First quarter report 2023

AKER BIOMARINE

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THIS IS AKER BIOMARINE

Aker BioMarine is a leading biotech innovator and Antarctic krill-harvesting company developing krill-derived products for 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 nutraceutical, pet food and aquaculture industries. The Brands segment is the human consumer goods business, which is comprised of Lang Pharma Nutrition (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 brand, Kori, was launched in the US mass market in 2020.

Aker BioMarine is committed to having a positive impact on human health, without compromising the health of the planet. We aim to deliver krill products that support nutritious and sustainable diets and have set a path towards 50% reduction of CO2-emissions intensity by 2030, with the long-term target being carbon neutrality by 2050. The company's bank loan is established as a sustainability linked facility with ESG KPIs that are reported on an annual basis.

FIRST QUARTER HIGHLIGHTS

- Revenue of USD 69.1 million in the quarter, up 22% from USD 56.9 million in the same quarter last year. Net sales in the Ingredients segment were up 38% while the Brands segment were up 10% compared to same quarter last year.
- Adjusted EBITDA of USD 6.0 million, down from USD 8.1 million in the same quarter last year. The Adjusted EBITDA margin was 9% compared to 14% in the same quarter last year, due to higher krill oil unit cost from low Houston production last year and inventory adjustments.
- Qrill Aqua sales increased by 46%, and Superba krill oil sales increased by 44% compared to same quarter last year. Superba sales increased 8% also compared to the previous quarter. Qrill Aqua secured two new important contracts for delivery in 2023 of 9,400 MT in total.
- Krill offshore production volume was 19,852 MT in the quarter compared to 20,809 MT in the same quarter last year. All vessels operated according to plan.
- The company is executing in its improvement program, aiming at implementing initiatives worth more than USD 20 mill in recurring cash benefits over the next 18-24 months. Implementation is going according to plan.
- Subsequent event: Based on the recent hearing in South Korea, Aker BioMarine has reason to believe that the approval of Superba krill oil as Health Functional Food by the Ministry of Food and Drug Safety (MFDS) will be received within the next 15 days.

GROUP FINANCIAL SUMMARY

	First Quarter		**Year**
USD million	2023	2022	2022
Net sales	69.1	56.9	277.2
Gross margin	30%	37%	41%
Operating profit	20.9	-5.5	22.1
Net profit (loss)	-17.6	-9.8	10.0
Adjusted EBITDA[1]	6.0	8.1	69.0
Cash flow from operations	-5.4	-2.7	15.1
CAPEX	-8.4	-7.4	-56.4
Equity	356.8	373.4	378.7
Total assets	817.6	774.5	822.4
Net interest-bearing debt	372.7	324.0	358.8

[1] See Note 3 and separate disclosure covering the Aker BioMarine Group's use of Alternative Performance Measures (APMs).

OPERATIONAL REVIEW

INGREDIENTS SEGMENT

Offshore production volume was 19,852 MT in the quarter compared to 20,809 MT same quarter last year. The harvesting has developed well, and April production was on par with last year. Several efficiency initiatives for the fleet have been identified as part of the improvement program, and the company already experiences more harvesting hours and increased yield in the onboard processing plants. This results in more krill meal product with the same input factors.

The production plant in Houston was closed for oil extraction in the quarter to rebalance inventory levels. The preparation for Lysoveta production continued and will be finalized during the second quarter. The product is waiting for US regulatory approval, which is expected during second half 2023.

The protein factory in Ski, Norway is close to completion and will be in operation by the end of the second quarter assuming commissioning goes as planned. Customer dialogues are ongoing, and the product is currently undergoing formulation studies to improve and finalize the commercial product.

Net sales in the Ingredients segment were USD 41.6 million for the quarter, up 38% from the same period last year. Both sales in the Qrill and Superba krill oil categories were up compared to same quarter last year. Sales in the Qrill category increased 34% compared to the same quarter last year, driven by higher volumes and higher prices for Qrill Aqua, which increased revenue by 46% compared to the same period last year. Sales of Superba krill oil increased by 44% compared to the same quarter last year. In South Korea, our main customer ordered volumes to prepare for a Superba re-launch assuming a regulatory approval is granted shortly. The company has reason to believe that the approval by the South Korean Ministry of Food and Drug Safety for the health claim will be received within the next 15 days. marking a significant milestone for the company. Superba sales were 8% higher than in the previous quarter, and there is positive sales development, especially in Asia, Europe and US mass market, as a result of the ongoing sales acceleration plan.

BRANDS SEGMENT

Net sales in the Brands segment were USD 33.5 million for the quarter, up 10% from the same period last year. Sales in Lang Pharma Nutrition were up 13% compared to same quarter last year. Sales of Kori brand was 13% lower this quarter, as first quarter last year included pipe fill in both Costco and Sam's Club as a result of the national roll-out. POS (Point-of- Sales) figures were up 44% this quarter compared to same period last year indicating continued growth with key retailers. Three new retailer chains made decision to roll out Kori during the quarter, and another two retailers came in early April, with total a potential of more than 6,000 additional stores as well as an increase of 10% of stores in one of the major retailers.

