

Third quarter report 2022



AKER BIOMARINE

www.akerbiomarine.com

THIS IS AKER BIOMARINE

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

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

Aker BioMarine is committed to having a positive impact on human health, without compromising the health of the planet. The company has set clear and measurable ESG targets and is committed to delivering products that support nutritious and sustainable diets, with a target of 50% emissions reduction by 2030, with the goal of being carbon neutral by 2050. The company's bank loan is established as a sustainability linked facility with ESG KPIs that are reported on an annual basis.

THIRD QUARTER HIGHLIGHTS

- Revenues of USD 67.9 million in the quarter, 10% up from same quarter last year (USD 62.0 million)
- Adjusted EBITDA of USD 18.8 million in the quarter, with 28% Adjusted EBITDA margin, compared to USD 14.7 million and 24% same quarter last year
- Sales in the Ingredients segment increased by 11% from same quarter last year as a result of strong development in Qrill Aqua sales, which was up 24%. Sales of Superba krill oil were up 4% from same quarter last year
- Sales in the Brands segment were up 10% from same quarter last year as a result of higher Lang sales and increased Epion sales of Kori krill oil
- Offshore production volume was 12,737 MT in the quarter, 77% above same quarter last year. Total volume YTD was 50,079 MT, 23% higher than same period last year
- First commercial agreement signed for Lysoвета, with the aim to develop medical foods products targeting Alzheimer's disease, male infertility and gestational diabetes, in addition to pre-natal supplements in the US

GROUP FINANCIAL SUMMARY

USD million	Third quarter		YTD		
	2022	2021	2022	2021	2021
Net sales	67.9	62.0	198.2	186.3	262.1
Gross margin	46%	35%	42%	37%	34%
Operating profit	31.2	-2.2	83.0	-8.4	-13.7
Net profit (loss)	4.6	13.5	16.2	0.4	-8.0
Adjusted EBITDA*	18.8	14.7	48.3	40.8	47.9
Cash flow from operations	0.4	11.5	-9.6	-5.0	0.7
CAPEX	-10.6	-5.7	-26.3	-66.0	-79.2
Equity	380.5	379.6	380.5	379.6	370.4
Total assets	796.6	765.5	796.6	765.6	757.5
Net interest-bearing debt	360.1	305.5	360.1	305.5	313.7

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

OPERATIONAL REVIEW

INGREDIENTS SEGMENT

Offshore production of krill meal was 12,737 MT in the quarter, 77% above same period last year, and the highest third quarter production in the company's history. All vessels have performed well and the offshore operation has been according to plan. The vessels left the fishing ground in September to sail to annual shipyard in Montevideo and Cape Town. Antarctic Provider, the service vessel, transported Qrill Aqua to Europe and is currently in Norway to undergo maintenance. The vessel will return with fuel sourced in Europe at a lower cost than if sourced locally in South America.

As planned, the production plant in Houston had no production activity in the quarter. The plant is currently undergoing certain upgrades and improvements as well as preparation for production of new products like Lysoveta and PL+ starting next year.

Ingredients sales were USD 44.4 million for the quarter, 11% up from same period last year. Sales in the Qrill category increased 16% compared to third quarter last year, driven by both higher volumes and prices for Qrill Aqua which was up 24%, while the Qrill High Protein (QHP) was down 35% as there were no production in Houston. The company implemented a price increase for Qrill Aqua, and as a result, average prices increased around 15% compared to the same quarter last year. Superba sales were up 4% compared to the same quarter last year with volume being 8% above last year, while customer mix drove the average price down. The plan for accelerated growth of the Superba business is progressing, and the company targets a sales increase in the fourth quarter based on the current sales and pipeline.

In the quarter, the first commercial Lysoveta partnership was signed as a result of the agreement with Michael Davidson from 2021. Aker BioMarine has signed an agreement with Trofi Nutritional Inc. ("Trofi") with the aim to develop medical foods products based on Lysoveta, targeting Alzheimer's disease, male infertility and gestational diabetes, in addition to pre-natal supplements in the US. Under the agreement, Aker BioMarine will license, with associated royalties on sales, relevant intellectual property rights and supply Lysoveta to Trofi, who will invest in clinical trials with the aim to develop and commercialize certain medical foods within the fields. Launch of first medical food and dietary supplement is planned for 2024.

BRANDS SEGMENT

Total sales in Brands were USD 27.3 million for the quarter, 10% higher compared to same period last year. Sales of the Kori brand through Epion increased in the quarter. Epion recently launched another innovation product, a multi-benefit omega-3 gummies supplement, currently being tested on Amazon. Sales in the private label company, Lang Pharma Nutrition, increased compared to same quarter last year mainly driven by the development of the Kori brand, but also growth in key customers like Costco and CVS. Lang was hit by inflation in the quarter as higher ingredients costs have cycled through the inventory impacting gross margins for the quarter. The company has implemented price increases for all retailers, coming into effect at the end of the quarter. With the implemented price increases, the company expects gross margins in Q4 2022 to be at or above the historical level.

	Unit	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	2021
Offshore production, krill meal	Tons	7.195	3.101	20.809	16,534	12,737	43.756
Revenue per product*:							
Krill Oil	USD mill.	13.3	23.7	12.7	14.5	13.9	71.3
Qrill Aqua	USD mill.	22.0	27.1	14.1	30.8	27.3	83.1
Brands	USD mill.	24.8	30.0	30.5	27.2	27.3	110.4
Other**	USD mill.	4.5	2.8	3.3	3.8	3.4	14.9

* Excluding eliminations between Ingredients and Brands

** "Other" includes Qrill Pet, QHP and Asta oil

FINANCIAL REVIEW

Revenue in the quarter was USD 67.9 million, up 10% from the same period last year. Sales in the Ingredients segment increased 11% from last year to USD 44.4 million, while sales in the Brands segment was 10% higher at USD 27.3 million. Internal sales between segments are eliminated. Gross revenue distribution in the quarter was 62% for Ingredients and 38% for Brands, equal to third quarter last year.

