



AKER BIOMARINE



IMPROVING
HUMAN AND PLANETARY
HEALTH

C O N T E N T S

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UNAUDITED SELECTED FINANCIAL INFORMATION



AKER BIOMARINE IS A BIOTECH INNOVATOR
AND ANTARCTIC KRILL-HARVESTING COMPANY,
DEDICATED TO IMPROVING HUMAN
AND PLANETARY HEALTH.

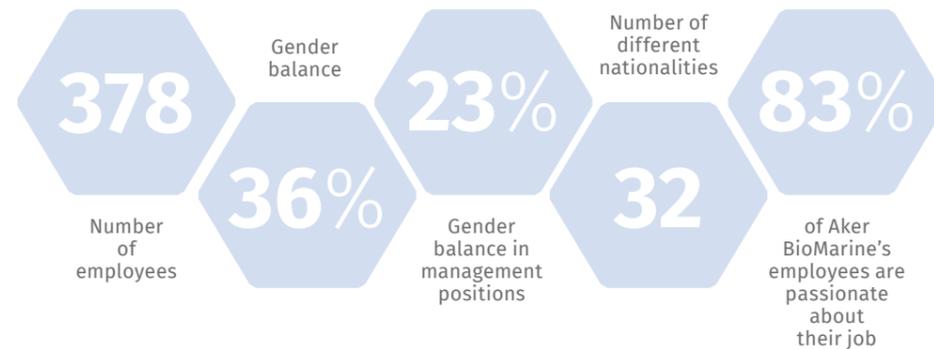


HIGHLIGHTS

2018 KEY FIGURES

Aker BioMarine is a biotech innovator and Antarctic krill-harvesting company on a mission to improve human and planetary health. The company develops krill-based ingredients for nutraceutical, aquaculture, and animal feed applications.

PEOPLE



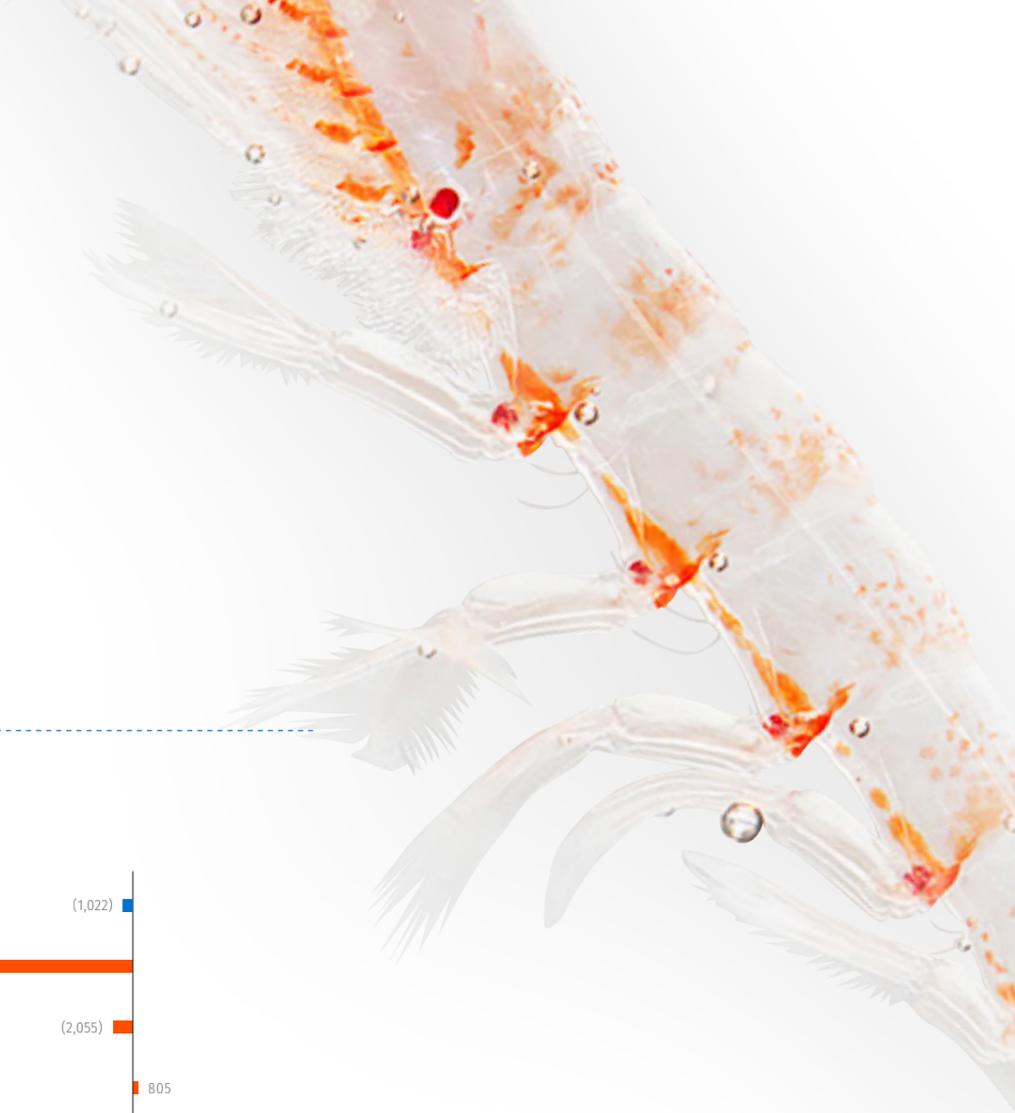
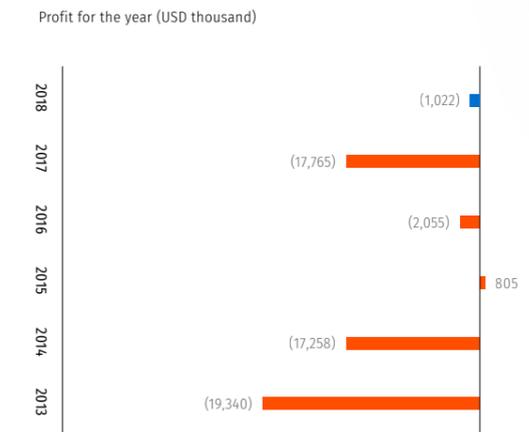
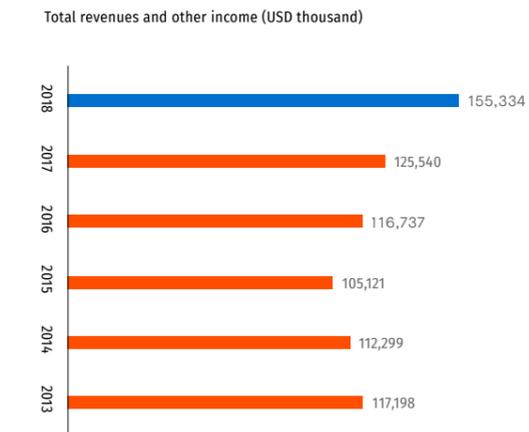
PRODUCTS

1,28
billion doses of Superba Krill sold worldwide

325
million extra servings of seafood with QRILL Aqua

850,000
dogs ate QRILL Pet that improves health and performance

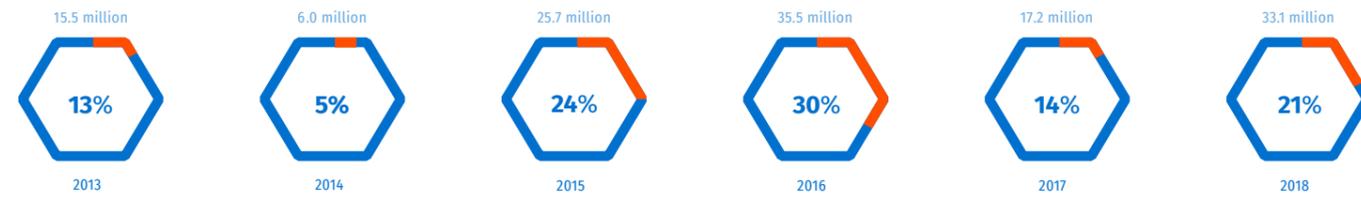
PROFIT



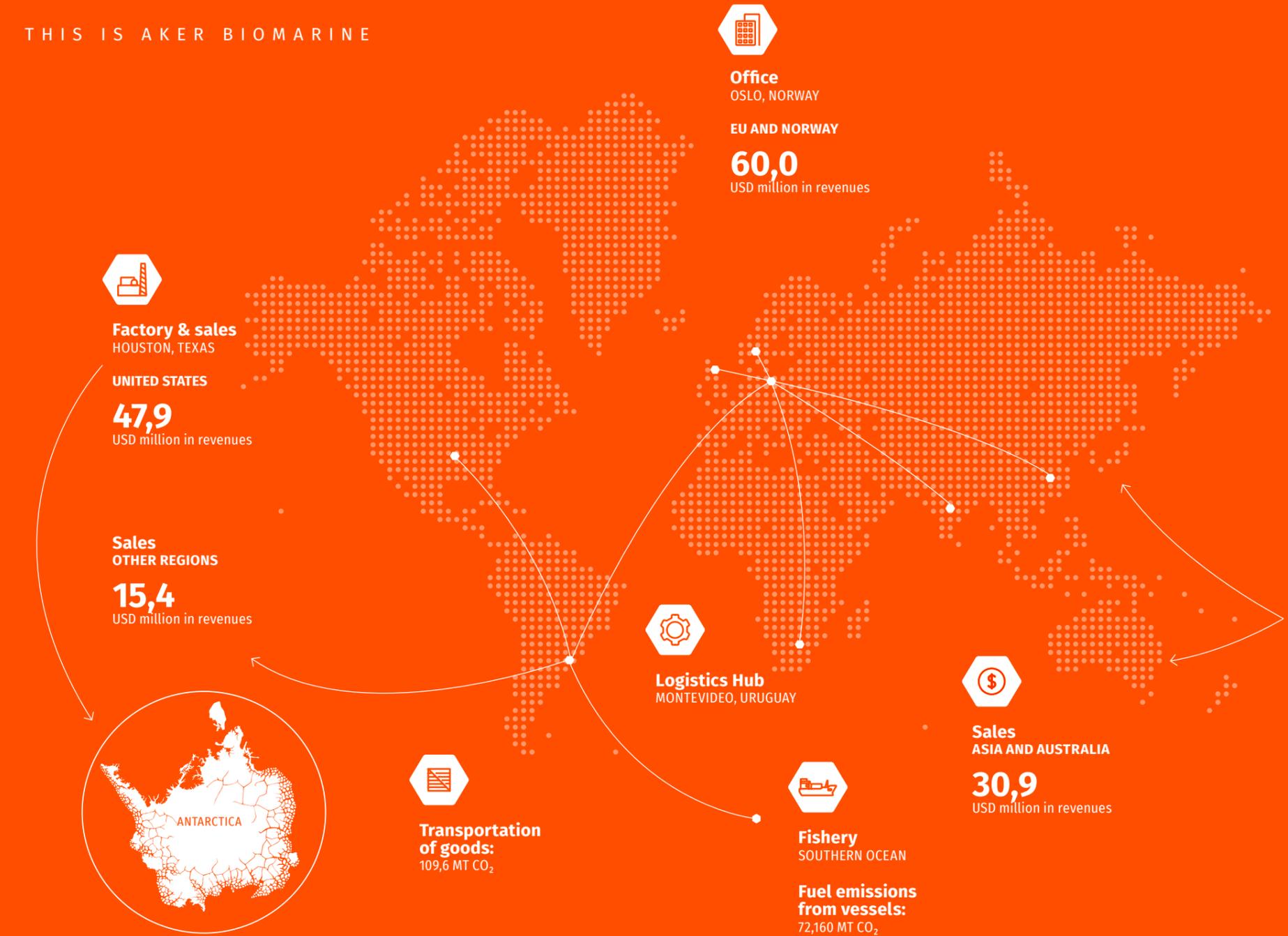
PLANET

-  **301,212 KRILL CATCH (TONNES)**
-  **1% PRECAUTIONARY KRILL QUOTA IN AREA 48**
-  **1 MILLION USD TO ANTARCTIC RESEARCH DURING A 5-YEAR PERIOD**
-  **2010-2020 CERTIFIED AS SUSTAINABLE BY MSC**
-  **30% REDUCTION IN CO₂ WITH ANTARCTIC ENDURANCE**
-  **SFP "A" RATING FOUR YEARS IN A ROW**

EBITDA 2012-2018



THIS IS AKER BIOMARINE



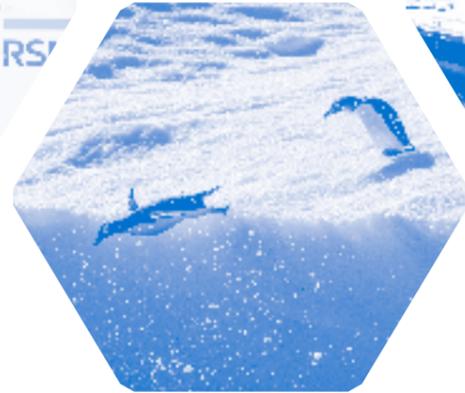
HIGHLIGHTS

From new technology to exciting science, here are some of the highlights from 2018.



MOST INNOVATIVE

Aker BioMarine was named the most innovative company after a year-long journey in Europe's biggest and most prestigious business competition, the European Business Awards. Aker BioMarine was one of 13 winners following a final live judging session, with over 112,000 businesses from 34 countries initially considered.



PENGUIN PROTECTION

Nearly all krill fishing companies operating in the Antarctic announced they would voluntarily stop fishing in areas around the Antarctic Peninsula, including 'buffer zones' around the breeding colonies of penguins, in order to protect Antarctic wildlife. The companies also pledged to support scientific and political efforts to create a network of large-scale marine protected areas in the Antarctic, including areas in which they currently operate.



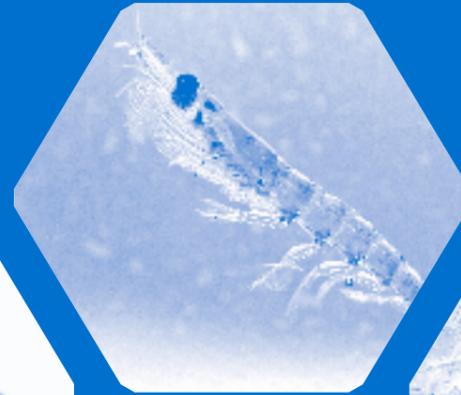
WORLD'S FIRST

Aker BioMarine has commissioned the first krill harvesting vessel built from scratch, Antarctic Endurance for NOK 1,1 billion (USD 140 million). The vessel was built at the Norwegian shipyard VARD, involving 900 people from 40 Norwegian companies. Antarctic Endurance uses environmental technology to help reduce the footprint of our operations. The vessel began operations from the beginning of the 2019 harvesting season.



ECOSYSTEM RESEARCH

Aker BioMarine has committed to supporting the Antarctic Wildlife Research Fund (AWR) with USD 1 million over a period of five years. The grant will further strengthen AWR's work on promoting and facilitating research on the Antarctic ecosystem.



"A" RATING

For the fourth year in a row, the Antarctic krill fishery received an "A" rating for its well-managed fishery from the Sustainable Fisheries Partnership (SFP). The independent report states that the fish stocks are listed in "very good condition," and the Antarctic krill fishery in the Atlantic Southern Ocean is once again singled out as being particularly well-managed.



NEW LICENSE

Norway's Directorate of Fisheries has assigned Aker BioMarine a fourth license to harvest Antarctic krill, following a licensing round commissioned by the Norwegian government. As of April 1st, 2019 the decision is yet to become enforceable by the Norwegian Ministry of Fisheries.



TOP ATHLETES

Aker BioMarine, Team Pure Science, and Norseman launched a study that examines the effects of krill oil omega-3s on athletic performance and recovery. The results so far suggest that krill oil can have a real impact in the world of sports. The study found that higher omega-3 levels were associated with less illness during training and better performance during the race.



BATTLING LUPUS

Aker BioMarine and the Lupus Research Alliance launched a new clinical study, investigating how phospholipid-rich krill oil can benefit people with lupus, with the aim to lessen the severity of the symptoms associated with the disease. Results are expected in 2020.



PRODUCT OF THE YEAR

Manufactured by Laboratoires Yves Ponroy, in partnership with Aker BioMarine, Huile de Krill Excellium took home the Omega-3 Product of the Year prize at the NutraIngredients awards. The award recognizes the most innovative, effective and commercially successful supplements, foods or beverages, containing omega-3 as their core ingredient.



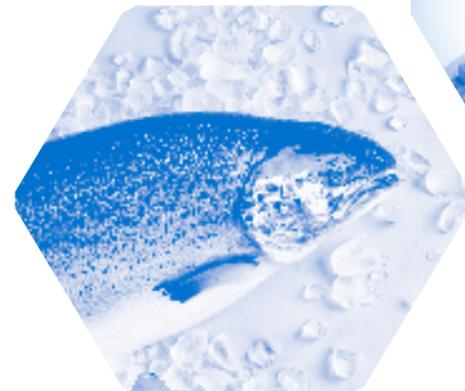
GROWTH IN ASIA

In 2018, Aker BioMarine's QRILL products saw solid growth in the Asian region. This growth was driven by loyal customers and increased demand from a new market, India. Aker BioMarine's strong focus on quality, sustainability and research have established QRILL as an attractive ingredient for feed producers in the region.



GROWTH PERFORMANCE

Enhanced production of high quality and healthy feed is a key driver for the successful expansion of the aquaculture industry. A new study focusing on gilthead seabream juveniles shows that if krill meal is added to their feed, the amount of fishmeal can be reduced, with growth performance actually improving.



HEALTH AND QUALITY

Aker BioMarine has conducted a study on the effects of krill meal on the health and fillet quality of salmon. The first results of Aker BioMarine's fundamental salmon study show that krill improves fillet quality, both in terms of yield and texture. The study also shows that krill meal has a positive effect on a large number of immune genes in liver. This could explain why krill diets increase the resistance of the fish to various different diseases.



DOG HEALTH AND WELL-BEING

Aker BioMarine launched Team QRILL Pet Dog Mushing Team, the world's first professional long-distance sled dog team. The team was created in order to further our work on improving dogs' health and well-being, along with building a strong foundation for the future of the sport.



EQUAL OPPORTUNITIES

Aker BioMarine, together with 12 other companies, helped establish The WE Foundation (Stiftelsen VI) to improve the quality of life for Norwegians with disabilities. The aim is to turn the foundation into a knowledge and resource center providing information and knowledge about opportunities and rights for disabled people.





SIGVE NORDRUM EVP ANIMAL HEALTH AND NUTRITION / TIM DE HAAS EVP HUMAN HEALTH AND NUTRITION / TONE LORENTZEN EVP SUPPLY CHAIN / MATTS JOHANSEN CHIEF EXECUTIVE OFFICER (CEO) / KATRINE KLAVENESS CHIEF FINANCIAL OFFICER (CFO) / KRISTINE HARTMANN EVP TRANSFORMATION / TODD NORTON EVP SPECIAL ADVISOR / TROND ATLE SMEDSRUD EVP STRATEGIC INVESTMENTS

STATE OF AFFAIRS FROM EUROPE'S MOST INNOVATIVE COMPANY

The Japanese proverb nanakorobi yaoki, translates to “fall down seven times and stand up eight”. I think this is a good way of explaining how we work at Aker BioMarine. We take big risks, and we fail, but in the end we succeed. This can-do attitude drives our continuous growth and innovation, which was recognized in 2018 when we were named Europe’s most innovative company in competition with 112.000 other companies.

From a business perspective, we met our targets for 2018 performing strongly in all our segments, this despite some headwinds in the market. Costs increased more than I ideally would like them to, driven both by external factors such as high fuel prices, but also internal elements, such as saying yes to more projects and new hires than we had originally planned for. However, this was necessary to strengthen our organization for future growth.