	Unit	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	2022
Offshore production, krill meal	Tons	20,809	16,534	12,737	1,963	19,852	52,042
Revenue per product[1]:							
Krill Oil	USD mill.	12.7	14.4	13.8	16.9	18.3	57.7
Qrill Aqua	USD mill.	14.1	31.1	27.5	32.9	20.6	105.8
Brands	USD mill.	30.5	27.2	27.3	29.9	33.5	114.9
Other[2]	USD mill.	3.2	3.7	3.0	3.2	2.7	13.1

[1] Excluding eliminations between Ingredients and Brands

[2] "Other" includes Qrill Pet, QHP and Asta oil

FINANCIAL REVIEW

Revenue in the quarter was USD 69.1 million, up 22% from the same period last year. Gross revenue distribution in the quarter was 55% for Ingredients and 45% for Brands, compared to 50% and 50% respectively in first quarter last year.

Adjusted EBITDA in the quarter was USD 6.0 million, a decrease from USD 8.1 million same period last year. The decrease was mainly driven by higher unit cost for krill oil due to limited production in Houston in the fourth quarter, higher fuel prices, lower depreciation on producing assets including Saga Sea extension of useful life done in 2022, as well as inventory adjustments with negative impact of USD 1.3 million.

In the Ingredients segment, cost discipline is strong, and the increase in SG&A cost is related to restructuring cost including severance packages in the quarter as a result of the improvement program. These costs are adjusted out from the reported EBITDA. The company is monitoring fuel prices closely. Although hedged against the Rotterdam ICE index, the company is exposed for the regional fuel price spread between Rotterdam and South America. The company is addressing this as part of the improvement program. For instance, sailing Antarctic Provider to alternative ports during the year instead of bunkering in Montevideo/Falkland is one key initiative. Global freight costs are reduced to previous levels, and the company has managed to negotiate new and attractive freight rates for 2023, partly assisted by the use of a freight benchmarking tool.

The EBITDA contribution from the Brands segment is still slightly negative due to continuous marketing investment into the Kori brand. For Lang, both the price increase implemented second half last year and increased volumes drove sales up 13% compared to same period last year. For the Group, high sales in the Brands segment to external customers led to profit realization of USD 2.3 million in the quarter.

In the Ingredients segment, gross margin was 21% in the quarter, down from 32% same period last year. The lower margin is a result of inventory adjustments, as well as lower production in Houston in the fourth quarter compared with the year before, leading to higher unit cost for Superba krill oil and hence lower gross margin. Once inventory is rebalanced and Houston is up and running, gross margins for Superba krill oil will improve. There is no margin for Qrill Aqua in the first quarter as a result of normal business seasonality with low harvesting in the fourth quarter leading to high unit cost and subsequent low or zero margin.

In the Brands segment, gross margin was 29% in the quarter, up from 25% same period last year. For Lang, gross margin remains stable compared to same period last year, but the EBITDA margin is up as a result of operational leverage. Epion has negative EBITDA margin as the brand continues to make marketing investments. First quarter marketing spend for Epion was USD 2.5 million.

For the company, gross margin was 30%, down from 37% same period last year, mainly driven by low Houston production and the above-mentioned inventory adjustments.

The company's improvement program in the Ingredients segment has moved into implementation phase with a large number of initiatives expected to yield in excess of USD 20 million in annualized recurring cash benefits once implemented. The implementation phase is expected to continue for the next 18 months with full recurring effects realized by end of 2024. With the total program, the company aims to significantly reduce cost, in addition to strengthen the core business platform to create a more robust company set for further growth. Implementation is going according to plan, and the company has added new initiatives to the program.

The EBITDA adjustments of USD 3.0 million in the quarter includes restructuring cost linked to the improvement program.

As of 31 March, total assets were USD 817.6 million, up from USD 774.5 million at same period last year. The increase relates to cash, inventory build-up of krill oil as a result of high production in Houston until June 2022, and investments in the Ski protein launch plant as well as the fair value adjustment of the Aion investment. The investments in the Ski launch plant will come to an end in the second quarter 2023, amounting to a total of USD 21 million.

Total interest-bearing debt was at USD 402.4 million, including leasing commitments of USD 9.2 million as of 31 March. Cash amounted to USD 29.7 million, implying net interest-bearing debt of USD 372.7 million, up from USD 324.0 million same period last year. The increase is driven by development of the protein and Lysoveta businesses, as well as inventory build-up and payment of the Lang earn-out in the second quarter 2022.

As of 31 March, total available liquidity was USD 32.8 million, consisting of cash and available amounts under the debt facilities.

Cash flow from operations was negative by USD 5.4 million in the quarter, with a negative change in working capital due to lower payables and inventory buildup of krill meal due to seasonal high harvesting in the quarter. Cash flow from investing activities was negative USD 8.4 million and included payments for growth projects like the protein launch plant and Lysoveta product development. Net cash flow was positive at USD 7.4 million in the quarter.

The banks have granted a leverage covenant waiver for Q1 and Q2 2023 up to 6.0:1 (net interest-bearing debt / 12 month Adjusted EBITDA). The company is within this threshold for the quarter. In addition, the banks have also granted a temporarily increase under the RCF facility of USD 20 million to be repaid by the end of the third quarter 2023.

Net loss for the quarter was USD 17.6 million driven by a low operating result, depreciations and financial items.

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 2.0 million recognized as fuel inventory. The unrealized loss for the quarter on the remaining option contracts were USD 4.3 million recognized in the Condensed consolidated statement of comprehensive income. The total fair value at the end of the quarter of the remaining options was USD 6.1 million, which is booked as derivative asset.

