



AKER BIOMARINE  
SECOND QUARTER 2021  
REPORT

## THIS IS AKER BIOMARINE

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

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

## HIGHLIGHTS SECOND QUARTER 2021

- Revenues of USD 74.3 million (compared to USD 72.2 million in the corresponding period last year)
- Adjusted EBITDA of USD 19.4 million (USD 17.6 million), with 26% (24%) Adjusted EBITDA margin in the quarter. Quarterly adjustments of USD 0.3 million (USD 5.4 million)
- Strong sales growth for Brands segment with a 32% increase compared to the same quarter last year, and 39% growth versus previous quarter, indicating recovery in the US mass market
- Kori continues to grow in the quarter. Important milestone reached with agreed distribution in Sam's Club physical stores from October 2021
- Ingredients segment declined 11% versus same quarter last year. Strong Qrill product sales that were up 17% year-over-year only partially compensated the reduced Superba sales in Korea
- Superba sales were 36% below same period last year. Strengthening of the sales organization in growth regions ongoing, as well targeted initiatives for converting US sales opportunities
- Harvesting volumes of 13,920 MT for the quarter compared to 16,387 MT in the same period last year, suffering from poor krill harvesting conditions in second quarter
- Houston plant continued its strong performance with production 29% above same quarter last year at lower production costs. Inventory build-up is consistent with desired level of safety stock
- AKBM changed listing venue from Euronext Growth to the Oslo Børs main list with first trading day on 14 April

## GROUP FINANCIAL SUMMARY

Amounts in thousands of U.S. Dollars	Second Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Net sales	74.3	72.2	124.4	142.9	288.6
Gross margin	40 %	36 %	38 %	36 %	38 %
Operating profit	0.9	0.8	(6.2)	0.3	7.0
Net profit (loss)	(3.2)	(8.4)	(13.1)	(10.8)	(5.5)
Adjusted EBITDA*	19.4	17.6	26.2	30.2	78.1
Cash flow from operations	(12.9)	(10.4)	(16.5)	(4.3)	(51.0)
CAPEX*	(4.5)	(2.8)	(60.3)	(7.9)	(23.7)
Equity	366.4	143.0	366.4	143.0	373.2
Total assets	768.9	678.1	768.9	678.1	700.4
Net interest bearing debt	311.2	396.9	311.2	396.9	232.1

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

## OPERATIONAL REVIEW

### Ingredients segment

Harvesting was challenging in second quarter with total harvesting volumes of 13,920 MT, down from 16,387 MT same period last year and 19,500 MT in Q1 2021. The vessels performed well technically, and Provider ramped up as expected. However, there was limited krill available where our vessels were operating. A Covid-19 outbreak on Provider, in connection with an offload, led to a shut-down of the harvesting fleet in order to isolate crew members. Following the implemented measures, the company managed to contain the virus to Provider. However, as a precautionary action, all crews were isolated, and fishing stopped for about 14 days end of June. By early July, all three harvesting vessels had resumed operations. The Covid-19 outbreak was handled according to internal procedures and routines, and three infected crew members were taken onshore to Montevideo. All are reported to be in good health.

The support vessel, La Manche will cease operations in August as Provider is operating as intended. La Manche will sail to Turkey this fall to undergo ship dismantling by HKC recyclers, in compliance with international standards.

There was a continued strong performance at the plant in Houston in the quarter. The capacity increase project “2,000 by 2022” is well underway and good results are observed so far, both with respect to cost reductions and increased output. The production volume for the quarter increased 29% compared to same period last year. The Houston plant has not had any Covid-19 outbreaks affecting the operations.

Ingredients sales were USD 45.7 million for the quarter, down from USD 50.7 million same period last year. The Superba krill oil sales in the quarter were 36% lower at USD 16.6 million compared to the same period last year. The decline stems mainly from lower volumes sold in South Korea, in addition to sales challenges in the US non-mass market. The lower volumes in South Korea also had a negative effect on Aker BioMarine’s sales in the US non-mass market, as some of our US customers were selling krill products into South Korea. The company is restructuring its sales organization to capture growth markets in Asia and the full potential in the US market.

For the Qrill category, the sales increased 17% to USD 29.1 million compared to same period last year, with higher volumes of both Qrill Aqua and Qrill Pet products. The increase was mainly due to a strong recovery in the salmon market as well as execution of new contracts with large customers in Asia leading to sales to Asia and Pacific amounting to 44% of total Aqua sales in the quarter. June was an all-time-high month for sales of Qrill Aqua.

### Brands segment

The brand segment is performing well, and sales increased 32% from same quarter last year, and 39% compared to the previous quarter. Sales of krill related products for Lang had the strongest growth in June with more than 150% compared to June last year, and 40% growth y/y in the quarter. The recovery post Covid-19 in the US Vitamin, Mineral and Supplement (VMS) sector is good with increased Point of Sales (POS) figures compared to last year for 13 consecutive weeks.

The US consumer brand, Kori, reached an important milestone with acceptance for launch also in Sam’s Club physical stores from October 2021, in addition to online distribution since 2020. Sam’s Club is Walmart’s Club concept with more stores in the US than Costco. Another new retailer is Harmon Health & Beauty that will launch the product in the fall. Marketing and media continue to be focused on digital/social media channels.

