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AQUA BIO TECHNOLOGY ASA

Results Presentation
Third Quarter 2016

17 November, 2016

Technology by nature

Third quarter highlights

- Revenues as expected
- EBITDA as expected
- Write-down of inventory had negative effect on quarterly result
- Progress on new, in-licensed technology
- Additional dividend proposed in fourth quarter of NOK 1,- per share

Income statement

<i>NOK million</i>	<i>Q3 2016</i>	<i>Q3 2015</i>	<i>YTD 2016</i>	<i>YTD 2015</i>
Income	12.0	10.5	37.0	28.6
Operating costs ¹⁾	-5.1	-6.2	-23.4	-13.7
EBITDA	6.9	5.0	13.6	14.9
EBIT ²⁾	-6.8	3.4	-2.9	10.1
EBT	-6.8	2.9	-3.1	10.2
Net result	-5.1	2.9	-2.3	10.2
EBITDA margin	58.1%	47.6%	36.8%	52.3%

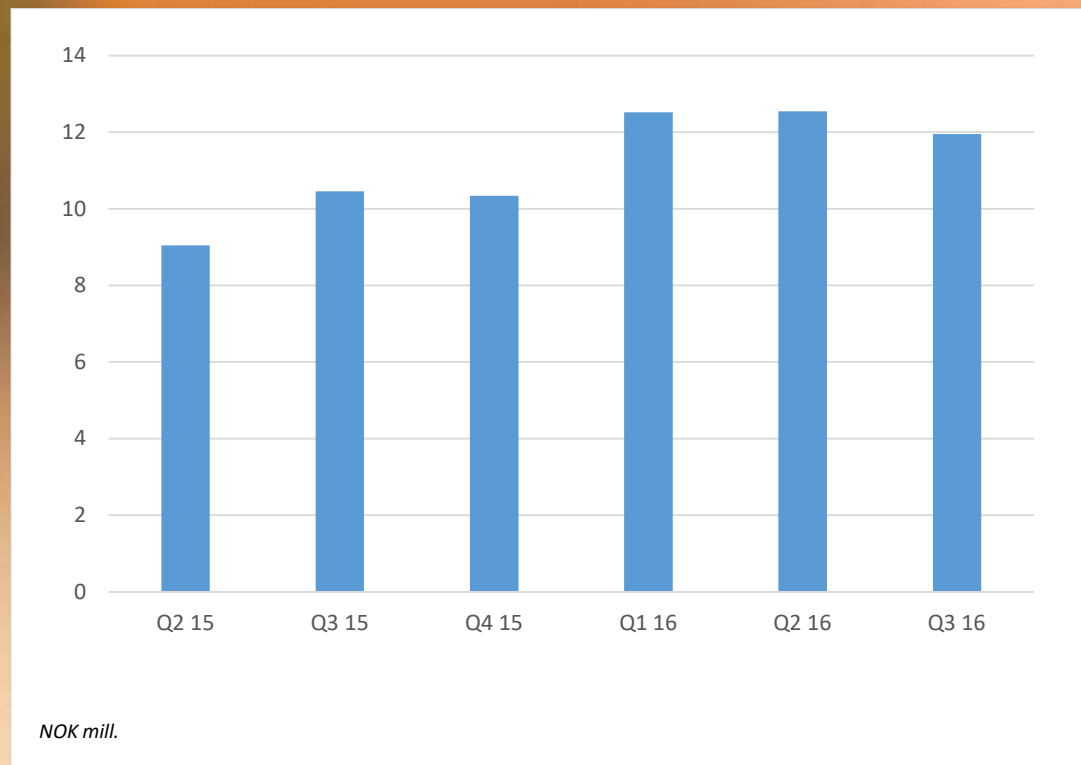
1) Operating costs in Q1 and Q2 include non-recurring costs related to US legal dispute