INVESTING FOR THE FUTURE

In 2018 we continued to make investments that will yield results in the years to come. The completion of our new vessel, Antarctic Endurance, is a notable highlight. This 140 million USD investment in state-of-the-art technology will reduce our CO2 footprint significantly and reduce our running costs. It will also give independent scientists unparalleled access to Antarctica through our onboard research facilities and will provide our customers with even more high-quality products. In addition, in early 2019 we also decided to build a new support vessel to replace our existing transporter, La Manche. Again, utilizing new technologies, the vessel will have a lower CO2 footprint and benefit

from reduced costs and increased efficiency. The construction of this next generation of harvesting and support vessels marks another huge step forward for Aker BioMarine and the krill industry in general.

INCREASING OUR STAKE IN RESEARCH AND DEVELOPMENT

Along with the vessel investments in 2018, we also increased our stake in research and development spending 4,8 million USD. Though 30 to 50 percent of these investments may not ultimately succeed, innovation requires taking chances on new ideas. This is one of the things that makes Aker BioMarine an exciting company to work at and an interesting partner to do business with.

One of the R&D projects that particularly excites me, is a big clinical study that will document how phospholipid omega-3s from krill could provide relief for people with the autoimmune disease Lupus. It is a complicated, serious and rare disease, that very few companies want to invest time or money in studying. For example, in the last 60 years only one product has come onto the market to help people with Lupus. Imagine if krill from Antarctica could provide symptom relief for people living with Lupus?

Another exciting project we have in development is an autonomous sail drone. Powered by the sun and wind it will collect weather, water and biomass data from the Antarctic oceans. Linked to a big machine learning project, we will be able to create advanced prediction models that can be used both to make our operations more efficient, but more importantly provide valuable input on the krill biomass, ensuring we help maintain a sustainable krill fishery.

OUR MOST VALUABLE ASSET

One of the key drivers for our success is the people we have working at Aker BioMarine. They are our most important asset. Since the very beginning, when we started the company 13 years ago, we have always had a very strong culture. It was never defined, but as we have grown with the number of employees we felt it was time to properly define our culture. It took us 18 months, but our culture is now summed up in eight Heartbeats, which outline who we are when we are at our best. Armed with this clearly defined culture and value system, we can ensure that we continue to hire, train and develop the organization based on our key values.

I am particularly proud of what we continue to accomplish with our people. We are able to attract great talent and we are consistently seen as a very attractive place to work. We have recruited internally for many of our new leadership roles and our diverse team scattered across the globe continues to excel every year. Through our real-time tracking of employee satisfaction, 83 percent of our employees rate their job as a passion; the global benchmark is 17 percent. But such high engagement and a real passion for the job can also lead to stress. This means that we need to closely monitor and take action on managing the stress levels in the organization as we continue to innovate, improve and grow.

We have left a challenging but rewarding year behind. We will continue our journey to further utilize the unique capabilities of krill to produce healthy food and nutrients for a growing world population, while at the same time keeping our planet’s ecosystem healthy.



CEO - MATTS JOHANSEN



THIS IS US



OUR WHY

– improving human and planetary health

Aker BioMarine was created because of our strong belief in the positive health effects of krill. More than a decade later, our business continues to grow because we take care of the ecosystem we harvest in. To us, it makes no sense to take something out of the ocean to improve our health, if it simultaneously compromises the health of the ocean. Ensuring the wellbeing of the krill biomass and contributing towards a thriving Antarctic ecosystem are among our core priorities.

Our mission is to improve human and planetary health.

To operationalize this ambitious vision, we have chosen to steer our business according to the following four United Nations Sustainable Development Goals (SDGs).



SDG2
– ZERO HUNGER

By 2050 there will be 10 billion people on this planet, which means we need to significantly increase our food production. In 2018, Aker BioMarine's krill products contributed to the production of an estimated 325 million servings of seafood. Krill's high nutritional value, its positive growth effects and the active influence it can have on the health of fish will prove invaluable as the demands on food production continue to increase.



SDG3
– GOOD HEALTH AND WELLBEING

The unique phospholipid-bound omega-3s in krill can help reduce the risk of several lifestyle diseases, including heart and brain-related issues. Aker BioMarine has taken on a global challenge to raise awareness about the importance of omega-3s. In 2018, 1.28 billion doses of Superba Krill were sold worldwide, improving the health of millions of people.



SDG12
– RESPONSIBLE CONSUMPTION AND PRODUCTION

We work across our entire value chain to continue to lower our CO₂ emissions. Aker BioMarine has built a new, state of the art, krill harvesting vessel, estimated to be 30 percent more energy efficient, in comparison to other harvesting vessels. Saving energy and reducing the environmental footprint of our operations were key focal points when we started planning the new vessel. It is our goal to lead by example when it comes to maritime environmental innovation.



SDG14
– LIFE BELOW WATER

Believing in the importance of sharing best practices and promoting industry responsibility, Aker BioMarine co-founded the Association of Responsible Krill Harvesting Companies (ARK) in 2010. The global industry association was developed to promote research for the sustainable harvest of Antarctic krill and to generate scientific data from harvesting operations in order to facilitate better management of the krill fishery. The association now has seven member companies from Norway, Chile, China and South Korea. In addition, in 2015, we established the Antarctic Wildlife Research Fund (AWR), together with industry partners, to promote and facilitate research on the Antarctic ecosystem.

OUR HOW

– integrated value chain, capital and a dedicated team

We take care of the resources our business depends on, provide a clear strategy and build a culture of autonomy and trust.

Strategy



PEOPLE

At Aker BioMarine we do things that no one has attempted before. Most companies can hire outside expertise when they are faced with a new challenge, but for us, operating on the frontiers of a niche industry, we are likely to already have built the best expertise in-house. Our people are our most valuable asset.

SOCIAL AND RELATIONSHIP CAPITAL

Our operations in Antarctic waters require maintaining good relationships with governmental and regulatory agencies, industry peers, the research community, and environmental NGOs. We actively engage and work with these key stakeholders to ensure the fishery's future.

FINANCIAL CAPITAL

Aker BioMarine appreciates having a dedicated owner who strongly believes in the health benefits of krill. Strong financial backing has been crucial to reach our current scale and is absolutely essential to achieve across-the-board excellence. At Aker BioMarine, there is no doubt that strong financial and sustainable performance are interlinked and help reinforce each other.

INTELLECTUAL CAPITAL

Innovation is part of Aker BioMarine's DNA. From pioneering the Eco-Harvesting system to developing new extraction technology, we are proud of our in-house expertise. Intellectual property rights are protected through the company's patent and copyright strategy, but catch data and technology is shared for research purposes and to promote industry transparency.

MANUFACTURED CAPITAL

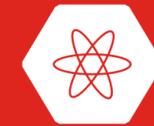
Aker BioMarine has made a number of major infrastructure investments throughout its value chain. Capital investments in our Antarctic factory vessels, to port facilities in Montevideo and the factory in Houston, are part of lifting our supply chain efficiency. We lease warehouses and office space at our headquarters in Oslo and sales offices in the United States, Latin America, Australia, and Asia. While our krill vessels, the support vessel, and the new manufacturing plant in Houston are wholly owned by us.

NATURAL CAPITAL

Antarctic fishing licenses are issued by national governments and we hold Antarctic krill fishing licenses issued by our home country Norway. Our long-term access to the krill fishery depends on the krill industry as a whole acting responsibly, ensuring that there is scientific confidence that krill harvesting remains at sustainable levels and that we succeed with global efforts to combat climate change.

OUR CULTURE

The origin of our company culture is driven by our fishermen. Operating in the rough seas of Antarctica, far away from civilization, requires full trust and transparency among the crew members, the unique ability to face and combat all challenges that arise and last, but not least to act as a family. This is where our culture originates from and forms the foundation of our heartbeats, describing us when we are at our best.



PURPOSE

Aker BioMarine is a biotech innovator and Antarctic krill-harvesting company on a mission to improve human and planetary health. We believe in a better world, where everyone has access to quality nutrition, without compromising the health of the planet.



PEOPLE

Today, Aker BioMarine employs 378 people from 32 different nationalities. We are renowned for having passionate employees who are willing to go the extra mile. We regard diversity as a prerequisite for innovation and this is reflected in our workforce, from our fishermen to our science team.



OPERATIONS

Our value chain stretches from our sustainable krill harvesting operations in Antarctic waters through our Montevideo logistics hub, to the Houston production plant, and all the way to our customers around the world. We pioneer best practice in the krill harvesting industry, whether it is our minimal bycatch, offering full traceability of all our products, or our close collaboration with customers.



MARKETS

Over the past decade, we have successfully introduced brand new krill-based ingredients for nutraceutical, aquaculture, and animal feed applications globally.

OUR WHAT

Why krill?

In a world where just 3 percent of the population has adequate levels of omega-3, krill provides an easy means with which to reach optimal levels of EPA and DHA. Adequate omega-3 intake is considered important to maintaining a healthy lifestyle that can help prevent non-communicable diseases. Krill is a unique omega-3 option that offers many health benefits, plus it is 100 percent traceable, certified sustainable and comes from the pristine waters in the Southern Ocean. It offers health benefits for the heart, joints, skin, brain and much more.



SDG3

One of the fundamental advantages of krill oil over other omega-3 options is the fact that it's mainly bound to phospholipids. Krill oil is better recognized and absorbed by the body, efficiently reaching the areas of body that need omega-3s the most. Krill oil also contains choline, another building block important for liver, heart and cognitive health and astaxanthin, a potent antioxidant that helps keep krill oil naturally fresh and stable.



SDG14

A great source of omega-3, krill also has a low environmental footprint. The krill fishery is one of the most regulated fisheries in the world. This ensures that no illegal fishing occurs and that the species is not overfished. The catch limit for krill in the Antarctic is 1 percent of the entire biomass, leaving 99 percent for reproduction and nutrition for other species, safeguarding biodiversity.



SDG12

We need to think about how we can use less natural resources to serve our needs as humans, with an ever growing population. So, it makes sense to use krill as an ingredient, rather than to use a source, such as fish, further up in the food chain. Krill also does not accumulate as many potentially harmful toxins and heavy metals as fish at higher trophic levels.



SDG2

For our krill meal and krill oil going into aquaculture feeds, krill helps increase yield. Coupled with the low environmental impact and its position in the trophic level, this offers productivity gains for the seafood industry. The need for smart feeds and alternative feed sources has never been higher.

COMBINED, THESE ELEMENTS MAKE KRILL A TRULY SUSTAINABLE, HIGH PERFORMANCE INGREDIENT FIT FOR THE FUTURE.

OUR PRODUCTS



SUPERBA

Aker BioMarine's Superba Krill Oil is a natural source of essential omega-3s, phospholipids, choline and astaxanthin. The phospholipid-bound EPA and DHA fatty acids found in krill are documented to be a readily absorbable source of important long-chain omega-3s. Superba Krill Oil contributes to a balanced diet and a healthy lifestyle, supporting heart, brain, and joint health.

In 2018, Aker BioMarine delivered 1,28 billion doses of Superba Krill to the market. It is a priority of the company to raise awareness of the importance of omega-3s and reach consumers who are not currently taking omega-3. This will help contribute to SDG target 3 focusing on good health and wellbeing and reducing non-communicable diseases related to lifestyle.



QRILL AQUA

Aker BioMarine produces nutrient-rich feed ingredients made from Antarctic krill, that help improve aquaculture efficiency. QRILL Aqua is rich in phospholipid-bound omega-3 fatty acids, the antioxidant astaxanthin, proteins and minerals. Previously, QRILL Aqua was known to promote faster growth in fish and shrimp. As we have learned more about the fundamental functions of krill nutrients, krill is also used in feed to improve stress tolerance, health and quality of both fish and shrimp.

Antarctic krill is not commonly used as a food source for humans per se. Using krill feed in fish or shrimp production, QRILL Aqua products contribute to increased food production contributing to SDG target 2, that aims to eliminate hunger.



QRILL PET

Made of whole dried Antarctic krill, QRILL Pet is a functional ingredient for pet food. Products enriched with QRILL Pet provide a natural source of omega-3 fatty acids, marine proteins and the powerful antioxidant astaxanthin. QRILL Pet offers a number of benefits for pets, including healthy organs, joints and fur.

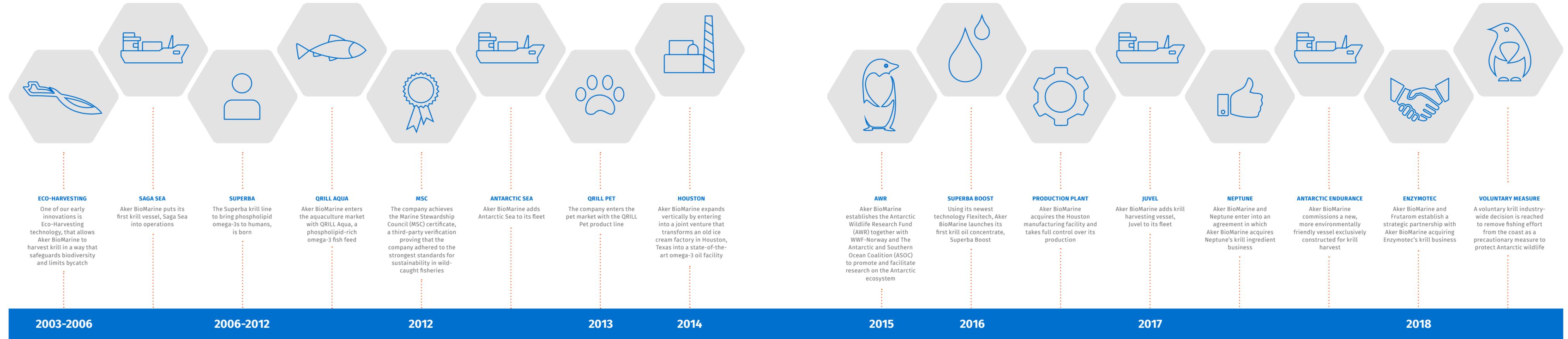
In 2018, QRILL Pet contributed to improved omega-3 status, health and performance in around 850 000 dogs (medium breed). QRILL Pet is a 100 percent natural product, made only from whole Antarctic krill. When developing this unique product, we kept our focus on the needs of pets and pet food formulators. Knowing that many pet food formulators look for new and innovative solutions, we offer a product that delivers many beneficial nutrients that are easy to include in pet food recipes. This is important to us in order to contribute to the wider scope of SDG 12, ensuring responsible production and consumption.

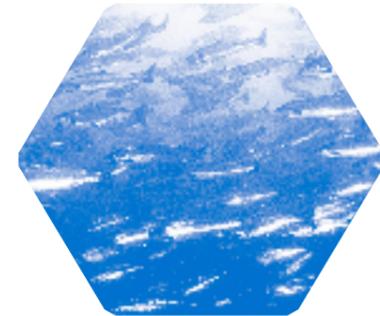


ANTARCTIC ENDURANCE

AKER BIOMARINE'S JOURNEY OF INNOVATION

From the groundbreaking harvesting technology to innovative product portfolio, here are some of the historical highlights.





KRILL PERFORMANCE FOR ALL

Sports performance is training designed specifically to improve an individual's performance within their chosen sport. This includes any bodily activity that enhances or maintains physical fitness and overall health and wellness.

Endurance exercise takes this a step forward and adheres strictly to the principle of specificity: the body will adapt in direct relation to the stressors placed on it. So, move, eat, rest, repeat makes for a decent training plan, up to a point.

However, if you want to maximize your performance gains, eventually you need to train smarter: smarter movement, smarter eating and smarter recovery. Believe it or not, this advice works for aspiring athletes, man's best friend – dogs, and farmed aquatic animals (fish and shrimp) alike.

SMART TRAINING WITH KRILL

Athletes use nutritional strategies to improve their training and performance through increasing their metabolic capacity, delaying the onset of fatigue,

and improving muscle hypertrophy by enhancing recovery, improving immune function, and decreasing oxidative stress.

Krill oil is rich in long-chain omega-3 polyunsaturated fatty acids, eicosapentaenoic acid (EPA) and docosahexaenoic acid (DHA), which have been found to reduce inflammation and have positive effects on the cardiovascular system. Krill oil strengthens immune function following a maximal exercise test.

Aker BioMarine is dedicated to studying the effects of krill on humans, pets and farmed fish and shrimp. One of our latest projects, conducted with Norseman triathletes, participants of one of the toughest triathlon races on the planet, showed a significant decrease in omega-3 levels in the body following an intensive endurance event.

We believe maintaining optimal omega-3 levels may be important during the recovery phase after intense exercise. It is important to keep in mind that lower omega-3 levels have

been associated with an increased risk of illness, which may cause training disruptions. For this reason, it is important to have a good source of omega-3 fatty acids, such as krill oil, when engaging in intense training.

But you might wonder how professional athletes are related to animal performance.

Well, we all want to perform: athletes, sled dogs and even salmon. The connections are actually more related than you might think, as nutrition plays an important role for all of us. Aker BioMarine has identified four positive krill effects across these species when it comes to performance: inflammatory response, heart health, well-being and muscular system.

KEEPING DOGS UP AND RUNNING

Sled dogs have a high metabolic energy expenditure during endurance exercise, and it has been shown that repetitive endurance exercise is associated with lipid peroxidation and reduced plasma antioxidant concentration.

Excessive free radical production induced by extreme exercise, such as the Iditarod race, sled dogs very-own Norseman, can induce inflammation and generate muscle damage.

In order to increase our krill knowledge on dogs, Aker BioMarine conducted a study on the animals in the Iditarod trail sled dog race, the hands-down toughest annual long-distance sled dog run. In this project, we found that five-week krill meal supplementation of sled dogs before the race led to higher amounts of omega-3 polyunsaturated fatty acids consumed, and therefore a higher Omega-3 Index at the start of the race. A higher index is associated with a significant reduction in the exercise-associated rise in inflammation and a tendency to minimize the level of muscle damage.

The results of this study are encouraging for krill meal supplementation for dogs in general, whether they are performing in long distance races, or taking their leisurely afternoon walk.

IMPROVED SWIMMING PERFORMANCE, BETTER FILLET QUALITY

But what about salmon? During the past decade, the effect of krill on salmonids health and fillet quality has been investigated. Fat content, fat distribution and fillet quality may be influenced by feed composition. Due to krill inherent advantages i.e. feeding stimulants, n-3 fatty acids bound to phospholipids and highly digestible peptides, krill improves fillet quality, both in terms of yield and texture.

What is curious about fish is their swimming exercise, or their 'performance', which increases the muscle growth and flesh quality. Fish are known for their great capacity for aerobic, sustained swimming, and anaerobic, burst swimming. Swimming activity in fish is accomplished through the activation of the skeletal muscle, the largest tissue in the animal, representing more than 50 percent of its body weight. Skeletal muscle in fish is composed of two functionally and anatomically separated types of muscle.

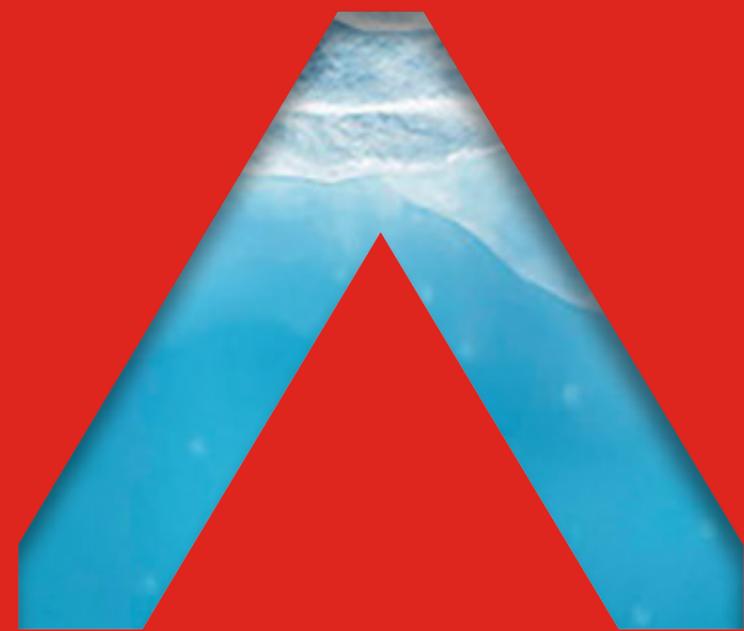
Flesh quality in salmon is the result

of a combination of characteristics of skeletal muscle, which include the muscle chemical composition (fat content and fatty acid profile, glycogen stores, oxidative stability, color) and muscle cellularity. It is strongly influenced by a variety of extrinsic factors such as feeding, pre- and post-slaughter handling, processing, and storage procedures.