## OVERVIEW OF NEWSFLOW DURING SECOND QUARTER AND KEY SUBSEQUENT EVENTS

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

Date	New publications and science
9/6	<p><b>Aker BioMarine obtains regulatory approval for INVI protein in the US</b> Aker BioMarine announces a new milestone for its novel, sustainably produced krill protein hydrolysate product, INVI – which has now been determined Generally Recognized as Safe (GRAS)</p>
Date	Other news
14/4	<p><b>Change of trading venue to the Oslo Stock Exchange</b> First day of trading of the shares on the Oslo Stock Exchange</p>
26/5	<p><b>Aker BioMarine appoints Douglas C Hicks as SVP, Business Development Pharma segment</b> Aker BioMarine appoints biotechnology and pharmaceutical executive, Douglas C Hicks to lead the company’s entry into the pharmaceutical segment, first with Lysoveta</p>
17/6	<p><b>Kongsberg USV to minimize Aker BioMarine’s carbon footprint</b> Aker BioMarine has ordered a new Sounder USV (unmanned Surface Vehicle) to further reduce their carbon footprint and optimize krill harvesting in Antarctica. The vessel is also equipped to collect valuable scientific data</p>

## FINANCIAL REVIEW

The revenue in the quarter was USD 74.3 million, an increase from USD 72.2 million Q2 last year. Sales in the Ingredients segment was 11% lower y/y, while sales in the Brands segment was 32% higher y/y.

Revenue distribution in the quarter was 59% for Ingredients and 41% for Brands, which is a shift from 68% and 32% respectively in the same period in 2020. Adjusted EBITDA was USD 19.4 million, an increase from USD 17.6 million last year. Adjusted EBITDA margin for the quarter was 26%, up from 24% same period last year. Lower unit costs at the onshore production facility in Houston, as well as good harvesting in first quarter 2021, led to increased gross margins compared to Q1. Adjusted items for the quarter included costs related to the Oslo Børs listing process and other transaction related costs of USD 0.3 million. For Q2 2020 total adjustments amounted to USD 5.4 million which included the marketing launch for Kori.

In the Brands segment, there was a strong increase in sales compared to Q2 2020 with 32% growth, mainly driven by private label sales. Gross margins for the segment in the quarter was 25%, down from 27% same quarter last year. This is due to product and customer mix in the private label business. EBITDA margin was 14% which is stable compared to Q2 2021. Kori continues to grow with increased POS (Point of Sales) figures every quarter. Marketing spend for Kori was USD 2.4 million in the quarter.

Total assets at period-end were USD 768.9 million, up from USD 678.1 million at end of Q2 2020. The increase relates to the service vessel, Antarctic Provider which was delivered in February 2021, as well as build-up of inventory of Nutra meal and krill oil after good harvesting in Q1 and strong Houston production in 1H, combined with lower sales of krill oil.

Total interest-bearing debt was at USD 323.5 million, including IFRS 16 leasing commitments of USD 14.1 million as of June 30, 2021. Cash and cash equivalents amounted to USD 12.2 million, implying net interest bearing debt of USD 311.2 million, down from USD 397.4 million end of Q2 2020 as a result of the capital increase of USD 224.1 million in June 2020 in connection with the IPO.

Total available liquidity as of June 30, 2021 was USD 77.7 million (cash and available amounts under the RCF facilities).

Cash flow from operations was negative by USD 12.9 million in the quarter mainly driven by increased amount of customer receivables due to high sales activity end of quarter, and inventory build-up leading to a negative change in working capital.

In the quarter, the company determined that there was an impairment indicator on one of the acquired customer portfolios and trademarks due to declining sale to these customers. The intangible asset value was determined to be lower than the carrying value, resulting in an impairment of USD 0.9 million for the customer portfolio and USD 0.9 million for the trademark.

Net profit for the quarter was negative by USD 3.2 million.

In the quarter, the company has adjusted the useful life for its service vessel, La Manche. The vessel will leave the fishing grounds during Q3 to undergo ship dismantling. Depreciation has been accelerated in the quarter by USD 1.2 million to reflect operational changes and the agreed sales price of the vessel.

During the quarter the company's option contracts for future delivery of fuel in Rotterdam continues to be in the money. Based on the volumes consumed in the quarter, the net gain on the contracts were USD 1.2 million recognized towards fuel inventory. The unrealized gain for the quarter on the remaining option contracts was USD 3.4 million recognized as other comprehensive income. The total fair value of the remaining options was USD 13.6 million booked as derivative asset.

At the end of the quarter the company had a solid financial position with sufficient headroom under its financial covenants. Total equity was USD 366.4 million implying an equity ratio of 48%.

The company has changed listing venue from Euronext Growth to the Oslo Børs main list with first listing day on 14 April.

## Risks and uncertainties

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

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

## OUTLOOK 2021

Aker BioMarine is progressing well in many important areas, but recent setbacks in krill harvesting and Superba sales will impact 2021 results compared to the previous guiding for the year. Nevertheless, Aker BioMarine expects modest revenue growth in 2021 compared to last year, even if the sales forecast for Superba is lower than previously assumed.

Due to seasonality in the aquaculture industry, the company expects higher revenue in the second half of the year than in the first. The adjusted EBITDA margin is expected somewhat lower than last year's level of 27%. The underlying margin development is however positive as total Kori launch cost were adjusted out of last year's adjusted EBITDA margin. If such cost were included, the EBITDA margin last year was around 21%. In 2021 all Kori marketing costs are included in adjusted EBITDA.

Fishing has been challenging in the second quarter. Consequently, the company has changed the estimated full year vessel production to 45,000-50,000 MT, down from previously 60,000-70,000 MT. The factory in Houston is expected to continue to perform well and the initiated capacity program is already yielding positive effects.

Strategically, we continue to build and grow the company. Hence, a main priority will be the continuous development of Lysoveta, including securing new commercial and research partnerships. We continue to work towards having the first commercial supplement product ready by end of 2022. In the pharmaceutical sector, we continue to work with our pharma partner, MD3, to become fully financed, and initiate the development of the new drug indications. For Aion, the ambition is to spin off the company during the next 6-12 months when a proven business concept and value chain is established, and a management team is in place. For INVI, the protein launch plant construction in Ski, Norway will commence during Q3 2021 with the plant being ready for operations in Q4 2022. Regulatory approval for INVI in the US market was achieved in Q2 2021.

