



Hofseth®
BIOCARE



QUARTERLY REPORT

Q3 2019



THIS IS HOFSETH BIOCARE ASA

Hofseth Biocare ASA (HBC) is a Norwegian biotech company that develops high-value marine ingredients and finished products. Ingredients are further developed into discovery and pre-clinical studies in multiple clinics and university research labs in several countries.

Successful lead clinical and pre-clinical assays are developments towards a Gastro-Intestinal (GI) Protective Medical Food, Medical Food to help treat age-related Sarcopenia, and future phase 1 studies on treatment of Anemia and NEC-IBS with Salmon Protein Hydrolysate fractions.

HBC is founded on the core values of sustainability, traceability and optimal utilization of natural resources. Through an innovative hydrolysis technology, HBC can preserve the quality of lipids, proteins and calcium from fresh salmon off-cuts.

HBC's headquarters are in Ålesund, Norway with offices in Oslo, Zürich, Chicago, Menlo Park and Tokyo. HBC is listed on Oslo Stock Exchange Axess list with ticker "HBC". More information about HBC at hofsethbiocare.com and facebook.com/hofsethbiocare

OUR VISION

Sustainable production of premium bioactive marine ingredients with documented health effects

CALENDAR

Nov 7-8: Exane BNPP, The Healthy Eating Revolution Conference, Paris, France

Nov 20-21: Jefferies Healthcare Conference, London, UK

Feb 7: Q4 Financial Report

Mar 20: Annual Report 2019

IR CONTACTS

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OUR PRODUCTS AND INGREDIENTS

Ingredient	About	Finished products
 OmeGo	Fresh unrefined salmon oil. Produced with 4 years shelf life, full specter of omegas and natural antioxidants.	Cardio Salmon Oil™ for human consumption and Brilliant Salmon Oil for pets
 ProGo	Salmon protein hydrolysate. Peptides for fast uptake, and documented BMI reduction, hemoglobin increase and energy increase	Endurance Protein™ series as sports nutrition for athletes, active and people looking for a high quality, hypoallergenic protein source
 CalGo	Marine bone powder, as hydroxyapatite form of calcium for best bone growth and density increase	Strength Calcium™ as tablets for human consumption
 PetGo	Partially hydrolyzed salmon protein produced as salmon meal for feed and pet food industry	
 CollaGo	Salmon peptides with more than 25 % collagen type I & III for skin, hair and nails.	Collagen Peptides for human consumption as drink

R&D INDICATIONS FOR VALUE CREATION

HBC is currently at various stages of pre-clinical and clinical trials for the application of its products for the treatment of various health conditions, significantly in respect of those listed below. The trials to date have been positive and supportive of HBC's confidence that it has a unique products for the human and pet health supplement market. If trials continue in their current trajectory, HBC is optimistic about obtaining regulatory approval for nutraceutical label claims from Health Canada, the FDA and EFSA in the near future.

Reducing GI inflammation – Necrotizing Enterocolitis to IBS: IBS is an intestinal disorder causing pain in the stomach, wind, diarrhea, and constipation. The cause of IBS is not well understood, so the diagnosis are based on symptoms. Currently treatments consist of self-care, such as diet control, exercise, stress management and relaxation techniques. Research studies continue to show a rise in people living with IBS. In 2015, an estimated 1.3 % of US adults (~3 million) reported being diagnosed with either Crohn's Disease or ulcerative Colitis.

Retarding the process of Osteoporosis: Osteoporosis is a disease that is characterized by low bone mass, deterioration of bone tissue, and disruption on bone micro architecture. It results in decreased quality of life, increased disability/adjusted lifespan, and is a huge financial burden to health insurance companies around the world. With early diagnosis, and preventative treatment osteoporosis can be prevented. Osteoporosis is the most common bone disease in humans. According to statistics from the International Osteoporosis Foundation, worldwide 1 in 3 women over the age of 50, and 1 in 5 men will experience osteoporotic fractures in their lifetime.

Increasing Hemoglobin and reducing situational Anemia: Iron deficiency anemia is a common type of anemia – a condition in which blood lacks adequate health red blood cells. Red blood cells carry oxygen to the body's tissues. As the name implies, iron deficiency anemia is due to insufficient iron. As a result, iron deficiency anemia may leave you tired and short of breath. Globally, anemia effects 1.62 billion people. It corresponds to 24.8 % of the global population according to the WHO.

