



AKER BIOMARINE
THIRD QUARTER 2021
REPORT

THIS IS AKER BIOMARINE

Aker BioMarine is a leading biotech innovator and Antarctic krill-harvesting company developing krill-derived products for pharma, consumer health and wellness as well as animal nutrition. The company has a strong position in its industry and is the world's leading supplier of krill, the natural, powerful and health promoting source of nutrients from the pristine waters of Antarctica.

Aker BioMarine consists of two business segments, Ingredients and Brands. The Ingredients segment is comprised of offshore harvesting and production, the logistical operation and the onshore manufacturing and sale of krill-derived products globally to the pharmaceutical, nutraceutical, pet food and aquaculture industries. The Brands segment is the human consumer goods business, which is comprised of Lang and Epion. Lang is a producer and distributor of private labels within the vitamin and supplement categories to the largest retailers in the US market. Epion is Aker BioMarine's consumer brand company. Its first brand, Kori, was launched in the US mass market in 2020.

HIGHLIGHTS THIRD QUARTER 2021

- Revenues of USD 62.0 million (compared to USD 70.2 million in the same period last year)
- Adjusted EBITDA of USD 14.6 million (USD 26.8 million), with 24% (38%) Adjusted EBITDA margin in the quarter, with adjustments of USD 2.3 million (USD 5.0 million)
- The sales in Ingredients declined 21% in the quarter versus same period last year. Krill sales were down 3%, while Superba sales were 42% below same period last year
- A growth plan for Superba is being implemented with several near-term initiatives, including new sales strategies and organization, new claims and new product offerings
- The reach for Kori, our retail brand in the U.S., further increased with two large retailers moving to full distribution in stores in the first quarter 2022. Kori was also launched on Amazon in August
- Harvesting volumes of 7,195 MT in the quarter compared to 8,727 MT same period last year.
- A new record-quarter at the Houston facility with production increasing 24% from same period last year with all-time-low unit cost.
- Refinancing structure agreed with a three-bank syndicate. Improved terms and conditions, as well as increased flexibility related to covenants and dividends

GROUP FINANCIAL SUMMARY

Amounts in Million of U.S. Dollars	Third Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Net sales	62.0	70.2	186.3	213.1	288.6
Gross margin	35 %	45 %	37 %	39 %	38 %
Operating profit	(2.2)	9.9	(8.4)	10.2	7.0
Net profit (loss)	13.5	2.4	0.4	(8.4)	(5.5)
Adjusted EBITDA*	14.7	26.8	40.8	57.0	78.1
Cash flow from operations	11.5	(34.5)	(5.0)	(38.8)	(51.0)
CAPEX*	(5.7)	(13.9)	(66.0)	(21.8)	(23.7)
Equity	379.6	366.4	379.6	366.4	373.2
Total assets	765.5	691.2	765.5	691.2	700.4
Net interest bearing debt	305.5	222.2	305.5	222.2	232.1

*) See note 3 and separate disclosure covering the Aker BioMarine Group's use of Alternative Performance Measures (APMs).

OPERATIONAL REVIEW

Ingredients segment

Harvesting was challenging throughout most of the third quarter with ice blocking the entrance to sub-area 48.2, preventing fishing during large parts of August and September. The ice finally moved, and Saga Sea and Antarctic Endurance to produce towards the end of the month. Total offshore production was 7,195 MT for the quarter, 17% below same period last year. The season ended first week of October when the last vessel left for maintenance and upgrades in Montevideo. The new season is expected to start end of November.

The support vessel, La Manche, was sold in September and will undergo ship dismantling by HKC recyclers in Turkey, in compliance with international standards.

There was a continued strong performance at the plant in Houston in the quarter, and the plant reached an all-time-high production with a 24% increase from same period last year and 8% above last quarter. Strong cost management combined with results from the capacity improvement project are driving the unit cost down to record-low levels. As krill oil inventory levels are increasing, the company considers to use the opportunity for a longer shutdown of the Houston plant to carry out certain upgrades, both related to flexibility in the production process and implementation of digital solutions that can further improve the efficiency. The pandemic has been well managed, and strict routines and procedures ensured that no Covid-19 outbreaks have affected the operations.

Ingredients sales were USD 39.8 million for the quarter, down from USD 50.4 million same period last year. The Superba krill oil sales in the quarter were 42% lower at USD 13.3 million compared to the same period last year due to continuous challenges in South Korea and the US market. A growth plan for Superba is currently being implemented. The plan is focused on converting identified, short term opportunities as well as building long term execution capabilities to take out the full potential for krill oil globally. More details will be presented in the Capital Market Update later this year.

For the Qrill category, sales were USD 26.4 million in the quarter, in line with the same period last year, and 6% above last quarter. Sales to Asia amounted to 49% of the total, up from 32% same period last year. There is generally high demand for the Qrill products.

Brands segment

Total sales in Brands were USD 24.8 million, a reduction of 11% from same period last year. Sales in the private label business were stable compared to third quarter 2020 with increased sales to major customers, including Sam's Club, CVS, Costco and Walgreens. Kori sales were down compared to third quarter 2020 as one of the largest retailers is changing their Stock Keeping Unit (SKU) in connection with full store distribution launch early next year, resulting in no new shipments to that customer this quarter.

There were important achievements in Kori, the US consumer brand, in the quarter. The company achieved full physical warehouse distribution in two major retailers, and both retailers will feature pallet promotions as part of the launch in early 2022. In addition, the Kori brand launched at Amazon in August with good sales development at low marketing cost. Lastly, the planogram process for 2022 is ongoing with positive feedback from existing customers so far.

