AKER BIOMARINE

IMPROVING HUMAN AND PLANETARY HEALTH

ANNUAL REPORT 2020

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

CONTENTS

HIGHLIGHTS

2020 KEY FIGURES

Aker BioMarine is a biotech innovator and Antarctic krill-harvesting company, dedicated to improving human and planetary health. Aker BioMarine's fully transparent value chain stretches from sustainable krill harvesting in pristine Antarctic waters through its Montevideo logistics hub, Houston production plant, and to customers around the world. Admitted to trading on Euronext Growth, Aker BioMarine consists of two business segments, Ingredients and Brands. Under Ingredients, the company develops krill-based ingredients for human applications in the nutraceutical and dietary supplement space, and animal feed applications for aquaculture and pet food. Under Brands, Aker BioMarine has two companies, Lang Pharma Nutrition and Epion Brands. Lang Pharma Nutrition is a full service, mass market private label and corporate brand manufacturer within supplements, based in the U.S. with large U.S. retailers as its primary customers. Epion Brands has launched a consumer brand, Kori in the U.S. market, being on the shelves of major retailers. Aker BioMarine's strong focus on sustainability inspired the launch of AION by Aker BioMarine, a circularity company dedicated to helping companies to recycle and reuse waste.

PEOPLE

551
Number of employees

24%
Gender balance

40
Number of different nationalities

40%
Women in Executive Management Team

PRODUCTS

1.6
billion doses of Superba Krill sold worldwide

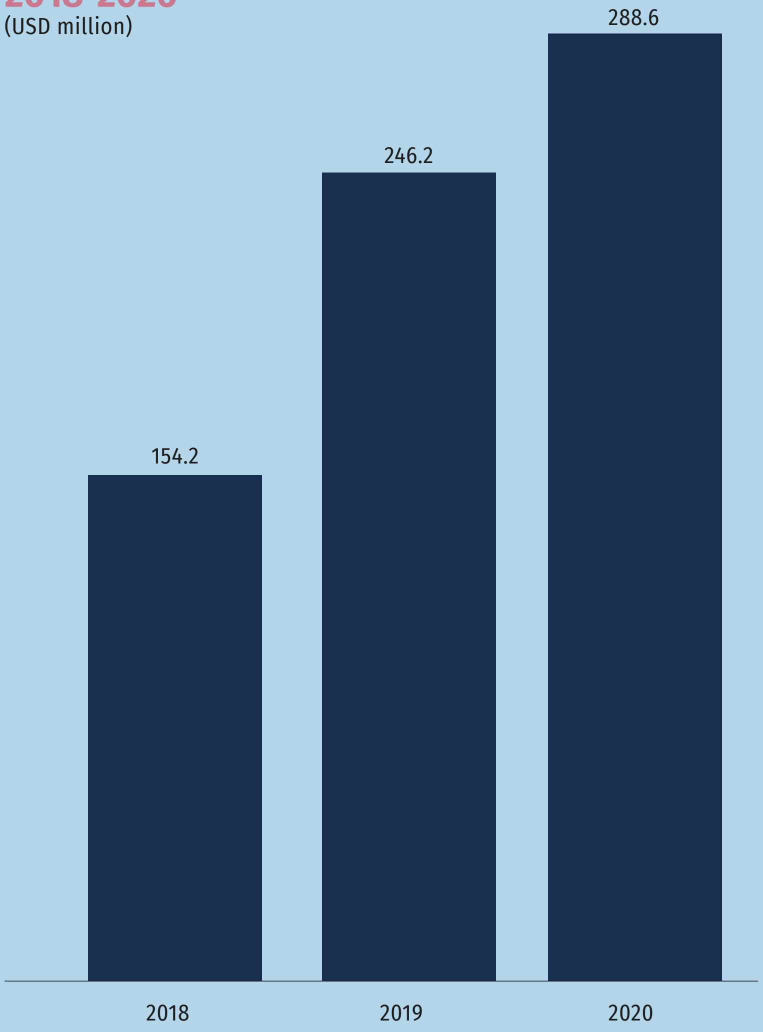
410
million extra servings of fish

1.6
million dogs ate QRILL Pet that improves health and performance

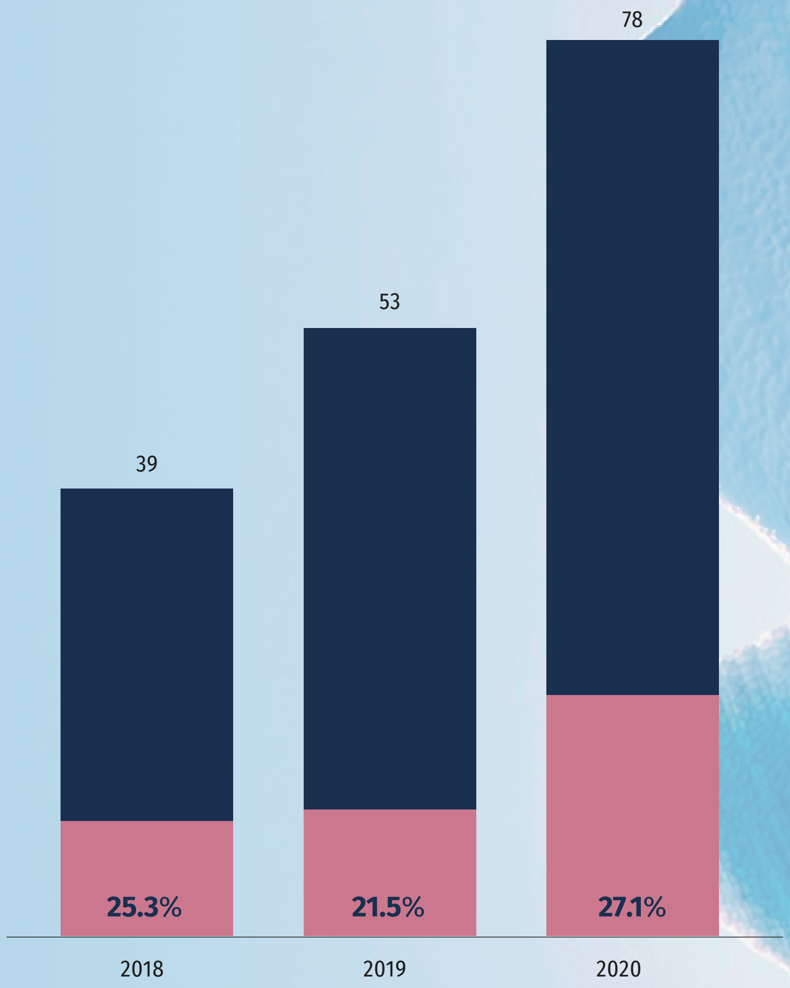
65
countries receive Aker BioMarine products

REVENUE AND ADJUSTED EBITDA DEVELOPMENT

REVENUE
2018-2020
(USD million)



ADJUSTED EBITDA AND MARGIN
2018-2020
(USD million)



THE PLANET AND AKER BIOMARINE

1% PRECAUTIONARY KRILL QUOTA IN AREA 48

2010-2025 CERTIFIED AS SUSTAINABLE BY MSC / MSC RECERTIFIED IN 2020

SFP “A” RATING SIX YEARS IN A ROW

AWR SURPASSES USD 1 MILLION FOR ANTARCTIC SCIENCE PROJECTS

ENHANCED VOLUNTARY COMMITMENT BY CLOSING 4500 KM^2 TO PROTECT ANTARCTIC OCEAN ALL-YEAR

AION IS ONE OF THREE NORWEGIAN COMPANIES WITH B-CORP CERTIFICATION

AION IS PART OF THE 1% FOR THE PLANET INITIATIVE WHERE 1% OF THE COMPANY’S REVENUE IS DONATED TO CAUSES THAT ARE GOOD FOR NATURE

2,64 TONNES CO2 PER TONNE KRILL PRODUCED*

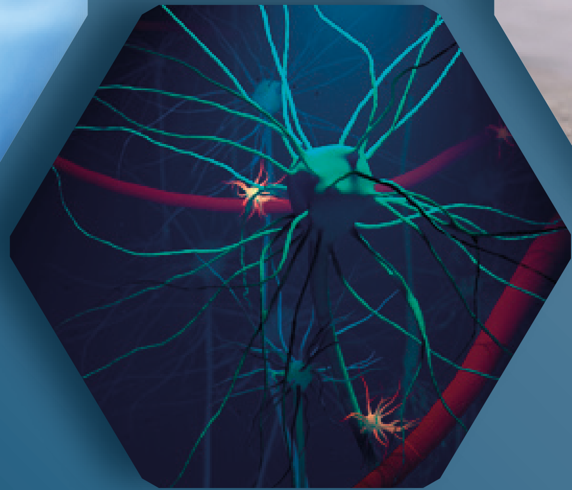
*In previous years, we have reported tonne CO2 per tonne krill caught. For 2020 and going forward, we will report on tonne CO2 per tonne krill produced because it more accurately reflects our company operations.

KEY MILESTONES

From stock listing to new product launches, here are some of the highlights from 2020.

STOCK LISTING
On July 6th, Aker BioMarine's shares were admitted to trading on Euronext Growth (previous name was Merkur Market). The Company will proceed with a listing on the Oslo Stock Exchange ("OSE") in April 2021.

NOVEL PROTEIN
In early 2021, Aker BioMarine launched INVI™, a hydrolyzed protein isolate with a complete amino acid profile, that is also rich in minerals, including calcium and magnesium.



BRAIN AND EYE HEALTH
Aker BioMarine launched LYSOVETA™, a new delivery platform based on LPC-bound EPA and DHA from krill. This will open up new opportunities and new large markets within the brain, eye and other important health areas.

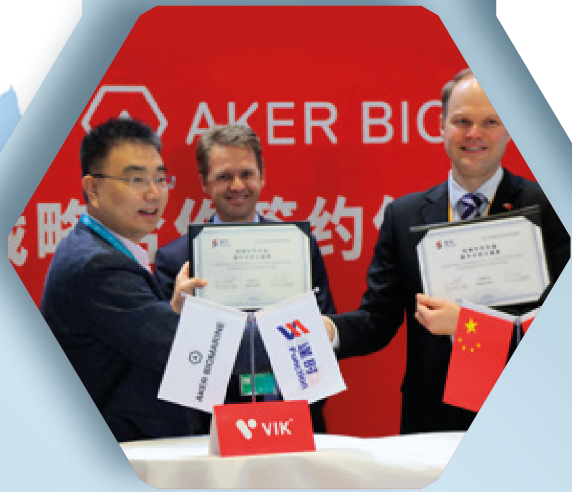
CIRCULARITY COMPANY
Aker BioMarine launched AION, a new company that will use a capital light and technology agnostic business model to offer products and services to companies with a desire to recycle waste and re-use materials.

ANTARCTIC PROVIDER

Aker BioMarine celebrated the launch of its new, state-of-the-art support vessel at the ceremony at CIMC Raffles' Yantai yard. The vessel will replace Aker BioMarine's existing support vessel, La Manche.

EXPANSION IN INDIA

Aker BioMarine continues to invest in India by establishing a new distribution hub in Chennai, to keep the region well-stocked with its QRILL Aqua products.



QRILL APPROVAL IN CHINA

Aker BioMarine obtained market access to the Chinese market for QRILL Aqua and QRILL Pet. This was a very important milestone for the commercial development of the Chinese market for QRILL products.

CERTIFIED SUSTAINABLE SEAFOOD MSC www.msc.org MSC-F-31191

MSC RE-CERTIFICATION

Aker BioMarine received its third consecutive certification with no conditions from the Marine Stewardship Council (MSC) for its sustainable Antarctic krill fishery following an independent assessment. The company was initially certified in 2010, being the first krill company ever to carry the MSC label.

“A” RATING

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

INDUSTRY ALLIANCE

Aker BioMarine joined forces with The Bellona Foundation, the Norwegian Seafood Federation and six other major players in the fish feed industry to improve the climate footprint of Norwegian salmon.

PENGUIN PROTECTION

An NGO-industry collaboration to protect the Antarctic Ocean announced a big step forward with a year-round closure of a 4 500km2 area of ocean around Hope Bay in the northern Antarctic Peninsula. This is an enhancement of the ARK seasonal closures established in 2018.

ANTARCTIC SCIENCE

The Antarctic Wildlife Research Fund (AWR) announced its 7th call for proposal and surpassed the milestone of USD 1 million devoted to Antarctic science projects since the launch of the organization in 2015.

KRILL HEALTH BENEFITS
A new study by Aker BioMarine, in partnership with the Oslo University Hospital, showed that the consumption of krill oil prior to endurance competitions increases levels of circulating choline and its metabolites in athletes.

DOG HEALTH
A new study with 20 Alaskan Huskies showed that the dogs that received QRILL Pet AstaOmega Oil experienced a significant increase in their levels of EPA and DHA, ensuring overall health of dogs.

SALMON HEALTH
The Norwegian Institute of Food, Fisheries and Aquaculture (Nofima), in collaboration with Aker BioMarine, released a study that reveals that krill meal improved the welfare and fillet quality of the salmon.

SHRIMP HEALTH
A new study demonstrated that astaxanthin krill oil can result in a significant advantage for the Pacific whiteleg shrimp in the post-larval stage. Through the use of growth-enhancing astaxanthin krill oil in the post-larval diet, the production cycle can be shortened, and mortality reduced, even under stressful conditions.

One important aspect of Aker BioMarine's culture is "Can do and grind through". We saw this element of our strong culture in action during the pandemic, as all employees rolled up their sleeves and pushed through until our shared targets were met.

- Matts Johansen
CEO, Aker BioMarine

2020 WAS A TRUE "CAN DO AND GRIND THROUGH" YEAR

Record year despite Covid-19 and operational challenges

The year 2020 may well be remembered as one of the most challenging years in recent history, but for Aker BioMarine, last year marked another record year. We grew our topline by 17% to USD 289 million and we grew our adjusted EBITDA by 47% to USD 78 million. At year-end, we clearly saw the results of what we in Aker BioMarine call 'operational leverage', meaning that since most of our costs are fixed, topline growth enables our profitability to grow even faster. For us, growth always has been a key focus, and it will continue to be so in the years to come.

2020 was also a year of learning and overcoming challenges for Aker BioMarine, specifically related to the Covid-19 pandemic. We were able to maintain business continuity throughout this period due to the digital transformation journey we commenced five years ago. The company had already put in place the necessary tools and systems to be able to support remote work, virtual customer interaction, team sharing and collaboration at a distance.

Early on during the Covid-19 crisis, Aker BioMarine implemented several initiatives to keep our Houston-based manufacturing plant staff safe, while maintaining full operation. Even though the pandemic had hit Texas especially hard, we succeeded with zero downtime due to Covid-19 throughout the year. In addition, Aker BioMarine has local sales and marketing resources physically present in key markets, which allowed us to stay close to customers and prospects in important new markets, such as China and India.

One of the greatest challenges we faced in 2020 was related to transporting employees to and from our Antarctic operations. Our at-sea crew originates from locations around the world, and border closures and limited flight availability represented a real challenge to our ability to transport people. Thanks to a strong collaborative effort across the company, one that put people first in every decision, we succeeded in transferring our crew and keeping our vessels free of infection. While these efforts came with significant costs and responsibilities beyond the ordinary, our employees proved their dedication and passion for what we do as a company by both upholding the strict quarantine rules and being flexible with the length of their stay at-sea.

Our harvesting operation also faced its share of challenges in 2020. Historically, our harvesting volumes and performance have been quite predictable, with some fluctuations from one quarter to the next, but each year we have constantly improved performance. We believe that the challenges we met in 2020 related to harvesting were unique, and we expect that harvesting should resume its predictability in the future. Our new vessel, Antarctic Endurance, did not reach full capacity by year-end, and this, combined with challenging harvesting conditions both in the summer and the end of the year, resulted in a harvest below expectations for 2020. This has impacted the margins and the amount of product available for sale.

The shortfall related to Aker BioMarine's harvesting operations was balanced out due to the high performance in our land-based operation. Each quarter throughout 2020, the Houston-based factory exhibited continuous improvements, both on output and cost. We will carry these improvements with us into 2021 and beyond.

A YEAR OF INNOVATIONS

2020 was also the year in which two of our innovations that had been under development were finally ready to be revealed. At Aker BioMarine, innovation is deeply anchored in our culture and our processes, and in 2020, we gave the world a taste of that innovative power. During the year we launched LYSOVETA, a new molecule that delivers EPA and DHA through the blood brain barrier, designed to positively impact cognitive and eye health. With our pole position, our competitive cost profile, strong IP estate and an enormous addressable market, we are looking at the biggest opportunity since the start of Aker BioMarine.

During the year we also launched AION, a circular solution provider that will help companies achieve full circularity of their plastic products and waste. AION was established to support Aker BioMarine's own ambition to achieve full circularity within 2023. Before establishing AION, there were no companies offering such services to help Aker BioMarine achieve this goal, which is why we created a company to do this ourselves. According to McKinsey, only 16% of plastic packaging waste is recycled today. Both regulatory changes and consumer demand is likely to force companies to take responsibility to increase recycling rates. AION aims to be the global leader in helping companies to make this important change happen. AION will be spun out of Aker BioMarine and listed separately on the stock exchange.

Aker BioMarine has always been a leader within sustainability. As more global companies start to spot opportunities related to more sustainable operations, we plan to continuously raise the bar. Aker BioMarine intends to be a frontrunner in setting a sustainability agenda in cooperation with partners. We are launching our new ESG platform including new, ambitious, industry-leading goals for sustainable operations. These goals will help us to continue our mission to improve human and planetary health, as well as to show the way and inspire other businesses.

STRONG CULTURE ENSURING TARGET FULFILMENT

One important aspect of Aker BioMarine's culture is "Can do and grind through". This means that our employees always take a positive approach to challenges we face, and they are prepared to grind though when the going gets tough. We saw this element of our strong culture in action during the pandemic, as all employees rolled up their sleeves and pushed through until our shared targets were met. It's this passion and drive to succeed that makes me both proud and optimistic for what we can achieve together going forward.

I would like to express my gratitude to all employees in Aker BioMarine. You are what makes our company so great. I want to also thank our customers and suppliers, as well as all the investors who believe in our mission and our business. Your support and passion for what we do is what drives us forward!

See you around,

CEO – MATTS JOHANSEN

THIS IS US

FULLY INTEGRATED VALUE CHAIN

69%
of global
krill catch[1]

50%
reduction in
CO_2-emissions
by 2030

~60
published
studies

>80%
of global krill
oil production

~65
countries
sold to

35k
retail outlets
reached in the US

HARVESTING

- Global leader in krill harvesting
- Three state-of-the art krill vessels secure stable production
- Long season of up to 10 months secures consistent supply
- Highly sustainable harvest with zero bycatch

INGREDIENT PRODUCTION

- Reduce CO_2 emissions per ton krill produced by 50 percent by 2030
- Implementation of initiatives, such as further data analysis at the Houston manufacturing plant, reuse of energy and efficiency projects on the vessels
- >40% of revenue base produced and packaged on-board vessels

R&D

- Significant investments in R&D over the last ~15 years
- Research has proven several significant benefits of Krill to humans and animals alike
- The positive results have helped in building awareness around and demand for krill products

KRILL OIL PRODUCTION

- Purpose-built oil extraction plant in Houston, Texas
- Acquisition of Lang brings expertise in private label manufacturing of supplements for humans as well as strong ties to 85% of relevant US retail industry
- Significantly increased margins by owning the entire value chain from harvest to consumer brand

SALES & MARKETING

- Global B2B and B2C sales & marketing organizations
- In-house sales and distribution team for ingredients business enables deeper relationships and higher margins
- Worldwide target market and distribution

DISTRIBUTION & BRANDS

- Unique inroads to U.S. retailers through Lang's long-standing relationships with the major 7 U.S. retailers
- Epion launching own brand of krill oil supplement, Kori, in Q2 2020
- Significant resources committed to developing the brand and consumer facing organisation

[1]Source: CCMALR. Aker BioMarine operates in the markets for aquaculture feed industry, human supplements industry and the pet food industry with its krill-based products.

AKER BIOMARINE'S JOURNEY OF INNOVATION

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

ECO-HARVESTING

One of our early innovations is Eco-Harvesting technology, that allows Aker BioMarine to harvest krill in a way that safeguards biodiversity and limits bycatch

SAGA SEA

Aker BioMarine puts its first krill vessel, Saga Sea into operations

SUPERBA

The Superba krill line to bring phospholipid omega-3s to humans, is born

QRILL AQUA

Aker BioMarine enters the aquaculture market with QRILL Aqua, a phospholipid-rich omega-3 fish feed

MSC

The company achieves the Marine Stewardship Council (MSC) certificate, a third-party verification proving that the company adhered to the strongest standards for sustainability in wild-caught fisheries

ANTARCTIC SEA

Aker BioMarine adds Antarctic Sea to its fleet

QRILL PET

The company enters the pet market with the QRILL Pet product line

2003-2006 | **2006-2012** | **2012** | **2013**

HOUSTON

Aker BioMarine expands vertically by entering into a joint venture that transforms an old ice cream factory in Houston, Texas into a state-of-the-art omega-3 oil facility

AWR

Aker BioMarine establishes the Antarctic Wildlife Research Fund (AWR) together with WWF-Norway and The Antarctic and Southern Ocean Coalition (ASOC) to promote and facilitate research on the Antarctic ecosystem

SUPERBA BOOST

Using its newest technology Flexitech, Aker BioMarine launches its first krill oil concentrate, Superba Boost

PRODUCTION PLANT

Aker BioMarine acquires the Houston manufacturing facility and takes full control over its production

NEPTUNE

Aker BioMarine and Neptune enter into an agreement in which Aker BioMarine acquires Neptune's krill ingredient business

ANTARCTIC ENDURANCE

Aker BioMarine commissions a new, more environmentally friendly vessel exclusively constructed for krill harvest

2014 **2015** **2016** **2017**

ENZYMOTEC

Aker BioMarine and Frutarom establish a strategic partnership with Aker BioMarine acquiring Enzymotec's krill business

VOLUNTARY MEASURE

A voluntary krill industry-wide decision is reached to remove fishing effort from the coast as a precautionary measure to protect Antarctic wildlife

ANTARCTIC PROVIDER

Aker BioMarine launches a new energy efficient support vessel, fitted out with efficiency improvements and environmentally focused technologies

STOCK LISTING

Aker BioMarine's shares were admitted to trading on Euronext Growth

AION

Aker BioMarine launches AION, a new circularity company to recycle waste and re-use materials

LYSOVETA

Aker BioMarine launches LYSOVETA, a new delivery platform based on LPC-bound EPA and DHA from krill

INVI

Aker BioMarine launches INVI, a highly concentrated protein isolate with a protein purity above 90%

2018 **2019** **2020** **2021**

OUR WHY

Our mission is to improve human and planetary health

Aker BioMarine was created because of our strong belief in the positive health effects of krill. 15 years later, our business continues to grow because we take care of the ecosystem from which we harvest. Ensuring the wellbeing of the krill biomass and the Antarctic ecosystem is our top priority. We are committed to being a force for good in Antarctic management through best practices, precautionary actions, and contributions to science and monitoring. We will continue to work actively to protect ecosystems, reduce our industrial footprint, and contribute to future healthy and sustainable nutrition systems. Aker BioMarine is in it for the long run, and shaping the future starts today. That is why we have introduced and committed to new and ambitious sustainability goals towards 2030.

HUMAN AND PLANETARY HEALTH: OUR 2030 COMMITMENTS

To operationalize our ambitious vision, we have chosen to steer our business according to sustainability commitments for 2030, rooted in United Nations Sustainable Development Goals (SDGs). These are goals that guide us in responsible operations throughout the value chain, as well as in making a positive impact.

IMPACT AREA:
SUSTAINABLE FOOD PRODUCTION

By 2030 we will make aquaculture production more efficient, by contributing to 1 billion extra servings of seafood produced annually.

IMPACT AREA:
SUSTAINABLE FOOD PRODUCTION

By 2030 we will develop innovative products that play an integral role in sustainable diets and the future food system.

IMPACT AREA:
NUTRITION, HEALTH & WELLNESS

By 2030 we will combat lifestyle diseases by delivering 5 billion doses of health promoting nutrients annually.

IMPACT AREA:
THE SUSTAINABLE BLUE ECONOMY

By 2030 we will decarbonize aqua and animal feed by delivering low-carbon marine ingredients.

IMPACT AREA:
THE SUSTAINABLE
BLUE ECONOMY

By 2030 we will improve sustainability of fisheries through contributing to data and science driven regulation and ocean management.

IMPACT AREA:
OCEAN HEALTH

By 2030 we will maintain unconditional MSC certification and ensure transparency in vessel operations.

IMPACT AREA:
RESPONSIBLE
CONSUMPTION &
PRODUCTION

By 2030 we will ensure full circularity on all of our principal waste streams.

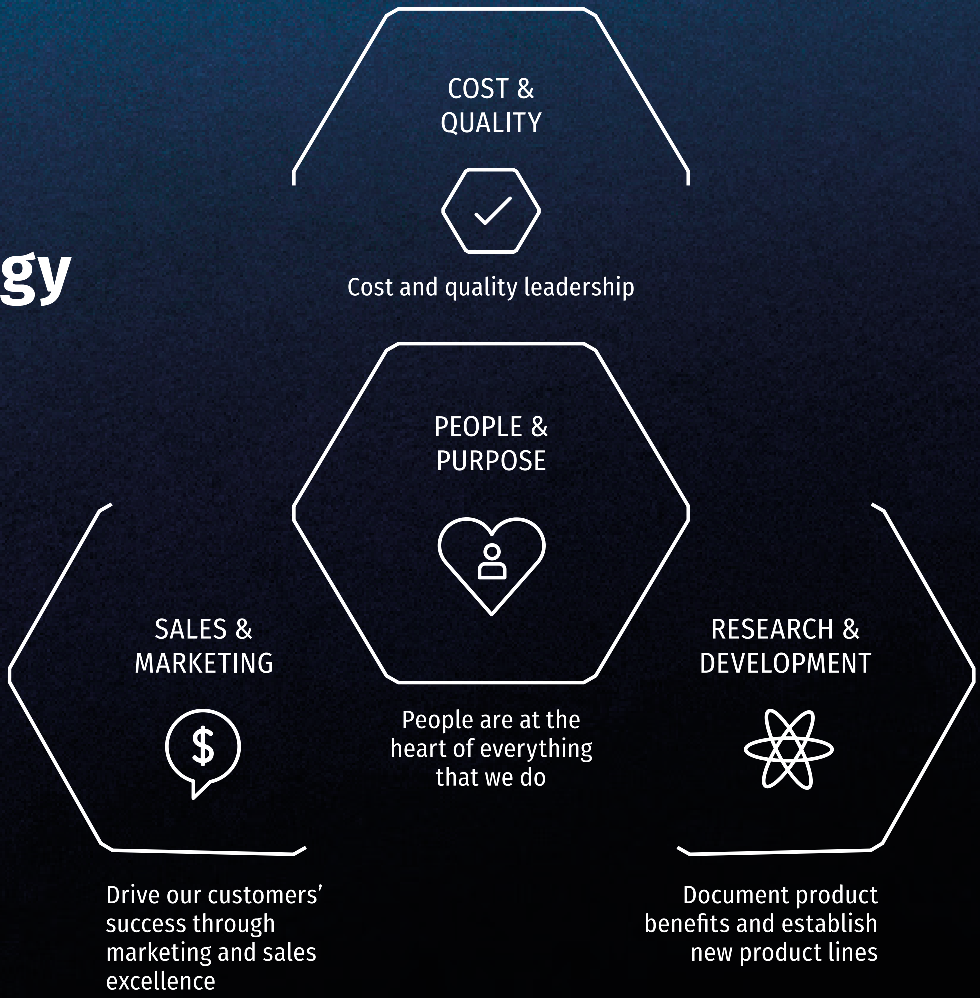
IMPACT AREA:
RESPONSIBLE
CONSUMPTION &
PRODUCTION

By 2030 we will reduce our carbon intensity per ton krill produced by 50 percent from 2020 levels.

OUR HOW

We take care of the resources on which our business depends, providing a clear strategy and building a culture of autonomy and trust.

Strategy



PEOPLE, THE HEART OF AKER BIOMARINE

Aker BioMarine employs 551 people from 40 different nations. We are renowned for our passionate employees who are always willing to go the extra mile. We believe diversity is a prerequisite for innovation and this is reflected in our workforce, from our fishermen to our science team.

CARING FOR TALENT

People are the heart of Aker BioMarine, which is why attracting, fostering, and building talent are key to our company's success. By bringing together teams of experienced fishermen and women, scientists and former management consultants, we can create the right combination of business-case development, product innovation, marketing skills, and project management that are vital to our company's growth. Our way of work fuels opportunities for individual development, and in 2020, two Aker BioMarine executives were recognized as Top 10 professionals in Norway's 2020 Young Leadership Talents awards in the categories 'Economy Leadership talent' and 'Company Builder'.

Employee development and conscious commitment to talent is one of Aker BioMarine's strategic pillars. We fundamentally believe that people desire to do their best. To ensure that we facilitate an environment for great performance, we believe that open channels for feedback and dialogue are essential. This belief has resulted in our monthly employee survey, which is closely followed up by the managers, as well as the Executive Management Team. Our employee performance review process is focused on establishing a regular and positive dialogue between the individual employee and his/her manager, in which both the employee and the manager evaluates their own performance, as well as assesses how valued by the company the employee feels. Employees also regularly evaluate what type of support is needed from the company and the manager, in order to do their best at work. This process has been implemented for all of our onshore employees, and in 2021, we will seek opportunities to implement similar processes for our offshore organization.

TAKING CARE OF OUR PEOPLE

Aker BioMarine shows respect for all individuals and actively strives for a positive working environment, one that is characterized by equality and diversity. Aker BioMarine complies with recognized international conventions and is committed to respecting basic human and trade union rights in the community. We acknowledge the fundamental principles of human rights, as defined in the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, as well as the OECD guidelines on Multinational Companies. We strive for a workplace in which every employee has the opportunity to develop individual skills and talents. Hiring, promotions/demotions, and other employee processes shall be unbiased and merit-based.

In 2020, women comprised 40% of our Executive Management Team. In addition, both the CEO of Houston Manufacturing and the CEO of Epion Brands LLC positions are held by women. Fishery is generally a heavily men-dominated industry; however, Aker BioMarine hired its first ever female fish mate in 2020. She is currently certified as a Fishing Skipper and Deck Officer. This is a milestone action to give competent women the same opportunity in otherwise a male domiated industry. Overall, we have good gender balance in our offices, for example 49% of the employees in Norway are women, and 41% of the U.S. sales organization comprises of women.

OPERATING WITH INTEGRITY

At Aker BioMarine, we believe all Health, Safety and Environment (HSE) incidents can and should be prevented, and we strive to achieve zero harm to personnel, material, and the environment wherever we operate. We focus on employee health by ensuring safe working conditions and continuously improving the work environment.

Our HSE standards are part of how we do business, wherever we operate. We encourage our partners, subcontractors and suppliers to have an HSE focus at an equivalent or an even higher level than Aker BioMarine, and we factor in HSE performance when selecting our suppliers and other business partners. We openly communicate and report HSE issues and performance, and we share and learn from HSE best practices, both internally and externally. In January 2021, we employed a Vice President for HSSE, tasked to further strengthen our practices and overall focus on HSE.

At Aker BioMarine, we apply a systematic approach to HSE and measure our results in order to constantly improve our HSE culture and performance towards employees, contractors and other visitors to our vessels and facilities. Our compliance with applicable laws and regulations is the bare minimum of what we do. We take it further and require management to take HSE leadership, and we require every employee to take personal responsibility for HSE by focusing on his or her own behavior and having the courage to help improve their colleagues' HSE mindset. In 2020, no cases were reported through our whistleblowing channel. In 2020, 95% of our employees underwent a digital training course on our Code of Conduct.

CAPITAL THAT MAKES US STAND OUT

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

PEOPLE

At Aker BioMarine, we do things that no one has ever before attempted. When confronted with challenges, most companies consider bringing in outside expertise. But for us, as a company operating on the frontiers of a niche industry, we are likely to already possess the best expertise in-house. Our people are our most valuable asset.

SOCIAL AND RELATIONSHIP CAPITAL

Our operations in Antarctic waters require positive relationships with governmental and regulatory agencies, industry peers, the research community, and environmental NGOs. We actively engage and work with these key stakeholders.

FINANCIAL CAPITAL

In 2020, Aker BioMarine's shares were admitted to trading on Euronext Growth. Strong financial backing is crucial for the company's growth and essential for across-the-board excellence. At Aker BioMarine, there is no doubt that strong financial and sustainable performance are interlinked and serve to reinforce each other.

INTELLECTUAL CAPITAL

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

MANUFACTURED CAPITAL

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

NATURAL CAPITAL

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




A PEOPLE FIRST APPROACH TO HANDLING COVID-19

The global coronavirus pandemic and subsequent national lockdowns and border closures forced Aker BioMarine to take swift action to safeguard its people and global operations. The covid situation has taught the company to handle acute crisis situations and the safety of the workforce, both at sea and on land, has remained the company's top priority throughout the crisis, resulting in new routines and strict measures for all employees.

From March 2020 onwards, Aker BioMarine's operational crisis team has implemented new routines and measures for employees, as well as worked to maintain business continuity. Routine crew changes were paused due to global travel bans at the start of the pandemic, and the company made concerted efforts and significant investments to create new, safe procedures for crew changes as soon as it became possible.

During 2020, the company transported over 700 people between the Antarctic region and the rest of the world, safely and securely, with zero instances of Covid-19 infection on our vessels. Aker BioMarine coordinated with several nations, embassies, and partners throughout this period to arrange virus testing, secure flights for crew members, and to understand and comply with the local restrictions and quarantine rules. A total of 15 crew changes took place during the pandemic period of 2020. The company's Houston production facility also remained free of Covid-19 cases, largely thanks to new safety procedures and infection prevention measures for the employees.