One of the major criteria of flesh quality is texture, which is determined by muscle cellularity (fiber number and distribution) and connective tissue characteristics. Different studies have shown an improvement in gaping and fillet firmness and a decrease of melanin spots in salmon fed krill diets, which are both key requirements for the salmon industry.

As you can see, there is scientific evidence on the benefits of krill across the three different species when it comes to enhancing performance.

Humans, dogs and salmon all benefit from krill, with their daily feats of biking, running and swimming endurance increasing their muscle growth, recovery and fish flesh quality.





EUROPE'S MOST INNOVATIVE COMPANY

In 2017, Aker BioMarine took home the title for Norway's most innovative company. Going one better, in 2018, Aker BioMarine was named Europe's most innovative company after a year-long journey in the continent's biggest and most prestigious business competition, the European Business Awards.

For us, innovation is a high priority and something that requires dedication every day. This prize is a recognition of our people who work constantly towards improving and innovating how and what we do at our company.

We talked to our CEO Matts Johansen who walked us through how to stay focused on innovation and continuous improvement.

MATTS, WHAT IS INNOVATION TO AKER BIOMARINE?

Well, you could say 'everything' and it wouldn't be an exaggeration, as without innovation, our business wouldn't exist. Let's not forget that before us, no one was able to turn krill harvesting into a viable commercial operation. We were able to do that by looking at krill and krill harvesting in a different way, and now, ten years plus, we have a global business. Innovation is key and always will be, it is at the heart of everything we do. Whether it is developing new technology, like

Eco-Harvesting that minimizes bycatch, our biorefinery technology, Flexitech, or the tailor-made equipment onboard our vessels. Business innovations, like our supply chain and sustainability work, or the constant advances we have made with regards to the applications for krill. They are all showcase, blockbuster innovations if you will, but innovation can also just be a small tweak. It doesn't have to be a whole new product or system, a little tweak can have a positive impact, making things go smoother, faster, or better.

WHAT DRIVES YOUR COMPANY'S INNOVATION?

The thing that enables us to continue to innovate and continue to evolve this business is the diverse range of engaged colleagues we have in Aker BioMarine. We know that engaged and passionate employees generate more ideas. 83 percent of our employees say that their job is their passion and not just a job. From the experienced, Norwegian career fisherman in key positions on all our

vessels, to the unflappable factory team in Houston, the PhDs in Research and Development, all the way to the razor-focused people we have working with business development and sales. We have a unique and incredible team. Such a huge variety of different people from different nationalities and age groups, with diverse life experiences and ways of viewing the world, bring so much value, energy and insight to our company. Because of them we don't have just one way of looking at a problem, we are able to look at it from all the angles. One notable example is the idea for our game-changing Eco-Harvesting system, which didn't come top down from our operations team, or a third-party technology company. It came from members of our Saga Sea krill-harvesting vessel wondering out loud if there was a better, more sustainable way to harvest krill and eliminate by-catch. They cobbled together a rough prototype and Eco-Harvesting was born. From there we put together a multi-disciplinary project team to continue to work and refine it, while seeing if it was viable. The rest is history.

INNOVATION

NATURE, MARKETS, TECHNOLOGY AND PEOPLE ARE IN CONSTANT CHANGE. WE NEED TO BE ABLE TO ADAPT AND INNOVATE TO UTILIZE OPPORTUNITES AND FACE NEW CHALLENGES.



HOW DO YOU CREATE A WORKING ENVIRONMENT WHICH ENCOURAGES SUCH INNOVATION?

For me, trust and transparency, enabling decision making close to operations is key to creating a setting where innovation can thrive. The first part of that is making sure we have a clearly defined purpose and that everyone knows what the priorities for the company are, so all our employees know what's important. With clarity on direction it is easy for our employees to know that their ideas are relevant and benefit the business, it sounds obvious, but it is often overlooked. That is a small part.

The second, and more important part, is that everyone needs to know what exactly is going on in the company and who is doing what, because innovation doesn't happen in isolation. I think this is very important. If we're going to continue to innovate, people need to know each other, who is working on what and what everyone has going on, then you can quickly navigate in the system and quickly speak to the right person.

For me, trust and transparency, enabling decision making close to operations is key to creating a setting where innovation can thrive.

SO HOW DO YOU KEEP EVERYONE AT AKER BIOMARINE UP TO SPEED ON THE COMPANY'S DIRECTION AND SPECIFIC DEPARTMENTS WORK?

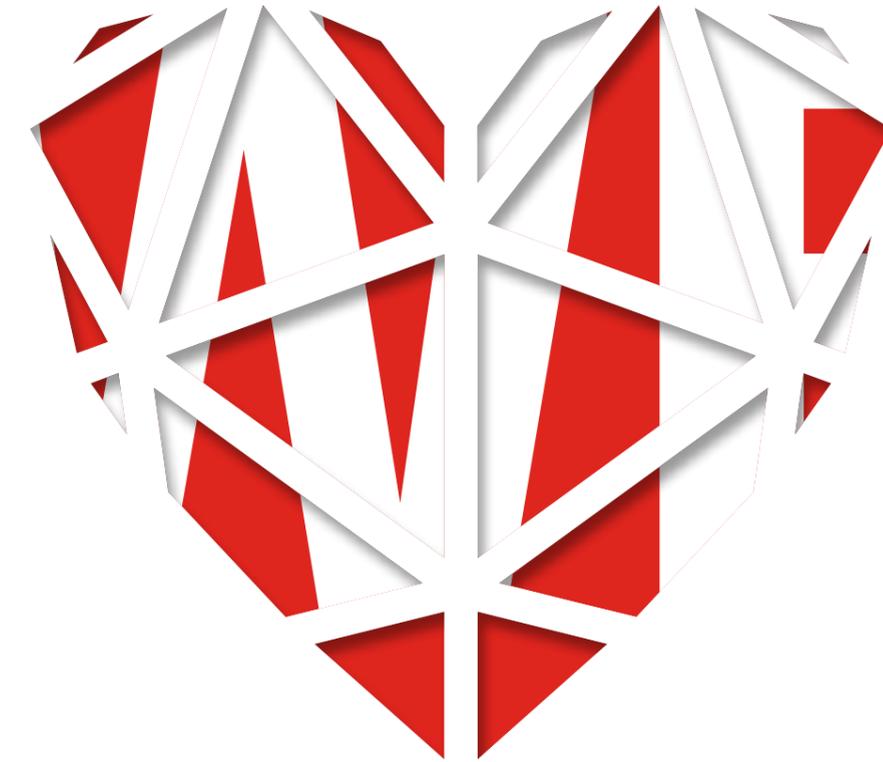
To foster such an environment, where everyone knows who's doing what and why, we have established a department for Transformation enabling the organization to shape the future of the company. It is important for me to get up during our monthly ONE meetings to talk about what is going on. But it is equally important that the teams also get up and they talk about what they're working on, so we can connect people through that. So, we have the breakfast club meetings where we all share topics and the various teams talk about their work and we also actively use Facebook at work (Workplace) where everyone can share information from the fishermen in the Southern Ocean to the sales team in Shanghai. But still, in my own experience, you cannot communicate enough, and at a company like Aker BioMarine, we communicate a lot. It is one of the bigger challenges, but it is also incredibly important. Learn to over-communicate. As the CEO I spend a lot of time on that, just talking about the things that we do.

ALONG WITH THE OPENNESS WHEN IT COMES TO DIALOGUE AND INFORMATION SHARING IN THE COMPANY, DEVELOPING A GENUINE CORPORATE CULTURE, DRIVEN BY CLEAR AIMS, SEEMS TO BE A VERY BIG FOCUS.

It is, our culture plays a key role in constantly encouraging us to be open to developing new ideas and looking for new ways of working. Take our Heartbeats statements, which are everywhere in the office, 'think outside of the ordinary' on the coffee cup there, 'dare to go big' on my notebook, and 'be transparent' on the table, to name just a few. These motivational statements and ideas, they are part of our culture. But you need to continue to work hard to foster that culture, to encourage people. It is fine to plaster slogans everywhere, but you need to back them up with action. For example, we are actively focusing on one of our Heartbeats, which directly relates to innovation, 'thinking outside of the ordinary'. That means that we have replaced 10 percent of all the coffee mugs in the office with special red coffee cups. If you are lucky enough to be the one with that cup, you have an obligation to think through what you are doing while drinking your coffee; does this make sense? Could we do this in a smarter way? In addition, in meetings the red cup holder is the one who has to challenge, the one who has to raise the bar, so to speak. Also, I asked all our employees to give me tips on how they think outside the ordinary, I received more than 100 tips. These tips are now inside fortune cookies at our meeting rooms, so if you are searching for inspiration or are having a lull moment, you can take a fortune cookie and you will get a tip or a bit of advice!

HEARTBEATS

Over the past year, we have worked hard to define and describe the attitudes and behaviors that so clearly come out when we are at our best. These attitudes and behaviors guide the culture of Aker BioMarine. We call them the Aker BioMarine Heartbeats.





FEAR BEAT

...we have worked hard to define and describe behaviors that will come out when we live the behaviors and the culture of Aker BioMarine. ...eats.

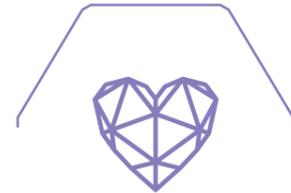
WWE

THINK / DARE / CAN / ARE / HAVE / CHEER / GIVE



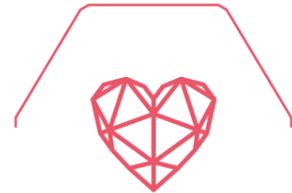
**WE THINK
OUTSIDE THE ORDINARY**

Aker BioMarine’s business model is truly one on a kind. Indeed, over a decade ago when we started our business, critics labelled us crazy investing hundreds of millions of dollars into Antarctic krill harvesting. A number of companies had already tried to commercialize krill and failed. As, even if their harvesting operations were a success, which in itself is no easy task, there was simply no market for it. However, for us, our so-called ‘crazy’ idea made total sense. Krill is the largest single species marine biomass on earth, and through millions of years of evolution, krill and the nutrients in krill, have been important for all marine life. Finding a way to harvest krill sustainably, we extracted key nutrients, studied their biological effects and then created commercial products. Today we are leading a market we helped create. All because someone was thinking outside the ordinary more than a decade ago.



**WE DARE
TO GO BIG**

In business, people often talk about first mover advantage. However, in Aker BioMarine we believe in the first to scale advantage. If you do not go all in with your idea from the beginning, someone else will. Aker BioMarine was not the first company to harvest for krill in Antarctica, or the first to produce krill meal, and we launched our krill oil years after someone else. But, we were the first company to go big, investing all our time and resources into making krill a viable, commercial business. It is why we are the leading krill supplier today.



**WE CAN
DO & GRIND THROUGH**

Operating in the pristine waters of the Antarctica puts an extra challenge on our seafaring colleagues. If something breaks they cannot call for external assistance. As inspiring as they are inventive, their first thought is “yes, we can do this” and they just have to fix the problem with what they have at hand. This positive, can do attitude drives most successful initiatives in Aker BioMarine. We all know that we will meet obstacles on the way, but we just stay positive, lean into it and grind through.



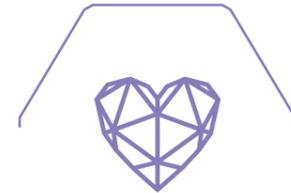
**WE ARE
CUSTOMER OBSESSED**

Not customer orientation, not customer focus, but customer obsession. As the company grows bigger it is easy to lose focus and concentrate on your own internal processes, organization and hierarchies and forget who pays all the bills. The customer. We can learn from elite sports, they are extremely good at focusing their whole organization towards the only goal that matters, winning. We want all employees to be proud of who our customers are, and why they buy our product. Though we sell B2B, we still want to understand the consumers and the customers of our customers, so that we can actively contribute to our customers’ success.



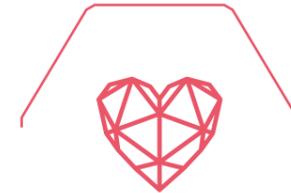
**WE HAVE
PASSION & WORK HARD**

Working at Aker BioMarine is not just a job, it is our passion. We move fast, have many initiatives running at once and consistently face big challenges. This requires a lot of hard work and it is never easy. The moment things start to feel a little more comfortable, typically a new challenging initiative begins. But in return, we have a lot of fun and are all on a constant learning curve. We spend so much time at work, we need to make sure that we enjoy it. We carry a responsibility to ensure that our fellow colleagues enjoy working at our company as much as we do.



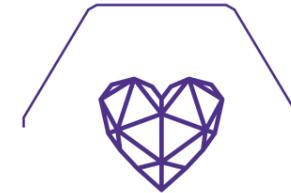
**WE CHEER
EACH OTHER ON**

At Aker BioMarine, we cheer each other on and celebrate a lot. We work as a single team with a shared passion to succeed. When things get rough, it is important that you feel that your colleagues have got your back and are cheering you on. This is very important, because feeling support from your colleagues is the foundation of any well-functioning team. It is also important to us to actively build the confidence of all our colleagues and leaders.



**WE GIVE
TRUST & TAKE RESPONSIBILITY**

In all fast-growing businesses, roles are constantly changing, and you might need to give away tasks that you used to have, or get new ones from others. Giving full trust to others is often difficult, especially when you are passionate about something. But we need to let go, be open, and trust that the experts in the organization know what they are doing, even if they do it in a different way than you anticipated. In the long term the results will be much better. When someone trusts you with a task, you need to take responsibility for it and make it clear that you will deliver. At Aker BioMarine, we have the luxury of having very engaged employees that want to contribute and go the extra mile, but we need to stay focused on maintaining trust and accepting responsibility to ensure we continue moving forward.



**WE ARE
TRANSPARENT**

At Aker BioMarine, we harvest krill in Antarctica, refine the material in our bio-refinery in Houston and we have sales and marketing offices all around the world. In addition, we have a combination of scientists, economists and various specialists in our main office in Oslo, Norway. With such complex operations delivered through an international organization, we have to delegate decisions to the employees closest to the matter. This requires a transparent organization, where information is shared, unfiltered. We are constantly trying to find new forums and tools to facilitate transparent information sharing, but at the end of the day, it comes down to attitude. Quite simply, we tell it how it is.

ENGAGED TO BUILD EQUAL OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

Together with 12 other companies, Aker BioMarine has helped establish The WE Foundation (Stiftelsen VI) to improve the quality of life for Norwegians with disabilities.



Did you know there are 605,000 people with disabilities in Norway? This is more than the total population of the nation's capital Oslo. This is why Aker BioMarine has joined The WE Foundation, which brings much needed focus, motivation and resources to help disabled people get the same opportunities and rights as non-disabled people.

Despite progress being made, disabled people are often still discriminated against. Did you know that 33 percent of young people with disabilities have poor health, as compared to 5 percent among non-disabled youth, and only one in two young disabled people are employed, as compared to 85 percent of their able-bodied counterparts? In addition, disabled people are also more likely to suffer from physical and mental health problems, reduced social contact and overall can experience a reduced quality of life.

There are also far fewer opportunities to participate in exercise and other leisure activities.

Which is why the foundation is on a mission to do something about the situation – through encouraging participation in sport.

SAME OPPORTUNITIES

The WE Foundation's guiding principle is that disabled people should have the same opportunities as non-disabled people in achieving their personal goals and live fulfilling and meaningful lives. One important instrument is to provide inspiration and motivation through participation in physical activity. Surveys show that participation in sports improves quality of life, self-esteem, and boosts physical and mental health and, as a result, increases participation in employment, education and encourages social involvement.

According to the CEO, Knut Nystad, the foundation will work on solving social problems associated with being disabled:

"The initial focus will be on elite-level Paralympic athletes, with the goal of creating role models. As in other sports, role models will serve to inspire, motivate and encourage participation, create opportunities, dreams and hope, particularly among young aspiring disabled athletes."

Birgit Skarstein, 3 times Paralympian and the world rowing champion adds, "Finally, an initiative has been launched that will be capable of achieving permanent change. The WE Foundation turns words into actions, and hence makes a difference to both current and future athletes. It will provide new opportunities on all levels, enhance knowledge and bring an integrated focus to elite-level programs. Finally, but no less important, it will help make society more inclusive in the years to come. It has been an inspiring journey so far, I really look forward to what's ahead."

KNOWLEDGE AND INFORMATION CENTRE

The aim is to turn the foundation into a knowledge and resource center providing information about opportunities and rights for disabled people. While an initial board has been appointed, member organizations will be able to influence the future board composition. An advisory board will be appointed to further refine the concept and to develop new projects.

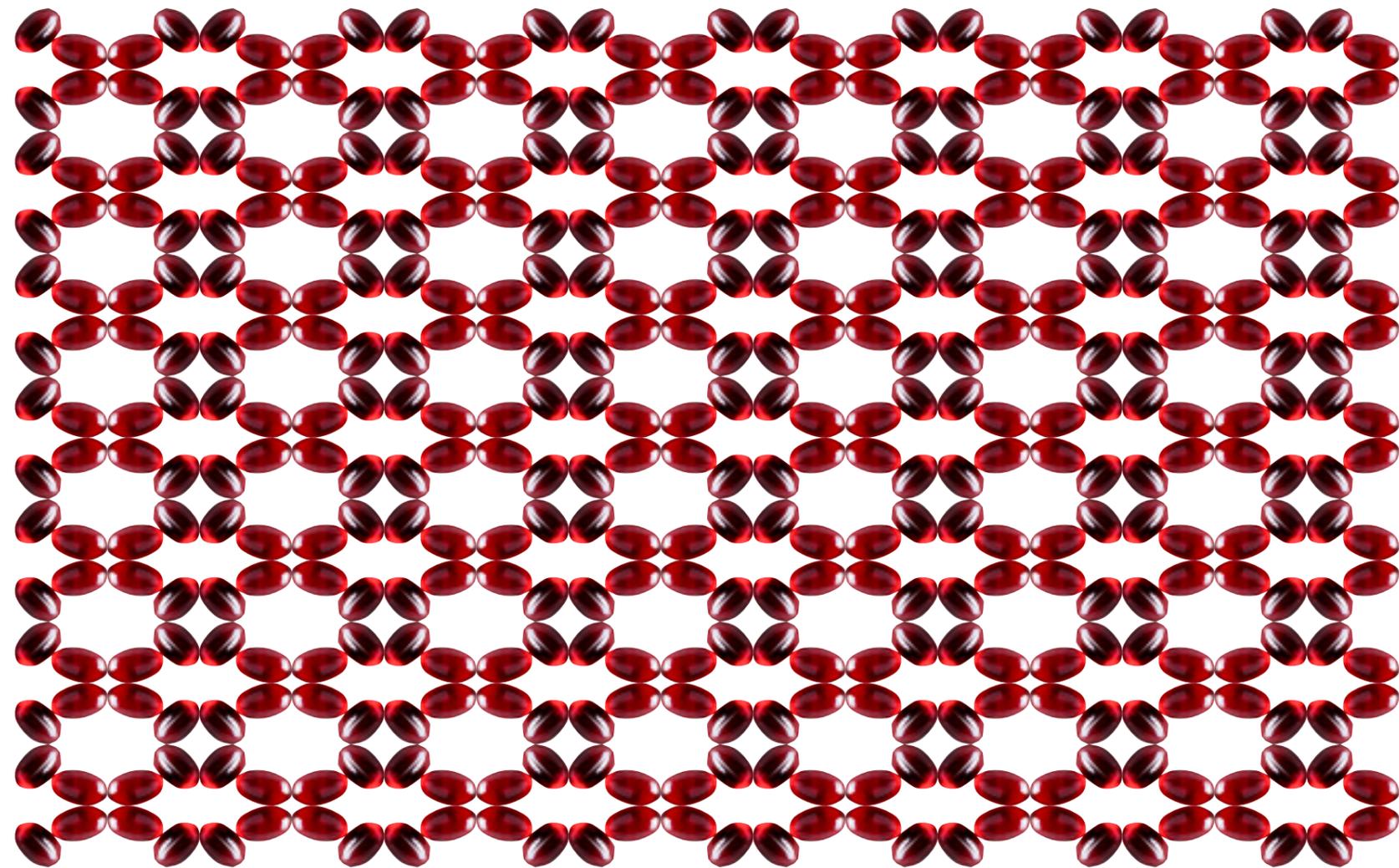
If the foundation is to make a difference, it will need the support of hundreds of members with a strong commitment. Are you one of them? Will you join the WE movement and help make a real difference?