## Medium-term

Independent studies demonstrate a healthy and growing krill biomass in the fishing areas in the Antarctica. However, Aker BioMarine has observed significant annual harvesting variations last two seasons, and we expect such natural variations to occur in the years to come as well.

Aker BioMarine will continue to expand its sales and marketing efforts to develop existing and new markets with prospective leads and new customers, in addition to further increasing sales to the current customer base. Asia is expected to be an important growth region for both Superba and Qrill Aqua.

Management expects strong sales and earnings growth in the coming years. However, based on the observed harvesting variations, and the recent Superba sales setback in South Korea, the company expects a somewhat later realization of its communicated 2024 aspiration.

Aker BioMarine is working to improve company performance and increase profitability and a more detailed presentation will be given at a Capital Markets Update later this year.

## INTERIM FINANCIAL STATEMENTS

AKER BIOMARINE GROUP

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in thousands of U.S. Dollars	Note	Second Quarter		Year to date		Year
		2021	2020	2021	2020	2020
Net sales	2	74 263	72 161	124 368	142 904	288 588
Cost of goods sold	2	(44 592)	(45 929)	(77 469)	(91 828)	(179 010)
<b>Gross profit</b>		<b>29 670</b>	<b>26 232</b>	<b>46 899</b>	<b>51 076</b>	<b>109 578</b>
Selling, general and administrative expense	2	(21 856)	(21 934)	(41 537)	(43 454)	(86 847)
Depreciation, amortization and impairment	2,5,6	(6 768)	(4 205)	(11 611)	(8 232)	(17 125)
Other operating income	2	(113)	3 291	38	1 288	2 348
Other operating cost	2	-	(2 577)	-	(369)	(954)
<b>Operating profit</b>		<b>933</b>	<b>807</b>	<b>(6 212)</b>	<b>309</b>	<b>7 000</b>
Net financial items		(3 698)	(9 269)	(6 099)	(10 827)	(6 312)
Tax expense		(443)	47	(749)	(264)	(6 151)
<b>Net profit (loss)</b>		<b>(3 208)</b>	<b>(8 415)</b>	<b>(13 060)</b>	<b>(10 782)</b>	<b>(5 463)</b>

Earnings per share to equityholders of Aker BioMarine ASA

<b>Basic</b>	-0,04	-0,12	-0,04	-0,12	-0,34
<b>Diluted</b>	-0,04	-0,12	-0,04	-0,12	-0,34

AKER BIOMARINE GROUP ACCOUNTS

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of U.S. Dollars	Note	Second Quarter		Year to date		Year
		2021	2020	2021	2020	2020
<b>Net profit (loss)</b>		<b>(3 208)</b>	<b>(8 415)</b>	<b>(13 060)</b>	<b>(10 782)</b>	<b>(5 463)</b>
Other comprehensive income (loss)						
Defined benefit plan income gains (losses)		-	-	-	-	(79)
<b>Total items that will not be reclassified to profit and loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79)</b>
Translation differences		-	-	-	-	(11)
Translation differences from equity accounted investees		-	-	-	-	-
<b>Total items that may be reclassified subsequently to profit and loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>
Change in fair value cash flow hedges		3 388	-	6 344	-	-
<b>Total items that will be reclassified to profit and loss</b>		<b>3 388</b>	<b>-</b>	<b>6 344</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income (loss)</b>		<b>3 388</b>	<b>-</b>	<b>6 344</b>	<b>-</b>	<b>(90)</b>
<b>Total comprehensive income (loss)</b>		<b>180</b>	<b>(8 415)</b>	<b>(6 716)</b>	<b>(10 782)</b>	<b>(5 553)</b>

AKER BIOMARINE GROUP ACCOUNTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of U.S. Dollars	Note	As of 30.06 2021	As of 31.12 2020	
<b>ASSETS</b>				
Property, plant and equipment	5	325 210	289 230	266 556
Right to use assets		13 377	14 389	13 145
Intangible assets and goodwill	6	174 666	185 223	180 552
Contract cost		8 180	-	9 167
Other non-interest-bearing non-current receivables		6	9 317	7 761
Investments in equity-accounted investees		105	132	130
<b>Total non-current assets</b>		<b>521 544</b>	<b>498 291</b>	<b>477 311</b>
Inventories	7	141 526	100 417	114 559
Trade receivable and prepaid expenses		79 999	60 366	97 885
Derivative assets		13 558	-	-
Cash and cash equivalents		12 246	19 026	10 678
<b>Total current assets</b>		<b>247 328</b>	<b>179 809</b>	<b>223 121</b>
<b>Total assets</b>		<b>768 872</b>	<b>678 100</b>	<b>700 432</b>

## LIABILITIES AND OWNERS' EQUITY

Share capital	75 853	68 003	75 853
Other paid-in equity	493 554	277 227	493 554
<b>Total paid-in equity</b>	<b>569 407</b>	<b>345 230</b>	<b>569 407</b>
Translation differences and other reserves	143	147	143
Retained earnings	(203 141)	(202 373)	(196 380)
<b>Total equity</b>	<b>366 409</b>	<b>143 005</b>	<b>373 170</b>
Interest-bearing debt	288 101	373 028	210 578
Other non-interest-bearing non-current liabilities	37 072	77 276	45 740
<b>Total non-current liabilities</b>	<b>325 173</b>	<b>450 304</b>	<b>256 317</b>
Interest-bearing current liabilities	35 359	42 944	32 222
Accounts payable and other payables	41 931	41 847	38 723
<b>Total current liabilities</b>	<b>77 290</b>	<b>84 790</b>	<b>70 945</b>
<b>Total liabilities</b>	<b>402 463</b>	<b>535 095</b>	<b>327 262</b>
<b>Total equity and liabilities</b>	<b>768 872</b>	<b>678 100</b>	<b>700 432</b>