Aker BioMarine's employees on land, primarily based at the corporate headquarters in Norway, were also asked to quickly adapt to a new way of work from March 2020. The Norwegian government recommended (for those able) to work-from-home during the crisis period to reduce spread of infection. Aker BioMarine has adapted to this new way of work, complying with the recommendations in Norway as they develop over time.

Throughout the year, the company has run several initiatives to give support and motivate the workforce. This has included a series of digital seminars for leaders, to provide information and guidance on how to lead remotely. Aker BioMarine's employees also were equipped with guiding materials on the changes to a completely digital workday, and they were given access to helplines should they need more support. The company also secured the services of health professionals (in the most affected areas where Aker BioMarine operates) to offer additional treatment opportunities for employees.

2020 was the year in which risk management took precedence, and the company held strong in the face of a crisis, taking firm measures to keep its people safe and its operations moving forward. These strict precautions will continue until the global abatement of the coronavirus, until such time when Aker BioMarine can ensure the complete safety and health of its entire workforce.

OUR WHAT

SUPERBA

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

Superba krill oil is supported by clinical data which demonstrates that it can significantly increase the Omega-3 Index level in just one month, helping to reduce the risk of cardiovascular disease for many people around the world. In 2020, Aker BioMarine sold more than 1,6 billion doses of Superba Krill worldwide, improving the health of millions of people. Superba Krill oil, a marine phospholipid complex of choline, omega-3s and the powerful antioxidant astaxanthin, comes with a multitude of benefits beyond heart health.

There is no other supplement that provides the vital nutrients, choline and omega-3s, in such an efficient delivery form as krill oil. With krill oil, the body immediately recognizes omega-3s (EPA & DHA) and incorporates them into the cells before carrying them to the tissues and organs that need them the most, such as the heart, brain, joints and more. This happens due to krill oil's phospholipid advantage.

Aker BioMarine and Superba have embarked on a global challenge to raise awareness and educate about the ramifications of low omega-3 levels. We are also breaking new barriers by conducting pioneering research to document the benefits of krill oil for human health. We are working with professional triathletes to investigate the effects of intense training and exercise on omega-3 levels and its relationship to recovery. Additionally, we have new research on the health benefits of choline, and are exploring the beneficial effects that krill oil can have for skin health. Omega-3s are beneficial for everyone, and Superba krill is paving the way towards better human health and wellbeing.

**A 2016 study published in Progress in Lipid Research*

SUPERBAKrill

QRILL Aqua

For more than a decade, krill meal has become a well-known supplement for improving aquaculture feed quality. It is a sustainable source of nutrition that contributes to improved feed quality for farmed fish and shrimp around the world (the seafood industry). Harvested from one of the world's most well-managed fisheries (CCAMLR), the QRILL Aqua product is a clean ingredient for formulated feeds that leaves a low marine footprint and continually declining carbon footprint, in addition to being fully traceable and certified by third parties such as MSC and Friends of the Sea.

Studies conducted in 2020 have shown that krill products, such as QRILL Aqua, QRILL High Protein and AstaOmega Oil, have high potential to improve aquaculture feeds. The dietary inclusion of these products adds to the nutritional composition and attractability of feeds, thereby enhancing growth and health of both shrimp and fish.

In a study on shrimp in Thailand, the QRILL Aqua-fed test group exhibited higher yields, increased weight gain and growth. Two additional studies investigated the effects of dietary AstaOmega oil supplementation on shrimp juveniles. The scientists found that krill oil can be used to enhance the growth performance of shrimp juveniles raised under salinity stress and that it improves survival, growth performance and stress resistance of post larval shrimp.

For marine fish, the latest olive flounder study clearly revealed that QRILL Aqua supplementation in diets makes a positive impact, by increasing growth, improving feed intake, and enhancing disease resistance to a serious pathogen. A recent study on Atlantic salmon demonstrated that QRILL Aqua improves both the fillet quality and robustness of salmon. The QRILL Aqua-fed salmon exhibited better fillet quality, meaning better fillet color, fillet firmness, and fillet texture. QRILL Aqua-fed salmon also showed better organ health, including healthier liver color, reduced fat accumulation around the heart, and reduced inflammation in the gut.

Together these studies show that krill supplementation represents a lifeline for an industry challenged by the reduced availability and increased cost of fishmeal, and the nutritionally inferior plant-based feed alternatives.

QRILL Pet

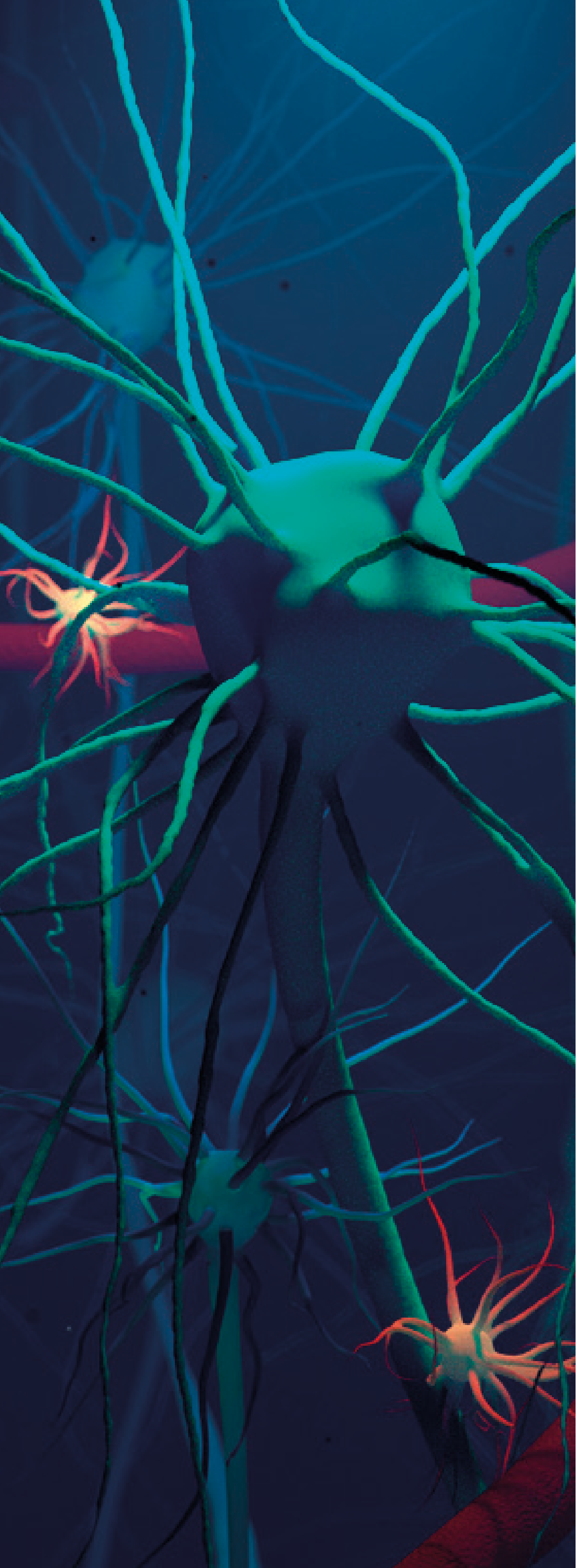
Omega-3s have many recognized health benefits for dogs and humans alike. A pet food that contains omega-3 is the first step to ensure that pets can benefit from this important nutrient on a regular basis.

Aker BioMarine's QRILL Pet is a functional marine ingredient made from whole Antarctic krill that delivers great nutritional benefits to pets. Rich in marine omega-3s, krill supports the health of several vital organs, including the heart, kidney, liver, brain, skin and coat. In 2020 alone, 1,6 million dogs ate QRILL Pet to improve their health and performance.

QRILL Pet has beneficial levels of EPA & DHA, is sustainable, traceable, and sourced from some of the cleanest waters on Earth.

Keeping pets healthy and happy, QRILL Pet is also naturally rich in marine proteins, choline and astaxanthin – a natural antioxidant that protects all body cells from oxidative damage.

QRILL PET



LYSOVETA

a new business category with broad application potential

In 2020, Aker BioMarine introduced LYSOVETA™, a new delivery platform based on LPC-bound EPA and DHA from krill. This is a significant breakthrough that will open up new opportunities and new large markets within the brain, eye and other important health areas.

Until today, there has been no commercially available LPC product in the market, except for high cost and small amounts of synthetically produced material for research purposes. With the launch of LYSOVETA, LPC becomes available in large quantities and at affordable cost.

Aker BioMarine's Antarctic krill products are naturally high in phosphatidylcholine (PC), a unique raw material to produce LPC-bound EPA and DHA. During the last five years, the company has made significant investments into product development, resulting in a large patent estate covering the space, and will now focus on expanding the research around the untapped potential of LYSOVETA.

Aker BioMarine has signed its first pharmaceutical agreement with serial biotech entrepreneur Dr. Michael Davidson and his wholly owned company Medical Food Solutions Research, to develop pharmaceutical therapies for brain and eye health based on Aker BioMarine's product LYSOVETA, LPC bound EPA/DHA. Aker BioMarine has also obtained exclusive rights to University of Illinois Chicago's (UIC) intellectual property (IP) related to LPC and will contribute to the research team as they continue to explore the potential of the LPC form of EPA and DHA.

Recent numbers from Grand View Research predict that the global dietary supplement market for brain health is expected to grow from USD 6.7bn in 2019 to USD 10.8bn in 2025, and for eye health from USD 1.5bn to USD 2.1bn. Further, the global pharma eye market reached a size of USD 23.5bn in 2019 and is expected to grow to USD 32.1bn by 2025, according to Evaluate Pharma. The global pharma brain market size was USD 86bn in 2019 and forecasted by Nature to grow to USD 131bn in 2025. To put it in context, Aker BioMarine has with its Superba™ Krill Oil built a USD 97m business out of a total US omega-3 market of USD 4.6bn, representing a 2% market share. Aker BioMarine is scaling up production capacity of the molecule at its manufacturing plant in Houston, and expects regulatory approval for the dietary supplement version of LYSOVETA by the end of 2022.

LYSOVETA

INVI

a novel protein for human consumption

In January 2021, Aker BioMarine announced that it is expanding its ingredient portfolio with the launch of INVI™, a hydrolyzed protein isolate with a complete amino acid profile, which is also rich in minerals, including calcium and magnesium.

INVI is ideal for incorporation into powder and ready-to-drink beverages, as well as broader food and beverage applications for brands looking to grow their product portfolio with a high quality and sustainable protein source.

INVI is a highly concentrated protein isolate with a protein purity above 90%. INVI has a complete amino acid profile, containing all the essential amino acids in line with the body's needs. INVI has been enzymatically hydrolyzed into predigested peptides, which promotes rapid uptake in the body and better mixability into food and beverages. More consumers are opting for healthy protein options for personal, health and sustainability reasons. Many of the non-dairy alternatives like plant-based proteins are GMO and not complete proteins. INVI fills this gap, so consumers no longer need to make compromises when seeking an alternative to non-dairy protein source.

The size of the global retail protein market was estimated to USD34 bn in 2020 and forecasted to grow to USD 40bn in 2023. The global ingredient market of protein was estimated to 3,600,000 MT in 2020, of which the addressable market for INVI was estimated to be 950,000 MT, according to Euromonitor. Aker BioMarine plans to ramp up production of INVI towards 5,000 MT per year, estimated to generate USD 80-100m in revenues, with first product in the market in 2022/2023.

INVI™ Protein
by AKER BIOMARINE

AION

a new circular economy company

Aker BioMarine launched AION (Greek for 'eternity'), a new company that will use a capital light and technology agnostic business model to offer products and services to companies with a desire to recycle waste and re-use materials.

The company stems from circular initiatives in Aker BioMarine that were focused on plastic waste and production residues.

Aker BioMarine plans to scale AION in three stages:

1. Aker BioMarine's own plastic streams and biological residue will be recycled to new products, driving the company towards its zero-waste vision.
2. AION will work with companies in Aker BioMarine's network to receive their plastic waste streams.
3. AION's ambition is to expand and scale to become an international leader in the evolving circularity space.

AION has already established a value chain and is one of three Norwegian companies that has attained B-Corp certification. This certification is known as one of the most important sustainability certifications in U.S. retail. McDonald's is already an AION customer, using serving trays made of recycled plastics from the ocean. NorgesGruppen's MENY has through a pilot project introduced AION carts of recycled ocean plastics in some of its stores.

260 million tons of plastic waste is generated annually worldwide. EU has set a target of 55% recycling of plastic packaging waste within 2030. According to McKinsey, only 16% of plastic packaging waste is recycled today, but additional regulatory tightening is expected. During 2021, the technical specifications of the EU Taxonomy objective on circular economy will be defined. This is likely to create a pull in the market for recycled products. In order to reach the target of 55% recycling rate in 2030, McKinsey predicts a market size potential of USD 60 billion. In this context, Aker BioMarine sees large opportunities for AION.

Aker BioMarine's ambition is to spin off AION to its shareholders and separately list the company.

AION

EPION BRANDS

In the U.S., one of the world's leading consumer markets, there is a huge need for the health benefits of EPA/DHA omega-3's as almost every American adult is deficient in these essential fatty acids. Krill oil is a superior source of phospholipid omega-3's with the power to excite consumers and bring them into the category.

In 2020, Aker BioMarine established an independent company in the U.S., called Epion Brands Inc. to launch Kori krill oil to the consumer market through Food, Drug and Mass Retailer channels.

Epion, based in New York, USA, has established the Kori krill oil brand as a national brand supporting the mass market. Epion will drive the krill oil category by making significant investments into digital and traditional marketing, highlighting the health benefits of krill. The aim is to raise the awareness of krill oil and its benefits among consumers and thereby increase the sales also for Aker BioMarine's existing customers.

Today, Epion is working closely with the largest retailers in the U.S., in order to secure distribution, educate and show innovations of krill. Epion offers its product to the largest drugstores, food chains, mass market and clubs and their online shops, such as Walmart, CVS, Costco and Target.

Epion will have first-hand consumer information via its retailer network, making Aker BioMarine able to get valuable insights into consumer behavior and needs. This is important in bringing new and relevant marketing concepts and innovations to market.

LANG PHARMA NUTRITION

In 2019, Aker BioMarine acquired Lang Pharma Nutrition, Inc. (LPNI), a company with 35+ years of history and experience in the nutrition and dietary supplement industry. Since its founding in 1984 by David Lang, Lang Pharma, headquartered in Rhode Island, USA, has been focused on health benefit driven products.

Lang Pharma is a key partner to the world's leading mass market retail chains, supplying nearly 70 dietary supplement and nutrition products which lead the market for both innovation and sustainability. Lang Pharma has carved out a successful niche and reputation for delivering quality and service to retailers like Costco, Sam's Club, Walmart, Target, CVS and Walgreens.

The U.S. vitamin and supplement industry is a growing market. Lang Pharma, with its lean, yet flexible market approach and responsive culture is uniquely positioned to contribute to the growth ambitions of Aker BioMarine in expanding the company's footprint in the U.S. market.

LANG
PHARMA NUTRITION

ENVIROMENTAL, SOCIAL, GOVERNANCE

PLANETARY HEALTH

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

Climate change is one of the most significant challenges facing our world today, and joint efforts across all parts of society are necessary to minimize the level of global warming.

Aker BioMarine endorses the ambition set out in the Paris Agreement (2015) to remain within a trajectory well below 2°C warming towards 2050, pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. We understand that this implies a goal of net zero emissions for Aker BioMarine by 2050, although large parts of Aker BioMarine's infrastructure is anchored in hard to abate industries.

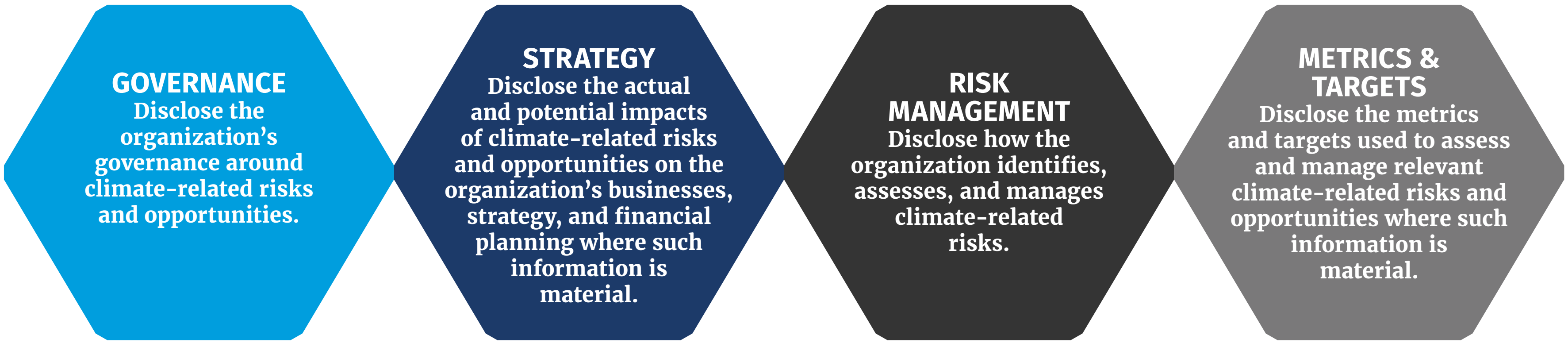
Aker BioMarine is committed:

1. To achieve net-zero emissions by 2050, working systematically to reduce all possible sources down to unavoidable emissions, and compensate thereafter by investing in tangible carbon capture projects for offsetting.
2. To reduce the climate impact of our own value chain (GHG reporting of scope 1, 2 and 3), working systematically to decarbonize in all parts of our operations, and tracking progress against our 2030 carbon reduction target of 50% reduction against 2020 levels.
3. To systematically map, understand and proactively position for any climate adaption necessary for our operations and our business model.
4. To actively contribute to the decarbonization into other segments of global food and nutrition, through our low-carbon product offering.

To meet these ambitions, we will work systematically to decarbonize and set up new structure of climate governance, as well as meeting quarterly in the Climate and Decarbonization Committee. The overall responsibility to reach our ambitions lies with the CEO, Matts Johansen, but ownership of different measures and sub-goals will be distributed throughout the organization where appropriate. Aker BioMarine will systematically implement, progress and publicly disclose our climate related efforts in alignment with the Task Force on Climate-related Financial Disclosures (TCFD).

Aker BioMarine is committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), providing investors and other stakeholders with decision-useful information on climate-related risks and opportunities that are relevant to our business through the pillars of TCFDs framework for disclosure:

The principal channel for Aker BioMarine's TCFD disclosure to external stakeholders will be our Annual Report.



(Source: TCFD website)

MATERIAL RISKS AND OPPORTUNITIES

As part of our risk review, we conducted an updated climate risk analysis, using the TCFD framework. In the process we involved stakeholders from all parts of the organization and systematically mapped and assessed our exposure to climate risk. We are tracking our exposure to climate risk on a yearly basis, and our company strives to half carbon intensity by 2030, which is an essential metric to climate risk exposure. We continously work on including climate risks and opportunities in our strategic decision-making.

RISK	IMPACT	RESPONSE
Future sales growth	Increased competition from emerging regions could impact sources of supply for krill products globally, potentially leading to a larger degree of price and quality variability. New regulations in key markets could impact sales short to medium term, similar to the situation the company experienced in South Korea during 2020.	We work systematically to increase the awareness of our krill products. We have technical and commercial employees located close to the customers and main prospects that understand the customers, the consumer dynamics and the regulations. We continuously develop new research and science that underpins and supports the product claims and marketing messaging.
Access to harvesting in the Antarctic	Changes in regulations from CCAMLR (Commission for the Conservation of Antarctic Marine Living Resources), new Marine Protected Areas (MPAs) affecting the fishing area, or transitional climate risk of broader regulatory bodies limiting the harvesting areas may reduce access to krill. Increased competition from new countries, e.g., China could also affect the company's ability to harvest krill.	We monitor the krill biomass with a five day survey every season. In 2019, the new krill biomass survey showed an abundant healthy krill biomass. We invest in the development of Feedback Management: the future krill management system that gives CCAMLR higher scientific certainty that krill harvesting does not negatively impact the ecosystem. We drive responsible fishing practices through ARK and actively engage with scientists, regulators and NGOs as an observer in CCAMLR and a multitude of formal and informal venues and opportunities for dialogue. We see our vessels as an important platform for independent scientific research and support scientists in their sampling and field work. We established the Antarctic Research Fund (AWR) together with WWF-Norway and ASOC. In 2018, a voluntary krill industry-wide decision was reached to avoid harvesting close to shore during penguin breeding season.
Climate change	Any climate change affecting the krill biomass with regards to availability and fat composition, could significantly affect the harvesting. In addition, ice and weather conditions could create a more challenging operational environment both offshore, and also for the onshore plant in Houston. Some political risks related to decarbonizing shipping with possible IMO regulations on carbon and taxes on fossil fuels.	We are data driven in our response and use a scientific approach to mitigate risks in the Antarctic environment. We have continuous dialogue with environmental NGOs and scientific community to hedge risk. We have a decarbonization plan including using alternative fuels. We systematically support science initiatives to improve the understanding of climate change effects on the Antarctic ecosystem.
Operational breakdown	A major incident in our onshore facility in Houston or on any of our vessels due to technical issues, natural disasters or pandemic related could have serious operational, environmental, and financial impact.	We conduct training, monitoring, compliance testing and vessel safety audits on a frequent basis, also with external parties. Through 2020, we have established strong and well-tested Covid-19 procedures for operations both onshore and offshore.
Product safety compromised	Adverse event reports related to product cause concerns to customers and undermine product and company reputation.	The safety of products is assessed prior to product launch and parameters related to product safety and quality are monitored throughout the lifecycle of marketed products.

OPPORTUNITIES	IMPACT	RESPONSE
Growing demand for healthy and sustainable food	Delivering high quality health nutrients in a sustainable way is both good for our business and society (SDG2).	We work together with customers to drive sustainability and increase awareness of marine ingredients as a source.
Omega-3s as component to a healthy lifestyle	Consumer driven drive towards carbon friendly products and transparency in CO2 usage.	A thorough LCA analysis on all our products and commitment to decarbonization in value chain benchmarked annually by third parties.
Low carbon intensity in customer products	Consumer driven drive towards carbon friendly products and transparency in CO2 usage.	A thorough LCA analysis on all our products and commitment to decarbonization in value chain benchmarked annually by third parties.
Attracting and retaining talent	Attracting and retaining the right people is critical to reach our aspirations, and it is important to us that we build an organization that can provide our people with the right opportunities for growth.	We have built a culture based on freedom and trust to retain talent and attract the new generation of job seekers. We have also defined our attitudes and behaviors and launched our Heartbeats that describe our culture.
Gender equality	Companies where women account for over 15 percent of senior management show higher returns. This represents an opportunity for our company to ensure democratic representation and diversity in management.	We have structured our recruitment and internal promotion processes to ensure equal opportunities together with updating and improving our employee handbook, implemented performance review and leadership development program. The management team has grown from one woman in the management team to four women out of ten.
Transparency and information sharing	We have increased efficiency by having less bureaucracy. The decisions are normally made closest to the operations.	The employees are involved in the strategy process and it is often the employees closest to the operations that share information to others internally.

CLIMATE RISKS AND OPPORTUNITIES GOVERNANCE

Aker BioMarine's governance and continuous follow-up of climate-related risks and opportunities are structured in accordance with TCFDs framework recommendations. The responsibility for implementation is spread across the following units and roles:

UNIT / ROLE	RESPONSIBILITY
Chief Executive Officer	Overall responsibility for climate-related risks and opportunities, necessary strategic alignment, and updates to the Board of Directors.
Manager Sustainability and Public Affairs	Responsible for disclosing the actual and potential impact of climate-related risks and opportunities for the business model and operations, setting the frames for strategic alignment. Ensures continuous follow-up on targets and metrics across business units as chair for Climate and Decarbonization Committee and by reporting quarterly into the Board of Directors' Audit Committee.
Climate and Decarbonization Committee	Responsible for ongoing oversight of climate-related issues, monitoring quarterly progress on climate-related targets and metrics. Presents and evaluates new initiatives from the business units. Provides advice on significant investment decisions. Provides input on climate-related strategic alignment.
Chief Financial Officer	Responsible for the annual climate-related risk management, as an integrated part of Aker BioMarine's overall risk management procedure.
Audit Committee to the Board of Directors	Responsible for tracking quarterly performance on Aker BioMarine's targets and metrics (KPIs) used to assess climate-related risks and opportunities in alignment with strategies and risk management, reviewing the effectiveness of the risk management and internal control processes during the year.

OUR DELIVERABLES FOR HUMAN AND PLANETARY HEALTH TOWARDS 2030

KPI	2018	2019	2020	2030 COMMITMENT
Extra servings of sustainable seafood	325 million	318 million	410 million	We will make aquaculture production more efficient, by contributing to 1 billion extra servings of seafood produced annually
R&D spent on sustainable diets	6 698 000 USD	5 834 000 USD	5 229 000 USD	We will develop innovative products that play an integral role in sustainable diets and the future food system
Doses of marine nutrients	1.3 billion	1.6 billion	1.6 billion	We will combat lifestyle diseases by delivering 5 billion doses of health promoting nutrients annually
Avoided emissions in aquaculture (tonne CO2)	N/A	N/A	N/A*	We will decarbonize aqua and animal feed by delivering low-carbon marine ingredients
USD spent on marine science and feedback management	N/A	N/A	800 000 USD	We will improve sustainability of fisheries through contributing to data and science driven regulation and ocean management
MSC certification	✓	✓	✓	We will maintain unconditional MSC certification and ensure transparency in vessel operations
Independent observer coverage on board while fishing	✓	✓	✓	We will maintain unconditional MSC certification and ensure transparency in vessel operations
SFP rating of fishery	A rating	A rating	A rating	We will maintain unconditional MSC certification and ensure transparency in vessel operations
Waste	N/A	N/A	395 tonnes	We will ensure full circularity on all of our principal waste streams
CO2 per tonne krill produced	N/A**	N/A**	Scope 1: 98 224 tCO2 Scope 2: 5 218 tCO2 Scope 3: 15 313 tCO2	We will reduce our carbon intensity per ton krill produced by 50 percent from 2020 levels.

*Reporting from 2021
**Reported on tonne krill caught, not tonne krill produced.

GOAL		
Gender equality & equal opportunity (GRI 405)	(GRI 405-1) Percentage of employees per employee category in each of the following diversity categories: i. Gender ii. Age groups and percentage of women	see tables i and ii below

i. Gender	2018			2019			2020		
	Female	Male	% Female	Female	Male	% Female	Female	Male	% Female
Offshore	12	156	7.1%	11	198	5.2%	20	221	8.3%
US Houston Manufacturing	16	54	22.8%	19	57	25.0%	17	51	25.0%
Global offices	61	65	48.4%	119	100	54.3%	124	118	51.2%

ii. Age groups and % female	2020											
Age groups	Under 30				30-50				Above 50			
Gender	Female	Male	Sum	% female	Female	Male	Sum	% female	Female	Male	Sum	% female
Offshore	0	28	28	0	15	131	146	10.2%	5	62	67	7.4%
US Houston manufacturing	1	3	4	25.0%	12	35	47	25.5%	4	13	17	23.5%
Global offices	21	13	34	43.0%	83	69	152	54.0%	20	36	56	35.7%
Sum	22	44	66	33.3%	110	235	345	31.9%	29	111	140	20.7%

GOAL			
Gender equality & equal opportunity (GRI 405)	(GRI 405-2) Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operations	Gender difference by job category in terms of pay. Only Norway.	Women earn % of men
		Executive management	102.06%
		Middle management	82.43%
		Employee	83.74%

GOAL		Year	2018	2019	2020
Excellent occupational health & safety (GRI 403)	(GRI 403-2) Number of serious incidents reported (onshore and offshore)	Sick leave	1.44%	0.86%	0.76%
		LTI	15	39	3
		MTC	0	0	36
		Fatalities	1	0	0

GOAL		Year	2018	2019	2020
Excellent occupational health & safety (GRI 403)	(GRI 403-2) Long and short term sick leave, TRIF or LTIR (onshore and offshore)	Offshore	N/A	0.10%	0.32%
		Houston manufacturing	N/A	1.20%	1.53%
		Global offices	N/A	1.60%	1.67%

GOAL		Year	2018	2019	2020
Provide a thriving workplace where people feel motivated and engaged (GRI 401)	(GRI 401) New employee hires and employee turnover	New hires	54	153	93
		Turnover	15	13	46

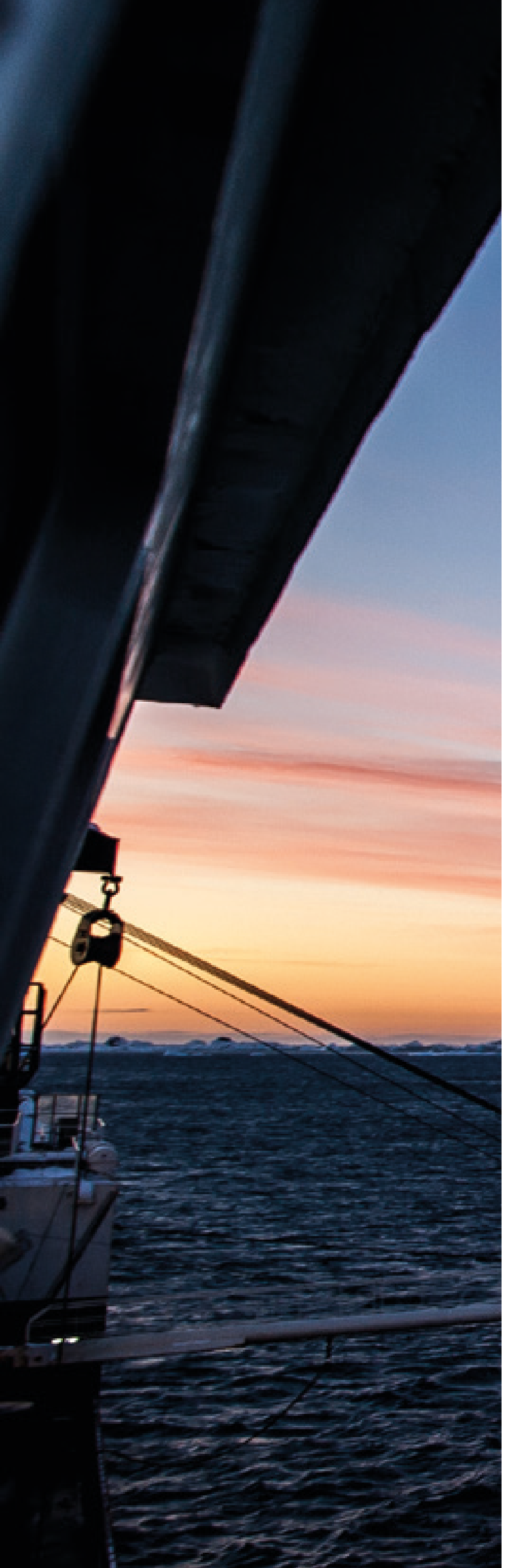
GOAL			
Provide a thriving workplace where people feel motivated and engaged (GRI 401)	(GRI 404-3) Percentage of employees receiving regular performance and career development reviews	Offshore	The offshore has been undertaking reorganization during the last years and a new Crewing Director is hired. Performance review will be implemented in either this year or next year.
		US Houston manufacturing	56%
		US (Sales organization)	The sales organization in US is expanding dramatically by acquiring a company Lang and establishing a new company Epion. Not all people processes are implemented there yet.
		Norway	100%
		Rest of the World	100%

GOAL		
Zero tolerance for discrimination, harassment, or unlawful behavior	(AKBM KPI) Number of reported whistleblowing incidents	2020: zero reports
Zero tolerance for discrimination, harassment, or unlawful behavior	(AKBM KPI) Number of reported incidents concluded to constitute a breach in governing rules and regulations	2020: zero reports
Zero tolerance for discrimination, harassment, or unlawful behavior	(GRI 205-2) Percentage of employees who have completed anti-corruption / Code of Conduct training	2020: 95%

GLOBAL TONNES CO_2 2020

In 2020, we developed a comprehensive and automated CO2 reporting system, which accurately updates our emission data on a regular basis, and which is disclosed in our annual report. KPMG has provided limited assurance on our scope 1, 2, and 3 emissions for 2020.

Scope	Global tonnes CO_2 2020
DIRECT EMISSIONS (SCOPE 1)	**98 224**
Fishery and offshore production	94 178
Production at Houston Plant	3 923
Production at Lang Pharma	123
INDIRECT EMISSIONS (SCOPE 2)	**5 218**
Purchased electricity Houston	5 015
Purchased electricity Montevideo	44
Purchased electricity other locations	159
INDIRECT EMISSIONS (SCOPE 3)	**15 313**
Business travel	212
Crewing travel	885
Packaging used	1 056
Transport of goods	13 160
TOTAL	**118 755**



PRECAUTIONARY HARVESTING OPERATIONS

In 2020, Aker BioMarine made a Life-Cycle Assessment to address the environmental impact associated with all the stages (of the life cycle) of our different krill products, from cradle-to-gate.

LCA analyses help our customers in choosing products with lower carbon footprint, which is increasingly important particularly within the aquaculture industry where there is focus on reducing the carbon footprint of products. In salmon farming, for example, the feed can comprise the largest contribution to the environmental footprint. The low environmental impact of krill in fish feed helps our customers to reach their carbon reduction goals.

With our LCA analysis we:

1) Explored the Aker BioMarine product carbon footprint for a more complete understanding of climate impact and to improve environmental management and development.
2) Documented the product carbon footprint to be able to provide customers with the environmental documentation they require.
3) Explored the water footprint of Aker BioMarine products.