Asthma: Asthma is an inflammatory condition of the lungs. The airways become inflamed and narrowed. Coughing, wheezing, shortness of breath, and chest tightness are classic asthma symptoms. According to the Centers for Disease Control and Prevention (CDC), 1 in 13 people have asthma. This is 7.7 % of adults and 8.4 % of children.

Prediabetes: Diabetes is a disease that occurs when your blood glucose, also called blood sugar, is too high and is often associated with being overweight and obese. Insulin, a hormone made by the pancreas, helps glucose from food get into your cells to be used for energy (the inflammatory state associated with obesity is a factor in reducing the effect of insulin). Diabetes is a major cause of blindness, kidney failure, heart attacks, stroke and lower limb amputations. The WHO estimates it was the seventh leading cause of death in 2016.

Helps reduce Sarcopenia Muscle Loss: Sarcopenia literally means "lack of flesh". It's a condition of age associated muscle degeneration that becomes more common in people over the age of 50. After middle age, adults lose 3 % of their muscle strength every year, on average. However, despite it being a consequence of the ageing progress, early diagnosis can prevent some adverse outcomes. Based on the results of a meta-analysis conducted by the Journal of Diabetes and Metabolic disorders, the overall prevalence of sarcopenia was 10 % in adults over 60 years (survey used c.60k individuals).

Prostate Cancer co-treatment: Prostate cancer is cancer that occurs in the prostate — a small walnut shaped gland in men that produces the seminal fluid that nourishes and transports sperm. About 1 man in 9 will be diagnosed with prostate cancer during his lifetime.

Viral Chronic Fatigue Syndrome (CFS): CFS is also referred to as myalgic encephalomyelitis (ME). It is a disorder characterized by extreme fatigue or tiredness that doesn't go away with rest and can't be explained

by an underlying medical condition. Studies estimate that 836,000 to 2.5 million Americans and 250,000 people in the UK have CFS.

Retarding the progress of Rheumatoid Arthritis (RA) without anti-inflammatories: RA is an autoimmune disease in which the body's immune system – which normally protects its health by attacking foreign substances like bacteria and viruses – mistakenly attacks the joints. Osteoarthritis (OA) typically only affects one joint, while RA commonly affects multiple joints. A key difference between these forms of arthritis is that RA involves a range of systemic symptoms, which are symptoms that affect the entire body. RA is a chronic disease affecting over 1.3 million Americans and as much as 1% of the worldwide population.

Acne treatment: Acne is a chronic, inflammatory skin condition that causes spots and pimples, especially on the face, shoulders, back, neck, chest, and upper arms. It is the most common skin condition in the United States, affecting up to 50 million Americans yearly.

Weight Management - BMI Reduction: Obesity is a medical condition that occurs when a person carries excess weight or body fat that might affect their health. A doctor will usually suggest that a person has obesity if they have a high body mass index. A BMI of 30 or over suggests that a person may have obesity. A new study, published in the New England Journal of Medicine, found that about a third of the global population—including adults and children—exceed a healthy weight. About 10% of people in the world are obese, according to the findings

Cardiovascular Health: Cardiovascular disease generally refers to conditions that involve narrowed or blocked blood vessels that can lead to a heart attack, chest pain (angina) or stroke. Other heart conditions, such as those that affect your heart's muscle, valves or rhythm, also are considered forms of heart disease. According to the CDC, about 610,000 people die of heart disease in the United States every year – that's 1 in every 4 deaths. Heart disease is the leading cause of death in the US for both men and women.

HIGHLIGHTS IN THE THIRD QUARTER 2019

- In July, HBC raised approximately NOK 118 million in gross proceeds through a Private Placement and approx. NOK 6 million in the following subsequent offering in Q4 at a fixed price per share of NOK 4. The participants in the Private Placement were private and institutional investors from the US, UK and Europe.
- In September, key management agreed to buy 11m shares in HBC from Hofseth International AS, through Brilliant Invest AS
- A new sales person has also been hired in Singapore with the increased focus on the Asian market, as well as a new sales partner in Denmark/Germany.