PRODUCTS





At Aker BioMarine, all our products are designed to contribute to the company's vision, to improve human and planetary health. In 2018, Aker BioMarine's teams gained new insights into just how the krill advantage has an impact on health around the world.



SUPERBA

Getting enough omega-3s, particularly EPA and DHA, in our diet is extremely important for overall health and wellbeing, as our bodies cannot make these essential nutrients themselves. Many people think they get enough omega-3s from their diet, yet an estimated 97 percent* of the population have omega-3 levels below the optimal range, exposing them to increased risk of various lifestyle diseases, such as cardiovascular disease.

Superba krill oil is supported by clinical data demonstrating that it can significantly increase the Omega-3 Index level in just one month, helping to reduce the risk of cardiovascular disease for many people around the world. Superba krill oil is furthermore unparalleled in its reach, not only providing phospholipid-bound omega-3s, but also choline, an important vitamin which keeps our cells healthy, and astaxanthin, a powerful antioxidant.

Unlike fish oil, krill oil mixes well in the stomach, preventing a fishy aftertaste and other unpleasant digestive issues. Since the phospholipids make krill oil's omega-3s more bio-efficient and stable, it also allows for smaller capsules, when used in supplements.

Aker BioMarine and Superba have embarked on a global challenge, to raise the awareness of low omega-3 levels, and to reach out and educate about the ramifications of low omega-3 levels. We are also breaking new barriers, conducting pioneering research to document the benefits of krill oil to human health. In 2018, we began working with professional triathletes to investigate the effects of intense training and exercise on omega-3 levels and their relationship to recovery. Additionally, we have begun to understand the beneficial effect krill oil can have for skin health, meaning 2019 is going to be an exciting year for Superba. Omega-3s are beneficial for everyone, and Superba krill is paving the way towards better human health and wellbeing.

*A 2016 study published in Progress in Lipid Research

KRILL TESTED ON WORLD'S TOUGHEST ENDURANCE ATHLETES

The Isklar Norseman Xtreme Triathlon is considered the ultimate triathlon. Racing through some of the most beautiful landscapes in Norway, those who are able to finish at the rocky peak of Gaustatoppen (located at 1,850m above sea level) can say that they completed one of the toughest full distance triathlons on the planet.



Unmatched by other extreme events, due to its difficulty and punishing severity, the annual 'fjord to peak' Isklar Norseman Xtreme Triathlon provides the ideal test with which to gauge just how important a role omega-3s can play in performance.

Omega-3s are some of the most important nutrients that our bodies need. They are essential for maintaining and supporting cardiovascular, brain, eye and joint health. They are also important for sports endurance and recovery, which is why Aker BioMarine has set out to explore the effects that krill oil has on Norseman athletes and Team Pure Science.

Part professionally run triathlon team, part clinical field study, Team Pure Science is made-up of a diverse group. Elite level professionals, such as 2016 Norseman winner Kari Flottorp Lingsom and former World Ironman Champion under 24 Hans Christian Tungesvik in addition to a number of dedicated amateurs.

Study leader, Dr. Andreas Berg Storsve, Director R&D at Aker BioMarine, explains the background behind this unique research project.

"We know that high-intensity training has an impact on immune function and inflammation, making athletes especially vulnerable to illness and infections. This has a direct impact on the athletes' physical recovery and performance."

"In order to thoroughly research the effects of omega-3 DHA and EPA, with regards to maximal exercise, we didn't have to look far. Norseman athletes are some of the strongest competitors in the world. The fact that these incredible athletes are meticulous in their training, routines and diet, makes them the perfect research subjects."

2016 Norseman winner Kari Flottorp Lingsom outlines the extreme training demands of the race, "Preparing

for the Norseman is a very intense period. It is not just a four-week gig. It is more like eight, nine months, with two to four hard-core workouts a day."

OMEGA-3S MAY ENHANCE PERFORMANCE

Conducting a pilot study during Norseman 2017, Dr. Storsve and his team used Omega-3 Index testing before and after the race, finding that in general, the athletes experienced a severe drop in DHA levels in the five weeks after completing the race. The good news, however, was that supplementation with a high dose (4 grams a day) of krill oil restored the DHA drop and significantly increased the athletes' Omega-3 Index.

"Pilot data from the 2017 Norseman study clearly shows a drop in omega-3 levels following high-intensity exercise. This is important, because we found that higher omega-3 levels were associated with less illness during training and better performance during the bike leg of the race. We also found that athletes with higher omega-3 levels recovered faster after the race," Dr. Storsve explains.

PHOSPHOLIPIDS – JUMPSTARTING RECOVERY

"Phospholipid-bound omega-3 fatty acids found in krill oil, particularly DHA and EPA, are highly anti-inflammatory and have been shown to strengthen markers of immune function following maximal exercise," says Dr. Storsve. "Krill oil consumption may therefore help to reduce the risk of infection and circumvent training disruptions in athletes."

Unlike traditional sources of omega-3s such as fish oil, the long-chain omega-3 fatty acids found in Antarctic krill are in phospholipid, rather than triglyceride form. A key distinction, omega-3 phospholipids are

delivered much more effectively to tissues and cells than triglycerides and play a vital role in keeping membranes functioning.

This is essential for the team's elite athletes like former World Ironman under 24 Champion Hans Christian Tungesvik.

"To perform at the maximum level, I need to give my body the nutrients that it needs, particularly to avoid injury and illness, because that enables me to get the consistent training I need for a race like Norseman."

"Obviously omega-3s are an important part of my diet and nutrition, so I am really eager to see how krill oil can affect my performance and recovery," says Tungesvik.

Another important finding of the study, Dr. Storsve brings out, is that the Omega-3 Index turned out to be the second-best predictor of bike leg time, after exercise volume, and ahead of important factors such as pre-race injuries, illness and early-life fitness level. According to Dr. Storsve, this can be a game-changer for the top athletes.

After testing a random group of 50 athletes from the 2017 Norseman field, a new research study kicked off in 2018 that will enable a more in-depth, systematic study of the importance of phospholipids for recovery in both training and competition.

"During the latest study we will be testing for specific biomarkers of inflammation and immune responses, as well as the effects of choline, which is a central component of krill oil, on performance and recovery," says Dr. Storsve. "By doing so, we will get a more complete understanding of the nutritional factors that help athletes optimize their performance. However, the results so far suggest that krill oil can have a real impact in the world of sports."



BATTLING LUPUS WITH KRILL

In 2018, Aker BioMarine and the Lupus Research Alliance launched a new clinical study, investigating how phospholipid-rich krill oil can benefit people with lupus, with the aim to lessen the severity of the symptoms associated with the disease.

Affecting an estimated 5 million people worldwide, Systemic Lupus Erythematosus (SLE), better known as lupus, is an incurable and chronic autoimmune disease where the body's immune system attacks its own tissue and organs.

The disease is most often diagnosed in people between the ages of 15 and 45, and 90 percent of those diagnosed with lupus are female. The most common symptoms are inflammation, swelling, severe fatigue and skin rashes. Complications can however include damage to the joints, skin, kidneys, blood, the heart and lungs. The new Aker BioMarine and Lupus Research Alliance clinical trial kicked off during summer 2018 and involves 76 people diagnosed with lupus, drawn from 20 research centers. The trial is designed to assess how people with lupus may benefit from consuming phospholipid-rich krill oil daily.

Matts Johansen, CEO at Aker BioMarine says, "Lupus is a frustrating, chronic disease with no known cure which affects millions of people all over the world. So, the opportunity to create a potential first-of-its-kind natural product for people with lupus simply could not be passed up."

Adding, "Our planet is 70 percent oceans, yet only half a percent of all the medicines in the world come from the oceans. It is obvious that many solutions to the big medical riddles must come from the oceans. We are so excited that molecules from krill can potentially reduce the symptoms associated with lupus. We are immensely proud to be able to work with the Lupus Research Alliance on this ground-breaking trial. There has been only one new drug developed to treat lupus in 60 years, which is why we are going all in to dedicate our resources to try to provide a natural alternative for people with lupus."

ADVANCE LUPUS RESEARCH

Too little headway has been made in the search for new drugs or biological products that can help people with lupus. This issue was acutely highlighted by the Lupus Research Alliance's Lupus Drug Repositioning Program, launched back in 2014, which Aker BioMarine joined. The need for new treatments is also why Kenneth M. Farber, President and CEO of the Lupus Research Alliance considers this new study so important.

"We are very pleased to work with Aker BioMarine on bringing a potential therapeutic option to people with lupus," notes Farber. "The company is thoroughly testing the effectiveness of krill for this group of patients through well-designed, scientifically rigorous clinical studies."

"In order to advance lupus research, we need partners willing to invest and dedicate themselves to our common goal. In Aker BioMarine we have found such a partner and we are very excited to see the potential impact of krill for people with lupus," says Albert T. Roy, Executive Director, Lupus Therapeutics LLC, Lupus Clinical Investigators Network (LuCIN).

The test subjects in the trial will each be given phospholipid-rich krill oil, daily over 12 months. The first six months are blinded, with one placebo control group and one treatment group, followed by an open six-month period where both groups are given krill oil.

"This trial reflects our responsiveness to patient wishes – a treatment that is safe and has the potential to attenuate lupus disease as well as the associated cardiovascular complications associated with it," explains Dr. Jane Salmon, the coordinating investigator of the study, Director of the Lupus APS Center of Excellence and Co-Director of the Mary Kirkland Center for Lupus

Research, both at Hospital for Special Surgery, New York.

Collaborating with the Lupus Research Alliance on the study's design and protocols, Aker BioMarine provides the clinical material and is the financial sponsor of the trial, with AMPEL BioSolutions as the subcontractor, engaged by Lupus Research Alliance to conduct the trial. The Lupus Research Alliance is the world's leading private funder of lupus research.

Results are expected in 2020.

"In order to advance lupus research, we need partners willing to invest and dedicate themselves to our common goal. In Aker BioMarine we have found such a partner and we are very excited to see the potential impact of krill for people with lupus."

**Albert T. Roy, Executive Director,
Lupus Therapeutics LLC,
Lupus Clinical Investigators Network (LuCIN).**





QRILL Aqua

Continued growth of aquaculture and the change from small-scale to high intensity, industrial farming has increased the need for sustainable protein sources in both shrimp and fish feeds. QRILL Aqua, made from Antarctic krill, is used in feed for fish, shrimp and other species in aquaculture around the world. QRILL Aqua has proven its palatable and nutritional qualities for fish and shrimp. When their feed contains krill, they eat more and stay healthier as a result.

In fish farming, krill is an increasingly popular ingredient. QRILL Aqua is used by farmers in periods when they need a robust fish, when they need the fish to eat and grow well. QRILL Aqua contains high amounts of omega-3 fatty acids in phospholipid form. Previously most of the marine phospholipids in fish feed came from fish meal. Now that the majority of fish meal has been replaced by plant products – there is a need for a more concentrated source of marine phospholipids. In addition, to increase palatability of plant-based feed, the phospholipids content of QRILL means the products is a good tool to formulate the modern fish and shrimp diet. Most of the omega-3s included in salmon feed go directly to the fillet and are passed on to the end consumer. Due to a nutritious profile of protein and omega-3s, fish farming is a key means of increasing food production worldwide as the need for sustainably sourced marine ingredients becomes ever more pressing.





HELPING FISH FARMING WORLD OVER

Aker BioMarine consistently invests significant time and resources into new scientific research, aimed at increasing our understanding of the effects krill feed inclusion has on aquaculture species. Working closely with a wide network of universities and aquaculture companies, the QRILL Aqua science team are always looking to learn more about how our products can benefit various aquaculture species.



The human population has increased considerably. As of the end of 2017, the world population had reached 7.6 billion. According to UN Department of Economic and Social Affairs, by the end of 2030, it will reach 8.5 billion. In 2050, it is expected that the Earth's population will be 10 billion. The growing world population puts a strain on human food production. As fish are an excellent source of protein and omega-3s, fish farming is seen as one of the key ways of increasing food production worldwide to meet the human population's increasing need. The demand for a sustainable sourced marine ingredient has never been higher.

Antarctic krill (*Euphasia superba*) is one of the most abundant species on Earth and, at current levels, is one of the world's underexploited marine stocks. It is an excellent source of proteins and lipids, and is a sustainable alternative, low in the food chain, used to replace fishmeal in diets for marine species. By using krill in fish feed, it does not compromise the food for other species. It increases the quality of feeds, it is scientifically well documented – helping fish farming world over. Krill contributes to the growth, health and fillet quality of fish.

ADVANCING SCIENCE

Actively developing new research projects and submitting grant proposals, together with customers, one completed project focused on juvenile seabream. Aiming to increase our understanding of the fundamental benefits of krill, the study showed that the amount of fishmeal can be reduced, if krill meal is added to feed, with growth performance actually improving.

Commenting on the results, Tibiabin Benitez-Santana, Director R&D, Fish Nutrition at Aker BioMarine says, "Good nutrition is one of the four pillars of sustainable aquaculture. However, there is a raw material challenge in aquaculture, where we need to be more independent from fish meal. This seabream study is allied with industry-wide efforts to find alternative sources to fish meal and fish oil. The findings suggest that krill meal enhances seabream juveniles' growth, and reduces lipid accumulation in the liver, when fish meal is reduced."

Adding, "The aquaculture industry's goal should not be only about finding less-costly alternative sources, it should also strive to ensure that resources are used more efficiently, improving the productivity and environmental performance of aquaculture. Krill meal could be the solution as it is a sustainable, nutritional solution for the aquaculture industry."

A WIDER CONTRIBUTION

The seabream study is an important step forward, adding to the growing research highlighting the positive benefits of krill meal inclusion on diet and growth performance. However, it, and the various other studies focusing on the benefits of krill, are not the be all and end all, when it comes to our commitment to aquaculture.

According to Benitez-Santana, "As a partner in aquaculture, working with a variety of fish and seafood species – it is a wish to take on an active role not only in concerns directly related to krill, but also related to other areas in the aquaculture industry where we can contribute in a positive manner."

QRILL Pet

What do omega-3s and dogs have in common? Both have been clinically proven to help reduce the risk of cardiovascular disease and mental illness in humans. In 2017, a new Swedish study, published in the journal Scientific Reports, found that people owning a dog also live longer. Dog owners enjoy many physical and physiological benefits offered by their furry family members. With this in mind, Aker BioMarine continues to invest in research and development of its functional krill ingredient for pet food, so dogs can also enjoy a longer and healthier life, along with their owners.



QRILL Pet allows dogs and cats to benefit from health-promoting krill-omega-3s, improving the health of organs, skin and fur. The highly palatable marine proteins are an additional protein source in pet food formulations, so pets can truly enjoy a nutritious meal.

THE QRILL Pet Mushing Team

WORKS TO IMPROVE DOG HEALTH AND WELL-BEING

MUSHING TEAM
THE WORLD'S FIRST PROFESSIONAL
LONG DISTANCE DOG SLED TEAM
HANNA LYREK
PROFESSIONAL DOG MUSER

Focusing on race-winning performance, along with making a positive contribution to a unique and challenging endurance sport, the world's first professional long-distance sled dog team, The QRILL Pet Mushing Team is more than 'just' a team.



Part race team, part pet nutritional study, and part recruitment vehicle for the sport itself, Team Qrill Pet's ambitions are as broad as the winter landscapes the team will be racing across.

The predominately Norwegian team includes Thomas Wærner (winner of Finnmark race 2013 and 2019 and Femund race 2019), Marit Beate Kasin (Norwegian Champion 2016) and Joar Ulsom (winner Iditarod 2018) along with four-time winner of Iditarod, Dallas Seavey from the USA. Matching race winning experience with future talent, the young musher, Hanna Lyrek (winner of Finnmark race 500 km class 2019), will also join the team.

"Races such as the Finnmarksløpet and Iditarod, are more than just races. They are adventures you experience with your dogs, team mates and fellow competitors in the great outdoors. I am honored to be part of Team Qrill Pet where we are working with Aker BioMarine and partners on improving dogs' health and well-being. We are also building a strong foundation for our sport for the future," says mushing champion Thomas Wærner.

INCREASING POPULARITY OF THE SPORT

The team will race at the major mushing marathon events, such as Finnmarksløpet, Iditarod and Femundsløpet. "We are thrilled and inspired by Aker BioMarine's launch of Team Qrill Pet. We welcome their investment in a professional team and support their vision to build and increase the popularity of the sport, encouraging a new generation of mushers to take up the reins," the chairman of Finnmarksløpet, Per Aronsen says.

"Aker BioMarine has for a long period of time, had an active interest in dog mushing and paid special attention to the iconic dog mushing races held in Finnmark, Røros and Alaska. We've had fantastic experience with our pilot sponsorships with Thomas Wærner and Joar Ulsom, helping to improve their dogs' overall endurance and well-being," Matts Johansen, CEO Aker BioMarine, explains.

Adding, "Together with our partner Felleskjøpet we can identify the optimal nutrition for dogs, for overall well-being and health. Thanks to this incredible sport and our inspiring mushers we will be able to really drive innovation, improving dogs' health, along with promoting the sport. We see great potential in the sport of dog mushing."



PLANET



REINFORCE SUSTAINABLE KRILL MANAGEMENT

Sustainability is at the core of our operations. Aker BioMarine has been a front-runner establishing new commitments to protect the ecosystem in which they operate. Aker BioMarine and the krill industry under the Association of Responsible Krill Harvesting companies (ARK), started the 2019 harvesting season with a joint commitment to keep krill fishery operations away from Antarctic Peninsula penguin colonies during the breeding season. This precautionary action is in line with the voluntary industry commitment announced by ARK in July 2018.

“We have decided to voluntarily close off these areas for fishing because we believe it’s the right thing to do. Krill is abundant in Antarctica, but we know that global climate change may create unpredictable impacts for predators dependent on krill. The only way to reinforce sustainable krill management for the future, that allows for increased yield and much-needed marine proteins and nutrients to the world, is for the industry to adapt to the needs of the ecosystem,” says Kristine Hartmann, EVP Transformation, and overall responsible for sustainability at Aker BioMarine.

TAKING PRIDE IN ANTARCTICA AS “OUR WORKPLACE”

With this commitment ARK members will avoid harvesting in proximity (up to 40 kilometers) to penguin colonies during the breeding season, around the area of the Antarctic Peninsula.

This buffer is based on scientific studies of the foraging range and conservation needs of colonies of Adelie, Chinstrap and Gentoo penguins during breeding season.

“Our vessel captains and crew are excited about being part of this,” says Senior Vice President of Vessels Operations, Frank Grebstad, explaining how the coordinates of the buffer zones have been put into the navigation systems of the vessels and are ready to go for

the season.

“This is an effort from all parts of the company to make this work, and the desire to take care of our workplace is very strong – and especially for the vessel crew who live and breathe the Antarctic nature and wildlife,” Grebstad continues.

“This is a major commitment with the sustainability not just of the krill population, but the ecosystem depending on it,” adds Dr. Javier Arata, Executive Officer of ARK. “This voluntary measure safeguards penguin populations’ access to their main food source during their most sensitive time of year”.

Based on the results of this seasonal closure, further measures will be developed, allowing for year-round protection at some key areas.