The carbon footprint includes the complete system, from fishing until the products are delivered to clients/market. The results are presented with mass and economic allocation. The latter considers the value, or the revenue, that the different products stand for, and distributes the climate impact accordingly.

DATA DRIVEN MANAGEMENT REGIME

Nature is changing fast in Antarctica. Where and when we harvest krill is important, and new technology gives Aker BioMarine an edge.

The industry has a responsibility when regulations come up short, as goes for any activity around the globe that deals with industrial production of food or use of natural resources. Aker BioMarine closed off an area for harvesting because we believe it's the right thing to do.

In July 2018, the Antarctic krill industry through Association of Responsible Krill harvesting companies (ARK) announced the introduction of voluntary seasonal buffer zones in the Antarctic Peninsula, in an effort to protect penguin colonies during their breeding season.

Oceanites made a joint commitment to keep krill fishery operations away from Antarctic Peninsula penguin colonies during the breeding season.

The measure was introduced as an industry conservation effort to strengthen sustainability in the Antarctic krill fishery and give backing to the CCAMLR process of establishing a marine protected area in the Antarctic Peninsula. With this commitment, the krill fleet avoids harvesting in proximity (up to 40 kilometers) of penguin colonies during their sensitive breeding season, around the area of the Antarctic Peninsula. These buffers, covering and area of approximately 74 000 km2, are based on studies of the foraging range and feeding needs of colonies of Adelie, Chinstrap and Gentoo penguins during breeding season.

The measure has since 2018 been a success, with 100% compliance across the ARK fleet of vessels from Norway, Chile, Korea and China, representing the most advanced temporal-spatial resolution of the Antarctic Peninsula krill fishery. The voluntary measure was reviewed in 2019 by an Expert Panel of Antarctic scientists, as well as a Review Panel of participants from ARK, Greenpeace, WWF, and The Pew Charitable Trusts.

- A TRACK RECORD OF INDUSTRY BEST-PRACTICES AND LEADERSHIP

Believing in the importance of sharing best practices and promoting industry responsibility, Aker BioMarine co-founded the Association of Responsible Krill Harvesting Companies (ARK) in 2010. The global industry association was developed to promote research for the sustainable harvest of Antarctic krill and to generate scientific data from harvesting operations in order to facilitate better management of the krill fishery. In addition, we established the Antarctic Wildlife Research Fund (AWR) in 2015, in collaboration with industry partners, to promote and facilitate research on the Antarctic ecosystem. In 2018, ARK adopted its Voluntary Penguin Buffer Zones to protect penguins during their vulnerable breeding season. In 2020, these efforts were enhanced to encompass a permanently closed area on the tip of the Antarctic Peninsula.

Enhancement of penguin protection in 2020

In 2020, these seasonal voluntary measures were further enhanced, with a year-round permanent closure of a 4 500km2 area of ocean around Hope Bay in the northern Antarctic Peninsula. This step would secure the year-round protection of the largest Adélie penguin colony in the region and send a strong statement of intent in support of a marine protected area in the Antarctic Peninsula from the industry to the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) and the entire Antarctic community.

By closing this area, the krill industry reinforces its precautionary approach, upholding important ecosystem values and facilitating a better scientific understanding of penguin performance. This move will also help answer the question of why some colonies are in decline and others are not.

Krill management from static precautionary to dynamic data-driven

Krill is currently abundant in Antarctica, but climate change may make unpredictable impact. The only way to reinforce sustainable krill management for the future, which allows this much-needed marine proteins and nutrients to be brought to the world, is for the industry to adapt to the needs of the Antarctic ecosystem.

In 2019, Aker BioMarine and ARK-companies supported the large, international scientific synoptic survey of the krill biomass in Antarctica. The survey found an estimated 62,6 million tons of krill in Area 48 off the Antarctic Peninsula, which is more krill than was found in the last large-scale krill survey conducted in year 2000. The krill stock has remained in healthy condition, largely stable in distribution and density over the nearly 20-year period, and it remains one of the best managed and underutilized marine resources in the world.

CCAMLR is moving to revise the krill management system (Feedback Management) into a more data driven management regime which will ensure that the Antarctic ecosystem of penguins, whales and seals has enough krill in time and space. This will require frequent monitoring and collection of acoustic data, as well as increased evaluation of the impact of the fishery on its environment. Aker BioMarine is an enabler of this change through its investments in science and monitoring capacity from vessel and unmanned ocean vehicles.

CCAMLR, KRILL CATCH LEVELS AND QUOTAS

Antarctic krill harvesting is managed by CCAMLR (Commission for the Conservation of Living Marine Resources), an international treaty organization with approximately 25 member countries. Scientists and regulatory experts participate as part of their national delegation, and Aker BioMarine participates as observer to the Commission through ARK (Association of Responsible Krill Harvesters). There is an annual meeting in Hobart, Australia.

Krill is harvested around the Antarctic Peninsula and there is an annual quota of effectively 620.000 MT since 2009, spread across the different sub-areas (Area 48.1, 48.2, 48.3, 48.4) by CCAMLR CM-51-07.

In 2019, the CCAMLR survey found there to be all of 63 million metric tons in the area where krill can be harvested – more than they found during the last survey in year 2000.

Over the last few years, the catches have been moving steadily upwards, reaching 445 000 MT in 2020 across Area 48.

KRILL

BIOMASS IN AREA 48:

62,6 million tons

QUOTA

EFFECTIVE CATCH LIMIT (TRIGGER LEVEL):

620,000 million tons
(<1% of the biomass)

KRILL 2020

TOTAL ANNUAL CATCH:

445 000 million tons
(=0.7% of the biomass)

FINANCE

SHARE AND SHAREHOLDER INFORMATION

We aim to be open and transparent in our communication with the market to develop and retain investor confidence, and to deliver an attractive return to our shareholders. We are committed to serving all our shareholders and potential investors by providing consistent, open and prompt disclosure of relevant information. Our policy is equal treatment of all stakeholders, including analysts, banks, institutional investors and private shareholders. All information that may be important and relevant for Norwegian and international markets is provided in the form of releases to the stock exchange, media and financial newswires. Presentation will be held for shareholders, brokers and analysts in connection with the quarterly and annual reporting dates. Aker BioMarine holds regular meetings with investors and analysts to enhance communication.

Aker BioMarine's shares were admitted to trading on Euronext Growth on 6 July 2020. The Company plans to move the listing to the Oslo Stock Exchange by first half of April 2021. More information can be found on Aker BioMarine's investor website.

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

At 31 December 2020, the VPS registered share capital in the Company was NOK 525.516.516 divided on 87.586.086 shares, with a nominal value of NOK 6 per share. Aker BioMarine has one class of shares, with each share carrying one vote. As of year end 2020, we had 2.866 shareholders, with our 20 largest shareholders holding 90.7% of the shares. The majority of our shareholders are located in Norway, UK, and the US. Aker Capital held 77.8% of the shares at the end of 2020. Our senior executives hold shares in the Company, please see Note 23 for further details.

Name	Holding
AKER CAPITAL AS	77.8%
The Bank of New York Mellon SA/NV	1.1%
J.P. Morgan Bank Luxembourg S.A.	1.1%
KMMN INVEST II AS	1.1%
J.P. Morgan Bank Luxembourg S.A.	1.0%
DANSKE INVEST NORSKE INSTIT. II.	0.8%
U.S. Bank National Association	0.8%
VERDIPAPIRFONDET DNB NORGE	0.8%
UBS AG	0.8%
Danske Bank A/S	0.7%
HSBC Bank Plc	0.6%
BNP Paribas Securities Services	0.6%
VERDIPAPIRFONDET ALFRED BERG GAMBA	0.6%
Danske Invest Norge Vekst	0.5%
Norron Sicav - Target	0.5%
CENTRA INVEST AS	0.5%
VPF DNB AM NORSKE AKSJER	0.4%
State Street Bank and Trust Comp	0.4%
DANSKE INVEST NORSKE AKSJER INST	0.4%
VJ INVEST AS	0.3%

Source: VPS

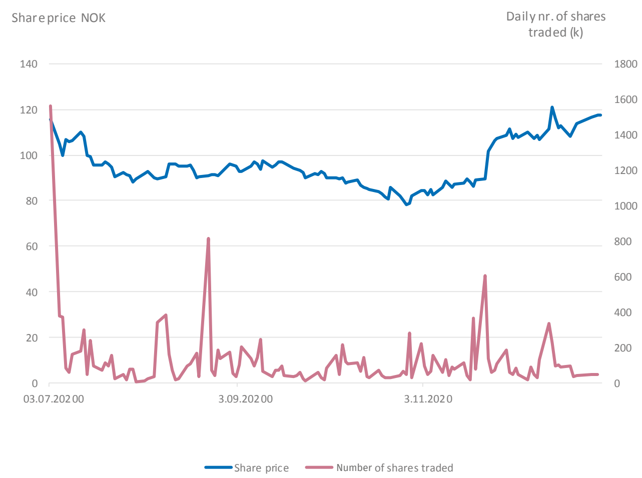
SHARE PERFORMANCE

- At the end of 2020, Aker BioMarine's share price was NOK117.5, compared with the IPO price of NOK115.85 in early July 2020.
- The share's highest price during 2020 was NOK 121 on 15 December and its lowest close price was NOK 78.2 on 28 October.

The graph below shows the share price and number of shares traded following the first day of trading on 6 July 2020.

SHARE PRICE AND NUMBER OF SHARES TRADED

- in 2020

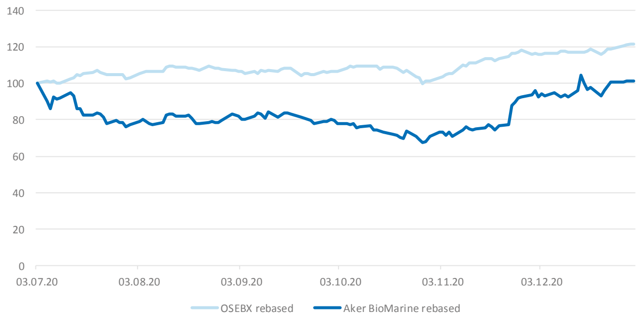


Source: Euronext
Note: Aker BioMarine's IPO price was NOK115.85. First trading date was 6 July 2020. The graph includes the IPO price

AKER BIOMARINE SHARE & OSEBX PERFORMANCE

- rebased in 2020

The graph below shows Aker BioMarine's share price performance rebased versus the OSEBX index.



Source: Euronext
Note: Aker BioMarine's IPO price was NOK115.85. First trading date was 6 July 2020. The graph includes the IPO price and OSEBX as of 3 July.

SHAREHOLDERS BY REGION AND CAPITAL

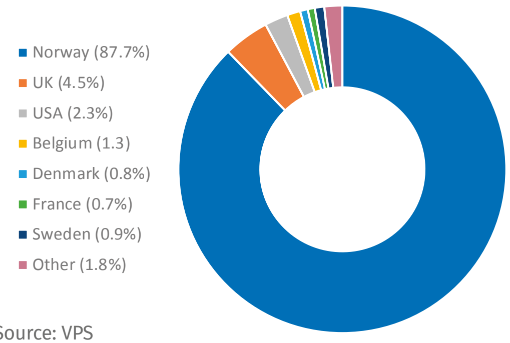
The following table and chart show the distribution of shareholders by capital and region as of 31 December 2020.

Number of shares	Number of shareholders	% of share capital
1-100	1126	0.1%
101-1.000	1260	0.6%
1.001-10.000	353	1.6%
10.001-100.000	86	3.0%
100.001-1.000.000	40	17.0%
above 1.000.000	1	77.8%
Total	2866	100.0%

Source: VPS

SHAREHOLDER DISTRIBUTION BY REGION

As of 31 December 2020



Source: VPS

ANALYST COVERAGE

As of 31 December 2020

The table below shows analyst with coverage of the Aker BioMarine share.

Company	Name	Phone	Email
Arctic Securities	Thomas Lorck Axel Jacobsen	+47 21 01 32 35 +47 21 01 31 58	thomas.lorck@arctic.com axel.jacobsen@arctic.com
Carnegie	Ola Trovatn	+47 22 00 93 72	ola.trovatn@carnegie.no
DnB	Ole Martin Westgaard Simen Aas	+47 24 16 92 98 +47 24 16 91 17	ole.martin.westgaard@dnb.no simen.aas@dnb.no
Pareto Securities	Carl Emil Kjølås Johannessen Heidi Stenmark	+47 24 13 39 41 +47 22 87 88 17	cekj@paretosec.com heidi.stenmark@paretosec.com
SEB	Simon Brun	+47 22 82 67 42	simon.brun@seb.no
SpareBank 1 Markets	Øyvind Mossige	+47 24 13 37 02	oyvind.mossige@sb1markets.no

SHARE DATA & FINANCIAL CALENDAR

We expect to present our results in 2021 as follows:

Share data	2020
Ticker	AKBM
Number of shares (m)	87.6
Market capitalization (NOKbn)	10.3
Average daily trading volume (m)	0.12
Average daily trading value (NOKm)	11.7

AGM & Quarterly release dates 2021	
Annual General Meeting	12 March 2021
First quarter	29 April 2021
Second quarter	14 July 2021
Third quarter	29 October 2021

Our presentation will be webcast at 09:00 CET, and the presentation material will be available on our website at 07:00 CET on the day of release. Please see our website for further details.

BOARD OF DIRECTORS

AS OF 31 DEC 2020

2.

4.

1.

3.

5.

6.

1. OLA SNØVE
Chairman
Ola Snøve been Chairman of the Board of Aker BioMarine since 2014. Snøve was Investment Director of Aker ASA for more than ten years and was previously President & CEO of Epax, a world-leading fish oil-based omega-3 supplier. He is currently a Non-Executive Director in several innovative technology companies. Snøve holds both a MSc and a PhD from the Norwegian University of Science and Technology, and an MBA with Distinction from INSEAD. Snøve is a Norwegian citizen.

2. ØYVIND ERIKSEN
Director
Øyvind Eriksen joined Aker ASA in January 2009. Eriksen holds a law degree from the University of Oslo. He joined the Norwegian law firm BA-HR in 1990, where he became a partner in 1996 and a director/ chairman in 2003. As a corporate attorney he among other things worked with strategic and operational development, M&A and negotiations. Eriksen has held several board positions in different industries, including shipping, finance, asset management, offshore drilling, fisheries, media, trade and industry. As CEO of Aker ASA , Eriksen is currently chairman of the board in Aker BP ASA, Cognite AS, Aker Capital AS, Aker Kværner Holding AS, Aker Horizons AS, C4IR Ocean, and REV Ocean AS. He is also a director of several companies, including Aker Solutions ASA, Aker Energy AS, Aker Carbon Capture AS, Mainstream Renewable Power, The Resource Group TRG AS, TRG Holding AS, The Norwegian Cancer Society (Kreftforeningen), and a member of World Economic Forum C4IR Global Network Advisory Board. Eriksen is a Norwegian citizen.

3. Sindre Skjong
Director, elected by the employees
Sindre Skjong is the VP Technical Operations of Offshore Operations at Aker BioMarine Antarctic AS. Having been with Aker BioMarine since 2005, Skjong has worked as a sailing Chief Engineer, Project Manager and Site Manager, prior to his current role. Before Aker BioMarine he was the Chief Engineer at Skaregg AS and Technical & Operations Manager at Ramoen AS. Skjong has a Class I Chief Engineer education from Aalesund Maritime Skole, Coastal Captain education from Aukra Maritime Skole and Cooling Engineer education from Lade Videregående Skole. Skjong is a Norwegian citizen.

4. Line Johnsen
Director, elected by the employees
Line Johnsen is the VP of Science and Regulatory Affairs at Aker BioMarine Antarctic AS. She has been with Aker BioMarine since 2012, working as Regulatory Scientist, Director Regulatory Affairs and Director Science and Regulatory Affairs. Prior to joining Aker BioMarine, Johnsen has worked as a regulatory associate at LINK Medical Research and as a post doctor at the Norwegian Radium Hospital. Johnsen holds a PhD in Biochemistry from University of Oslo. Johnsen is a Norwegian citizen.

5. FRANK O. REITE
Director
Frank O. Reite first joined Aker in 1995 and held the position as CFO in Aker ASA from August 2015 until August 2019. He is now an advisor. He holds a BBA from Handelshøyskolen BI in Oslo. Reite has previously held the position as President & CEO of Akastor and has previously held a variety of executive positions in the Aker group, including overseeing and developing Aker's investments in Converto Capital Fund AS, Havfisk ASA, Norway Seafoods AS and Aker Yards ASA. Reite also has experience from banking and served as Operating Director at Paine & Partners, a New York-based private equity firm. In addition to holding other positions, Reite is chairman of the board for Yield ASA, Norron AB and Converto AS and a board member of Aker BioMarine AS and Solstad Offshore ASA. Reite is a Norwegian citizen.

6. KJELL INGE RØKKE
Director
Kjell Inge Røkke, Aker ASA's main owner, has been a driving force in the development of Aker since the 1990s. Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and has gradually built a leading worldwide fisheries business. In 1996, the Røkke controlled company, RGI, became Aker's largest shareholder, which later merged with Aker. Røkke is currently chairman of Aker ASA, The Resource Group TRG AS, TRG Holding AS, as well as director of several companies, including Aker BP ASA, Aker Solutions ASA, Ocean Yield ASA, Aker BioMarine AS, Aker Energy AS, Aker Horizons AS, Aker Offshore Wind AS, Aize Holding AS, REV Ocean AS and Mainstream Renewable Power. Røkke is a Norwegian citizen.

MANAGEMENT TEAM

1. **Matts Johansen**
   Chief Executive Officer (CEO)
   Before being named the CEO in 2015, Matts Johansen was the COO of Aker BioMarine. As CEO, Johansen is on a mission to improve human and planetary health. Prior to joining Aker BioMarine in 2009, he was the CMO at Telefonica O2. He has studied at Oslo University College and Columbia University.

2. **Webjørn Barstad**
   EVP Offshore
   Webjørn Barstad joined Aker BioMarine in 2020 as Executive Vice President Offshore, responsible for Aker BioMarine's offshore krill harvesting operations. Barstad has spent his entire career within the seafood industry, most recently serving as the CEO for Lerøy Havfisk (ocean fisheries) and Lerøy Norway Seafoods (shorebased processing), and COO at Lerøy Seafood Group. Barstad has an MSc in International Banking and Financial Studies from Heriot-Watt University Business School, Edinburgh.

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

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

5. **Tone Lorentzen**
   EVP Supply Chain
   Tone Lorentzen joined Aker BioMarine in 2015. She oversees Aker BioMarine's entire supply chain, including global logistics, customer care, production at the krill oil factory in Houston, third party production, product quality and HSSE. Tone has 25 years of experience with global supply chain operations. Prior to joining Aker BioMarine, Lorentzen has worked at Nycomed, Amersham, GE Healthcare and Trygg Pharma.

6. **Shauna Cecilia McNeill**
   EVP Innovation
   Shauna McNeill has been with Aker BioMarine since 2017. She is responsible for the company's new and on-going programs to research, develop and commercialize krill derived products and applications. McNeill has worked in a variety of strategy, product and business development roles in companies such as at Ecolab and the Boston Consulting Group. McNeill holds both an MBA from Harvard Business School and a BS in Chemical Engineering from the University of Minnesota.

7. **Sigve Nordrum**
   EVP Animal Health and Nutrition
   Sigve Nordrum has been with Aker BioMarine since 2007. He is responsible for the sales and marketing for krill products for the animal and aquaculture markets globally. Prior to joining the company, Nordrum worked at BioMar and the Norwegian Ministry of Fisheries. Nordrum has a Master's degree from the Norwegian School of Life Sciences and a PhD from the Norwegian Veterinary College.

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

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

10. **Hege Spaun**
    Chief Officer People & External Affairs
    Hege Spaun joined Aker BioMarine in 2016. She is responsible for increasing Aker BioMarine's transparency, connecting the day-to-day operations with the company's strategy and transforming the business to meet increasing expectations from customers, employees and other stakeholders. Prior to joining Aker BioMarine, Spaun was a senior consultant for organizational development at DNV GL. Spaun has a Master's degree in Psychology from the University of Oslo.

2020
AKER BIOMARINE

CONSOLIDATED FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT

SUMMARY OF 2020

Aker BioMarine reported USD 288.6 million in Net sales for 2020, a revenue growth of 17%, and a Net loss for the year of USD 5.5 million. The adjusted EBITDA growth for 2020 was 47%. With a high fixed cost base, the operational leverage yields significant higher operating profit growth when the top line is increasing. Aker BioMarine, as everyone else, saw Covid-19 impacting how it operates and conducts business. However, the company was able to quickly adapt to the situation and remained dedicated to the safety of all employees, without any significant disruption to its operations.

As part of the company's business continuity efforts in 2020, Aker BioMarine's sales platforms underwent a digital transformation, and new customers and markets were onboarded without requiring travel. The harvesting season of 2020 was challenging, as the Antarctic Endurance did not reach full capacity as planned, and ice conditions made fishing areas difficult to access. However, the harvesting-related challenges were compensated by a stronger onshore performance, unit cost improvements and control of operating expenses.

Aker BioMarine's competitive position remains solid. In the krill harvesting space, the company accounts for the majority of all the global krill catch, even while holding a minority of the total number of fishing vessels. The onshore operation in Houston made significant improvements during the year, and approximately 80% of the world's krill oil production goes through the Aker BioMarine factory in Houston. During 2020, Aker BioMarine launched Kori, its own krill oil brand, sold on the shelves of the largest retailers in the US, including Walmart, CVS and Costco. Kori is now available through eighteen US retailers, the majority of whom offer both in-store and online sales. The feedback from the retailers have been positive and the sales are steadily increasing.

In the animal health and nutrition business, QRILL™ Aqua ingredients received regulatory approval in China in early 2020. Following this milestone, the company saw an increase in sales to Chinese Aquaculture farmers and feed producers. Sales of QRILL Pet have also developed during 2020 on the back of successful marketing activities connected to the long-distance dog mushing sport.
The human health and nutrition business experienced slower growth in 2020 as the South Korean markets changed their regulatory process and blocked all sales to the country. Aker BioMarine, as one of few suppliers, now meets all new regulatory requirements, but the run rate is not yet back to previous levels.

Aker BioMarine has for many years invested in innovation and research and development (R&D). Innovation is an integral part of the company's DNA and at the core of the company culture. During 2020, Aker BioMarine published several new, independent studies documenting the benefits of both Superba™, QRILL Aqua and QRILL Pet. These studies equip customers with more information about their krill-based products, which enables them to drive greater awareness and sales.

The global outbreak of the Covid-19 pandemic impacted Aker BioMarine in 2020, causing the company to take significant steps to protect employees and its operations. The pandemic has been monitored closely since the global outbreak in early 2020, and the company has consistently worked towards its main goal to keep all employees safe and ensure that all available protective measures are implemented and adhered to in order to avoid an outbreak on any of the vessels. Adequate procedures were put in place which ensured that the company was able to carry out all planned crew changes without any outbreaks or operational disruption on any of the vessels. In addition, there were no major outbreaks or operational disruptions at the Houston plant.

BUSINESS OVERVIEW

Aker BioMarine is a biotech innovator and Antarctic krill-harvesting company, dedicated to improving human and planetary health. The company develops krill-based ingredients for nutraceutical (Superba), aquaculture (QRILL Aqua), and animal feed applications (QRILL Pet). In addition, the company launched LYSOVETA™, a targeted transporter of EPA and DHA from krill. Aker BioMarine is also targeting the global protein market with the new product INVI™, a highly concentrated protein isolate from krill.

Aker BioMarine's fully transparent value chain starts with the sustainable krill harvesting in Antarctica. Our catch technology ensures zero bycatch and utilizes 100% of the raw material. The harvesting vessels are outfitted to simultaneously produce ingredients while catching krill. There are over 160 published studies showing the benefits of krill for humans and animals. From the logistics hub in Montevideo, Aker BioMarine distributes products to customers globally, and ships ingredients to Houston for the production of krill oil. The company has in-house sales and distribution teams locally in all the large markets where it operates, selling products to customers in more than 65 countries. The U.S. business also includes the private label business, Lang Pharma and the company's own krill oil brand, Kori.

Aker BioMarine has a strong focus on sustainability, which is derived from its purpose to 'Improve Human and Planetary Health'. This purpose guides employees and management when making decision and setting priorities. Aker BioMarine adapted its strategy to UN's Sustainable Development Goals (SDG) in 2015. The company focuses on four of the SDGs: Good health and well-being by combating lifestyle deceases through its Superba krill oil products. Zero Hunger by making aquaculture more efficient through its QRILL Aqua products. Responsible consumption and production through mapping out CO2 and waste stream and implementing new initiatives to reduce the footprint each year. In addition to Life below water by building the most sustainable fishery in the world, and being transparent, responsible, and contributing to science in Antarctica.

Aker BioMarine owns and operates three krill-harvesting vessels: Saga Sea, Antarctic Sea and Antarctic Endurance. The vessels have onboard production of krill feed products and intermediates. The company also owns the support vessel La Manche, which refuels and offloads the krill harvesting vessels at sea and performs crew changes. La Manche will be replaced with the newbuilt and larger Antarctic Provider that was delivered to the company on 5 February 2021. Aker BioMarine holds four krill harvesting licenses issued by the Norwegian Government, three of which are in use today. The company also owns and operates its onshore krill oil facility in Houston, Texas.
The Aker BioMarine headquarters are located at Fornebu, Norway.

Launch of LYSOVETA™ - a new business segment
A 2014 research article published in Nature, the world's leading science journal, identified Lysophosphatidylcholine (LPC) as a primary carrier molecule of DHA across the selective blood-brain barrier. This article inspired Aker BioMarine to develop a method of producing LPC-bound EPA/DHA from krill. Today, there is not a commercially available LPC-EPA/DHA product on the market, except for high cost and small amounts of synthetically produced material for research purposes. On 24 November 2020, Aker BioMarine began marketing LYSOVETA, a new delivery platform based on LPC-bound EPA and DHA from krill. With the launch of LYSOVETA, LPC becomes available in large quantities and at an affordable cost. There is substantial and increasing interest and concern around brain and eye health. With this product, Aker BioMarine will target the large and growing supplements and pharmaceutical market for brain and eye health.
Following the launch of LYSOVETA, Aker BioMarine signed its first pharmaceutical agreement for development of therapies based on LYSOVETA. In addition, the company has signed agreements with research institutions to further develop various therapies based on LYSOVETA.

AION™ - a new circular economy company
On 15 December 2020, Aker BioMarine launched AION, a circularity solution company that will use a capital light and technology agnostic business model to offer products and services to companies that aim to recycle waste and re-use materials. AION stems from circular initiatives in Aker BioMarine focused on plastic waste and production residues. Aker BioMarine plans to scale AION in three stages. First, Aker BioMarine's own plastic streams and biological residue will be recycled into new products, driving the company towards its zero-waste vision. Second, AION will work with companies in Aker BioMarine's network to receive their plastic waste streams and turn it into fully circular plastic products. And finally, AION will expand and scale to become an international leader in the evolving circularity space.

Admitted to trading on Euronext Growth
Aker BioMarine's shares were admitted to trading on Euronext Growth (formerly Merkur Market) on 6 July 2020. Simultaneously, Aker Capital reduced its stake in Aker BioMarine from 98% to 78% through a corresponding capital increase in the form of a private placement raising USD 225 million.

FINANCIAL INFORMATION

Consolidated results

In 2020, Net sales increased by 17 percent to USD 288.6 million, up from USD 246.2 million in 2019, mainly due to higher sales in the Ingredients segment as well as full inclusion of Lang in the Brands segment. Net loss for the year was USD 5.5 million, up from a net loss of USD 23.8 million in 2019. The significant increase primarily reflects increased sales of products, as well as improved gross profit from krill oil sales, cost efficiency measures, lower interest expense and other financial income. Lower harvesting than expected significantly impacted the 2020 results with lower gross margins for the QRILL category, as well as limited availability of the QRILL product. Adjusted Group Earnings before Interest, Tax, Depreciation, Amortization and special operating items ("Adjusted EBITDA") was USD 78.1 million in 2020, compared to USD 53.0 million in 2019. The increase, in addition to the factors mentioned above, is due to lower product impairments in 2020 as well as production optimization in Houston.

Cash flow

Cash flow from operations was USD -51.0 million in 2020, a decrease from USD 12.3 million in 2019, mainly due to significant build-up of trade and other receivables following high sales activity at the end of the year, in addition to a contract payment of USD 10 million. Also, as part of repaying the debt to Aker ASA, Aker BioMarine paid accrued interest on the debt amounting to USD 15.2 million and accrued guarantee fee of USD 11.7 million. During 2020, Aker BioMarine sold the harvesting vessel Juvel for USD 21.6 million. Capital expenditures included Antarctic Provider milestone payments of USD 9.7 million, smaller investments in Houston, as well as annual shipyard expenditures of USD 6.7 million at the end of the year. This led to a total net cash outflow from investments of USD 2.1 million versus USD 176.0 million in 2019, when the company took delivery of the new harvesting vessel, Antarctic Endurance. Net cash flow from financing activity was USD 50.2 million (2019: USD 174.7 million), the net of debt payments and funds from the issue of shares. The difference between cash flow from operations and the operating profit (loss) in the statements of profit or loss mainly represents changes in working capital, depreciation and amortization, as well as financial expenses such as interest and guarantee fees included in cash flow from operations.

Financial position

As of 31 December 2020, the equity ratio was 53 percent, compared to 22 percent at year-end 2019 after the private placement was completed in connection with the admittance to Euronext Growth in July 2020. Cash and cash equivalents amounted to USD 10.7 million, compared to USD 13.6 million as of year-end 2019. Total assets amounted to USD 700.4 million and total equity was USD 373.2 million. Corresponding 2019 figures were USD 692.2 million in total assets and USD 154.5 million in total equity. We consider the company's cash and financial position to be strong.

The increased asset base mainly comprised of increased inventories and receivables. The increase in receivables comes as result of high sales activity towards year-end, whereas the increase in inventories is due to higher inventory value for products going into the human health and nutrition market, where volumes produced exceeded volumes sold in 2020.

Interest-bearing debt amounted to USD 242.8 million as of 31 December 2020, of which USD 210.6 million is long-term interest-bearing debt and USD 32.2 million is short-term interest-bearing debt. The available liquidity under the company's debt facilities amounted to USD 94.8 million as of 31 December 2020.

AKER BIOMARINE AS

The parent company Aker BioMarine AS is a holding company, with financial activities and with corporate functions. Aker BioMarine AS had a Net loss of USD 1.7 million in 2020, compared to USD 4.8 million in 2019. The reduction in Net loss is primarily driven by lower interest and guarantee expenses on debt facilities. Total assets were USD 572.4 million as of 31 December 2020, compared to USD 526.4 million in 2019. Cash and cash equivalents were USD 0.3 million as of 31 December 2020, the same level as in 2019. Following the Euronext Growth admission, total equity increased by USD 224.2 million to USD 506.9 million as of 31 December 2020. Long term debt to Aker ASA was repaid in full and the company made installments on external loan facilities reducing interest bearing debt by USD 64.8 million to USD 54.6 million as of 31 December 2020.

The Board of Directors has proposed that the Net loss for the period is allocated to retained earnings.

FINANCIAL RISK AND RISK MANAGEMENT

Aker BioMarine is exposed to credit, liquidity and interest risk in addition to operational risks and uncertainties related to harvesting and offshore processing technologies, fluctuations in annual krill harvesting, onshore production processes and product quality, ability to develop new products, and general market risk, which includes product sales. The ongoing Covid-19 pandemic inherently increases many of these risk factors, as markets become more uncertain, and operations become more complex, expensive, and less robust to interruption. Aker BioMarine has implemented measures to mitigate the risk for operational disruptions due to the Covid-19 situation, both offshore and onshore, as well as in the offices. A worst-case scenario is an outbreak on any of the krill harvesting vessels or a major outbreak at the Houston plant, which may have significant operational and financial impact.

Other key operational risks and uncertainties

Future sales growth: Increased competition from e.g., China could impact the ability to grow the demand for krill products globally, but also putting pressure on prices. New and stricter regulatory regimes could also impact sales short to medium term, similar to the situation the company experienced in South Korea during 2020.

Access to harvesting in the Antarctic: Changes in any regulations from CCAMLR (Commission for the Conservation of Antarctic Marine Living Resources), new Marine Protected Areas (MPAs) affecting the fishing area, or transitional climate risk of broader regulatory bodies limiting the harvesting areas may reduce access to krill. Increased competition from other harvesting countries, e.g., China could also affect the company's ability to harvest krill.

Climate change: Any climate change affecting the krill biomass with regards to availability and fat composition, could significantly affect the harvesting. In addition, ice and weather conditions could create a more challenging operational environment both offshore, and also for the onshore plant in Houston.

Operational breakdown: A major disaster or incident, due to technical issues or natural disasters, in the Houston plant or on any of the harvesting vessels could have serious operational, environmental, and financial impact.

Key financial risk and uncertainties

The company's activities create exposure to various types of risk which are associated with the financial instruments and markets in which it operates. The most significant types of financial risk are credit risk, liquidity risk, and market risk. Risk management is carried out in order to create predictability and stability for operating cash flows and values. Management can use financial derivatives to hedge against risk relating to operations, financing, and investment activities if the financial derivative has been approved by the Board of Directors. In 2020 the company entered into a fuel hedge contract with DNB for hedging of bunkers oil for the period 2021-2024.

Credit risk: Relates to receivables from customers and is monitored on a routine basis with credit evaluations being performed on customers when appropriate. Entering significant sales contracts, the sales department seeks to reduce credit risk through more stringent payment terms including requirement of up-front payments. The company has had low losses on receivables as the sales department is maintaining close contact with each customer, routine billing and cash collection is performed.