POST-PERIOD HIGHLIGHTS

- In October, HBC hired on two new sales resources in Norway, Mr. Ove Brant-Hansen and Mr. Sindre Alnes
- HBC entered in October into a consultancy agreement with James Berger, through his company Nevera AG. Mr. Berger will assist HBC, inter alia, with investor relations and establishing a wider base of international investors.
- HBC Berkåk facility ended the toll manufacturing in September for a feed client and has been re-approved by The Norwegian Food Authorities in October for food grade production.
- HBC has entered into a consultancy agreement with Dr. Crawford Currie to strengthen medical R&D and Investor Relations

KEY FIGURES

	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Sales revenue	29 172	16 915	56 635	46 266	60 740
Gross operating revenue	29 172	16 915	56 635	46 266	60 740
EBITDA	-7 623	-14 660	-28 903	-42 370	-55 658
Operating profit/loss	-14 381	-20 236	-48 361	-59 102	-77 699
Profit/loss before taxes	-18 268	-20 321	-55 775	-61 315	-84 527
Earnings per share (NOK)	-0.06	-0.08	-0.19	-0.25	-0.33
Net cash flow	89 494	47 534	60 721	15 980	6 573
Interest-bearing liabilities	137 774	56 166	137 774	56 166	58 300
Total assets	330 540	196 064	330 540	196 064	187 945
Equity ratio	43.7%	55.9%	43.7%	55.9%	45.8%

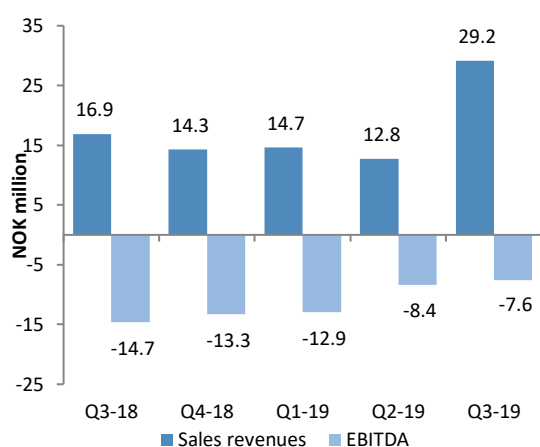
FINANCIAL REVIEW

Figures for the corresponding periods in 2018 are given in brackets.

PROFIT AND LOSS THIRD QUARTER

HBC had operating revenues of NOK 29.2m (NOK 16.9m) in the third quarter of 2019.

Cost of Goods Sold (CoGS) amounted to NOK 25.3m (NOK 14.3m) in the period. Operational profit (EBITDA) for the third quarter 2019 was negative NOK 7.6m (NOK 14.7m).



Net financial items in the third quarter were negative NOK 3.9m (negative NOK 0.1m).

Loss before tax was NOK 18.3m in the quarter, compared to a loss of NOK 20.3m during third quarter 2018.

CASH FLOW

Cash flow from operations during the third quarter was negative NOK 9.3m compared to negative NOK 70.7m in the same quarter last year.

Net cash flow from investment activities was negative NOK 6.5m in the third quarter of 2019, compared to negative NOK 2.5m for the corresponding period last year.

Cash flow from the financing activities amounted to positive NOK 105.3m in the third quarter 2019, compared to positive NOK 120.8m in the third quarter of 2018.

Cash and cash equivalents increased by NOK 89.5m during the quarter, leaving total holding of cash and cash equivalents at NOK 109.4m by the end of the period.

FINANCIAL POSITIONS

Total assets for HBC were NOK 330.5m at the end of third quarter of 2019 (NOK 196.1m). Deferred tax assets are not posted in the balance sheet. Estimated value is NOK 135.8m. Total equity amounted to NOK 144.5m (NOK

109.7m) giving an equity ratio of 43.7 % (55.9 %) for the group.

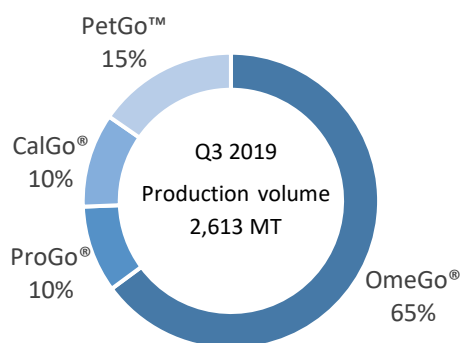
As described in the annual report for 2018, IFRS 16 effects are recognized from 1 January 2019. The Group has recognized their leased buildings and other lease agreements as fixed assets (NOK 68m) and as a lease liability (NOK 68m). Furthermore, operational rental cost is reduced (NOK 6.0m) YTD 2019, depreciations is increased (NOK 2.6m) and interest expenses are increased (NOK 3.4m) compared to YTD last year.

HBC announced the completion of a private placement of NOK 117.9m on 29 July. The capital increase was approved and registered 17 August 2019. Furthermore, the following subsequent offer of NOK 6.0m is registered in Q4. Both placements were at a fixed price of NOK 4.00 per share.