“There is strong scientific confidence that the krill fishery does not have a negative impact on the krill population as such, or the feeding of predator species like penguins, seals and whales. Nevertheless, a fully ecosystem-based krill management – one that also takes into account the impacts of climate change on krill – is challenging,” Hartmann explains. “This is why to our mind, not only the regulators, but also the industry, has the responsibility to try and avoid the concentration of fishing efforts close to penguin breeding habitats.”

PUTTING MONEY ON THE TABLE FOR MORE SCIENCE

In 2019 Aker BioMarine and ARK-companies will also put money on the table to support the big international scientific synoptic survey of the krill biomass in Antarctica. This will give us a new benchmark for krill data and contribute to a more solid foundation for future krill harvesting.

“With the voluntary restricted zones that we implement from December 1, 2018, we limit harvesting within an area of 74 000 km², and we do it both to help CCAMLR develop the krill management, as well as a clear industry commitment on moving early to show that marine protection and krill fisheries can co-exist,” Hartmann adds.

“We are in this fishery for the long-run, so sustainability is very much at the core of our business.”



SUPPORT TO SAFEGUARD ANTARCTICA

Aker BioMarine recognizes and respects the responsibility that comes with working in pristine landscapes such as Antarctica.

At the EU's Our Ocean Conference in 2017, Aker BioMarine announced its renewed support to the Antarctic Wildlife Research (AWR) fund with an additional USD \$1 million during a period of five years. This funding will benefit further work in promoting and facilitating research on the Antarctic ecosystem.

"It is important for us to support krill related research in order to increase knowledge about the Antarctic krill biomass and its surrounding ecosystem", says Pål Einar Skogrand, Public Affairs Manager at Aker BioMarine. "We need to have the science and data available to make educated decisions on how to best care for and protect the ecosystem in which we work, to safeguard the future of the Antarctic fishery."

GAP OF KNOWLEDGE

The Southern Ocean around Antarctica is home to thousands of species of marine animals. Many of these are unique and fascinating species, from penguins and seals to krill, glass sponges and colossal squid. The Aker BioMarine principle has always been, the more we know, the better. Although the krill fishery is managed at precautionary levels today, it is important to

continue researching to better understand krill and the interlinkages between species in the Antarctic ecosystem.

There are many potential challenges, such as those imposed by global warming. With scientists uncertain about how climate change and the rise of ocean temperatures will affect krill's behavior, movements and reproduction. Continued Antarctic wildlife research, such as AWR funded research, is crucial in order to monitor these potential challenges.

THE ANTARCTIC WILDLIFE RESEARCH FUND (AWR)

AWR facilitates and promotes research on the Antarctic ecosystem. Their vision is to ensure a resilient Antarctica, in which the management of all fisheries is based on caution, backed up by thorough and up-to-date knowledge. AWR works with both commercial partners and individuals to raise donations for research on the Antarctic ecosystem and wildlife.

The fund grants 2-3 new research projects with 50,000-100,000 USD per project, with a maximum of 200,000 USD annually.

The projects are chosen according to the fund's long-

term Scientific Research Plan. The plan was developed by AWR's own Science Advisory Group (SAG), a group of leading scientists in the field of Antarctic research, in collaboration with CCAMLR, the international body that regulates the fishery for Antarctic krill.

The principal aims of the plan are to support ecological research and monitoring activities that will improve the management of the fishery for Antarctic krill.

KNOWLEDGE OPPORTUNITIES

In its first three years, the fund has received many research proposals of high quality and awarded grants for seven groups of researchers. In 2018, the fourth call for research proposals granted two new research projects. The selected projects focus on the role of fish in the Scotia Sea food web, and on the estimation of krill biomass using new acoustic modeling.

"Only through better understanding of the role of Antarctic krill in the Southern Ocean can we comprehensively protect the animals that depend on it for survival and ensure precautionary management of the fishery," says Skogrand.

IMPROVING HUMAN AND PLANETARY HEALTH

IMPROVING HUMAN AND PLANETARY HEALTH

Aker BioMarine has taken new steps to face one of the main issues we encounter working in the pristine waters of the Southern Ocean: transport related carbon emissions. Technology has still a long way to go to enable vessels to sail such long distances 100 percent sustainably, but Aker BioMarine is investing and developing technology to set the standards. In addition, we are pushing fisheries and transport companies to also move ever closer towards the goal of environmentally-friendly shipping.

In 2017 the company commissioned a new and more environment-friendly vessel, exclusively constructed for krill production. The 130 meter long vessel, Antarctic Endurance, is 30 percent more energy efficient than other harvesting vessels currently operational today.

RAISING THE BAR

The krill fishery in Antarctica is one of the most sustainable fisheries in the world, and Aker BioMarine hopes to raise the bar and further encourage ever more sustainable harvesting with this new vessel. Having a long-term

ambition to improve planetary health, it is essential Aker BioMarine address the carbon emissions related to operating in a secluded continent such as Antarctica.

Ambitious, but possible, the company has set itself a goal to have a net zero carbon footprint in the long-term. As a step in that direction, the company started to report on its carbon emissions in 2016, deciding to repeat the process every third year to leave as much room as possible for efforts to reduce its carbon footprint. The new vessel is one big step in the right direction, both for the company, but also for the entire fishing industry.

LEAD BY EXAMPLE ON GREEN MARITIME INNOVATION

“Technologies are constantly being developed to reduce transport emissions, yet, there is still a long way to go, in particular for ships that are travelling in difficult weather conditions and demanding long-distances, such as the krill vessels,” says Frank Grebstad, SVP Vessel Operations.

Having studied and explored

possible new energy reducing technologies, such as wind power or solar power, research showed there is still a way to go before we can utilize renewable energies.

According to Grebstad, all vessel plans and specifications are developed in cooperation with Aker BioMarine’s fishermen and engineers from Norwegian shipbuilder VARD. “As with the Aker BioMarine Eco-Harvesting system allowing minimal by-catch, using experienced in-house krill fishermen to develop the equipment allows the opportunity to create solutions where sustainability knowledge and fishing experience is combined,” Grebstad explains.

30% MORE ENVIRONMENTALLY EFFICIENT

The new vessel is expected to increase both fishing efficiency and the energy efficiency of the onboard production and processing facility. Compared to the current harvesting vessels, Antarctic Endurance is 30 percent more energy efficient, reusing or

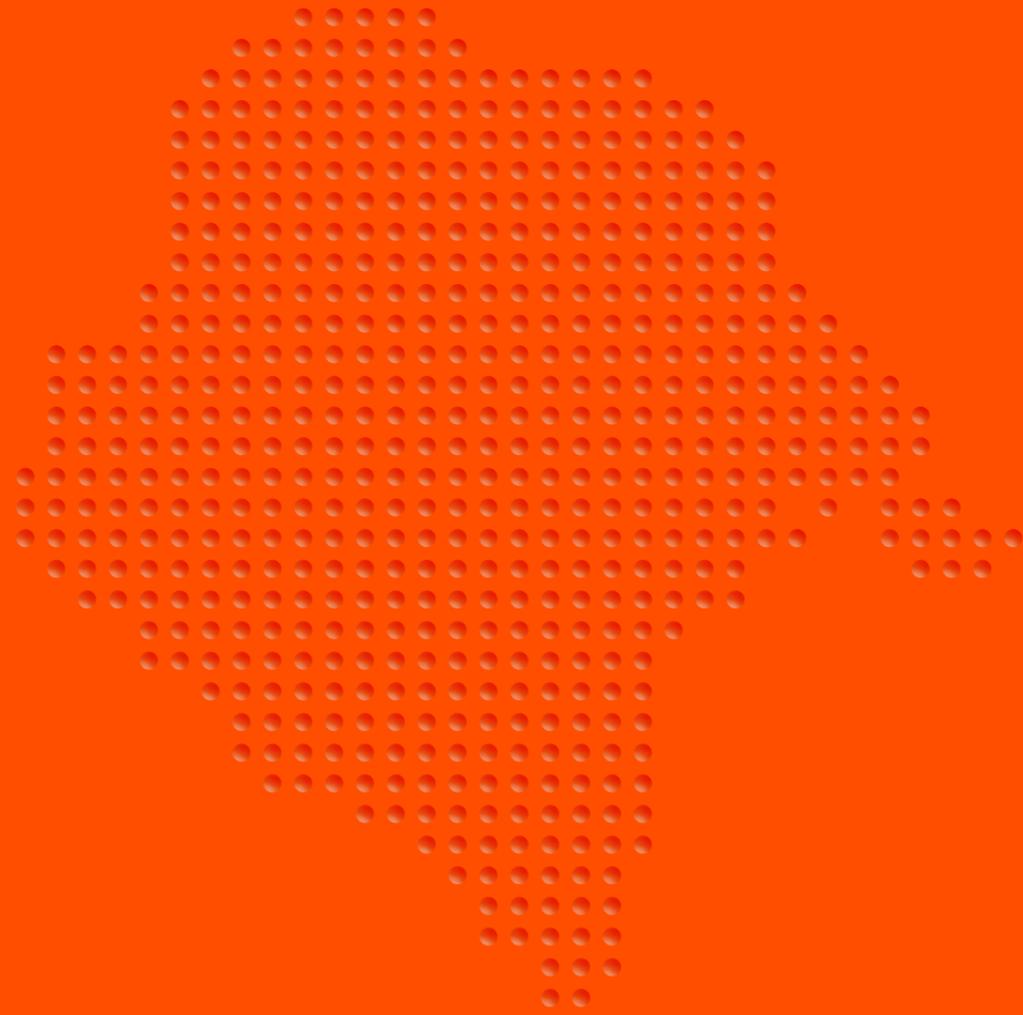


reducing the energy required. “Instead of having a single big trawl net on the back, the vessel will be divided into two nets in the middle. This will keep the total trawl opening and at the same time avoid having a tail-heavy vessel which is energy inefficient,” Grebstad explains.

As with previous vessels, Aker BioMarine’s latest vessel has an onboard production and processing facility to process the raw krill material in the Antarctic, allowing energy savings, higher cargo capacity and an excellent quality of product. What’s new is that the energy from the biorefinery will be reused to heat up the crew’s cabins, again, saving energy. The lighting solution will be also more energy-efficient, using 75 percent less energy. In addition, the production and cargo capacity will also be increased, meaning a more efficient use of energy for each boat trip.

ANTARCTICA





TRACEABILITY

– MORE THAN JUST LOCATION, LOCATION, LOCATION

Being able to offer fully traceable ocean products is very important in the seafood industry as increasing focus is being placed on sustainable and responsible practices. It's one of the reasons Aker BioMarine's customers value the company's krill-derived products offering full traceability on every end-product, right back to the exact location where the krill was harvested.

Relatively early in business, Aker BioMarine realized the value of controlling the entire supply chain and today the company is proud of its full chain of custody, from harvesting krill, all the way to producing its krill oil end-products. Part of this promise is only made possible with the sophisticated GPS system onboard the vessels, which enables the company to register the catch location of every batch of krill.

TRACEABILITY MATTERS

Many consumers demand full transparency when it comes to the origin of their product choices and in particular when the product comes from our oceans. Sustainability and traceability are important topics when operating in Antarctica and having full transparency about your operations can be a key differentiator. Increasingly

consumers want to know what they are consuming, where it comes from, and the conditions under which it was made. Aker BioMarine has been ahead of this growing trend, recognizing early on the need to offer its customers the actual harvesting location for every krill oil batch. This harvesting location information is both a differentiator for Aker BioMarine, but also for our customers, who can stand out as an attractive, trustworthy and responsible brand delivering the highest quality products.

Currently there is a general lack of transparency in the supplement and food industry, which negatively impacts consumer trust and choice. Traceability is needed to ensure food safety, offer products that are more responsibly produced and build consumer trust. Being able to follow the whole production life cycle of our

products provides Aker BioMarine another level of quality assurance and ownership. "We take pride in telling the story of our krill oil products, because we know every detail of it," says SVP Sales & Marketing EMELA, Roar Hernes.

Leading and pioneering concepts like full traceability will encourage the rest of the industry to follow in our footsteps as we continue to work towards a sustainable and healthy future for ourselves and our planet.

CONSUMER ENGAGEMENT IS KEY TO SUCCESS

Aker BioMarine has taken this concept even further by compiling a plug and play web-package that helps its customers to integrate a traceability tool on their website, where consumers can go and find out exactly where their krill oil was harvested. Aker

BioMarine is working with more and more customers to implement the traceability information for their products, enabling consumers to trace their krill omega-3s online.

"We are excited about the positive impact this can have for our customers, such as increasing brand loyalty and engaging consumers on a completely new level. Traceability is a hot topic in the industry, as it helps to guarantee food security and minimize illegal fishing, which has a negative impact on the environment," says Hernes.

"In the long term, our ambition is that all our customers incorporate this powerful tool into their marketing, so together we can ensure that their consumers enjoy full traceability for their krill omega-3s, giving them confidence that their supplement is pure, sustainable and of the highest quality."

FINANCE



MATERIAL RISKS AND OPPORTUNITIES

Through dialogue with our stakeholders we have identified a number of risks and opportunities that inform our strategy. The list reflects material aspects to Aker BioMarine.

STAKEHOLDERS	RISKS	MATERIALITY	SALES AND MARKETING	COST AND QUALITY	SCIENCE AND DEVELOPMENT	PEOPLE AND PURPOSE	RESPONSE
The Antarctic ecosystem, researchers, environmental NGOs, regulators, Norwegian Ministry of Trade, Industry and Fisheries and coastal affairs	Loss of biodiversity	Taking care of the Antarctic ecosystem is essential to both our stakeholders and long-term business (SDG14).	\$		🧬	🤝	We established the Antarctic Research Fund (AWR) together with WWF-Norway and ASOC. In 2018, a voluntary krill industry-wide decision s reached to avoid harvesting close to shore during penguin breeding season.
	Need for new scientific data on krill biomass	We monitor the krill biomass with a five day survey every season. In 2019, we along with ARK fund 60 vessel days for the international krill biomass survey.	\$		🧬	🤝	We drive responsible fishing through ARK and actively engage with researchers and regulators. We also see our vessels as an important platform for independent scientific research.
	Climate change	The temperature in the Antarctic is rising, and might have significant impact on the ecosystem. It is therefore important that we do our part in taking down CO ₂ emissions (SDG12).		✓	🧬	🤝	We are mapping our operations and starting the journey to significantly reduce our CO ₂ footprint and costs related to energy, waste and water use. We launched Antarctic Endurance, a krill vessel that is more environmentally friendly compared to other vessels operating today.
Owner, management	Compliance on ethics and social responsibility	With an international and diverse workforce there is a risk of different perceptions and ways of handling situations.		✓	🧬	🤝	We have a compliance training programme and have legal council responsible for compliance. We have also hired a learning and development manager to carry out extensive learning programme to our employees.
	Operational down-time	Controlling our value chain from harvest all the way to customers makes us vulnerable in terms of down-time.		✓		🤝	We have merged onshore and offshore logistics to get better overview and unlock synergies. We are also making significant investments into automatization and digitalization of our operations.
OPPORTUNITIES							
Society, customers and consumers	Growing demand for healthy and sustainable food	Delivering high quality health nutrients in a sustainable way is both good for our business and society (SDG2).	\$	✓	🧬	🤝	We work together with customers to drive sustainability.
	Omega-3s as component to a healthy lifestyle	Increasing awareness on healthy lifestyles and prevention of lifestyle diseases can save society costs and help grow our market (SDG3).	\$		🧬	🤝	We run science projects and campaigns that increase awareness in the general public on the importance of healthy lifestyle and omega-3s.
Existing and potential employees	Attracting and retaining talent	Attracting and retaining the right people is a challenge in a flat organization and it is important to us that we build an organization that can provide our people with the right oportunitues for growth.	\$			🤝	We have built a culture based on freedom and trust to retain talent and attract the new generation of job seekers. We have also defined our attitudes and behaviors and launched our Heartbeats that describe our culture.
	Gender equality	Companies where women account for over 15 percent of senior management show higher returns. This represents an opportunity for our company to ensure democratic representation and diversity in management.	\$	✓		🤝	We have structured our recruitment and internal promotion processes to ensure equal opportunities together with updating and improving our employee handbook, implemented performance review and leadership development program. The management team has grown from one woman in the management team to three women in one year.
	Transparency and information sharing	We have increased efficiency by having less bureaucracy. The decisions are normally made closest to the operations.	\$	✓	🧬	🤝	The employees are involved in the strategy process and it is often the employees closest to the operations that share information to others internally.



1. OLA SNØVE
Chairman

Ola Snøve (born 1977) has been Chairman of the Board of Aker BioMarine since 2014. Mr. Snøve was Investment Director of Aker ASA for more than ten years and was previously President & CEO of Epax, a world-leading fish oil-based omega-3 supplier. Mr. Snøve works with and is a Non-Executive Director in multiple innovative technology companies, including Cognite who develops software to empower the digital industrial revolution on a global scale. Mr. Snøve holds M.Sc. and Ph.D. degrees from the Norwegian University of Science and Technology, and an M.B.A. with Distinction from INSEAD. Mr. Snøve is a Norwegian citizen.

2. ØYVIND ERIKSEN
Director

Øyvind Eriksen (born 1964) joined Aker ASA in January 2009. Mr. Eriksen holds a law degree from the University of Oslo. He joined Norwegian law firm BA-HR in 1990, where he became a partner in 1996 and a director/ chairman in 2003. As a corporate attorney he among other things worked with strategic and operational development, M&A and negotiations. Among other, Mr. Eriksen worked closely with Aker. Mr. Eriksen has held several board positions in different industries, including shipping, finance, asset management, offshore drilling, fisheries, media, trade and industry. As CEO Mr. Eriksen is currently chairman of the board in Aker BP ASA, Aker Solutions ASA, Cognite AS, Aker Capital AS and Aker Kværner Holding AS, and a director of several companies, including Aker Energy AS, Akastor ASA, The Resource Group TRG AS, TRG Holding AS and Reitangruppen AS. Mr. Eriksen is a Norwegian citizen.

3. FRANK GREBSTAD
Director, elected by the employees

Frank Grebstad (born 1968) is the Senior Vice President of Vessel Operations at Aker BioMarine Antarctic AS. With Aker BioMarine since 2008 Mr. Grebstad spent a number of years as Captain of the "FV Antarctic Sea", one of our two krill harvesting vessels, prior to his current role. Before joining Aker BioMarine he was with a joint venture between Aker Seafoods and JFK of the Faroe Islands. Between 1995 and 2003, Mr. Grebstad worked for several joint ventures between American Seafoods and different Russian companies. Mr. Grebstad is a qualified Master Mariner and is a Norwegian citizen.

4. TORILL NIELSEN
Director, elected by the employees

Torill Nielsen (born 1968) is Crew Director in Aker BioMarine Antarctic AS. Mrs. Nielsen has been with Aker BioMarine since December 2007. Initially, she was part of the financial team, but later joined the operational department as Crew Manager. Prior to joining Aker BioMarine, Mrs. Nielsen worked as a financial controller at Global Blue and as a finance responsible at Springhill Textiles. Mrs. Nielsen is a Norwegian citizen.

5. FRANK O. REITE
Director

Frank O. Reite (born 1970) joined Aker in 1995, and became CFO in Aker ASA in August 2015. He holds a B.A. in business administration from Handelshøyskolen BI in Oslo. Mr. Reite came from the position of President & CEO of Akastor, and has previously held a variety of executive positions in the Aker group, including overseeing and developing Aker's investments in Convento Capital Fund AS, Havfisk ASA, Norway Seafoods AS and Aker Yards ASA. Mr. Reite also has experience from banking and served as Operating Director at Paine & Partners, a New York based private equity firm. Mr. Reite is Chair of the board in Ocean Yield ASA. Mr. Reite is a Norwegian citizen.

6. KJELL INGE RØKKE
Director

Kjell Inge Røkke (born 1958), Aker ASA's main owner, has been a driving force in the development of Aker since the 1990s. Mr. Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and gradually built a leading worldwide fisheries business. In 1996, the Røkke controlled company, RGI, purchased enough Aker shares to become Aker's largest shareholder, and later merged RGI with Aker. Mr. Røkke is currently director of Aker BP, Kvaerner, Ocean Yield, Aker BioMarine and Aker Energy. Mr. Røkke is a Norwegian citizen.