Adjusted EBITDA in the quarter was USD 18.8 million, an increase from USD 14.7 million same period last year. The increase is driven by high Qrill Aqua sales coupled with strong harvesting volumes resulting in lower production costs in the Ingredients segment and consequently higher gross margins. In the Brands segment, lower cost of goods sold compared to same period last year resulted in higher gross margins and consequently higher EBITDA. Increased sales from the Brands segment to external customers led to profit realization in the quarter. Lang has increased prices in September across most categories to offset inflation. However, this had limited effect in the third quarter. In the Ingredients segment, there are cost increases for crew travels and product freight, and the company is currently working on mitigating measures. Utilizing Antarctic Provider to supply Qrill Aqua to Europe is one example of implemented initiatives.

There were no EBITDA adjustments in the quarter.

In the Ingredients segment, gross margin was 48% in the quarter, up from 42% same period last year. The increased margin is a result of higher harvesting in the second quarter compared to second quarter last year, leading to lower unit cost and improved margin for Qrill Aqua sales in the subsequent quarter, in addition to higher sales prices on Qrill Aqua.

In the Brands segment, gross margin was 32% in the quarter, up from 22% same period last year, as a result of increased Kori krill oil sales carrying a higher gross profit margin than the Lang business. Epion still has negative EBITDA margin as the brand continues to make marketing investments. Third quarter marketing spend for Epion was USD 1.8 million.

For the company, gross margin was 46%, significantly up from 35% same period last year, mainly driven by strong krill harvesting and increased sales in Brands.

As of 30 September, total assets were USD 796.6 million, up from USD 765.5 million at same period last year. The increase relates to inventory build-up of krill oil as a result of high production in Houston until June this year to ensure safety stock while the plant is in shutdown, and increased receivables as a result of high Qrill Aqua sales.

Total interest-bearing debt was at USD 373.6 million, including IFRS 16 leasing commitments of USD 11.1 million as of 30 September. Cash amounted to USD 13.6 million, implying net interest-bearing debt of USD 360.1 million, up from USD 305.5 million same period last year. The increase is driven by development of the INVI protein and Lysoveta businesses, as well as general working capital and payment of the Lang earn-out in the second quarter.

As of 30 September, total available liquidity was USD 52.1 million, consisting of cash and available amounts under the debt facilities.

Cash flow from operations was positive by USD 0.4 million in the quarter, with a negative change in working capital due to build-up of Qrill Aqua inventory as a result of strong harvesting. Cash flow from investing activities included payments for certain growth projects like INVI protein launch plant and Lysoveta product development. Net cash flow was negative at USD 3.6 million in the quarter.

The company has obtained a covenant waiver from its bank group for the third quarter. The waiver sets out a new maximum threshold up to 6.5:1 (net interest-bearing debt / 12 month Adjusted EBITDA).

Net profit for the quarter was positive USD 4.6 million.

In the quarter, the company's option contracts for future delivery of fuel in Rotterdam were in-the-money. Based on the volumes consumed in the quarter, the net gain on the contracts were USD 13.6 million recognized as fuel inventory. The unrealized loss for the quarter on the remaining option contracts was USD 3.7 million recognized in the Condensed consolidated statement of comprehensive income. The total fair value at the end of the quarter of the remaining options was USD 13.1 million, which is booked as derivative asset.

Total equity was USD 380.5 million, implying an equity ratio of 48%.

HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT

Aker BioMarine has set clear and tangible ESG targets towards 2030 and 2050 and works closely with all stakeholders to ensure the well-being of people, environment, and communities in vicinity of our operations. The company works to improve the operations and are committed to reach our target of 50% reduction in CO₂ intensity by 2030 compared to 2020. The company is currently working on process optimization, more efficient offshore operations and energy efficiency measures to reduce the CO₂ intensity. The transport vessel Antarctic Provider, in operation in 2021, is an example of a future-minded sustainability measure which makes a substantial contribution towards our goal by being highly fuel efficient.

Sick leave rates are low onboard the vessels, at the factory in Houston, and in the office locations. Sick leave in the third quarter was lower for all sites, except for an increase in Houston.

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

	Unit	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	2021
CO ₂ per ton krill meal produced *	Tons	2.6	2.7	2.5	2.4	2.3	2.7
Lost Time Injuries (LTI) **	Amount	1	3	-	-	2	9
Sick leave ***	Percent	0.4%	0.0%	1.1%	1.2%	0.9%	0.5%

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

**LTI: any injury that causes the person to be off work the following day. For the vessels this is extended to two shifts. Due to a change in recording definition in 2022, numbers are not necessarily comparable between 2021 and 2022.

*** Sick leave: all sites and vessels.

RISKS AND UNCERTAINTIES

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

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

Short to medium term, the company considers general cost inflation to be a risk.

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

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

OUTLOOK

For 2022, Aker BioMarine targets revenue growth of 8%-12%, with an adj. EBITDA margin of 23-26%. The company expects a lower revenue growth and at the same time higher margins than previously targeted, which implies an unchanged targeted adj. EBITDA.

The demand for Qrill Aqua is high and the company targets around 30% revenue increase in 2022. The strong krill harvesting season combined with higher prices for Qrill Aqua will significantly increase the margin for the Qrill category for the year.

The plan for Superba sales acceleration is progressing well across all regions, even if sales in 2022 will be lower than targeted. The current macroeconomic climate with soaring inflation, Asian Covid-19 restrictions, and the company's organizational reset has impacted sales recovery. Aker BioMarine targets increased Superba sales in the fourth quarter, but expects the revenue for the full year to be 10%-15% lower than 2021. Based on the momentum in the sales acceleration plan, the company still targets 15-20% annual sales growth from 2023 and onwards. In South Korea, the final submission of a health claim application for Superba krill oil has finalized with the Ministry of Food and Drug Safety, and the company anticipates a decision to take place during the fourth quarter.

