



AKER BIOMARINE
THIRD QUARTER 2020
REPORT

THIS IS AKER BIOMARINE

Aker BioMarine (“the group” or “the company”) is a leading biotechnology company developing krill-derived products for consumer health and wellness and animal nutrition. The company has a strong position in its industry and is the world’s leading supplier of krill, the natural, powerful and health promoting source of nutrients from the pristine waters of Antarctica.

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

THIRD QUARTER HIGHLIGHTS

- Net sales of USD 70.2 million (USD 68.9 million in the corresponding period last year).
- Net profit of USD 2.4 million (USD 0.6 million)
- Adjusted EBITDA of USD 26.8 million (USD 22.9 million), with 38% (33%) Adjusted EBITDA margin in the quarter.
- The Adjusted EBITDA target of USD 80-90 million for the full year 2020 is maintained, but with the current forecast in the low end of the range.
- Onshore operations in Houston had strong performance with increased output combined with more efficient operations.
- The harvested krill volumes in the period was 8,728 MT (11,991 MT), negatively impacted by technical issues on the vessel, Antarctic Endurance, and challenging ice conditions.
- The Kori brand was successfully launched in the US this summer and the development is promising.
The product is now rolled out to most of the larger retailers in the US, including Costco, in the third quarter with significant volumes. Kori won second place in ECRM Buyers’ Choice Award (the Premium retail event in US).
- Recertified as ‘Sustainable’ by the Marine Stewardship Council (MSC) with among top 6% of the scores, and renewed the A-rating from Sustainable Fishery Partnership.
- Following a private placement of USD 225 million in gross proceeds in June, the shares of Aker BioMarine AS were listed on Merkur Market on July 6, 2020 (ticker: “AKBM-ME”).

GROUP FINANCIAL SUMMARY

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2020	2019	2020	2019	2019
Net sales	70 183	68 866	213 087	174 247	246 170
Gross margin	46 %	48 %	39 %	43 %	41 %
Operating profit	9 872	5 720	10 181	8 767	2 762
Net profit (loss)	2 385	600	(8 397)	(5 916)	(23 751)
Adjusted EBITDA *)	26 821	22 955	57 043	44 836	53 039
Cash flow from operations	(34 515)	7 046	(38 804)	(3 797)	12 037
CAPEX	(13 871)	(2 104)	(21 803)	(153 530)	(176 201)
Equity	366 375	172 473	366 375	172 473	154 547
Total assets	691 189	660 839	691 189	660 839	692 223
Net interest bearing debt	222 230	385 907	222 230	385 907	406 454

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

CEO LETTER: IMPROVING HUMAN AND PLANETARY HEALTH

Aker BioMarine is on track for delivering on our long-term growth and earnings targets. The robustness of our business model was clearly demonstrated this quarter, where the temporary impact from lower harvesting volumes were balanced out by strong and structural improvements in other parts of our business.

The development and growth of our branded products is an essential part of Aker BioMarine's journey for value creation. The marketing launch of Kori in the US this summer was a key milestone for us, and I am glad to report that sales are promising with more than 5x growth since the marketing campaign started. New retailers are onboard, and I am especially proud that Kori now is added to the shelves of Costco. We see that as a testament to Aker BioMarine's product development and execution capabilities, building confidence in the innovation pipeline currently maturing in the company. I look forward to new and bold product launches in the near future!

We have also strengthened our long-term commitment to sustainability. Recently, our krill fishery was re-certified by the Marine Stewardship Council (MSC) with scores among the top 6% of all their certified fisheries. In addition, we are delighted to have received our 6th consecutive A-rating from Sustainable Fishery Partnership, making the Antarctic krill fishery rated the most sustainable fisheries in the world.

Every day, we at Aker BioMarine live by our purpose of improving human and planetary health. I am very proud of our achievements as a team this quarter and together we will continue to create value for all our stakeholders.

Matts Johansen
CEO

OPERATIONAL REVIEW

Ingredients segment

Aker BioMarine took delivery of the first ever customized krill harvesting vessel, Antarctic Endurance, in January 2019, and now owns and operates three krill harvesting vessels in Antarctic waters. The new vessel contains advanced, bespoke technology. However, several adjustments and modifications were identified and completed in both 2019 and in 2020 as part of the ramp-up process.

At the start of the third quarter, challenging ice conditions impacted harvesting negatively. A planned catch-up in the later part of the quarter was curbed by some technical issues on the Antarctic Endurance, as well by increased logistical complexities due to Covid-19 measures. The offshore production in the period was 8,728 MT, compared to 11,991 MT in the same quarter last year.

In late September, the fleet sailed to Montevideo for planned maintenance and all three vessels are expected to resume normal operations from early December after a shortened stay at the shipyard.