OVERVIEW OF NEWSFLOW DURING THIRD QUARTER AND KEY SUBSEQUENT EVENTS

A selection of the posts below can be found at our homepage: <https://www.akerbiomarine.com/news>

Date	New publications and science
7/7	New study confirms Qrill Aqua in European Seabass diets improves growth, feed efficiency and liver health status
18/8	Aker BioMarine expands its product portfolio with a Halal-certified krill oil ingredient Aker BioMarine is expanding with Superba SC40, a Halal-certified krill oil product. Superba SC40 will give the company's ingredient customers the possibility to add new target groups
12/9	New study reveals krill oil's effectiveness in reducing liver and fat tissue inflammation related to obesity
27/9	New study demonstrating how krill oil may reduce the risk of cardiovascular disease
Date	Other news
6/8	Aker BioMarine inks deal with GEA to supply the process systems for its protein plant in Norway With the signing of an EPC contract for delivery of process equipment with GEA, Aker BioMarine is taking the next step toward commercialization of INVI
26/8	The Norwegian Tax Appeal Board ruled in favor of Aker BioMarine The case concerns deductions for losses on receivables, and the disputed amount was NOK 293.2 million which will be added as a tax loss carried forward
17/9	Aker BioMarine appoints Seth French as new CEO for the company's Brand segment
17/9	A major retailer has awarded Epion a significant increase in distribution of Kori from Q1 2022
18/10	Aker BioMarine appoints Thong Luu as SVP and General Manager to lead Asia operations
25/10	Aker BioMarine's key patent for krill oil in Europe is validated The European Patent Office has rejected an opposition against Aker BioMarine's patent 2144618, covering most krill oils available on the European market
28/10	Partnership with one of the world's highest ranked e-sports teams Aker BioMarine enters into partnership with Heroic to promote krill oil to sharpen the brain

FINANCIAL REVIEW

The revenue in the quarter was USD 62.0 million, a decrease from USD 70.2 million same period last year. Sales in the Ingredients segment was 21% lower, while sales in the Brands segment was 11% lower.

Revenue distribution in the quarter was 62% for Ingredients and 38% for Brands, compared to 64% and 36% respectively in the same period in 2020. Adjusted EBITDA was USD 14.6 million, a decrease from USD 26.8 million same period last year mainly driven by lower krill oil sales with high margins. Adjusted EBITDA margin for the quarter was 24%, down from 38% same period last year. Adjusted items for the quarter included costs related to organizational restructuring, net proceeds from sale of La Manche and other transaction related costs, totaling USD 2.3 million. For third quarter 2020 total adjustments amounted to USD 5.0 million which included the marketing launch cost for Kori. Marketing cost for Kori is not adjusted out in 2021.

Strong cost management and implementation of cost initiatives have reduced the SG&A cost this quarter with 9% from same period last year despite increased freight rates and unfavorable foreign exchange rates.

In the Ingredients segment, gross margins for Qrill Aqua increased compared to same period last year due to cost improvements, including effects from the fuel hedge. For Superba krill oil, gross margins were slightly down compared to same period last year due to higher cost for krill oil raw materials (Nutra meal). Gross margin for the Ingredients segment was 42% in the quarter, down from 50% same period last year. In the Brands segment, gross margins for the private label business, Lang, were slightly down in the quarter due to customer and product mix. For Epion, the gross margin was slightly up in the quarter compared to same period last year due to lower cost of goods sold. For the Brands segment as a whole, gross margins were 22%, down from 23% same quarter last year. A discontinuation of a Stock Keeping Unit (SKU) at one of the larger retailers, that will shift to a new SKU when launching full physical distribution start of next year, led to a lower Kori POS (Point of Sales) in the quarter. Marketing spend for Kori was USD 1.4 million in the quarter.

Total assets at period-end were USD 765.5 million, up from USD 691.2 million at end of third quarter 2020. The increase relates to inclusion of the service vessel Antarctic Provider which was delivered in February 2021, as well as build-up of inventory of krill oil as a result of strong production in Houston so far this year, combined with lower sales of krill oil.

Total interest-bearing debt was at USD 325.1 million, including IFRS 16 leasing commitments of USD 12.9 million as of 30 September. Cash amounted to USD 19.6 million, implying net interest-bearing debt of USD 305.5 million, up from USD 222.7 million same period last year due to the inclusion of the Antarctic Provider loan facility.

Total available liquidity as of 30 September 2021 was USD 78.6 million (cash and available amounts under the RCF facilities). Lang is debt free as per 30 September, having paid down USD 15.8 million in debt since the acquisition in March 2019.

The company has agreed on a new financing structure with its current bank group and one new bank entering the syndicate. The new facility has a more favorable structure with increased flexibility on covenants, dividends, and indebtedness. The amortization profile is changed as a result of moving from several term loans into a larger corporate revolving credit facility (RCF) and only one term loan for the Endurance vessel. In addition, the new structure includes an uncommitted accordion of USD 100 million. The facility carries the same financial covenants as the old structure, but the leverage covenant threshold (Net interest-bearing debt/LTM Adjusted EBITDA) is increased providing larger headroom for the company medium term. For third quarter 2021 the company is compliant. The facility documentation will be signed and executed during Q4.

Cash flow from operations was positive by USD 11.5 million in the quarter mainly driven by funds from operating activities as well as a positive change in working capital due to higher realization of customer receivables. Net cash flow was positive at USD 7.3 million in the quarter.

As we are moving closer to the end of the four year earn-out period for Lang, also with some visibility into 2022, we have revised the total earn-out estimate down from USD 31.7 million to USD 12.1 million. The lower commitment for the company results in reduced debt and, hence, a financial gain of USD 19.6 million in the quarter booked as net financial item.

Net profit for the quarter was positive by USD 13.5 million.

In the quarter, the company's option contracts for future delivery of fuel in Rotterdam were in-the-money. Based on the volumes consumed in the quarter, the net gain on the contracts were USD 1.5 million recognized as fuel inventory. As a result of lower expected fuel usage, the company has sold a portion of its option contracts to balance the exposure. The sale resulted in a net gain of USD 2.45 million which is booked as other operating income. The unrealized gain for the quarter on the remaining option contracts was negative USD 0.3 million recognized as other comprehensive income. The total fair value of the remaining options was USD 12.8 million booked as derivative asset.