Liquidity risk: Inability to meet financial liabilities as they mature. The company has not hedged against exposure to interest-rate fluctuations on debt and is therefore exposed to fluctuations on the variable-rate amount of interest-bearing liabilities, which was USD 145 million as of 31 December 2020 (2019: USD 279 million, 2018: USD 192 million).

Market risk:

- Currency: Aker BioMarine operates in a global market and is exposed to currency fluctuations, primarily in the USD, NOK and EUR exchange rates. In addition, the Group has operations with exposure to local currencies in several other countries such as China, India, Australia and Uruguay, but these exposures are regarded minimal. The company has USD as its presentation and functional currency, but has NOK denominated financial instruments thus the balance sheet is exposed to changes in NOK/USD exchange rate. The company seeks to ensure that revenues and expenses are in the same currency. The company periodically assesses the need for foreign currency hedging. Currency risk is managed on an overall Group level.
- Interest rate: The company has a portion of fixed interest rate loans, including the Antarctic Endurance ECA vessel facility, but the majority of its debt facilities is floating. Aker BioMarine is therefore exposed to interest rate volatility

and development, and the company periodically assesses the need for interest rate swaps or fixed papers when entering new debt facilities.
- Fuel price: Fuel cost is one of the company's largest operating costs. As such, the company is exposed to fuel price fluctuations, and the profitability and cash flow will therefore depend upon the market price of fuel. In June 2020 the company entered into a hedging arrangement for MGO fuel by using call options for 2021-2024. The four-year hedging program aims to reduce the risk of a potential sharp oil price rebound. Total volume over the four-year period is 143 077 metric ton of MGO with the purpose of securing the future cash-flows from operating the company's fleet.

The Group has adopted a risk management policy to identify, measure, and mitigate risks. For a more detailed discussion on market risk, credit risk, and liquidity risk, see Note 20 (Financial risk) to the consolidated financial statement.

HEALTH AND SAFETY

The krill-harvesting vessels, as well as the support vessel, operate in rough Antarctic waters. Crew health and the working environment are important concerns for the company. Despite the demanding conditions, illness and accident rates onboard are low. 'Safety first' is a key focus throughout the company's value chain. Sick leave rates are low both onboard the vessels, at the factory in Houston, and in the global office locations.

To keep illness and accident rates low, the company carefully examines and improves work tasks and working environments. Aker BioMarine has put in place systems to ensure that crew members have access to medical attention, in case of injury or illness when vessels are operating far from shore. The onboard working environment is reported as good, as evidenced by the low crew turnover rate and results from employee satisfaction surveys measured monthly.

Aker BioMarine's objective is to minimize personnel injuries, environmental harm, and vessel or property damage. The company conducts systematic safety drills that prepare crew and onshore personnel for handling demanding scenarios that may occur on board or onshore. Personnel safety is important and efforts to further improve safety are ongoing.

During 2020 the offshore operations had two employee injuries leading to lost time. In both cases the persons involved injured their hand or arm working with the grinder onboard one of the vessels. In addition to this, the offshore operation had 31 miscellaneous medical treatment cases, including smaller injuries like cuts, burns and various medical attention. At the plant in Houston there were no serious incidents in 2020, and the report includes only two personnel incidents, of which none were lost time injuries. In one of the US subsidiaries there were two injuries of which one was lost time injury. There are no reports of significant injuries caused by other conditions associated with the company's operations. The company views accidents and hazardous conditions with great concern. Incidents and procedures are reviewed regularly, and measures are implemented to avoid recurrence.

The registered sick leave in the company's offshore operation was 0.32% in 2020, up from 0.10% in 2019. At the Houston plant sick leave was 1.53% in 2020, up from 1.2% in 2019. In the global offices, the sick leave was 1.67% in 2020, up from 1.60% in 2019.

ENVIRONMENT

The most significant environmental effects of Aker BioMarine's activities relate to climate change, biodiversity, recycling, and waste management. The main resources utilized are krill, energy, water, and land use. The activities that affect the environment are the capture of krill, energy consumption and emissions from the three vessels fishing in Antarctica and the support vessel that transports krill and crew from the fishing vessels to the mainland, energy consumption and emissions from the manufacturing facilities that produce krill products and the transport of these products to customers mainly in the US, Europe and Asia.

Sustainability has been an integral part of Aker BioMarine's operations and business model since the company's inception. Aker BioMarine is known for its proprietary Eco-Harvesting technology, which reduces by-catch to a minimum. Known for its fully transparent operations, the company was the first krill fishery to receive the Marine Stewardship Council (MSC) certification in 2010, and it received re-certification in 2015 for another five years, and was once again rated as state-of-the-art both on sustainability of the stock, limited ecosystem impact and effective management at the end of 2020.

For the sixth year in a row, the Antarctic krill fishery has received the highest score, an "A" rating, from Sustainable Fisheries Partnership for having a biomass that is rated as in 'very good' condition. The

Antarctic krill fishery is the only reduction fishery to receive an "A" rating.

Aker BioMarine has contributed to the establishment of the Antarctic Wildlife Research Fund (AWR), which exists to facilitate and promote Antarctic marine ecosystem research.

Aker BioMarine has developed an ESG framework in order to report on climate risks and opportunities in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP), and tracks progress against its 2030 carbon reduction target. The company's recent investment in a more environmentally-friendly harvesting and logistic vessel is a first step towards building operations that take the environment into account, reduce impact, as well as enable the company to do business in a low-carbon economy. In a separate section of the Annual Report the Group's CO_2 emissions are disclosed.

Aker BioMarine launched AION in 2020, a circular solution company. With AION, Aker BioMarine's own plastic streams and biological residue will be recycled to new products, driving the company towards its zero-waste vision.

Aker BioMarine also maintains an extensive stakeholder collaboration with authorities, science institutions and environmental NGOs that are engaged in the Antarctic region specifically, as well as the broader community, in order to position marine resources as an important component into future foods and nutrients.

ORGANIZATION

Driving equality and diversity through an engaged and well-respected workforce is a key enabler to delivering on the company's overall strategy. Therefore, it is fundamental for Aker BioMarine to maintain a working environment with equal opportunities for all based on qualifications, regardless of gender, ethnicity, religion, age, sexual orientation, or disability. Aker BioMarine's diverse workforce consists of approximately 40 nationalities and includes a wide range of competencies and insights, which serves to benefit both customers and the overall business.

Aker BioMarine seeks to promote diversity and prevent gender discrimination in the workforce through clear recruitment requirements and the development of individuals and programs that support equal opportunity. This means that the company is committed to both promote and pay employees fairly, regardless of individual characteristics, and that individuals with the same jobs, with equal professional experience, who perform equally well, shall receive the same pay in Aker BioMarine. Based on completed surveys conducted for all employees, certain differences have been identified with respect to equal pay, and the company is currently making necessary adjustments to align the identified differences.

Aker BioMarine's fishery consists predominantly of male employees. However, Aker BioMarine has hired its first ever female fish mate in 2020. She is currently a Fishing Skipper and Deck Officer. The company views this as a milestone and hopes that this will inspire more women to join a traditionally male-dominated field. Aker BioMarine has a low percentage of women in its fisheries in Antarctica and manufacturing in Houston, largely due to the characteristics of the trade. However, the company has a more balanced mix of women and men in its other, global offices. In Norway, there are 49% women among the 129 employees.

In 2020, women held 26.3 percent (2019: 29.6) of the positions in the company. The share of women on the Board of Directors was 0 percent among the shareholder-elected board members, while it was 50% among the employee-elected members, totaling 17 percent. The share of women in the executive management team was 40 percent. In total, Aker BioMarine had 551 employees in 2020 (2019: 504), of whom 129 employees were based in Norway (2019: 117), 151 in the US (2019: 152), and 241 employees were located onboard the vessels (2019: 209). In addition, Aker BioMarine has 29 employees (2019: 26) located across seven different countries.

CORPORATE GOVERNANCE

Aker BioMarine's corporate governance policies are intended to ensure an appropriate division of roles and responsibilities among shareholders, the Board of Directors, and executive management. Aker BioMarine recognizes that effective corporate governance is a foundation for value creation and is committed to promote active ownership in line with the culture nurtured in the Aker group.

As part of admitting to trading on Euronext Growth and the ongoing process of becoming a public company listed on Oslo Børs, the corporate governance framework is being expanded and updated to ensure compliance with requirements under the Public Limited Liability Companies Act and the Norwegian Code of Practice for Corporate Governance going forward. These updates will inter alia include changes to the Board of Directors, Audit Committee and establishment of a nomination committee.

As of 31 December 2020, Aker Capital AS held 77.8% of the shares in Aker BioMarine, and the CEO, through his wholly owned subsidiary KMMN Invest II AS, held 1.05%.

EVENTS AFTER THE END OF THE REPORTING PERIOD

First pharma partnership

On 11 January 2021 Aker BioMarine announced that the company entered into a partnership with serial biotech entrepreneur Dr. Michael Davidson and his wholly owned company Medical Food Solutions Research. The agreement constituted development of pharmaceutical therapies for brain and eye health based on Aker BioMarine's product LYSOVETA, LPC bound EPA/DHA. This was the first commercial pharmaceutical agreement for the company's new LYSOVETA business area. Under the terms of the agreement, a new company will be established to develop the therapies for treatment of brain and eye diseases.

Launch of INVI™, a novel protein for human consumption

Aker BioMarine expanded its ingredient portfolio with the launch of INVI™, as announced on 14 January 2021. INVI™ is a hydrolyzed protein isolate with a complete amino acid profile, and is also rich in minerals, including calcium and magnesium. INVI™ is ideal for incorporation into powder and ready-to-drink beverages, as well as broader food and beverage applications for brands looking to grow their product portfolio with a high quality and sustainable protein source. With INVI™, Aker BioMarine aims to penetrate the global retail protein market of USD 34 billion, with a focus on the sports segment.

Delivery of new support vessel Antarctic Provider

Aker BioMarine took delivery of its new support vessel Antarctic Provider on 5 February 2021, planned to commence service during first half of 2021. The vessel will replace Aker BioMarine's existing support vessel, La Manche. Antarctic Provider will transport krill products, crew, fuel and consumables between the harvesting vessels on the fishing ground and Aker BioMarine's logistics hub in Montevideo, Uruguay.

Antarctic Provider offers several improvements and efficiencies to Aker BioMarine's offshore operation. The offloading capacity will more than double, reducing the number of sailings between the fishing ground and Montevideo. Faster cargo transshipment at sea will increase the number of available fishing days for the harvesting vessels. The new support vessel will also improve flexibility and eliminate the current need to lease extra support vessel capacity, altogether reducing the support vessel cash unit costs by approximately 50%. In addition, support vessel fuel consumption per unit of krill meal produced is estimated to be more than halved.

BUSINESS OUTLOOK

The company has historically seen, and going forward expects to see, a natural variation in catch volumes throughout the season, due to weather and the occurrence of krill in the various sub-areas in Antarctica. This could result in material variations in offshore production between the quarters, but as long as the vessels are technically operating, this seasonal variation should even out throughout the year. Aker BioMarine aims to deliver a consistent harvesting year-on-year. Harvesting is currently going well, and both Antarctic Endurance and Antarctic Sea have set all-time-high production per day records in February 2021.

Realizing scale effects from our supply chain, and through a fully operational offshore fleet in particular, is a key driver for 2021 results. Assuming Antarctic Endurance will reach near full capacity, there will be significant reductions in the offshore unit cost, with a corresponding increase in gross margins for QRILL Aqua and Superba™.

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

Strategically, a main priority for the company will be the continuous development of LYSOVETA, which includes the securing of new commercial and research partnerships. In 2021, Aker BioMarine expects its new pharma joint venture, MD3, to obtain sufficient 3rd party financing, and intends to kick-off the development of the new drug indications. For AION, the ambition is to spin off the company, when a proven business concept and value chain is established, and a strong team is in place. For INVI™, the protein product launched in January 2021, the focus is to commence the building of the launch plant in Ski, Norway.

The Covid-19 pandemic continues to inflict inefficiencies and extra costs, especially related to crew changes, and the company expects this to continue at least through first half 2021.

GOING CONCERN ASSUMPTION

The Covid-19 pandemic is still ongoing, and the related uncertainties remain. However, Aker BioMarine has implemented the necessary measures to mitigate potential material negative impact for the company, on both employees and operations. With the ongoing vaccine program around the world, the company believes that the impact of Covid-19 going forward will be lower than what was experienced in 2020. Furthermore, the company has managed well through 2020, despite the pandemic, even growing its sales and reducing costs. With the private placement in June 2020, raising USD 224 million in cash, and combined with availability under our debt facilities, the assessment is that the entity is able to continue as a going concern.

Therefore, pursuant to section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption, on which the financial statements have been prepared, is deemed appropriate.

Fornebu, 22 February 2021
The Board of Directors and CEO of Aker BioMarine AS

Ola Snøve
Board Chairman

Kjell Inge Røkke
Director

Øyvind Eriksen
Director

Sindre Skjong
Director, elected by the employees

Line Johnsen
Director, elected by the employees

Frank O. Reite
Director

Matts Johansen
CEO

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

for the year ended december 31

Amounts in thousands of U.S. Dollars	Note	**2020**	2019	2018
Net sales	2	**288 588**	246 170	154 182
Cost of goods sold	12	**(179 010)**	(150 891)	(89 927)
Gross profit		**109 578**	95 279	64 255
Selling, general and administrative expense	4	**(86 847)**	(73 812)	(45 405)
Depreciation, amortization and impairment	9,10,11	**(17 125)**	(17 822)	(5 539)
Other operating income	2	**2 348**	900	1 152
Other operating cost	4	**(954)**	(1 784)	(4 204)
Operating profit		**7 000**	2 762	10 259
Financial income	5	**16 794**	1 604	257
Financial expenses	5,7,18	**(22 827)**	(26 626)	(14 393)
Net foreign exchange gain/loss	5,18	**(279)**	(1 075)	2 596
Profit (loss) before tax		**688**	(23 335)	(1 281)
Tax expense	8	**(6 151)**	(415)	259
Net loss		**(5 463)**	(23 750)	(1 022)
Earnings per share to equityholders of Aker BioMarine AS	25			
Basic		**(0,07)**	(0,34)	(0,01)
Diluted		**(0,07)**	(0,34)	(0,01)

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	**2020**	2019	2018
Net loss		**(5 463)**	(23 751)	(1 022)
Other comprehensive income (loss)				
Defined benefit plan income gains (losses)	4	**(79)**	(111)	119
Total items that will not be reclassified to profit and loss		**(79)**	(111)	119
Translation differences		**(11)**	-	(14)
Change in fair value cash flow hedges	20	**-**	-	(4 625)
Total items that may be reclassified subsequently to profit and loss		**(11)**	-	(4 625)
Total other comprehensive income (loss)		**(90)**	(111)	(4 520)
Total comprehensive income (loss)		**(5 553)**	(23 862)	(5 542)

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31

Amounts in thousands of U.S. Dollars	Note	2020	2019	2018
ASSETS				
Property, plant and equipment	9,11,20	**266 556**	302 366	232 383
Right-of-use assets	18	**13 145**	16 555	-
Intangible assets and goodwill	10,11	**180 552**	190 297	114 158
Contract cost	2	**9 167**	-	-
Derivative assets, non-current	7,20	**7 743**	-	-
Other non-interest-bearing non-current receivables	20	**18**	145	2 026
Investments in equity-accounted investee		**130**	261	240
Total non-current assets		**477 311**	509 624	348 806
Inventories	12	**114 559**	94 725	43 704
Trade receivable and other current assets	13,20	**97 885**	74 264	35 223
Cash and cash equivalents	14,20	**10 678**	13 610	2 515
Total current assets		**223 121**	182 599	81 442
Total assets		**700 432**	692 223	430 248

Amounts in thousands of U.S. Dollars	Note	2020	2019	2018
LIABILITIES AND OWNERS' EQUITY				
Share capital	24	**75 853**	68 003	68 003
Other paid-in equity		**493 555**	277 227	277 227
Total paid-in equity		**569 408**	345 230	345 230
Translation differences and other reserves		**143**	154	154
Retained earnings		**(196 380)**	(190 838)	(166 570)
Total equity		**373 170**	154 547	178 814
Interest-bearing debt	15,18,20	**210 578**	372 473	179 424
Derivative liabilites, non-current	7,20	**8 996**	-	-
Deferred tax liability	8	**4 817**	-	-
Other non-interest-bearing non-current liabilities	16	**31 929**	65 618	17 657
Total non-current liabilities		**256 319**	438 091	197 081
Interest-bearing current liabilities	15,18,20	**32 222**	47 591	25 944
Derivative liabilites, current	7,20	**-**	-	1 472
Accounts payable and other payables	17,20	**38 721**	51 994	26 937
Total current liabilities		**70 943**	99 585	54 353
Total liabilities		**327 262**	537 676	251 435
Total equity and liabilities		**700 432**	692 223	430 248

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS OF CASH FLOW

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	**2020**	2019	2018
Net loss		**(5 463)**	(23 750)	(1 022)
Tax expenses	8	**6 151**	415	(259)
Net interest and guarantee expenses	5	**17 861**	21 699	12 101
Interest paid		**(30 749)**	(16 520)	(10 523)
Interest received		**871**	1 084	161
Taxes paid	8	**(2 332)**	920	87
Impairment charges	11	**43**	6 155	-
Depreciation and amortization	9,10	**48 247**	36 947	22 861
Fuel hedge and new market tax credit	5,7,15,20	**(6 547)**	-	-
Foreign exchange loss (gain)		**314**	790	(2 401)
Change in non-current interest free asset and liabilities		**(29 459)**	6 841	1 874
Change in inventory	12	**(20 545)**	(19 336)	(7 506)
Change in accounts receivable, other current receivables, accounts payable and other current liabilities		**(29 435)**	(2 937)	(7 479)
Net cash flow from operating activities		**(51 043)**	12 307	7 894
Payments for property, plant and equipment	9	**(21 654)**	(126 906)	(40 254)
Payments for intangibles	10	**(2 055)**	(10)	(24 258)
Proceeds from sales of property,plant and equipments		**22 012**	255	6
Investments in subsidiary and associated companies	6	**(356)**	(49 284)	(36)
Net cash flow from investing activities		**(2 053)**	(175 946)	(64 542)
Change in overdraft facility	15,20	**(16 462)**	(4 353)	(866)
New long-term debt, external	15,20	**10 000**	-	-
Instalments long-term debt, external	15,20	**(93 757)**	142 587	(4 687)
Loan from owners	15	**23 000**	36 500	62 000
Payments to owners		**(96 795)**	-	-
Net repayment and issue of interest-bearing debt		**(174 014)**	174 734	56 447
Capital increase		**224 178**	-	-
Net cash flow from financing activities	15	**50 163**	174 734	56 447
Net change in cash and cash equivalents		**(2 933)**	11 096	(201)
Cash and cash equivalents as of January 1.	14	**13 610**	2 515	2 715
Cash and cash equivalents as of December 31.	14	**10 678**	13 610	2 515

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in thousands of U.S. Dollars	Share capital	Share premium	Other paid-in capital	Translation and other reserves	Retained earnings	Total
Balance as of January 1, 2018	63 684	192 102	(35 617)	154	(161 028)	59 296
Net profit (loss) for the year	-	-	-	-	(1 022)	(1 022)
Other comprehensive income (loss)	-	-	-	-	(4 520)	(4 520)
Total comprehensive income (loss)	-	-	-	-	(5 542)	(5 542)
Transactions with owners, recognized directly in equity:						
Contributions from owner, debt conversion	4 319	120 742	-	-	-	125 061
Total transactions with owners, recognized directly in equity	4 319	120 742	(0)	-	-	125 061
Balance as of December 31, 2018	68 003	312 844	(35 617)	154	(166 570)	178 814
Change in accounting policies IFRS 16					(405)	(405)
Balance as of January 1, 2019	68 003	312 844	(35 617)	154	(166 975)	178 409
Net profit (loss) for the year	-	-	-	-	(23 751)	(23 751)
Other comprehensive income (loss)	-	-	-	-	(111)	(111)
Total comprehensive income (loss)	-	-	-	-	(23 862)	(23 862)
Balance as of December 31, 2019	**68 003**	**312 844**	**(35 617)**	**154**	**(190 838)**	**154 547**
Net profit (loss) for the year	**-**	**-**	**-**	**-**	**(5 463)**	**(5 463)**
Other comprehensive income (loss)	**-**	**-**	**-**	**(11)**	**(79)**	**(90)**
Total comprehensive income (loss)	**-**	**-**	**-**	**(11)**	**(5 542)**	**(5 553)**
Transactions with owners, recognized directly in equity:						
Issus of shares	**7 850**	**217 052**	**(724)**			**224 177**
Total transactions with owners, recognized directly in equity	**7 850**	**217 052**	**(724)**	**-**	**-**	**224 177**
Balance as of December 31, 2020	**75 853**	**529 896**	**(36 341)**	**143**	**(196 380)**	**373 170**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

These consolidated financial statements are for the reporting entity Aker BioMarine AS (the "Company") and its subsidiaries (together, the "Group"). The Company is a limited liability company domiciled in Norway with its registered office at Oksenøyveien 10, 1366 Lysaker, Norway.

The Group is a global supplier of krill-derived products, with a fully owned supply chain. The operations of the Group spans from harvesting krill in the Antarctica with vessels owned by the Group, includes distribution world-wide from Uruguay, and further processing of the krill into oil-products in the United States. These consolidated financial statements were authorized for issue by the Board of Directors' and the CEO on February 22, 2021. The consolidated financial statements will be submitted to Aker BioMarine's annual General Assembly on March 5, 2021 for final approval.

Basis for preparation

The consolidated financial statements have been prepared in accordance with IFRS and the IFRS Interpretations Committee (IFRIC) interpretations as approved by the IASB and adopted by the EU as of December 31, 2020. The consolidated financial statements of Aker BioMarine AS have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the sections below where fair value is required for derivatives and contingent consideration. Certain comparative figures may be reclassified to conform to the presentation adopted in the current year.

The consolidated financial statements amounts have been rounded to the nearest thousand USD, unless otherwise stated. As a result of rounding differences, amounts may not add up to the total.

Covid-19 impacts

The Group's performance in 2020 was affected by the global conditions and uncertainties relating to the global Covid-19 outbreak. From the start of the pandemic, the Group's primary focus has been to implement measures to prevent an outbreak within the Group, in order to maintain the health and safety of all employees in combination with continued production and sales. Although the measures resulted in increased costs, the Group avoided any major interruptions in its operations in 2020 arising from the pandemic. The financial impacts have been monitored closely and reported separately to the Group's management team. At the start of the pandemic, several external reports pointed towards increased revenue within supplements (where the Group derives more than 50% of its revenue). This prediction is not evident in the reported figures, and further analysis becomes subjective. Additional Covid-19 incremental costs and implied savings have been separately tracked and reported to the management team. Most notably, the Group has incurred significant identifiable and separable costs to ensure continued supply of raw material. During 2020 the Group had to privately charter flights as well as hold crew in the Southern Ocean through double and triple shifts. The Group has also incurred costs for mandatory quaranteen hotel in Oslo and Montevideo, as well as increased costs related to general health and safety issues (e.g. PCR test regimes).

The table below shows the implied cost reduction and incremental cost the Group has incurred during 2020 due to Covid-19. If the identified cost is an inventoriable cost, the EBITDA impact will be different from the initial cost as the cost will be recognized in profit or loss when the produced volume is sold.

Amounts in thousands of U.S. Dollars	Incremental cost
Private charter flights	(2 120)
Quarantine hotel costs	(700)
Crew cost - overtime payments	(1 930)
COVID-19 test kits	(120)
Offices & other	(430)
Additional cost (compared to budget)	**(5 300)**

Amounts in thousands of U.S. Dollars	Implied cost reduction
Corporate travel	1 570
Trade shows	720
Savings	2 290
Net impact	**(3 010)**

Based on management's current knowledge, adaptability and planning, it will probably not be necessary to privately charter flights to transport crew to Montevideo going forward and the crew change will follow pre-COVID-19 routines.

For additional information, see the disclosure given in the Alternative Performance Measures section of these consolidated financial statements.

Summary of Group accounting policies

Accounting policies that relate to the consolidated financial statements in general are set out below, while the accounting policies related to specific assets, liabilities or financial statements line items are included in the corresponding note disclosure. All accounting policies have been consistently applied to all the years presented, except for the accounting policies related to leasing agreements. IFRS 16 Leases was implemented as of January 1, 2019. See Note 18 for additional information.

Functional and presentation currency
Transactions recorded in the financial statements of each subsidiary are done in its functional currency, i.e. the currency that best reflects the primary economic environment in which the entity operates. The consolidated financial statements are presented in U.S. Dollars ("USD"), which is the Group's presentation currency as the Group's cash flow and economic returns are principally denominated in USD and is the functional currency of each key subsidiary. The functional currency of the parent company Aker BioMarine AS is USD.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of each transaction. Receivables, liabilities and other monetary items in foreign currencies are translated into the entity's functional currency at the exchange rates on the balance sheet date. Foreign currency exchange gains or losses resulting from such transactions are recognized in the consolidated statement of profit or loss.

Consolidation
Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiaries are deconsolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary undertaking is the fair values of the assets transferred and the liabilities incurred by the Group, including those from any contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill.

An acquisition of a group of assets that does not constitute a business is accounted for as an asset acquisition in accordance with the applicable IFRS accounting standards.

Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiary undertakings have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Critical accounting estimates and significant judgments
The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. The estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable, and constitute management's best judgment at the date of the consolidated financial statements. In the future, actual results may differ from those estimates.

Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued. Further details of critical estimates and significant judgments are set out in the related notes to the consolidated financial statements.

The critical estimates that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year results relate to:
- Estimating the recoverable amount of the tangible and intangible assets, goodwill and RoU assets allocated to the Krill cash generating unit when conducting impairment tests (see Note 10 and 11).
- Measurement of the fair value of the contingent consideration based on management's judgements related to the probability of meeting earn-out targets related to the acquisition of Lang during 2019 (see Note 16),
- Allocation of production cost between products in the Ingredients segment (see Note 12)

The significant judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements relate to:
- Expenses included as part of the indirect production costs capitalized as a part of the inventory and the measurement of the krill- based products held as Inventories at year end (see Note 12),
- Recognition and measurement of expenditure on vessels and machinery included in Property, plant and equipment (see Note 9)

Changes in accounting policies and new pronouncements
There are no changes in the accounting policies for the consolidated financial statements for the year ending December 31, 2020 as compared to the accounting policies for the 2019 reporting year. The new IFRS standards applicable for reporting periods on or after January 1, 2020 adopted by the Group have not had a material impact for the Group's financial reporting. IFRS 16 Leases was implemented by the Group as of January 1, 2019; the December 31, 2018 statement of financial position is prepared on the basis of the previous standard, IAS 17 Leases.

None of the issued, not yet effective IFRS standards, amendments to such standards or IFRIC interpretations are expected to have significant effects for the Group's financial reporting.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – REVENUE AND ADJUSTED EBITDA

Revenue represents amounts recoverable primarily from the sale of Qrill™ branded ingredients, or Krill oil during the year, used either in the feed industry or within human health and nutrition. Lang, the distributor of private labels within the Brands segment operates within the human health and nutrition markets but also sells other natural supplements in addition to Krill oil. The Group's main performance obligation is related to the delivery of agreed volumes of the above-mentioned products. Some customers have long-term frame agreements, agreeing the prices of the product per MT/KG, but all sales are based on individual purchase orders detailing the volume to be delivered at a certain point in time, at a designated location.

Revenue is recognized as the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer. Ordinary purchase orders are normally the contracts with the customer which create enforceable rights and obligations. Volume discounts are the dominant sales incentives used by Aker BioMarine. These discounts may have prospective or retrospective effect. Volume discounts with retrospective effect are systematically accrued and recognized as reduction of revenue based on the best estimate of the amounts potentially due to the customer.

Under IFRS 15 the Group's revenue from sale of Krill oil and Qrill™ is recognized at a point in time, when the customer obtains control over the goods. Control is transferred to the customer according to agreed delivery terms, which is based on standardized contract templates as published by the International Chamber of Commerce (set forth in the Incoterms 2010). All sales are conducted using F-terms (delivery terms where the risk and responsibility for any cost of transport, insurance etc. are transferred to the buyer when the goods are on board the vessel/truck) or C-terms (delivery terms where seller pays the costs and freight to bring the goods to the port of destination), meaning the risk is transferred upon handing the goods over to the carrier engaged by either the customer or Group, respectively.

The main performance obligations for the Group are related to the sale of goods of specified amounts and quality to customers. For a significant part of the sales, the Group organizes and pays for shipping of the goods (C-terms). The Group has assessed that for these sales, there are two performance obligations, and that the Group acts as an agent for the shipping services. As a result, shipping revenue and related shipping costs are netted in the consolidated statement of profit or loss. The shipping commission for transport of goods is considered by the Group to be immaterial, and further, the Group's delivery obligation is satisfied at the same time as the control of the goods is transferred to the customers. Consequently, the shipping commission is not separated from the revenues of sale of goods.

The goods are sold with standard warranties that the goods sold comply with agreed upon specification and condition. The Group does not have any significant obligations for returns or refunds, and any warranties would be accounted for using IAS 37 Provisions, contingent liabilities and contingent assets.

Payment terms are usually between 30-60 days. The Group does not have any contracts with a significant financing component.

The introduction of Lang in the Group in 2019 did not result in any significant new interpretations or changes in the application of IFRS 15. Like the Krill oil and Qrill™ products in the Ingredients segment, Lang sells private label supplements and recognizes revenues at a point in time, predominantly in the US market applying the same criteria for transfer of control as described previously.

Geographical allocation of revenue

	Revenues from sale of products		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Norway	**20 758**	29 300	30 747
EMEA	**35 301**	37 331	31 563
Americas	**146 862**	118 323	60 960
Asia Pacific	**85 668**	61 217	30 912
Total	**288 588**	246 170	154 182

During the reporting periods the Group has had one customer exceeding 10% of Net sales. In 2020, 12.5% of the Net sales was towards this customer, down from 16.5% in 2019 and 16.0% in 2018. The revenue from this customer is attributable to the Ingredients segment. The Group's three largest customers in terms of revenue accounted for 24.6% of the revenue in 2020 (2019: 27.8%, 2018: 28.0%). North America is the Group's largest market which accounted for USD 139.3 million of total Net sales (2019: USD 114.6 million, 2018: USD 51.5 million)

In 2018, the Group had one reportable business segment, the production and sale of krill products (Ingredients). Following the acquisition of Lang on 1 March 2019 and the launch of Kori krill oil in the US, the Group introduced Brands as a separate reportable segment in 2019. See table and further details in Note 3, Operating segments.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Assets and liabilities related to contracts with customers
The Group has recognized an incremental cost of obtaining customer contracts, which the Group expects to recover. The USD 10 million addition in 2020 relates to a success fee paid upon completion of a significant contract in the Brands segment. The contract cost is amortized over 5 years. The carried amount as of 31 December 2020 was USD 9.2 million. The Group expects to recover this cost from future sales and the Group would not have incurred these incremental costs if a certain contract had not been obtained.

Liabilities with customers is USD 0.4 million as of 31 December 2020 (2019: USD 0.6 million, 2018: USD 0.4 million), the liabilities relate to prepayments from customers.

The timing of revenue recognition, billings and cash collections results in billed trade receivables (Note 13 and 20) and prepayments from customers (contract liabilities). Prepayments up front is common practice to reduce price risk for new customers.

Other operating income comprise of the following:

	Other income		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Royalty	**-**	-	1 329
Gain from sale of fixed asset	**1 307**	-	-
Insurance refund	**901**	1 116	-
Other	**141**	(216)	(177)
Total	**2 348**	900	1 152

Juvel assessment – gain from sale and insurance refund:
In April 2017 the Group acquired the vessel Juvel from the Emerald Fisheries bankruptcy estate. Total acquisition cost was USD 30.5 million comprising the vessel, factory, and fishing license. During 2017 and 2018 the vessel was upgraded for the purpose of becoming an operating asset. Total capital expenditure was USD 4.5 million. In 2018 the vessel was used in a two-week research expedition (combined with sea trial) then subsequently taken to Montevideo. While in Montevideo the vessel caught fire 10 July 2018 with substantial damages. From 2018 up until the sale in 2020 the vessel was repaired at the expense of the insurer. The cost of carrying out the repairs was initially covered by the Group (as disclosed in Note 4 and therefore recognized as Other operating cost in the Statement of profit or loss. When the Group received the insurance refund, this has been recognized as Other operating income. and the refund booked as Other income.

Based on internal and external factors the Group did a valuation of the vessel, factory and fishing license in 2019 as it was clear that the vessel would not operate as initially intended by management. Based on that assessment, the license, which was transferred to the newbuild Antarctic Endurance (thereby securing operational activity), was recognized as an intangible asset valued at USD 10.5 million. The estimated fair value of the vessel and factory was valued at USD 18.7 million (net of removal cost and broker fee, USD 2.3 million), implying an impairment of USD 5.8 million. During the entire period the vessel was recognized in the statement of financial position as an asset under construction due to uncertainties. Operating cost and borrowing cost have been recognized as Other expenses in the Consolidated statement of profit or loss.

In April 2020 the Vessel was sold as a whitefish trawler for a transaction price of USD 20.5 million. This resulted in a gain of 1.3 million, partly reflecting lower removal cost than initially estimated.

Total capital expenditures and operating cost of Juvel exceeded USD 40 million as of 31 December 2019. The factory equipment has been sold or used in the vessel Saga Sea. In accordance with the Group's guidance on Alternative Performance Measures, this gain, associated cost and insurance refund have been adjusted from the EBITDA.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – OPERATING SEGMENTS

The Group discloses segment information and identifies reportable segments in accordance with IFRS 8 Operating Segments. IFRS 8 requires management to report segment information according to the organization and reporting structure used by the chief operating decision maker (CODM). The Group defines the CODM as the Executive Management Team (EMT) and the CEO.