Total sales in the Ingredients segment was in line with same period last year. For Superba, regulatory changes in South Korea negatively impacted sales but was partly offset by strong underlying growth in other markets and with other customers. Aker BioMarine is now meeting all regulatory requirements for South Korea. Sales volume in the Qrill category increased 20% from the same period last year. However, the availability of the Qrill Aqua products proved a challenge in the third quarter as a result of reduced harvesting which limited growth. Sales volume in the Qrill Pet category increased by 29% compared with the same period last year.

Aker BioMarine's krill oil extraction facility in Houston had strong performance and production volumes increased 23% from same period last year. The key drivers behind this result were lower unit costs and strengthened operating margins, process optimization, data utilization and analysis, as well as a new management team with relentless focus on cost and efficiency. Collectively, the measures have resulted in lower unit costs and strengthened operating margins.

The Covid-19 situation has been monitored closely from the outbreak in early 2020. None of Aker BioMarine's operating vessels, nor the plant in Houston, have experienced any significant disruptions, and the main operational challenges have been related to conducting crew-changes in a safe manner and handling the global logistics without significant delays, with the result being additional incurred cost.

Brands segment

The new consumer brand, Kori, was launched in the US during the summer. A large marketing campaign launched on July 4 and retail sales were at the quarter-end up 5.5x compared to July. Retail distribution ramp-up was slightly slower than expected, partly due to Covid-19. However, the distribution network increased significantly following Costco, one of the largest US retailers, coming on stream in September together with Big Y.

Kori was in September awarded second place in the ECRM/Drug Store News' "Buyers Choice Award" in competition with more than 70 other products. Aker BioMarine regards this award as an encouraging testament from retailers.

Lang is delivering according to plan. The company continues to develop and grow the production and distribution of products within the supplement and vitamins segment and reports a 16% sales increase from third quarter last year.

OVERVIEW OF NEWSFLOW DURING THIRD QUARTER

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

Date	New publications and science
7/7	Krill improves digestion and leads to greater growth and survival in farmed shrimp Effect of different feed inclusion levels of krill meal on growth and Hepatopancreas Morphology of <i>Litopenaeus vannamei</i> . Burri, Berge, Chumkam and Jintasatporn. Aquaculture Research
18/8	Published field study demonstrates Krill Oil targets Choline depletion during physical activity Effect of krill oil and race distance on serum choline metabolites in triathletes: A field study. Storsve et al. Frontiers in Nutrition (7/133)
28/8	New study demonstrates improved health and meat quality in Atlantic Salmon fed with Krill Dietary inclusion of Antarctic krill meal during the finishing feed period improves health and filet quality of Atlantic Salmon. Mørkøre et. Al. British journal of Nutrition
6/10	Study shows superior uptake of omega 3 in dogs Enhanced omega-3 index after long- versus short-chain omega-3 fatty acid supplementation in dogs. Dominguez, Kaur and Burri. Veterinary Medicine and Science
Oct	Astaxanthin and QHP increased resistance and survival under hyper-intensive nursery conditions Effect of dietary graded levels of astaxanthin krill oil and high protein krill meal on the growth performance and stress resistance of post-larval <i>Litopenaeus vannamei</i> under hyper-intensive nursery culture. Nunes, Soares, Sabry-Neto and Burri. Aquaculture Nutrition

Date	Other news in the quarter
7/7	Granted US-patent for high concentrate krill oil US 10,704,011 B2
5/8	Granted EU-patent for improved filet quality in farmed fish EP3154370 B1
23/9	Launched state-of-the-art support vessel, Antarctic Provider
24/9	Extended Aker BioMarine management with new EVP for offshore operations Former Havfisk Norway Seafoods CEO Webjørn Barstad
Sept	Head of Investor Relations (IR), recruited Former Danske Bank analyst, Martin Stenshall
15/10	Fishery certified as state of the art in renewed MSC-certification
20/10	Granted US-patent for krill oil compositions for use in pharmaceuticals US 10,806,742
22/10	Antarctic krill fishery rated most sustainable for the sixth consecutive year Rated A by Sustainable Fishery Partnership
22/10	Aker BioMarine backed Antarctic Wildlife Research Fund awarded three new grants for ecosystem research in Antarctica Receiving institutes are Institute of Marine Research, University of California and British Antarctic Survey

FINANCIAL REVIEW

The lower-than-expected krill harvesting reduced the availability of Qrill Aqua products for sale in the quarter. In addition, there has been temporary regulatory issues affecting Superba sales to South Korea.

Consequently, net sales of USD 70.2 million in the quarter were lower than expected but were up compared to the third quarter last year, mainly driven by growth in the Brands segment. Revenue distribution was 66% for Ingredients and 34% for Brands, compared to last year's distribution of 71% and 29%, respectively. Adjusted EBITDA was USD 26.8 million (USD 22.9 million), with 38% (33%) Adjusted EBITDA margin in the quarter. Special operating items in the quarter include Oslo Børs listing costs (USD 1.1 million), sales gain from Juvel (USD 0.4 million) and Kori launch cost (USD 4.3 million). See separate section included in this report on Alternative Performance Measures for further details. For the Ingredients segment, production efficiency and higher volumes led to high margins for Superba in the quarter. The Brands segment developed as planned, with normal operations at Lang and with the ongoing launch with US retailers leading to gradually increased sales of Kori.