Total equity was USD 379.6 million implying an equity ratio of around 50%.

Risks and uncertainties

The company is exposed to credit, liquidity and interest risk in addition to operational risks and uncertainties relating to harvesting and offshore processing technologies, fluctuations in annual krill harvesting, onshore production processes and product quality, ability to develop new products, and general product sales and market risk.

The company has adopted a risk management policy to identify, measure, and mitigate risks. For a more detailed discussion on risk see the Annual Accounts 2020 Note 20 (Financial risk) and the company prospectus, published 13 April 2021.

OUTLOOK 2021

Aker BioMarine reiterates the guiding for 2021 with expected annual sales to be somewhat below last year's revenue of USD 289 million with an expected adjusted EBITDA margin of 15-17%. Based on third quarter year to date, the company expects harvesting volume for the year to be in the range of 40,000 – 45,000 MT, depending on harvesting conditions in the fourth quarter.

Focus on our strategic innovation projects are continuing:

For Lysoveta, the development continues, including securing new commercial and research partnerships. We aim towards having the first commercial supplement product ready by end of 2022. For the pharmaceutical sector, discussions are still ongoing for potential new partnerships as a result of the MD3 cooperation. The company is also exploring other partnership options.

For Aion, there is an ongoing process to spin off the company.

For INVI, pilot production has been established in Tromsø, providing batches for R&D and commercialization purposes. The protein launch plant construction in Ski, Norway has been postponed for about six months due to resource allocations. In the quarter, the company has submitted regulatory applications for UK and Australia.

INTERIM FINANCIAL STATEMENTS

AKER BIOMARINE GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in thousands of U.S. Dollars	Note	Third Quarter		Year to date		Year
		2021	2020	2021	2020	2020
Net sales	2	61 969	70 183	186 337	213 087	288 588
Cost of goods sold	2	(40 489)	(37 590)	(117 958)	(129 418)	(179 010)
Gross profit		21 480	32 593	68 379	83 669	109 578
Selling, general and administrative expense	2	(21 473)	(23 602)	(63 010)	(67 056)	(86 847)
Depreciation, amortization and impairment	2,5,6	(5 211)	(4 308)	(16 822)	(12 540)	(17 125)
Other operating income	2	2 987	5 773	3 024	7 061	2 348
Other operating cost	2	-	(585)	-	(954)	(954)
Operating profit		(2 218)	9 871	(8 430)	10 180	7 000
Net financial items		15 562	(7 364)	9 463	(18 191)	(6 312)
Tax expense		157	(123)	(592)	(387)	(6 151)
Net profit (loss)		13 502	2 384	442	(8 398)	(5 463)

Earnings per share to equityholders of Aker BioMarine ASA

Basic	0,15	0,03	0,01	-0,13	-0,07
Diluted	0,15	0,03	0,01	-0,13	-0,07

AKER BIOMARINE GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of U.S. Dollars	Note	Third Quarter		Year to date		Year
		2021	2020	2021	2020	2020
Net profit (loss)		13 502	2 384	442	(8 398)	(5 463)
Other comprehensive income (loss)						
Defined benefit plan income gains (losses)		-	-	-	-	(79)
Total items that will not be reclassified to profit and loss		-	-	-	-	(79)
Translation differences		-	-	-	(14)	(11)
Translation differences from equity accounted investees		-	-	-	-	-
Total items that may be reclassified subsequently to profit and loss		-	-	-	(14)	(11)
Change in fair value cash flow hedges		(330)	(3 193)	6 015	(3 932)	-
Total items that will be reclassified to profit and loss		(330)	(3 193)	6 015	(3 932)	-
Total other comprehensive income (loss)		(330)	(3 193)	6 015	(3 946)	(90)
Total comprehensive income (loss)		13 172	(809)	6 456	(12 344)	(5 553)

AKER BIOMARINE GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of U.S. Dollars	Note	30.09.2021	30.09.2020	31.12.2020
ASSETS				
Property, plant and equipment	5	322 528	285 351	266 556
Right to use assets		12 297	12 919	13 145
Intangible assets and goodwill	6	172 631	192 710	180 552
Contract cost		7 727	-	9 167
Other non-interest-bearing non-current receivables		6	6 079	7 761
Investments in equity-accounted investees		105	131	130
Total non-current assets		515 295	497 190	477 311
Inventories	7	150 376	119 415	114 559
Trade receivable and prepaid expenses		67 454	61 529	97 885
Derivative assets		12 783	-	-
Cash and cash equivalents		19 589	13 055	10 678
Total current assets		250 203	193 999	223 121
Total assets		765 497	691 189	700 432

LIABILITIES AND OWNERS' EQUITY

Amounts in thousands of U.S. Dollars	30.09.2021	30.09.2020	31.12.2020
Share capital	75 853	75 853	75 853
Other paid-in equity	493 554	493 548	493 554
Total paid-in equity	569 407	569 401	569 407
Translation differences and other reserves	143	140	143
Retained earnings	(189 972)	(203 166)	(196 380)
Total equity	379 578	366 375	373 170
Interest-bearing debt	287 821	204 391	210 578
Other non-interest-bearing non-current liabilities	17 369	50 972	45 740
Total non-current liabilities	305 191	255 363	256 317
Interest-bearing current liabilities	37 254	30 894	32 222
Accounts payable and other payables	43 476	38 557	38 723
Total current liabilities	80 729	69 451	70 945
Total liabilities	385 920	324 814	327 262
Total equity and liabilities	765 497	691 189	700 432