PRODUCTION UPDATE

HBC produces Soluble Protein Hydrolysate (ProGo®), Partly Hydrolyzed Protein (PetGo™), fresh Salmon Oil (OmeGo®) and Marine Calcium (CalGo®).

The products are based on fresh off-cuts from the Norwegian salmon and trout processing industry. The proprietary production process with enzymatic hydrolysis splits the four fractions of the salmon raw material.

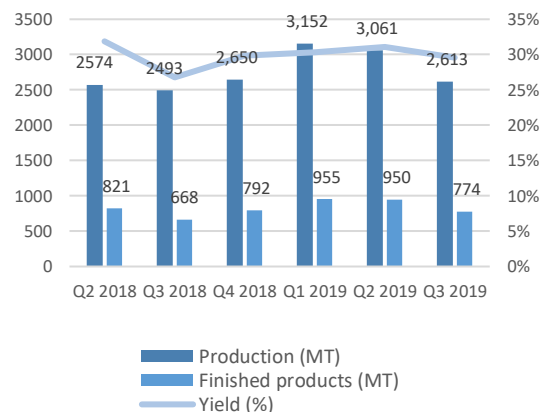


HBC operates two plants; The hydrolysis plant in Midsund and the spray-drying plant in Berkåk. In the third quarter of 2019, HBC Midsund processed 2,613 tons of salmon and

trout raw materials. This is 448 tons less than previous quarter due to summer break and annual maintenance program for key components in the plant. However, production was 120 tons higher than the corresponding quarter 2018 (+4.8 %).

Raw material availability from our core suppliers are still good and stable, and we expect the processed raw material to continue increasing for the rest of 2019.

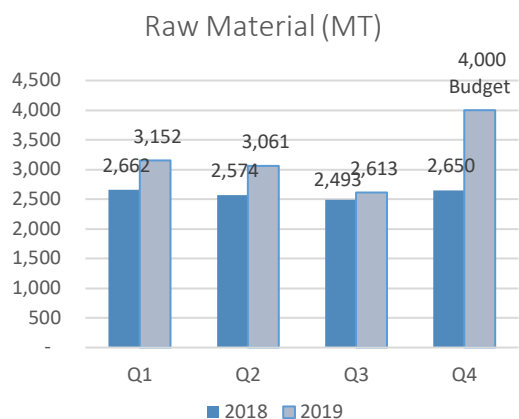
HBC Berkåk produced 281 tons of finished products in the third quarter 2019, including the capacity lease manufactured products. ProGo® production alone was 73,5 tons. This will be the last quarter with capacity lease manufacturing, as we will now dedicate our plant to manufacture ProGo® only.



A total of 982 tons of finished goods were manufactured at all HBC plants, including the capacity lease volumes, compared to 932 tons in the same quarter 2018. Lower volumes than previous quarter due to annual maintenance of key components.

Based on recent research in our lab, we have discovered a way to improve further the sensory parameters on our powders. New process equipment is ordered after successful pilot-trials at an external supplier. We expect the new equipment to be installed beginning of quarter four.

The overall yield of finished products from our plants remains stable at > 30.0 % based on raw material inlet.



In order to improve yield, reduce costs and improve further our quality parameters for ProGo, the planning of expansion and installation of a Spray Dryer at Midsund plant is moving forward as planned. The target is to have the new process line at Midsund up and running by end of second quarter 2020.

PROCESS DEVELOPMENT

Process development research to reduce odor in ProGo®/CollaGo® (SPH) powder has continued to focus on inhibiting decarboxylation reactions with some success in laboratory trials.

We are also studying the impact of different concentrating equipment in the factory on odor concentration and are collaborating with design engineering experts to implement the best equipment strategy for Midsund factory expansion.

Yield improvement work is on-going on the use of a new enzyme finishing step to improve recovery of SPH and minimize loss during processing.

R&D INDICATIONS

DISCOVERY UPDATE

In the third quarter in 2019 HBC R&D has focused on driving new biotech investigations forward for several indications within all three product fractions - Oil, Protein Hydrolysate and Bone Powder while still playing our role in process development research.

Situational Anemia Treatment:

Our placebo-controlled, randomized, double-blind trial 8 week on daily supplementation of 12g of ProGo®/CollaGo® Powder has passed the halfway mark with no AE's reported. We expect to submit the results of this trial to Health Canada, as part of the current review process, to bolster our unique and IP protected label claims, particularly the draft claim of "*Helps support healthy hemoglobin and ferritin levels*".