The development of the USD/NOK currency rate was unfavorable for operating costs in the third quarter, with about USD 1.4 million in negative effect. Aker BioMarine reported a net profit of USD 2.4 million (USD 0.6 million) in the third quarter of 2020.

Total assets at period-end was USD 691.3 million, reflecting the steady build-up of inventory in the current quarter and recent years' acquisitions and investments in production assets.

During the quarter, the company paid down debt to Aker ASA, including accrued guarantee fee and accrued interest, amounting to USD 115.7 million, as outlined in the Merkur listing documents. In addition, with proceeds from the Merkur listing, the company reduced the revolving credit facility by USD 75.0 million. After these transactions the interest-bearing debt stood at USD 235.2 million as of September 30, 2020. Cash and cash equivalents were USD 13.1 million, implying a net interest-bearing debt of USD 222.1 million, down from 385.9 million one year earlier. Available liquidity as of September 30, 2020 was USD 130.3 million (comprising cash on hand and RCF facilities). As expected, cash flow from operations was negative by USD 34.5 million in the quarter. Cash flow from operations is impacted by payment of accrued guarantee fee and accrued interest towards Aker ASA (USD 30 million) and build-up of inventory.

At the end of the quarter, the company had a solid financial position with proceeds from the IPO used to pay down debt, both to Aker ASA, and under the corporate revolving credit facility. The balance sheet totaled USD 691.2 million at 30 September 2020. Total equity was 366.4 million, with an equity ratio of 53.0% and net debt of USD 222.1 million. Working capital ratio was improved to 2.8 in third quarter 2020, up from 2.5 in the third quarter 2019. For the first nine months of 2020 net sales was USD 213.1 million (USD 174.2 million) and Adjusted EBITDA of USD 57.0 million (USD 44.8 million). Adjusted EBITDA margin of 26.8% (25.7%).

Risks and uncertainties

The company is exposed to credit, liquidity and interest risk in addition to operational risks and uncertainties relating to harvesting and offshore processing technologies, fluctuations in annual krill harvesting, onshore production processes and product quality, ability to develop new products, and general market risk. The ongoing Covid-19 pandemic 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.

The company 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 the Annual Accounts 2019 Note 20 (Financial risk).

OUTLOOK

The company maintains its Adjusted EBITDA target of USD 80-90 million for the full year 2020, but with the current forecast in the low end of the range.

The company plans for total vessel production of between 6,500 and 7,500 MT in the fourth quarter. For the next harvesting season, we expect Antarctic Endurance to operate at near full capacity, up from around 62% in 2020.

The company aim to list on the main list of the Oslo Børs during the first quarter of 2021.

INTERIM FINANCIAL STATEMENTS

AKER BIOMARINE GROUP

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in thousands of U.S. Dollars	Note	Third Quarter		Year to date		Year
		2020	2019	2020	2019	2019
Net sales	2	70 183	68 866	213 087	174 247	246 170
Cost of goods sold	2	(37 589)	(35 984)	(129 417)	(99 958)	(145 901)
Gross profit		32 594	32 882	83 670	74 289	100 269
Selling, general and administrative expense	2,5,6	(23 602)	(20 268)	(67 056)	(53 141)	(76 464)
Depreciation, amortization and impairment	2	(4 308)	(8 685)	(12 540)	(13 153)	(17 822)
Other operating income/(cost), net		5 188	1 790	6 107	772	(3 221)
Operating profit		9 872	5 719	10 181	8 767	2 762
Net financial items		(7 364)	(5 120)	(18 191)	(14 559)	(26 097)
Tax expense		(123)	0	(387)	(124)	(415)
Net profit (loss)		2 385	600	(8 397)	(5 916)	(23 751)

Earnings per share to equityholders of Aker BioMarine AS

Basic	0,03	0,01	-0,13	-0,09	-0,34
Diluted	0,03	0,01	-0,13	-0,09	-0,34

AKER BIOMARINE GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of U.S. Dollars	Note	Third Quarter		Year to date		Year
		2020	2019	2020	2019	2019
Net loss		2 385	600	(8 397)	(5 916)	(23 751)
Other comprehensive income (loss)						
Defined benefit plan income gains (losses)		-	-	-	-	(111)
Total items that will not be reclassified to profit and loss		-	-	-	-	(111)
Translation differences		-	-	(14)	-	-
Translation differences from equity accounted investees		-	-	-	-	-
Total items that may be reclassified subsequently to profit and loss		-	-	(14)	-	-
Change in fair value cash flow hedges		(3 193)	-	(3 932)	-	-
Total items that will be reclassified to profit and loss		(3 193)	-	(3 932)	-	-
Total other comprehensive income (loss)		(3 193)	-	(3 946)	-	(111)
Total comprehensive income (loss)		(808)	600	(12 343)	(5 916)	(23 862)