## AKER BIOMARINE GROUP ACCOUNTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in thousands of U.S. Dollars	Second Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Net profit (loss) after tax	(3 208)	(8 415)	(13 060)	(10 782)	(5 463)
Tax expenses	443	(47)	749	264	6 151
Net interest and guarantee expenses	3 378	5 514	6 522	11 853	17 861
Interest paid	(3 444)	(4 623)	(5 628)	(9 022)	(30 749)
Interest received	-	-	3	243	871
Taxes paid	2 809	(246)	2 960	661	(2 332)
Other P&L items with no cash flow effect	-	-	-	-	(6 547)
Impairment charges	3 860	(1 179)	3 882	(1 164)	43
Depreciation and amortization	14 255	12 010	27 259	23 525	48 247
Foreign exchange loss (gain)	(109)	2 257	(121)	(2 927)	314
Change in accounts receivable, other current receivables, inventories, accounts payable and other	(30 929)	(15 692)	(39 070)	(16 941)	(79 439)
<b>Net cash flow from operating activities</b>	<b>(12 945)</b>	<b>(10 422)</b>	<b>(16 505)</b>	<b>(4 289)</b>	<b>(51 043)</b>
Payments for property, plant and equipment	(4 159)	(701)	(59 309)	(5 876)	(21 654)
Payments for intangibles	(376)	(2 055)	(959)	(2 055)	(2 055)
Proceeds from sales of property, plant and equipments	-	21 634	-	21 793	22 012
Investments in subsidiary and associated companies	-	0	25	(0)	(356)
<b>Net cash flow from investing activities</b>	<b>(4 535)</b>	<b>18 878</b>	<b>(60 243)</b>	<b>13 862</b>	<b>(2 053)</b>
Proceeds from issue of debt and change in overdraft facility	(8 225)	2 126	(760)	(10 773)	(16 462)
Net change in external interest-bearing debt	24 078	(11 545)	79 076	(16 384)	(83 757)
Net funds from issue of shares	-	7 000	-	23 000	23 000
Repayments to owners	-	-	-	-	(96 795)
Loan from owners	-	-	-	-	224 178
<b>Net cash flow from financing activities</b>	<b>15 853</b>	<b>(2 419)</b>	<b>78 316</b>	<b>(4 156)</b>	<b>50 163</b>
<b>Net change in cash and cash equivalents</b>	<b>(1 627)</b>	<b>6 038</b>	<b>1 568</b>	<b>5 416</b>	<b>(2 932)</b>
<b>Cash and cash equivalents beginning of the period</b>	<b>13 873</b>	<b>12 988</b>	<b>10 678</b>	<b>13 610</b>	<b>13 610</b>
<b>Cash and cash equivalents end of period</b>	<b>12 246</b>	<b>19 026</b>	<b>12 246</b>	<b>19 026</b>	<b>10 678</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of U.S. Dollars	Share capital	Share premium	Other paid-in capital	Other reserves	Retained earnings	TOTAL
<b>Balance as of December 31, 2019</b>	<b>68 003</b>	<b>312 844</b>	<b>(35 617)</b>	<b>154</b>	<b>(190 838)</b>	<b>154 547</b>
Net profit (loss)	-	-	-	-	(5 463)	(5 463)
Other comprehensive income (loss)	-	-	-	(11)	(79)	(90)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>(5 542)</b>	<b>(5 553)</b>
<b>Transactions with owners, recognized directly in equity:</b>						
Issue of shares	7 849	217 052	(725)	-	-	224 177
<b>Total transactions with owners, recognized directly in equity</b>	<b>7 849</b>	<b>217 052</b>	<b>(725)</b>	<b>-</b>	<b>-</b>	<b>224 177</b>
<b>Balance as of December 31, 2020</b>	<b>75 853</b>	<b>529 896</b>	<b>(36 342)</b>	<b>143</b>	<b>(196 425)</b>	<b>373 124</b>
Net profit (loss) for the first quarter	-	-	-	-	(9 852)	(9 852)
Other comprehensive income (loss)	-	-	-	-	2 957	2 957
<b>Total comprehensive income (loss) for the quarter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6 895)</b>	<b>(6 895)</b>
<b>Balance as of March 31, 2021</b>	<b>75 853</b>	<b>529 896</b>	<b>(36 342)</b>	<b>143</b>	<b>(203 321)</b>	<b>366 229</b>
Net profit (loss) for the second quarter	-	-	-	-	(3 208)	(3 208)
Other comprehensive income (loss)	-	-	-	-	3 388	3 388
<b>Total comprehensive income (loss) for the quarter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180</b>	<b>180</b>
<b>Balance as of June 30, 2021</b>	<b>75 853</b>	<b>529 896</b>	<b>(36 342)</b>	<b>143</b>	<b>(203 141)</b>	<b>366 409</b>

**NOTE 1 REPORTING ENTITY**

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

**Basis of accounting**

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

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

**Judgements, estimates and assumptions**

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

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

**NOTE 2 OPERATING SEGMENTS**

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

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

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

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

**Segment performance second quarter 2021**

Amounts in thousands of U.S. Dollars	Second Quarter 2021			TOTAL
	Ingredients	Brands	Adj	
Net sales	45 718	32 340	(3 796)	74 263
Cost of goods sold	(24 570)	(24 345)	4 322	(44 592)
<b>Gross profit</b>	<b>21 149</b>	<b>7 995</b>	<b>527</b>	<b>29 670</b>
Selling, general and administrative expense	(14 458)	(7 399)	-	(21 856)
Depreciation, amortization and impairment	(5 113)	(497)	(1 158)	(6 768)
Other operating income/(cost), net	(113)	-	-	(113)
<b>Operating profit</b>	<b>1 465</b>	<b>100</b>	<b>(631)</b>	<b>933</b>
Net financial items	(3 075)	(623)	-	(3 698)
<b>Profit (loss) before tax</b>	<b>(1 611)</b>	<b>(523)</b>	<b>(631)</b>	<b>(2 765)</b>
Tax expense	451	(894)	-	(443)
<b>Net profit (loss)</b>	<b>(1 160)</b>	<b>(1 417)</b>	<b>(631)</b>	<b>(3 208)</b>

