P.E Ratio	-6.4	-7.0	-132.8
Enterprise Value	716,547		
Net Total Debt	0		
Equity Market Cap	716,547	716,547	716,547
Debt Ratios			
EBITDA/Interest Coverage ratio			
Net Debt/EBITDA	0.0	0.0	0.0
Liquidity Sep. 30 2022			
Cash	303,700		
Borrowing Availability est.	100 mm		
Total Current Assets	686,520		
Total Current Liabilities	320,476		
Current Ratio	214%		
Debt			
Borrowings	0		
Borrowings Net	0		

NOTES:

Currently Amarin management is in a [proxy battle with Sarissa Capital](#) which we do not believe will have a detrimental effect on the shares. HTG is a prevalent lipid disorder in approximately 25% of the U.S. adult population. Both epidemiological and genetic data have shown associations between HTG and coronary heart disease. Many of those patients are taking statin therapy directed at lowering the risk of CVD by lowering their LDL-C levels, primarily.



Disclosures

Previous reports are available upon request. Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020, and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. 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