AKER BIOMARINE GROUP ACCOUNTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of U.S. Dollars	Note	As of 30.09 2020	As of 30.09 2019	As of 31.12 2019
ASSETS				
Property, plant and equipment	5	285 351	315 353	302 366
Right to use assets		12 919	12 129	16 555
Intangible assets	6	192 710	163 834	190 297
Other non-interest-bearing non-current receivables		6 079	255	145
Investments in equity-accounted investees		131	260	260
Total non-current assets		497 190	491 832	509 624
Inventories	7	119 415	97 835	94 725
Trade receivable and prepaid expenses		61 529	49 254	74 264
Cash and cash equivalents		13 055	21 918	13 610
Total current assets		193 999	169 007	182 599
Total assets		691 189	660 839	692 223

LIABILITIES AND OWNERS' EQUITY

Share capital		75 853	68 003	68 003
Other paid-in equity		493 548	277 227	277 227
Total paid-in equity		569 401	345 230	345 230
Translation differences and other reserves		140	154	154
Retained earnings		(203 166)	(172 912)	(190 838)
Total equity		366 375	172 474	154 547
Interest-bearing debt		204 391	379 884	372 473
Other non-interest-bearing non-current liabilities		50 972	41 350	65 618
Total non-current liabilities		255 363	421 234	438 091
Interest-bearing current liabilities		30 894	27 942	47 591
Accounts payable and other payables		38 557	39 189	51 994
Total current liabilities		69 451	67 131	99 585
Total liabilities		324 814	488 365	537 676
Total equity and liabilities		691 189	660 839	692 223

AKER BIOMARINE GROUP ACCOUNTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2020	2019	2020	2019	2019
Net profit (loss) after tax	2 385	600	(8 397)	(5 916)	(23 751)
Tax expenses	123	(1)	387	124	415
Net interest and guarantee expenses	3 537	7 041	15 390	15 600	21 699
Interest paid	(18 380)	(14 558)	(27 401)	(19 789)	(16 520)
Interest received	202	277	445	814	1 084
Taxes paid	0	1	661	(124)	920
Impairment charges	5	5 936	(1 159)	6 088	6 155
Depreciation and amortization	11 962	9 505	35 488	25 481	36 947
Foreign exchange loss (gain)	1 665	(1 723)	(1 262)	(255)	790
Change in accounts receivable, other current receivables, inventories, accounts payable and other	(36 015)	(31)	(52 956)	(25 820)	(15 432)
Net cash flow from operating activities	(34 515)	7 046	(38 804)	(3 797)	12 307
Payments for property, plant and equipment	(3 871)	(2 101)	(9 748)	(106 340)	(126 906)
Payments for intangibles	(10 000)	(4)	(12 055)	(4)	(10)
Proceeds from sales of property, plant and equipments	-	24	21 793	24	255
Investments in subsidiary and associated companies	-	(2)	(0)	(49 293)	(49 284)
Net cash flow from investing activities	(13 871)	(2 082)	(10)	(155 612)	(175 946)
Proceeds from issue of debt and change in overdraft facility	(11 378)	(8 966)	(22 151)	(14 736)	(4 353)
Net change in external interest-bearing debt	(170 380)	6 156	(186 764)	157 050	142 587
Net funds from issue of shares	224 173	-	224 173	-	-
Loan from owners	-	5 000	23 000	36 500	36 500
Net cash flow from financing activities	42 415	2 191	38 258	178 813	174 735
Net change in cash and cash equivalents	(5 972)	7 154	(555)	19 404	11 096
Cash and cash equivalents beginning of the period	19 026	14 765	13 610	2 515	2 515
Cash and cash equivalents end of period	13 055	21 919	13 055	21 919	13 610

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of U.S. Dollars	Share capital	Share premium	Other paid-in capital	Other reserves	Retained earnings	TOTAL
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)	-	-	-	-	(10 782)	(10 782)
Other comprehensive income (loss)	-	-	-	(7)	(753)	(760)
Total comprehensive income (loss)	-	-	-	(7)	(11 535)	(11 542)
Balance as of June 30, 2020	68 003	312 844	(35 617)	147	(202 373)	143 005
Net profit (loss) for the quarter	-	-	-	-	2 385	2 385
Other comprehensive income (loss)	-	-	-	(7)	(3 179)	(3 186)
Total comprehensive income (loss) for the quarter	-	-	-	(7)	(794)	(801)
Transactions with owners, recognized directly in equity:						
Issue of shares	7 850	217 046	(724)			224 171
Total transactions with owners, recognized directly in equity	7 850	217 046	(724)	-	-	224 171
Balance as of September 30, 2020	75 853	529 890	(36 341)	140	(203 167)	366 375

NOTE 1 REPORTING ENTITY

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

Basis of accounting

Aker BioMarine's interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The condensed interim statements are prepared in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the consolidated financial statements that are part of Aker BioMarine's Annual Report for 2019. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The group annual accounts of Aker BioMarine can be located at www.akerbiomarine.com.