AKER BIOMARINE GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Net profit (loss) after tax	13 502	2 385	442	(8 397)	(5 463)
Tax expenses	(157)	123	592	387	6 151
Net interest and guarantee expenses	3 497	3 537	10 018	15 390	17 861
Interest paid	(2 599)	(18 380)	(8 227)	(27 401)	(30 749)
Interest received	7	202	10	445	871
Taxes paid	388	0	3 348	661	(2 332)
Other P&L items with no cash flow effect	(19 600)	-	(19 600)	-	(6 547)
Impairment charges	-	5	3 882	(1 159)	43
Depreciation and amortization	18 032	11 962	45 291	35 488	48 247
Foreign exchange loss (gain)	(188)	1 665	(308)	(1 262)	314
Change in accounts receivable, other current receivables, inventories, accounts payable and other	(1 362)	(36 015)	(40 432)	(52 956)	(79 439)
Net cash flow from operating activities	11 520	(34 515)	(4 985)	(38 804)	(51 043)
Payments for property, plant and equipment	(5 239)	(3 871)	(64 549)	(9 748)	(21 654)
Payments for intangibles	(488)	(10 000)	(1 447)	(12 055)	(2 055)
Proceeds from sales of property, plant and equipments	-	-	-	21 793	22 012
Investments in subsidiary and associated companies	(3)	-	22	(0)	(356)
Net cash flow from investing activities	(5 730)	(13 871)	(65 974)	(10)	(2 053)
Proceeds from issue of debt and change in overdraft facility	2 116	(11 378)	1 356	(22 151)	(16 462)
Net change in external interest-bearing debt	(566)	(170 380)	78 510	(186 764)	(83 757)
Net funds from issue of shares	-	-	-	23 000	23 000
Repayments to owners	-	-	-	-	(96 795)
Loan from owners	4	224 173	4	224 173	224 178
Net cash flow from financing activities	1 554	42 415	79 870	38 258	50 163
Net change in cash and cash equivalents	7 344	(5 972)	8 911	(555)	(2 932)
Cash and cash equivalents beginning of the period	12 246	19 026	10 678	13 610	13 610
Cash and cash equivalents end of period	19 589	13 055	19 589	13 055	10 678

AKER BIOMARINE GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of U.S. Dollars	Share capital	Share premium	Other paid-in capital	Other reserves	Retained earnings	TOTAL
Balance as of December 31, 2019	68 003	312 844	(35 617)	154	(190 838)	154 547
Net profit (loss)	-	-	-	-	(5 463)	(5 463)
Other comprehensive income (loss)	-	-	-	(11)	(79)	(90)
Total comprehensive income (loss)	-	-	-	(11)	(5 542)	(5 553)
Issue of shares	7 849	217 052	(725)	-	-	224 177
Total transactions with owners, recognized directly in equity	7 849	217 052	(725)	-	-	224 177
Balance as of December 31, 2020	75 853	529 896	(36 342)	143	(196 380)	373 170
Net profit (loss) for the period	-	-	-	-	(13 108)	(13 108)
Other comprehensive income (loss)	-	-	-	-	6 344	6 344
Total comprehensive income (loss) for the period	-	-	-	-	(6 764)	(6 764)
Balance as of June 30, 2021	75 853	529 896	(36 342)	143	(203 144)	366 406
Net profit (loss) for the third quarter	-	-	-	-	13 502	13 502
Other comprehensive income (loss)	-	-	-	-	(330)	(330)
Total comprehensive income (loss) for the quarter	-	-	-	-	13 172	13 172
Balance as of September 30, 2021	75 853	529 896	(36 342)	143	(189 972)	379 578

NOTE 1 REPORTING ENTITY

Aker BioMarine ASA is a public limited company with headquarter located in Norway. The Condensed consolidated interim financial statements comprise Aker BioMarine ASA (the Company) and its subsidiaries (the Group). The Group is a global supplier of krill-derived products, with a fully owned supply chain. The operations span from harvesting krill in the Southern Ocean with vessels owned by the Group, distribution world-wide from Uruguay, and further processing into oil-products in the United States.

Basis of accounting

The Group's unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The Condensed interim statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements that are part of the Annual Report for 2020. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Group's latest Annual Report can be found at <https://www.akerbiomarine.com/investor>

Judgements, estimates and assumptions

The preparation of the condensed interim financial statements according to IFRS requires management to make judgments, estimates and assumptions each reporting period. The main judgments, estimates and assumptions are described in the Annual consolidated financial statements for 2020 (note 2).

The significant judgements made by management in the preparation of this interim financial report were made applying the same accounting policies and principles as those described within the 2020 annual consolidated financial statements.

NOTE 2 OPERATING SEGMENTS

The Group's operating segments are separately managed and is segregated as they serve different markets. The identified segments are the Ingredients business, and the Brands business, see note 3 in the financial statements for the year ended 31 December 2020, for more information.

The Ingredients segment comprises of offshore harvesting and production, the logistical operation and the onshore manufacturing and sale of krill oil products globally to distributors and feed producers.

The Brands segment is the human consumption distribution business which comprises of Lang and Epion. Lang acquires products derived from krill, fish and plants and packages, labels and sells the products onwards to retailers in the US market. Intangible assets recognized through the acquisition of Lang is presented within "adjustments", and not within the Brands segment.

Segment performance is evaluated based on net revenues, Adjusted EBITDA and net profit.

Segment performance third quarter 2021

Amounts in thousands of U.S. Dollars	Third Quarter 2021			TOTAL
	Ingredients	Brands	Adj	
Net sales	39 821	24 806	(2 658)	61 969
Cost of goods sold	(23 192)	(19 292)	1 995	(40 489)
Gross profit	16 629	5 514	(663)	21 480
Selling, general and administrative expense	(15 606)	(6 745)	878	(21 473)
Depreciation, amortization and impairment	(3 557)	(504)	(1 150)	(5 211)
Other operating income/(cost), net	2 987	-	-	2 987
Operating profit	451	(1 734)	(935)	(2 218)
Net financial items	(3 366)	(672)	19 600	15 562
Profit (loss) before tax	(2 915)	(2 406)	18 665	13 344
Tax expense	730	(573)	-	157
Net profit (loss)	(2 185)	(2 979)	18 665	13 502