The offshore production from krill harvesting in Antarctica is 50,100 tons year-to-date, 23% above the previous year. The harvesting vessels are expected to return to the fishing ground in the second half of November and the company expects 2022 to be what we define as a normal harvesting season of above 55,000 tons.

OVERVIEW OF NEWSFLOW DURING THIRD QUARTER AND KEY SUBSEQUENT EVENTS

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

DATE NEW PUBLICATIONS AND SCIENCE

28 Jul	<p><i>New study demonstrates positive effects of krill oil to improve osteoarthritis of the knee</i></p> <p>A new study conducted by CSIRO, Australia's national science agency, across three clinical trial sites in Australia, and sponsored by Swisse's H&H Research, investigated the effects of krill oil on adults suffering from mild to moderate knee osteoarthritis and concluded that krill oil resulted in improvements in knee pain, stiffness and physical function in adults with mild to moderate knee osteoarthritis</p>
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DATE OTHER NEWS

31 Aug	<p><i>Aker BioMarine's patent portfolio is strengthened in the US</i></p> <p>The United States Patent Trial and Appeal Board (PTAB) has rejected a challenge against Aker BioMarine's patent which protects capsules of high-quality krill oil comprising at least 35 percent phospholipids and low levels of free fatty acids. The result is giving Aker BioMarine a strong patent covering sales of krill oil in US until March 2028</p>
1 Sep	<p><i>First commercial agreement signed for Lysoвета</i></p> <p>As a result of the collaboration with Michael Davidson, Aker BioMarine has signed an agreement with Trofi Nutritional Inc. with the aim to develop medical foods products based on Lysoвета, targeting Alzheimer's disease, male infertility and gestational diabetes, in addition to pre-natal supplements in the US.</p>
6 Sep	<p><i>Aker BioMarine, CSIRO and Swisse are winners of the 2022 Nutra Ingredients Asia Award</i></p> <p>The award recognizes the best game-changing nutrition research projects that push the boundaries of nutritional science with a significant impact on public health and human nutrition.</p> <p>The winning entry was titled "Effects of Swisse High Strength Deep Sea Krill Oil (Superba Boost) on adults suffering from mild to moderate osteoarthritis"</p>

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

USD million	Note	Third Quarter		YTD		Year
		2022	2021	2022	2021	2021
Net sales	2	67.9	61.9	198.2	186.3	262.1
Cost of goods sold	2	-36.6	-40.5	-115.2	-117.9	-174.0
Gross profit		31.2	21.5	83.0	68.4	88.1
Selling, general and administrative expense	2	-20.8	-21.5	-64.3	-63.0	-85.7
Depreciation, amortization and impairment	2,5,6	-4.2	-5.2	-12.5	-16.8	-19.2
Other operating income	2	0.1	2.9	10.1	3.0	3.1
Other operating cost	2	-	-	-	-	-
Operating profit		6.4	-2.2	16.2	-8.4	-13.7
Net financial items		-1.2	15.6	-5.4	9.4	6.3
Tax expense		0.6	0.2	-1.0	-0.6	-0.6
Net profit (loss)		4.6	13.5	9.8	0.4	-8.0

Earnings per share to equityholders of Aker BioMarine ASA

Basic	0.05	0.15	0.11	0.01	-0.07
Diluted	0.05	0.15	0.11	0.01	-0.07

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

USD million	Note	Third Quarter		YTD		Year
		2022	2021	2022	2021	2021
Net profit (loss)		4.6	13.5	9.8	0.4	-8.0
Change in fair value cash flow hedges		-3.7	-0.3	0.4	6.0	5.2
Total items that will be reclassified to profit and loss		-3.7	-0.3	0.4	6.0	5.2
Total other comprehensive income (loss)		-3.7	-0.3	0.4	6.0	5.2
Total comprehensive income (loss)		0.9	13.2	10.2	6.5	-2.8

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD million	Note	As of 30.09.2022	As of 30.09.2021	As of 31.12.2021
ASSETS				
Property, plant and equipment	5	325.1	322.5	327.9
Right to use assets		10.7	12.3	11.3
Intangible assets and goodwill	6	162.6	172.6	171.5
Contract cost		5.7	7.7	7.2
Other non-interest-bearing non-current receivables		2.6	-	-
Investments in equity-accounted investees		11.3	0.1	0.1
Total non-current assets		518.0	515.3	518.0
Inventories	7	180.5	150.4	138.2
Trade receivable and prepaid expenses		71.5	67.5	77.7
Derivative assets	8	13.1	12.8	12.5
Cash and cash equivalents		13.5	19.6	11.1
Total current assets		278.5	250.2	239.5
Total assets		796.6	765.5	757.5
LIABILITIES AND OWNERS' EQUITY				
Share capital		76.1	75.9	75.9
Other paid-in equity		493.6	493.6	493.6
Total paid-in equity		569.9	569.4	569.4
Translation differences and other reserves		5.4	0.1	5.4
Retained earnings		-194.4	-190.0	-204.4
Total equity		380.5	379.6	370.4
Interest-bearing debt	9	316.4	287.8	294.1
Other non-interest-bearing non-current liabilities		5.6	17.4	15.7
Total non-current liabilities		322.0	305.2	309.8
Interest-bearing current liabilities	9	57.2	37.3	30.7
Accounts payable and other payables		36.9	43.5	46.6
Total current liabilities		94.0	80.7	77.3
Liabilities held for sale		-	-	-
Total liabilities		416.0	385.9	387.1
Total equity and liabilities		796.6	765.5	757.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