Judgements, estimates and assumptions

The preparation of the consolidated interim financial statements according to IFRS requires management to make judgments, estimates and assumptions each reporting period. The main judgements,

estimates and assumptions are described in the annual consolidated financial statements for 2019 (note 2). Actual results may differ from these estimates.

The significant judgements made by management in the preparation of this interim financial report were made applying the same accounting policies and principles as those described within the 2019 annual report.

NOTE 2 OPERATING SEGMENTS

The Group's operating segments are separately managed and is segregated as they serve different markets. The identified segments are the Ingredients business, and the Brands business, see note 3 and 7 in the financial statements for the year ended 31 December 2019, for more information.

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

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

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

USD thousands	THIRD QUARTER 2020			
	Ingredients	Brands	Adj	TOTAL
Net sales	50 397	27 782	(7 995)	70 184
Cost of goods sold	(25 006)	(21 366)	8 782	(37 590)
Gross profit	25 391	6 416	787	32 594
SG&A	(16 183)	(7 420)	-	(23 603)
Depreciation, amortization and impairment	(3 032)	(122)	(1 154)	(4 308)
Other operating income/(cost), net	4 987	201	-	5 188
Operating profit	11 164	(925)	(367)	9 872
Net financial items	(7 115)	(228)	(21)	(7 364)
Profit (loss) before tax	4 049	(1 153)	(388)	2 508
Tax expense	(123)	-	-	(123)
Net profit (loss)	3 926	(1 153)	(388)	2 385

EBITDA reconciliation		THIRD QUARTER 2020		
USD thousands	Ingredients	Brands	Adj	TOTAL
Net profit (loss)	3 926	(1 153)	(388)	2 385
Tax expense	123	-		123
Net financial items	7 115	228	21	7 364
Depreciation and amortization non-production assets	3 032	122	1 154	4 308
Depreciation and amortization production assets 1)	7 659	-	(0)	7 659
EBITDA	21 855	(803)	787	21 839
Special Operating Items	667	4 315	-	4 982
Adjusted EBITDA	22 522	3 512	787	26 821
EBITDA margin %	45 %	13 %	32 %	38 %
Gross profit	50 %	23 %	27 %	46 %

1) Included in Cost of Goods Sold

		THIRD QUARTER 2019		
USD thousands	Ingredients	Brands	Adj	TOTAL
Net sales	51 185	20 693	(3 012)	68 866
Cost of goods sold	(22 956)	(16 039)	3 012	(35 984)
Gross profit	28 228	4 654	-	32 882
SG&A	(17 038)	(3 229)	-	(20 267)
Depreciation, amortization and impairment	(5 032)	(4)	(3 649)	(8 685)
Other operating income/(cost), net	323	-	1 467	1 790
Operating profit	6 481	1 421	(2 182)	5 720
Net financial items	(5 588)	(276)	744	(5 120)
Profit (loss) before tax	893	1 145	(1 438)	600
Tax expense	(0)	-	-	(0)
Net profit (loss)	893	1 145	(1 438)	600

EBITDA reconciliation		THIRD QUARTER 2019		
USD thousands	Ingredients	Brands	Adj	TOTAL
Net profit (loss)	893	1 145	(1 438)	600
Tax expense	0	-		0
Net financial items	5 588	276	(744)	5 120
Depreciation and amortization non-production assets	5 032	4	3 649	8 685
Depreciation and amortization production assets 1)	8 814	-	(2 062)	6 752
EBITDA	20 327	1 425	(595)	21 157
Special Operating Items	1 798	-	-	1 798
Adjusted EBITDA	22 125	1 425	(595)	22 955
EBITDA margin %	43 %	7 %	36 %	33 %
Gross profit	55 %	22 %	33 %	48 %

1) Included in Cost of Goods Sold

USD thousands	YTD 2020			TOTAL
	Ingredients	Brands	Adj	
Net sales	142 740	84 275	(13 928)	213 087
Cost of goods sold	(78 370)	(63 430)	12 382	(129 417)
Gross profit	64 371	20 845	(1 546)	83 670
SG&A	(47 710)	(19 346)	-	(67 056)
Depreciation, amortization and impairment	(8 895)	(187)	(3 458)	(12 540)
Other operating income/(cost), net	5 906	201	-	6 107
Operating profit	13 672	1 513	(5 004)	10 181
Net financial items	(15 454)	(569)	(2 169)	(18 191)
Profit (loss) before tax	(1 782)	944	(7 173)	(8 011)
Tax expense	1 390	(1 777)	-	(387)
Net profit (loss)	(391)	(833)	(7 173)	(8 397)