EBITDA reconciliation

Amounts in thousands of U.S. Dollars	Third Quarter 2021			TOTAL
	Ingredients	Brands	Adj	
Net profit (loss)	(2 185)	(2 979)	18 665	13 502
Tax expense	(730)	573	-	(157)
Net financial items	3 366	672	(19 600)	(15 562)
Depreciation and amortization non-production assets	3 557	504	1 150	5 211
Depreciation and amortization production assets 1)	9 363	-	-	9 363
EBITDA	13 372	(1 230)	215	12 357
Special Operating Items	2 300	-	-	2 300
Adjusted EBITDA	15 672	(1 230)	215	14 656
Adj EBITDA margin %	39 %	-5 %	44 %	24 %
Gross profit %	42 %	22 %	20 %	35 %

1) Included in Cost of Goods Sold

Segment performance year to date 2021

Amounts in thousands of U.S. Dollars	Year to date 2021			
	Ingredients	Brands	Adj	TOTAL
Net sales	115 863	80 335	(9 861)	186 337
Cost of goods sold	(65 669)	(60 938)	8 648	(117 958)
Gross profit	50 194	19 398	(1 213)	68 379
Selling, general and administrative expense	(44 394)	(19 495)	878	(63 010)
Depreciation, amortization and impairment	(11 786)	(1 575)	(3 461)	(16 822)
Other operating income/(cost), net	3 024	-	-	3 024
Operating profit	(2 962)	(1 672)	(3 796)	(8 430)
Net financial items	(9 484)	(1 906)	20 853	9 463
Profit (loss) before tax	(12 446)	(3 578)	17 057	1 033
Tax expense	1 406	(1 998)	-	(592)
Net profit (loss)	(11 040)	(5 576)	17 057	442

EBITDA reconciliation Amounts in thousands of U.S. Dollars	Year to date 2021			
	Ingredients	Brands	Adj	TOTAL
Net profit (loss)	(11 040)	(5 576)	17 057	442
Tax expense	(1 406)	1 998	-	592
Net financial items	9 484	1 906	(20 853)	(9 463)
Depreciation and amortization non-production assets	11 786	1 575	3 461	16 822
Depreciation and amortization production assets 1)	28 894	-	-	28 894
EBITDA	37 719	(97)	(335)	37 287
Special Operating Items	3 532	-	-	3 532
Adjusted EBITDA	41 251	(97)	(335)	40 819
	36 %	0 %	36 %	22 %
	43 %	24 %	19 %	37 %

1) Included in Cost of Goods Sold

Segment performance Third Quarter 2020

Amounts in thousands of U.S. Dollars	Third Quarter 2020			
	Ingredients	Brands	Adj	TOTAL
Net sales	50 397	27 782	(7 995)	70 183
Cost of goods sold	(25 006)	(21 366)	8 782	(37 590)
Gross profit	25 390	6 416	787	32 593
Selling, general and administrative expense	(16 183)	(7 420)	-	(23 602)
Depreciation, amortization and impairment	(3 032)	(122)	(1 154)	(4 308)
Other operating income/(cost), net	4 987	201	-	5 188
Operating profit	11 163	(925)	(367)	9 871
Net financial items	(7 115)	(228)	(21)	(7 364)
Profit (loss) before tax	4 048	(1 153)	(388)	2 507
Tax expense	(123)	-	-	(123)
Net profit (loss)	3 925	(1 153)	(388)	2 384

EBITDA reconciliation Amounts in thousands of U.S. Dollars	Third Quarter 2020			
	Ingredients	Brands	Adj	TOTAL
Net profit (loss)	3 925	(1 153)	(388)	2 384
Tax expense	123	-	-	123
Net financial items	7 115	228	21	7 364
Depreciation and amortization non-production assets	3 032	122	1 154	4 308
Depreciation and amortization production assets 1)	7 659	-	-	7 659
EBITDA	21 854	(803)	787	21 838
Special Operating Items	667	4 315	-	4 982
Adjusted EBITDA	22 521	3 512	787	26 820
Adj EBITDA margin %	45 %	13 %	32 %	38 %
Gross profit %	50 %	23 %	27 %	46 %

1) Included in Cost of Goods Sold

Segment performance year to date 2020

Amounts in thousands of U.S. Dollars	Year to date 2020			
	Ingredients	Brands	Adj	TOTAL
Net sales	142 740	84 275	(13 928)	213 087
Cost of goods sold	(78 370)	(63 430)	12 382	(129 418)
Gross profit	64 370	20 845	(1 546)	83 669
Selling, general and administrative expense	(47 710)	(19 346)	-	(67 056)
Depreciation, amortization and impairment	(8 895)	(187)	(3 458)	(12 540)
Other operating income/(cost), net	5 906	201	-	6 107
Operating profit	13 671	1 513	(5 004)	10 180
Net financial items	(15 454)	(569)	(2 169)	(18 191)
Profit (loss) before tax	(1 783)	944	(7 173)	(8 011)
Tax expense	1 390	(1 777)	-	(387)
Net profit (loss)	(392)	(833)	(7 173)	(8 398)

EBITDA reconciliation

Amounts in thousands of U.S. Dollars	Year to date 2020			
	Ingredients	Brands	Adj	TOTAL
Net profit (loss)	(392)	(833)	(7 173)	(8 398)
Tax expense	(1 390)	1 777	-	387
Net financial items	15 454	569	2 169	18 191
Depreciation and amortization non-production assets	8 895	187	3 458	12 540
Depreciation and amortization production assets 1)	22 969	-	-	22 969
EBITDA	45 535	1 700	(1 546)	45 689
Special Operating Items	1 008	10 345	-	11 353
Adjusted EBITDA	46 543	12 045	(1 546)	57 042
Adj EBITDA margin %	33 %	14 %	18 %	27 %
Gross profit %	45 %	25 %	20 %	39 %