**EBITDA reconciliation**

Amounts in thousands of U.S. Dollars	Second Quarter 2021			TOTAL
	Ingredients	Brands	Adj	
<b>Net profit (loss)</b>	<b>(1 160)</b>	<b>(1 417)</b>	<b>(631)</b>	<b>(3 208)</b>
Tax expense	(451)	894	-	443
Net financial items	3 075	623	-	3 698
Depreciation and amortization non-production assets	5 113	497	1 158	6 768
Depreciation and amortization production assets 1)	11 348	-	-	11 348
<b>EBITDA</b>	<b>17 925</b>	<b>597</b>	<b>527</b>	<b>19 049</b>
Special Operating Items	329	-	-	329
<b>Adjusted EBITDA</b>	<b>18 255</b>	<b>597</b>	<b>527</b>	<b>19 378</b>

## Segment performance second quarter 2020

Amounts in thousands of U.S. Dollars	Second Quarter 2020			
	Ingredients	Brands	Adj	TOTAL
Net sales	50 746	24 545	(3 130)	72 161
Cost of goods sold	(30 135)	(17 831)	2 037	(45 929)
<b>Gross profit</b>	<b>20 611</b>	<b>6 714</b>	<b>(1 094)</b>	<b>26 232</b>
Selling, general and administrative expense	(14 038)	(7 896)	-	(21 934)
Depreciation, amortization and impairment	(3 064)	24	(1 165)	(4 205)
Other operating income/(cost), net	714	-	(650)	64
<b>Operating profit</b>	<b>4 223</b>	<b>(1 158)</b>	<b>(2 909)</b>	<b>157</b>
Net financial items	(7 484)	(167)	(1 618)	(9 269)
<b>Profit (loss) before tax</b>	<b>(3 261)</b>	<b>(1 325)</b>	<b>(4 527)</b>	<b>(9 113)</b>
Tax expense	556	(509)	-	47
<b>Net profit (loss)</b>	<b>(2 705)</b>	<b>(1 834)</b>	<b>(4 527)</b>	<b>(9 065)</b>

Amounts in thousands of U.S. Dollars	Second Quarter 2020			
	Ingredients	Brands	Adj	TOTAL
<b>Net profit (loss)</b>	<b>(2 705)</b>	<b>(1 834)</b>	<b>(4 527)</b>	<b>(9 065)</b>
Tax expense	(556)	509	-	(47)
Net financial items	7 484	167	1 618	9 269
Depreciation and amortization non-production assets	4 473	62	(330)	4 205
Depreciation and amortization production assets 1)	7 821	-	-	7 821
<b>EBITDA</b>	<b>16 517</b>	<b>(1 095)</b>	<b>(3 239)</b>	<b>12 183</b>
Special Operating Items	(327)	4 804	906	5 383
<b>Adjusted EBITDA</b>	<b>16 190</b>	<b>3 709</b>	<b>(2 333)</b>	<b>17 566</b>

To reflect presentation and disclosure changes done in Q4-20 'Net sales' across the Ingredients and Brands segment has changed from USD 41.5 million to USD 50.7 million and from USD 32.7 million to USD 24.6 million in the segments respectively. Total Net sales for the group has not changed. For Q2-2020 the segment reporting deviates from primary statements due to allocation between Q1-2020 and Q2-2020. It does not impact the year to date figures and reflect what is reported to EMT.

## Segment performance year to date 2021

Amounts in thousands of U.S. Dollars	Year to date 2021			
	Ingredients	Brands	Adj	TOTAL
Net sales	76 042	55 529	(7 203)	124 368
Cost of goods sold	(42 477)	(41 646)	6 654	(77 469)
<b>Gross profit</b>	<b>33 565</b>	<b>13 883</b>	<b>(549)</b>	<b>46 899</b>
Selling, general and administrative expense	(28 787)	(12 750)	-	(41 537)
Depreciation, amortization and impairment	(8 229)	(1 071)	(2 311)	(11 611)
Other operating income/(cost), net	38	-	-	38
<b>Operating profit</b>	<b>(3 413)</b>	<b>62</b>	<b>(2 860)</b>	<b>(6 212)</b>
Net financial items	(6 118)	(1 235)	1 253	(6 099)
<b>Profit (loss) before tax</b>	<b>(9 531)</b>	<b>(1 173)</b>	<b>(1 607)</b>	<b>(12 311)</b>
Tax expense	676	(1 425)	-	(749)
<b>Net profit (loss)</b>	<b>(8 855)</b>	<b>(2 597)</b>	<b>(1 607)</b>	<b>(13 060)</b>

Amounts in thousands of U.S. Dollars	Year to date 2021			
	Ingredients	Brands	Adj	TOTAL
<b>Net profit (loss)</b>	<b>(8 855)</b>	<b>(2 597)</b>	<b>(1 607)</b>	<b>(13 060)</b>
Tax expense	(676)	1 425	-	749
Net financial items	6 118	1 235	(1 253)	6 099
Depreciation and amortization non-production assets	8 229	1 071	2 311	11 611
Depreciation and amortization production assets 1)	19 531	-	-	19 531
<b>EBITDA</b>	<b>24 346</b>	<b>1 133</b>	<b>(549)</b>	<b>24 930</b>
Special Operating Items	1 232	-	-	1 232
<b>Adjusted EBITDA</b>	<b>25 579</b>	<b>1 133</b>	<b>(549)</b>	<b>26 163</b>