USD thousands	YTD 2020			TOTAL
	Ingredients	Brands	Adj	
Net profit (loss)	(391)	(833)	(7 173)	(8 397)
Tax expense	(1 390)	1 777	-	387
Net financial items	15 454	569	2 169	18 191
Depreciation and amortization non-production assets	8 895	187	3 458	12 540
Depreciation and amortization production assets 1)	22 969	-	-	22 969
EBITDA	45 536	1 700	(1 546)	45 690
Special Operating Items	1 008	10 345	-	11 353
Adjusted EBITDA	46 544	12 045	(1 546)	57 043
EBITDA margin %	33 %	14 %	18 %	27 %
Gross profit	45 %	25 %	20 %	39 %

1) Included in Cost of Goods Sold

Balance sheet items

USD thousands	YTD 2020			TOTAL
	Ingredients	Brands	Adj	
Property, plant and equipment	285 037	314		285 351
Right to use asset (leasing)	12 264	655		12 919
Intangible assets	115 622	12 133	64 955	192 710
Cash and cash equivalents	5 443	7 612		13 055
Inventory	87 254	35 574	(3 413)	119 415
Interest-bearing debt	(173 068)	(65 017)	2 800	(235 285)
Net interest free asset and liabilities	40 493	(2 290)	(59 993)	(21 790)
Total equity	373 045	(11 019)	4 349	366 375

USD thousands	YTD 2019			TOTAL
	Ingredients	Brands	Adj	
Net sales	126 257	53 945	(5 955)	174 247
Cost of goods sold	(64 159)	(41 754)	5 955	(99 958)
Gross profit	62 098	12 191	-	74 289
SG&A	(46 165)	(6 976)	-	(53 141)
Depreciation, amortization and impairment	(9 497)	(7)	(3 649)	(13 153)
Other operating income/(cost), net	(847)	-	1 619	772
Operating profit	5 589	5 208	(2 030)	8 767
Net financial items	(14 744)	(559)	744	(14 559)
Profit (loss) before tax	(9 155)	4 649	(1 286)	(5 792)
Tax expense	(124)	-	-	(124)
Net profit (loss)	(9 279)	4 649	(1 286)	(5 916)

EBITDA reconciliation		YTD 2019		
USD thousands	Ingredients	Brands	Adj	TOTAL
Net profit (loss)	(9 279)	4 649	(1 286)	(5 916)
Tax expense	124	-	-	124
Net financial items	14 744	559	(744)	14 559
Depreciation and amortization non-production assets	9 497	7	3 649	13 153
Depreciation and amortization production assets 1)	18 260	-	-	18 260
EBITDA	33 346	5 215	1 619	40 180
Special Operating Items	4 656	-	-	4 656
Adjusted EBITDA	38 002	5 215	1 619	44 836
Adj EBITDA margin %	30 %	10 %	20 %	26 %
Gross profit	49 %	23 %	27 %	43 %

1) Included in Cost of Goods Sold

Balance sheet items		YTD 2019		
USD thousands	Ingredients	Brands	Adj	TOTAL
Property, plant and equipment	315 052	301		315 353
Right to use asset (leasing)	12 129	-		12 129
Intangible assets	110 476	77	53 282	163 834
Cash and cash equivalents	15 153	6 765		21 918
Inventory	66 526	31 309		97 835
Interest-bearing debt	(354 907)	(54 939)	2 020	(407 826)
Net interest free asset and liabilities	8 509	(15 920)	(23 360)	(30 771)
Total equity	172 937	(32 407)	31 942	172 473

Amounts in thousands of U.S. Dollars	2019			TOTAL
	Ingredients	Brands	Adj	
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 and amortization non-production assets	(11 136)	(11)	(6 675)	(17 822)
Depreciation and amortization production assets 1)	(25 109)	-	-	(25 109)
EBITDA	40 303	7 884	(2 500)	45 687
Adjusted EBITDA	47 655	7 884	(2 500)	53 039

1) Included in Cost of Goods Sold

Balance sheet items

Amounts in thousands of U.S. Dollars	2019			TOTAL
	Ingredients	Brands	Adj	
Property, plant and equipment	302 026	340	-	302 366
Right to use asset (leasing)	16 052	503	-	16 555
Intangible assets	119 805	79	70 413	190 297
Cash and cash equivalents	7 981	5 629	-	13 610
Inventory	60 147	37 078	(2 500)	94 725
Interest-bearing debt	(352 382)	(72 983)	5 301	(420 064)
Net interest free asset and liabilities	8 034	(2 613)	(48 364)	(42 942)
Total equity	161 662	(31 966)	24 850	154 547

NOTE 3 ADJUSTED EBITDA

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

The EMT has provided the following information at 30 September 2020:

Amounts in thousands of U.S. Dollars	Note	Second Quarter		Year to date		Year
		2020	2019	2020	2019	2019
Net profit (loss)		2 385	600	(8 397)	(5 916)	(23 751)
Tax expense		123	(0)	387	124	415
Net financial items		7 364	5 120	18 191	14 559	26 097
EBIT		9 872	5 719	10 181	8 767	2 762
Depreciation, amortization and impairment non-production assets		4 308	8 685	12 540	13 153	17 822
Depreciation, amortization and impairment production assets 1)		7 659	6 752	22 969	18 260	25 109
EBITDA		21 839	21 156	45 690	40 181	45 693
Special operating items		4 982	1 798	11 353	4 656	7 346
Adjusted EBITDA		26 821	22 954	57 044	44 837	53 039

1) Included in cost to inventory

NOTE 4 MEASUREMENT UNCERTAINTY

As a result of the Covid-19 outbreak during the first quarter 2020 there has been significant volatility in the global markets. A review of significant estimates and underlying assumptions has been conducted.