1) Included in Cost of Goods Sold

Segment performance Year 2020

Amounts in thousands of U.S. Dollars	Year 2020			
	Ingredients	Brands	Adj	TOTAL
Net sales	198 398	104 416	(14 226)	288 588
Cost of goods sold	(115 468)	(77 596)	14 054	(179 010)
Gross profit	82 930	26 820	(172)	109 578
Selling, general and administrative expense	(57 480)	(29 367)	-	(86 847)
Depreciation, amortization and impairment	(12 254)	(261)	(4 610)	(17 125)
Other operating income/(cost), net	1 394	-	-	1 394
Operating profit	14 590	(2 808)	(4 782)	7 000
Net financial items	(12 337)	(652)	6 677	(6 312)
Profit (loss) before tax	2 254	(3 461)	1 895	688
Tax expense	(2 811)	(3 340)	-	(6 151)
Net profit (loss)	(557)	(6 801)	1 895	(5 463)

EBITDA reconciliation

Amounts in thousands of U.S. Dollars	Year 2020			
	Ingredients	Brands	Adj	TOTAL
Net profit (loss)	(557)	(6 801)	1 895	(5 463)
Tax expense	2 811	3 340	-	6 151
Net financial items	12 337	652	(6 677)	6 312
Depreciation and amortization non-production assets	12 254	261	4 610	17 125
Depreciation and amortization production assets 1)	32 518	-	-	32 518
EBITDA	59 362	(2 547)	(172)	56 643
Special Operating Items	4 446	17 016	-	21 462
Adjusted EBITDA	63 809	14 469	(172)	78 106
Adj EBITDA margin %	32 %	14 %	18 %	27 %
Gross profit %	42 %	26 %	16 %	38 %

1) Included in Cost of Goods Sold

NOTE 3 ADJUSTED EBITDA

The Executive Management Team (EMT) evaluates the performance based on Adjusted EBITDA. This metric is defined as operating profit before depreciation, amortization, write-downs and impairments, and special operating items. Special operating items include gains or losses on sale of assets, if material, restructuring expenses and other material transactions of either non-recurring nature or special in nature compared to ordinary operational income or expenses. See reconciliation and description of the Alternative Performance Measures (APM) included in this report.

The EMT has provided the following information at 30 September 2021:

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Net profit (loss)	13 502	2 384	442	(8 398)	(5 463)
Tax expense	(157)	123	592	387	6 151
Net financial items	(15 562)	7 364	(9 463)	18 191	6 312
Operating profit	(2 218)	9 871	(8 430)	10 180	7 000
Depreciation, amortization and impairment non-production assets	5 211	4 308	16 822	12 540	17 125
Depreciation, amortization and impairment production assets 1)	9 363	7 659	28 894	22 969	32 518
EBITDA	12 357	21 838	37 287	45 689	56 643
Special operating items	2 300	4 982	3 532	11 353	21 462
Adjusted EBITDA	14 656	26 820	40 819	57 043	78 106

1) Included in cost to inventory

NOTE 4 MEASUREMENT UNCERTAINTY

As a result of the Covid-19 outbreak in 2020 there has been significant volatility in the global markets. A review of significant estimates and underlying assumptions has been conducted. The Group has since the early phase of the crisis started and continued monitoring of estimates for losses of receivables. As of the date of these interim financial statement, no significant changes in estimates have been performed.

Other than those explained in the Alternative Performance Measure section, the Group has not identified any material impact from Covid-19 in the condensed consolidated financial statement as of 30 September 2021 which requires any changes in the management's judgement, estimates or assumptions.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

As of 30 September, 2021

Amounts in thousands of U.S. Dollars	Vessels, transportation equipment, etc		Asset under construction	Buildings and Land	TOTAL
	Machinery				
Acquisition cost as of 1 January, 2021	206 606	157 337	12 481	18 623	395 047
Investments	3 025	3 024	58 402	98	64 549
Sale of vessel	-	-	-	-	-
Asset retirements	(8 750)	(1 202)	-	-	(9 952)
Other reclassifications 1)	68 175	(11)	(52 336)	-	15 828
Acquisition cost as of 30 September, 2021	269 056	159 147	18 547	18 721	465 471
Acc. depreciation and impairment as of 1 January, 2021	(69 699)	(52 883)	(2 655)	(3 254)	(128 491)
Depreciation for the year	(15 811)	(12 195)	-	(413)	(28 419)
Impairment	(1 812)	-	-	(271)	(2 083)
Asset retirements	8 784	1 168	-	-	9 952
Other reclassifications	6 020	78	-	-	6 098
Acc. depreciation and impairment as of 30 September, 2021	(72 518)	(63 832)	(2 655)	(3 938)	(142 943)
Book value as of 30 September, 2021	196 538	95 315	15 892	14 783	322 528
Depreciation period	10-30 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

As of 31 December, 2020

Amounts in thousands of U.S. Dollars	Vessels, transportation equipment, etc	Machinery	Asset under construction	Buildings and Land	TOTAL
	Acquisition cost as of 1 January, 2020	215 303	134 009	41 222	18 559
Investments	4 145	7 088	10 355	66	21 654
Sale of vessel	-	-	(26 336)	-	(26 336)
Asset retirements	(1 535)	(2 793)	-	(2)	(4 330)
Other reclassifications 1)	(11 307)	19 033	(12 760)	-	(5 034)
Acquisition cost as of 31 December, 2020	206 606	157 337	12 481	18 623	395 047
Acc. depreciation and impairment as of 1 January, 2020	(59 404)	(36 312)	(8 555)	(2 454)	(106 726)
Depreciation for the year	(15 751)	(14 571)	-	(554)	(30 875)
Sale of vessel	-	-	5 900	-	5 900
Impairment	(1 150)	-	-	(246)	(1 396)
Asset retirements	1 535	2 324	-	-	3 859
Other reclassifications	5 071	(4 324)	-	-	747
Acc. depreciation and impairment as of 31 December, 2020	(69 699)	(52 883)	(2 655)	(3 254)	(128 491)
Book value as of 31 December, 2020	136 907	104 454	9 826	15 369	266 556
Depreciation period	10-30 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