Amounts in thousands of U.S. Dollars	Year to date 2021			
	Ingredients	Brands	Adj	TOTAL
Property, plant and equipment	324 894	316	-	325 210
Right to use asset (leasing)	12 887	490	-	13 377
Intangible assets	111 037	2 130	61 498	174 666
Cash and cash equivalents	6 379	5 867	-	12 246
Inventory	109 326	35 949	(3 748)	141 526
Interest-bearing debt	(262 842)	(63 468)	2 850	(323 460)
Net interest free asset and liabilities	67 167	6 845	(51 168)	22 844
<b>Total equity</b>	<b>368 848</b>	<b>(11 872)</b>	<b>9 432</b>	<b>366 409</b>



## Segment performance year to date 2020

Amounts in thousands of U.S. Dollars	Year to date 2020			
	Ingredients	Brands	Adj	TOTAL
Net sales	92 343	56 493	(5 933)	142 904
Cost of goods sold	(53 364)	(42 064)	3 600	(91 828)
<b>Gross profit</b>	<b>38 980</b>	<b>14 429</b>	<b>(2 333)</b>	<b>51 076</b>
Selling, general and administrative expense	(31 527)	(11 926)	-	(43 454)
Depreciation, amortization and impairment	(5 863)	(65)	(2 304)	(8 232)
Other operating income/(cost), net	919	-	-	919
<b>Operating profit</b>	<b>2 508</b>	<b>2 438</b>	<b>(4 637)</b>	<b>309</b>
Net financial items	(8 359)	(359)	(2 110)	(10 827)
<b>Profit (loss) before tax</b>	<b>(5 850)</b>	<b>2 079</b>	<b>(6 747)</b>	<b>(10 518)</b>
Tax expense	1 513	(1 777)	-	(264)
<b>Net profit (loss)</b>	<b>(4 337)</b>	<b>302</b>	<b>(6 747)</b>	<b>(10 782)</b>

## EBITDA reconciliation

Amounts in thousands of U.S. Dollars	Year to date 2020			
	Ingredients	Brands	Adj	TOTAL
<b>Net profit (loss)</b>	<b>(4 337)</b>	<b>302</b>	<b>(6 747)</b>	<b>(10 782)</b>
Tax expense	(1 513)	1 777	-	264
Net financial items	8 359	359	2 110	10 827
Depreciation and amortization non-production assets	5 863	65	2 304	8 232
Depreciation and amortization production assets 1)	15 310	-	-	15 310
<b>EBITDA</b>	<b>23 681</b>	<b>2 503</b>	<b>(2 333)</b>	<b>23 851</b>
Special Operating Items	341	6 030	-	6 371
<b>Adjusted EBITDA</b>	<b>24 022</b>	<b>8 533</b>	<b>(2 333)</b>	<b>30 222</b>

## Balance sheet items

Amounts in thousands of U.S. Dollars	Year to date 2020			
	Ingredients	Brands	Adj	TOTAL
Property, plant and equipment	288 913	317	-	<b>289 230</b>
Right to use asset (leasing)	13 663	726	-	<b>14 389</b>
Intangible assets	117 132	2 133	65 958	<b>185 223</b>
Cash and cash equivalents	11 414	7 612	-	<b>19 026</b>
Inventory	72 949	31 908	(4 440)	<b>100 417</b>
Interest-bearing debt	(353 655)	(65 017)	2 700	<b>(415 972)</b>
Net interest free asset and liabilities	1 122	(1 877)	(48 553)	<b>(49 308)</b>
<b>Total equity</b>	<b>151 538</b>	<b>(24 198)</b>	<b>15 665</b>	<b>143 005</b>

## Segment performance YEAR 2020

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

## EBITDA reconciliation

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

## Balance sheet items

Amounts in thousands of U.S. Dollars	Year to date 2020			
	Ingredients	Brands	Adj	TOTAL
Property, plant and equipment	266 248	308	-	<b>266 556</b>
Right to use asset (leasing)	12 561	584	-	<b>13 145</b>
Intangible assets	114 617	2 132	63 803	<b>180 552</b>
Cash and cash equivalents	7 774	2 903	-	<b>10 678</b>
Inventory	80 502	36 729	(2 672)	<b>114 559</b>
Interest-bearing debt	(179 879)	(65 770)	2 850	<b>(242 799)</b>
Net interest free asset and liabilities	72 146	10 639	(52 304)	<b>30 480</b>
<b>Total equity</b>	<b>373 968</b>	<b>(12 475)</b>	<b>11 677</b>	<b>373 170</b>

**NOTE 3 ADJUSTED EBITDA**

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

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

Amounts in thousands of U.S. Dollars	Second Quarter		Year to date		Year
	2021	2020	2021	2020	2020
<b>Net profit (loss)</b>	<b>(3 208)</b>	<b>(8 415)</b>	<b>(13 060)</b>	<b>(10 782)</b>	<b>(5 463)</b>
Tax expense	443	(47)	749	264	6 151
Net financial items	3 698	9 269	6 099	10 827	6 312
<b>Operating profit</b>	<b>933</b>	<b>807</b>	<b>(6 212)</b>	<b>309</b>	<b>7 000</b>
Depreciation, amortization and impairment non-production assets	6 768	4 205	11 611	8 232	17 125
Depreciation, amortization and impairment production assets 1)	11 348	7 821	19 531	15 310	32 518
<b>EBITDA</b>	<b>19 049</b>	<b>12 833</b>	<b>24 930</b>	<b>23 851</b>	<b>56 643</b>
Special operating items	329	4 733	1 232	6 371	21 462
<b>Adjusted EBITDA</b>	<b>19 378</b>	<b>17 566</b>	<b>26 163</b>	<b>30 222</b>	<b>78 106</b>

1) Included in cost to inventory

**NOTE 4 MEASUREMENT UNCERTAINTY**

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

The Group has not identified any material impact from Covid-19 in the condensed consolidated financial statement as of 30 June 2021 which requires any changes in the management's judgement, estimates or assumptions.