BOARD OF DIRECTORS



MANAGEMENT TEAM



1. Matts Johansen

Chief Executive Officer (CEO)

Before being named the CEO in 2015, Matts was the COO of Aker BioMarine. As the CEO of Aker BioMarine, Matts is on a mission to improve human and planetary health. Prior to joining Aker BioMarine in 2009, he was the CMO at Telefonica O2. Before that he studied at Oslo University College and Columbia University.

2. Tim de Haas

EVP Human Health and Nutrition

Working in several senior business development positions since joining Aker BioMarine in 2010, Tim is responsible for global sales and marketing of the company's Human Nutrition & Health products. Prior to joining Aker BioMarine, Tim was a Management Consultant for Capgemini, working on market entry and growth strategies for a number of telecommunication companies in Europe and the Middle East. Tim has a master's degree in Economics from the University of Hamburg.

3. Kristine Hartmann

EVP Transformation

Kristine joined Aker BioMarine in 2011. She is responsible for increasing Aker BioMarine's transparency, connecting the day-to-day operations with the company's strategy and transforming the business to meet increasing expectations from customers, employees and other stakeholders. Prior to joining Aker BioMarine, Kristine held several senior consulting positions at PwC and Accenture. Kristine has a master's degree from the Norwegian University of Science and Technology and University of New Orleans.

4. Katrine Klaveness

Chief Financial Officer (CFO)

Katrine is the CFO of Aker BioMarine, responsible for the company's Finance and Accounting function, overseeing treasury, tax, legal, accounting and business intelligence. She joined Aker BioMarine from Yara where she was CFO for the Production segment, and prior to that she spent more than 10 years in the Aker system in different senior corporate financial positions, including Aker ASA and Aker BP (formerly Det Norske Oljeselskap ASA). Katrine spent her first years in McKinsey & Company, and holds a master's from BI Norwegian Business School.

5. Tone Lorentzen

EVP Supply Chain

Tone joined Aker BioMarine in 2015. She oversees Aker BioMarine's entire supply chain from harvest to production, including the vessels in Antarctica, the krill oil factory in Houston, product quality and global logistics. Tone has 25 years of experience with global supply chain operations. Prior to joining Aker BioMarine, Tone worked at Nycomed, Amersham, GE Healthcare and Trygg Pharma.

6. Sigve Nordrum

EVP Animal Health and Nutrition

Sigve has been with Aker BioMarine since 2007. He is responsible for the sales, marketing and R&D for krill products for the animal and aquaculture markets globally. Prior to joining the company, Sigve worked at BioMar and the Norwegian Ministry of Fisheries. Sigve has a master's degree from the Norwegian School of Life Sciences and a PhD from the Norwegian Veterinary College.

7. Todd Norton

EVP Special Advisor

Todd has been with Aker BioMarine since 2010. He is responsible for strategic initiatives, as well as the company's operations in the U.S. Prior to joining Aker BioMarine, Todd was the President and COO at Sabinsa. He also has more than 40 years' experience working in the nutraceutical industry. Todd has a B.A. in Business Management.

8. Trond Atle Smedsrud

EVP Strategic Investments

Trond Atle joined Aker BioMarine in 2015 and previously ran Aker BioMarine's Marketing and Innovation department. In order to secure future relevance and financial growth for the company, in his current role Trond Atle is responsible for exploring, securing and growing new corporate investments. Prior to joining Aker BioMarine, Trond Atle worked in senior positions at Coca-Cola and PwC. Trond Atle has a master's from BI Norwegian Business School.



2018
AKER BIOMARINE

UNAUDITED
SELECTED FINANCIAL INFORMATION

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

for the year ended december 31

Amounts in thousands of U.S. Dollars	Note	2018	2017
Revenues from sale of products	1	154 182	124 153
Other income	1	1 152	1 387
Total revenues and other income		155 334	125 540
Net change in inventories		1 582	(8 090)
Production and misc. operating expenses	2,16	(83 784)	(66 469)
Salaries and payroll expenses	3,21	(40 014)	(33 767)
Special operating items	4	-	-
Total operating expenses before depreciation, amortization and impairment		(122 215)	(108 326)
Depreciation and amortization	9,10	(22 861)	(18 551)
Impairment charges	10	-	(345)
Operating profit (loss)		10 258	(1 682)
Net financial expenses	5	(11 540)	(15 072)
Net profit (loss) before tax expense		(1 281)	(16 754)
Tax expense	8	259	(1 011)
Net profit (loss) after tax expense		(1 022)	(17 765)

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	2018	2017
Net loss		(1 022)	(17 765)
Other comprehensive income (loss)			
Defined benefit plan income gains (losses) ¹⁾	3	119	(118)
Total items that will not be reclassified to profit and loss		119	(118)
Translation differences		(14)	(0)
Total items that may be reclassified subsequently to profit and loss		(14)	(0)
Change in fair value cash flow hedges	7,9,18	(4 625)	3 153
Total items that will be reclassified to profit and loss		(4 625)	3 153
Total other comprehensive income (loss)		(4 520)	3 035
Total comprehensive income (loss)		(5 542)	(14 730)

¹⁾ The Defined benefit plan income gains (losses) have no income tax impact as it is part of the unrecognized deferred tax asset, see Note 8.

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31

Amounts in thousands of U.S. Dollars	Note	2018	2017
ASSETS			
Property, plant and equipment	9,18	232 383	206 804
Intangible assets	10	114 158	95 421
Other non-interest-bearing non-current receivables	18	2 026	2 099
Investments in equity-accounted investee		239	205
Total non-current assets		348 806	304 529
Inventories		43 704	36 198
Trade receivable and prepaid expenses	11,18	35 223	30 817
Derivative assets	7,18	-	3 153
Cash and cash equivalents	12,18	2 515	2 715
Total current assets		81 442	72 883
Total assets		430 248	377 412

Amounts in thousands of U.S. Dollars	Note	2018	2017
LIABILITIES AND OWNERS' EQUITY			
Share capital	22	68 003	63 684
Other paid-in equity		277 227	156 486
Total paid-in equity		345 230	220 170
Translation differences and other reserves		154	154
Retained earnings		(166 570)	(161 028)
Total equity		178 814	59 296
Interest-bearing debt	13,18	179 424	258 322
Other non-interest-bearing non-current liabilities	14	17 657	11 871
Total non-current liabilities		197 081	270 193
Interest-bearing current liabilities	13,18	25 944	16 812
Derivative liabilities	7,18	1 472	-
Accounts payable and other payables	9	26 937	31 110
Total current liabilities		54 353	47 922
Total liabilities		251 434	318 115
Total equity and liabilities		430 248	377 412

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS OF CASH FLOW

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	2018	2017
Net profit (loss) after tax		(1 022)	(17 765)
Tax expenses	8	(259)	1 011
Net interest and guarantee expenses	5	12 101	10 717
Interest and guarantee premiums paid		(10 523)	(8 632)
Interest received		161	823
Taxes paid	8	87	(846)
Impairment charges	10	-	345
Depreciation and amortization	9,10	22 861	18 551
Foreign exchange loss (gain)		(2 401)	1 116
Change in accounts receivable, other current receivables, inventories, accounts payable and other		(13 111)	3 855
Net cash flow from operating activities		7 894	9 175
Payments for property, plant and equipment	9	(40 254)	(80 959)
Payments for intangibles	10	(24 258)	(30 238)
Proceeds from sales of property, plant and equipments		6	-
Investments in associated companies and other companies		(36)	(99)
Net cash flow from investing activities		(64 542)	(111 296)
Proceeds from issue of debt and change in overdraft facility	13,18	(866)	4 227
Repayment of debt	13,18	(4 687)	(3 252)
Proceeds from owners	13	62 000	100 356
Net cash flow from financing activities	13	56 447	101 331
Net change in cash and cash equivalents		(200)	(791)
Cash and cash equivalents as of January 1,	12	2 715	3 506
Cash and cash equivalents as of December 31.	12	2 515	2 715

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS 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, 2017	63 684	192 102	(35 617)	154	(161 028)	59 296
Net profit (loss) for the year	-	-	-	-	(1 022)	(1 022)
Other comprehensive income (loss)	-	-	-	-	(4 520)	(4 520)
Total comprehensive income (loss)	-	-	-	-	(5 542)	(5 542)
Transactions with owners, recognized directly in equity:						
Contributions from owner, debt conversion	4 319	120 742	-	-	-	125 061
Total transactions with owners, recognized directly in equity	4 319	120 742	(0)	-	-	125 061
Balance as of December 31, 2018	68 003	312 844	(35 617)	154	(166 570)	178 814

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – REVENUE

Revenue represents amounts recoverable primarily from the sale of Superba™ Krill oil and QRILL™ branded ingredients during the year. Revenue is measured at the fair value of consideration received or receivable on sale, including rebates, fair value adjustments and excluding VAT. Revenue is recognized when the Company's identified performance obligations are fulfilled.

Under IFRS 15 the Group's revenue from sale of Superba™ Krill oil and QRILL™ is recognized when the customer obtains control over the goods, which is based on the contractual terms of the agreements. Upon sale of product, each sale would normally constitute two performance obligations, the product sold and the freight. Some contractual terms may therefore result in the Group delivering freight services after control has passed to the customer, however this timing effect would have an insignificant impact on equity and the profit and loss.

There are no other implementation impacts of IFRS 15.

Geographic information	Revenues from sale of products based on customer location		Other income based on customer location	
	Year ended 31 December			
Amounts in thousands of U.S. Dollars	2018	2017	2018	2017
Norway	30 747	26 739	-	116
EU	29 211	28 544	1 152	1 162
United States	47 919	36 194	-	87
Australia	10 410	8 836	-	-
Asia	20 502	14 399	-	-
Other regions	15 393	9 441	-	22
Total	154 182	124 153	1 152	1 387

In addition to revenue from the sale of krill derived products, the Group received royalty income from certain trademarks and licenses. Royalty income is recognized in accordance with the relevant agreement. The royalty agreement ended 31 December 2018. Other income includes marketing contributions and rebates.

Other income by category	Year ended 31 December	
Amounts in thousands of U.S. Dollars	2018	2017
Royalty	1 329	1 250
Other	(177)	137
Total	1 152	1 387

The Group's operations occur in one reportable segment, the production and sale of krill products. As such, the production and sale of krill based products is managed as an integrated business.

The Executive Management Team (EMT) evaluates the performance based on underlying EBITDA. This metric is defined as operating profit before depreciation, amortization, write-downs and impairments, and special operating items. Special operation 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 description of the Alternative Performance Measures (APM) attached to the consolidated financial statement.

The EMT has provided the following information at December 31, 2018 and 2017:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	2018	2017
Nutraceuticals (Superba™)	74 418	57 968
Aquaculture (QRILL™ Aqua)	70 697	59 665
Pet and other products	8 530	6 229
Other income	1 689	1 679
Total revenue and other income	155 334	125 540
Total operating expenses before depreciation, amortization and impairment	(122 215)	(108 326)
Underlying EBITDA	33 119	17 214

The following table reconciles Underlying EBITDA to Net income (loss) in the consolidated statements of profit or loss.

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	2018	2017
Net income (loss)	(1 022)	(17 765)
Tax expense	(259)	1 011
Net financial items	11 540	15 072
EBIT	10 258	(1 682)
Depreciation, amortization and impairment	22 861	18 896
Special operating items	-	-
Underlying EBITDA	33 119	17 214

Special operating items have historically comprised of legal and settlement fees. Such costs are not included in management's assessment of underlying EBITDA. There are no special operating items of material amount in 2017 or 2018.

NOTE 2 – PRODUCTION AND MISC. OPERATING EXPENSES

The presentation of operating expenses in the consolidated statements of profit or loss is based on the nature of the expenses. Production and operating expenses are recognized in the same period as the corresponding revenue from the sale of product is recognized. Salaries and payroll expenses, other operating expenses and other expenses are recognized when they occur or when the Group has a liability for future expenses.

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	2018	2017
Fuel	(18 980)	(11 470)
Maintenance and services	(14 906)	(13 063)
Sales, marketing, freight and other selling costs	(8 854)	(9 730)
Travel expenses	(3 911)	(3 561)
Insurance	(2 513)	(2 238)
Office rent and administration	(4 797)	(4 032)
Extraction, encapsulation and other production costs	(20 442)	(15 401)
Other operating expenses	(9 381)	(6 974)
Total production and misc. operating expenses	(83 784)	(66 469)

Government grants

During 2018 the Group received grants of USD 0.8 million (2017: USD 0.5 million). The grants are partly included in 'Production and misc. operating expenses' line item and partly 'Asset under construction' to net the costs that the grants are intended to compensate. There are not any unfulfilled conditions or other contingencies on these grants. The Group did not benefit directly from any other forms of government assistance.

Remuneration to the Group auditors (excluding VAT):

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	2018	2017
Audit fees	(183)	(158)
Other audit and attestation services	(64)	(56)
Total	(247)	(214)

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – SALARIES AND PAYROLL EXPENSES

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Salaries	(19 397)	(16 114)
Crew salaries	(13 441)	(11 185)
Employer's social security contribution	(2 009)	(2 094)
Pension expenses	(1 122)	(881)
Other benefits	(4 045)	(3 494)
Total	(40 014)	(33 767)
Numbers of employees at year end	364	341

NOTE 4 – SPECIAL OPERATING ITEMS

There are no special operating items of material amount in 2018 and 2017.

NOTE 5 – FINANCIAL INCOME AND EXPENSES

Financial income comprises interest income on financial investments and net foreign exchange gains recognized in the consolidated statement of profit or loss. Financial expenses include interest expense and guarantee fees. Financial income and expenses are presented on a net basis in the consolidated statement of profit or loss.

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Interest income, bank deposits	155	27
Interest income loans and receivables (amortized cost)	(123)	1
Foreign exchange gains (realized and unrealized)	7 572	1 152
Other financial expenses	225	-
Total financial income	7 829	1 179
Interest expense on financial liabilities valued at amortized cost	(12 263)	(10 745)
Foreign exchange losses (realized and unrealized)	(4 976)	(2 966)
Other financial expenses	(2 130)	(2 540)
Total financial expenses	(19 369)	(16 251)
Net financial expenses	(11 540)	(15 072)

Other financial expenses include guarantee fee payable to the parent company Aker ASA.

NOTE 6 – ASSET ACQUISITION AND BUSINESS COMBINATIONS

On 17 January 2018 Aker BioMarine Antarctic AS entered into an Asset Purchase Agreement pursuant to which AKBMA acquired from Enzymotec Ltd (Enzymotec) assets and certain liabilities related to the global krill operations of Enzymotec. Total payable was USD 26.4 million. The purchase price reflects, among other things, payment of transferred inventory, consideration for Enzymotec's non-competition agreement and consideration for other transferred assets as listed below. In 2017 Aker BioMarine Antarctic AS acquired Neptune's krill business. The total purchase price was USD 35.0 million including transaction fees of USD 1.0 million. The assets and liabilities recognized as part of the transaction mainly comprise inventory, customer relationships and trademarks.

NOTE 7 – DERIVATIVE ASSETS

Amounts in thousands of U.S. Dollars	As of 31 December,	
	2018	2017
Forward exchange contracts assets	-	3 153
Forward exchange contracts liabilities	(1 472)	-
Total	(1 472)	3 153

The Group entered in May 2017 into a currency contract with DNB for hedging of currency risk from future instalment related to the vessel under construction, Antarctic Endurance, see Note 18 for further description of the derivative.

NOTE 8 – INCOME TAX

The Group is headquartered in Norway and pays taxes according to the rates applicable in the countries and states in which it operates. Taxes are recorded in the statement of profit or loss and relate to taxes payable for the reporting period (current tax), but also deferred taxes. Deferred tax is calculated based on the differences between the accounting value and tax value of assets and liabilities at the balance sheet date using the applicable tax rate.

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

Reconciliation of nominal statutory tax rate to effective tax rate:

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Profit (loss) before tax	(1 281)	(16 754)
Calculated income tax at statutory rate of 23%	295	4 021
Tax differential Norway and abroad	(34)	(442)
Unrecognized change in deferred tax assets	2 158	(1 284)
Permanent differences	51	168
Currency translation and other *	(2 211)	(3 474)
Total tax expense	259	(1 011)
Effective tax rate	20 %	-6 %

* The Group files its tax return in NOK

Deferred tax assets comprise:

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Property, plant and equipment and intangible assets	(2 204)	(1 728)
Inventory	(512)	(792)
Other	15	836
Tax losses carried forward	49 964	69 845
Interest rate deductibility carry forward	6 141	4 475
Deferred tax assets	53 404	72 636
Unrecognized deferred tax assets	(53 404)	(72 636)
Recognized deferred tax assets	-	-

Current income tax expenses relate to subsidiaries in US (21% Federal tax rate) and Australia (30%).

The movement in deferred tax assets from USD 72.6 million to USD 53.4 million is mainly due to changes in the USD/NOK foreign exchange rate, taxable losses and tax regulations.

Based on the historical losses of the Group, it was concluded that deferred tax assets could not be recognized in the balance sheet as of 31 December 2018 or 2017. Since 2008 Aker BioMarine AS has been involved in discussions with the tax authorities concerning deductibility of losses on receivables. The Norwegian Tax authorities concluded that losses of NOK 296 million was not deductible. Aker BioMarine AS has appealed the decision to The Norwegian Tax Appeal Board (Skatteklagenemnda). This is the key reason for the change in tax losses carried forward in the above schedule.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, less any accumulated depreciation and any accumulated impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful lives of each major component of property, plant and equipment. Assets under construction are not depreciated until the items are available for use as intended by management.

Expenditures to replace a component of property, plant and equipment are capitalized if it is probable that future economic benefits associated with the asset will flow to the Group and the

costs can be measured reliably. Gains and losses are recognized upon asset de-recognition. The costs of consumables used and day-to-day maintenance of property, plant and equipment are expensed as incurred. Costs incurred for major inspections and overhauls, or to improve a vessel's operating efficiency, functionality or safety are capitalized.

Major inspections of vessels are performed on a regular basis as required by the classification society, such as Det Norske Veritas and according to laws and regulations. The costs of such inspections are, including replacement spares and labor costs,

capitalized and amortized over the average expected life between major inspections. All other costs relating to maintenance of vessels is charged to the statement of profit or loss on consumption or as incurred.

Assets that will be disposed, which are classified as held-for-sale, are reported at the lower of their book value and their fair value, less cost to sell. Depreciation of vessels is included in the cost of inventory conversion.

Movements in property, plant and equipment in 2018 and 2017:

Movements in property, plant and equipment in 2018:

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, 2017	104 777	93 874	72 701	8 087	279 439
Investments	4 634	3 883	31 116	621	40 254
Asset retirements	(4 833)	(2 846)	-	-	(7 679)
Other reclassifications	672	929	1 454	-	3 055
Acquisition cost as of 31 December, 2018	105 250	95 840	105 271	8 708	315 069
Acc. depreciation and impairment as of 1 January, 2018	(41 773)	(27 662)	(2 654)	(547)	(72 636)
Depreciation for the year	(8 109)	(8 149)	-	(181)	(16 439)
Impairment	-	-	-	-	-
Asset retirements	4 340	2 048	-	-	6 388
Other reclassifications	(736)	736	-	-	-
Acc. depreciation and impairment as of 31 December, 2018	(46 278)	(33 027)	(2 654)	(728)	(82 687)
Book value as of 31 December, 2018	58 972	62 814	102 617	7 980	232 383

Depreciation period	10-20 years	3-20 years
Depreciation method	Straight-line	Straight-line

Movements in property, plant and equipment in 2017:

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, 2017	103 700	90 157	5 973	7 864	207 694
Investments	6 916	7 589	67 501	-	82 006
Asset retirements	(5 839)	(4 422)	-	-	(10 261)
Other reclassifications	-	550	(773)	223	-
Acquisition cost as of 31 December, 2017	104 777	93 874	72 701	8 087	279 439
Acc. depreciation and impairment as of 1 January, 2017	(39 028)	(24 461)	(2 654)	(367)	(66 510)
Depreciation for the year	(6 930)	(7 849)	-	(180)	(14 959)
Impairment	-	-	-	-	-
Asset retirements	4 185	4 648	-	-	8 833
Other reclassifications	-	-	-	-	-
Acc. depreciation and impairment as of 31 December, 2017	(41 773)	(27 662)	(2 654)	(547)	(72 636)
Book value as of 31 December, 2017	63 004	66 213	70 047	7 540	206 804

Depreciation period	10-20 years	3-20 years
Depreciation method	Straight-line	Straight-line

In April 2017 the Group entered into a contract with VARD and Optimar to build a new krill harvesting vessel. Steel cutting started in June 2017 in Tulcea Romania (VARD) and continued with outfitting in Vard Brattvåg. The vessel, named Antarctic Endurance, was delivered 15 January 2019 and is operative for the 2019 fishing season. At delivery, NOK 489 million and EUR 21 million was paid to VARD and Optimar respectively. The payments were financed by a loan of USD 113 million from Eksportkreditt Norge AS, guaranteed by DNB Bank ASA and GIEK.