2) Q3 results include NOK 12.7 million inventory write-down

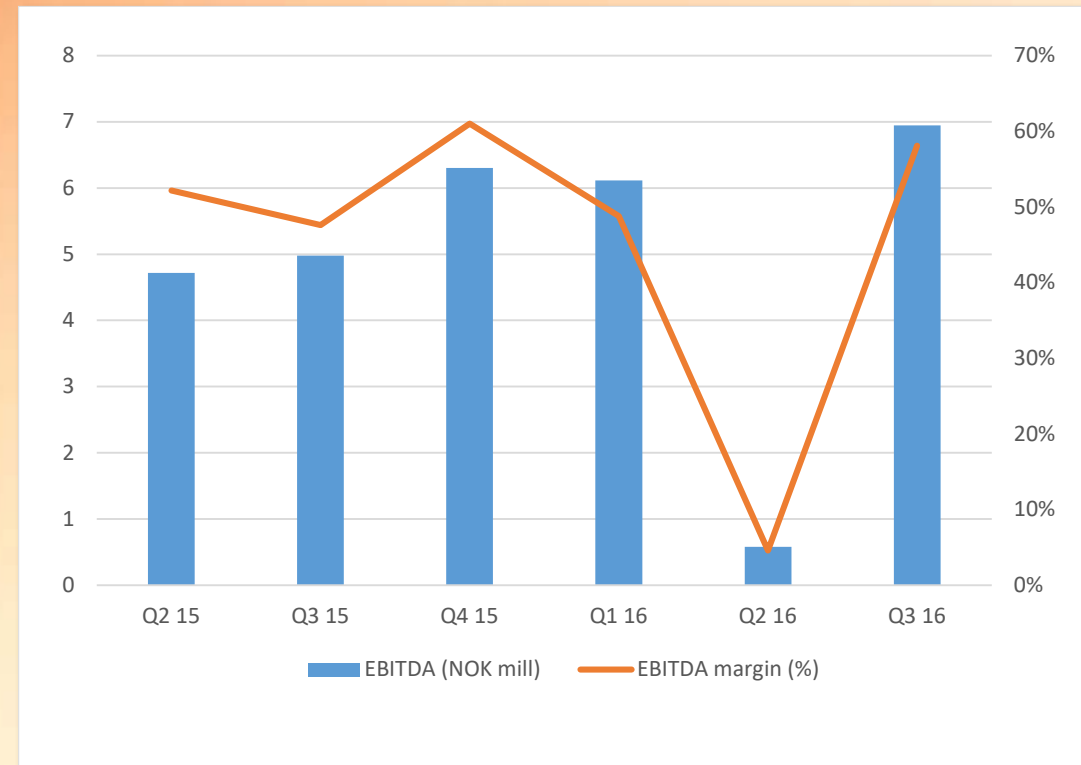
Inventory write-down

- Inventory of hatching fluid based ingredients written down by NOK 12.7 million (50%) in Q3
- Several factors made write-down prudent
 - *2014 agreement restricted marketing of hatching fluid technology to cosmetics industry*
 - *Potential medical applications of hatching fluid technology put on hold after thorough review*
 - *Expiration of contract and legal dispute with US customer further reduced sales potential*
 - *Main focus going forward is on commercialization of third party technology*

Revenue and profitability development



Revenues



EBITDA

Balance sheet

<i>NOK million</i>	<i>30 Sep 2016</i>	<i>31 Dec 2015</i>	<i>30 Sep 2015</i>
Fixed assets	7.9	11.1	9.7
Current assets	65.4	75.0	68.7
- of which is cash	45.8	42.0	35.2
Total equity	65.0	76.7	69.5
Long term debt	5.3	5.0	5.3
Short term debt	3.1	4.3	3.5
Total balance	73.4	86.1	78.4
Equity ratio	88.5%	89.1%	88.7%

Cash flow

<i>NOK million (year to date)</i>	<i>2016</i>	<i>2015</i>
Cash at beginning of period	42.0	29.2
From operations	13.1	21.9
From investments	0.0	-2.2
From financing	-9.0	-6.4
Currency effects	-0.3	-0.7
Cash at end of period	45.8	42.0
Cash change in period	4.2	13.5

A strategy for growth



New technologies progressing as planned

	Spirulsat® Green algae technology	Contracted Q1	Safety study completed	Efficacy study ongoing	Market launch Q1 2017
	Red algae technology	Contracted Q1	Safety study completed	Efficacy study ongoing	Market launch in 2017
	Olive mass technology	Contracted Q1	Safety study completed	Efficacy study ongoing	Market launch Q1 2017

- No initial payments, development costs carried by ABT, royalty payments based on sales
- Focus on commercialization and building revenue in 2017
- Additional technology partners expected in Q4

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 federal court in Q2
- Case referred to arbitration in London, as stipulated in original contract
- Case is still awaiting arbitration

Outlook

- Revenue stream from Aquabeautine XL to remain steady in Q4
- Reduced income from Aquabeautine XL in 2017
- Near term opex expected to remain at normal levels
- Potential full arbitration in Q4 will represent one-off costs
- Market launch of new products expected to commence in Q1 2017
- 1-2 additional technology partnerships expected in Q4
- Focus on commercialization of new products going forward
- Revenues from new products expected in 2017

Welcome back

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AQUA BIO TECHNOLOGY ASA

Results Presentation
Fourth Quarter and Full Year 2016

15 February, 2017

Technology by nature