Total equity was USD 356.8 million, implying an equity ratio of 44%.

HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT

Aker BioMarine has defined a set of ESG ambitions towards 2030 and 2050 and works closely with all stakeholders to ensure the well-being of people, environment, and communities in vicinity of our operations. The company works to improve the operations and to reach our ambition of 50% reduction in CO_2 emission intensity (CO_2/produced ton) by 2030 from 2020 levels. The company is currently working on process optimalization, more efficient offshore operations and energy efficiency measures to reduce the CO_2 intensity. The transport vessel Antarctic Provider, in operation in 2021, is an example of a future-minded sustainability measure which makes a substantial contribution towards our goal by being highly fuel efficient. Another example is the heat recovery project installed on Antarctic Sea last year, which is yielding significant fuel savings.

Sick leave rates are low onboard the vessels, at the factory in Houston, and in the office locations.

Aker BioMarine is committed to a goal of zero harm to people and the environment, and our targets are supported by a forward leaning HSSE roadmap designed for continual performance improvement. Ultimately, HSSE is all about keeping our people safe at all times, in everything we do and, wherever we are in the world.

	Unit	**Q1-22**	**Q2-22**	**Q3-22**	**Q4-22**	**Q1-23**	**2022**
CO2 per ton krill meal produced[1]	Tons	2.5	2.4	2.3	2.2	2.2	2.2
Lost Time Injuries (LTI)[2]	Amount	-	-	2.0	2.0	-	4.0
Sick leave[3]	Percent	1.1 %	1.4 %	0.3 %	1.0 %	0.9 %	0.9 %

[1] CO2 emissions: Scope 1, 2 and 3. Twelve months rolling calculation

[2] LTI: any injury that causes the person to be off work the following day. For the vessels this is extended to two shifts.

[3] Sick leave: all sites and vessels.

RISKS AND UNCERTAINTIES

The company's largest risks are fluctuations in annual krill harvesting, product quality, ability to develop new products, and market risk for sale of products.

The company is also exposed to climate risk, and the exposure is assessed using the TCFD framework. Access to continuous harvesting in the Antarctic as well as climate changes affecting the krill biomass could significantly affect the offshore operations. In addition, climate changes creating a more challenging operational environment both offshore, but also for the onshore plant in Houston could significantly impact the company's ability to operate effectively.

Short to medium term the company is viewing a potential recession as a risk and is carefully monitoring the global economic situation.

Aker BioMarine employs vessel crew from both Russia and Ukraine through third-party companies. With regards to Russian's invasion of Ukraine, the company is continuously assessing how to provide support to the crew in these challenging times, while continuing krill harvesting operations. Aker BioMarine has taken measures to ensure that the krill harvesting can be operated as normal throughout this period, although the cost of crew travel has increased.

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 2022; Operational Risk and Opportunities chapter and Note 19 (Financial risk).

OUTLOOK

The start of the year has been as expected, and we continue to be on track to deliver on a normalized harvesting year.

There will be limited production in Houston in 2023 to further adjust inventory levels.

We expect long-term average annual sales growth for Aker BioMarine to be in line with earlier communicated ambitions at around 15%.

For second quarter 2023 we expect Qrill Aqua and Superba revenues, as well as Brands revenues to be above same quarter last year. We also expect Superba sales in second quarter to be on par or above with first quarter 2023.

OVERVIEW OF NEWSFLOW DURING FIRST QUARTER AND KEY SUBSEQUENT EVENTS

A selection of the posts below can be found at www.akerbiomarine.com/news

DATE	NEW PUBLICATIONS AND SCIENCE
22 Feb	*New study: Choline in krill prevents fat accumulation in salmon intestine* A new study, conducted in collaboration with Professor Åshild Krogdahl and Associate Professor Trond Kortner at the Faculty of Veterinary Medicine at the Norwegian University of Life Sciences and Aker BioMarine, concludes that krill meal and krill oil fulfill the dietary choline needs for growth in farmed Atlantic salmon. Choline is an important nutrient that is necessary for health and growth in fish. It also influences intestinal health.
24 Feb	*Aker BioMarine enters into new research partnership with the University of Glasgow* In an effort to further investigate the health benefits of krill oil and krill protein, the science team at Aker BioMarine has entered into a partnership with the University of Glasgow to recruit Nathan Phillips for an industrial PhD studentship. Together the team will focus on the synergistic effects of krill oil and krill protein for age-related loss of muscle mass and function (sarcopenia) in an older population (>60y of age).

DATE	OTHER NEWS
08 Mar	*Superba Krill is the first and only krill oil ingredient to receive IKOS ™ certification* Superba 2™ and Superba Boost™, Aker BioMarine's popular B2B branded krill oils for use in the dietary supplement market, are the first and only raw material ingredients to receive IKOS certification. The IKOS™ (International Krill Oil Standards) Program is the only third-party testing and certification program exclusively for krill oils. With this new IKOS™ certification, Aker BioMarine can add another layer of transparency to the company's supply chain by showcasing the ingredient for its pure, high quality and premium standards.
28 Mar	*Aker BioMarine publishes its 2022 Annual report.* Please see www.akerbiomarine.com for a digital version of the report
April	*Expecting Approval of Superba krill oil in South Korea* The Korean Ministry of Food and Drug Safety (MFDS) recently held a hearing regarding the potential grant of approval for Superba krill oil as Health Functional Food in South Korea. Aker BioMarine has reason to believe approval for Superba krill oil as Health Functional Food in South Korea will be received. The formal documentation of the approval can be expected within 15 working days,