The main additions of property, plant and equipment in 2018 arise from the new vessel. The payments to the yard are reported as 'Asset under construction' in the financial statement as per 31 December 2018. Total investment in the vessel as of 31 December 2018 is USD

24.3 million including USD 3.0 million in finance related costs. In addition, 8.0 million was invested in the existing operating vessels during docking, USD 9.1 million in the Houston factory and USD 1.9 million in other fixed assets. See Note 18 for hedge of currency risk related to the instalments on the new vessel.

The main additions of property, plant and equipment in 2017 relates to the acquisition of the vessel Juvel and the vessel under construction, Antarctic Endurance.

In the consolidated statement of profit and loss, the Group has recognized USD 22.9 million in depreciation and amortization. This amount comprises USD 16.4 million (2017: USD 15 million) as depreciation expenses on fixed assets, USD 0.9 million (2017: USD 1.4

million) as fixed asset retirements and USD 5.5 million (2017: USD 2.2 million) in amortization of intangible assets. See also Note 10 Intangible assets. The increase in depreciation fixed asset is due to increased investments in vessels and machinery and five years reduction of useful life of one of the operating vessels. As of 31 December 2018, the Group has USD 140 million in commitments for further investments in property, plant and equipment (2017: USD 99 million). This was partly paid at delivery of the vessel Antarctic Endurance in January, see details above. See also description of foreign currency hedge contract in Note 18 Financial risk.

For details on mortgages and pledging of security, see Note 13.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – INTANGIBLE ASSETS

Goodwill

Goodwill resulting from business combinations is allocated to each of the cash generating units (“CGU”), which are expected to benefit from synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. Impairment is determined for goodwill by assessing the recoverable amount of each unit to which the goodwill relates. When the recoverable amount of the unit is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Movements in intangible assets for 2018:

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2018	65 153	5 430	23 118	26 277	3 894	123 872
Additions - external cost	1 248	-	2 396	18 833	1 781	24 258
Asset retirements	-	(112)	-	-	-	(112)
Reclassifications	-	-	-	-	-	-
Acquisition cost as of 31 December, 2018	66 401	5 318	25 514	45 110	5 675	148 018
Amortization and impairment losses as of 1 January, 2018	-	(5 191)	(22 384)	(876)	-	(28 451)
Amortization for the year	-	(83)	(1 085)	(4 353)	-	(5 521)
Impairment	-	-	-	-	-	-
Asset retirements	-	112	-	-	-	112
Reclassifications	-	-	-	-	-	-
Amortization and impairment losses as of 31 December, 2018	-	(5 162)	(23 469)	(5 229)	-	(33 860)
Book value as of 31 December, 2018	66 401	156	2 045	39 881	5 675	114 158
Amortization period		5-10 years	10-12 years	10 years		
Amortization method		Straight-line	Straight-line	Straight-line		

Development

Expenditures for research activities performed to gain new scientific, technical or other knowledge are expensed when incurred. Development expenditures are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The amount capitalized includes the cost of materials and direct attributable expenses.

License agreements

License agreements acquired separately are measured at cost. Following initial recognition, the Group's license agreements are recorded, less any accumulated amortization and impairment losses. The Group's license agreements are amortized on a straight-line basis and tested for impairment if impairment indicators exist.

Movements in intangible assets for 2017:

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2017	65 153	5 734	23 118	-	-	94 005
Additions - external cost	-	67	-	26 277	3 894	30 238
Asset retirements	-	(371)	-	-	-	(371)
Reclassifications	-	-	-	-	-	-
Acquisition cost as of 31 December, 2017	65 153	5 430	23 118	26 277	3 894	123 872
Amortization and impairment losses as of 1 January, 2017	-	(5 042)	(21 269)	-	-	(26 311)
Amortization for the year	-	(345)	(943)	(876)	-	(2 164)
Impairment	-	(195)	(150)	-	-	(345)
Asset retirements	-	369	-	-	-	369
Reclassifications	-	22	(22)	-	-	-
Amortization and impairment losses as of 31 December, 2017	-	(5 191)	(22 384)	(876)	-	(28 451)
Book value as of 31 December, 2017	65 153	239	734	25 401	3 894	95 421
Amortization period		5-10 years	10-12 years	10 years		
Amortization method		Straight-line	Straight-line	Straight-line		

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment testing

The Group tests goodwill for impairment on an annual basis. Goodwill is allocated to the krill business that represents all business operations of the Group as of 31 December 2018 and 2017, with exception of the CLA/Tonalin licensing agreements that generate royalty income (see Note 1) and is separate from the krill business cash generating unit.

The recoverable amount for the krill business as a cash generating unit is estimated based on its value in use. The estimated value in use is based on discounted future cash flows. The following assumptions were applied for 2018:

- Projected cash flows are based on management's best estimates and the business plan for the krill business for the subsequent five year period. The estimates are based on the detailed forecast prepared by the various departments in the krill business. For subsequent periods, the model is based on estimated terminal growth of 2.0 percent, which is in line with long-term forecasts for growth in GDP. In the forecast for the period 2019-2023, revenue projections are based on agreements entered into, actual historical prices, along with management's evaluation of the potential for new agreements. The estimated operating margin is in accordance with management's forecast which is based on the scalability in the business model. As a large proportion of the Group's operating expenses are independent of production volumes it means that increased sales levels will contribute to higher operating margins.
- The terminal value in the model used to calculate value in use in 2018 is based on a WACC of 11% and an assumed long-term annual growth equal to 2%.
- Capital expenditure is based on the long-term technical and operations program and firm commitments.
- 12,7 percent discount rate before tax has been applied to calculate the recoverable amount (2017: 11.5 percent). The discount rate is estimated based on a weighted average of equity return requirements and expected costs of debt, assuming a projected debt-to-equity ratio of 1 (2017: 1). The cost of debt is based on risk-free interest rates 10-year U.S. government bonds yield at the date of the valuation.

The sensitivity of the value in use has been tested by using simulations of various combinations of discount rates and changes in vessel production volumes, krill production and -sales and fuel cost. No reasonably combination of these factors results in a value in use being lower than the value recognized in the balance sheet as of 31 December 2018.

Development

In 2018 no development costs related to development of production processes, production technology for krill oil and maintenance of patents and licenses were capitalized (2017: USD 67.000). The Group expensed USD 4.8 million in 2018 (2017: USD 4.9 million) relating to research and development costs.

Licensing agreements/production technology

The investment of USD 2.4 million in license agreements relates to patents and purification technology acquired from Orochem in July 2018.

NOTE 11 – TRADE RECEIVABLE AND OTHER CURRENT RECEIVABLES

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Accounts receivable	20 438	19 301
Prepaid expenses and other receivables	14 785	11 516
Total	35 223	30 817

The increase in prepayments and other receivables relates mainly to the increased stock of fuel, packing material and other equipment related to the operation of the vessels.

NOTE 12 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated balance sheet and cash flow statement comprise of cash at banks, including restricted deposits, and cash on hand.

Cash and cash equivalents comprise the following items:

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Cash and bank deposits	1 526	1 829
Restricted bank deposits	989	886
Cash and cash equivalents	2 515	2 715

Restricted bank deposits relate to employee tax withholdings used to settle tax remittances with the tax authorities on a periodic basis. As of 31 December 2018, the Group had drawn USD 13.6 million (2017: USD 14.4 million) out of a total of USD 15.0 million available in an overdraft facility.

NOTE 13 – INTEREST BEARING DEBT

The Group recognizes interest-bearing debt initially at fair value, net of transaction costs incurred. Subsequently the debt is carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statements of profit or loss over the period of the debt, using the effective interest method.

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Non-current liabilities		
Secured bank loans	132 995	136 672
Non-current NOK-denominated loan from Antarctic Harvesting Holding AS	1 334	1 334
Non-current USD-denominated debt to Aker ASA	37 295	100 356
Other secured debt	7 800	19 960
Book value total interest-bearing non-current liabilities	179 424	258 322

Current liabilities

Current portion of non-current liabilities	12 357	2 359
Overdraft facility, NOK	13 587	14 453
Book value total interest-bearing current liabilities	25 944	16 812
Book value total interest-bearing liabilities	205 368	275 134

In April 2018, the Group extended the termination term on the revolving credit facility, see the line 'Secured bank loan – DNB' in the table below.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Terms and debt repayment schedule:

Loan	Currency	Amount in USD	Nominal interest rate	Year of maturity	Installments
Secured bank loan - CAT	USD	3 259	3 mths LIBOR + 3.95%	2022	Semi-annual
Secured bank loan - DNB	USD	120 000	6 mths LIBOR + 3.4%	2023	Annual from 2020
Secured loan from Innovation Norway - 1	NOK	3 944	5.2% (fixed to 2020)	2026	Semi-annual
Secured loan from Innovation Norway - 2	NOK	7 993	5.2% (fixed to 2020)	2026	Semi-annual
Secured loan from Innovation Norway - 3	NOK	863	4.70% (floating)	2023	Semi-annual
Loan from AKER ASA	USD	37 295	3 mths LIBOR + 5%	-	-
Antarctic Harvesting Holding AS	NOK	1 334	7.0%	-	-
Overdraft facility with DNB	USD	13 587	NIBOR + 2.5%	n/a	n/a
Seller credit Naturex	USD	10 015	3 mths LIBOR +1.1%	2019	May
New Market Tax Credit US (NMTC loan)	USD	7 800	3.4%	2022	-

LOAN TERMS AND CONDITIONS

All financial covenants presented below are the ones currently applied to the Group. The covenants' compliance tests referred to below are all based on historical figures for the Group.

Secured USD-denominated bank loan (Caterpillar Finance) covenants

The Caterpillar Finance loan agreement features covenants on equity and debt to equity ratio and minimum net worth in Aker BioMarine AS. The company complied with all covenants in 2018 and 2017.

Secured USD-denominated bank loan (DNB) covenants

The DNB loan agreement features covenants on EBITDA ("Earnings Before Interest, Tax, Depreciation and Amortization"). For purposes of the DNB loan agreement, EBITDA is operating profit before depreciation, amortization, write downs and impairments, and Special Operating Items." The loan covenants also have leverage ratio requirements. The Group is compliant with all loan covenants.

Loans from Innovation Norway

The loans from Innovation Norway do not feature any restrictive covenants associated with key financial performance figures.

Overdraft facility

Total amount drawn on the overdraft facility from DNB shall not exceed the sum of:

1. 75% of external accounts receivable; and
2. 60% of total inventory.

The Group's borrowings did not exceed the borrowing base in 2018 or 2017.

The following table display debt secured by mortgaged assets:

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Secured bank loans	135 337	139 031
Other secured debt	17 815	19 960
Overdraft facility	13 587	14 453
Total	166 740	173 445
Book value of assets pledged as security		
Operating assets	285 071	251 748

The following table reconciles the movements in liabilities to cash flow from financing activities:

Amounts in thousands of U.S. Dollars	Secured bank loans	Proceeds from owner	Other long term loans	Bank overdraft	Total
Balance at 1 January 2018	139 031	101 690	19 960	14 453	275 134
Changes in Financing cash flows					
New loanfrom owner- Aker ASA	-	62 000	-	-	62 000
Increase withdrawal overdraft facility- DNB	-	-	-	(866)	(866)
Instalment Innovation Norway - 1	(601)	-	-	-	(601)
Instalment Innovation Norway - 2	(834)	-	-	-	(834)
Instalment Innovation Norway - 3	(176)	-	-	-	(176)
Instalment -Caterpillar Finance	(931)	-	-	-	(931)
Naturex	-	-	(2 145)	-	(2 145)
Total changes in Financing cash flows	(2 542)	62 000	(2 145)	(866)	56 447
Non-Cash changes					
Loan converted to equity- Aker ASA	-	(125 061)	-	-	(125 061)
Other changes, liability related					
Effect of changes in foreign exchange rates	(1 152)	-	-	-	(1 152)
Total liability related changes	(1 152)	-	-	-	(1 152)
Balance at December 31, 2017	135 337	38 629	17 815	13 587	205 368

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NOTE 14 – OTHER NON-CURRENT LIABILITIES

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	2018	2017
Guarantee premium payable to Aker ASA	9 964	8 692
Interest payable to Aker ASA	7 626	2 942
Pension liabilities	67	237
Total	17 657	11 871

Aker ASA has issued a guarantee for the Group's secured bank loan with DNB. The Group pays a guarantee fee to Aker ASA of 5 percent of NOK 305 million (guarantee amount). The fee accrues up to the maturity date of the DNB loan and becomes payable at the same time. The interest payable to Aker ASA relates to the interest-bearing long-term loans from Aker ASA.

NOTE 15 – ACCOUNTS PAYABLE AND OTHER PAYABLES

Accounts payable and other payment liabilities comprise the following items:

	Year ended 31 December	
Amounts in thousands of U.S. Dollars	2018	2017
Accounts payable	11 469	11 432
Accrued expenses	11 332	13 141
Other current liabilities	4 136	6 537
Total	26 937	31 110

Foreign exchange and liquidity risks are described in Note 18.

NOTE 16 – LEASING

Operating lease commitments

Leases in which a significant proportion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

The lease agreements summarized below are for the Group's rent of several office, houses and storage locations around the world.

Operating lease payments have the following schedule:

	Minimum lease payment	
Amounts in thousands of U.S. Dollars	2018	2017
Within one year	1 354	1 521
In 1-5 years	4 465	4 647
Five years or more	626	1 557
Total	6 445	7 725

Lease expenses recognized in 2018 under the above agreements amounted to USD 1.4 million (2017: USD 1.5 million) in addition to USD 3.0 million in warehouse rent on short-term (ad hoc) basis and without leasing agreement, total USD 4.4 million. Amount recognized as sub-lease income amounted to USD 0.3 million. The sub-lease agreement ended in December 2018.

The group will apply the new standard, IFRS 16 Leases effective from 1 January 2019, using the modified retrospective approach. As a result of the new standard an on-balance sheet model similar to the current financial leases accounting will be applied to all contracts that contain a lease. The reduction of annual lease expense gives an improvement of EBITDA as costs are charged through depreciation and finance cost. The Group does not expect the implementation of IFRS 16 to impact its ability to comply with loan covenants as described in note 13. The cumulative effect of adopting IFRS 16 will be recognized as an adjustment to opening balance of Equity on 1 January 2019 and with no restatement of comparative figures. The estimated impact upon implementation is an equity effect of approximately USD 0.4 million, see table below.

Implementation effect IFRS 16:

Amounts in thousands of U.S. Dollars	Per 01 January 2019
Lease liability	(5 431)
Right-of-use asset	5 014
Difference between lease liability and right-of-use asset	(417)
Tax effect	-
Difference between lease liability and right-of-use asset per January 1, 2019	(417)
Equity per December 31, 2018	178 814
Effect from classifying sub-leases as financial leases	-
Equity per January 1, 2019	178 397

The Group will apply practical expedients such as

- Not separating non-lease components of a contract
- Short-term contracts with lease term less than 12 months that do not include a purchase or renewal option will not be included
- Contracts of low value (less than USD 5000) will not be included

The discount rate is based on the incremental borrowing rate calculated in a model that reflects the contract term, jurisdiction and the credit-worthiness of the company.

NOTE 17 – FOREIGN EXCHANGE RATES

In preparing the Group's consolidated financial statements, the following exchange rates have been applied:

Country	Denomi- nation		Average exchange rate year ended 31 December, 2018	Exchange rate at 31 December, 2018	Average exchange rate year ended 31 December, 2017	Exchange rate at 31 December, 2017
Norway	NOK	1	0,123	0,115	0,121	0,122
European Union (EU)	EUR	1	1,180	1,145	1,128	1,199

The monthly average exchange rates and the exchange rates as of 31 December have been used in translating profit or loss and balance sheet items, respectively. If the monthly average fails to provide a reasonable approximation of the exchange rate to apply to the nominal transaction price, then the exchange rate on the date of the transaction will be applied.

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NOTE 18 – FINANCIAL RISK

The Group has exposure to the following financial risks from its ordinary operations; market risk (including foreign exchange rate risk, interest-rate risk and bunker risk), credit risk and liquidity risk. To manage these risks, risk management is carried out in order to create predictability and stability for operating cash flows and values. The Group can use financial derivatives to hedge against risk relating to operations, financing, and investment activities if the financial derivative has been approved by the Board of Directors. In 2017 the Group entered into a currency contract with DNB for hedging of future currency risk against NOK in future payment obligations related to the construction of the new vessel Antarctic Endurance, see further description of the contract below.

Credit risk

The Group's main credit risk relates to receivables from customers. Exposure to that risk is monitored on a routine basis and credit evaluations are performed on customers as appropriate. When entering into significant sales contracts, the sales department seeks to reduce credit risk through more stringent payment terms including requirement of up-front payments. The Group has had low losses on receivables as the sales department is maintaining close contact with each customer and by routine billing and cash collection.

The book value of financial assets represents the maximum credit exposure.

Receivables presented under Trade Receivables are ordinary AR generated through sales of goods, accounted for under IFRS 15. The Group does not grant any payment terms more than 12 months, meaning that if we were to estimate expected credit losses (ECL) as according to general or simplified approach, the ECL would (for all material purposes) represent the lifetime expected credit losses.

The Group has determined to apply the practical expedient for measuring ECL of the Account Receivable, mainly due to the large extent of smaller clients, and the limited amount of losses over the past years.

The Group has designed a provision matrix based on the assessment on historical data from the past six years to identify whether there are either geographical or market (QRILL / Superba) indications of whether any additional breakdowns into sub-portfolios is required. The reasonability of the ECL accruals compared to prior years actual losses has also been assessed, to ensure it constitutes a reasonable expectation.

The ECL rates per portfolio will be reviewed at each reporting date to assess if the matrix still reflects the current conditions, and if the provision is still at a reasonable and supportable level, reflecting the future economic conditions.

Aging profile of accounts receivable and bad debt provisions:

Gross trade receivable and bad debt provision		
Amounts in thousands of U.S. Dollars	2018	2017
Not at maturity	16 609	15 885
Due within 0-30 days	3 255	2 731
Due within 31-120 days	508	343
Due within 121 - 365 days	119	191
More than one year	160	250
Total accounts receivable	20 651	19 400
Bad debt provision	(213)	(99)

Movements in allocation to loss on trade receivable and contract assets

Balance at 1 January under IAS 39	(99)
Adjustment on initial application of IFRS 9	(265)
Balance at 1 January under IFRS 9	(364)
Written off during the year	156
Net movements in allocation to loss on trade receivable during the year	(5)
Effects of changes in foreign exchange rates	-
Allocation to loss on trade receivable and contract assets	(213)

Write off and allocation for loss on trade receivable are included under operating expenses in the consolidated profit and loss.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities as they mature. The Group does not hedge against exposure to interest-rate fluctuations on debt and is therefore exposed to fluctuations on the variable-rate amount of interest-bearing liabilities, which was USD 192 million as of 31 December 2018 (2017: USD 249 million).