Aker BioMarine has since the early phase of the crisis started and continued monitoring of estimates for losses of receivables. As of the date of these interim financial statement, no significant changes in estimates have been performed.

Aker BioMarine has not identified any impact of Covid-19 in the condensed consolidated financial statement as of 30 September 2020 which requires any changes in the management's judgement, estimates or assumptions.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

As of 30 September, 2020

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, 2020	215 303	134 009	41 222	18 559	409 092
Investments	600	2 359	6 721	68	9 748
Sale of vessel			(26 336)		(26 336)
Asset retirements	(1)	(1 792)		(2)	(1 795)
Other reclassifications 1)	(11 307)	19 033	8 377		16 103
Acquisition cost as of 30 September, 2020	204 595	153 609	29 984	18 625	406 812
Acc. depreciation and impairment as of 1 January, 2020	(59 404)	(36 312)	(8 555)	(2 454)	(106 726)
Depreciation for the year	(11 934)	(10 475)		(415)	(22 824)
Sale of vessel			5 900		5 900
Impairment				(21)	(21)
Asset retirements	1	1 460		2	1 463
Other reclassifications	5 071	(4 325)			746
Acc. depreciation and impairment as of 30 September, 2020	(66 266)	(49 652)	(2 655)	(2 888)	(121 461)
Book value as of 30 September, 2020	138 329	103 956	27 329	15 737	285 351
Depreciation period	10-30 years	3-20 years			
Depreciation method	Straight-line	Straight-line			

As of 31 December, 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
Investments from merger & acquisition	-	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, 2019	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)
Asset retirements	-	-	-	-	-
Other reclassifications	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	10-30 years	3-20 years			
Depreciation method	Straight-line	Straight-line			

Specification depreciation and amortization

Amounts in thousands of U.S. Dollars	As of 30.09 2020	As of 31.12 2019
Depreciation for the year - Property, plant and equipment	(22 824)	(25 244)
Impairment	(21)	(6 155)
Depreciation for the year - Intangible assets	(7 642)	(8 699)
Leasing (ROU) depreciation	(5 022)	(2 833)
Total depreciation, amortization and impairment	(35 509)	(42 931)
Depreciation, amortization and impairment non-production assets	12 540	17 822
Depreciation, amortization and impairment production assets	22 969	25 109

NOTE 6 INTANGIBLE ASSETS**Movements in intangible assets as of September 30, 2020**

As of 30 September, 2020

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agree-ments	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				10 000		10 055
Acquisition Lang							-
Asset retirements							-
Reclassifications							-
Acquisition cost as of 30 September, 2020	94 612	5 318	2 396	10 500	101 293	5 675	219 794
Amortization and impairment losses as of 1 January, 2020	-	(5 245)	(578)	-	(13 619)	-	(19 442)
Amortization for the year			(400)		(7 242)		(7 642)
Impairment							-
Asset retirements							-
Reclassifications							-
Amortization and impairment losses as of 30 September, 2020	-	(5 245)	(978)	-	(20 861)	-	(27 084)
Book value as of 30 September, 2020	94 612	73	1 418	10 500	80 432	5 675	192 710

Movements in intangible assets as of December 31, 2019

As of 31 December, 2019

Amounts in thousands of U.S. Dollars	Goodwill	Development	License agree- ments	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	-	-	-	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)
Impairment	-	-	-		-	-	-
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

The successful launch of Kori with confirmed key customer contracts was identified as the triggering event for the payment of the milestone fee of USD 10 million.

In accordance with IFRS 15.91 this payment has been recognized as an incremental cost of obtaining customer contracts in the Brands segment. The company expects to recover these costs from future sales in accordance with IFRS 15.91. The company would not have incurred these incremental costs if certain contracts had not been confirmed ref. IFRS 15.92. The triggering event occurred in the third quarter 2020.

NOTE 7 INVENTORIES

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

During 2020 there has been a build-up of inventory in the Ingredients segment, from USD 57.6 million at 31 December 2019 to USD 87.3 million as of 30 September 2020. The inventory levels have been relatively flat in the Brands segment throughout the periods. In the Ingredients segment there has been a ramp-up in oil production, as well as three vessels in operations in the nine-month period.