USD million	Third Quarter		YTD		Year
	2022	2021	2022	2021	2021
Net profit (loss) after tax	4.6	13.5	9.8	0.4	-8.0
Tax expenses	0.6	-0.2	1.0	0.6	0.6
Net interest and guarantee expenses	-0.4	3.5	1.2	10.0	13.7
Interest paid	-3.1	-2.6	-10.3	-8.2	-12.8
Interest received	0.1	-	0.1	-	-
Taxes paid	-0.4	0.4	-2.2	3.3	3.3
Other P&L items with no cash flow effect	-	-19.6	-10.7	-19.6	-21.1
Impairment charges	-	-	-	3.9	5.8
Depreciation and amortization	12.7	18.0	38.9	45.3	51.1
Foreign exchange loss (gain)	2.1	-0.2	8.3	-0.3	-0.3
Change in accounts receivable, other current receivables, inventories, accounts payable and other	-15.7	-1.4	-45.7	-40.4	-31.6
Net cash flow from operating activities	0.4	11.5	9.6	-5.0	0.7
Payments for property, plant and equipment	-10.6	-5.2	-24.2	-64.5	-78.7
Payments for intangibles	-	-0.5	-2.1	-1.4	-2.4
Earn Out payment	-	-	-11.1	-	-
Proceeds from sales of property, plant and equipments	-	-	-	-	1.9
Investments in subsidiary and associated companies	-	-	-	-	-
Net cash flow from investing activities	-10.6	-5.7	-37.5	-66.0	-79.2
Proceeds from issue of debt and change in overdraft facility	7.4	2.1	26.2	1.4	4.2
Net change in external interest-bearing debt	-0.6	-0.6	22.9	78.5	74.7
Net funds from issue of shares	-0.2	-	0.2	-	-
Net cash flow from financing activities	6.7	1.6	49.4	79.9	78.9
Net change in cash and cash equivalents	-3.6	7.3	2.3	8.9	0.5
Cash and cash equivalents beginning of the period	17.0	12.2	11.1	10.7	10.7
Cash and cash equivalents end of period	13.5	19.6	13.5	19.6	11.1

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

USD million	Share capital	Share premium	Other paid-in capital	Other reserves	Retained earnings	Total
Balance as of 1 January, 2021	75.9	529.9	-36.3	0.1	-196.8	373.2
Net profit (loss)	-	-	-	-	0.4	0.4
Other comprehensive income (loss)	-	-	-	-	6.0	6.0
Capital Increase	-	-	-	-	-	-
Other items	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	-	6.4	6.4
Balance as of 30 September, 2021	76.1	529.9	-36.3	0.1	-190.0	379.6
Balance as of January 1, 2022	75.9	529.9	-36.3	5.4	-204.4	370.4
Net profit (loss)	-	-	-	-	9.8	9.8
Other comprehensive income (loss)	-	-	-	-	0.4	0.4
Capital Increase	0.2	-	-	-	-	0.2
Other items	-	-	-	-	-0.3	-0.3
Total comprehensive income (loss)	0.2	-	-	-	9.9	10.1
Balance as of 30 September, 2022	76.1	529.9	-36.3	5.4	-194.4	380.5

NOTE 1 REPORTING ENTITY

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

Basis of accounting

The Group's unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The Condensed interim statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements that are part of the Annual Report for 2021. 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 2021 (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 2021 annual consolidated financial statements.

NOTE 2 OPERATING SEGMENTS

The Group's operating segments are separately managed and segregated as they serve different markets. The identified segments are the Ingredients business, and the Brands business, see note 3 in the financial statements for the year ended 31 December 2021, for more information.

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

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

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

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

Segment information provided to the Executive Management Team (EMT)

The table below shows the segment information provided to the EMT for the reportable segments for Q3, YTD Q3, full year 2021 and comparable periods. The table below also shows the basis on which revenue is recognized.

USD million	Third Quarter 2022			
	Ingredients	Brands	Adj	Total
Net sales	44.4	27.3	-3.8	67.9
Cost of goods sold	-23.3	-18.5	5.1	-36.6
Gross profit	21.1	8.8	1.3	31.2
SG&A	-14.3	-7.5	1.0	-20.8
Depreciation, amortization and impairment	-1.7	-0.5	-2.0	-4.2
Other operating income/(cost), net	0.1	-	-	0.1
Operating profit	5.2	0.8	3.6	6.4
Net financial items	0.2	-1.3	0.1	-1.2
Profit (loss) before tax	5.4	-0.5	0.3	5.2
Tax expense	-	-0.6	-	-0.6
Net profit (loss)	5.4	-1.1	0.3	4.6

EBITDA reconciliation USD million	Third Quarter 2022			
	Ingredients	Brands	Adj	Total
Net profit (loss)	5.4	-1.1	0.3	4.6
Tax expense	-	0.6	-	0.6
Net financial items	0.2	1.3	-	1.2
Depreciation and amortization non-production assets	1.7	0.5	2.0	4.2
Depreciation and amortization production assets ¹⁾	8.2	-	-	8.2
EBITDA	15.1	1.3	2.3	18.8
Special Operating Items	-	-	-	-
Adjusted EBITDA	15.1	1.3	2.3	18.8
Adj EBITDA margin %	34%	5%	29%	28%
Gross profit %	48%	32%	15%	46%

1) Included in Cost of Goods Sold

USD million	Third Quarter 2022			
	Ingredients	Brands	Adj	Total
Internal sales	3.8	-	-3.8	-
External sales	40.6	27.3	-	67.9
Net sales	44.4	27.3	-3.8	67.9

Segment performance Q3 2021

USD million	Third Quarter 2021			Total
	Ingredients	Brands	Adj	
Net sales	39.8	24.8	-2.7	62
Cost of goods sold	-23.2	-19.3	2.0	-40.5
Gross profit	16.6	5.5	-0.7	21.5
SG&A	-15.6	-6.7	0.9	-21.5
Depreciation, amortization and impairment	-3.6	-0.5	-1.2	-5.2
Other operating income/(cost), net	3.0	-	-	3.0
Operating profit	0.5	-1.7	-0.9	-2.2
Net financial items	-3.4	-0.7	19.6	15.6
Profit (loss) before tax	-2.9	-2.4	-18.7	13.3
Tax expense	0.7	-0.6	-	0.2
Net profit (loss)	-2.2	-3.0	18.7	13.5

