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Aqua Bio Technology 1. half year 2017

Profitable daily operations - Legal dispute affects earnings negatively

Aqua Bio Technology ASA (ABT) continues to deliver profits on the day-to-day operations. Non-recurring costs relating to the company's dispute with a former US-based customer nevertheless resulted in a loss after tax of NOK 2.8 million in the first half of 2017 and EBITDA of minus NOK 3.3 million. The corresponding figures for the corresponding period the previous year were NOK 2.8 million and NOK 6.7 million, respectively.

Significant costs related to the dispute with a former American customer still have a negative impact on ABT's financial performance. It is nevertheless good to register that the results of the day-to-day operations, isolated, are positive. Following the implementation of an expanded business model and an expectation of a positive outcome of the dispute within short and by year end, ABT is positive to the further development of the company.

The case filed against ABT was rejected by a US court in two rounds in 2016 and sent to a final decision by arbitration in the United Kingdom, the dispute resolution mechanism originally agreed between the parties. The case was originally scheduled for arbitration in London in September 2017, however, due to certain unforeseen delays at the arbitrators office, the case may be slightly delayed and expected to take place later in 2017. ABT's opinion is that the company has a strong case and looks forward to the decision by the arbitrator so that the company's management can focus fully on day-to-day operations and on creating value for its owners.

In total the dispute has so far resulted in costs of approximately NOK 17 million in 2016 and 2017.

ABT's revenues in the first half of 2017 were NOK 8.9 million, compared to NOK 25.1 million in the same period last year. This change is largely due to a change of the minimum royalty payment structure per the original agreement with the American partner Restorsea. Royalty-based revenues to ABT are, from January of this year and onwards, based on actual sales.

During the first half of the year, ABT implemented an expanded business model, now including the marketing and sales of skin care products for consumers and professional users. New ingredients for the cosmetics industry are still central to the company's business, but a more diversified business model will, according to the company, result in reduced risk and increased income potential.

In the first half of the year, ABT signed agreements granting exclusive sales and distribution rights for two skin care brands within the EMEA region (Europe, Middle East and Africa), Moana Skincare and Cuvget. Per end of the period Cuvget has been introduced in Norway, Sweden, Finland and Portugal, while Moana has been introduced in Norway. The company is in the process of expanding the distribution of both brands to other important European markets as well. Both brands are available via the company's online shops for sale throughout Europe (EU).

ABT strongly believes in the expanded business model and that it provides a solid fundament and a positive development for the company going forward.

For further information, please contact CEO Arvid Lindberg, telephone +47 98 24 54 10.

Aqua Bio Technology (ABT) is developing and commercializing sustainable biotechnology for use in skin care products. ABT's cosmetics ingredients are highly effective and they provide the cosmetics industry with natural alternatives to traditional ingredients. ABT is also marketing and distributing natural skin care end products developed by partners towards consumers and professional users. Aqua Bio Technology is listed on the Axess market of the Oslo Stock Exchange.