**NOTE 5 PROPERTY, PLANT AND EQUIPMENT**

As of 30 June, 2021

Amounts in thousands of U.S. Dollars	Vessels, transportation equipment, etc	Machinery	Asset under construction	Buildings and Land	TOTAL
<b>Acquisition cost as of 1 January, 2021</b>	<b>206 606</b>	<b>157 337</b>	<b>12 481</b>	<b>18 623</b>	<b>395 047</b>
Investments	1 361	1 426	56 503	19	<b>59 309</b>
Asset retirements	(1 283)	(936)	-	-	<b>(2 219)</b>
Other reclassifications 1)	71 668	(11)	(52 336)	-	<b>19 321</b>
<b>Acquisition cost as of 30 June, 2021</b>	<b>278 352</b>	<b>157 815</b>	<b>16 648</b>	<b>18 642</b>	<b>471 457</b>
<b>Acc. depreciation and impairment as of 1 January, 2021</b>	<b>(69 699)</b>	<b>(52 883)</b>	<b>(2 655)</b>	<b>(3 254)</b>	<b>(128 491)</b>
Depreciation for the year	(9 356)	(8 264)	-	(272)	<b>(17 892)</b>
Impairment	(1 812)	-	-	(271)	<b>(2 083)</b>
Asset retirements	1 291	927	-	-	<b>2 218</b>
Other reclassifications	-	-	-	-	-
<b>Acc. depreciation and impairment as of 30 June, 2021</b>	<b>(79 576)</b>	<b>(60 219)</b>	<b>(2 655)</b>	<b>(3 797)</b>	<b>(146 247)</b>
<b>Book value as of 30 June, 2021</b>	<b>198 776</b>	<b>97 596</b>	<b>13 993</b>	<b>14 845</b>	<b>325 210</b>
Depreciation period	10-30 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

In February 2021, Aker BioMarine Antarctic AS took delivery of Antarctic Provider. The new vessel was operational early Q2 2021.

The Group's old supply vessel La Manche, will be taken out of operations in August 2021. Depreciation on La Manche has been accelerated in the Q2-21 by USD 1.2 million to reflect changes in useful life and the agreed sales price of the vessel. The book value of La Manche after accelerated depreciation is USD 1.3 million.

As of 31 December, 2020

Amounts in thousands of U.S. Dollars	Vessels, transportation equipment, etc	Machinery	Asset under construction	Buildings and Land	TOTAL
<b>Acquisition cost as of 1 January, 2020</b>	<b>215 303</b>	<b>134 009</b>	<b>41 222</b>	<b>18 559</b>	<b>409 092</b>
Investments	4 145	7 088	10 355	66	21 654
Sale of vessel	-	-	(26 336)	-	(26 336)
Asset retirements	(1 535)	(2 793)	-	(2)	(4 330)
Other reclassifications 1)	(11 307)	19 033	(12 760)	-	(5 034)
<b>Acquisition cost as of 31 December, 2020</b>	<b>206 606</b>	<b>157 337</b>	<b>12 481</b>	<b>18 623</b>	<b>395 047</b>
<b>Acc. depreciation and impairment as of 1 January, 2020</b>	<b>(59 404)</b>	<b>(36 312)</b>	<b>(8 555)</b>	<b>(2 454)</b>	<b>(106 726)</b>
Depreciation for the year	(15 751)	(14 571)	-	(554)	(30 875)
Sale of vessel	-	-	5 900	-	5 900
Impairment	(1 150)	-	-	(246)	(1 396)
Asset retirements	1 535	2 324	-	-	3 859
Other reclassifications	5 071	(4 324)	-	-	747
<b>Acc. depreciation and impairment as of 31 December, 2020</b>	<b>(69 699)</b>	<b>(52 883)</b>	<b>(2 655)</b>	<b>(3 254)</b>	<b>(128 491)</b>
<b>Book value as of 31 December, 2020</b>	<b>136 907</b>	<b>104 454</b>	<b>9 826</b>	<b>15 369</b>	<b>266 556</b>
Depreciation period	10-30 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

**Specification depreciation and amortization**

Amounts in thousands of U.S. Dollars	As of 30.06 2021	As of 31.12 2020
Depreciation for the year for property, plant & equipment	(17 892)	(30 875)
Impairment	(2 083)	(1 396)
Amortization for the year Intangible assets	(6 845)	(10 158)
Amortization for the year Contract cost	(1 000)	(833)
Leasing (ROU) depreciation	(3 320)	(6 381)
<b>Total</b>	<b>(31 140)</b>	<b>(49 643)</b>
Depreciation, amortization and impairment non-production assets	(11 610)	(17 125)
Depreciation, amortization and impairment production assets and included in cost to inventory	(19 530)	(32 518)