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

USD million	Note	First Quarter 2023	First Quarter 2022	Year 2022
Net sales	2	69.1	56.9	277.2
Cost of goods sold	2	-48.2	-35.8	-162.4
Gross profit		20.9	21.1	114.8
Selling, general and administrative expense	2	-25.6	-22.5	-86.5
Depreciation, amortization and impairment	2, 4, 5	-4.7	-4.1	-16.4
Other operating income	2	-	0.1	10.2
Operating profit (loss)		-9.4	-5.5	22.1
Net financial items		-7.6	-4.7	-9.9
Tax expense		-0.6	0.4	-2.2
Net profit (loss)		-17.6	-9.8	10.0
Earnings per share to equity holders of Aker BioMarine ASA				
Basic		-0.20	-0.10	0.11
Diluted		-0.20	-0.10	0.11

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

USD million	Note	First Quarter 2023	First Quarter 2022	Year 2022
Net profit (loss)		-17.6	-9.8	10.0
Change in fair value cash flow hedges		-4.3	11.8	-1.9
Total items that will be reclassified to profit and loss		-4.3	11.8	-1.9
Total other comprehensive income (loss)		-4.3	11.8	-1.9
Total comprehensive income (loss)		-21.9	2.0	8.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD million	Note	As of 31.03.2023	As of 31.03.2022	As of 31.12.2022
ASSETS				
Property, plant and equipment	4	333.2	324.3	333.2
Right to use assets		8.8	10.2	9.9
Intangible assets and goodwill	5	160.2	167.1	162.7
Contract cost		4.7	6.7	5.2
Deferred tax asset		2.6	-	2.1
Other interest-bearing non-current receivables		2.4	-	2.5
Investments in equity-accounted investees		10.2	0.1	10.2
Total non-current assets		522.1	508.4	525.8
Inventories	6	184.5	155.3	182.7
Trade receivable and prepaid expenses		75.2	62.4	82.7
Derivative assets	7	6.1	25.5	11.0
Cash and cash equivalents		29.7	19.1	22.3
Total current assets		295.5	262.3	298.7
Assets held for sale		-	3.8	-
Total assets		817.6	774.5	824.5
LIABILITIES AND OWNERS' EQUITY				
Share capital		75.9	75.9	75.9
Other paid-in equity		493.7	493.8	493.7
Total paid-in equity		569.6	569.7	569.6
Translation differences and other reserves		-0.9	17.2	3.5
Retained earnings		-211.9	-213.5	-194.4
Total equity		356.8	373.4	378.7
Interest-bearing debt		340.2	290.9	333.6
Deferred tax liability		7.5	5.4	7.5
Other non-interest-bearing non-current liabilities		0.1	10.8	0.1
Total non-current liabilities		347.8	307.1	341.1
Interest-bearing current liabilities		62.2	52.2	47.6
Accounts payable and other payables		50.7	43.1	57.1
Total current liabilities		112.9	95.3	104.7
Liabilities held for sale		-	-1.3	-
Total liabilities		460.7	401.1	445.8
Total equity and liabilities		817.6	774.5	824.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

USD million	First Quarter 2023	First Quarter 2022	Year 2022
Net profit (loss) after tax	-17.6	-9.8	10.0
Tax expenses	0.6	-0.4	2.2
Net interest and guarantee expenses	7.1	3.7	19.7
Interest paid	-6.9	-3.4	-17.6
Interest received	0.3	-	0.3
Taxes paid	0.2	-1.5	-2.8
Other P&L items with no cash flow effect	-	-	-10.7
Depreciation and amortization	12.5	13.5	51.4
Foreign exchange loss (gain)	-	0.1	0.6
Change in accounts receivable, other current receivables, inventories, accounts payable and other	-1.6	-4.9	-38.0
Net cash flow from operating activities	-5.4	-2.7	15.1
Payments for property, plant and equipment	-8.2	-6.0	-40.5
Payments for intangibles	-0.2	-1.4	-5.6
New long-term receivable interest-bearing	-	-	-2.0
Installment short/long-term receivable, interest-bearing	-	-	2.8
Earn Out payment	-	-	-11.1
Net cash flow from investing activities	-8.4	-7.4	-56.4
Proceeds from issue of debt and change in overdraft facility	14.7	21.4	16.5
Instalment interest-bearing debt	-3.5	-3.4	-14.2
Proceeds from issue of external interest-bearing debt	10.0	-	50.0
Net funds from issue of shares	-	-	0.2
Net cash flow from financing activities	21.2	18.0	52.5
Net change in cash and cash equivalents	7.4	7.9	11.2
Cash and cash equivalents beginning of the period	22.3	11.1	11.1
Cash and cash equivalents end of period	29.7	19.1	22.3