EBITDA reconciliation USD million	Third Quarter 2021			Total
	Ingredients	Brands	Adj	
Net profit (loss)	-2.2	(3)	18.7	13.5
Tax expense	-0.7	0.6	-	-0.2
Net financial items	3.4	0.7	-19.6	-15.6
Depreciation and amortization non-production assets	3.6	0.5	1.1	5.2
Depreciation and amortization production assets	9.4	-	-	9.4
EBITDA	13.4	-1.2	0.2	12.4
Special Operating Items	2.3	-	-	2.3
Adjusted EBITDA	15.7	-1.2	0.2	14.7
Adj EBITDA margin %	39%	5%	44%	24%
Gross profit %	42%	22%	20%	35%

1) Included in Cost of Goods Sold

USD million	Third Quarter 2021			Total
	Ingredients	Brands	Adj	
Internal sales	2.7	-	-2.7	-
External sales	37.2	24.8	-	62.0
Net sales	39.8	24.8	-2.7	62.0

Segment performance YTD 2022

USD million	YTD 2022			
	Ingredients	Brands	Adj	Total
Net sales	123.6	85.0	-10.4	198.2
Cost of goods sold	-69.7	-60.5	14.9	-115.2
Gross profit	54.0	24.6	4.4	83.0
SG&A	-39.7	-25.4	0.8	-64.3
Depreciation, amortization and impairment	-4.2	-1.5	-6.8	-12.5
Other operating income/(cost), net	10.1	-	-	10.1
Operating profit	20.1	-2.4	-1.5	16.2
Net financial items	-2.8	-2.6	-	-5.4
Profit (loss) before tax	17.3	-5.0	-1.5	10.8
Tax expense	0.7	-1.7	-	-1.0
Net profit (loss)	18.1	-6.7	-1.5	9.8

USD million	YTD 2022			
	Ingredients	Brands	Adj	Total
Net profit (loss)	18.1	-6.7	-1.5	-9.8
Tax expense	-0.7	1.7	-	1.0
Net financial items	2.8	2.6	-	5.4
Depreciation and amortization non-production assets	4.2	1.5	6.8	12.5
Depreciation and amortization production assets ¹⁾	26.4	-	-	26.4
EBITDA	50.8	-0.9	5.2	55.1
Special Operating Items	-6.9	-	-	-6.9
Adjusted EBITDA	43.9	-0.9	5.2	48.3
Adj EBITDA margin %	36%	-7%	37%	24%
Gross profit %	44%	29%	15%	42%

1) Included in Cost of Goods Sold

USD million	Year 2022			
	Ingredients	Brands	Adj	Total
Internal sales	10.4	-	-10.4	-
External sales	113.2	85.0	-	198.2
Net sales	123.6	85.0	-10.4	198.2

USD million	As of 30 September 2022			
	Ingredients	Brands	Adj	Total
Property, plant and equipment	324.8	0.3	-	325.1
Right to use asset (leasing)	10.3	0.4	-	10.7
Intangible assets	105.5	2.2	54.9	162.6
Cash and cash equivalents	7.1	6.4	-	13.5
Inventory	137.9	40.2	2.4	180.5
Interest-bearing debt	-297.9	-75.7	-	-373.6
Net interest free asset and liabilities	52.7	66.3	-57.3	61.7
Total equity	340.4	40.1	-	380.5

Segment performance YTD 2021

USD million	YTD September 2021			Total
	Ingredients	Brands	Adj	
Net sales	115.9	80.3	-9.9	186.3
Cost of goods sold	-65.7	-60.9	8.6	-118.0
Gross profit	50.2	19.4	-1.2	68.4
SG&A	-44.4	-19.5	0.9	-63.0
Depreciation, amortization and impairment	-11.8	-1.6	-3.5	-16.8
Other operating income/(cost), net	3.0	-	-	3.0
Operating profit	-3.0	-1.7	-3.8	-8.4
Net financial items	-9.5	-1.9	20.8	9.5
Profit (loss) before tax	-12.5	-3.3	-1.6	1.0
Tax expense	1.4	-2.0	-	-0.6
Net profit (loss)	-11.0	-5.6	17.1	0.4

USD million	YTD September 2021			Total
	Ingredients	Brands	Adj	
Net profit (loss)	-11.0	-5.6	17.1	0.4
Tax expense	-1.4	2.0	-	0.6
Net financial items	9.5	1.9	-20.9	-9.5
Depreciation and amortization non-production assets	11.8	1.6	3.5	16.8
Depreciation and amortization production assets	28.9	-	-	28.9
EBITDA	37.7	-0.1	-0.3	37.3
Special Operating Items	3.5	-	-	3.5
Adjusted EBITDA	41.3	-0.1	-0.3	40.8
Adj EBITDA margin %	36%	0%	36%	22%
Gross profit %	43%	24%	19%	37%

1) Included in Cost of Goods Sold

USD million	Ingredients	Brands	Adj	Total
Internal sales	9.9	-	-9.9	-
External sales	106	80.3	-	186.3
Net sales	115.9	80.3	-9.9	186.3

USD million	As of 30 September 2021			Total
	Ingredients	Brands	Adj	
Property, plant and equipment	322.2	0.3	-	322.5
Right to use asset (leasing)	11.8	0.5	-	12.3
Intangible assets	109.8	2.1	60.7	172.6
Cash and cash equivalents	14.6	4.9	-	19.6
Inventory	117.8	36.3	-3.7	150.4
Interest-bearing debt	-266.6	-61.3	2.9	-325.1
Net interest free asset and liabilities	76.3	2.2	-51.3	27.2
Total equity	386.0	-14.9	8.5	379.6