We also focused our time on identifying the peptide(s) that may be responsible for this efficacy. Using our in-vitro CACO-2 iron uptake model which has shown excellent correlation to the human clinical data, we have narrowed the majority of the iron-uptake increase and FTH1 gene upregulation activity to a 500 dalton wide peptide fraction. We have initiated structure identification analytical efforts this quarter, after preparing adequate samples for analysis using preparative size exclusion chromatography.

It may be noted that such fractionation and identification of active peptides will allow for the possible development of pharmaceutical lead compounds in the future, for collaborative development with big Pharma, while allowing HBC to continue to self-develop medical food and label-claimed nutraceutical co-treatment options for all our investigative indications.

Gastro-Intestinal (GI) Protective Medical Food:

This quarter we completed our collaborative NEC (necrotizing enterocolitis) preclinical animal model assay at Stanford School of Medicine (SSM) under Prof. Karl Sylvester's supervision as mentioned in the last quarterly report. The results were statistically positive, with ProGo®/CollaGo® (SPH) showing significant prophylactic protection of H2O2-induced injury of the GI tract in neonatal mice at a moderate 100 ug/ml SPH dose. We are completing a gene-regulation study on the GI tissue samples in the next quarter and are designing additional pre-clinical studies at SSM as well.

This positive result gives us further confidence that we will find medical food utility for SPH or some fraction of it, in the modulation of gastrointestinal damage for the treatment of IBS (irritable bowel syndrome) and enterocolitis, including NEC.

This quarter we have also initiated the design and validation of a proprietary invitro model to fractionate the peptides in SPH for the observed in-vivo GI protective efficacy seen at Stanford, with a similar Rx goal in mind as with Anemia.

Asthma Co-treatment:

It has been observed in a few published studies that a diet of oily fish reduces the symptoms associated with asthma. We have tested this concept in a simple invitro human cell line to show that an anti-inflammatory effect is possible to achieve with our OmeGo® salmon oil, which is not possible using standard 18/12 fish oil. We further observed that this effect is not due to the traditional activity associated with poly-unsaturated fatty acids such as EPA and DHA found in fish oils. We have some positive invitro results towards possible asthma co-treatment with OmeGo® and some idea of the active fraction in which it resides. We will report further details after IP protection of our preliminary results have been filed.

We have continued our efforts in in-vitro experiment design and construction towards our other clinical treatment leads in: treating age-related Sarcopenia; pre-diabetic co-treatment; and retarding osteoporosis with salmon bone powder, with modest successes that are being validated and will be reported in subsequent reports.

Our R&D department also continues to support Worldwide Patents/Trademark prosecutions and Marketing/Sales efforts with targeted research, publications and presentations.

SALES & MARKETING

The HBC sales team is currently undergoing rapid growth. Two new members of the sales force has been hired on to join its headquarters

in Aalesund, Norway. HBC is proud to announce that Sindre Alnes and Ove Brant-Hansen is onboard and has already joined HBC in their first trade show in New Jersey for the Brilliant Salmon Oil product. Upcoming shows in Orlando, Nurnberg and Las Vegas is schedules for 2020, with the focus to enter into the US market, and strengthening the position in the European market.

As HBC is new seeking to enter into the US market with its Brilliant product series, PetExpo Connections in New Jersey was an important start to this endeavor. The sales team got an useful and important insight into the US market, and is now in process with exciting new connections into the market, as well as prepared with more knowledge for the upcoming shows. The team will also be present at Interzoo in Nurnberg to follow up on the success from Interzoo in Bologna this year, and HBC is eying a strong future for its Brilliant product series.

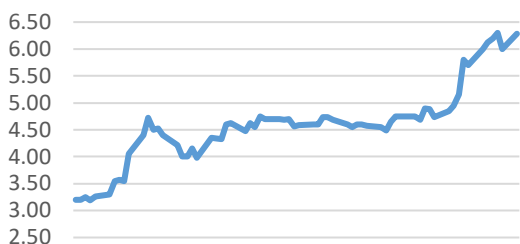
A new sales person has also been hired in Singapore with the increased focus on the Asian market, as well as a new sales partner in Denmark/Germany. HBC will continue to increase the size of its salesforce into upcoming future, in order to expand its product portfolio in Europe, Asia and North America.