The Group's operations have historically occurred in one reportable segment with the production and sale of krill products. This is the Ingredients business segment. Following the acquisition of Lang on 1 March 2019, the Group has two reportable segments. The production and sale of krill products remains the same, but with Lang there is now a distribution segment, the Brands business. The two segments are operated and managed separately, and financial results are measured and reported on a stand-alone basis for the two operating segments. The key financial metric that management uses for decision making is Adjusted EBITDA.

In the 'Adjustments' column transactions between the two segments are eliminated as well as group adjustments in relation to financial items (such as changes in earn-outs) and depreciation and amortization on group assets such as customer lists acquired in a transaction.

The Ingredients business consists of offshore harvesting and production activities, the logistical operations and the onshore manufacturing and sale of krill oil products globally to distributors and feed producers. This segment sells the products Krill oil and Krill Meal. This was the Group's core business and the only identified segment up until the acquisition of Lang on 1 March 2019.

The Brands segment is the human consumption distribution business. As of 31 December 2020, the Brands segment comprises the group legal entities Lang Pharma Nutrition LLC (Lang), Epion Brands LLC (Epion) and the holding company New Ride LLC. Lang acquires raw materials derived from krill, fish and plants. These raw materials are then processed and packaged, labeled and sold to retailers in the US market. The Brands segment sells the products under the brand name QrillTM Pet and other brand names.

Recognition and measurement applied to the segment reporting is consistent with the accounting principles applied when preparing the financial statements. Transactions between segments are conducted on market terms and conditions. The geographical distribution of revenue is presented in Note 2. This is not part of the monthly/ bi-monthly segment reporting to management. Segment financial information is given in the tables below for the years 2020 and 2019. The 2018 segment information is the same as the information given in the Group consolidated financial statements as the entire Group was one segment that year.

Operating segments 2020:

Amounts in thousands of U.S. Dollars	Ingredients	Brands	Adjust-ments	**Total**
Net sales	198 398	104 416	(14 226)	**288 588**
Operating profit	14 590	(2 808)	(4 782)	**7 000**
Net financial items	(12 337)	(652)	6 677	**(6 312)**
Net profit (loss)	(557)	(6 801)	1 895	**(5 463)**
Depreciation, amortization and impairment (note 9)	44 772	261	4 610	**49 643**
EBITDA	59 362	(2 547)	(172)	**56 643**
Adjusted EBITDA	63 809	14 469	(172)	**78 106**
Balance sheet items				
Property, plant and equipment	266 248	308	-	**266 556**
Right to use asset (leasing)	12 561	584	-	**13 145**
Intangible assets	114 617	2 132	63 803	**180 552**
Cash and cash equivalents	7 774	2 903	-	**10 678**
Interest-bearing debt	(179 879)	(65 770)	2 850	**(242 799)**
Inventory	80 502	36 729	(2 672)	**114 559**
Net interest free asset and liabilities	72 146	10 639	(52 304)	**30 480**
Total equity	373 968	(12 475)	11 677	**373 170**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Operating segments 2019:

Amounts in thousands of U.S. Dollars	Ingredients	Brands	Adjust-ments	**Total**
Net sales	177 225	82 330	(13 384)	**246 170**
Operating profit	4 034	7 903	(9 175)	**2 762**
Net profit (loss)	(17 378)	5 817	(12 190)	**(23 751)**
Depreciation, amortization and impairment (note 9)	(11 136)	(11)	(6 675)	**(17 822)**
EBITDA	40 303	7 884	(2 500)	**45 687**
Adjusted EBITDA	47 655	7 884	(2 500)	**53 039**
Balance sheet items				
Property, plant and equipment	302 066	301	-	**302 366**
Right to use asset (leasing)	15 947	-	608	**16 555**
Intangible assets	145 960	79	44 258	**190 297**
Cash and cash equivalents	8 266	5 344	-	**13 610**
Interest-bearing debt	(404 693)	(17 767)	2 396	**(420 064)**
Inventory	60 147	37 078	(2 500)	**94 725**
Net interest free asset and liabilities	57 023	(2 285)	(97 681)	**(42 942)**
Total equity	184 716	22 750	(52 919)	**154 547**

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 items which are not primarily related to the period in which they are recognized or special in nature compared to ordinary operational income or expenses. See description of the Alternative Performance Measures (APM) attached to the consolidated financial statement.

The EMT has provided the following information at December 31, 2020, 2019 and 2018:

Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Krill oil	**105 847**	99 764	74 418
Krill meal	**82 877**	69 403	70 697
Qrill™ Pet and other products	**99 863**	77 002	8 530
Other income	**2 348**	900	1 689
Total revenue and other income	**290 936**	247 070	155 334
Total operating expenses before depreciation, amortization and impairment	**(234 292)**	(201 377)	(122 215)
Special operating items	**21 462**	7 346	5 901
Adjusted EBITDA	**78 106**	53 039	39 020

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles Adjusted EBITDA to Net loss in the consolidated statements of profit or loss.

Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Net loss	**(5 463)**	(23 751)	(1 022)
Tax expense	**6 151**	415	(259)
Financial income	**(16 794)**	(1 604)	(257)
Financial expenses	**22 827**	26 626	14 393
Net foreign exchange gain/loss	**279**	1 075	(2 596)
Operating profit	**7 000**	2 762	10 258
Depreciation, amortization and impairment	**49 644**	42 931	22 861
EBITDA	**56 644**	45 693	33 119
Special operating items	**21 462**	7 346	5 901
Adjusted EBITDA	**78 106**	53 039	39 020

The following table reconciles Special operating items.

Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Juvel gain and operating cost	**690**	(2 620)	(4 495)
Lang and Enzymotech transaction	**-**	(1 298)	(1 406)
Kori national brand US launch	**(17 016)**	(3 428)	-
Oslo Børs listing	**(2 155)**	-	-
Charter cost	**(1 519)**	-	-
Crew cost	**(1 462)**	-	-
Special operating items	**(21 462)**	(7 346)	(5 901)

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – SALARIES, GENERAL & ADMINISTRATION EXPENSES

The presentation of operating expenses in the consolidated statements of profit or loss is based on function of the expenses. Production and operating expenses are recognized in the same period as the corresponding revenue from sale of product is recognized. Salaries and payroll expenses not related to production, sales and distribution costs, and other general and administrative costs are recognized when they occur or when the Group has a liability for future expenses. Production and operating expenses allocated to product is presented within Note 12 Inventories.

Selling, General and Administrative expenses consists of:

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2019**	2018	2018
Sales and Distribution Costs	**(65 735)**	(48 309)	(20 718)
Research and Development	**(3 905)**	(5 404)	(9 070)
Administrative Costs	**(17 206)**	(20 099)	(15 617)
Total	**(86 847)**	(73 811)	(45 405)

Sales and Distribution costs are all costs related to selling, marketing, distributing and storing the goods worldwide.

Research and Development costs represents the Innovation department where ongoing studies within the application and use of krill as an ingredient both for human and for animal feed is being expensed. The department also works on early phase product development, finding new application for the raw material, and bringing this out to the market.

Administrative costs represent the head office costs which includes the management group, finance, and Transformation (sustainability, strategy and IT), providing services to the entire Group.

Other operating cost consists of:

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Salaries and operative expenses related to Juvel	**(954)**	(1 784)	(4 204)
Total	**(954)**	(1 784)	(4 204)

Juvel is a vessel acquired in 2017 but has due to ongoing legal cases concerning the use of the onboard factory never been in operation. The costs related to the vessel, and costs related to the fire that took place onboard the vessel in 2018, have been accounted for separately, and are disclosed as other operating cost. The vessel was sold in 2020, see Note 2 Revenue and Other income and Note 9 Property, plant and equipment.

Government grants

During 2020 the Group received grants of USD 0.5 million (2019: USD 0.6 million, 2018: USD 0.8 million). The grants are partly included in the Research and Development and partly 'Asset under construction' to net the costs that the grants are intended to compensate. There are not any unfulfilled conditions or other contingencies on these grants. The Group did not benefit directly from any other forms of government assistance.

Salary specification by function

The below schedule describes the total salary costs of the Group. Salaries from the onshore and offshore part of the Group is allocated to inventory, as presented in Note 12. Selling, general and administrative salaries specifies the salary part of the total expenses of USD 92.3 million (2019: USD 76.5 million, 2018: USD 44.7 million), as also presented within Note 4.

Salary specification by function

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2019**	2018	2018
Offshore - inventoriable	**(25 178)**	(21 173)	(16 683)
Onshore - inventoriable	**(9 382)**	(9 438)	(6 078)
Selling, general and administrative	**(30 651)**	(27 229)	(15 689)
Juvel - Other operating income/(cost), net	**(180)**	(694)	(1 565)
Total	**(65 390)**	(58 535)	(40 016)
Number of employees at year-end	551	504	364
Full-time Equivalent	549	496	364

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Total salary cost comprises of the following:

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Salaries	**(54 963)**	(49 616)	(32 838)
Employer's social security contribution	**(3 359)**	(2 041)	(2 009)
Pension expenses	**(1 512)**	(1 306)	(1 122)
Other benefits	**(5 556)**	(5 572)	(4 047)
Total	**(65 390)**	(58 535)	(40 016)

Pension plans

The Group has a defined contribution plan that cover all employees except one employee who has a defined benefit plan. The plans comply with laws and regulations set forth in the different countries of operations. At the end of the year the defined benefit obligation was USD 0.6 million and the asset was USD 0.4 million. The fair value of the net obligation has been calculated using an appropriate discount rate. During the year the Group expensed USD 0.05 million, net of settlements and curtailment, on the defined benefit plan (2019: 0.04 million, 2018: 0.1 million), and USD 1.5 million for the contribution plan (2019: 1.3 million, 2018: 1.0 million). In addition, USD 0.1 million related to changes in actuarial assumptions is expensed in other comprehensive income (2019: USD 0.1 million loss, 2018: USD 0.1 million gain).

Remuneration to the Group auditors (excluding VAT):

KPMG is the Group auditor of Aker BioMarine AS. The following table shows fees to the appointed auditors for 2020, 2019 and 2018. For both categories the reported fee is the recognized expense for the year.

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Audit fees 1)	**(333)**	(335)	(183)
Other audit and attestation services	**(74)**	(28)	(65)
Total	**(407)**	(363)	(247)

[1] Audit fees of TUSD 333 (2019: TUSD 335, 2018: TUSD 183) consist of fees to KPMG of TUSD 284 (2019: TUSD 194, 2018: TUSD 183). TUSD 48 (2019: TUSD141) of the total audit fee in 2020 was payable to other audit firms than KPMG. Other audit and attestations services were fees to KPMG.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – FINANCIAL INCOME AND EXPENSES

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

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Interest income, bank deposits	**53**	288	155
Interest income loans and receivables (amortized cost)	**823**	799	(123)
Other financial income	**15 918**	518	225
Total financial income	**16 794**	1 604	257
Interest expense on financial liabilities at amortized cost	**(18 737)**	(22 785)	(12 263)
Other financial expenses	**(4 091)**	(3 841)	(2 130)
Total financial expenses	**(22 827)**	(26 626)	(14 393)
Foreign exchange gains/losses net	**(279)**	(1 075)	2 596
Net financial expenses	**(6 312)**	(26 097)	(11 540)

Other financial income in 2020 include USD 7.8 million debt forgiveness from the New Market Tax Credit (NMTC) loan program that Aker BioMarine Manufacturing LLC ("AKBMM") participated in, see Note 15 Interest bearing debt. Generally, the NMTC program offer tax credits to investors/ lenders, who in return offer loans to different borrowers for the purpose of incentivizing community development and economic growth to distressed communities. The building that AKBMM purchased was in such a distressed community. Therefore, in 2013 AKBMM entered into the NMTC loan program wherein it borrowed USD 27.5 million to fund the purchase of the building. As long as AKBMM complied with the terms of the loan agreement, it would not have to repay USD 7.8 million of the loan obligation at maturity. On 21 December 2020 the loan under the NMTC program became due. AKBMM had fully complied with the terms of the loan, therefore at maturity USD 7.8 million of the loan was forgiven. Other financial income also includes a negative fair value adjustment of contingent consideration, see Note 16.

Other financial expenses include a guarantee fee paid to Aker ASA as well as a fair value adjustment of the fuel hedge amounting to USD 1.3 million, see Note 20.

Capitalized borrowing costs

During the reporting periods the Group has taken delivery of one harvesting vessel and started the construction of one transport vessel. Borrowing costs have been capitalized on both newbuilds. On Antarctic Endurance the applied interest rate is CIRR and on Antarctic Provider the applied interest rate has been LIBOR + 2.9%.

Amounts in thousands of U.S. Dollars	2017	2018	2019	2020	**TOTAL**
Endurance	240	799	1 641	-	**2 681**
Provider	-	-	563	734	**1 297**
Total	**240**	**799**	**2 204**	**734**	**3 978**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – ASSET ACQUISITION AND BUSINESS COMBINATIONS

Asset acquisitions and business combinations in 2020

Asset acquisition:

On 16 December 2020, Aker BioMarine AS acquired all shares in Aion AS from Cedrus AS, a private limited company owned by an employee of Aker BioMarine AS, for USD 0.3 million. As part of the share purchase agreement, the previous owner is entitled to certain earn-outs if the Group becomes waste free and if Aion AS reaches certain financial targets over a 3-5 years period. The fair value of these earn-outs is set to zero as of 31 December 2020 as the outlook is currently highly uncertain.

Asset acquisitions and business combinations in 2019

Business combination:

On 1 March 2019, the Group, through a US holding company, acquired 100% of the issued shares in Lang Pharma Nutrition, Inc. (Lang), a full service, mass market dietary supplement manufacturer, for a consideration of USD 91.3 million. The acquisition was performed for strategical reasons, both to ensure that Lang remained heavily invested in the krill oil segment, to further explore and utilize the synergizes and competence within Lang when conducting business directly with major US retailers, and using this to establish a foot-print to launch and sell own branded products over time.

The contribution consisted of a cash consideration of USD 52.9 million paid on closing in addition to a contingent consideration with an estimated fair value as further described below.

Acquisition of Lang:

Details of the purchase consideration, the net acquired assets and goodwill are as follows:

Amounts in thousands of U.S. Dollars	
Accounts receivables and other assets	11.7
Inventories	31.8
Intangible assets - Customer base	46.1
Cash and cash equivalents	3.7
Total Assets	**93.3**
Borrowings	19.9
Accounts payables and other payables	9.7
Total Liabilities	**29.6**
Total identifiable net assets at fair value	63.7
Goodwill arising on acquisition	27.6
Total consideration	**91.3**
Contingent consideration	38.4
Total consideration paid on acquisition	**52.9**
Less cash and cash equivalents acquired	(3.7)
Acquisition, net of cash acquired	**49.2**

The goodwill is attributable to Lang's position and profitability in the dietary supplement market and the assembled and skilled workforce in the organization. Lang will continue to operate as a separate company. The results from Lang have been included in the Group's consolidated statement of profit or loss and financial position as of 1 March 2019. Acquisition-related costs of USD 1.5 million are included in 'Selling, general and administrative expense' in the consolidated statement of profit or loss. The goodwill is assessed to be deductible in the US.

The contingent consideration arrangement, amounting to USD 38.4 million at acquisition date, requires the Group to pay the seller an earn-out calculated each fiscal year using a measurement of company EBITDA (as defined in the Share purchase agreement) as its basis. The earn-out period is from 2019 through 2022. The fair value of the contingent consideration arrangement was estimated

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

calculating the present value of the future expected cash flows, based on a discount rate of 11%. The nominal range of the outcome is a cash payment of USD 0 – USD 50.0 million, over the years mentioned above with the potentially last payment in 2023. In addition to the earnout there is a liability of USD 2 .0 million which will be released based on further employment of resources over the next 3 years.

As at 31 December 2019, the contingent consideration related to the earn-out was USD 39.7 million, which represents full payment of the nominal amount over the future years. As at 31 December 2020 the contingent consideration related to the earn-out was USD 31.7 million. The fair value adjustment in 2020 amounted to USD 8.0 million, representing the effect of a lower company EBITDA in the earn-out period, is presented within Financial expenses (Note 5). The liability is presented within other non-interest-bearing non-current liabilities in the consolidated statement of financial position (Note 16).

Revenue and net profit contribution

The Lang business contributed revenues of USD 82.2 million and net profit of USD 5.7 million to the Group for the period from 1 March to 31 December 2019. If the acquisition had occurred on 1 January 2019, the additional contribution in revenue and net profit for the year ended 31 December 2019 would have been USD 11.1 million and USD 0.4 million respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary.

Asset acquisitions and business combinations in 2018

Business combination:

On 17 January 2018, a Group subsidiary, Aker BioMarine Antarctic AS, acquired Enzymotec Ltd (Enzymotec) krill related business consisting of assets and certain liabilities. Total acquisition cost was USD 26.4 million. The purchase price reflects, among other things, payment of transferred inventory, consideration for Enzymotec's non-competition agreement and consideration for other transferred assets as listed below.

The following table summarizes the assets and liability identified by management:

Amounts in thousands of U.S. Dollars	
Customer Relationship	**18.8**
Trademark	**1.8**
Inventory	**4.5**
Goodwill	**1.2**
Total consideration paid at acquisition	**26.4**

NOTE 7 – DERIVATIVES

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Fuel hedge contracts assets	**7 743**	-	-
Fuel hedge contracts liabilities	**(8 996)**	-	(1 472)
Total	**(1 253)**	-	(1 472)

In June 2020 the Group entered into a hedge contract for hedging risk related to variances in the fuel price. See Note 20 for further description of the derivative.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 – INCOME TAX

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

The major components of income tax expense for the years ended 31 December 2020, 2019 and 2018 are:

Reconciliation of nominal statutory tax rate to effective tax rate:

		As of 31 December,	
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Profit (loss) before tax	**688**	(23 335)	(1 281)
Calculated income tax at statutory rate of 22%	**(151)**	5 134	295
Tax differential Norway and abroad	**(630)**	(441)	(34)
Unrecognized change in deferred tax assets	**(5 497)**	(3 934)	2 158
Permanent differences	**272**	(1 175)	51
Currency translation and other	**(144)**	1	(2 211)
Total tax expense	**(6 151)**	(415)	259
Effective tax rate	**-894 %**	2 %	20 %

Deferred tax assets comprise:

		As of 31 December,	
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Property, plant and equipment and intangible assets	**(12 531)**	5 280	(2 204)
Inventory	**736**	1 091	(512)
Tax losses carried forward	**59 054**	52 868	49 964
Interest rate deductability carry forward	**11 867**	7 958	6 141
Other	**40**	23	15
Deferred tax assets	**59 166**	67 220	53 404
Unrecognized deferred tax assets	**(63 983)**	(67 220)	(53 404)
Recognized deferred tax liabilities	**(4 817)**	-	-

Current income tax expenses relate to subsidiaries in US (24% Federal tax rate) and Australia (30%). There were no changes in corporate tax rates in these countries over 2019 and 2020. In Norway the corporate tax rate was reduced to 22% in 2019 and is unchanged in 2020. The recognized deferred tax liability of USD 4.8 million relates to the entities in the US.

The movement in deferred tax assets from USD 53.4 million in 2018 to USD 63.0 million in 2020 is mainly due to increase in taxable losses, interests where deductibility has been denied, and temporary differences related to the Group's fixed and intangible assets.

Based on the historical losses of the Group, it was concluded that deferred tax assets could not be recognized in the consolidated statement of financial position as of 31 December 2020, 2019 or 2018. Since 2008 the Aker BioMarine AS has been involved in discussions with the tax authorities concerning deductibility of losses on receivables. The Norwegian Tax authorities concluded that losses of NOK 296 million was not deductible. Aker BioMarine AS has appealed the decision to The Norwegian Tax Appeal Board ("Skatteklagenemnda") and are currently waiting for their conclusion. The appealed losses are not part of the tax losses carried forward as presented in the above table. The Group does not see any additional tax exposure if the conclusion from Skatteklagenemnda in disfavor of Aker BioMarine.

Of the Group's tax losses carried forward, USD 2.0 million was in the US subsidiary Aker BioMarine Manufacturing LLC, whereas the remaining tax loss carried forward was USD 57 million with Aker BioMarine AS and Aker BioMarine Antarctic AS, both Norwegian subsidiaries.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

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

Expenditures to replace a component of property, plant and equipment are capitalized if it is probable that future economic benefits associated with the asset will flow to the Group and the costs can be measured reliably. Gains and losses are recognized upon asset de-recognition. The costs of consumables used, and day-to-day maintenance of property, plant and equipment are expensed as incurred. Costs incurred for major inspections and overhauls or to improve a vessel's operating efficiency, functionality or safety are capitalized.

Major inspections of vessels are performed on a regular basis as required by the classification society, such as Det Norske Veritas and according to laws and regulations. The costs of such inspections are, including replacement spares and labor costs, capitalized and amortized over the average expected life between major inspections. All other costs relating to maintenance of vessels is charged to the statement of profit or loss on consumption or as incurred.

Assets that will be disposed, which are classified as held-for-sale, are reported at the lower of their book value and their fair value less cost to sell. Depreciation of vessels is included in the cost of inventory conversion (see Note 12).

Movements in property, plant and equipment in 2020:

Amounts in thousands of U.S. Dollars	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land 2)	Total
Acquisition cost as of 1 January, 2020	**215 303**	**134 009**	**41 222**	**18 559**	**409 092**
Investments	4 145	7 088	10 355	66	21 654
Sale of vessel	-		(26 336)	-	(26 336)
Asset retirements	(1 535)	(2 793)		(2)	(4 330)
Other reclassifications 1)	(11 307)	19 033	(12 760)		(5 034)
Acquisition cost as of 31 December, 2020	**206 606**	**157 337**	**12 481**	**18 623**	**395 046**
Acc. depreciation and impairment as of 1 January, 2020	**(59 404)**	**(36 312)**	**(8 555)**	**(2 454)**	**(106 726)**
Depreciation for the year	(15 751)	(14 571)	-	(554)	(30 875)
Sale of vessel			5900		5 900
Impairment	(1 150)	-	-	(246)	(1 396)
Asset retirements	1 535	2 324	-	-	3 859
Other reclassifications 1)	5 071	(4 324)	-	-	747
Acc. depreciation and impairment as of 31 December, 2020	**(69 699)**	**(52 883)**	**(2 655)**	**(3 254)**	**(128 490)**
Book value as of 31 December, 2020	**136 907**	**104 454**	**9 826**	**15 369**	**266 556**
Depreciation period	10-20 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

[1] Net Other reclassifications include reclassifications payments related to construction of a new charter vessel from Asset under construction to prepayment. See Note 13-Trade receivable and other current assets.
[2] Hereof USD 1.5 million related to Land

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in property, plant and equipment in 2019:

Amounts in thousands of U.S. Dollars	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January, 2019	**105 250**	**95 840**	**105 271**	**8 708**	**315 069**
Investments	4 223	4 802	117 556	326	126 906
Sale of vessel	-	73	-	-	73
Asset retirements	-	(428)	-	-	(428)
Other reclassifications 1)	105 830	33 721	(181 605)	9 525	(32 529)
Acquisition cost as of 31 December, 2020	**215 303**	**134 009**	**41 222**	**18 559**	**409 092**
Acc. depreciation and impairment as of 1 January, 2019	**(46 278)**	**(33 027)**	**(2 654)**	**(728)**	**(82 687)**
Depreciation for the year	(14 979)	(9 952)	-	(313)	(25 244)
Impairment	-	(255)	(5 900)	-	(6 155)
Other reclassifications 1)	1 853	6 921	(1)	(1 413)	7 360
Acc. depreciation and impairment as of 31 December, 2019	**(59 404)**	**(36 312)**	**(8 555)**	**(2 454)**	**(106 726)**
Book value as of 31 December, 2019	**155 899**	**97 696**	**32 667**	**16 105**	**302 366**
Depreciation period	10-20 years	3-20 years		30-50 years	
Depreciation method	Straight-line	Straight-line		Straight-line	

[1] Net Other reclassifications include reclassifications of fishing licenses related to Juvel and payments related to construction of a new charter vessel from Asset under construction to Intangible assets and prepayment, respectively. See Note 11-Impairment and Note 13-Trade receivable and other current assets.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in property, plant and equipment in 2018:

Amounts in thousands of U.S. Dollars	Vessels, transportation, equipment, etc	Machinery	Asset under construction	Buildings and Land	Total
Acquisition cost as of 1 January, 2018	**104 777**	**93 874**	**72 701**	**8 087**	**279 439**
Investments	4 634	3 883	31 116	621	40 254
Asset retirements	(4 833)	(2 846)	-	-	(7 679)
Other reclassifications	672	929	1 454	-	3 055
Acquisition cost as of 31 December, 2018	**105 250**	**95 840**	**105 271**	**8 708**	**315 069**
Acc. depreciation and impairment as of 1 January, 2018	**(41 773)**	**(27 662)**	**(2 654)**	**(547)**	**(72 636)**
Depreciation for the year	(8 109)	(8 149)	-	(181)	(16 439)
Asset retirements	4 340	2 048	-	-	6 388
Acc. depreciation and impairment as of 31 December, 2018	(46 278)	(33 027)	(2 654)	(728)	(82 687)
Book value as of 31 December, 2018	**58 972**	**62 814**	**102 617**	**7 980**	**232 383**
Depreciation period	10-20 years	3-20 years			
Depreciation method	Straight-line	Straight-line			

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation depreciation and amortization

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Depreciation for the year of Property, plant & equipment	**(30 875)**	(25 244)	(16 439)
Impairment Property, plant & equipment	**(1 396)**	(6 155)	(900)
Amortization for the year of Intangible assets	**(10 157)**	(8 699)	(5 521)
Amortization for the year of Contact cost	**(833)**		
Leasing (ROU) depreciation	**(6 381)**	(2 833)	-
Total	**(49 643)**	(42 931)	(22 860)
Depreciation and amortization related to production assets and included in cost to inventory	**(32 518)**	(25 109)	(17 321)
Depreciation and amortization related to other assets	**(17 125)**	(17 822)	(5 539)

The Group's total depreciation, amortization, and impairment is presented in the above schedule. As compared to the consolidated statement of profit or loss the USD 17.1 million (2019: USD 17.8 million, 2018: USD 5.5 million) relates to depreciation and amortization of assets not directly used in the production of goods, and therefore recognized as depreciation, amortization and impairment in the statement of profit or loss. Other assets primarily consist of the customer portfolios recognized following the business combinations / asset acquisitions of Lang, Neptune and Enzymotec (see Note 6 for further description), and the impairment of Juvel in 2019. Inventoriable depreciation mainly consists of the Group's operating harvesting vessels and the manufacturing plant in Houston, Texas, amounting to USD 32.5 million (2019: 25.1 million, 2018: USD 17.3 million).

The new krill harvesting vessel, Antarctic Endurance, was delivered in 2019 and put in operation during the second quarter. Total investment was USD 147.0 million, including capitalized interests, the mobilization period, build costs and project management. The payments were financed by loan of USD 113 million.

In 2018 the Group entered a contract of building a new support vessel with CIMC Raffles yard in Yantai, China. The vessel was delivered in Q1 2021. Total investment as per 31 December 2020 is USD 18.8 million in constructions cost and project management. The investments are reclassified as prepayments as per 31 December 2020, see Note 13 Accounts receivable and other current assets.

See Note 20 Financial risk for hedge of currency risk related to the instalments on the Antarctic Endurance.

See Note 18 Leasing of right-of-use assets.

The increase in depreciation of fixed asset during the years 2018-2020 is due to the completion of Antarctic Endurance, while the impairment of USD 6.1 million in 2019 is mainly related to impairment of the vessel Juvel. Juvel has not been in operation due to legal case concerning the rights to the patented production technology in the factory onboard the vessel. The vessel was sold in the first quarter 2020, the gain from sale was USD 1.2 million.

See Note 10 Intangible assets for further details concerning the amortization, and krill license assumptions.

As of 31 December 2020, the Group has USD 50 million in commitments for further investments in property, plant and equipment (2019: USD 60 million, 2018: USD 140 million). For details on mortgages and pledging of security, see Note 15.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets, acquired individually or as a group, are recognized at fair value when acquired. Intangible assets with finite useful lives are carried at cost less accumulated amortization, recognized on a straight-line basis over their estimated useful lives, and accumulated impairment losses. The estimated useful life and amortization method are reviewed at the end of each reporting period, and assets are tested for impairment if impairment indicators exist.

Intangible assets acquired in a business combination are recognized at fair value separately from goodwill when they arise from contractual or legal rights or can be separated from the acquired entity and sold or transferred. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses. These assets are not amortized, but are tested for impairment annually, and more frequently if indicators of possible impairment are observed, in accordance with IAS 36.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is not amortized, and thus tested for impairment annually, and more frequently if indicators of possible impairment are observed. Goodwill is allocated to the cash generating units ("CGU"), which are expected to benefit from synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes and reporting.

No addition of goodwill is recognized in 2020. The 2019 addition comprising of USD 28.1 million in goodwill relates to the acquisition of Lang.

Movements in intangible and contract cost assets for 2020:

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Fishing licences	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2020	**94 557**	**5 318**	**2 396**	**10 500**	**91 293**	**5 675**	**209 739**
Additions - external cost	55						55
Acquisition	-	-	-		357	-	357
Acquisition cost as of 31 December, 2020	**94 612**	**5 318**	**2 396**	**10 500**	**91 650**	**5 675**	**210 151**
Amortization and impairment losses as of 1 January, 2020	**-**	**(5 245)**	**(578)**	**-**	**(13 619)**	**-**	**(19 442)**
Amortization for the year	-	-	(532)	-	(9 625)	-	(10 157)
Reclassifications	-	-	151	-	(151)	-	-
Amortization and impairment losses as of 31 December, 2020	**-**	**(5 245)**	**(959)**	**-**	**(23 395)**	**-**	**(29 599)**
							-
Book value as of 31 December, 2020	**94 612**	**73**	**1 437**	**10 500**	**68 255**	**5 675**	**180 552**
Amortization period		5-10 years	10-12 years		7-10 years		
Amortization method		Straight-line	Straight-line		Straight-line		

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

License agreements
License agreements acquired separately are measured at cost. Following initial recognition, the Group's license agreements are recorded less any accumulated amortization and impairment losses. The investment of USD 2.4 million in License agreements relates to patents and purification technology acquired from Orochem in July 2018.

Fishing License
One of the Group's fishing license is recognized at USD 10.5 million and are not amortized. The license relates to krill fishery in the Southern Ocean and will remain in the Group's possession as long as all applicable requirements are met, and as such they are determined to have an indefinite life.

Customer relation and Trademark
Customer relation and Trademark are intangible assets acquired in business combinations recognized at fair value. Following initial recognition, the customer relations are recorded less any accumulated amortization and impairment losses. Trademark are intangible assets with indefinite useful lives that are not amortized but carried at cost less accumulated impairment losses. The 2019 addition comprising of USD 46.2 million in customer relation relates to the acquisition of Lang.

See further details in Note 6 Asset acquisition and Business combinations and Impairment assessment below.

Movements in intangible assets for 2019:

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Fishing licences	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2019	**66 401**	**5 318**	**25 514**	**-**	**45 110**	**5 675**	**148 018**
Additions - external cost					9		9
Acquisition Lang	28 156	-	-	-	46 174	-	74 330
Asset retirements	-	-	(23 118)	-	-	-	(23 118)
Reclassifications 1)	-	-	-	10 500	-	-	10 500
Acquisition cost as of 31 December, 2019	**94 557**	**5 318**	**2 396**	**10 500**	**91 293**	**5 675**	**209 739**
Amortization and impairment losses as of 1 January, 2019	**-**	**(5 162)**	**(23 469)**	**-**	**(5 229)**	**-**	**(33 860)**
Amortization for the year	-	(83)	(377)	-	(8 239)	-	(8 699)
Asset retirements	-	-	23 118	-	-	-	23 118
Reclassifications	-	-	151	-	(151)	-	-
Amortization and impairment losses as of 31 December, 2019	**-**	**(5 245)**	**(578)**	**-**	**(13 619)**	**-**	**(19 442)**
Book value as of 31 December, 2019	**94 557**	**73**	**1 818**	**10 500**	**77 674**	**5 675**	**190 297**
Amortization period		5-10 years	10-12 years		7-10 years		
Amortization method		Straight-line	Straight-line		Straight-line		

[1] Reclassified from asset under construction in property, plant and equipment, see Note 9 Property, plant and equipment.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in intangible assets for 2018:

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agreements	Customer relation	Trademark	Total
Acquisition cost as of 1 January, 2018	**65 153**	**5 430**	**23 118**	**26 277**	**3 894**	**123 872**
Additions - external cost	1 248	-	2 396	18 833	1 781	24 258
Asset retirements	-	(112)	-	-	-	(112)
Acquisition cost as of 31 December, 2018	**66 401**	**5 318**	**25 514**	**45 110**	**5 675**	**148 018**
Amortization and impairment losses as of 1 January, 2018	**-**	**(5 191)**	**(22 384)**	**(876)**	**-**	**(28 451)**
Amortization for the year	-	(83)	(1 085)	(4 353)	-	(5 521)
Asset retirements	-	112	-	-	-	112
Amortization and impairment losses as of 31 December, 2018	**-**	**(5 162)**	**(23 469)**	**(5 229)**	**-**	**(33 860)**
Book value as of 31 December, 2018	**66 401**	**156**	**2 045**	**39 881**	**5 675**	**114 158**
Amortization period		5-10 years	10-12 years	7-10 years		
Amortization method		Straight-line	Straight-line	Straight-line		

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 – IMPAIRMENT ASSESSMENT

Property, plant and equipment, intangible assets and RoU assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36 Impairment of Assets. Goodwill and intangible assets with indefinite life are required to be tested for impairment annually, in addition to any tests required when impairment indicators are determined to be present.