**NOTE 6 INTANGIBLE ASSETS**

As of 30 June, 2021

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Fishing licences	Customer relation	Trademark	TOTAL
<b>Acquisition cost as of 1 January, 2021</b>	<b>94 612</b>	<b>5 318</b>	<b>2 396</b>	<b>10 500</b>	<b>91 650</b>	<b>5 675</b>	<b>210 151</b>
Additions - external cost	-	959	-	-	-	-	959
<b>Acquisition cost as of 30 June, 2021</b>	<b>94 612</b>	<b>6 277</b>	<b>2 396</b>	<b>10 500</b>	<b>91 650</b>	<b>5 675</b>	<b>211 110</b>
<b>Amortization and impairment losses as of 1 January, 2021</b>	<b>-</b>	<b>(5 245)</b>	<b>(959)</b>	<b>-</b>	<b>(23 395)</b>	<b>-</b>	<b>(29 599)</b>
Amortization/ impairment for the year	-	-	(266)	-	(5 679)	(900)	(6 845)
<b>Amortization and impairment losses as of 30 June, 2021</b>	<b>-</b>	<b>(5 245)</b>	<b>(1 225)</b>	<b>-</b>	<b>(29 074)</b>	<b>(900)</b>	<b>(36 444)</b>
<b>Book value as of 30 June, 2021</b>	<b>94 612</b>	<b>1 032</b>	<b>1 171</b>	<b>10 500</b>	<b>62 576</b>	<b>4 775</b>	<b>174 666</b>
Depreciation period		10-30 years	3-20 years		7-10 years		
Depreciation method		Straight-line	Straight-line		Straight-line		

During Q2 2021, Management determined there was an impairment indicator due to declining sale to certain customers included as an intangible asset under Customer relationships. The recoverable amount of the customer relationship was determined using a multi-period excess earnings method and was determined to be lower than the carrying value, resulting in an impairment of USD 0.9m for the customer portfolio and USD 0.9m on the trademark.

As of 31 December, 2020

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

**NOTE 7 INVENTORIES**

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

During the second quarter there has been a further build-up of inventory in the Ingredients segment, from USD 80.5 million at 31 December 2020 to USD 107.2 million as of 30 June 2021. The inventory levels have been relatively flat in the Brands segment throughout the reporting periods.

Amounts in thousands of U.S. Dollars	Ingredients	Brands	Adj	Total
Raw materials	2 150	12 903	-	15 053
Goods under production/ Semi finished	-	12 837	-	12 837
Finished goods	107 176	10 501	(4 040)	113 637
<b>Inventory at 30 June 2021</b>	<b>109 326</b>	<b>36 241</b>	<b>(4 040)</b>	<b>141 526</b>

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

**NOTE 8 SUBSEQUENT EVENTS**

On 5 July 2021, a subsidiary of the Company signed an agreement with an external party for delivery of the production equipment for the krill protein launch plant in Ski. The firm commitment in the contract is EUR 11.2 million to be paid as milestone payments throughout 2021 and 2022.

**ALTERNATIVE PERFORMANCE MEASURES (APMs)**

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

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

**The Group uses the following APMs in the reporting:**

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

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

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

Amounts in thousands of U.S. Dollars	Second Quarter		Year to date		Year
	2021	2020	2021	2020	2020
<b>Net profit (loss)</b>	<b>(3 208)</b>	<b>(8 415)</b>	<b>(13 060)</b>	<b>(10 782)</b>	<b>(5 463)</b>
Tax expense	443	(47)	749	264	6 151
Net financial items	3 698	9 269	6 099	10 827	6 312
<b>Operating profit</b>	<b>933</b>	<b>807</b>	<b>(6 212)</b>	<b>309</b>	<b>7 000</b>
Depreciation, amortization and impairment non-production assets	6 768	4 205	11 611	8 232	17 125
Depreciation, amortization and impairment production assets 1)	11 348	7 821	19 531	15 310	32 518
<b>EBITDA</b>	<b>19 049</b>	<b>12 833</b>	<b>24 930</b>	<b>23 851</b>	<b>56 643</b>
Special operating items	329	4 733	1 232	6 371	21 462
<b>Adjusted EBITDA</b>	<b>19 378</b>	<b>17 566</b>	<b>26 163</b>	<b>30 222</b>	<b>78 106</b>

1) Included in cost to inventory

The following table reconcile Special operating items in the above table.

Amounts in thousands of U.S. Dollars	Second Quarter		Year to date		Year
	2021	2020	2021	2020	2020
Juvel gain and operating cost - 'Gains/ losses on sale of assets'	-	-	-	-	(1 052)
Legal expenses- SG&A	-	-	-	-	362
Transaction related costs- SG&A	329	-	1 232	-	2 155
Launch cost'- SG&A	-	-	-	-	17 016
Other- 'Cost of goods sold'	-	-	-	-	2 981
<b>Total special operating items</b>	<b>329</b>	<b>4 733</b>	<b>1 232</b>	<b>6 371</b>	<b>21 462</b>

APMs recognized in Q2-21 is mainly a continuation of the transaction related costs the Group had in 2020. In Q1-21 the Company's shares were transferred to Oslo Børs. All costs associated with the transfer of venue have been recognized as an APM, as no new equity was raised. Launch costs have not been assessed as an APM in 2021 (as the Kori brand was launched in the US in 2020). However, for comparison, marketing related costs on Kori in Q2-21 amounted to USD 4.1 million (USD 6.3 million year to date).

## DIRECTORS' RESPONSIBILITY STATEMENT

Today, the Board of Directors and the company's chief executive officer reviewed and approved the unaudited condensed interim consolidated financial statements and interim financial report as of 30 June 2021 and the first six months of 2021.

The interim consolidated financial statement has been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:

- The interim consolidated financial statement for the first six months of 2021 has been prepared in accordance with applicable accounting standards.
- The information disclosed in the accounts provides a true and fair portrayal of the Group's assets, liabilities, financial position, and profit as of 30 June 2021. The interim management report for the first six months of 2021 also includes a fair overview of key events during the reporting period and their effect on the financial statement for the first half-year of 2021. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Fornebu, 13 July 2021

**Aker BioMarine ASA**