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

USD million	Share capital	Share premium	Other paid-in capital	Other reserves	Retained earnings	Total
Balance as of 1 January 2023	75.9	530.1	-36.3	3.5	-194.4	378.7
Net profit (loss)	-	-	-	-	-17.6	-17.6
Other comprehensive income (loss)	-	-	-	-4.3	-	-4.3
Total comprehensive income (loss)	-	-	-	-4.3	-17.6	-21.9
Balance as of 31 March 2023	75.9	530.1	-36.3	-0.9	-211.9	356.8
Balance as of 1 January 2022	75.9	529.9	-36.3	5.4	-204.4	370.4
Net profit (loss)	-	-	-	-	-9.8	-9.8
Other comprehensive income (loss)	-	-	-	11.8	-	11.8
Total comprehensive income (loss)	-	-	-	11.8	-9.8	2.0
Capital Increase	-	0.2	-	-	-	0.2
Total transactions with owners	-	0.2	-	-	-	0.2
Other items	-	-	-	-	0.7	0.7
Total other items	-	-	-	-	0.7	0.7
Balance as of 31 March 2022	75.9	530.1	-36.3	17.2	-213.5	373.4
Balance as of 1 January 2022	75.9	529.9	-36.3	5.4	-204.4	370.4
Net profit (loss)	-	-	-	-	10.0	10.0
Other comprehensive income (loss)	-	-	-	-1.9	-	-1.9
Total comprehensive income (loss)	-	-	-	-1.9	10.0	8.1
Capital Increase	-	0.2	-	-	-	0.2
Total transactions with owners	-	0.2	-	-	-	0.2
Balance as of 31 December 2022	75.9	530.1	-36.3	3.5	-194.4	378.7

NOTE 1 REPORTING ENTITY

Aker BioMarine ASA is a public limited company with the headquarters 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 2022. 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.

In this report amounts have been rounded to the nearest million USD, unless otherwise stated. As a result of rounding differences, amounts may not add up to the total.

Judgements, estimates and assumptions

The preparation of the condensed interim financial statements according to IFRS requires management to make judgements, estimates and assumptions each reporting period. The main judgements, estimates and assumptions are described in the annual consolidated financial statements for 2022 (Note 1).

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 2022 annual consolidated financial statements.

NOTE 2 OPERATING SEGMENTS

The Group's operating segments are separately managed and 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 2022 for more information.

The Ingredients segment comprises of offshore harvesting and production, as well as the logistical operation, onshore manufacturing, and sale of krill oil products globally to distributors and feed producers. The products include Superba Krill oil, Qrill Aqua, Qrill Pet, Qrill High Protein and AstaOmega. Sales from the Ingredient segment to the Brands segment include Superba Krill oil. These sales are presented as 'Internal sales' below.

The Brands segment is the human consumption distribution business which comprises of Lang Pharma Nutrition and Epion. Lang is a mass market private label and corporate brand manufacturer specialized within healthcare products. Epion was launched by Aker BioMarine to build a strong national brand in mass market retail. In 2020, Epion launched the Group's omega-3 consumer brand, Kori.

Internally generated intangible assets are recognized under each segment, whereas intangible assets arising from transactions are presented in the 'adjustments' column.

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

Segment information provided to the Executive Management Team (EMT)

The tables below show the segment information provided to the EMT for the reportable segments for Q1 2023, Q1 2022, and the full year 2022. The table below also shows the basis on which revenue is recognized.

Segment performance Q1 2023

	First Quarter 2023			
USD million	Ingredients	Brands	Adj	Total
Net sales	41.6	33.5	-6.0	69.1
Cost of goods sold	-32.8	-23.8	8.4	-48.2
Gross profit	**8.8**	**9.7**	**2.3**	**20.9**
SG&A	-15.9	-9.7	-	-25.6
Depreciation, amortization and impairment	-1.7	-0.5	-2.5	-4.7
Other operating income/(cost), net	0.1	-0.1	-	-
Operating profit (loss)	**-8.8**	**-0.5**	**-0.1**	**-9.6**
Net financial items	-6.3	-1.2	-	-7.6
Tax expense	0.3	-0.9	-	-0.6
Net profit (loss)	**-14.8**	**-2.7**	**-0.1**	**-17.6**

EBITDA reconciliation	First Quarter 2023			
USD million	Ingredients	Brands	Adj	Total
Net profit (loss)	**-14.8**	**-2.7**	**-0.1**	**-17.6**
Tax expense	-0.3	0.9	-	0.6
Net financial items	6.3	1.2	-	7.6
Depreciation and amortization non-production assets	1.7	0.5	2.5	4.7
Depreciation and amortization production assets[1]	7.7	-	-	7.7
EBITDA	**0.7**	**-**	**2.3**	**3.0**
Special operating items	3.0	-	-	3.0
Adjusted EBITDA	**3.7**	**-**	**2.3**	**6.0**
Adj EBITDA margin %	*9%*	*0%*		*9%*
Gross margin %	21%	29%		30%

[1] Included in Cost of Goods Sold

	First Quarter 2023			
USD million	Ingredients	Brands	Adj	Total
Internal sales	6.0	-	-6.0	-
External sales	35.6	33.5	-	69.1
Net sales	**41.6**	**33.5**	**-6.0**	**69.1**

Balance sheet items	As of 31 March 2023			
USD million	Ingredients	Brands	Adj	Total
Property, plant and equipment	332.9	0.3	-	333.2
Right to use asset (leasing)	8.6	0.2	-	8.8
Intangible assets	91.5	68.7	-	160.2
Cash and cash equivalents	9.6	20.1	-	29.7
Inventory	139.1	40.2	5.3	184.5
Interest-bearing debt	-333.0	-69.4	-	-402.4
Net interest-free asset and liabilities	54.3	-6.2	-5.3	42.8
Total equity	303.0	53.8	-	356.8