Segment performance Year 2021

USD million	Year 2021			
	Ingredients	Brands	Adj	Total
Net sales	169.6	110.4	-17.9	262.1
Cost of goods sold	-109.0	-81.7	16.7	-174.0
Gross profit	60.6	28.7	-1.2	88.1
SG&A	-59.2	-26.5	-0.1	-85.7
Depreciation, amortization and impairment	-17.2	-2.0	-	-19.2
Other operating income/(cost), net	3.1	-	-	3.1
Operating profit	-12.6	0.2	-1.3	-13.7
Net financial items	-12.6	-2.7	21.5	6.3
Profit (loss) before tax	-25.2	-2.5	20.3	-7.4
Tax expense	1.2	-1.8	-	-0.6
Net profit (loss)	-24.0	-4.3	20.3	-8.0

USD million	Year 2021			
	Ingredients	Brands	Adj	Total
Net profit (loss)	-24.0	-4.3	20.3	-8.0
Tax expense	-1.2	1.8	-	0.6
Net financial items	12.6	2.7	-21.5	-6.3
Depreciation and amortization non-production assets	17.2	2.0	-	19.2
Depreciation and amortization production assets ¹⁾	37.7	-	-	37.7
EBITDA	42.3	2.2	-1.3	43.2
Special Operating Items	3.7	0.3	0.7	4.7
Adjusted EBITDA	46.0	2.5	-0.6	47.9
Adj EBITDA margin %	27%	2%	25%	18%
Gross profit %	36%	26%	10%	34%

1) Included in Cost of Goods Sold

USD million	Year 2021			
	Ingredients	Brands	Adj	Total
Internal sales	17.9	-	-17.9	-
External sales	151.7	110.4	-	262.1
Net sales	169.6	110.4	-17.9	262.1

USD million	As of 31 December 2021			
	Ingredients	Brands	Adj	Total
Property, plant and equipment	327.5	0.4	-	327.9
Right to use asset (leasing)	10.8	0.4	-	11.3
Intangible assets	108.2	2.6	60.7	171.5
Cash and cash equivalents	5.9	5.2	-	11.1
Inventory	104.2	39.4	-5.4	138.2
Interest-bearing debt	-324.8	-	-	-324.8
Net interest free asset and liabilities	80.1	6.3	-51.2	35.2
Total equity	311.9	54.4	4.1	370.4

NOTE 3 ADJUSTED EBITDA

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

The EMT has provided the following information at 30 September 2022:

USD million	Third Quarter		YTD		Year
	2022	2021	2022	2021	2021
Net profit (loss)	4.6	13.5	9.8	0.4	-8.0
Tax expense	0.6	-0.2	1.0	0.6	0.6
Net financial items	1.2	15.6	5.4	-9.5	-6.3
Operating profit	6.4	-2.2	16.2	-8.4	-13.7
Depreciation, amortization and impairment non-production assets	4.2	5.2	12.5	16.8	19.2
Depreciation, amortization and impairment production assets ¹⁾	8.2	9.4	26.4	28.9	37.7
EBITDA	18.8	12.4	55.1	37.3	43.2
Special operating items	-	2.3	-6.9	3.5	4.7
Adjusted EBITDA	18.8	14.7	48.3	40.8	47.9

1) Included in cost to inventory

NOTE 4 SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The Group continuously review significant changes that may impact the financial position and performance, either climate related or other emerging business risks. As of 30 September 2022, the Group has not identified any such risks that could impact the financial performance significantly.

The financial position and performance of the Group was particularly affected by the following events and transactions during Q3-2022:

- In the Ingredients segment, the krill oil facility in Houston was closed for upgrades, overhaul, inspections and maintenance during the quarter. The upgrades comprise of activities necessary to prepare the facility to produce new ingredient offerings. The incurred costs have been included in the asset's carrying amount in the Balance sheet as these new products will provide future economic benefit to the Group. The krill oil facility has also carried out successful pilot trials on extraction of algae oil for a potential customer and optimized the existing inventory by blending products to be used in new product offerings.
- In the Brands segment, the Group has incurred costs on the development of korikrilloil.com which is the Groups online sales outlet in the US. Based on an internal assessment, the website meets the recognition criteria under IAS 38.21 and SIC-32 as incurred costs will lead to future economic benefit to the Group.
- The Group obtained a covenant waiver for the second quarter and the rest of 2022. The waiver was granted by the bank group prior to 30 June 2022 and sets out a new maximum threshold up to 6.5:1 (net interest-bearing debt / 12 month Adjusted EBITDA).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

As of 30 September, 2022

USD million	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January, 2022	272.3	161.3	25.6	18.8	478.0
Investments	3.9	4.5	15.3	0.5	24.2
Asset retirements	-8.4	-19.8	-	-	-28.2
Other reclassifications	0.8	-0.1	-1.0	-	-0.3
Acquisition cost as of 30 September, 2022	268.6	145.9	39.9	19.3	473.7
Acc. depreciation and impairment as of 1 January, 2022	-76.6	-66.8	-2.7	-4.1	-150.1
Depreciation for the year	-15.2	-10.9	-	-0.5	-26.5
Asset retirements	8.4	19.8	-	-	28.2
Acc. depreciation and impairment as of 30 September, 2022	-83.4	-58.0	-2.7	-4.6	-148.6
Book value as of 30 September, 2022	185.2	87.9	37.2	14.8	325.1

Depreciation period	10-30 years	3-20 years	30-50 years
Depreciation method	Straight-line	Straight-line	Straight-line

Investments in 2022:

Investments in machinery and vessels are mainly installments and harvesting equipment on the vessels. Assets under construction comprise the investments the Group has in the INVI and Lysoveta initiatives.

Asset retirements in 2022:

Asset retirements mainly include deck and harvesting equipment. All components that have been retired were fully depreciated.

