



abt

AQUA BIO TECHNOLOGY ASA

Results Presentation
1st Half Year 2017

16 August, 2017

Technology by nature

Highlights for the 1st half year - 2017

- Business model expanded
 - *Now including skin care products for consumers and professional users*
 - *Two new partnerships established*
 - *Both brand launched June/July*
- Results on underlying ordinary business positive
- Result affected negatively by one-off legal costs
- Revenues declined significantly due to expiry of minimum royalties
- Dividend payment of NOK 1,- per share
- New skin care ingredients prepared for market launch

Technology by nature. From the Arctic to the South Pacific



Income statement

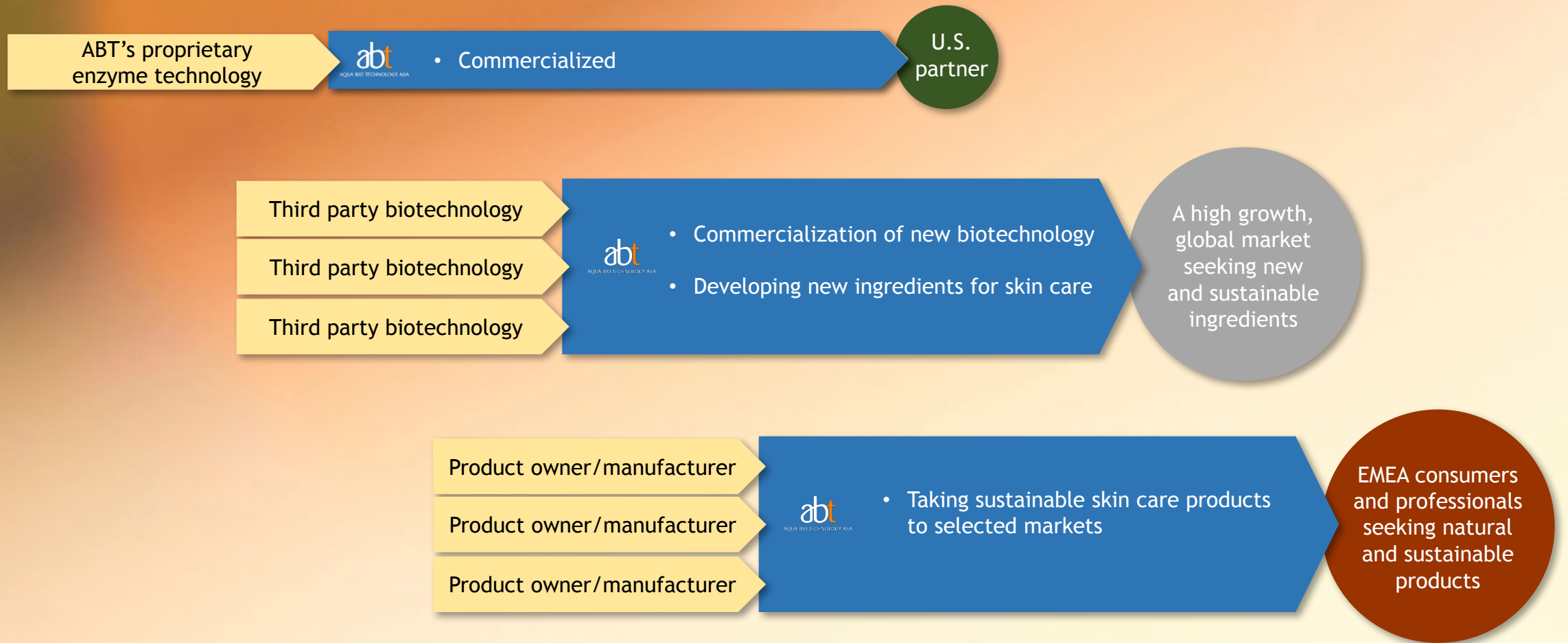
<i>NOK million</i>	<i>H1 2017</i>	<i>H1 2016</i>	<i>2016</i>	<i>2015</i>
Income	8,9	25,1	49.4	38.9
Operating costs ¹⁾	12,3	-18,4	-29.6	-17.7
EBITDA	-3,3	6,7	19.8	21.3
EBIT	-3,6	3,8	2.9	15.4
EBT	-3,8	3,7	2.2	15.0
Net result	-2,9	2,8	1.5	17.4
EBITDA margin	-37%	26,7%	40.1%	54.6%