Segment performance Q1 2022

USD million	Ingredients	First Quarter 2022 Brands	Adj	Total
Net sales	30.1	30.5	-3.7	56.9
Cost of goods sold	-20.5	-22.9	7.6	-35.8
Gross profit	9.6	7.6	3.8	21.1
SG&A	-12.3	-10.1	-0.1	-22.5
Depreciation, amortization and impairment	-1.3	-0.5	-2.3	-4.1
Other operating income/(cost), net	0.1	-	-	0.1
Operating profit (loss)	-3.9	-3.0	1.5	-5.5
Net financial items	-3.9	-0.7	-0.2	-4.7
Tax expense	0.9	-0.5	-	0.4
Net profit (loss)	-6.9	-4.2	1.3	-9.8

EBITDA reconciliation

USD million	Ingredients	First Quarter 2022 Brands	Adj	Total
Net profit (loss)	-6.9	-4.2	1.3	-9.8
Tax expense	-0.9	0.5	-	-0.4
Net financial items	3.9	0.7	0.2	4.7
Depreciation and amortization non-production assets	1.3	0.5	2.3	4.1
Depreciation and amortization production assets[1]	9.4	-	-	9.4
EBITDA	6.8	-2.5	3.7	8.1
Adjusted EBITDA	6.8	-2.5	3.7	8.1
Adj EBITDA margin %	*23%*	*-8%*		*14%*
Gross margin %	32%	25%		36%

[1] Included in Cost of Goods Sold

USD million	Ingredients	First Quarter 2022 Brands	Adj	Total
Internal sales	3.7	-	-3.7	-
External sales	26.4	30.5	-	56.9
Net sales	**30.1**	**30.5**	**-3.7**	**56.9**

Balance sheet items

USD million	Ingredients	As of 31 March 2022 Brands	Adj	Total
Property, plant and equipment	324.0	0.3	-	324.3
Right to use asset (leasing)	9.8	0.4	-	10.2
Intangible assets	110.0	2.2	54.9	167.1
Cash and cash equivalents	8.3	10.8	-	19.1
Inventory	117.5	36.7	1.1	155.3
Interest-bearing debt	-272.8	-70.3	-	-343.1
Net interest-free asset and liabilities	40.8	55.6	-56.0	40.4
Total equity	337.6	35.7	-	373.4

Segment performance Year 2022

USD million	Ingredients	Year 2022 Brands	Adj	Total
Net sales	176.6	114.9	-14.3	277.2
Cost of goods sold	-101.2	-81.7	20.5	-162.4
Gross profit	**75.4**	**33.2**	**6.2**	**114.8**
SG&A	-55.7	-32.0	1.3	-86.5
Depreciation, amortization and impairment	-5.2	-2.0	-9.2	-16.4
Other operating income/(cost), net	10.1	0.2	-	10.2
Operating profit (loss)	**24.6**	**-0.6**	**-1.7**	**22.1**
Net financial items	-6.0	-3.9	-	-9.9
Tax expense	-0.5	-1.7	-	-2.2
Net profit (loss)	**18.1**	**-6.2**	**-1.7**	**10.0**

EBITDA reconciliation

USD million	Ingredients	Year 2022 Brands	Adj	Total
Net profit (loss)	**18.1**	**-6.2**	**-1.7**	**10.0**
Tax expense	0.5	1.7	-	2.2
Net financial items	6.0	3.9	-	9.9
Depreciation and amortization non-production assets	5.2	2.0	9.2	16.4
Depreciation and amortization production assets[1]	35.0	-	-	35.0
EBITDA	**64.8**	**1.4**	**7.5**	**73.5**
Special operating items	-4.5	-	-	-4.5
Adjusted EBITDA	**60.3**	**1.4**	**7.5**	**69.0**
Adj EBITDA margin %	*34%*	*1%*		*25%*
Gross margin %	43%	29%		41%

[1] Included in Cost of Goods Sold

USD million	Ingredients	Year 2022 Brands	Adj	Total
Internal sales	14.3	-	-14.3	-
External sales	162.3	114.9	-	277.2
Net sales	176.6	114.9	-14.3	277.2

Balance sheet items

USD million	Ingredients	As of 31 December 2022 Brands	Adj	Total
Property, plant and equipment	332.9	0.3	-	333.2
Right to use asset (leasing)	9.7	0.2	-	9.9
Intangible assets	92.6	70.1	-	162.7
Cash and cash equivalents	9.9	12.4	-	22.3
Inventory	138.0	39.2	5.5	182.7
Interest-bearing debt	-311.8	-69.4	-	-381.2
Net interest-free asset and liabilities	53.6	1.0	-5.5	49.1
Total equity	324.9	53.8	-	378.7

NOTE 3 ADJUSTED EBITDA

The 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 31 March 2023:

	First Quarter		Year
USD million	2023	2022	2022
Net profit (loss)	-17.6	-9.8	10.0
Tax expense	0.6	-0.4	2.2
Net financial items	7.6	4.7	9.9
Operating profit	-9.4	-5.5	22.1
Depreciation, amortization and impairment non-production assets	4.7	4.1	16.4
Depreciation, amortization and impairment production assets[1]	7.7	9.4	35.0
EBITDA	3.0	8.1	73.5
Special operating items	3.0	-	-4.5
Adjusted EBITDA	6.0	8.1	69.0