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As of 30 September, 2021

USD million	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January, 2021	206.6	157.3	12.5	18.6	395.0
Investments	3.0	3.0	58.4	0.1	64.5
Asset retirements	-8.8	-1.2	-	-	-10.0
Other reclassifications	68.2	-	-52.3	-	15.8
Acquisition cost as of 30 September, 2021	269.1	159.1	18.5	18.7	465.5
Acc. depreciation and impairment as of 1 January, 2021	-69.7	-52.9	-2.7	-3.3	-128.5
Depreciation for the year	-15.8	-12.2	-	-0.4	-28.4
Impairment	-1.8	-	-	-0.3	-2.1
Asset retirements	8.8	1.2	-	-	9.9
Other reclassifications	6.0	-	-	-	6.1
Acc. depreciation and impairment as of 30 September, 2021	-72.5	-63.8	-2.7	-3.9	142.9
Book value as of 30 September, 2021	196.5	95.3	15.9	14.8	322.5

Depreciation period	10-30 years	3-20 years	30-50 years
Depreciation method	Straight-line	Straight-line	Straight-line

As of 31 December, 2021

USD million	Vessels etc.	Machinery	Asset under construction	Buildings and Land	Total
Book value as of 1 January, 2021	206.6	157.3	12.5	18.6	395.0
Investments	6.7	6.4	65.5	0.2	78.7
Sale of vessel	-1.4	-0.5	-	-	-1.9
Other reclassifications	73.5	-	-52.3	-	21.2
Acquisition cost as of 31 December, 2021	285.4	163.2	25.6	18.8	493.1
Acc. depreciation and impairment as of 1 January, 2021	-69.7	-52.9	-2.7	-3.3	-128.5
Depreciation for the year	-18.9	-15.9	-	-0.6	-35.3
Impairment	-1.8	-	-	-0.3	-2.1
Other reclassifications	0.6	0.1	-	-	0.7
Acc. depreciation and impairment as of 31 December, 2021	-89.8	-68.7	-2.7	-4.1	-165.2
Book value as of 31 December, 2021	195.7	94.5	23.0	14.7	327.9

Depreciation period	10-30 years	3-20 years	30-50 years
Depreciation method	Straight-line	Straight-line	Straight-line

Specification depreciation and amortization

USD million	As of 30.09. 2022	As of 30.09. 2021	As of 31.12. 2021
Depreciation for the year for property, plant & equipment	-26.5	-28.4	-35.3
Impairment	-	-2.1	-2.1
Amortization for the year, - Intangible assets	-7.6	-9.4	-11.9
Amortization for the year, - Contract cost	-1.5	-1.5	-0.8
Leasing (ROU) depreciation	-3.2	-4.4	-5.6
Total	-38.9	-45.7	-55.7
Depreciation, amortization and impairment non-production assets	-12.5	-16.9	-19.1
Depreciation, amortization and impairment production assets and included in cost to inventory	-26.4	-28.9	-37.7

NOTE 6 INTANGIBLE ASSETS

As of September 30, 2022

USD million	Goodwill	Development	License agreements	Fishing licences	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2022	94.6	8.2	2.4	10.5	91.7	5.7	213.1
Additions - external cost	-	2.5	-	-	0.2	-	2.7
Reclassifications	-	-3.8	-	-	-0.2	-	-4.0
Acquisition cost as of 30 September, 2022	94.6	6.9	2.4	10.5	91.7	5.7	211.7
Amortization and impairment losses as of 1 January, 2022	-	-5.3	-1.6	-	-33.8	-0.9	-41.6
Amortization for the year	-	-	-0.4	-	-7.1	-	-7.6
Reclassifications	-	-	-	-	-	-	0.1
Amortization and impairment losses as of 30 September, 2022	-	-5.3	-2.0	-	-40.9	-0.9	-49.1
Book value as of 30 September, 2022	94.6	1.6	0.4	10.5	50.7	4.8	162.6

Depreciation period	5-10 years	10-12 years	7-10 years
Depreciation method	Straight-line	Straight-line	Straight-line

As of September 30, 2021:

USD million	Goodwill	Development	License agreements	Fishing licences	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2021	94.6	5.3	2.4	10.5	91.7	5.7	210.2
Additions - external cost	-	1.4	-	-	-	-	1.4
Acquisition cost as of 30 September, 2021	94.6	6.8	2.4	10.5	91.7	5.7	211.6
Amortization and impairment losses as of 1 January, 2021	-	-5.2	-1.0	-	-23.4	-	-29.6
Amortization for the year	-	-	-0.4	-	-8.1	-	-8.5
Impairment	-	-	-	-	-	-0.9	-0.9
Amortization and impairment losses as of 30 September, 2021	-	-5.2	-1.4	-	-31.5	-0.9	-39.0
Book value as of 30 September, 2021	94.6	1.5	1.0	10.5	60.2	4.8	172.6

Depreciation period	5-10 years	10-12 years	7-10 years
Depreciation method	Straight-line	Straight-line	Straight-line

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As of 31 December, 2021

USD million	Goodwill	Development	License agreements	Fishing licences	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2021	94.6	5.3	2.4	10.5	91.7	5.7	210.2
Acquisition	-	2.9	-	-	-	-	2.9
Asset retirements	-	-	-	-	-	-	-
Acquisition cost as of 31 December, 2021	94.6	8.2	2.4	10.5	91.7	5.7	213.1
Amortization and impairment losses as of 1 January, 2021	-	-5.2	-1.0	-	-23.4	-	-29.6
Amortization/ impairment for the year	-	-	-0.5	-	-10.5	-0.9	-11.9
Amortization and impairment losses as of 31 December, 2021	-	-5.3	-1.5	-	-33.9	-0.9	-41.5
Book value as of 31 December, 2021	94.6	2.9	0.9	10.5	57.8	4.8	171.5
Depreciation period		5-10 years	10-12 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 warehouse materials. The cost of finished goods and work in progress is comprised of the costs of raw materials, direct labor and other direct costs, and related production overheads. Indirect costs allocated to inventories, includes salaries, depreciation and certain other operating expenses. The company assigns cost of inventories using a weighted average cost formula.