Specification depreciation and amortization

Amounts in thousands of U.S. Dollars	Year to date 2021	Year 2020
Depreciation for the year for property, plant & equipment	(28 419)	(30 875)
Impairment	(2 083)	(1 396)
Amortization for the year Intangible assets	(9 363)	(10 158)
Amortization for the year Contract cost	(1 452)	(833)
Leasing (ROU) depreciation	(4 399)	(6 381)
Total	(45 716)	(49 643)
Depreciation, amortization and impairment non-production assets	(16 822)	(17 125)
Depreciation, amortization and impairment production assets and included in cost to inventory	(28 894)	(32 518)

NOTE 6 INTANGIBLE ASSETS

As of 30 September, 2021

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agree-ments	Fishing licences	Customer relation	Trademark	TOTAL
Acquisition cost as of 1 January, 2021	94 612	5 318	2 396	10 500	91 650	5 675	210 151
Additions - external cost	-	1 442	-	-	-	-	1 442
Acquisition cost as of 30 September, 2021	94 612	6 760	2 396	10 500	91 650	5 675	211 593
Amortization and impairment losses as of 1 January, 2021	-	(5 245)	(959)	-	(23 395)	-	(29 599)
Amortization/ impairment for the year	-	-	(399)	-	(8 064)	(900)	(9 363)
Amortization and impairment losses as of 30 September, 2021	-	(5 245)	(1 358)	-	(31 459)	(900)	(38 962)
Book value as of 30 September, 2021	94 612	1 515	1 038	10 500	60 191	4 775	172 631
Depreciation period		10-30 years	3-20 years		7-10 years		
Depreciation method		Straight-line	Straight-line		Straight-line		

As of 31 December, 2020

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agree-ments	Fishing licences	Customer relation	Trademark	TOTAL
Acquisition cost as of 1 January, 2020	94 557	5 318	2 396	10 500	91 293	5 675	209 739
Additions - external cost	55	-	-	-	-	-	55
Acquisition	-	-	-	-	357	-	357
Acquisition cost as of 31 December, 2020	94 612	5 318	2 396	10 500	91 650	5 675	210 151
Amortization and impairment losses as of 1 January, 2020	-	(5 245)	(578)	-	(13 619)	-	(19 442)
Amortization for the year	-	-	(532)	-	(9 625)	-	(10 157)
Reclassifications	-	-	151	-	(151)	-	-
Amortization and impairment losses as of 30 September, 2020	-	(5 245)	(959)	-	(23 395)	-	(29 599)
Book value as of 31 December, 2020	94 612	73	1 437	10 500	68 255	5 675	180 552
Depreciation period		10-30 years	3-20 years		7-10 years		
Depreciation method		Straight-line	Straight-line		Straight-line		

NOTE 7 INVENTORIES

Inventories are measured at the lower of actual production cost (including freight) and net realizable value. Acquisition cost is based on the actual cost of warehoused materials. The cost of finished goods and work in progress comprises the costs of raw materials, direct labor and other direct costs, and related production overheads. Indirect costs allocated to inventories, includes salaries, depreciation and certain other operating expenses. The company assigns cost of inventories using a weighted average cost formula.

During Q3-21 there has been a build-up of inventory in the Ingredients segment, from USD 80.5 million at 31 December 2020 to USD 111.6 million as of 30 September 2021. The inventory levels have been relatively flat in the Brands segment throughout the periods. In the Ingredients segment the vessels have produced 7,195 MT krill meal, and the Houston facility produced 331 MT krill oil.

As of 30 September, 2021

Amounts in thousands of U.S. Dollars	Ingredients	Brands	Adj	Total
Non-product related inventory	1012			1 012
Raw materials	-	10 836	-	10 836
Goods under production/ Semi finished	4 852	14 833	(4 852)	14 833
Finished goods	111 437	10 910	1 348	123 695
Inventory at 30 September 2021	117 301	36 579	(3 504)	150 376

As of 31 December, 2020

Amounts in thousands of U.S. Dollars	Ingredients	Brands	Adj	Total
Raw materials	-	9 943	-	9 943
Goods under production/ Semi finished	-	14 252	-	14 252
Finished goods	80 502	12 534	(2 672)	90 364
Inventory at 31 December 2020	80 502	36 729	(2 672)	114 559

NOTE 8 DERIVATES

One of the Group's significant operating costs is the fuel cost. As such, the Group is exposed to fuel price fluctuations since the vessels use fuel while steaming and in production. The profitability and cash flow of the Group will therefore depend upon the market price of fuel. In 2020 the operating subsidiary Aker BioMarine Antarctic AS entered option contracts for future delivery of fuel in Rotterdam; that is, the contracts will be settled without physical delivery.

The following table show remaining contracts with mark-to-market value.

Year	Contracts	Value
2021	7 552	952
2022	25 875	6 161
2023	25 546	3 033
2024	26 511	2 637
Total	85 484	12 783

i) Classification of derivatives

The Group use the fuel options for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. From 1 January 2021 the Company met the requirements for hedge accounting. In the balance sheet the fuel options are recognized under the line items 'Derivative assets' and 'Other non-interest-bearing non-current liabilities'. The value of the fuel options as of 30 September 2021 was USD 12.8 million.

ii) Amounts recognized in profit or loss

During Q3-21 the Group sold part of the options that will not be used in the ordinary course of business. The sale has been recognized as a rebalancing effect of designated fuel volumes. The purpose of the option contracts was to secure 100% of the fuel consumption. The underlying reason for the rebalancing is reduced harvest in 2021 leading to lower fuel consumption.

The part of the fuel options that are no longer part of the hedging relationship have been accounted for in accordance with the requirements for discontinuation of hedge accounting. The remaining volume after the rebalancing would continue to follow hedge accounting. The gain from rebalancing was USD 2.5 million

iii) Hedge effectiveness

The Group determines hedge effectiveness at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. As of 30 September 2021, the hedge was found effective based on a timeseries analysis done on actual fuel prices paid against MGO Rotterdam.