[1] Included in cost to inventory

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

USD million	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January 2023	283.7	149.0	46.5	19.6	498.8
Investments	0.9	0.4	6.0	0.8	8.2
Asset retirements	-1.7	-1.7	-	-	-3.5
Acquisition cost as of 31 March 2023	282.9	147.7	52.5	20.4	503.5
Acc. depreciation and impairment as of 1 January 2023	-96.1	-62.1	-2.7	-4.7	-165.6
Depreciation for the year	-4.5	-3.5	-	-0.2	-8.2
Asset retirements	1.7	1.7	-	-	3.5
Acc. depreciation and impairment as of 31 March 2023	-98.9	-63.9	-2.7	-4.9	-170.3
Book value as of 31 March 2023	184.0	83.8	49.8	15.5	333.2
Depreciation period	10-30 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

Investments in 2023:

Investments in assets under construction are continued investment in the Protein Plant. Vessel and machinery investments are mainly from the yard installments and harvesting equipment for the vessels.

Asset retirements in 2023:

Mainly machinery and harvesting equipment. All components are fully depreciated.

USD million	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January 2022	272.3	161.3	25.6	18.8	478.0
Investments	2.1	1.2	2.5	0.2	6.0
Asset retirements	-5.3	-0.3	-	-	-5.6
Other reclassifications	0.8	-	-1.0	-	-0.2
Acquisition cost as of 31 March 2022	269.9	162.2	27.1	19.0	478.2
Acc. depreciation and impairment as of 1 January 2022	-76.6	-66.8	-2.7	-4.1	-150.1
Depreciation for the year	-5.0	-4.2	-	-0.1	-9.4
Asset retirements	5.3	0.3	-	-	5.5
Acc. depreciation and impairment as of 31 March 2022	-76.4	-70.7	-2.7	-4.2	-154.0
Book value as of 31 March 2022	193.5	91.5	24.5	14.8	324.3
Depreciation period	10-30 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

USD million	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January 2022	285.4	163.2	25.7	18.8	493.1
Investments	10.1	7.7	21.9	0.8	40.5
Asset retirements	-12.6	-21.3	-	-	-33.9
Deconsolidation	-	-0.4	-	-	-0.4
Other reclassifications	0.8	-0.2	-1.0	-	-0.4
Acquisition cost as of 31 December 2022	283.7	149.0	46.5	19.6	498.8
Acc. depreciation and impairment as of 1 January 2022	-89.8	-68.7	-2.7	-4.0	-165.2
Depreciation for the year	-18.9	-15.2	-	-0.7	-34.8
Asset retirements	12.6	21.4	-	-	34.0
Other reclassifications	-	0.4	-	-	0.4
Acc. depreciation and impairment as of 31 December 2022	-96.1	-62.1	-2.7	-4.7	-165.6
Book value as of 31 December 2022	187.6	86.9	43.8	14.9	333.2
Depreciation period	10-30 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

Specification depreciation and amortization

USD million	As of 31 March 2023	As of 31 March 2022	As of 31 December 2022
Depreciation for the year for property, plant & equipment	-8.2	-9.4	-34.8
Amortization for the year, - Intangible assets	-2.7	-2.5	-10.2
Amortization for the year, - Contract cost	-0.5	-0.5	-2.0
Leasing (ROU) depreciation	-1.1	-1.1	-4.4
Total	-12.5	-13.5	-51.4
Depreciation, amortization and impairment non-production assets	-4.7	-4.1	-16.4
Depreciation, amortization and impairment production assets and included in cost to inventory	-7.7	-9.4	-35.0

NOTE 5 INTANGIBLE ASSETS

USD million	Goodwill	Development	License agreements	Fishing licenses	Customer relation	Trademark	Total
Acquisition cost as of 1 January 2023	94.6	9.4	2.4	10.5	91.9	5.7	214.5
Additions - external cost	-	0.2	-	-	-	-	0.2
Acquisition cost as of 31 March 2023	94.6	9.6	2.4	10.5	91.9	5.7	214.7
Amortization and impairment losses as of 1 January 2023	-	-5.4	-2.2	-	-43.3	-0.9	-51.8
Amortization for the year	-	-0.2	-	-	-2.4	-	-2.6
Amortization and impairment losses as of 31 March 2023	-	-5.6	-2.2	-	-45.6	-0.9	-54.4
Book value as of 31 March 2023	94.6	4.0	0.2	10.5	46.2	4.8	160.2
Depreciation period		5-10 years	10-12 years		7-10 years		
Depreciation method		Straight-line	Straight-line		Straight-line		

USD million	Goodwill	Development	License agreements	Fishing licenses	Customer relation	Trademark	Total
Acquisition cost as of 1 January 2022	94.6	8.2	2.4	10.5	91.7	5.7	213.1
Additions - external cost	-	1.4	-	-	-	-	1.4
Reclassifications	-	-3.4	-	-	-	-	-3.4
Acquisition cost as of 31 March 2022	94.6	6.2	2.4	10.5	91.7	5.7	211.1
Amortization and impairment losses as of 1 January 2022	-	-5.3	-1.5	-	-33.9	-0.9	-41.5
Amortization for the year	-	0.0	-0.1	-	-2.4	-	-2.5
Reclassifications	-	0.1	-	-	-	-	0.1
Amortization and impairment losses as of 31 March 2022	-	-5.2	-1.6	-	-36.3	-0.9	-44.0
Book value as of 31 March 2022	94.6	1.0	0.8	10.5	55.4	4.9	167.1
Depreciation period		5-10 years	10-12 years		7-10 years		
Depreciation method		Straight-line	Straight-line		Straight-line		