The Group's activities in Uruguay have changed from pure logistics to include activities necessary to have sellable product (reprocessing, packaging, labelling, analysis, release, etc). Part of logistics operations includes nutra storage, i.e. part of production storage and distribution costs from factory to sales depot. From Q1-22 the Uruguay costs have been recognized as production related costs.

USD million	Ingredients	Brands	Adj.	Total
Raw materials	-	9.5	-	9.5
Goods under production/ Semi finished	3.4	10.8	-	14.3
Finished goods	134.2	20.2	2.4	156.8
Inventory at 30 September 2022	137.6	40.5	2.4	180.5

USD million	Ingredients	Brands	Adj.	Total
Non-product related inventory	0.1			0.1
Raw materials	-	10.8	-	10.8
Goods under production/ Semi finished	4.9	14.8	-4.9	14.8
Finished goods	111.4	10.9	1.3	123.7
Inventory at 30 September 2021	117.3	36.6	-3.5	150.4

USD million	Ingredients	Brands	Adj.	Total
Raw materials	-	8.5	-	8.5
Goods under production/ Semi finished	4.9	15.9	-	20.7
Finished goods	99.4	15.0	-5.4	109.0
Inventory at 31 December 2021	104.2	39.4	-5.4	138.2

NOTE 8 DERIVATIVES

One of the Group's significant operating costs are the fuel costs. As such, the Group is exposed to fuel prices fluctuations since the vessels use fuel while steaming and in production. The profitability and cash flow of the Group will therefore depend upon the market prices of fuel. In 2021 the operating subsidiary Aker BioMarine Antarctic AS entered into option contracts for future delivery of fuel in Rotterdam; that is, the contracts will be settled without physical delivery.

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

Year	Contracts	Value
2022	2.9	1.3
2023	22.3	6.3
2024	22.3	5.4
Total	47.5	13.1

NOTE 9 INVESTMENTS IN ASSOCIATED COMPANIES

On 23 May 2022 the Group transferred the operational control and majority of the voting rights and board representatives in Aion AS to Ocean 14 Capital Ltd. The investment in Aion AS was recognized as 'Held for sale' in the Q1 report and subsequently deconsolidated in Q2. Prior to deconsolidation, Aion's net assets were 0.5% of the Group's total assets.

Under the agreement, Ocean 14 Capital and Aker BioMarine ASA will jointly provide financing through a NOK 40 million convertible loan facility, equally distributed between the two parties. The financing will be used for growth and working capital to further scale Aion. After the conversion of the convertible loan facility, Aker BioMarine ASA is expected to have 85% of the shares in Aion, based on a pre-money valuation between the parties. In addition, the seed financing from Aker BioMarine to Aion will be refinanced during Q4-22 by an external lender. On this facility, Aker BioMarine ASA will provide a parent company guarantee.

NOTE 10 RELATED PARTIES

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

In the ordinary course of business, the Group has certain transactions with related parties covering office rent, digital development services and other. As of 30 September the Group had USD 1.6 million towards related parties recognized as 'Accounts payable and other payables' in the 'Consolidated statement of financial position'. In the 'Condensed consolidated statements of profit or loss' under 'Selling, general and administrative expense' the Group has recognized USD 0.4 million in the quarter as related party costs.

NOTE 11 SUBSEQUENT EVENTS

No subsequent events in the quarter.

ALTERNATIVE PERFORMANCE MEASURES (APMs)

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

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

The Group uses the following APMs in the reporting:

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

"EBITDA" and "Adjusted EBITDA" are used as APMs to facilitate operating performance comparisons from period to period, and the others are relevant key figures mainly in connection with the mentioned performance measures. The significant items of income and expenditure represent the difference between EBITDA and Adjusted EBITDA and are labeled "Special operating items" (which is also the wording used in the Group's financing agreements).

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 are 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'.

USD million	Third Quarter		YTD		
	2022	2021	2022	2021	2021
Net profit (loss)	4.6	13.5	9.8	0.4	-8.0
Tax expense	0.6	-0.2	1.0	0.6	0.6
Net financial items	1.2	-15.6	5.4	-9.5	-6.3
Operating profit	6.4	-2.2	16.2	-8.4	-13.7
Depreciation, amortization and impairment non-production assets	4.2	5.2	12.5	16.8	19.2
Depreciation, amortization and impairment production assets 1)	8.2	9.4	26.4	28.9	37.7
EBITDA	18.8	12.4	55.1	37.3	43.2
Special operating items	-	2.3	-6.9	3.5	4.7
Adjusted EBITDA	18.8	14.7	48.3	40.8	47.9

1) Included in cost to inventory

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

USD million	Third Quarter		YTD		Year
	2022	2021	2022	2021	2021
Discontinued vessel gain and operating cost - 'Gains/ losses on sale of assets'	-	-0.4	-	-0.4	-0.4
Restructuring and legal expenses- SG&A	-	1.6	-	1.6	2.7
Transaction related costs- SG&A	-	1.1	-	2.3	2.5
Fair Value gain from Aion Transaction	-	-	-6.9	-	-
Total special operating items	-	2.3	-6.9	3.5	4.7

Based on the Group's policy on APMs, the gain from the Aion transaction (fair value adjustment of the investment) is a material transaction which is non-recurring in nature and special compared to ordinary operational income or expenses. The gain is therefore adjusted from the Adjusted EBITDA. APMs recognized in 2021 are mainly transaction related costs following the listing on Oslo Børs as well as restructuring and legal costs. For further details on APMs in 2021, see the group financial statements for 2021.