Overview of maturities including estimated interest payments by category of liability:

Amounts in thousands of U.S. Dollars	Book value at 31 December, 2018	Nominal values	2018 maturity structure — loans and interest				
			Up to 6 months	6-12 months	1-2 years	3-5 years	More than 5 years
Secured bank loans	135 337	172 414	5 320	5 305	10 533	145 261	5 995
Other non-current interest bearing liabilities	17 815	18 011	10 211	-	7 800	-	-
Interest bearing debt, non-current, related parties	38 629	47 589	1 483	1 483	2 967	41 656	-
Overdraft facility	13 587	13 587	13 587	-	-	-	-
Forward exchange contract	1 472	1 472	1 472	-	-	-	-
Total 2018 maturity of loans and interest on interest-bearing debt	206 840	253 073	32 073	6 788	21 300	186 917	5 995

Accounts payable and other current liabilities	26 937	26 937	26 937	-	-	-	-
Non-current non-interest-bearing liabilities	17 657	17 657	-	-	17 590	-	67
Total liabilities	251 435	297 668	59 010	6 788	38 890	186 917	6 062

Amounts in thousands of U.S. Dollars	Book value at 31 December, 2017	Nominal values	2017 maturity structure — loans and interest				
			Up to 6 months	6-12 months	1-2 years	3-5 years	More than 5 years
Secured bank loans	139 031	173 680	4 673	4 689	9 311	147 012	7 995
Other non-current interest bearing liabilities	19 960	20 460	1 050	1 050	10 260	300	7 800
Interest bearing debt, non-current, related parties	101 690	101 690	-	-	-	-	101 690
Overdraft facility	14 453	14 453	14 453	-	-	-	-
Total 2016 maturity of loans and interest on interest-bearing debt	275 134	310 283	20 176	5 739	19 571	147 312	117 485

Accounts payable and other current liabilities	31 110	31 110	31 110	-	-	-	-
Non-current non-interest-bearing liabilities	11 871	11 871	-	-	11 634	-	237
Total liabilities	318 115	353 264	51 286	5 739	31 205	147 312	117 722

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Market risk

i) Foreign exchange risk

The Group operates in a global market and is exposed to currency fluctuations, primarily through fluctuations in the USD, NOK and EUR exchange rates. In addition, the Group has operations with exposure to local currencies in Uruguay, Australia and China, but these exposures are regarded as minimal. The Group has USD as its presentation and functional currency in the main group companies. The Group has NOK denominated financial instruments, thus the balance sheet is exposed to changes in NOK/USD exchange rate.

The Group seeks to ensure that revenues and expenses are in the same currency. Future cash flows are estimated and offset. The Group periodically assesses the need for foreign currency hedging; entering into foreign currency derivative contracts is generally subject to Board approval. Currency risk is managed on an overall Group level.

Aker BioMarine uses derivatives to hedge the currency risks related to the instalments on the construction of the new vessel, Antarctic Endurance, see Note 7 and Note 9. The instruments fixes currency exposure related to payments in NOK on future instalments. The arrangement is accounted for as a cash flow hedge, where upon reclassification from OCI, the amounts becomes a basis adjustment. The remaining instalments have to be paid in 2019. No ineffectiveness was recognized in the consolidated statement of profit and loss in 2018.

The table below gives aggregated numbers related to the cash flow hedges for the period 2017-2019.

Amount in USD million	2019	2018	2017
Expected to be reclassified to related fixed asset	(1.5)	-	-
Reclassified to related fixed asset from OCI during the year	-	0.5	0.4

The fair value of the hedges represents the difference between the USD/NOK foreign exchange rate as of 31.12.2018, and the foreign exchange rate agreed upon at maturity of the instruments through 2019. As per 31 December 2018 a liability of USD 1.5 million was recognized and is presented under “derivative liabilities” in the balance sheets.

The table below shows the Group's exposure to foreign exchange risk at year end.

Amounts in thousands of U.S. Dollars	Year ended 31 December, 2018		Year ended 31 December, 2017	
	Euro	NOK	Euro	NOK
Accounts receivable	2 814	906	1 844	29
Cash	-	968	-	682
Secured bank loan	-	(14 634)	-	(13 682)
Accounts payable	(2 414)	(4 327)	(4 128)	(7 917)
Other balance sheet items	(284)	(3 269)	(954)	(4 593)
Gross balance sheet exposure	116	(20 356)	(3 238)	(25 481)
Currency forwards				
Net exposure	116	(20 356)	(3 238)	(25 481)

Sensitivity analysis

A 10% increase or decrease in USD relative to the Euro and the NOK would have reduced or increased the Group's profit before tax with USD 0.1 million and USD 2.0 million, respectively.

ii) Interest rate risk

The Group's borrowings and any surplus cash balances are held at variable and fixed interest rates linked to the Norwegian or London interbank offered rate (NIBOR and LIBOR). A movement of 100 basis points in the interest rate on borrowings and surplus cash balances through the year would have affected the Groups profit before tax with USD 1.8 million. (2017: USD 2.2 million)

Interest rate profile

At the close of the year, the interest- rate profile for the Group's interest-bearing financial instruments was as follows:

Amounts in thousands of U.S. Dollars	Year ended 31 December, 2018	Effective interest rate year ended 31 December, 2018	Year ended 31 December, 2017	Effective interest rate year ended 31 December, 2017
	Fixed-interest instruments			
Secured loans from Innovasjon Norge	(11 937)	5,45 %	(13 885)	5,27%
Loan from Antarctic Harvesting Holding AS	(1 334)	7,00%	(1 334)	7,00%
Net fixed interest	(13 271)		(15 219)	
Floating-interest instruments				
Financial assets				
Cash and cash equivalents	2 515	variable *)	2 715	variable *)
Financial liabilities				
Secured bank loan - Innovasjon Norge	(863)	4,92 %	(1 097)	4,76 %
Secured bank loan - Caterpillar Finance	(3 259)	6,15 %	(4 192)	5,64 %
Secured bank loan - DNB	(119 275)	6,61 %	(119 868)	4,86 %
Liquidity loan from Aker ASA	(37 295)	8,07 %	(100 356)	6,45 %
Seller Credit Naturex	(10 015)	3,70 %	(12 160)	2,10 %
Overdraft facility	(13 587)	variable **)	(14 453)	variable **)
Net variable interest	(181 780)		(249 411)	
Total net interest-bearing debt	(195 051)		(264 630)	

*) different cash and cash equivalents carry different interest rates, as such no effective interest rate has been calculated

**) different loans/ receivables carry different interest rates, as such no effective interest rate has been calculated

iii) Bunker risk

One of the Group's significant operating costs is the bunker cost. As such, the Group is exposed to bunker price fluctuations since the vessels use bunkers as fuel. The profitability and cash flow of the Group will therefore depend upon the market price of bunkers. The Group does not hedge the bunker price risk, but monitor movement in prices closely in order to implement other actions.

Fair values

The Group have financial assets that under IFRS 9, based on evaluation of the business model applied, will be measured at fair value over the profit and loss; however, this is in line with how these assets previously have been accounted for.

Trade receivables were classified as ‘Loans and receivables’ under IAS 39 and are now classified at amortized cost. An expected loss recognition process is implemented, utilizing the practical expedient. Expected credit losses (ECL) are calculated based on a matrix taking into consideration customer risk, and geographical segments and historical data. For the Group's cash flow hedges, the accounting practice was aligned with IFRS 9.

Based on the Group's assessment, there were no new classification requirements following IFRS 9 implementation, which had material impact on accounting for financial assets or liabilities.

The fair values quoted in the table below are categorized within the fair value hierarchy, described below, and based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All fair values using Level 2 valuation techniques are based on discounted cash flow models.

The short-term nature of financial instruments such as cash and bank deposits results in the book value approximating fair value. The same approach applies to receivables and debt associated with the business cycle. Financial assets that are classified as held for sale and financial assets at fair value through profit and loss are recorded at fair value.

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Per 31 December 2018	Carrying amount							Fair value
	Designated at fair value through profit and loss	Amortised cost	Qualified for hedge accounting	Total book value	Level 1	Level 2	Level 3	Total fair value
Other non-interest-bearing non-current assets	1 673	353		2 026		2 026		2 026
Accounts receivables		28 284		28 284		28 284		28 284
Forward exchange contracts				0		0		0
Other non-interest-bearing current receivables		2 515		2 515		2 515		2 515
Cash and cash equivalents		989		989		989		989
Total financial assets	1 673	31 152	0	32 825	0	32 825	0	32 825
Secured bank loans		132 995		132 995		132 995		132 995
Interest-bearing non-current liabilities, related parties		7 800		7 800		7 800		7 800
Interest-bearing non-current liabilities, external		12 357		12 357		12 357		12 357
Forward exchange contracts			1 472	1 472		1 472		1 472
Overdrafts		13 587		13 587		13 587		13 587
Accounts payable and other interest free liabilities		25 846		25 846		25 846		25 846
Total financial liabilities	0	192 585	1 472	194 057	0	194 057	0	194 057

The table below show the original measurement categories under IAS 39 at 31 December 2017 and the new categories under IFRS 9 at 1 January 2018. The effect of adopting IFRS 9 on the carrying amount of financial assets relates to impairment requirements under the new standard.

Per 01 January 2018	Original classification under IAS39	New classification under IFRS 9	Carrying amount	Carrying amount
			under IAS39	under IFRS 9
Other non-interest-bearing non-current assets	Designated at FVTPL	Mandatory at FVTPL	1 663	1 663
Other non-interest-bearing non-current assets	Loans and receivable	Amortised cost	436	436
Accounts receivables	Loans and receivable	Amortised cost	19 301	19 036
Forward exchange contracts	Qualified for hedge accounting	Qualified for hedge accounting	3 153	3 153
Other non-interest-bearing current receivables	Loans and receivable	Amortised cost	5 130	5 130
Cash and cash equivalents	Loans and receivable	Amortised cost	2 715	2 715
Total financial assets			32 398	32 133
Secured bank loans	Other financial liabilities	Other financial liabilities	139 031	139 031
Interest-bearing non-current liabilities, related parties	Other financial liabilities	Other financial liabilities	101 690	101 690
Interest-bearing non-current liabilities, external	Other financial liabilities	Other financial liabilities	19 960	19 960
Overdrafts	Other financial liabilities	Other financial liabilities	14 453	14 453
Accounts payable and other interest free liabilities	Other financial liabilities	Other financial liabilities	27 326	27 326
Total financial liabilities			302 460	302 460

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Year ended 31 December 2017	Carrying amount				Fair value			Total fair value
	Designated at fair value through profit and loss	Loans and receivables/ other liabilities	Qualified for hedge accounting	Total book value	Level 1	Level 2	Level 3	
Other non-interest-bearing non-current assets	1 663	436		2 099		2 099		2 099
Accounts receivables		19 301		19 301		19 301		19 301
Forward exchange contracts			3 153	3 153		3 153		3 153
Other non-interest-bearing current receivables		5 130		5 130		5 130		5 130
Cash and cash equivalents		2 715		2 715		2 715		2 715
Total financial assets	1 663	27 582	3 153	32 398	0	32 398	0	32 398
Secured bank loans		139 031		139 031		139 031		139 031
Interest-bearing non-current liabilities, related parties		101 690		101 690		101 690		101 690
Interest-bearing non-current liabilities, external		19 960		19 960		19 960		19 960
Overdrafts		14 453		14 453		14 453		14 453
Accounts payable and other interest free liabilities		27 326		27 326		27 326		27 326
Total financial liabilities	0	302 460	0	302 460	0	302 460	0	302 460

Capital management

One objective of the Group's asset management is to build and maintain financial flexibility to realize its strategic goals. The capital structure should reflect the Group's operational risk, and offer flexibility for potential investments. The Group's liquid funds should be readily available and subject to a conservative investment strategy with low risk. As a wholly owned subsidiary of Aker ASA, the company has been dependent on financial support relating to fund expansion.

The Group manages its capital structure and makes any necessary modifications based on an ongoing assessment of the financial conditions under which the business operates, and short-to-medium term projections. The capital structure is managed through the adjustment of dividend payout, issuance of new shares, or repayment or incurrence of new debt, (including subordinated debt from Aker ASA). The company intends to commence payment of regular dividends as soon as it is able; however, the company is in a development and growth phase and thus subject to higher volatility in its net cash flows than a mature company.

NOTE 19 – CONTINGENCIES AND LEGAL CLAIMS

The Group recognizes a provision when it has a legal or constructive obligation as a result of a past event, when it is probable that payment or the transfer of other assets will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

With worldwide operations, the Group is involved in disputes in the ordinary course of its business activities. Provisions to cover projected losses arising from such disputes are made to the extent negative outcomes are probable and reliable estimates can be prepared. However, the final outcome of any such dispute is inherently uncertain, and the resulting liability may exceed any provision made. As per 31 December 2018 and 31 December 2017, no provisions were made for legal claims.

NOTE 20 – RELATED PARTIES

The Group's consolidated financial statements include the following transactions and intercompany balances with Aker ASA and companies controlled by Aker ASA.

Aker ASA is the controlling shareholder of the Group.

Transactions with Aker and affiliates	Year ended 31 December,	
	2018	2017
Office rent, facilities services and IT	(1 084)	(509)
Interest expenses and guarantee fee	(6 555)	(4 791)
Total	(7 639)	(5 300)

The interest expense relates to the interest-bearing debt to Aker ASA, refer to Note 13 for details on amounts due as of 31 December 2018. The guarantee fee relates to the guarantee provided from Aker ASA related to the Group's long-term loan with DNB (see Note 14). Management believes that the services are provided on arms-length principles and conditions.

NOTE 21 – SALARIES AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS

The Group paid USD 91 129 to Chairman of the Board in 2018 (2017: USD 0), see table below.

Board remuneration	Board membership	Year ended 31 December,	
		2018	2017
Ola Snøve	Chairman of the Board	91 129	-
Kjell-Inge Røkke*	Board member	-	-
Øyvind Eriksen*	Board member	-	-
Frank O. Reite*	Board member	-	-
Frank Grebstad	Employee representative	-	-
Torill Nielsen	Employee representative	-	-
Total		91 129	-

* Elected at annual shareholder meeting 19 February 2016

The fee to the Chairman of the Board relates to both 2018 and 2017 and was paid in full in 2018.

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NOTE 22 – GROUP COMPANIES

Aker ASA owns 100% of the shares in the parent company Aker BioMarine AS. As per 31 December 2018 the number of shares was 69 053 544 with par value of NOK 6.00 per share. All shares carry equal right and obligations.

Aker ASA's main shareholder is TRG Holding AS. The main shareholder of TRG Holding AS, The Resource Group TRG AS, owns through its fully owned company Antarctic Harvesting Holding AS 60% of the shares in Aker BioMarine Antarctic AS.

The consolidated financial statements for the Group in 2018 included the following subsidiaries:

Company	The Group's shareholding in %	The Group's share of voting rights in %	Administrative headquarter Location	Country
Aker BioMarine Antarctic AS	40	100*	Lysaker	Norway
AKBM Antarctic S.A. (dormant)	100	100	Nueva Palmira	Uruguay
Aker BioMarine Antarctic US LLC	100	100	Issaquah	USA
Aker BioMarine Antarctic Services AS	100	100	Lysaker	Norway
Aker BioMarine Antarctic Australia Pty Ltd	100	100	Melbourne	Australia
Aker BioMarine Manufacturing LLC	100	100	Houston	USA
Aker BioMarine Financing LLC	100	100	Houston	USA
Aker BioMarine Antarctic SA (former Odalson S.A.)	100	100	Montevideo	Uruguay
Aker BioMarine US Holding Inc	100	100	Issaquah	USA
Aker BioMarine Asia Ltd	100	100	Hong Kong	China
Aker BioMarine Shanghai International Trading Co Ltd	100	100	Shanghai	China
Aker BioMarine Canada Inc	100	100	Vancouver	Canada
Euphausia Inc	100	100	Wilmington	USA
Aker BioMarine (Thailand) Ltd	100	100	Bangkok	Thailand
Aker BioMarine India Ltd	100	100	Mumbai	India
NewRide LLC	100	100	Issaquah	USA
Epion Brands LLC	100	100	Issaquah	USA

*) Aker BioMarine AS has all voting rights except for certain fundamental matters which require consent from both shareholders

The consolidated financial statements for the Group in 2017 included the following subsidiaries:

Company	The Group's shareholding in %	The Group's share of voting rights in %	Administrative headquarter Location	Country
Aker BioMarine Antarctic AS	40	100*	Lysaker	Norway
AKBM Antarctic S.A. (dormant)	100	100	Nueva Palmira	Uruguay
Aker BioMarine Antarctic US LLC	100	100	Issaquah	USA
Aker BioMarine Antarctic Services AS	100	100	Lysaker	Norway
Aker BioMarine Antarctic Australia Pty Ltd	100	100	Melbourne	Australia
Aker BioMarine Manufacturing LLC	100	100	Houston	USA
Aker BioMarine Financing LLC	100	100	Houston	USA
Odalson S.A.	100	100	Montevideo	Uruguay
Aker BioMarine US Holding Inc	100	100	Issaquah	USA
Aker BioMarine Asia Ltd	100	100	Hong Kong	China
Aker BioMarine Shanghai International Trading Co Ltd	100	100	Shanghai	China

*) Aker BioMarine AS has all voting rights except for certain fundamental matters which require consent from both shareholders

NOTE 23 – EVENTS AFTER THE BALANCE SHEET DATE

A naming ceremony was held in Ålesund on 18 January 2019 for the krill vessel, Antarctic Endurance, constructed by VARD and Optimar in 2017 – 2018 and delivered on 15 January 2019. See Note 9 – Property, plant and equipment regarding payments in 2019 to VARD and Optimar. The vessel is expected to be in operation during the first quarter of 2019.

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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 our 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 financial reporting. The Group focuses on EBITDA and underlying EBITDA when presenting the period's financial result. Underlying EBITDA is adjusted for special operating items. Financial APMs should not be considered as a substitute for measures of performance in accordance with an applicable financial reporting framework, and are upon disclosure subject to internal control procedures.

The Group's financial APMs

EBITDA: EBIT + depreciation and amortization and impairments

Underlying EBITDA: EBITDA + special operating items. Special operating items include gains or losses on sale of assets, restructuring expenses and other material transactions of either non-recurring nature or special in nature compared to ordinary operational income or expenses.

The following table reconciles Underlying EBITDA to EBIT and Net income (loss) in the consolidated statements of profit or loss.

Amounts in thousands of U.S. Dollars	Year ended 31 December	
	2018	2017
Net income (loss)	(1 022)	(17 765)
Tax expense	(259)	1 011
Share of loss from equity accounted investees	-	-
Net financial items	11 540	15 072
EBIT	10 258	(1 682)
Depreciation, amortization and impairment	22 860	18 896
Special operating items	-	-
Underlying EBITDA	33 118	17 214

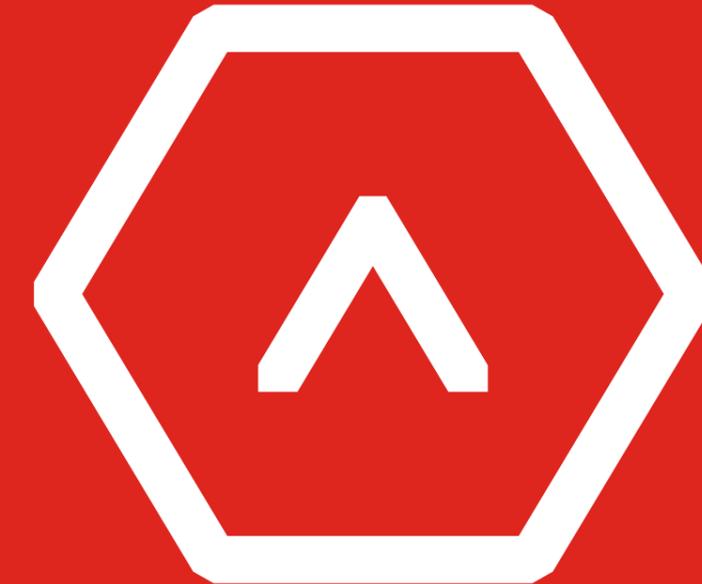




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