During the third quarter in 2020 a previous impairment write-down of USD 1.6 million related to krill meal for oil extraction was reversed. After further analysis, the meal has been used in production.

Inventories as per 30 September 2020

Amounts in thousands of U.S. Dollars	INGREDIENTS	BRANDS	TOTAL
Raw materials	-	10 168	10 168
Goods under production/ Semi finished	-	12 264	12 264
Finished goods	87 254	9 729	96 983
INVENTORY AT 30 SEPTEMBER 2020	87 254	32 161	119 415

Amounts in thousands of U.S. Dollars	INGREDIENTS	BRANDS	TOTAL
Raw materials	-	9 309	9 309
Goods under production/ Semi finished	-	9 124	9 124
Finished goods	66 975	12 427	79 402
INVENTORY AT 30 SEPTEMBER 2019	66 975	30 860	97 835

Amounts in thousands of U.S. Dollars	INGREDIENTS	BRANDS	TOTAL
Raw materials	-	9 015	9 015
Goods under production/ Semi finished	-	12 289	12 289
Finished goods	57 647	15 774	73 421
INVENTORY AT 31 DECEMBER 2019	57 647	37 078	94 725

NOTE 8 EQUITY INFORMATION

At 2 July 2020 the share capital of Aker Biomarine AS was changed to NOK 525,516,516 divided on 87 586 086 shares. Before the Merkur market listing the number of shares was 69 053 544. At quarter end the share price was NOK 93.0.

NOTE 9 SUBSEQUENT EVENTS

There are no special subsequent events after the balance sheet date.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Alternative performance measures, meaning financial performance measures not included within the applicable financial reporting framework, are used by the Group to provide supplemental information by excluding items that in our view, 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 financial reporting. The Group focuses on EBITDA and Adjusted EBITDA when presenting the period's financial result. 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's financial APMS

EBITDA: EBIT + depreciation and amortization and impairments

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

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

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2020	2019	2020	2019	2019
Net profit (loss)	2 385	600	(8 397)	(5 916)	(23 751)
Tax expense	123	(0)	387	124	415
Net financial items	7 364	5 120	18 191	14 559	26 097
EBIT	9 872	5 719	10 181	8 767	2 762
Depreciation, amortization and impairment non-production assets	4 308	8 685	12 540	13 153	17 822
Depreciation, amortization and impairment production assets	7 659	6 752	22 969	18 260	25 109
EBITDA	21 839	21 156	45 690	40 181	45 693
Special operating items	4 982	1 798	11 353	4 656	7 346
Adjusted EBITDA	26 821	22 954	57 044	44 837	53 039

The following comprises the items included in Special Operating Items in Q3 2020, Q3 2019, YTD Q3 2020, YTD Q3 2019, and the full year 2019:

Special Operating Items

Amounts in thousands of U.S. Dollars	Third Quarter		Year to date		Year
	2020	2019	2020	2019	2019
Juvel operating cost - Other operating income/(cost), net	(430)	616	(989)	1 317	1 784
Legal costs - SG&A	-	100	591	355	836
Transaction related costs - SG&A	-	-	-	1 298	1 298
Kori launch - SG&A	4 314	1 081	10 345	1 686	3 428
Oslo Børs listing - SG&A	1 097	-	1 406	-	-
Sum	4 982	1 798	11 353	4 656	7 346

Juvel operating cost: In 2018 there was a fire in the superstructure when the vessel was in Montevideo. In 2019, the vessel has not in any way been used in the ordinary course of business as intended by management. As part of the repair work the Company has incurred costs while in dock. These costs are recognized in the EBITDA and are reimbursed from the Company's insurer. The vessel was sold in Q2 2020, and net realized gain has been adjusted as a Special operating item. For further details concerning the sale of the vessel, please refer to note 5.

Transaction cost: On 1 March 2019 the company acquired Lang Pharma. The transaction related costs have been booked as an operating expense and recognized in the EBITDA under IFRS 3 'Business Combinations'. Given the complexity of the transaction and being cross-border, transaction related cost is deemed material. The amount is a non-recurring item, and no acquisition costs are recognized after Q4 2019.

Legal cost: During the reporting periods the Company has been in certain legal disputes about production related assets. Given the complexity of the legal proceedings, costs have been material. Cost are non-recurring in its nature.

Kori launch: As part of the Lang transaction, the Company is launching its own national brand in the US. The incurred costs are material and will continue through part of 2020. These costs include employment of Epion management team, R&D on packaging and capsules, general start-up cost, and significant market development costs. Furthermore, these costs are deemed material and non-recurring after the launch of the Kori.

Oslo Børs Listing: As described in Highlights above, Aker BioMarine AS was listed on Merkur Market 6 July 2020. Costs directly attributable to the listing have be recognized as merger costs, and netted against the raised amount in equity, but the Company has also recognized other costs related to audit, investor presentations / roadshow, and advice which has been considered non-recurring in nature and therefore treated as a Special operating item.