NOTE 9 OTHER NON-CURRENT LIABILITIES

On 1 March 2019 the Group acquired 100 % of the shares in Lang Pharma. This acquisition was performed through a cash payment of USD 52.9 million upon acquisition date but also included an earnout-period that could, if financial targets are met, result in additional payments of up to USD 50 million. These financial targets are all EBITDA-based, for Lang as a stand-alone company. The earn-out period ends 31 December 2022.

The earn-out was fair valued to USD 38.4 million at acquisition date and subsequently reduced to USD 31.7 million in Q2-21. Based on year-to-date EBITDA in Lang and projections for full year 2021 and 2022, the earn-out has been reduced to USD 12.1 million. The fair value of the earn-out element was estimated calculating the present value of the future expected cash flows using a discount rate of 11%.

The Group recognized USD 19.6 million as financial income to account for the fair value adjustments as per 30 September 2021.

NOTE 10 BORROWINGS

Total borrowings (incl. leasing) were USD 325.1 million at 30 September 2021. In Q3-2021 the leverage covenant threshold was 5.0x based on last twelve-month EBITDA and net debt. Net debt is defined as total borrowings (incl. leasing) less cash and cash equivalents. The Group define cash equivalents as short-term highly liquid investments that are readily convertible to known amounts of cash, such as prepaid call options.

The Group was in compliance with all loan covenants as of 30 September 2021.

In Q4-21 the Group will formally enter into a new loan agreement where several existing loan structures will be replaced with one loan. The new loan will be sustainability-linked with attached ESG KPIs. The lender will be Aker BioMarine Antarctic AS with Aker BioMarine ASA as the parent guarantor. The new loan will provide the Group with additional loan capacity and have an uncommitted accordion of USD 100 million. The loan will have a 3+1+1 year tenure.

New loan covenants from Q4-21:

Following the new loan agreement there will be changes in the covenants. The new covenant levels are:

- Leverage (net debt/Adj. EBITDA): Q4-2021: 6.5x, Q1-2022: 6.0x, Q2-2022: 5.5x, Q3-2022 and thereafter: <5.0x
- Interest cover ratio: (Adj. EBITDA/net finance charges): >2.0x

The loan agreement refers to Adjusted EBITDA which follow the Group's Alternative Performance Measure guidelines.

NOTE 11 SUBSEQUENT EVENTS

No subsequent events after 30 September 2021.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Alternative performance measures, meaning financial performance measures not included within the applicable financial reporting framework, are used by the Group to provide supplemental information by excluding items that in management's view, does not give indications of the periodic operating results. Financial APMs are used to enhance comparability of the results from a period to the next, and management uses these measures internally when driving performance in terms of long- and short-term forecasts. The measures are adjusted IFRS measures, and are defined, calculated and consistently applied in the Group's financial reporting. The Group focuses on EBITDA and Adjusted EBITDA when presenting the period's financial result internally and externally. Adjusted EBITDA is adjusted for Special operating items.

Financial APMs should not be considered as substitute for measures of performance in accordance with applicable financial reporting framework.

The Group uses the following APMs in the reporting:

- EBITDA: Operating profit before depreciation, amortization, write-downs and impairments
- Adjusted EBITDA: Operating profit before depreciation, amortization, write-downs and impairments, and Special operating items
- EBITDA margin %: EBITDA as a percentage of Net sales
- Adjusted EBITDA margin %: Adjusted EBITDA as a percentage of Net sales
- Gross margin %: Gross profit as a percentage of Net sales
- CAPEX: The sum of Payments for property, plant and equipment and Payments for intangibles (included in the Condensed consolidated statement of cash flow)

"EBITDA" and "Adjusted EBITDA" are used as APMs to facilitate operating performance comparisons from period to period, and the others are relevant key figures mainly in connection with the mentioned performance measures. The significant items of income and expenditure represent the difference between EBITDA and Adjusted EBITDA and are labeled "Special operating items" (which is also the wording used in the Group's financing agreements). For additional information on the Group's APM guideline, materiality levels and categories of Special operating items recognized in 2020, please see the APM section in the Annual Report 2020.

The following table reconciles Adjusted EBITDA to Operating profit and Net income (loss) in the Condensed consolidated statements of Profit or loss. 'Depreciation, amortization and impairment non-production assets' in the below table is derived directly from the Condensed Consolidated Profit or loss line item 'Depreciation, amortization and impairment'. 'Depreciation, amortization and impairment production assets' in the below table can be reconciled with information in Note 5 'Property, plant and equipment' under line items 'Depreciation for the year' and 'Impairment'.

ALTERNATIVE PERFORMANCE MEASURES

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Net profit (loss)	13 502	2 384	442	(8 398)	(5 463)
Tax expense	(157)	123	592	387	6 151
Net financial items	(15 562)	7 364	(9 463)	18 191	6 312
Operating profit	(2 218)	9 871	(8 430)	10 180	7 000
Depreciation, amortization and impairment non-production assets	5 211	4 308	16 822	12 540	17 125
Depreciation, amortization and impairment production assets 1)	9 363	7 659	28 894	22 969	32 518
EBITDA	12 357	21 838	37 287	45 689	56 643
Special operating items	2 300	4 982	3 532	11 353	21 462
Adjusted EBITDA	14 656	26 820	40 819	30 222	78 106

1) Included in cost to inventory

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Discontinued vessel gain and operating cost - 'Gains/ losses on sale of assets'	(428)	(430)	(428)	(989)	(1 052)
Restructuring and legal expenses- SG&A	1 620	-	1 620	591	362
Transaction related costs- SG&A	1 108	1 097	2 340	1 406	2 155
Launch cost'- SG&A	-	4 314	-	10 345	17 016
Other- 'Cost of goods sold'	-	-	-	-	2 981
Total special operating items	2 300	4 982	3 532	11 353	21 462