1) Operating costs include non-recurring costs related to US legal dispute

Balance sheet

<i>NOK million</i>	<i>30 Jun 2017</i>	<i>31 Dec 2016</i>	<i>31 Dec 2015</i>
Fixed assets	7,5	6.5	11.1
Current assets	52,1	64.5	75.0
- of which is cash	29,5	46.2	42.0
Total equity	51,9	61.8	76.7
Long term debt	1,0	1,3	5.0
Short term debt	6,7	6,6	4.3
Total balance	59,6	71.4	86.1
Equity ratio	87,1%	87.0%	89.1%

Expanded business model



Rationale - business model expansion

- Larger market footprint
- Building on ABT's expertise and market reach
- Faster access to cash flow
 - *Development cycle for new ingredient is 1-3 years*
 - *Establishing foothold in end-user markets takes 6-12 months*
- Combined business model is robust
 - *Ingredients is in general a low volume - high margin business*
 - *Consumer goods offer volumes and cash flow at more moderate margins*
- ABT's high-end ingredient profile provides credibility in end-user markets

INGREDIENT PARTNERS



- AlgoSource (France)
- Green and red algae technology
- Ingredients to be launched in 2017



- Zembra Group (UK)
- Derivatives from olive mass
- Ingredients to be launched in 2018



- Banco Español de Algas (Spain)
- Micro algae and cyanobacteria technology
- ABT develops marine beta-glucane
- Aiming for IP protection of ABT applications
- Ingredients to be launched 2018

PRODUCT PARTNERS



- Moana Skincare (New Zealand)
- Based on plants and seaweed from NZ
- ABT holds EMEA marketing rights
- Being rolled out in Scandinavia



- ScandiDerma (Norway); Cuvget
- Based on chaga (fungus) fungus from Arctic birch trees, a powerful anti-oxidant
- ABT holds EMEA marketing rights
- Already in the market, short term focus on Scandinavia and Portugal

EXCLUSIVE PARTNER AQUABEAUTINE XL



- Restorsea (USA)
- Skin care products based on ABT's proprietary technology
- Restorsea granted exclusivity
- Distributed in North America
- In the market since 2013

Marketing strategy - skin care products

- Short term focus on available European markets
 - *Moana: High-end, key opinion leaders in Scandinavia + DACHs*
 - *Cuvget: Retail, Norway, Sweden, Finland, Portugal*
- Next step is establishing foothold in the large and attractive Middle East markets
- Strategic positioning of Moana and Cuvget in relevant market segments
- «Low cost - high impact» marketing strategy

Dispute with U.S. customer unresolved

- The contract between the parties expired on 1 January, 2016; has not been renewed
- Customer's legal complaint rejected by U.S. federal court in Q2 2016
- Case referred to arbitration in London, as stipulated in original contract
- Arbitration previously scheduled for September 2017 (update: anticipated new timing: later in 2017)

Agreement with Restorsea extended

- First five-year contract term with Restorsea expired 31 December 2016
- Agreement extended for new five-year period, on terms stipulated in original contract
- USD 1 million payment received in H1 2017
- Going forward, income from Restorsea will be purely sales based royalty payments and purchase of Aquabeautine XL.

Outlook

- Revenue stream from Aquabeautine XL significantly reduced
- First revenues from finished product sales in end Q2, expected to increase during second half 2017
- Revenues from AlgoSource ingredient expected in second half 2017
- Moderately increased opex due to marketing initiatives in both business areas

Welcome back

abt

AQUA BIO TECHNOLOGY ASA

2nd Half Year 2017 preliminary results

21st February, 2017

Technology by nature