As the PetGo™ and OmeGo® ingredients continue to be sold straight from the factory, the focus for the new sales team is to increase sales of ProGo® and CalGo® ingredients and finished products, as well as increasing the average achieved price for the OmeGo® ingredient though the Brilliant Salmon Oil product. For CalGo®, Nøre™ remains an important product where HBC is focusing its efforts on building the brand and creating a market, locally and in Norway as a whole, before expanding to other countries with a successful recipe.

SHARE INFORMATION

HBC shares were traded between NOK 2.73 and 6.40 per share in the second quarter and the

last closing price on 30 September 2019 was NOK 6.28.



Based on 324,320,511 outstanding shares, this values HBC's equity at approximately NOK 2,036.7 million.

As of 30 September 2019, HBC had 751 shareholders. The 20 largest shareholders controlled 86.85 per cent of the shares.

RELATED PARTY TRANSACTIONS

There are no significant new types of transactions with related parties during 2019.

OUTLOOK

HBC is a fast-growing consumer health business, specifically driven by strong demand for world leading natural, unprocessed marine oils, hydrolyzed proteins and calcium. HBC expects that ongoing Scientific research and successful medical studies on the health benefits of its products will have a positive effect on sales and marketing, as well as laying the foundation for a promising pipeline of nutraceutical and pharmaceutical options in the future. This supports the rationale for a potential listing in the US.

HBC has started to ramp up global sales activities and are hiring sales resources globally.

We have also intensified the R&D development towards treating age-related Sarcopenia and Gastro-Intestinal (GI) Protective Medical Food together with Stanford University.

Hofseth BioCare ASA Board of Directors
Ålesund, 31 October 2019

Ola Holen
Chairman of the Board

Henriette G. Heggdal
Board member

Christoph Baldegger
Board member

Torill Standal Eliassen
Board member

Roger Hofseth
CEO

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(figures in NOK 1 000, except EPS)</i>	Q3 2019	Q3 2018	9M 2019	9M 2018	2018	Notes
Sales revenue	29 172	16 915	56 635	46 266	60 740	7
Gross operating revenue	29 172	16 915	56 635	46 266	60 740	
Cost of sales	25 306	14 344	42 990	38 438	48 361	8
Salaries and other payroll costs	6 592	8 147	20 494	22 618	31 402	
Other operating expenses	4 897	9 084	22 055	27 580	36 485	
EBITDA	-7 623	-14 660	-28 903	-42 370	-55 508	
Depreciation and Write-down	6 758	5 576	19 458	16 732	22 190	6
Operating profit/loss (EBIT)	-14 381	-20 236	-48 361	-59 102	-77 699	6
Financial income	547	1 307	4 022	2 431	3 036	10
Financial expenses	4 433	1 392	11 436	4 644	9 865	10
Net financial items	-3 886	-85	-7 414	-2 213	-6 829	10
Profit/loss before taxes	-18 268	-20 321	-55 775	-61 315	-84 528	
Tax expense	0	0	0	0	249	
Profit for the period	-18 268	-20 321	-55 775	-61 315	-84 776	
Other comprehensive income/expenses	0	0	0	0	0	
Total comprehensive income	-18 268	-20 321	-55 775	-61 315	-84 776	
Total comprehensive income for the period attributable to:						
Non-controlling interests	0	0	0	0	-8	
Shareholders in HBC (majority)	-18 268	-20 321	-55 775	-61 315	-84 768	
Total	-18 268	-20 321	-55 775	-61 315	-84 776	
Earnings per share (EPS)						
Basic earnings per share (NOK)	-0.06	-0.08	-0.19	-0.25	-0.33	

The interim financial information has not been subject to audit.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

<i>(figures in NOK 1 000)</i>	9M 2019	9M 2018	2018	Notes
Research, patents etc.	21 991	16 974	17 357	5
Property, plant and equipment	130 600	70 652	67 361	6
Financial fixed assets	1 788	5 215	2 909	
Total non-current assets	154 380	92 841	87 626	
Inventories	31 987	24 405	29 402	9
Trade receivables	6 682	5 308	14 697	
Other current assets	28 128	15 463	7 578	
Cash and cash equivalents	109 362	58 047	48 641	
Total current assets	176 160	103 223	100 319	
Total assets	330 540	196 064	187 945	
Share capital	324 321	294 837	294 837	11
Other Paid in equity (+) Uncovered losses (-)	-179 128	-184 502	-208 120	
Non-controlling interests	-673	-665	-673	
Total equity	144 519	109 670	86 043	
Non-current liabilities interest bearing	110 162	33 382	30 387	
Total non-current liabilities	110 162	33 382	30 387	
Other Interest-bearing loans, leasing and borrowings	27 611	22 784	27 912	
Trade payables	39 602	23 099	32 112	
Other current liabilities	8 644	7 129	11 490	
Total current liabilities	75 858	53 012	71 514	
Total equity and liabilities	330 540	196 064	187 945	

The interim financial information has not been subject to audit.