When an asset or a Cash Generating Unit (CGU), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent from other assets or groups of assets, is tested for impairment, the recoverable amount is estimated as the higher of the CGU's fair value less cost of disposal, or its value in use. The carrying amount is not recoverable if it exceeds the recoverable amount. An impairment loss is recognized in the amount that the carrying value exceeds its recoverable amount. Losses are reversed in the event of a subsequent increase in the recoverable amount of an impaired asset, however, impairment of goodwill is not reversed.

The Group assess conditions that could cause an asset or a CGU to become impaired. Identification of CGU's involves judgment, considering if an active market exists for the output produced by an asset or group of assets, independent cash flows as well as how management monitors the Group's operations or how management makes decisions about continuing or disposing of the Group's assets and operations. Based on a thorough analysis, a CGU is assessed to be the krill business as a whole (the "Ingredients" segment) as the offshore harvesting and production, the logistical operation and the onshore manufacturing and sale of krill oil products globally to distributors and feed producers form an integrated value chain where no independent prices for the intermediate products exist. This is also the level at which management monitors, makes strategies, operates, allocates resources and makes decisions on acquisitions, continuation or disposals. The other identified CGU is the "Brands" segment, 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.

As of 1 January 2019, goodwill was recognized at a total of USD 66.4 million and the entire amount was allocated to the ingredient segment (CGU), which included all business operations in the Group before the acquisition of Lang in March 2019. Upon the acquisition of Lang, additional goodwill of USD 28.1 million was recognized and allocated as follows: Ingredients USD 20 million and Brands USD 8.1 million.

The acquisition was performed of strategical reasons, both to ensure that Lang remained heavily invested in the krill oil segment, to further explore and utilize the synergizes and competence within Lang when conducting business directly with major US retailers, and using this to establish a foot-print to over time launch and sell own branded products. The main motive for the transaction was, however, to increase catch values in the Ingredients segment and based on underlying assessments, approximately 70% of goodwill is therefore allocated to the Ingredients segment.

Indicators that could trigger an impairment test includes such conditions as significant underperformance in sales volumes or margins relative to historical or projected results, significant changes in the Group's planned use of the assets, obsolescence or physical damage of an asset or significant negative industry or economic trends.

An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of fair value (estimated sales price) less costs to sell and the value in use (the discounted estimated future cash flows). Fair value may be estimated based on recent transactions on comparable assets. Calculation of the value in use of an asset or CGU involves estimating the future cash inflows and outflows to be derived from continuing use of the asset/CGU and from its ultimate disposal.

Previously recognized impairment losses, except for impaired goodwill, are reversed if the assumptions for impairment are no longer present. Impairment losses are only reversed to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation, if no impairment had been recognized.

Impairment 2020

In 2020 the value of the vessel La Manche was impaired by USD 1.0 million to reflect the vessel's useful life. In addition, equipment on the other harvesting vessels were impaired by USD 0.2 million and the building in Houston by USD 0.2 million. The accumulated cost of USD 1.2 million has been recognized in 'Cost of goods sold' in the consolidated statement of profit or loss as it has been viewed as an offshore inventoriable cost when the assessment occurred.

Impairment 2019

The increase in depreciation of fixed asset is due to the completion of Antarctic Endurance, while of the impairment of USD 6.1 million, USD 5.9 million relates to an impairment of the vessel Juvel. Juvel has not been in operation due to the ongoing legal case concerning the rights to the patented production technology in the factory onboard the vessel. Due to the uncertainty about the future use of

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the vessel and time the vessel has been in yard the Group could no longer defend the vessel through the overall krill business CGU. A separate valuation was performed to estimate the fair value of the vessel as per IAS 36. Seeing a value in use could not be utilized, a separate assessment of potential sales price was performed. The book value of the vessel at the time of valuation was USD 35.0 million. The Group valued the vessel at USD 18.7 million after subtracting costs to sell and separated the value of the krill harvesting license at USD 10.5 million. An impairment of USD 5.9 million was accounted for.

Impairment 2018:
No impairment of non-current assets is recognized in 2018.

Impairment testing
Mandatory annual tests for impairment are performed for CGUs with allocated goodwill or assets with indefinite useful life, and for assets/CGUs where impairment indicators have been identified. Impairment tests are performed on Ingredients and Brands (both CGUs with allocated goodwill). The impairment test of the Ingredient segment also includes a fishing license and trademark assets with indefinite useful life. The impairment testing also include contract assets.

The Group tests whether goodwill or assets with indefinite useful life have suffered any impairment on an annual basis. For the reporting periods, the recoverable amount of the cash-generating unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Main assumptions for the value-in-use calculation:
- The discount rates used reflect the current market assessment of the risks specific to each CGU and are estimated based on the weighted average cost of capital. The discount rate is estimated based on a weighted average of equity return requirements and expected costs of debt, assuming a projected debt-to-equity ratio of 1. The basis for the discount rate is a risk free interest rate set at 10 years US government bonds, and the credit risk premium has been set equal to the credit spread (compared to government bonds) for US corporate bonds with credit rating B.

Ingredients (CGU):
- Projected cash flows are based on management's best estimates and the business plan for the Ingredients segment for the subsequent five years period. The estimates are based on detailed forecast prepared by the various departments in the Ingredients segment. For subsequent periods, the model is based on an estimated terminal growth, which is in line with long-term forecasts for growth in gross domestic product (GDP). In the forecast for the period 2021-2025, revenue projections are based on agreements entered into, actual historical prices along with management's evaluation of the potential for new agreements. The estimated operating margin is in accordance with management`s forecast which is based on the scalability in the business model. As approximately 65 percent of the Group's operating expenses are fixed costs, increased sales levels will contribute to higher operating margins. Future product pricing has as per the above been based on historical prices and managements expectation with regards to new arrangements. The Group expects slightly lower krill oil sales prices as well as a moderate increase in the krill meal sales prices in the forecast period, compared to the sales price levels in 2020. Sales volumes has been modelled to follow the production targets, however lagging as to allow for building and maintaining safety-stock.

- In the forecast for the period 2021-2025 the discount rate is based on a WACC of 10%. The terminal value in the model used to calculate value in use is based on a WACC of 10% and an assumed long-term annual growth equal to 2%.

- Capital expenditure is based on the long-term technical and operations program and firm commitments. It is also assumed that the vessels will be re-acquired upon end of the assumed useful life and that the business will continue with 3 operating vessels. The Group has a fourth fishing license from the vessel Juvel. The license is kept if any situation in the future would require an additional license (for example a new vessel).

Brands (CGU)
- Projected cash flows are based on management's best estimates and the business plan for the Brands segment for the subsequent five years period. The estimates are based on detailed forecast prepared by management in Lang and Epion. For subsequent periods is the model based on an estimated terminal growth that is not exceeding the growth for the products, industry or country (US) in which the CGU operate. In the forecast for the period 2021-2025, revenue projections are based on agreements entered into, actual historical prices along with management's evaluation of the potential for new agreements. The estimated operating margin is in accordance with management`s forecast.

- In the forecast for the period 2021-2025 the discount rate is based on a WACC of 10.5%. The terminal value in the model used to calculate value in use is based on a WACC of 10.5% and an assumed long-term annual growth equal to 2%.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts in thousands of U.S. Dollars	Goodwill			Fishing licence & Trademark			WACC			Discount rate pre-tax*		
Segment	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
Ingredients	86 456	86 401	66 401	16 175	16 175	5 675	10,0 %	11,0 %	11,0 %	12,8 %	14,1 %	14,1 %
Brands	8 156	8 156					10,5 %	11,0 %		14,3 %	15,0 %	
Total	**94 612**	**94 557**	**66 401**	**16 175**	**16 175**	**5 675**						

*) The discount rate pretax is the WACC grossed up by the relevant tax rate.

Sensitivities - impact of possible changes in key assumptions:

Ingredients (CGU)
The sensitivities of the value in use has been tested by using simulations of various combinations of discount rates, terminal value growth, changes in vessel production volumes, krill production and -sales in addition to fuel cost and EBITDA. The CGU's value in use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

Brands (CGU)
The sensitivities of the value in use has been tested by using simulations of various combinations of discount rates, terminal value growth, sales and EBITDA.

The CGU's value in use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

NOTE 12 – INVENTORIES
Inventories are measured at the lower of cost and net realizable value. The cost of finished goods and raw material and goods under production comprises the costs of raw materials, direct labor and other direct costs, and related production overheads. Indirect costs allocated to inventories, include salaries, depreciation and certain other directly attributable operating expenses. The Group allocate cost of inventories using a weighted average cost formula.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The impairment from cost to net realizable value is recognized in 'Cost of goods sold' in the Consolidated statement of Profit or loss.

Ingredients:
The production of krill derived products in the Ingredients segment is highly complex in several stages. First, the raw krill is harvested in the Southern Ocean using Eco-Harvesting. Then the raw krill is processed into krill meal and raw krill oil onboard the vessels. These products are subsequently shipped to the logistics hub in Montevideo, Uruguay. From Uruguay the meal is sent to feed customers or to the Group's krill oil facility in Houston where krill oil is extracted from the meal. After the oil extraction the Group has a low fat/ high protein krill meal and krill oil, where krill oil is the main product. As part of the reprocessing of krill oil the Group get a neutral oil that can be blended into krill oil or used as ingredient into other applications. The low fat/ high protein krill meal is currently sold to aquaculture feeds customers. In future production this meal will be used as an ingredient to the Group's novel protein product (see Note 26). Throughout all production stages the product is subject to internal and external quality control. The production process offshore is very sensitive to harvesting conditions, such as length of the fishing season, ice conditions and other factors such as quality of the krill harvested. These factors impact the parameters for capitalization of indirect production costs and the total cost of the products.

At the start of the 2021 fishing season in November 2020, the Group changed its cost allocation method based on an assessment that producing food grade krill meal for further processing (and new applications such as Protein/ INVI and Lysoveta, see Note 26) require more offshore search activity and increased logistics costs which was not recognized under the previous volume allocation method.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Based on an internal assessment, producing food grade krill meal for further processing is approximately 10% more expensive than regular feed grade krill meal. Food grade krill meal is valued at USD 19.7 million as of 31 December 2020. Following this improved allocation method, additional cost has been allocated to the production of krill oil, implying lower margins on future sale of krill oil, with corresponding improved margins on krill meal sale. In 2020, 23% of the produced volumes offshore was food grade krill meal, consuming 25% of the total offshore cost allocated to inventory. In 2020 the new allocation method has reduced Cost of goods sold in the statement of profit or loss by USD 2.3 million.

During 2020 the krill oil facility in Houston has done production optimization and technological advancements where previously discarded volumes (neutral oil) have been successfully used in production of krill oil. It has therefore been concluded that these volumes should have allocated costs in line with other finished goods, to ensure that the revenue has a cost of goods sold. The neutral oil has been recognized in production during 2020 and the production optimization has impacted the Cost of goods sold in the Statement of profit or loss by approximately USD 3.5 million due lower Cost of goods sold on krill oil sold. The book value of the neutral oil was USD 6.5 million as of 31 December 2020.

Brands:
In the Brands segment raw materials and goods under production and finished goods inventory include processing cost incurred by the Group from outside manufacturing service providers.

Inventory balances as of 31 December 2020, 2019 and 2018 are shown below:

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Raw materials and goods under production	**24 195**	21 304	6 960
Finished goods	**90 364**	73 421	36 744
Total	**114 559**	94 725	43 704
Cost of inventories recognized at net realizable value	**34 417**	33 617	26 670
Carrying value of inventories recognized at net realizable value	**29 569**	29 420	24 481
Write-down of inventories recognized towards net change in inventories in the period*	**(4 848)**	(4 197)	(2 189)
Carrying value of inventories pledged as security	**79 382**	94 725	33 468

*) Includes weight corrections, replacements to customers and obsolesence

The inventory balance as of 31 December 2020 is pledged as security and is included in the book value of assets pledged as security, please refer to Note 15.

Movements in inventory during the year comprise of:

				As of 31 December,
Amounts in thousands of U.S. Dollars	**Ingredients**	**Brand**	**Elim**	**2020**
Inventory at 1 January 2020	60 147	37 078	(2 500)	94 725
Acquired inventory for sale		81 998		81 998
Production value	157 394			157 394
Cost of goods sold	(115 490)	(81 840)		(197 330)
Other changes*	(21 718)			(21 718)
Elimination of internal profit in inventory		(507)	(172)	(679)
Change in spare parts inventory	169			169
Inventory at 31 December 2020	**80 502**	**36 729**	**(2 672)**	**114 559**

*) Include USD 24 million in consumption and rework and USD 2 million in obsolete and other

Net change in inventories - reconciliation	
Cost of goods sold before elimination of internal sales and internal profit	(197 330)
Produced inventory	157 394
Acquired inventory	81 998
Changes sparepart inventory	169
Rework, consumption, obsolete and eliminations	(21 718)
Elimination of internal profit on stock	(679)
Net change in inventories	**19 834**

Cost of goods sold before elimination of internal sales and internal profit	(197 330)
Elimination of cost of internal sales	18 999
Elimination of internal profit on stock	(679)
Cost of goods sold recognized in Profit and Loss	**(179 010)**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in inventory during 2019:

Amounts in thousands of U.S. Dollars		As of 31 December, 2019
Inventory at 1 January 2019		**43 704**
Brands Inventory:		
Inventory at acquisition date	31 684	
Cost of goods sold	(63 357)	
Acquired inventory for sale	68 751	
Brands Inventory at 31 December 2019	**37 078**	**37 708**
Elimination of internal profit in inventory sold to Brands		(2 500)
Ingredrients production value		133 508
Ingredients cost of goods sold		(93 586)
Other changes 1)		(24 240)
Spare parts inventory		760
Inventory at 31 December 2019		**94 725**

1) Include USD 20 million in consumption and rework and USD 4 million in obsolete and other

From the above, acquired inventory of USD 31.7 million represents the inventory Brands had as per acquisition date in 2019. Seeing Brands as a distributor, no production is performed and Brands purchases of products for processing and sale are therefore presented as “acquired inventory for sale” in the above schedule. Elimination and other changes comprise mainly rework and consumption.

Net change in inventories - reconciliation 2019	
Cost of goods sold before elimination of internal sales and internal profit	(161 933)
Produced inventory	133 508
Acquired inventory	100 435
Changes sparepart inventory	760
Rework, consumption, obsolete and eliminations	(19 251)
Elimination of internal profit on stock	(2 500)
Net change in inventories	**51 020**

Cost of goods sold before elimination of internal sales and internal profit	(161 933)
Elimination of cost of internal sales	13 542
Elimination of internal profit on stock	(2 500)
Cost of goods sold recognized in Profit and Loss	**(150 891)**

The total production value of goods manufactured in the years 2020, 2019 and 2018 can be specified as follows:

Amounts in thousands of U.S. Dollars	2020	2019	As of 31 December, 2018
Salaries	**(34 559)**	(30 611)	(22 762)
Direct Production	**(10 150)**	(9 878)	(11 068)
Fuel	**(19 185)**	(19 042)	(18 450)
Consumables	**(4 307)**	(3 948)	(2 027)
R&M	**(2 541)**	(5 230)	(3 578)
Other	**(14 832)**	(14 473)	(9 181)
Nutra Freight	**(2 567)**	(1 556)	(1 794)
Capsulation	**(3 611)**	(4 603)	(6 230)
Contract manufacturing	**(5 995)**		
Depreciation	**(32 518)**	(25 109)	(16 273)
Consumption of krill raw materials	**(27 129)**	(19 057)	(18 190)
Total costs allocated to inventory	**(157 394)**	**(133 508)**	**(109 554)**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 – TRADE RECEIVABLE AND OTHER CURRENT ASSETS

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Accounts receivable	**53 723**	37 393	20 438
Prepaid expenses	**33 775**	24 209	6 713
Other current receivables	**10 387**	12 662	8 072
Total	**97 885**	74 264	35 223

The change in prepayments relates mainly to stock of fuel, packing material and other equipment related to the operation of the vessels and the factory in Houston. Further the milestones paid on the vessel currently under construction in China, Antarctic Provider, is classified prepaid expenses. Antarctic Provider installments amount to USD 21.1 million as per 31.12.2020 (2019: USD 14.4 million).

NOTE 14 – CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents comprise the following items:

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Cash and bank deposits	**9 094**	12 425	1 526
Restricted bank deposits	**1 584**	1 185	989
Cash and cash equivalents	**10 678**	13 610	2 515

Restricted bank deposits relate to employee tax withholdings used to settle tax remittances with the tax authorities on a periodic basis. As of 31 December 2020, the Group had drawn USD 12.6 million (2019: USD 29.2 million, 2018: USD 13.6 million) out of a total of USD 40.0 million available in an overdraft facility.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15 – INTEREST BEARING DEBT

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

	As of 31 December,		
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Non-current liabilities			
Secured bank loans	**203 010**	279 509	132 995
Non-current NOK-denominated loan from Antarctic Harvesting Holding AS	**1 334**	1 334	1 334
Non-current USD-denominated debt to Aker ASA	**-**	73 795	37 295
Other secured debt	**-**	7 800	7 800
Leasing liabilities	**6 234**	10 035	
Book value total interest-bearing non-current liabilities	**210 578**	372 473	179 424
Current liabilities			
Current portion of secured loans	**12 010**	11 811	12 357
Overdraft facilities	**12 673**	29 135	13 587
Leasing liabilities	**7 539**	6 646	
Book value total interest-bearing current liabilities	**32 222**	47 591	25 944
Book value total interest-bearing liabilities	**242 799**	420 064	205 368

In 2019 the Group renewed one loan agreement and entered into two new loan agreements. The revolving credit facility (USD 135 million) was extended in 2018 and amended in 2019 to reflect the inclusion of a second bank into the agreement. The first new loan in 2019 was drawn to fund the acquisition of Lang and the second new loan to fund the take-out of Antarctic Endurance. The first new loan agreement is structured as an RCF, whereas the second loan is repaid through quarterly instalments over the next 12 years from the utilization date.

The Group paid in 2019 the loan from Naturex (seller credit Naturex) on maturity.

The entire loan from the owner, Aker ASA, was paid in July 2020 including outstanding interest and guarantee liabilities. At the same time a down-payment of USD 75 million was done on the secured bank loan from DNB (RCF-DNB/RABO).

The New Market Tax Credit (NMTC) loan in Aker BioMarine Manufacturing was settled in December 2020. This settlement had no cash effect as the loan was granted by community development entities (CDE) as a credit against federal income taxes for making Qualified Equity Investments QEIs in qualified CDEs. The loan settlement/forgiveness is recognized as financial income in the Income Statement per 31 December 2020, see Note 5 Financial income and expenses.

In December 2020 an additional USD 10 million was drawn on the DNB (RCF-DNB/RABO) loan agreement.

As of 31 December 2020, the Group had USD 93.0 million in available liquidity where unused credit facilities amounted to USD 82.3 million separated on overdraft facilities and revolving credit facilities. The Ingredients segment had USD 55.1 million and Brands USD 27.2 million. The credit facilities are with DNB/ RABO.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Terms and debt repayment schedule per 31 December 2020:

Loan	Currency	Amount in USD	Nominal interest rate	Year of maturity	Installments
Secured bank loan - CAT	USD	1 397	3 mths LIBOR + 3.95%	2022	Quarterly
Secured bank loan - RCF-DNB/RABO	USD	54 616	6 mths LIBOR + 3.4%	2023	Annual from 2020
Secured bank loan - RCF + TL NewRide - DNB/ RABO	USD	45 000	6 mhts LIBOR + 3,25 %	2023	In full upon termination
Secured bank loan - RCF + TL NewRide - DNB/ RABO	USD	7 919	6 mhts LIBOR + 2.5 %	2023	In full upon termination
Secured bank loan - DNB/GIEK/NEK	USD	95 995	3,13 % (fixed)	2031	Quarterly
Secured loan from Innovation Norway - 1	NOK	3 161	2,85% (floating)	2026	Semi-annual
Secured loan from Innovation Norway - 2	NOK	6 406	2,85% (floating)	2026	Semi-annual
Secured loan from Innovation Norway - 3	NOK	527	3.95% (floating)	2023	Semi-annual
Antarctic Harvesting Holding AS	NOK	1 334	7.0%	-	-
Overdraft facility with DNB	USD	4 910	LIBOR + 2.5%	n/a	n/a
Overdraft facility with DNB/RABO	USD	7 763	6 mhts LIBOR + 2.5 %	n/a	n/a
Leasing financing	NOK/USD	13 772	6.4 - 7.3%	< 2026	Mthly

LOAN TERMS AND CONDITIONS

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

Secured USD-denominated bank loan covenants

The Caterpillar Finance loan agreement features covenants on equity and debt to equity ratio and minimum net worth in Aker BioMarine AS. The company complied with all covenants in 2020, 2019 and 2018.

Secured USD-denominated bank loan covenants

The DNB/Rabobank loan agreement features covenants on EBITDA. The loan covenants also have leverage ratio requirements. The Group is compliant with all loan covenants.

Term Loan and Guarantee facilities agreement

The vessel loan agreement features covenants on EBITDA. The loan covenants also have leverage ratio requirements, interest cover ratio requirements and a condition with regards to available liquidity. The Group is compliant with all loan covenants.

Term Loan and Guarantee facilities agreement

The vessel loan agreement features covenants on EBITDA. The loan covenants also have leverage ratio requirements and interest cover ratio requirements. The Group is compliant with all loan covenants.

Loans from Innovation Norway

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

Overdraft facility

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

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

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's borrowings did not exceed the borrowing base in 2020, 2019 or 2018.

Debt secured by mortgage assets

	As of 31 December,		
Amounts in thousands of U.S. Dollars	2020	2019	2018
Secured bank loans	215 020	291 319	145 352
Non-current NOK-denominated loan from Antarctic Harvesting Holding AS		7 800	7 800
Non-current USD-denominated debt to Aker ASA	12 673	29 135	13 587
Book value total interest-bearing non-current liabilities	**227 694**	**328 255**	**166 740**
Book value of assets pledged as security			
Operating assets	**563 752**	**382 439**	**285 071**

Asset pledged as security per company as of 31 December 2020:

Amounts in thousands of U.S. Dollars	Group total	Akbm AS	New Ride	Antarctic AS
Ships/Rigs	136 384			136 384
Machines	68 627			68 627
Shares	358 741	305 822	52 919	
Total	**563 752**	**305 822**	**52 919**	**205 011**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table reconciles the movements in liabilities to cash flow from financing activities in 2020:

Amounts in thousands of U.S. Dollars	Secured bank loans	Proceeds from owner	Long term Lease and NMTC	Bank overdraft	Short term leas	Share capital	Reserves	Retained earnings	**Total**
Balance at 1 January 2019	**283 401**	**75 129**	**25 754**	**29 135**	**6 646**				**420 064**
Reclassification	8 201		-8 201						**-**
Changes in Financing cash flows									
New loan from owner		23 000							**23 000**
Instalment loan from owner		(96 795)							**(96 795)**
Secured bank loan - RCF + TL NewRide - DNB/ RABO	(65 000)								**(65 000)**
Instalment Secured bank loan - DNB/ GIEK/NEK	(9 409)								**(9 409)**
Instalment Innovation Norway - 1	(377)								**(377)**
Instalment Innovation Norway - 2	(833)								**(833)**
Instalment Innovation Norway - 3	(151)								**(151)**
Instalment Caterpillar Finance	(932)								**(932)**
Lease payments					(7 045)				**(7 045)**
Overdraft facility with DNB/RABO				(9 472)					**(9 472)**
New/increase withdrawal overdraft facility- DNB				(7 000)					**(7 000)**
Proceeds from Trading admittance						7 850	216 328		**224 178**
Net cash flow from financing activities	(76 702)	(73 795)	-	(16 473)	(7 045)	7 850	216 328	**-**	**50 163**
Non-Cash changes									
Leasing financing (IFRS16)			(3 520)		7 795				**4 275**
NMTC loan settlement 1)			(7 800)						**(7 800)**
Other changes, liability related									
Interest/fees charged to loan	(53)								**(53)**
Effect of changes in foreign exchange rates	185		-		144				**329**
Total liability related changes	132	-	-	-	144	-	-	**-**	**275**
Balance at 31 December, 2020	215 031	1 334	6 233	12 662	7 539			**-**	**242 799**

1) The NMTC loan was forgiven and recognized as financial income in the Income statement.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of the movements in liabilities to cash flow from financing activities in 2019:

Amounts in thousands of U.S. Dollars	Secured bank loans	Proceeds from owner	Other long term loans	Bank overdraft	Other short term loans	**Total**
Balance at 1 January 2019	**135 337**	**38 629**	**17 815**	**13 587**		**205 368**
Overdraft facility from Lang acquisition				19 900		**19 900**
Changes in Financing cash flows						
New loan from owner- Aker ASA	-	36 500	-	-		**36 500**
Secured bank loan - RCF + TL NewRide - DNB/ RABO	45 000		7 919			**52 919**
Secured bank loan - DNB/GIEK/NEK	112 385					**112 385**
Instalment Secured bank loan - DNB/ GIEK/NEK	(7 033)					**(7 033)**
Instalment Innovation Norway - 1	(396)	-	-	-		**(396)**
Instalment Innovation Norway - 2	(818)	-	-	-		**(818)**
Instalment Innovation Norway - 3	(161)	-	-	-		**(161)**
Instalment Caterpillar Finance	(931)	-	-	-		**(931)**
Instalment Naturex	-	-	(10 015)	-		**(10 015)**
Leasepayments			(3 360)			**(3 360)**
Overdraft facility with DNB/RABO				14 763		**14 763**
Repayment of overdraft from Lang acquisition				(19 900)		**(19 900)**
New/increase withdrawal overdraft facility- DNB		-	-	785		**785**
Total changes in Financing cash flows	148 044	36 500	(5 456)	(4 353)	-	**174 735**
Non-Cash changes						
Loan converted to equity- Aker ASA	-	-	-	-		**-**
Leasing financing (IFRS16)			13 395		6 646	**20 041**
Other changes, liability related						
Interest/fees charged to loan	-	-	-	-		**-**
Effect of changes in foreign exchange rates	20	-	-	-		**20**
Total liability related changes	20	-	-	-	-	**20**
Balance at 31 December, 2019	283 401	75 129	25 754	29 135	6 646	**420 064**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of the movements in liabilities to cash flow from financing activities in 2018:

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

NOTE 16 – OTHER NON-CURRENT LIABILITIES

		As of 31 December,	
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Guarantee premium payable to Aker ASA	**-**	11 596	9 964
Interest payable to Aker ASA	**-**	12 185	7 626
Earn out and other non-current liabilities	**31 745**	41 732	-
Pension liabilities	**183**	106	67
Total	**31 928**	65 618	17 657

Aker ASA has issued a guarantee for the Group's secured bank loan with DNB. The Group pays a guarantee fee to Aker ASA of 5 percent of NOK 305 million (guarantee amount). The fee is payable quarterly. The interest payable to Aker ASA in 2019 and 2018 related to the interest-bearing long-term loans from Aker ASA which were repaid in 2020, See Note 15 Interest-bearing debt.

The earn-out period related to Lang Acquisition is from 2019 through 2022 and could, if certain financial targets, EBITDA, are met, result in a gross payment of USD 50 million over the next years, with the last payment in 2023. The payment will range between 0 and USD 50 million, depending on whether the financial targets are met or not. There is a gliding scale between the high and low end.

The fair value of the earn-out element of the contingent consideration arrangement was estimated calculating the present value of the future expected cash flows using on a discount rate of 11%. Of the USD 10.0 million change in Contingent consideration from 2019 to 2020, the Group recognized USD 8.0 million (2019: USD 3.3 million) as financial income to account for the fair value adjustments as per 31 December 2020. As per above this fair value adjustment was due to the discounting effect and lower EBITDA prognosis in the earn-out period. In addition to the earn-out there is a liability of USD 2 .0 million which will be released based on further employment of resources over the next 3 years.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 – ACCOUNTS PAYABLE AND OTHER PAYABLES

Accounts payable and other payment liabilities comprise the following items:

		As of 31 December,	
Amounts in thousands of U.S. Dollars	**2020**	2019	2018
Accounts payable	**20 255**	23 340	11 469
Accrued expenses	**15 223**	26 311	11 332
Other current liabilities	**3 244**	2 342	4 136
Total	**38 721**	51 994	26 937

Foreign exchange and liquidity risks are described in Note 20.

NOTE 18 – LEASING

The Group implemented IFRS 16 Leases as of January 1, 2019 using the modified retrospective approach. The comparative information presented for 2018 is therefore not restated. At implementation ROU assets and financial lease liabilities in the amounts of USD 4 940 were recognized. The accounting policy for lease agreements prior to the implementation of IFRS 16 was regulated by IAS 17 Leases. For the accounting period January 1 – December 31, 2018 the Group's accounting for leases when acting as lessor is the same as under IFRS 16. When party to a lease agreement as lessee, all leases were recognized as operating leases and the lease payments were expensed as incurred in the profit or loss as an operating expense. IAS 17 did not require the lessee to recognize a right-of-use asset or financial liability in connection with the lease agreement.

The Group leases various types of assets, with the most significant monetarily being the leases for office buildings, warehouses and a tramper vessel. The smaller leases comprise mainly leases for housing for employees, IT equipment and production-related equipment in the factory.

Management determines the lease term as the non-cancellable term of the lease, as well as any additional periods covered by an option to extend the lease if it is reasonably certain to be exercised. Time periods in the lease covered by an option to terminate the lease are also included in the lease term if it is reasonably certain the termination clause will not to be exercised. Management applies judgement in evaluating whether it is reasonably certain to exercise a renewal option, considering all relevant factors as well as the potential economic incentives related to the exercise of the renewal option. The lease period in the current leases held by the Group varies from one to five years. Several of the leases have a lease term that includes the optional renewal period. Most of the leases include a clause for annual price increases during the term of the lease agreement.

The Group has elected not to recognize right-of-use (ROU) assets and lease liabilities for the following types of leases, as allowed under IFRS 16:
- Short-term leases with a lease term of less than 12 months from commencement that does not include any purchase or renewal options, and
- Leases of low- value assets.

The Group recognizes a ROU asset as of the lease commencement date. The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The initial measurement of the ROU asset includes the amount of lease liability recognized, any initial direct costs incurred, and the lease payments made at or before the commencement date less any lease incentives received. The ROU asset is generally depreciated on a straight-line-basis over the shorter of the estimated useful life of the asset or the lease term and is subject to impairment assessments of non-financial assets.

The lease liability is initially measured at the present value of the future lease payments at commencement date discounted using either:
- The rate implicit in the lease, or if that cannot be determined
- The leasing entity's incremental borrowing rate.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the ROU asset in a similar economic environment. The Group is calculating the incremental borrowing rate in a model with an interest rate swap rate as a basis and adjustments reflecting:
- Credit worthiness of the lessee
- Lease term of the contract
- Acquisition cost of the ROU
- Type of asset and
- Jurisdiction and the contact's currency.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's ROU asset as at 31 December 2020 include:

Amounts in thousands of U.S. Dollars	Buildings and vessel	Machinery and equipment	Total
Balance as of 1 January 2020	16 389	167	**16 557**
Depreciation for the year	(6 133)	(248)	**(6 382)**
Additions to ROU assets	2 595	611	**3 205**
Derecognition of ROU asset	(235)		**(235)**
Balance as of 31 December 2020	**12 616**	**530**	**13 145**

Additions to ROU assets relates to the new lease of the tramper vessel, an office contract in Shanghai, new employee housing lease contracts and the annual CPI adjustments in some of the lease payments. Derecognition of the asset in 2020 of USD 235 thousand relates to exiting from a housing apartment contract.

The Group's ROU asset as at 31 December 2019 include:

Amounts in thousands of U.S. Dollars	Buildings and vessel	Machinery and equipment	Total
Balance as of 1 January 2019	4 870	69	**4 940**
Depreciation for the year	(2 802)	(31)	**(2 833)**
Additions to ROU assets	18 268	129	**18 397**
Derecognition of ROU asset	(3 947)		**(3 947)**
Total	**16 389**	**167**	**16 557**

Derecognition of the ROU asset in 2019 relates mainly to the office relocation at the Fornebu building. The company moved to a larger area and as a result the initial contract was terminated and replaced with a new contract.

AMOUNTS RECOGNIZED IN PROFIT OR LOSS

Amounts in thousands of U.S. Dollars	**2020**	2019
Expenses related to short-term lease	(1 512)	(884)
Expenses related to low-value asset, excl. short-term	(100)	(40)
Leasing expenses related to variable payments not included in lease liabilities	(304)	(278)
Interest on ROU lease liabilites	(1 069)	(729)
Recognition of difference between lease liability and ROU asset per 1 Jan 2019 on derecognized asset	(1)	424
Effect of changes in foreign exchange rates	(144)	57
Total	**(3 130)**	**(1 450)**

ROU assets recognized in cash flow statement:	(7 045)	(3 360)

FUTURE LEASE LIABILITY PAYMENTS AS OF YEAR-END 2020 AND 2019 (IFRS 16)

Amounts in thousands of U.S. Dollars	**2020**	2019
Within one year	4 831	6 679
1-2 years	3 116	3 628
3-5 years	5 825	8 301
More than 5 years	-	1 049
Total	**13 772**	19 657

Lease liabilities as of December 31, 2010 totaled USD 13 773 thousand (December 31, 2019: USD 16 681 thousand) of which USD 7 539 thousand (December 31, 2019: USD 10 035 thousand) was classified as current and USD 6 234 thousand (December 31, 2019: USD 6 646 thousand) was classified as non-current. There are no lease liabilities as of December 31, 2018 as this was prior to the implementation of IFRS 16.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2018 OPERATING LEASE PAYMENTS UNDER IAS 17

Amounts in thousands of U.S. Dollars	2018
Lease expense	(4 436)
Sub-lease income	319
Total	**(4 117)**

FUTURE OPERATING LEASE PAYMENTS AS OF DECEMBER 31, 2018, UNDER IAS 17

Amounts in thousands of U.S. Dollars	Minimum lease payments
Within one year	1 354
In 1-5 years	4 465
More than 5 years	626
Total	**6 445**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 – FOREIGN EXCHANGE RATES

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

Country	Denomination		Average rate year ended 31 December, 2020	Rate at 31 December, 2020	Average rate year ended 31 December, 2019	Rate at 31 December, 2019	Average rate year ended 31 December, 2018	Rate at 31 December, 2018
Norway	NOK	1	0,1064	0,1172	0,1136	0,1139	0,1230	0,1151
European Union (EU)	EUR	1	1,1405	1,2271	1,1192	1,1234	1,1803	1,1450

The monthly average exchange rates and the exchange rates as of 31 December 2020 have been used in translating profit or loss and consolidated statement of financial position items, respectively. If the monthly average fails to provide a reasonable approximation of the exchange rate to apply to the nominal transaction price, then the exchange rate on the date of the transaction will be applied.