USD million	Goodwill	Development	License agreements	Fishing licenses	Customer relation	Trademark	Total
Acquisition cost as of 1 January 2022	94.6	8.2	2.4	10.5	91.7	5.7	213.1
Additions - external cost	-	5.7	-	-	-	-	5.7
Deconsolidation	-	-4.0	-	-	-0.3	-	-4.3
Reclassifications	-	-0.5	-	-	0.5	-	-
Acquisition cost as of 31 December 2022	94.6	9.4	2.4	10.5	91.9	5.7	214.5
Amortization and impairment losses as of 1 January 2022	-	-5.3	-1.5	-	-33.9	-0.9	-41.6
Amortization/ impairment for the year	-	-0.2	-0.5	-	-9.5	-	-10.2
Reclassifications	-	0.1	-0.2	-	0.1	-	-
Amortization and impairment losses as of 31 December 2022	-	-5.4	-2.2	-	-43.3	-0.9	-51.8
Book value as of 31 December 2022	94.6	4.0	0.2	10.5	48.6	4.8	162.7
Depreciation period		5-10 years	10-12 years		7-10 years		
Depreciation method		Straight-line	Straight-line		Straight-line		

NOTE 6 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 warehouse materials. The cost of finished goods and work in progress is comprised of 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.

USD million	Ingredients	Brands	Adj.	Total
Raw materials and goods under production	3.1	26.4	-	29.5
Finished goods	136.0	13.8	5.3	155.0
Inventory at 31 March 2023	139.1	40.2	5.3	184.5

USD million	Ingredients	Brands	Adj,	Total
Raw materials and goods under production	4.9	22.0	-	26.9
Finished goods	115.0	14.7	-1.3	128.4
Inventory at 31 March, 2022	119.9	36.7	-1.3	155.3

USD million	Ingredients	Brands	Adj,	Total
Raw materials and goods under production	3.1	20.5	-	23.6
Finished goods	134.8	18.7	5.5	159.0
Inventory at 31 December 2022	137.9	39.2	5.5	182.7

NOTE 7 DERIVATIVES

One of the Group's significant operating costs are the fuel costs. As such, the Group is exposed to fuel prices 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 prices of fuel. In 2021 the operating subsidiary Aker BioMarine Antarctic AS entered into option contracts for future delivery of fuel in Rotterdam; that is, the contracts will be settled without physical delivery.

The following table shows remaining contracts with mark-to-market value (fair value hierarchy level 1).

Year	Contracts	Value
2023	17.4	2.6
2024	22.3	3.5
Total	39.7	6.1

NOTE 8 RELATED PARTIES

The Group has not entered into any new contracts with related parties during the quarter.

In the ordinary course of business, the Group has certain transactions with related parties covering office rent, digital development services and other. As of 31 March 2023, the Group had USD 1,5 million towards related parties recognized as 'Accounts payable and other payables' in the 'Consolidated statement of financial position'. In the 'Condensed consolidated statements of profit or loss' under 'Selling, general and administrative expense' the Group has recognized USD 0,3 million in the quarter as related party costs.

NOTE 9 SUBSEQUENT EVENTS

Based on the recent hearing in South Korea, Aker BioMarine has reason to believe that the approval of Superba krill oil as Health Functional Food by the Ministry of Food and Drug Safety (MFDS) will be received within the next 15 days.

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, do not give indications of the periodic operating results. Financial APMs are used to enhance comparability of the results from one 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).

Total special operating items in Q1-23 was USD 3.0 million, of which USD 2.5 million relates to the improvement program in the Ingredients segment. The additional USD 0.4 million relates to tax planning and structure analysis for the US entities. APMs recognized in 2022 are cost related to the improvement program as well as Aion adjustment to reflect fair value. For further details on APMs in 2022, see the group financial statements for 2022.

USD million	First Quarter 2023	First Quarter 2022	Year 2022
Net profit (loss)	-17.6	-9.8	10.0
Tax expense	0.6	-0.4	2.2
Net financial items	7.6	4.7	9.9
Operating profit (loss)	-9.5	-5.5	22.1
Depreciation, amortization and impairment non-production assets	4.7	4.1	16.4
Depreciation, amortization and impairment production assets[1]	7.7	9.4	35.0
EBITDA	3.0	8.1	73.5
Special operating items	3.0	-	-4.5
Adjusted EBITDA	6.0	8.1	69.0

[1] Included in cost to inventory

The following table reconciles special operating items in the above table.

USD million	First Quarter 2023	First Quarter 2022	Year 2022
Restructuring costs	2.5	-	1.2
Other	0.4	-	-
Aion transaction	-	-	-5.8
Total special operating items	3.0	-	-4.5

Based on the Group's policy on APMs, the restructuring costs and tax/structure analysis are material transactions that are non-recurring in nature, and special compared to the ordinary operational income or expenses. The gain in 2022 from the Aion transaction (fair value adjustment of the investment) is also a material transaction which is non-recurring in nature and special compared to ordinary operational income or expenses. These transactions are therefore adjusted from the Adjusted EBITDA in the respective periods.