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

<i>(figures in NOK 1 000)</i>	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Equity at start of period	48 538	-3 919	86 043	37 083	37 083
Issue new shares 1 st August 2018	0	120 283	0	120 283	120 283
Issue new shares 26 st September 2018	0	13 627	0	13 627	13 461
Issue new shares 17 th August 2019	114 251	0	114 251	0	0
<i>Profit/loss for the period</i>	-18 268	-20 321	-55 775	-84 776	-84 776
<i>Other comprehensive income/expenses</i>	0	0	0	0	0
Total comprehensive income	-18 268	-20 321	-55 775	-84 776	-84 776
Equity at the end of period	144 519	109 670	144 519	86 043	86 043

EARNINGS PER SHARE

<i>(figures in NOK 1 000, except EPS)</i>	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Number of shares end of period	324 321	294 837	234 321	294 837	294 837
Weighted average number of shares	309 093	269 880	299 606	245 671	258 098
Effect of empl. stock options and warrants	0	0	0	0	0
Weighted average number of shares diluted	309 093	269 880	299 606	245 671	258 098
Basic earnings per share (NOK)	-0.06	-0.08	-0.19	-0.25	-0.33
Diluted earnings per share (NOK)	-0.06	-0.08	-0.19	-0.25	-0.33

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

NOK 1000	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Cash flow from operational activities					
Profit before taxes	-18 268	-20 321	-55 775	-61 315	-84 527
Paid taxes	0	0	0	0	-249
Depreciation and write-off	6 758	5 576	19 458	16 732	22 190
Changes in Inventory	10 490	-652	-2 585	-7 547	-12 544
Changes in trade debtors	1 808	5 838	8 015	21 395	12 066
Changes in trade creditors	-16 828	-54 281	7 490	-28 831	-19 817
Changes in other current bal. sheet items	4 443	-2 480	-4 195	-12 806	50 695
Classified as financial activities	2 306	-4 376	6 981	-2 213	3 621
Net cash flow from operational activities	-9 291	-70 695	-20 611	-74 585	-28 625
Cash flow from investing activities					
Investments in non-current tangible assets	-2 044	-1 011	-9 089	-17 273	-7 529
Investments in non-current intangible assets	-6 236	-384	-6 836	-1 391	-2 308
Other investments	1 744	-1 129	1 581	-1 618	0
Net cash flow from investing activities	-6 536	-2 524	-14 345	-20 282	-9 837
Cash flow from financing activities					
Issuance of share capital	117 935	138 008	117 935	138 008	72 219
Transaction cost on issue of shares	-3 683	-4 099	-3 683	-4 099	-4 265
Payment of interest	-2 306	4 376	-6 981	2 213	-3 621
Proceeds from borrowings	2 005	0	3 197	13 718	14 612
Repayment of borrowings	-8 629	-17 533	-14 794	-38 994	-33 919
Net cash flow from financing activities	105 322	120 753	95 677	110 846	45 035
Net change in cash and cash equivalents	89 494	47 534	60 721	15 980	6 573
Cash and cash equivalents at the beginning of the period	19 868	10 514	48 641	42 068	42 068
Cash and cash equivalents at the end of the period	109 362	58 048	109 362	58 048	48 641
Significant transactions in the accounts without cash flow:					
New shares subscribed from debt	15 000	52 790	15 000	52 790	65 790
Proceeds from financial lease	2 659	0	7 142	0	11 169
Proceeds from financial lease buildings	0	0	66 078	0	0

SELECTED NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS FOR PREPARATION

This report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the standard for interim reporting (IAS 34). The same accounting principles and calculation methods used in the last Financial statements (IFRS) 2014 has been used here.

2. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates based on professional judgement and assumptions considered realistic. There may be situations or changes in market conditions that can lead to changes in

estimates, but management do not consider it to be significant estimation uncertainty associated with estimates and reported figures for the company's assets, liabilities, equity and profits.

3. TAXES

Deferred tax assets are not posted in the balance sheet. Estimated value is NOK 135.8m.

4. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are governed by market terms and conditions in accordance with the "arm's length principle".

5. INTANGIBLE ASSETS

<i>NOK 1 000</i>	<i>R&D</i>	<i>Trademarks</i>	<i>Patents</i>	<i>Other</i>	<i>Total</i>
Book value at 30.06.2019	14 725	11	1 240	452	16 500
Additions	4 023	1 421	0	792	6 236
Depreciations for the period	650	2	66	26	744
Book value at 30.09.2019	18 098	1 430	1 174	1 219	21 992
Economic life	10 years	5 years	5-10 years	10 years	

6. PROPERTY, PLANT AND EQUIPMENT

<i>NOK 1 000</i>	<i>Property plant and equipment</i>	<i>Machines and Equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
Book value at 30.06.2019	63 426	61 884	877	127 527
Additions	0	2 044	0	2 044
Depreciations for the period	1 324	4 005	129	5 458
Book value at 30.09.2019	62 102	66 410	748	130 600
Economic life		5-10 years	3-10 years	
Method of depreciation		straight line	straight line	

7. SEGMENTS

<i>NOK 1000</i>	<i>Q3 2019</i>	<i>Q3 2018</i>	<i>9M 2019</i>	<i>9M 2018</i>	<i>2018</i>
Per product					
Salmon oil	4 551	6 045	18 379	16 295	21 049
Protein	19 040	356	19 725	6 553	7 196
Calcium	150	2	1 982	203	947
PHP	2 638	26	7 152	7 039	12 045
By-product/other	2 793	10 487	9 396	16 176	19 503
Total revenues	29 172	16 915	56 635	46 266	60 740

8. COST OF SALES

<i>NOK 1000</i>	<i>Q3 2019</i>	<i>Q3 2018</i>	<i>9M 2019</i>	<i>9M 2018</i>	<i>2018</i>
Cost of goods sold	23 958	15 406	41 128	35 908	48 361
Write-downs inventory	1 348	-1 062	1 862	2 530	0
Net cost of sales	25 306	14 344	42 990	38 438	48 361

9. INVENTORY

<i>NOK 1000</i>	<i>9M 2019</i>	<i>9M 2018</i>	<i>2018</i>
Per product			
Raw material	2 252	1 679	1 826
Finished goods	29 736	22 726	27 576
Total inventory	31 987	24 405	29 402

10. FINANCE

NOK 1000	Q3 2019	Q3 2018	9M 2019	9M 2018	2018
Interest expense	2 339	1 178	7 031	3 341	4 647
Interest income	34	8	50	29	209
Net currency exchange	-1 581	1 085	-433	1 099	-2 391
Net financial items	-3 886	-85	-7 414	-2 213	-6 829

11. SHAREHOLDERS

Largest shareholders

Shareholder	Type	# of shares	% stake
SIX SIS AG	NOM	76 118 762	23.47
ROGER HOFSETH AS	ORD	51 389 998	15.85
ALLIANCE SEAFOODS INC.	ORD	40 951 333	12.63
HOFSETH AS	ORD	32 403 409	9.99
HOFSETH INTERNATIONAL AS	ORD	19 585 905	6.04
SEAFOOD FARMERS OF NORWAY AS	ORD	10 574 921	3.26
CREDIT SUISSE (Switzerland) Ltd.	NOM	7 841 972	2.42
HOFSETH AALESUND AS	ORD	4 860 718	1.50
GOLDMAN SACHS & CO. LLC	NOM	4 650 000	1.43
INITIA AB	ORD	4 276 000	1.32
SWELANDIA INTERNATIONAL AB	ORD	3 925 000	1.21
VARMA MUTUAL PENSION INSURANCE CO.	ORD	3 492 249	1.08
JPMORGAN CHASE BANK, N.A., LONDON	NOM	3 351 315	1.03
STOREBRAND VEKST VERDIPAPIRFOND	ORD	2 909 872	0.90
MORGAN STANLEY & CO. INT. PLC.	NOM	2 904 285	0.90
UBS AG	NOM	2 900 000	0.89
UBS SWITZERLAND AG	NOM	2 680 761	0.83
HOFSETH LOGISTICS AS	ORD	2 456 825	0.76
LFC AS	ORD	2 300 000	0.71
ØDEGÅRD PROSJEKT AS	ORD	2 104 039	0.65
Total 20 largest		281 677 364	86.85
Total other		42 643 147	13.15
Total no. of outstanding shares		324 320 511	100.00
Total no. of shareholders: 751			