NOTE 20 – FINANCIAL RISK

The Group's activities expose it to various types of risk which are associated with the financial instruments and markets in which it operates. The most significant types of financial risk the Group is exposed to are credit risk, liquidity risk, and market risks (including foreign exchange risk, interest rate risk and bunker risk. To manage these risks, risk management is carried out in order to create predictability and stability for operating cash flows and values. Management can use financial derivatives to hedge against risk relating to operations, financing, and investment activities if the financial derivative has been approved by the Board of Directors. In 2017 the Group entered a currency contract with DNB for hedging of future currency risk against NOK in future payment obligations related to the construction of the vessel Antarctic Endurance. The last payment related to this contract was in 2019. In 2020 the company entered a fuel hedge contract with DNB, see further description of the contract below under iii) Fuel price risk.

The recent Covid-19 crisis inherently increases many of these risk factors; markets become more uncertain, operations become more vulnerable to interruptions and policy makers around the world may gravitate towards stricter regulations impacting international trade. As the Covid-19 virus develops across the world, Aker BioMarine is taking measures to mitigate the risk for operational disruptions and reduce risk of outbreaks and its consequences, both offshore and onshore on the production facility in Houston as well as in the offices. Even though the development is followed closely, a worst-case scenario with outbreak in the Houston facility or on the fishing vessels may have significant operational and financial impact. As the Covid-19 virus is having a growing impact on the world economy, including Aker BioMarine's main market, the negative financial impact is uncertain with an unclear ending.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Credit risk

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

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

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

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

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

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

Aging profile of accounts receivable and bad debt provisions:

	Gross trade receivable and bad debt provision		
Amounts in thousands of U.S. Dollars	2020	2019	2018
Not at maturity	47 248	29 598	16 609
0-30 days overdue	6 326	7 387	3 255
31-120 days overdue	254	331	508
121- 365 days overdue	553	125	119
More than one year overdue	-	136	160
Total trade receivable	**54 381**	**37 577**	**20 651**
Bad debt provision	**(658)**	**(185)**	**(213)**

Movements in allocation to loss on trade receivable and contract assets

	2020	2019
Balance at 1 January under IFRS 9	(185)	(213)
Impairment loss (write-off) on trade and other receivables	(181)	316
Provision/reversal of impairment loss on trade and other receivables	(278)	41
Write off receivables not provisioned for	-	(329)
Effects of changes in foreign exchange rates	(14)	0
Allocation to loss on trade receivable and contract assets	**(658)**	**(185)**

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

The Group`s two most significant customers account for USD 16.7 million of the receivables carrying amount as of 31 December 2020 (2019: USD 9.8 million, 2018: USD 8.7 million).

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities as they mature. The Group does not hedge against exposure to interest-rate fluctuations on debt and is therefore exposed to fluctuations on the variable-rate amount of interest-bearing liabilities, which was USD 145 million as of 31 December 2020 (2019: USD 279 million, 2018: USD 192 million).

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

					2020 maturity structure — loans and interest		
Amounts in thousands of U.S. Dollars	Book value at 31 December, 2020	Nominal values	Up to 6 months	6-12 months	1-2 years	3-5 years	More than 5 years
Secured bank loans	207 102	(233 239)	(9 599)	(14 515)	(22 229)	(131 998)	(54 898)
Other non-current interest bearing liabilities	7 919	(8 589)	(134)	(134)	(134)	(8 187)	-
Interest bearing debt, non-current, related parties	1 334	(1 801)	(93)	(93)	(93)	(93)	(1 427)
Overdraft facility	12 673	(12 662)	(12 662)	-	-		
Leasing liabilities (IFRS16)	13 772	(15 499)	(3 720)	(3 080)	(3 235)	(5 464)	-
Total 2020 maturity of loans and interest on interest-bearing debt	**242 799**	**(271 789)**	**(26 208)**	**(17 823)**	**(25 691)**	**(145 743)**	**(56 325)**
Derivatives	8 996	(8 996)	(8 067)	(929)			
Accounts payable and other current liabilities	38 721	(38 721)	(38 721)	-	-	-	-
Non-current non-interest-bearing liabilities	36 745	(36 562)	-			(31 745)	(4 817)
Total liabilities	**327 262**	**(356 068)**	**(72 996)**	**(18 752)**	**(25 691)**	**(177 488)**	**(61 142)**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

							2019 maturity structure — loans and interest
Amounts in thousands of U.S. Dollars	Book value at 31 December, 2019	Nominal values	Up to 6 months	6-12 months	1-2 years	3-5 years	More than 5 years
Secured bank loans	291 319	(352 221)	(13 631)	(18 482)	(31 805)	(216 273)	(72 029)
Other non-current interest bearing liabilities	7 800	-	-	-	-	-	-
Interest bearing debt, non-current, related parties	75 129	(95 330)	-	-	-	(93 903)	(1 427)
Overdraft facility	29 135	(29 125)	-	-	-	(29 125)	
Leasing liabilities (IFRS16)	16 681	(19 657)	(3 648)	(3 031)	(6 981)	(5 997)	-
Total 2019 maturity of loans and interest on interest-bearing debt	**420 064**	**(496 332)**	**(17 279)**	**(21 513)**	**(38 786)**	**(345 297)**	**(73 456)**
Accounts payable and other current liabilities	51 994	51 994	51 994	-	-	-	-
Non-current non-interest-bearing liabilities	65 618	(75 881)	-	-	(21 866)	(46 315)	(7 700)
Total liabilities	**537 676**	**(520 219)**	**34 714**	**(21 513)**	**(60 652)**	**(391 612)**	**(81 156)**

							2018 maturity structure — loans and interest
Amounts in thousands of U.S. Dollars	Book value at 31 December, 2018	Nominal values	Up to 6 months	6-12 months	1-2 years	3-5 years	More than 5 years
Secured bank loans	135 337	172 414	5 320	5 305	10 533	145 261	5 995
Other non-current interest bearing liabilities	17 815	18 011	10 211	-	7 800	-	-
Interest bearing debt, non-current, related parties	38 629	47 589	1 483	1 483	2 967	41 656	-
Overdraft facility	13 587	13 587	13 587	-	-	-	-
Forward exchange contract	1 472	1 472	1 472	-	-	-	-
Total 2018 maturity of loans and interest on interest-bearing debt	**206 840**	**253 073**	**32 073**	**6 788**	**21 300**	**186 917**	**5 995**
Accounts payable and other current liabilities	26 937	26 937	26 937	-	-	-	-
Non-current non-interest-bearing liabilities	17 657	17 657	-	-	17 590	-	67
Total liabilities	**251 435**	**297 668**	**59 010**	**6 788**	**38 890**	**186 917**	**6 062**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Market risk

i) Foreign exchange risk

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

The Group seeks to ensure that revenues and expenses are in the same currency. Future cash flows are estimated and offset. The Group periodically assesses the need for foreign currency hedging. Currency risk is managed on an overall Group level.

The Group used derivatives to hedge the currency risks related to the instalments on the construction of the vessel, Antarctic Endurance, see Note 7 and Note 9. The hedge was accounted for as a cash flow hedge, where upon reclassification from OCI, the amounts becomes a basis adjustment. The last instalments were paid in 2019. No ineffectiveness was recognized in the consolidated statement of profit and loss over the lifetime of the instrument.

The table below gives aggregated numbers related to the cash flow hedges for the period 2018-2020.

Amount in USD million	2020	2019	2018
Reclassified to expected fixed asset	-	(1.0)	-
Reclassified to related fixed asset from OCI during the year	-	-	0.5

As per 31 December 2018 a liability of USD 1.5 million was recognized and presented under “derivative liabilities” in the consolidated statement of financial position while there were no such instruments as of 31.12.2019. As of 31.12.2020 the Group recognized an asset of USD 7.7 million and a liability of USD 9.0 million from a fuel hedge contract, see description under iii) Fuel price risk.

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

	Year ended 31 December, 2020		Year ended 31 December, 2019		Year ended 31 December, 2018	
Amounts in thousands of U.S. Dollars	Euro	NOK	Euro	NOK	Euro	NOK
Accounts receivable	**2 856**	**7 228**	2 739	2 865	2 814	906
Cash	**555**	**(8 742)**	(5 086)	(10 237)	-	968
Secured bank loan	**(100)**	**(4 448)**	116	(15 426)	-	(14 634)
Accounts payable	**(2 272)**	**(7 591)**	(3 409)	(7 852)	(2 414)	(4 327)
Other balance sheet items	**-**	**-**	-	(9 424)	(284)	(3 269)
Gross balance sheet exposure	**1 039**	**(13 553)**	(5 640)	(40 074)	116	(20 356)
Currency forwards						
Net exposure	**1 039**	**(13 553)**	(5 640)	(40 074)	116	(20 356)

Sensitivity analysis

A 10% increase or decrease in USD relative to the Euro and the NOK would have reduced or increased the Group’s profit before tax with USD 0.1 million related to Euro and USD 1.4 million related to NOK, respectively.

ii) Interest rate risk

The Group’s borrowings and any surplus cash balances are held at variable and fixed interest rates linked to the Norwegian or London interbank offered rate (NIBOR and LIBOR, 3 or 6 months). A movement of 100 basis points in the interest rate on borrowings and surplus cash balances as of 31 December 2020 would have affected the Group’s profit before tax with USD 1.2 million. (2019: USD 3.6 million, 2018: USD 1.8 million). This analysis assumes that all other variables, especially the exchange rates, remain constant.

Interest rate profile

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

Amounts in thousands of U.S. Dollars	Year ended 31 December, 2020	Effective interest rate year ended 31 December, 2020	Year ended 31 December, 2019	Effective interest rate year ended 31 December, 2019	Year ended 31 December, 2018	Effective interest rate year ended 31 December, 2018
Fixed-interest instruments						
Secured loans from Innovasjon Norge			(10 587)	5,27 %	(11 937)	5,45 %
Loan from Antarctic Harvesting Holding AS	**(1 334)**	7.00%	(1 334)	7.00%	(1 334)	7.00%
Secured bank loan - DNB/GIEK/NEK	**(95 994)**	3,1 %	(105 357)	6,4 %		
Net fixed interest instruments	**(97 328)**		(117 278)		(13 271)	
Floating-interest instruments						
Financial assets						
Cash and cash equivalents	**10 678**	variable *)	13 610	variable *)	2 515	variable *)
Financial liabilities						
Secured bank loan - RCF + TL - DNB/ RABO	**(52 919)**	3.11%	(52 919)	5,4 %		
Secured bank loan - DNB/GIEK/NEK						
cash and cash equivalents	**(527)**	3,95 %	(683)	5,27 %	(863)	4,92 %
Secured bank loan - Innovasjon Norge	**(3 161)**	2,85 %				
Secured bank loan - Innovasjon Norge	**(6 406)**	2,85 %				
Secured bank loan - Caterpillar Finance	**(1 397)**	4,21 %	(2 328)	6,44 %	(3 259)	6,15 %
Secured bank loan - DNB	**(54 616)**	3,66 %	(119 446)	6,02 %	(119 275)	6,61 %
Liquidity loan from Aker ASA	**-**		(73 795)	7,38 %	(37 295)	8,07 %
Seller Credit Naturex	**-**	-	-	-	(10 015)	3,70 %
New Market Tax Credit US (NMTC loan)	**Settled**		(7 800)	3,40 %	(7 800)	3,40 %
Overdraft facility	**(12 673)**	variable **)	(29 135)	variable **)	(13 588)	variable **)
Leasing liabilites (IFRS16)	**(13 772)**	variable **)	(16 681)	variable **)		
Net variable interest instruments	**(134 793)**		(289 176)		(189 582)	
Total net interest-bearing debt	**(232 121)**		(406 454)		(200 339)	

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

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

iii) Fuel price risk

One of the Group's significant operating costs is the fuel cost. As such, the Group is exposed to fuel price fluctuations since the vessels use fuel while steaming and in production. The profitability and cash flow of the Group will therefore depend upon the market price of fuel. The Group did not hedge the fuel price in 2018 and 2019 but monitored movement in prices closely in order to implement other actions. In June 2020 Aker BioMarine Antarctic AS signed a contract to hedge MGO fuel by using call options for 2021-2024 to protect fuel cost. The four-year hedging program aims to reduce the risk of a potential sharp oil price rebound. Total volume over the four-year period is 137 665 MT of MGO. The options were bought at a premium of USD 9.0 million and will be settled as they are due as from Q1 2021. The purpose of the instruments is to secure the future cash-flows from operating the company's fleet, and as such the hedging object is the future fuel consumption.

The fuel hedge has the following carrying amount, notional amount and premiums per year.

Amounts in thousands of U.S. Dollars	2020
Carrying amount	
Derivative liability fuel options, non current	(8 996)
Derivative assets fuel options, non current	7 743
Total	**(1 253)**

Maturity date: January 2021 - December 2024

Amounts in thousands of U.S. Dollars	2021	2022	2023	2024	**Total**
Notional amount in MT	37 757	33 332	33 370	33 206	**137 665**
Weighted average strike rate for outstanding call options					**479**
Premiums from the trade-confirmations					
Deal 000622A	(812)	(931)	(699)	(873)	**(3 315)**
Deal 00062X	(794)	(788)	(497)	(634)	**(2 714)**
Deal 00062E	(717)	(832)	(634)	(785)	**(2 968)**
Total premium liability					**(8 996)**

The difference between the value of the derivative asset and the premium amounting to USD 1.3 million as of 31 December 2020 has been recognized as Other financial expense in the Consolidated statement of profit or loss.

Fair values

The Group had financial receivables that under IFRS 9, based on evaluation of business model applied, will be measured at fair value over the profit and loss; however, this is in line with how these assets previously have been accounted for, and the last applicable receivable was settled in 2019.

Trade receivables are classified at amortized cost. An expected loss recognition process is used, utilizing the practical expedient.

Expected credit losses (ECL) are calculated based on a matrix taking into consideration customer risk, and geographical segments and historical data.

Based on the Group's assessment, there were no new classification requirements following IFRS 9 implementation, which had material impact on accounting for financial assets or liabilities upon implementation in 2018.

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

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

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

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

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Per 31 December 2020							Carrying amount					Fair value
	Fair value through P&L	Derivates (not hedge accounting)	Amortised cost	Fair value through OCI	Interest rate swaps	Forward exchange contracts	Other derivate contracts	**Total book value**	Level 1	Level 2	Level 3	**Total fair value**
Amounts in thousands of U.S. Dollars		Fair value through P/L			Qualified for hedge accounting							
											129	**129**
Other non-interest-bearing non-current assets	129							**129**				**0**
Accounts receivables			53 724					**53 724**				**7 743**
Other forward contracts							7 743	**7 743**		7 743		**0**
Other non-interest-bearing current receivables			10 388					**10 388**				**10 678**
Cash and cash equivalents			10 678					**10 678**		10 678		**18 550**
Total financial assets	**129**	**-**	**74 789**	**-**	**-**	**-**	**7 743**	**82 661**	**-**	**18 421**	**129**	**63 209**
Secured bank loans			195 091					**195 091**		195 091		**195 091**
Interest-bearing non-current liabilities			7 919					**7 919**		7 919		**7 919**
Interest-bearing current liabilities,external			12 010					**12 010**		12 010		**12 010**
Other interest free liabilities, non-current			31 745					**31 745**				**0**
Loan from Antarctic Harvesting Holding AS			1 334					**1 334**		1 334		**1 334**
Leasing liabilities			13 772					**13 772**		13 772		**13 772**
Other forward contracts							8 996	**8 996**		8 996		**8 996**
Overdrafts			12 673					**12 673**		12 673		**12 673**
Accounts payable and other interest free liabilities	-		35 476					**35 476**				**0**
Total financial liabilities		**-**	**310 019**	**-**	**-**	**-**	**8 996**	**319 015**	**-**	**251 795**	**-**	**251 795**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Per 31 December 2019							Carrying amount					Fair value
	Fair value through P&L	Derivates (not hedge accounting)	Amortised cost	Fair value through OCI	Interest rate swaps	Forward exchange contracts	Other derivate contracts	**Total book value**	Level 1	Level 2	Level 3	**Total fair value**
Amounts in thousands of U.S. Dollars	Fair value through P/L			Qualified for hedge accounting								
Other non-interest-bearing non-current assets			145					**145**		145		**145**
Accounts receivables	133		49 454					**49 587**		49 454		**49 454**
Other non-interest-bearing current receivables			1 185					**1 185**		1 185		**1 185**
Cash and cash equivalents			12 425					**12 425**		12 425		**12 425**
Total financial assets	**133**	**-**	**63 209**	**-**	**-**	**-**	**-**	**63 342**	**-**	**63 209**	**-**	**63 209**
Secured bank loans			266 590					**266 590**		266 590		**266 590**
Interest-bearing non-current liabilities			7 919					**7 919**		7 919		**7 919**
Interest-bearing current liabilities,external			24 611					**24 611**		24 611		**24 611**
Loan from AKER ASA			73 795					**73 795**		73 795		**73 795**
Loan from Antarctic Harvesting Holding AS			1 334					**1 334**		1 334		**1 334**
Leasing liabilities			16 681					**16 681**		16 681		**16 681**
Overdrafts			29 135					**29 135**		29 135		**29 135**
Accounts payable and other interest free liabilities			89 390					**89 390**		89 390		**89 390**
Total financial liabilities	**-**	**-**	**509 454**	**-**	**-**	**-**	**-**	**509 454**	**-**	**509 454**	**-**	**509 454**

Per 31 December 2018								Carrying amount				Fair value
	Fair value through P&L	Derivates (not hedge accounting)	Amortised cost	Fair value through OCI	Interest rate swaps	Forward exchange contracts	Other derivate contracts	**Total book value**	Level 1	Level 2	Level 3	**Total fair value**
Amounts in thousands of U.S. Dollars		Fair value through P/L			Qualified for hedge accounting							
Other non-interest-bearing non-current assets	1 673		353					**2 026**		2 026		**2 026**
Accounts receivables			28 284					**28 284**		28 284		**28 284**
Other non-interest-bearing current receivables			1 526					**1 526**		1 526		**989**
Cash and cash equivalents			989					**989**		989		**989**
Total financial assets	**1 673**	**-**	**31 152**	**-**	**-**	**-**	**-**	**32 288**	**-**	**32 825**	**-**	**32 288**
Secured bank loans			132 995					**132 995**		132 995		**132 995**
Interest-bearing non-current liabilities			7 800					**7 800**		7 800		**7 800**
Interest-bearing non-current liabilities,external			12 357					**12 357**		12 357		**12 357**
Loan from AKER ASA			37 295					**37 295**		37 295		**37 295**
Loan from Antarctic Harvesting Holding AS			1 334					**1 334**		1 334		**1 334**
Forward exhange contracts						1 472		**1 472**		1 472		**1 472**
Overdrafts			13 587					**13 587**		13 587		**13 587**
Accounts payable and other interest free liabilities			25 846					**25 846**		25 846		**25 846**
Total financial liabilities	**-**	**-**	**192 585**	**-**	**-**	**1 472**	**-**	**194 057**	**-**	**194 057**	**-**	**194 057**

Capital management

One objective of the Group's asset management is to build and maintain financial flexibility to realize its strategic goals. The capital structure should reflect the Group's operational risk and offer flexibility for potential investments.

The Group manages its capital structure and makes any necessary modifications based on an ongoing assessment of the financial conditions under which the business operates, and short- to medium term projections. The Group is in a development and growth phase and thus subject to higher volatility in its net cash flows than a mature company in addition to re-investing any cash proceeds into further growth.

During the year the company's shares were admitted to trading on Euronext Growth (formerly Merkur Market). As part of the admission the Company raised USD 224 million from of a private placement. Part of the raised capital was used to pay debt to Aker ASA as well as down-payments on the Company's external debt. The remaining capital has been maintained to secure the funding of future development of the business, such as investments in a pilot plant for production of Protein (INVI). As of 31 December 2020, the Group had USD 93 million in available liquidity, see note 15.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21 – CONTINGENCIES AND LEGAL CLAIMS

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

With worldwide operations, the Group is involved in disputes in the ordinary course of its business activities. Provisions to cover projected losses arising from such disputes are made to the extent negative outcomes are probable and reliable estimates can be prepared. However, the outcome of any such dispute is inherently uncertain, and the resulting liability may exceed any provision made.

As discussed in Note 4, the Group has been involved in a patent dispute regarding the Juvel production related assets during the reporting periods. The legal proceedings ended in July 2020 and the associated costs have been recognized in 'Other operating expenses' in the Statement of profit or loss. The Company is not aware of any such proceedings which are pending or threatened.
As per 31 December 2020, 31 December 2019 and 31 December 2018, no provisions were made for legal claims.

NOTE 22 – RELATED PARTIES

The Group's consolidated financial statements include the following transactions and intercompany balances with Aker ASA and companies controlled by Aker ASA. Refer to Note 23 for remuneration to key management.

Aker ASA is the controlling shareholder of the Group.

	As of 31 December,,		
Amounts in thousands of U.S. Dollars	2020	2019	2018
Office rent, facilities services and IT	(1 513)	(1 404)	(1 084)
Interest expenses and guarantee fee	(4 631)	(6 292)	(6 555)
Total	**(6 144)**	**(7 696)**	**(7 639)**

The interest expense relates to the interest-bearing debt to Aker ASA which were repaid in August 2020. The guarantee fee relates to the guarantee provided from Aker ASA related to the Group's long-term loan with DNB/Rabobank (see Note 15).

Director of the Board, Frank Reite, is the Chairman of the Board in Converto AS (earlier Converto Consulting AS) a consulting company assisting the Group in structuring of the Offshore organization and hiring new EVP of Offshore Supply chain. Total fee paid in 2020 is USD 65 thousand excl VAT.

David Lang is the former owner and current president of Lang Pharma Nutrition, Inc. The Group has a receivable due from David Lang of USD 236 thousand. Of that amount, USD 233 thousand, relates to a tax allocation per the stock purchase agreement and was repaid subsequently to year-end. The remaining amount consists of life insurance premiums and credit card charges (non-business related).

NOTE 23 – SALARIES AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board remuneration

		As of 31 December,,		
Amounts in U.S Dollars	Board membership	2020	2019	2018
Ola Snøve	Chairman of the Board	-	56 794	91 129
Kjell-Inge Røkke*	Board member	-	-	-
Øyvind Eriksen*	Board member	-	-	-
Frank O. Reite*	Board member	10 638	-	-
Sindre Skjong**	Employee representative	-	-	-
Line Johnsen***	Employee representative	-	-	-
Total		**10 638**	**56 794**	**91 129**

* Elected at annual shareholder meeting February 2016
** Employee representative from August 2019
** Employee representative from June 2020

The fee paid to Frank O. Reite relates to second half of 2019. The fee paid to the Chairman of the Board in 2018 relates to both 2018 and 2017 and was paid in full in 2018. There is no remuneration paid to the Board members and Employee representative other than ordinary salaries. See also Note 22 Related parties.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Remuneration paid to the CEO and Executive management team (EMT)
The CEO is member of the defined contribution pension and insurance plans that cover all employees. The Group uses standard employment contracts. The CEO may be dismissed upon three months' notice. If the company terminates the employment, the CEO is entitled to three months' severance pay after the end of the notice period. The pension is capped at a salary of 12 times the National Social Security base amount.

The Group does not offer any share incentive programs for employees. However, in April 2019, Aker ASA sold 2% of the shares in the company to a holding company of the CEO and granted a loan for approx. 90% of the purchase price. The holding company accepted a 5-year lock-up period and will have a right to sell the shares in case of an IPO or a private sale (tag-along and drag-along). The sale was carried out at fair market value, and a future sale will be based on the same valuation methodology. External consultants were used to perform the valuation.

There is no bonus program for the employees. However, in relation to the admission to trading on Euronext Growth in July 2020, all employees received a bonus of NOK 15k each. Based on the company's performance in 2020, management team has been awarded a bonus totaling USD 1.2 million (2019: USD 0.7 million), the CEO is eligible to USD 0.2 million (2019: USD 0.2 million) of this bonus. The bonus was paid in 2020.

Salary and compensation to EMT

Amounts in U.S Dollars		2020				2019			
Name	Current position within the Company	Salary	Bonus	Pension	Total	Salary	Bonus	Pension	Total
Matts Johansen	Chief Executive Officer (CEO)	420	200	10	620	450	200	10	660
Katrine Klaveness	Chief Financial Officer (CFO)	240	180	10	430	240	30	10	280
Tim de Haas	EVP Human Health and Nutrition	200	130	10	340	210	40	10	260
Kristine Hartmann	EVP Transformation Jan-Sep 2020	140	60	10	210	200	50	10	260
Hege Spaun	EVP Transformation Oct-Dec 2020	30	-	-	30	-	-	-	-
Tone Lorentzen	EVP Supply Chain	230	140	10	380	240	60	10	310
Shauna McNeill	EVP Innovation	160	120	10	290	140	0	0	140
Sigve Nordrum	EVP Animal Health and Nutrition	190	130	30	350	200	50	30	280
Todd Norton	EVP Special Advisor	230	110	10	350	230	70	10	310
Webjørn Barstad	EVP Offshore (From Dec 2020)	20	-	-	20	-	-	-	-
Trond Atle Smedsrud	EVP Strategic Investments	250	150	10	410	270	50	10	330
Total		**2 110**	**1 220**	**110**	**3 430**	**2 180**	**550**	**100**	**2 830**

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24 – GROUP COMPANIES

As per 31 December 2019 Aker ASA owned 98% of the shares in the company. The remaining 2% were owned by the Group CEO through his wholly owned company KMMN Invest II AS. The total number of shares was 69 053 544 with par value of NOK 6.00 per share. There was no change in number of shares outstanding through 2018 and 2019. All shares had equal rights and obligations, except for restrictions as mentioned below under Assessment of non-controlling interests.

The Company was admitted to trading on Euronext Growth (previously Merkur Market) on 6 July 2020. As part of the admission to trading, Aker ASA reduced its ownership to 78% and KMMN Invest II reduced its ownership to 1.1%. The total number of shares was increased to 87 586 086 shares with par value NOK 6.00 each. Net capital contribution from the listing was USD 224 million.

Assessment of non-controlling interests:

Through its fully owned company Antarctic Harvesting Holding AS (AHH), The Resource Group TGR AS, subscribed to 555,900 new shares (the A-shares) in Aker BioMarine Antarctic AS for a cash consideration of NOK 11 million in September 2015. The shares subscribed to constitute a separate share class with rights to an annual preferential dividend of 7% of the invested capital, but with no economic rights to any profits above this level.

The structure enables the Company to access foreign capital while remaining in compliance with its fishing licenses. Through the shareholders agreement, the Company holds the majority of the voting rights for all matter except the reserved matters. The reserved matters give AHH some rights, but not power over the relevant activities. AHH's rights are either protective or relates to activities that does not significantly affect the return. The company has power over the relevant activities, and has control over Aker BioMarine Antarctic AS.

Based on the content of the shareholder agreement between the company and AHH, the company defines Aker BioMarine Antarctic AS as a subsidiary, even if the ownership is 40% (the B-shares). It has therefore been assessed that the shareholders agreement does not give rise to any non-controlling interests in the Group financial statements.

Presentation in the Group's statement of financial position:

The Group has assessed that the Company has a contractual obligation to deliver cash to AHH. It follows from IAS 32 AG6 that perpetual debt, a contractual right to receive interest on a fixed date extending into indefinite future, with or without a right to a return if the principal, is a financial liability and not equity. Based on this the Company has assessed that the share capital (with interest rate payment) should be treated as a liability in the Group's Statement of financial position. The NOK 11 million has therefore been treated as a liability as of 31 December in the reporting periods.

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the Group in 2020 included the following subsidiaries:

Company	Shareholding in %	Voting rights in %	Administrative headquarters Location	Country
Aker BioMarine Antarctic AS	40	100*	Lysaker	Norway
Aker BioMarine Antarctic US LLC	100	100	Issaquah	USA
Aker BioMarine Antarctic Services AS	100	100	Lysaker	Norway
Aker BioMarine Antarctic Australia Pty Ltd	100	100	Melbourne	Australia
Aker BioMarine Manufacturing LLC	100	100	Houston	USA
Aker BioMarine Financing LLC	100	100	Houston	USA
Aker BioMarine Antarctic SA (former Odalson S.A.)	100	100	Montevideo	Uruguay
Aker BioMarine US Holding Inc	100	100	Issaquah	USA
Complector Ship Management AS	100	100	Lysaker	Norway
Aker BioMarine Asia Ltd	100	100	Hong Kong	China
Aker BioMarine Shanghai International Trading Co Ltd	100	100	Shanghai	China
Aker BioMarine Canada Inc	100	100	Vancouver	Canada
Euphausia LLC	100	100	Wilmington	USA
Aker BioMarine (Thailand) Ltd	100	100	Bangkok	Thailand
Aker BioMarine India Private Ltd	100	100	Mumbai	India
NewRide LLC	100	100	Issaquah	USA
Epion Brands LLC	100	100	Issaquah	USA
Lang Pharma Nutrion Inc	100	100	Middletown	USA
Wanaka BioMarine Ltd	100	100	Nelson	New Zealand
Aion AS	100	100	Lysaker	Norway

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

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the Group in 2019 included the following subsidiaries:

Company	Shareholding in %	Voting rights in %	Administrative headquarters Location	Country
Aker BioMarine Antarctic AS	40	100*	Lysaker	Norway
Aker BioMarine Antarctic US LLC	100	100	Issaquah	USA
Aker BioMarine Antarctic Services AS	100	100	Lysaker	Norway
Aker BioMarine Antarctic Australia Pty Ltd	100	100	Melbourne	Australia
Aker BioMarine Manufacturing LLC	100	100	Houston	USA
Aker BioMarine Financing LLC	100	100	Houston	USA
Aker BioMarine Antarctic SA (former Odalson S.A.)	100	100	Montevideo	Uruguay
Aker BioMarine US Holding Inc	100	100	Issaquah	USA
Complector Ship Management AS	100	100	Lysaker	Norway
Aker BioMarine Asia Ltd	100	100	Hong Kong	China
Aker BioMarine Shanghai International Trading Co Ltd	100	100	Shanghai	China
Aker BioMarine Canada Inc	100	100	Vancouver	Canada
Euphausia Inc	100	100	Wilmington	USA
Aker BioMarine (Thailand) Ltd	100	100	Bangkok	Thailand
Aker BioMarine India Ltd	100	100	Mumbai	India
NewRide LLC	100	100	Issaquah	USA
Epion Brands LLC	100	100	Issaquah	USA
Lang Pharma Nutrion Inc	100	100	Middletown	USA
Aker BioMarine New Zealand Ltd	100	100	Nelson	New Zealand

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

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AKER BIOMARINE GROUP ACCOUNTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25 – EARNINGS PER SHARE

	As of 31 December,,		
Amounts in thousands of U.S. Dollars	2020	2019	2018
Continued operations:			
Net profit (loss)	(5 463)	(23 750)	(1 022)
Minority interest	-	-	-
Profit (loss) from continued operations attributable to Equity holders of the parent	**(5 463)**	**(23 750)**	**(1 022)**
Number of shares			
Share outstanding as per 1 January	69 053 544	69 053 544	69 053 544
Change from Trading admittance	18 532 542		
Shares outstanding as per 31 December	**87 586 086**	**69 053 544**	**69 053 544**
Weighted average number of shares as per 31 December	78 062 419	69 053 544	69 053 544
Earnings per share			
Basic	(0,07)	(0,34)	(0,01)
Dilluted	(0,07)	(0,34)	(0,01)

NOTE 26 – EVENTS AFTER THE END OF THE REPORTING PERIOD

Delivery of Antarctic Provider

In February 2021, a Group company, Aker BioMarine Antarctic AS, took delivery of its new state-of-the-art supply vessel, The Antarctic Provider. Antarctic Provider was delivered at the CIMC Raffles yard in Yantai, China 5 February 2021 and is expected to be operational early Q2 2021. The vessel will immediately enter service, and fully replace La Manche, the Group's existing supply vessel, before its class expires in October 2021. Compared with La Manche, Antarctic Provider offers several improvements and efficiencies to the Group's offshore operation and is expected to generate savings for the years to come. Antarctic Provider was delivered on time, and on budget. Total project purchase price amounted to USD 75.0 million which was 80% debt financed, including a facility tranche from GIEK and Export Credit Norway.

First pharma partnership

On 11 January 2021, Aker BioMarine announced that the company has entered into a partnership with serial biotech entrepreneur Dr. Michael Davidson and his wholly owned company Medical Food Solutions Research. The agreement constituted development of pharmaceutical therapies for brain and eye health based on Aker BioMarine's product Lysoveta™, LPC bound EPA/DHA. This was the first commercial pharmaceutical agreement for the company's new Lysoveta™ business area. Under the terms of the agreement, a new company will be established to develop the therapies for treatment of brain and eye diseases.

Launch of INVI™, a novel protein for human consumption

Aker BioMarine expanded its ingredient portfolio with the launch of INVI™, as announced on 14 January 2021. INVI™ is a hydrolyzed protein isolate with a complete amino acid profile, and is also rich in minerals, including calcium and magnesium. INVI™ is ideal for incorporation into powder and ready-to-drink beverages, as well as broader food and beverage applications for brands looking to grow their product portfolio with a high quality and sustainable protein source. With INVI™, Aker BioMarine aims to penetrate the global retail protein market of USD 34 billion, with a focus on the sports segment.

AKER BIOMARINE GROUP ACCOUNTS

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 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).

As per the Group's APM guideline, Special operating items fall within these brackets:

- Restructuring costs: In the event of the initiation of a restructuring program, IAS 37 defines a restructuring as a program that materially changes the scope of a business or the manner in which it is conducted, and any associated costs are non-recurring.
- Launch cost: In the event of the launch of a new brand, the related costs are considered as non-recurring until the launch of the brand. Examples of relevant costs are employment of management team, R&D on packaging and capsules, general start-up cost, and significant market development costs. There need to be a defined launch period with a clear end date.
- Transaction related costs: These costs include fee to legal and tax advice related to a share issue (unless not carried towards equity) or M&A valuation fee, underwriting fee, roadshow costs, certain bonus schemes directly linked to the transaction.
- Settlements: In the event where the company has paid settlements to other parties.
- Legal expenses: Litigation expenses in the form of a lawsuit settlement, legal and consultancy fees are all nonrecurring expenses.
- Gains/ losses on sale of assets: The sale of assets is not part of the company's normal operations, and any (material) gains or losses are considered non-recurring.
- Impairments: When the (reversal of) impairment is the result of an isolated, non–recurring event, this is considered non-recurring.
- Other: Other material transactions of either non-recurring nature or special in nature compared to ordinary operational income or expenses.

As per the Group's APM guidelines, the materiality level for recognizing a Special operating item is USD 1.0 million.

The following table reconciles Adjusted EBITDA to Operating profit and Net income (loss) in the consolidated statements of Profit or loss. 'Depreciation, amortization and impairment non-production assets' in the below table is derived directly from the 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 9 'Property, plant and equipment' under line items 'Depreciation for the year' and 'Impairment'.

AKER BIOMARINE GROUP ACCOUNTS

ALTERNATIVE PERFORMANCE MEASURES (APMS)

The following comprises the items included un Special Operating Items over 2020, 2019 and 2018.

Amounts in thousands of U.S. Dollars	As of 31 December, 2020	2019	2018
Net loss	**(5 463)**	**(23 751)**	**(1 022)**
Tax expense	6 151	415	(259)
Financial income	(16 794)	(1 604)	(257)
Financial expenses	22 827	26 626	14 393
Net foreign exchange gain/loss	279	1 075	(2 596)
Operating profit	**7 000**	**2 762**	**10 258**
Depreciation, amortization and impairment	49 644	42 931	22 860
EBITDA	**56 644**	**45 693**	**33 118**
Special operating items	21 462	7 346	5 901
Consisting of:			
Juvel gain and operating cost - 'Gains/ losses on sale of assets'/ 'Other'	(690)	2 620	4 495
Lang and Enzymotech transaction - 'Transaction related costs'	-	1 298	1 406
Kori national brand US launch - 'Launch cost'	17 016	3 428	-
Oslo Børs listing - 'Transaction related costs'	2 155	-	-
Private charter flights - 'Other'	1 519	-	-
Crew cost - 'Other'	1 462	-	-
Adjusted EBITDA	**78 106**	**53 039**	**39 019**

AKER BIOMARINE GROUP ACCOUNTS

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Juvel gain, operating cost and legal expenses:
In 2018 there was a fire in the superstructure when the vessel Juvel was docked in Montevideo. In 2019, the vessel had not in any way been used in the ordinary course of business as intended by management. As part of the repair work the Group incurred significant costs while in Montevideo. These costs are recognized in the Profit or loss and have been reimbursed from the Group's insurer. The vessel was sold in Q2 2020, yielding a net gain which has been adjusted out as a Special operating Item. For further details concerning the sale of the vessel, please refer to Note 2. In addition, during 2019 and 2020 the company has been in certain legal disputes regarding the Juvel production related assets. Given the complexity of the legal proceedings, costs have been material.

Lang and Enzymotec transaction:
On 1 March 2019 the Group acquired Lang Pharma. The transaction related costs have been booked as an operating expense and recognized in the Profit or loss under IFRS 3 'Business Combinations'. Given the complexity of the transaction and being cross-border, transaction related cost has been material. The amount is non-recurring, and no Lang acquisition costs are recognized after Q4 2019. For further detail on the Lang transaction see the annual financial statements from 2019.

In 2018 a subsidiary of the company, Aker BioMarine Antarctic AS, entered into an agreement to acquire the krill business from Enzymotec. The transaction was accounted for as an IFRS 3 transaction, implying that transaction related costs have been expensed as incurred.

Kori national brand US launch including start-up cost:
As part of the Lang transaction, the Group has launched its own national brand in the US. The incurred costs have been material (aggregated USD 17 million) from start date up until December 2020.. These costs include employment of Epion management team, R&D on specially designed packaging and capsules, general start-up cost, and significant market development costs.

Furthermore, the Group assesses the national brand launch to be a Special operating item as the Group has incurred significant costs to enter the largest retail chains in the US. These costs, which predominantly include marketing spend, has been a necessity for the Group to obtain shelf space for Kori krill oil with the retailers. The marketing spend has been used on TV, paper, digital and radio advertisements of Krill oil The purpose of the launch campaign was to quickly establish Kori brand awareness, that in turn would generate the necessary sales at the retailers to earn the given shelf space.

At 31 December 2020 the initial launch investment was finished. Epion is now evaluating the results from the initial investment and will use the data generated from the 2020 marketing activities to optimize marketing activities for 2021 and beyond.

Admission to Euronext Growth and preparatory work to be listed on Oslo Børs in 2021:
The company was admitted to trading on Euronext Growth (previous name: Merkur Market) on 6 July 2020 and is currently in the process of listing on Oslo Børs. Costs directly attributable to the admission on Euronext Growth has been netted against the raised amount and recognized in equity. Other substantial costs the company has incurred such as audit, investor presentations and roadshow in relation to the Euronext Growth admission or preparatory work to be listed on Oslo Børs has been considered a Special Operating Item.

Private charter flights:
The Group is dependent on getting crew in and out of Antarctica safely. With significant restrictions on global travel for large parts of 2020 limiting the availability of commercial flight options, the Group made extensive use of private charter flights from one specific vendor. This was done to ensure that the harvesting operation could continue as planned whilst maintaining the safety of the crew. In total, planes were chartered for 6 trips between Oslo and Montevideo and 3 trips between Moscow and Oslo, resulting in a cost of USD 2.1 million during the year. These costs were recorded as cost to inventory (i.e. no impact on Profit or loss in that period) as per the Group's accounting policy. The cost of flying the equivalent number of crew commercially is estimated at USD 0.25 million, resulting in an estimated net incremental cost of USD 1.85 million. The 'Cost of goods sold' impact after these expenses is estimated to USD 1.5 million and is as such considered material and non-recurring in nature compared to ordinary operational expenses. See Note 1 for further details.

Crew cost:
The Group's crew are entitled to overtime payments for any amount of time worked beyond their contractually defined shift duration. A challenging travel environment in 2020 meant that it was, in some cases, logistically impossible to get crew home from the Southern Ocean before their shift ended. This resulted in a total of USD 1.9 million in overtime payments during the year. The 'Cost of goods sold' impact after these expenses is estimated to USD 1.4 million and is as such considered material and non-recurring in nature compared to ordinary operational expenses. See Note 1 for further details.

2020
AKER BIOMARINE

FINANCIAL STATEMENT

AKER BIOMARINE AS ACCOUNTS

STATEMENT OF PROFIT OR LOSS

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	2020	2019
Operating revenues	2	**117**	224
Revenues from Group companies	12	**11 069**	11 299
Total revenues		**11 186**	11 523
Salaries and other payroll expenses	3, 14	**(7 774)**	(7 525)
Other operating expenses	4	**(7 415)**	(7 419)
Operating expenses Group companies	12	**(356)**	(473)
Operating profit/loss before depreciation, amortization and impairment		**(4 359)**	(3 895)
Depreciation, impairment, and amortization	7	**(136)**	(163)
Operating loss		**(4 495)**	(4 058)
Interest income from Group companies	12	**14 300**	15 924
Net foreign exchange gain / loss (-)		**303**	(309)
Other interest income and financial income	13	**5**	526
Interest and guarantee expenses to Group companies	12	**(6 714)**	(8 551)
Other financial expenses	13	**(5 089)**	(8 355)
Net financial items		**2 806**	(766)
Net loss before tax expense		**(1 689)**	(4 824)
Tax expense	6	**-**	-
Net loss		**(1 689)**	(4 824)
Allocation of loss for the year			
Loss for the year		**(1 689)**	(4 824)
Transferred to accumulated loss		**1 689**	4 824
Total		**-**	-

BALANCE SHEET

as of 31 December

Amounts in thousands of U.S. Dollars	Note	**2020**	2019
ASSETS			
Property, plant and equipment	7	**398**	562
Intangible assets	7	**-**	-
Shares in subsidiaries and other companies	8	**305 822**	305 464
Long-term receivables from Group companies	12	**226 352**	198 717
Total non-current assets		**532 572**	504 744
Accounts receivable and other non-interest-bearing receivables		**592**	334
Current receivables from Group companies	12	**38 978**	20 989
Cash and cash equivalents	11	**303**	361
Total current assets		**39 873**	21 684
Total assets		**572 444**	526 428
EQUITY AND LIABILITIES			
Share capital	5	**75 853**	68 003
Share premium	5	**472 718**	256 386
Total paid-in capital		**548 571**	324 389
Accumulated loss	5	**(41 665)**	(35 195)
Total equity		**506 906**	289 194
Interest-bearing loans	9	**54 616**	119 446
Pension liabilities	10	**183**	106
Other long term debt to Group companies and related parties	12	**-**	73 795
Total non-current liabilities		**54 798**	193 347
Current debt to related parties	12	**954**	24 744
Accounts payable and other current liabilities		**4 887**	4 656
Bank overdraft	9	**4 900**	14 487
Total current liabilities		**10 740**	43 887
Total liabilities		**65 539**	237 234
Total equity and liabilities		**572 444**	526 428

Fornebu, February 22, 2021
The Board of Directors and CEO of Aker BioMarine AS

Ola Snøve
Chair of the Board

Kjell Inge Røkke
Director

Øyvind Eriksen
Director

Sindre Skjong
Director, elected by the employees

Line Johnsen
Director, elected by the employees

Frank O. Reite
Director

Matts Johansen
CEO

AKER BIOMARINE AS ACCOUNTS

CASH FLOW FOR THE YEAR

for the year ended December 31

Amounts in thousands of U.S. Dollars	Note	**2020**	2019
Net loss before tax expense		**(1 690)**	(4 824)
Net expensed interest, interest paid and received	12,13	**(6 940)**	3 371
Depreciation, impairment, and amortization	7	**136**	163
Unrealized foreign exchange (gain) / loss and other non-cash-generating items		**61**	(47)
Changes unrealized position cash flow hedge	5, 13		1 472
Changes in ordinary operating items		**(39 576)**	(2 615)
Net cash flow from operating activities		**(48 009)**	(2 479)
Payments for fixed and intangible assets	7	**20**	(572)
Net cash flow from long term receivables	12	**(27 984)**	(34 084)
Net cash flow from investment activities		**(27 964)**	(34 656)
Capital Increase		**224 182**	
Proceeds, new short-term loans, related parties	12	**(138 795)**	36 500
Change in bank overdrafts	9	**(9 472)**	784
Net cash flow from financing activities		**75 915**	37 284
Net change in cash and cash equivalents		**(58)**	149
Effect of changes in foreign exchange rates on cash and cash equivalents			
Cash and cash equivalents as of January 1		**361**	213
Cash and cash equivalents as of December 31		**303**	361

NOTE 1 – ACCOUNTING PRINCIPLES

The annual report is prepared and presented according to the Norwegian Accounting Act of 1998 and generally accepted accounting practices in Norway.

Subsidiaries and associated companies

Subsidiaries are valued according to the cost method. Investments are valued at acquisition cost for the shares, unless a write-down has been necessary. Investments are written down to market value if the decline is viewed as not transitory in nature and when deemed necessary according to generally accepted accounting principles. Write-downs are reversed if the basis for the write-down is no longer present.

Associated companies and investments in joint venture are valued according to the equity method in the parent company accounts. The latter investments are initially valued at acquisition cost for the shares, and subsequently adjusted to reflect the investor's share of the net assets of the associate.

Classification and valuation of balance sheet items

Current assets and short-term liabilities include items that are due within one year. Other items are classified as non-current assets or long-term liabilities. Current assets are valued at the lower of acquisition cost or market value. Current liabilities are recorded in the balance sheet at face value at the time of the transaction.

Non-current assets are recorded at acquisition cost. Upon a change in value not deemed to be temporary, the affected fixed asset is written down to market value. Long-term liabilities are recorded in the balance sheet at face value at the date they are assumed.

Receivables
Accounts receivable and other receivables are recorded in the balance sheet at face value after provision for expected losses. Provisions for losses are made based on individual assessment of receivables.

Functional currency and foreign currency
Aker BioMarine AS has U.S. Dollars as functional currency and the financial statements are presented in U.S. Dollars. Foreign-currency-denominated monetary items are valued at the year-end exchange rate, and currency translation effects are presented within net foreign exchange gain/loss in the financial statement.

Property, plant and equipment, and intangible assets
Other acquired intangible assets are recognized in the balance sheet at acquisition cost, less any accumulated amortization and impairment losses.

Estimated useful lives for the current and comparative reporting periods are as follows:

- Property, plant and equipment 0–5 years
- Intangible assets 0–3 years

Revenue recognition
Income arising from royalties and management services provided to subsidiaries shall be recognized if all the following conditions are satisfied:

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The amount of revenue can be measured reliably.

Taxes
Tax expenses in the profit and loss account comprise taxes payable for the period and any change in deferred tax/deferred tax benefit. In 2020, deferred tax is calculated as 22% of the temporary differences between accounting and tax values, as well as the tax deficit carryforward at the end of the accounting period. Tax increasing and tax reducing temporary differences that are reversed or can be reversed in the same period, are offset. Net deferred tax benefit is recorded in the balance sheet to the extent it is likely that it will be used.

Cash flow statement
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents comprise cash, bank deposits, and other short-term liquid placements.

Use of estimates
Preparation of the financial statement in accordance with generally accepted accounting practices requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities, and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results may differ from estimates.

Contingent losses deemed probable and quantifiable are expensed as incurred

NOTE 2 – OPERATING REVENUES

Operating revenues in 2020 are distributed as follows:

Amounts in thousands of U.S. Dollars	Norway	EU	North America	Other	Total
Other revenue	117	-	-	-	**117**
Management fee from Group companies	11 034	-	18	16	**11 068**
Total operating revenues	11 151	-	18	16	**11 185**

Operating revenues in 2019 are distributed as follows:

Amounts in thousands of U.S. Dollars	Norway	EU	North America	Other	Total
Other revenue	224	-	-	-	**224**
Management fee from Group companies	11 265	-	18	16	**11 299**
Total operating revenues	11 489	-	18	16	**11 523**

NOTE 3 – SALARIES AND OTHER PAYROLL EXPENSES:

Salaries and payroll expenses comprise of the following:

Amounts in thousands of U.S. Dollars	2020	2019
Salaries	**(6 081)**	(5 495)
Other personnel costs	**(205)**	(605)
Employer's social security contribution	**(903)**	(796)
Pension expenses	**(585)**	(629)
Total	**(7 774)**	(7 525)
Average number of FTE	50	44

NOTE 4 – OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

Amounts in thousands of U.S. Dollars	**2020**	2019
Professional services	**(3 330)**	(4 201)
Office rent	**(1 018)**	(920)
Travel	**(73)**	(562)
Other operating expenses	**(2 995)**	(1 736)
Total other operating expenses	**(7 415)**	(7 419)

Remuneration paid to the auditor is presented within other operating expenses[1]:

Amounts in thousands of U.S. Dollars	**2020**	2019
Ordinary auditing services	**213**	140
Other services	**8**	1
Tax advisory	**9**	-
Total	**229**	141

1) Remuneration to the auditor is presented excluding VAT.

NOTE 5 – EQUITY

The Company's share capital amounts to NOK 525 516 516 distributed as 87 586 086 shares issued, each with a par value of NOK 6.00. All shares are equal in all respects.

As of December 31, 2020, Aker ASA owns 77.8% of the shares in the Company, 1.1% are owned by the Company's CEO through a holding company (ref. note 14), and the remaining 21% shares by other investors subsequent to the trade admittance in July 2020.

Changes in equity are set forth below:

Amounts in thousands of U.S. Dollars	Share capital	Share premium	Accumulated loss	Total equity
Equity as of December 31, 2017	63 684	135 644	(22 739)	176 588
Acturial gain (loss)			119	119
Cash Flow Hedges gain (loss)			(4 625)	(4 625)
Debt Conversion	4 319	120 742		125 061
Loss for the year			(4 489)	(4 489)
Equity as of December 31, 2018	68 003	256 386	(31 735)	292 654
Acturial gain (loss)			(106)	(106)
Cash Flow Hedges recycled to profit and loss			1 472	1 472
Loss for the year			(4 824)	(4 824)
Equity as of December 31, 2019	68 003	256 386	(35 193)	289 194
Acturial gain (loss)			(-80)	(79)
Capital Increase	7 850	216 332		224 182
Correction from last year			(-4 703)	(4 702)
Debt Conversion				-
Loss for the year			(-1 689)	(1 689)
Equity as of December 31, 2020	75 853	472 718	(41 665)	506 906

The 20 largest shareholders as per 31 December 2020:

Shareholder	Number of shares	Per cent
AKER CAPITAL AS	68 132 830	77,8
The Bank of New York Mellon SA/NV	948 797	1,1
J.P. Morgan Bank Luxembourg S.A.	941 950	1,1
KMMN INVEST II AS	920 714	1,1
J.P. Morgan Bank Luxembourg S.A.	894 423	1,0
DANSKE INVEST NORSKE INSTIT. II.	736 406	0,8
U.S. Bank National Association	712 117	0,8
VERDIPAPIRFONDET DNB NORGE	697 281	0,8
UBS AG	661 862	0,8
Danske Bank A/S	614 152	0,7
HSBC Bank Plc	551 258	0,6
BNP Paribas Securities Services	551 218	0,6
VERDIPAPIRFONDET ALFRED BERG GAMBA	508 447	0,6
Danske Invest Norge Vekst	435 870	0,5
Norron Sicav - Target	435 328	0,5
CENTRA INVEST AS	410 000	0,5
VPF DNB AM NORSKE AKSJER	365 539	0,4
State Street Bank and Trust Comp	307 954	0,4
DANSKE INVEST NORSKE AKSJER INST	307 100	0,4
VJ INVEST AS	272 656	0,3
Total	**79 405 902**	**90,7**

NOTE 6 – TAX EXPENSE AND DEFERRED TAX

Amounts in thousands of U.S. Dollars	**2020**	2019
Income tax expense		
Current tax on profits for the year (22%)	**-**	-
Change in deferred tax	**4 800**	4 798
Effect of change in tax rate	**-**	-
Unrecognized change in deferred tax assets	**(4 800)**	(4 798)
Income tax expense	**-**	-
Tax base		
Profit (loss) before tax	**(1 689)**	(4 824)
Currency translation from USD to NOK		
Tax base (statutory tax purposes)	**(1 689)**	(4 824)
Tax base (statutory tax purposes)	**(1 689)**	(4 824)
Expenses not tax deductible	**37**	57
Interest rate deductability	**-**	523
Change in deferred tax	**1 056**	1 811
Tax base	**(597)**	(2 433)
Tax loss carried forward	**597**	2 433
Tax base	**-**	-

Temporary differences	**2020**	2019
Property, plant and equipment and intangible assets	**115**	103
Gain and loss accounts	**87**	106
Post employment benefit liabilities	**(183)**	(106)
Net deferred tax assets	**19**	103
Tax losses carried forward	**(104 417)**	(100 182)
Interest rate deductability carry forward	**(17 044)**	(16 563)
Basis for deferred tax asset	**(121 442)**	(116 642)
Deferred tax asset (22%)	**(26 717)**	(25 661)
Unrecognized deferred tax assets	**26 717**	25 661

Deferred tax has not been capitalized as it is not considered probable that the Company will have future taxable profit available, against which the unused tax losses and unused tax credits can be utilized.

Since 2008 Aker Biomarine AS has been involved in discussions with the tax authorities concerning deductibility of losses on receivables. The Norwegian Tax authorities concluded that losses of NOK 296 million was not deductible.

Aker Biomarine AS has appealed the decision to The Norwegian Tax Appeal Board ("Skatteklagenemnda") and are currently waiting for their conclusion. The appealed losses are not part of the tax losses carried forward as presented in the above table.

NOTE 7 – FIXED ASSETS AND INTANGIBLE ASSETS

Amounts in thousands of U.S. Dollars	Furnitures & fixtures	Develop-ment	Licence agreements	Total
Acquisition cost as of January 1, 2020	**659**	**0**	**(0)**	**659**
Investments	20			20
Retirement	(47)	-	-	(47)
Acquistion cost as of December 31, 2020	**632**	**0**	**(0)**	**632**
Accumulated amortization and impairment as of January 1, 2020	**(97)**	**0**	**(0)**	**(97)**
Depreciation for the year	(136)			(136)
Retirement		-	-	-
Accumulated amortization and impairment as of December 31, 2020	**(234)**	**0**	**(0)**	**(234)**
Book value as of December 31, 2020	**398**	**0**	**(0)**	**398**

Amounts in thousands of U.S. Dollars	Furnitures & fixtures	Develop-ment	Licence agreements	Total
Acquisition cost as of January 1, 2019	**652**	**2 059**	**17 086**	**19 797**
Investments	572			572
Retirement	(565)	(2 059)	(17 086)	(19 710)
Acquistion cost as of December 31, 2019	**659**	**0**	**(0)**	**659**
Accumulated amortization and impairment as of January 1, 2019	**(260)**	**(2 059)**	**(17 086)**	**(19 405)**
Depreciation for the year	(163)			(163)
Impairment				-
Retirement	326	2 059	17 086	19 471
Accumulated amortization and impairment as of December 31, 2019	**(97)**	**0**	**(0)**	**(97)**
Book value as of December 31, 2019	**562**	**0**	**(0)**	**562**

The CLA®/Tonalin patent portfolio and the related royalty agreements, was terminated in January 2019. All intangible assets are amortized using the straight-line method.

All fixed assets are depreciated using the straight-line method and have estimated useful life of 5 years.

Operating lease expense amounted to USD 1.2 million in 2020 and USD 0.92 million in 2019. The Company's lease commitments under non-cancellable leases amounts to approx. USD 1.0 million annually, until 2025.

Operating lease costs are expensed as incurred. The Company has no financial lease arrangements.

NOTE 8 – SHARES IN SUBSIDIARIES

Through its fully owned company Antarctic Harvesting Holding AS, The Resource Group Trg AS, owns 555,900 A-shares in Aker BioMarine Antarctic AS. The remaining 370,600 B-shares are held by Aker Biomarine AS. Based on the content of the shareholder agreement between the Company and Antarctic Harvesting Holding, the Company defines Aker BioMarine Antarctic AS as a subsidiary for accounting purposes, even if the ownership is 40%.

Amounts in thousands of U.S. Dollars	Ownership in % 1)	Head-quarter	Equity as of December 31, 2020	Profit/ loss before tax	Book value December 31, 2020
Aker BioMarine Antarctic AS	40	Bærum, Norway	76 766	(26 135)	305 447
Aion AS	100	Bærum, Norway	(18)	(22)	18
Complector Ship Management AS	100	Bærum, Norway	2	(9)	357
Shares in subsidiaries and other companies					305 822

1) Share of voting rights equals share of ownership.

Amounts in thousands of U.S. Dollars	Ownership in % 1)	Head-quarter	Equity as of December 31, 2019	Profit/ loss before tax	Book value December 31, 2019
Aker BioMarine Antarctic AS	40	Bærum, Norway	119 815	(8 965)	305 450

1) Share of voting rights equals share of ownership.

NOTE 9 – INTEREST-BEARING LOANS FROM EXTERNAL PARTIES:

Amounts in thousands of U.S. Dollars	**2020**	2019
Non-current liabilities		
Loan from DNB ASA	**54 616**	119 446
Current liabilities		
Working capital facility from DNB ASA	**4 900**	14 487
Total interest-bearing current liabilities	**59 515**	133 933

In January 2018, the Company extended the revolving credit facility of USD 120 million and the overdraft facility of USD 15 million. In March 2019 the agreement was amended and restated as to reflect a change in the syndicate, no extension of terms occurred. Reduction in debt after the Euronext Growth Oslo trade admittance in July 2020 (USD 75 million). New drawdown in December 2020 of USD 10 million.

LOAN TERMS AND CONDITIONS

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

Total amount drawn on the overdraft facility shall not exceed the sum of (on an Aker BioMarine Group consolidated level):

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

The Company's borrowings did not exceed the borrowing base in 2019 or 2020.

NOTE 10 – PENSION EXPENSES AND LIABILITIES

The Company has a combination of defined contribution and defined benefit plans that cover virtually all employees. These schemes comply with laws and regulations set forth in the different countries of operations. The Company's defined benefit obligation cover one employee. At the end of the year the defined benefit obligations were USD 0.55 million and the assets were USD 0.37 million. The fair value of the net obligation has been calculated using an appropriate discount rate. During the year the Company expensed USD 0.3 million, net of settlements and curtailment, on the defined benefit plan (2019: 0.1 million). In addition, USD 0.1 million related to changes in actuarial assumptions is expensed in other comprehensive income (2019: USD 0.1 million).

Pension expenses and liabilities relating to the defined-benefit plan are discussed in Note 4 to the consolidated financial statements for Aker BioMarine Group. The Company complies with all requirements for coverage by a collective pension plan, and all relevant laws and regulations.

NOTE 11 – RESTRICTED FUNDS

The Company has USD 303 thousand in restricted funds associated with employee tax withholdings as of December 31, 2020 (2019: USD 245 thousand).

NOTE 12 – TRANSACTIONS WITH SUBSIDIARIES AND RELATED PARTIES

In 2020 and at year-end 2020, Aker BioMarine AS recognized the following transactions in the statement of profit and loss and the balance sheet with other Group companies and related parties:

Amounts in thousands of U.S. Dollars	Aker ASA	Aker BioMarine Antarctic AS	Lang Pharma Nutrition LLC	Other subsidiaries	Other related parties	**Total**
Transactions recorded in profit and loss						
Management fee (income)		11 034		34		**11 068**
Mangement fee (costs)	(81)				(275)	**(356)**
Office rent (income)						**-**
Interest income		14 273	27			**14 300**
Interest expenses	(2 994)					**(2 994)**
Guarantee fee	(1 637)	(2 082)				**(3 719)**
Transactions recognized in balance sheet at year-end						
Long-term interest bearing receivable		226 352				**226 352**
Current recivables		38 962		16		**38 978**
Accrued guarantee/interests fees, long-term						
Long term interest bearing debt						**-**
Current liabilities		955				**955**

In 2019 and at year-end 2019, Aker BioMarine AS recognized the following transactions in the statement of profit and loss and the balance sheet with other Group companies and related parties:

Amounts in thousands of U.S. Dollars	Aker ASA	Aker BioMarine Antarctic AS	Lang Pharma Nutrition LLC	Cognite	Other subsidiaries	Other related parties	**Total**
Transactions recorded in profit and loss							
Management fee (income)		11 265			34		**11 299**
Mangement fee (costs)	(217)					-249	**(473)**
Office rent (income)				111			**111**
Interest income		15 799	125				**15 924**
Interest expenses	(4 557)						**(4 557)**
Guarantee fee	(1 735)	(2 259)					**(3 994)**
Transactions recognized in balance sheet at year-end							
Long-term interest bearing receivable		195 713	3 004				**198 717**
Current receivables		20 403	9	435	108	34	**20 989**
Accrued guarantee/interest fees, long-term	23 780						**23 780**
Long-term interest bearing debt	73 795						**73 795**
Current liabilities		954				8	**962**

NOTE 13 – OTHER FINANCIAL INCOME AND EXPENSES

Other interest- and financial income

Amounts in thousands of U.S. Dollars	**2020**	2019
Interest income, bank	**5**	8
Other financial income	**0**	518
Total	**5**	526

Other financial expenses

Amounts in thousands of U.S. Dollars	**2020**	2019
Interest expenses	**(4 371)**	(7 926)
Other financial expenses	**(718)**	(429)
Total	**(5 089)**	(8 355)

NOTE 14 – SALARIES AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Remuneration paid to the Board of Directors for the year ended December 31:

Amounts in U.S Dollars	Board membership	2020	2019
Ola Snøve	Chairman of the Board	-	56 794
Kjell-Inge Røkke	Board member	-	-
Øyvind Eriksen	Board member	-	-
Frank O. Reite*	Board member	10 638	-
Sindre Skjong	Employee representative	-	-
Line Johnsen	Employee representative	-	-
Total		**10 638**	**56 794**

* The fee paid to Frank O. Reite relates to second half of 2019. There is no remuneration paid to the Board members and Employee representative other than ordinary salaries.

Remuneration paid to the CEO

The CEO is member of the defined contribution pension and insurance plans that cover all employees. The Group uses standard employment contracts. The CEO may be dismissed upon three months' notice. If the Company terminates the employment, the CEO is entitled to three months' severance pay after the end of the notice period. The pension is capped at a salary of 12 times the National Social Security base amount.

The Group does not offer any share incentive programs for employees. However, in April 2019, Aker ASA sold 2% of the shares in the Company to a holding company of the CEO and granted a loan for approx. 90% of the purchase price. The holding company accepted a 5-year lock-up period and will have a right to sell the shares in case of an IPO or a private sale (tag-along and drag-along). The sale was carried out at fair market value, and a future sale will be based on the same valuation methodology. External consultants were used to perform the valuation.

There is no bonus program for the employees. However, in relation to the trade admittance on Euronext Growth Oslo in July 2020, all employees received a bonus of NOK 15 thousand each.

Based on the Company's performance in 2020, management team has been awarded a bonus totaling USD 1.2 million (2019: USD 0.7 million), the CEO is eligible to USD 0.2 million (2019: USD 0.2 million) of this bonus. The bonus is paid in 2020.

Payments to the CEO for the year ended December 31:

	As of 31 December,,	
Amounts in U.S. Dollars	2020	2019
Fixed salary	420 288	446 393
Bonus	197 373	204 293
Other remuneration	1 310	8 382
Net pension cost	8 210	9 793
Total	**627 181**	**668 861**

AUDITOR'S REPORT

KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 45 40 40 63
Fax
Internet www.kpmg.no
Enterprise 935 174 627 MVA

To the General Meeting of Aker Biomarine AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aker Biomarine AS, which comprise:

- The financial statements of the parent company Aker Biomarine AS (the Company), which comprise the balance sheet as of 31 December 2020, the statement of profit or loss, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker Biomarine AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 22 February 2021
KPMG AS

Monica Hansen
State Authorised Public Accountant

KPMG AS
P.O. Box 7000 Majorstuen
Sørkedalsveien 6
N-0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

Independent auditor's assurance report to Aker Biomarine AS

We have been engaged by the management of Aker Biomarine AS ('Aker Biomarine') to provide limited assurance in respect of the carbon emission data in the Annual Report of Aker Biomarine. Included in the scope is the following; table on carbon emission data on page 47 of the Annual Report 2020.

Our conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention, to indicate that the carbon emission data on page 47 in the Annual Report 2020 is not presented, in all material respects, in accordance with the criteria as defined by the GRI Standard 305: Emission.

Management of Aker Biomarine's responsibility

The management of Aker Biomarine is responsible for the preparation and presentation of the carbon emission data for 2020 in accordance with the criteria as defined by the following GRI Standards; Disclosure 305-1, Disclosure 305-2 and Disclosure 305-3: Core option. It is important to view the information on the carbon emission data for 2020 in the context of these criteria.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the information on the carbon emission data for 2020 that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to provide a limited assurance conclusion on Aker Biomarine's preparation and presentation of the carbon emission data for 2020.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE 3410): "Assurance Engagements on Greenhouse Gas Statements ", issued by the International Auditing and Assurance Standards Board.

ISAE 3410 requires that we plan and perform the engagement to obtain limited assurance about whether the information of the carbon emission data for 2020 is free from material misstatement.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Limited assurance on the carbon emission data for 2020

The procedures selected depend on our understanding of the carbon emission data for 2020 and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Our procedures for limited assurance on the carbon emission data for 2020 included, amongst others:

- Interviews with relevant staff at corporate level responsible for providing the information, carrying out internal control procedures and consolidating the carbon emission data for 2020;
- Reviewing relevant internal documentation, on a limited test basis, in order to determine the reliability of the carbon emission data for 2020;
- Reconciliation of relevant data input to the carbon emission data for 2020 against financial information and other documentation obtained during the audit of the 2020 financial statements.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for Aker Biomarine for the purpose of assisting management in determining whether Aker Biomarine's limited assurance carbon emission data is prepared and presented in accordance with the GRI Standards; Disclosure 305-1, Disclosure 305-2 and Disclosure 305-3: Core option and for no other purpose or in any other context.

Oslo, 22 February 2021
KPMG AS

Monica Hansen
State Authorized Public Accountant

Anette Rønnov
Director

DESIGN
Inkognito

Enquiries and feedback should be addressed to:

KATRIN BERNTSEN
Director Communication
katrin.berntsen@akerbiomarine.com

FOR MORE INFORMATION GO TO
www.akerbiomarine.com